

FY4/20 3Q

IR PRESENTATION

AIN HOLDINGS INC.
March 2020

Results Overview



Consolidated P/L

Net sales increased 8.7% YoY and decreased 0.6% against the plan due to contribution of 26 stores opened(including M&A) in this fiscal year and store opened in previous year. Ordinary income up 4.7% YoY and declined 6.1% against the plan due to net sales lower than forecast and large-scale store opening cost increase.

(¥ million)	FY4/19 3Q results	FY4/20 3Q plan	FY4/20 3Q results	YoY change	YoY change(%)	Vs plan (%)
Net sales	202,522	221,320	220,085	+17,563	+8.7	(0.6)
Gross profit	33,753	37,180	35,801	+2,048	+6.1	(3.7)
% of net sales	16.7	16.8	16.3			
SG&A expenses	21,844	23,710	23,353	+1,509	+6.9	(1.5)
% of net sales	10.8	10.7	10.6			
Operating income	11,909	13,470	12,447	+538	+4.5	(7.6)
% of net sales	5.9	6.1	5.7			
Ordinary income	12,425	13,860	13,008	+583	+4.7	(6.1)
% of net sales	6.1	6.3	5.9			
Profit attributable to owners of parent	6,781	7,330	7,110	+329	+4.9	(3.0)
% of net sales	3.3	3.3	3.2			
Earnings per share(¥)	191.41	206.90	200.71	+9.3	+4.9	(3.0)

► Figures in the table are rounded down



Dispensing Pharmacy Business (Consolidated)

Net sales increased 9.7% YoY and 0.1% against the plan due to the full contribution of stores opened in previous year and increase in average prescription price. Segment income up 15.4% YoY and declined 4.6% against the plan due to the large pharmacies opening cost increase.

(¥ million)	FY4/19 3Q results	FY4/20 3Q plan	FY4/20 3Q results	YoY change	YoY change(%)	Vs plan (%)
Net sales	179,397	196,460	196,753	+17,356	+9.7	+0.1
Gross profit	24,216	27,170	26,248	+2,032	+8.4	(3.4)
% of net sales	13.5	13.8	13.3			
SG&A expenses	11,112	11,190	11,115	+3	+0.0	(0.7)
% of net sales	6.2	5.7	5.6			
Operating income	13,104	15,980	15,133	+2,029	+15.5	(5.3)
% of net sales	7.3	8.1	7.7			
Segment income	13,488	16,320	15,569	+2,081	+15.4	(4.6)
% of net sales	7.5	8.3	7.9			
Number of pharmacies	1,083	1,163	1,101	+18	+1.7	(5.3)

- ▶ Figures in the table are rounded down
- ▶ Segment income is adjusted to ordinary income shown on the quarterly consolidated statements of income
- ▶ Prescription volume: +5.5% YoY ▶ Average prescription price: +3.9% YoY



Cosmetic and Drug Store Business (Consolidated)

Net sales increased 6.0% YoY due to the full contribution of stores opened in previous year and decreased 4.9% against the plan due to inclement weather and effect of inbound demand. Segment income decreased 22.4% YoY and 35.9% against the plan due to the cost in advance for actively opening new store.

(¥ million)	FY4/19 3Q results	FY4/20 3Q plan	FY4/20 3Q results	YoY change	YoY change(%)	Vs plan (%)
Net sales	18,927	21,100	20,071	+1,144	+6.0	(4.9)
Gross profit	7,085	8,060	7,828	+743	+10.5	(2.9)
% of net sales	37.4	38.2	39.0			
SG&A expenses	6,403	7,180	7,296	+893	+13.9	+1.6
% of net sales	33.8	34.0	36.4			
Operating income	682	880	531	(151)	(22.1)	(39.7)
% of net sales	3.6	4.2	2.6			
Segment income	741	897	575	(166)	(22.4)	(35.9)
% of net sales	3.9	4.3	2.9			
Number of stores	52	62	62	+10	+19.2	-

- ▶ Figures in the table are rounded down
- ▶ Segment income is adjusted to ordinary income shown on the quarterly consolidated statements of income
- ▶ Number of customers: +9.4% YoY ▶ Average spending per customer: (2.7)% YoY



Consolidated B/S

Net cash became ¥38,629million due to repayment of debts and shareholders' equity ratio became 58.0%. We are maintaining a sound financial structure.

(¥ million)

End-FY4/19			
Assets		Liabilities	
Current assets	85,446	Current liabilities	73,744
Cash on hand and in banks	48,091	Short-term debt	5,571
		Lease obligations	318
Fixed assets	103,515	Long-term liabilities	11,355
Goodwill	45,249	Long-term debt	5,985
		Lease obligations	401
Deferred assets	59	Total net assets	103,922
Total assets	189,021	Total liabilities and net assets	189,021

Net cash	35,814
Shareholders' equity ratio(%)	54.9

(¥ million)

End-FY4/20 3Q			
Assets		Liabilities	
Current assets	84,746	Current liabilities	70,726
Cash on hand and in banks	46,276	Short-term debt	4,196
		Lease obligations	221
Fixed assets	103,290	Long-term liabilities	8,262
Goodwill	42,075	Long-term debt	3,009
		Lease obligations	218
Deferred assets	26	Total net assets	109,074
Total assets	188,063	Total liabilities and net assets	188,063

Net cash	38,629
Shareholders' equity ratio(%)	58.0

▶ Figures in the table are rounded down

▶ Net cash = Cash on hand and in banks – Interest-bearing debt (Long-and short-term debt + Lease obligations)



Assets

The balance of total assets decreased ¥958 million from the end of the previous fiscal year. Mainly reflected an decrease in cash on hand and in banks and goodwill.

