

FY4/21 3Q
IR PRESENTATION

AIN HOLDINGS INC.
March 2021

Results Overview

Consolidated P/L

Net sales was almost flat YoY and decreased 0.4% against the plan due to the contribution of 22 stores opened(including M&A) in this fiscal year and store opened in previous year, despite the impact of the COVID-19. Ordinary income declined 39.7% YoY due to lower gross profit margins and up 12.1% against the plan due to reduction of administrative expense.

(¥ million)	FY4/20 3Q results	FY4/21 3Q plan	FY4/21 3Q results	YoY change	YoY change(%)	Vs plan (%)
Net sales	220,085	220,996	220,135	+50	+0.0	(0.4)
Gross profit	35,801	33,212	33,159	(2,642)	(7.4)	(0.2)
% of net sales	16.3	15.0	15.1			
SG&A expenses	23,353	26,945	26,346	+2,993	+12.8	(2.2)
% of net sales	10.6	12.2	12.0			
Operating income	12,447	6,267	6,813	(5,634)	(45.3)	+8.7
% of net sales	5.7	2.8	3.1			
Ordinary income	13,008	7,000	7,845	(5,163)	(39.7)	+12.1
% of net sales	5.9	3.2	3.6			
Profit attributable to owners of parent	7,110	4,130	4,575	(2,535)	(35.7)	+10.8
% of net sales	3.2	1.9	2.1			
Earnings per share(¥)	200.71	116.58	129.16	(71.55)	(35.6)	+10.8

► Figures in the table are rounded down

Dispensing Pharmacy Business (Consolidated)

Net sales decreased 1.3% YoY and 0.4% against the plan due to the impact of the COVID-19 outbreak. Segment income declined 11.6% YoY due to decrease of net sales and up 4.3% against the plan due to reduction of administrative expense.

(¥ million)	FY4/20 3Q results	FY4/21 3Q plan	FY4/21 3Q results	YoY change	YoY change(%)	Vs plan (%)
Net sales	196,753	195,000	194,284	(2,469)	(1.3)	(0.4)
Gross profit	26,248	23,600	23,481	(2,767)	(10.5)	(0.5)
% of net sales	13.3	12.1	12.1			
SG&A expenses	11,115	11,000	10,601	(514)	(4.6)	(3.6)
% of net sales	5.6	5.6	5.5			
Operating income	15,133	12,600	12,880	(2,253)	(14.9)	+2.2
% of net sales	7.7	6.5	6.6			
Segment income	15,569	13,200	13,769	(1,800)	(11.6)	+4.3
% of net sales	7.9	6.8	7.1			
Number of pharmacies	1,101	1,057	1,057	(44)	(4.0)	+0.0

- ▶ Figures in the table are rounded down
- ▶ Segment income is adjusted with the ordinary income of quarterly consolidated statements of income
- ▶ Prescription volume: (10.8)% YoY
- ▶ Average prescription price: +10.7% YoY

Cosmetic and Drug Store Business (Consolidated)

Net sales declined 28.3% YoY and up 0.2% against the plan due to temporarily closed or shorted opening hours at many stores, despite the group has opened 7 stores in this fiscal year. Segment loss was ¥1,507 million due to net sales declined.

(¥ million)	FY4/20 3Q results	FY4/21 3Q plan	FY4/21 3Q results	YoY change	YoY change(%)	Vs plan (%)
Net sales	20,071	14,357	14,386	(5,685)	(28.3)	+0.2
Gross profit	7,828	5,265	5,335	(2,493)	(31.8)	+1.3
% of net sales	39.0	36.7	37.1			
SG&A expenses	7,296	7,087	6,976	(320)	(4.4)	(1.6)
% of net sales	36.4	49.4	48.5			
Operating income (loss)	531	(1,822)	(1,641)	(2,172)	-	-
% of net sales	2.6	-	-			
Segment income (loss)	575	(1,696)	(1,507)	(2,082)	-	-
% of net sales	2.9	-	-			
Number of stores	62	65	65	+3	+4.8	+0.0

- ▶ Figures in the table are rounded down
- ▶ Segment income (loss) is adjusted with the ordinary income of quarterly consolidated statements of income
- ▶ Number of customers: (25.3)% YoY
- ▶ Average spending per customer: (4.4)% YoY

Consolidated B/S

Net cash became ¥42,043 million and shareholders' equity ratio became 57.2%. We are maintaining a sound financial structure even during the COVID-19 outbreak.

(¥ million)

End-FY4/20			
Assets		Liabilities	
Current assets	87,802	Current liabilities	74,700
Cash on hand and in banks	46,321	Short-term debt	3,642
		Lease obligations	193
Fixed assets	105,632	Long-term liabilities	7,747
Goodwill	42,123	Long-term debt	2,432
		Lease obligations	154
Deferred assets	15	Total net assets	111,003
Total assets	193,451	Total liabilities and net assets	193,451
Net cash		39,899	
Shareholders' equity ratio(%)		57.3	

(¥ million)

End-FY4/21 3Q			
Assets		Liabilities	
Current assets	92,246	Current liabilities	71,197
Cash on hand and in banks	54,756	Short-term debt	3,975
		Lease obligations	113
Fixed assets	106,526	Long-term liabilities	13,917
Goodwill	39,570	Long-term debt	8,567
		Lease obligations	57
Deferred assets	-	Total net assets	113,657
Total assets	198,772	Total liabilities and net assets	198,772
Net cash		42,043	
Shareholders' equity ratio(%)		57.2	

▶ 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 increased ¥5,321 million from the end of the previous fiscal year due to increase of cash on hand and in banks.

(¥ million)	End-FY4/20 3Q	End-FY4/20	End-FY4/21 3Q	Change
Cash on hand and in banks	46,276	46,321	54,756	+8,435
Notes and accounts receivable	13,713	13,653	11,866	(1,787)
Inventories	14,637	15,322	15,598	+276
Total current assets	84,746	87,802	92,246	+4,444
Buildings and structures, net	16,705	16,609	16,333	(276)
Land	11,039	10,960	10,401	(559)
Lease assets	339	272	128	(144)
Total property, plant and equipment	31,028	30,874	30,492	(382)
Goodwill	42,075	42,123	39,570	(2,553)
Lease assets	6	5	3	(2)
Total intangible fixed assets	44,767	44,916	42,919	(1,997)
Investments in securities	2,466	2,295	2,389	+94
Deferred tax assets	4,272	4,211	4,250	+39
Deposits and guarantees	15,713	19,144	19,390	+246
Total investments and other assets	27,494	29,841	33,113	+3,272
Total fixed assets	103,290	105,632	106,526	+894
Total deferred assets	26	15	-	(15)
Total assets	188,063	193,451	198,772	+5,321

- ▶ Figures in the table are rounded down ▶ Change: End-FY4/21 3Q compared with End-FY4/20
- ▶ Capital expenditures (Property, plant and equipment and intangible fixed assets + Deposits and guarantees) totaled ¥5,127 million

Liabilities and Net Assets

The balance of liabilities increased ¥2,667 million from the end of the previous fiscal year due to increase of long-term debt for investment purpose.

(¥ million)	End-FY4/20 3Q	End-FY4/20	End-FY4/21 3Q	Change
Accounts payable	46,784	47,187	46,700	(487)
Short-term debt	4,196	3,642	3,975	+333
Lease obligations	221	193	113	(80)
Total current liabilities	70,726	74,700	71,197	(3,503)
Long-term debt	3,009	2,432	8,567	+6,135
Lease obligations	218	154	57	(97)
Total long-term liabilities	8,262	7,747	13,917	+6,170
Total liabilities	78,989	82,447	85,114	+2,667
Common stock	21,894	21,894	21,894	-
Capital surplus	20,500	20,500	20,500	-
Retained earnings	66,689	68,758	71,385	+2,627
Total shareholders' equity	109,082	111,151	113,778	+2,627
Total net assets	109,074	111,003	113,657	+2,654
Total liabilities and net assets	188,063	193,451	198,772	+5,321

▶ Figures in the table are rounded down

▶ Change : End-FY4/21 3Q compared with End-FY4/20

FY4/21 Plan (Consolidated)

The group has revised the forecast for the fiscal year ending April 30, 2021. Net sales increase 2.5% and ordinary income decrease 40.6% YoY due to the prolonged impact of the COVID-19.