(¥ million)	End-FY4/19 3Q	End-FY4/19	End-FY4/20 3Q	Change
Cash on hand and in banks	53,494	48,091	46,276	(1,815)
Notes and accounts receivable	11,172	12,771	13,713	+942
Inventories	12,725	12,898	14,637	+1,739
Total current assets	88,391	85,446	84,746	(700)
Buildings and structures, net	15,978	16,352	16,705	+353
Land	10,368	10,394	11,039	+645
Lease assets	695	571	339	(232)
Total property, plant and equipment	29,660	30,186	31,028	+842
Goodwill	40,138	45,249	42,075	(3,174)
Lease assets	10	7	6	(1)
Total intangible fixed assets	42,352	47,577	44,767	(2,810)
Investments in securities	2,267	1,795	2,466	+671
Deferred tax assets	3,989	4,284	4,272	(12)
Deposits and guarantees	12,832	15,133	15,713	+580
Total investments and other assets	22,553	25,751	27,494	+1,743
Total fixed assets	94,567	103,515	103,290	(225)
Total deferred assets	70	59	26	(33)
Total assets	183,029	189,021	188,063	(958)

Repayment of debts

- ▶ Figures in the table are rounded down
- ▶ Change: End-FY4/20 3Q compared with End-FY4/19
- ▶ Capital expenditures (Property, plant and equipment and intangible fixed assets + Deposits and guarantees) totaled ¥5,749 million



Liabilities and Net Assets

The balance of liabilities decreased ¥6,110 million from the end of the previous fiscal year due to the repayment of debts etc.

(¥ million)	End-FY4/19 3Q	End-FY4/19	End-FY4/20 3Q	Change
Accounts payable	43,016	44,794	46,784	+1,990
Short-term debt	6,935	5,571	4,196	(1,375)
Lease obligations	346	318	221	(97)
Total current liabilities	69,235	73,744	70,726	(3,018)
Long-term debt	7,020	5,985	3,009	(2,976)
Lease obligations	495	401	218	(183)
Total long-term liabilities	12,118	11,355	8,262	(3,093)
Total liabilities	81,354	85,099	78,989	(6,110)
Common stock	21,894	21,894	21,894	-
Capital surplus	20,500	20,500	20,500	-
Retained earnings	59,278	61,526	66,689	+5,163
Total shareholders' equity	101,672	103,920	109,082	+5,162
Total net assets	101,674	103,922	109,074	+5,152
Total liabilities and net assets	183,029	189,021	188,063	(958)

Repayment
of debts

- ▶ Figures in the table are rounded down
- ▶ Change : End-FY4/20 3Q compared with End-FY4/19

Revised Plan



FY4/20 Revised Plan (Consolidated)

The group has revised the forecast for the fiscal year ending April 30, 2020. Net sales increase 6.4% and ordinary income increase 3.4% YoY due to tightening the criteria for M&A deals and a slowdown in consumer spending amid the COVID-19 outbreak, as well as large-scale store opening cost increase.

(¥ million)	FY4/19 results	FY4/20 original plan	FY4/20 revised plan	Vs original plan change (%)	YoY change (%)
Net sales	275,596	300,330	293,230	(2.4)	+6.4
Gross profit	45,363	50,540	47,680	(5.7)	+5.1
% of net sales	16.5	16.8	16.3		
SG&A expenses	29,295	31,840	31,180	(2.1)	+6.4
% of net sales	10.6	10.6	10.6		
Operating income	16,067	18,700	16,500	(11.8)	+2.7
% of net sales	5.8	6.2	5.6		
Ordinary income	16,637	19,200	17,200	(10.4)	+3.4
% of net sales	6.0	6.4	5.9		
Profit attributable to owners of parent	9,029	10,130	9,250	(8.7)	+2.4
% of net sales	3.3	3.4	3.2		
Earnings per share(¥)	254.87	285.94	261.10	(8.7)	+2.4
Annual dividend (¥)	55.00	55.00	55.00	0.0	0.0

► Figures in the table are rounded down



FY4/20 Revised Plan (Dispensing Pharmacy Business)

(¥ million)	FY4/19 results	FY4/20 original plan	FY4/20 revised plan	Vs original plan change (%)	YoY change (%)
Net sales	245,003	266,850	263,760	(1.2)	+7.7
Gross profit % of net sales	32,741 13.4	37,020 13.9	35,640 13.5	(3.7)	+8.9
SG&A expenses % of net sales	14,882 6.1	15,170 5.7	14,940 5.7	(1.5)	+0.4
Operating income % of net sales	17,859 7.3	21,850 8.2	20,700 7.8	(5.3)	+15.9
Segment income % of net sales	18,331 7.5	22,320 8.4	21,250 8.1	(4.8)	+15.9
Number of stores	1,132	1,202	1,089	(9.4)	(3.8)

▶ Figures in the table are rounded down

▶ Segment income is adjusted to ordinary income shown on the quarterly consolidated statements of income



FY4/20 Revised Plan (Cosmetic and Drug Store Business)

(¥ million)	FY4/19 results	FY4/20 original plan	FY4/20 revised plan	Vs original plan change (%)	YoY change (%)
Net sales	25,210	28,500	25,400	(10.9)	+0.8
Gross profit % of net sales	9,535 37.8	10,930 38.4	9,980 39.3	(8.7)	+4.7
SG&A expenses % of net sales	8,632 34.2	9,650 33.9	9,730 38.3	+0.8	+12.7
Operating income % of net sales	903 3.6	1,280 4.5	250 1.0	(80.5)	(72.3)
Segment income % of net sales	972 3.9	1,300 4.6	300 1.2	(76.9)	(69.1)
Number of stores	54	64	66	+3.1	+22.2

▶ Figures in the table are rounded down

▶ Segment income is adjusted to ordinary income shown on the quarterly consolidated statements of income

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