(¥ million)	FY4/20 results	FY4/21 plan	YoY change	YoY change (%)
Net sales	292,615	300,000	+7,385	+2.5
Gross profit	46,861	45,400	(1,461)	(3.1)
% of net sales	16.0	15.1		
SG&A expenses	30,793	36,200	+5,407	+17.6
% of net sales	10.5	12.1		
Operating income	16,068	9,200	(6,868)	(42.7)
% of net sales	5.5	3.1		
Ordinary income	16,822	10,000	(6,822)	(40.6)
% of net sales	5.7	3.3		
Profit attributable to owners of parent	9,179	5,000	(4,179)	(45.5)
% of net sales	3.1	1.7		
Earnings per share(¥)	259.11	141.13	(117.98)	(45.5)
Annual dividend (¥)	55.00	55.00	0.0	0.0

▶ Figures in the table are rounded down

FY4/21 Plan (Dispensing Pharmacy Business)

The group has revised the forecast for the fiscal year ending April 30, 2021. Net sales increase 0.4% and segment income decrease 12.7% YoY due to the prolonged impact of the COVID-19.

(¥ million)	FY4/20 results	FY4/21 plan	YoY change	YoY change (%)
Net sales	263,750	264,800	+1,050	+0.4
Gross profit	34,960	32,400	(2,560)	(7.3)
% of net sales	13.3	12.2		
SG&A expenses	14,664	14,900	+236	+1.6
% of net sales	5.6	5.6		
Operating income	20,295	17,500	(2,795)	(13.8)
% of net sales	7.7	6.6		
Segment income	20,850	18,200	(2,650)	(12.7)
% of net sales	7.9	6.9		
Number of pharmacies	1,088	1,079	(9)	(0.8)

▶ Figures in the table are rounded down

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

FY4/21 Plan (Cosmetic and Drug Store Business)

The group has revised the forecast for the fiscal year ending April 30, 2021. Net sales decrease 19.0% and segment loss of ¥2,200 million due to the prolonged impact of the COVID-19.

(¥ million)	FY4/20 results	FY4/21 plan	YoY change	YoY change (%)
Net sales	24,701	20,000	(4,701)	(19.0)
Gross profit	9,753	7,330	(2,423)	(24.8)
% of net sales	39.5	36.7		
SG&A expenses	9,596	9,680	+84	+0.9
% of net sales	38.8	48.4		
Operating loss	157	(2,350)	(2,507)	-
% of net sales	0.6	-		
Segment loss	262	(2,200)	(2,462)	-
% of net sales	1.1	-		
Number of stores	63	69	+6	+9.5

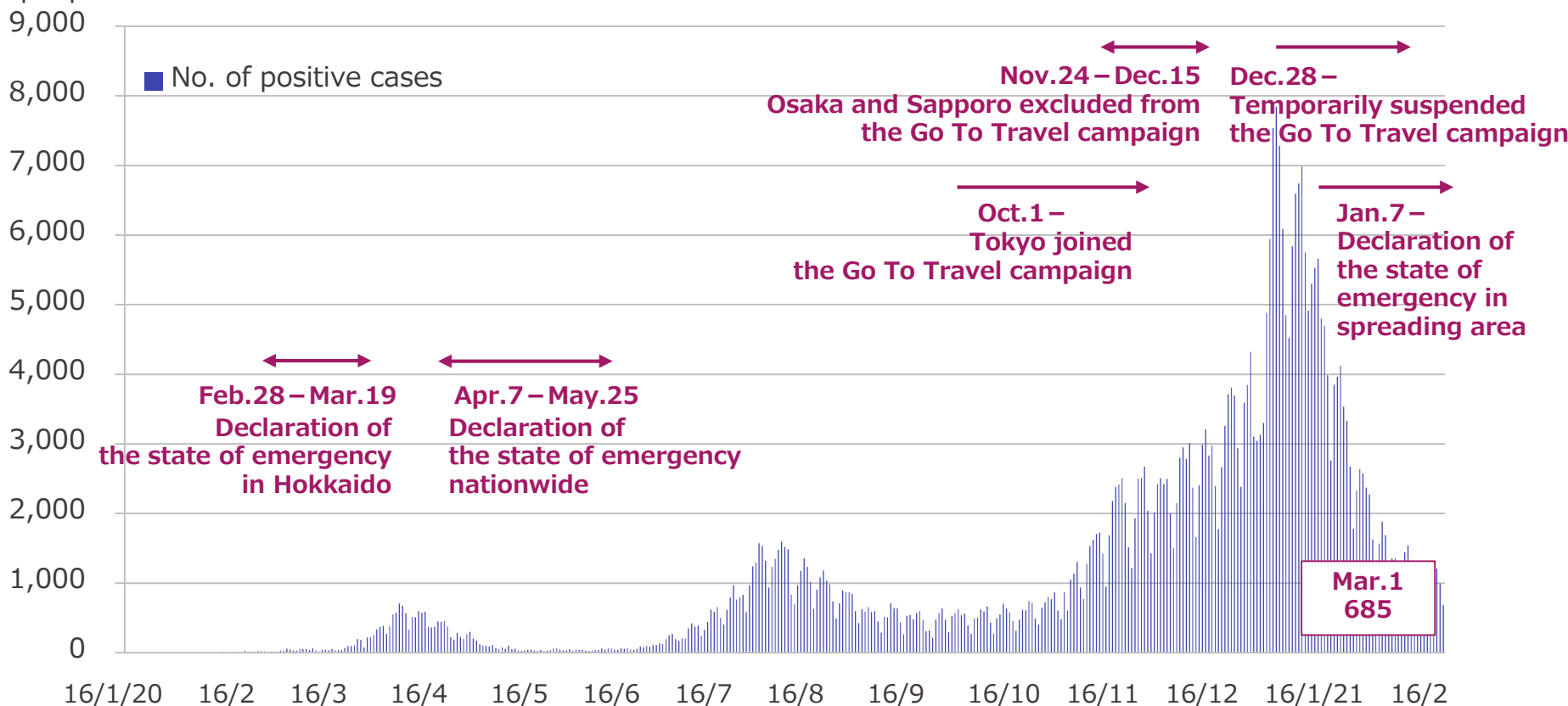
- ▶ Figures in the table are rounded down
- ▶ Segment loss is adjusted to ordinary income shown on the consolidated statements of income

Review

Daily new COVID-19 cases across Japan

As of March 1, the number of domestic cases of the COVID-19 infection and deaths was 433,504 and 7,933, respectively.

(people)



▶ the Ministry of Health, Labour and Welfare's Open Data on the COVID-19

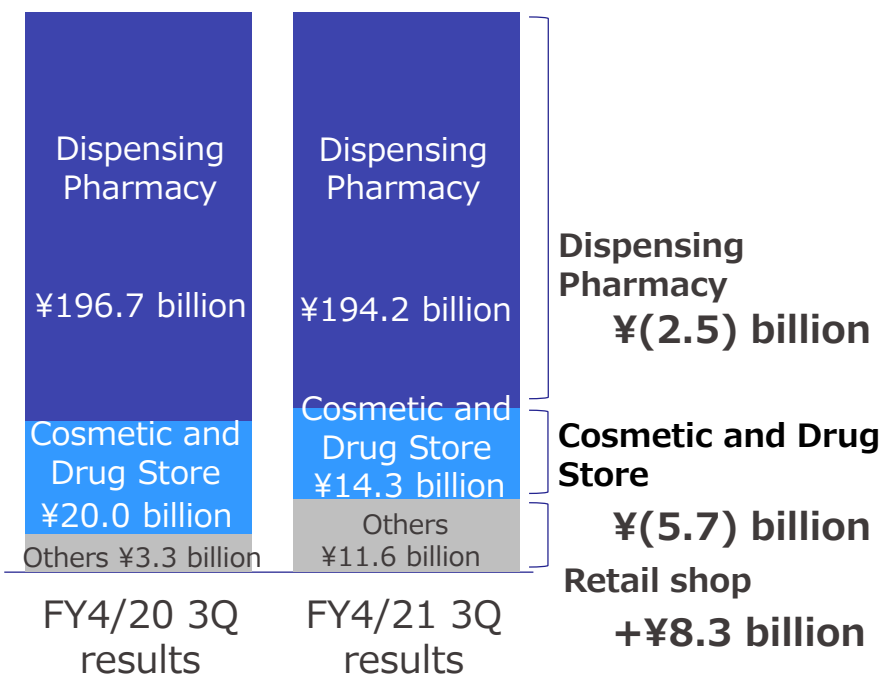
Review (YoY)

Ordinary income decreased 5.2 billion because declined net sales couldn't absorb store opening costs and labor costs for new employee.

Net sales **¥0.1 billion**

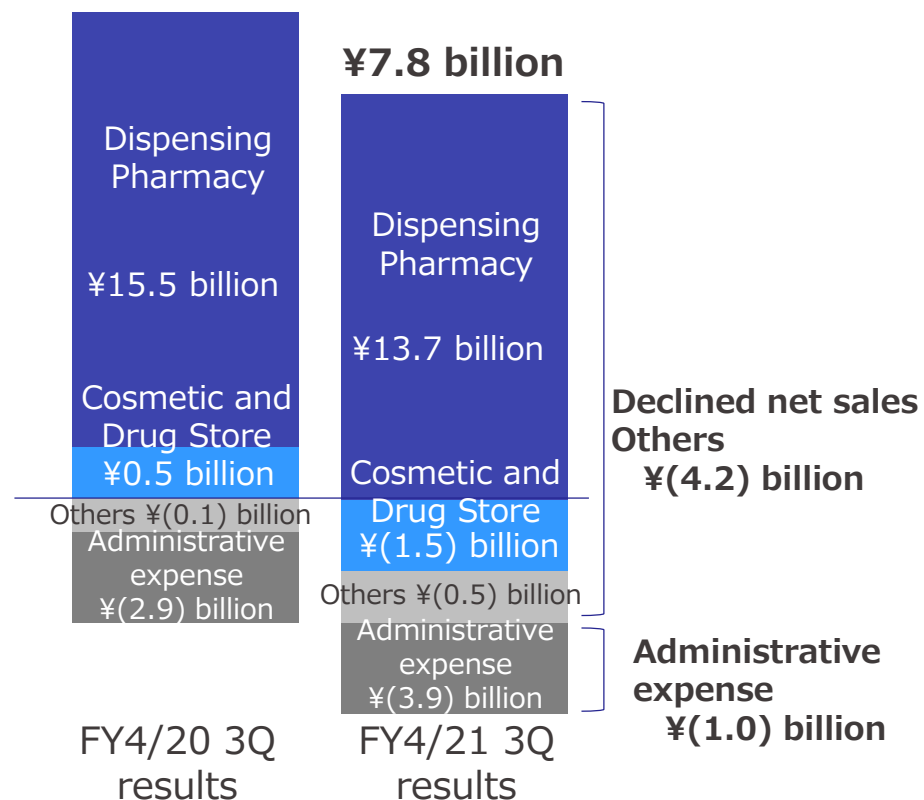
Ordinary income **¥(5.2) billion**

¥220.0 billion **¥220.1 billion**



¥13.0 billion

¥7.8 billion

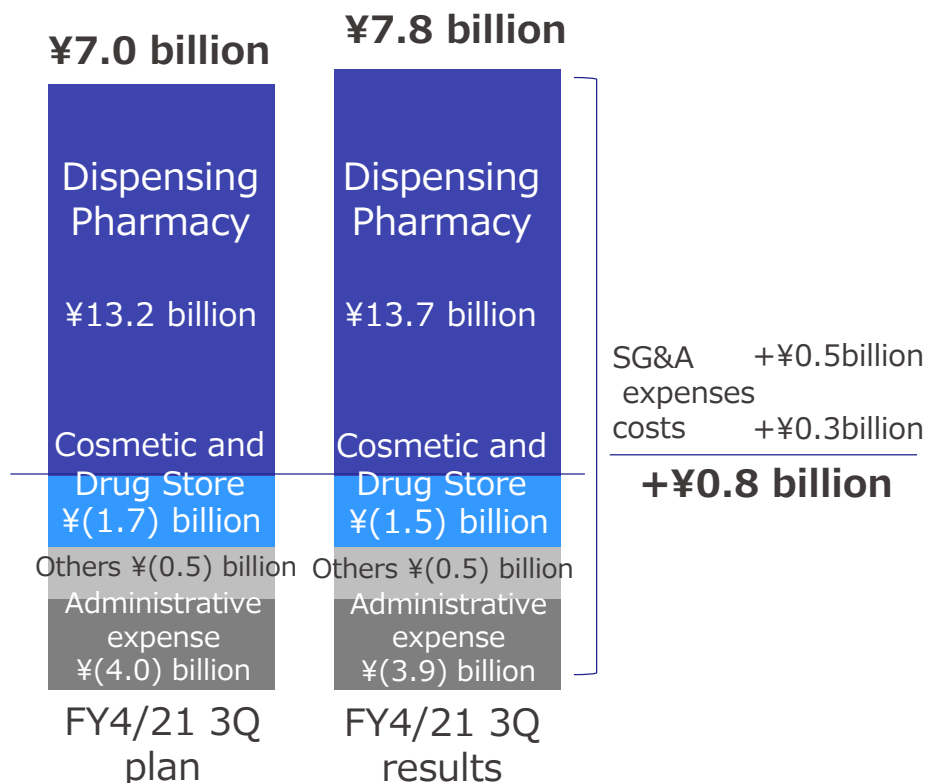
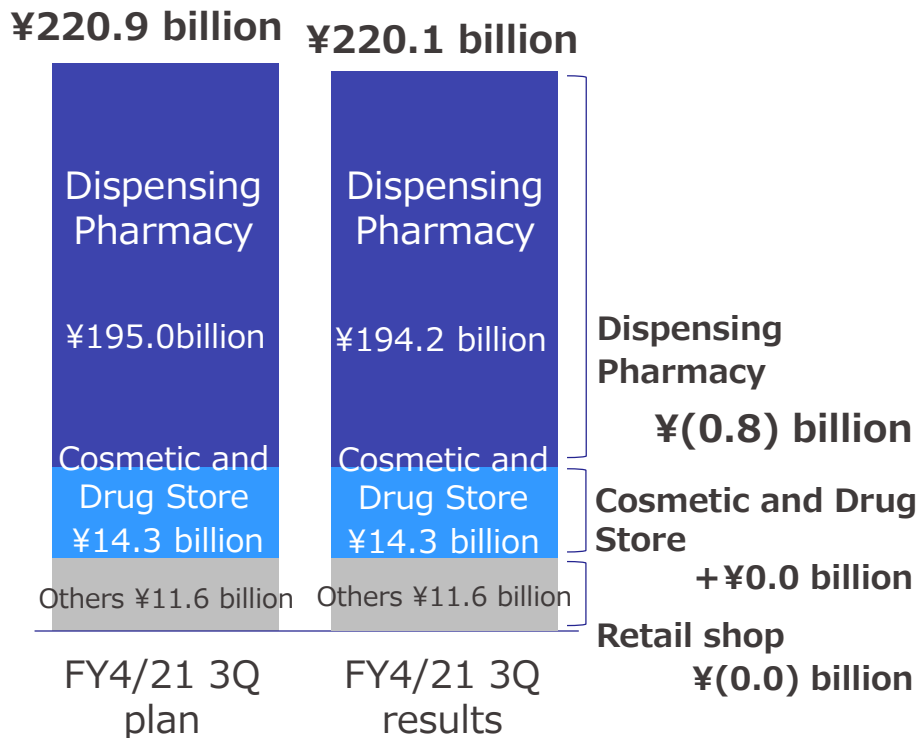


Review (Vs plan)

Net sales fell 0.8 billion against the plan due to the impact of the COVID-19 outbreak, while ordinary income increased 0.8 billion against the plan due to cost reduction.

Net sales **¥(0.8) billion**

Ordinary income **+¥0.8 billion**



Strategy

Expansion of Top-line

- Dispensing Pharmacy Expanding of opening large-scale pharmacies including M&A
- Cosmetic and Drug Store Accelerate opening stores in satellite cities

Proper staffing

- Active recruitment of newly graduate pharmacists
- Assign personnel properly and strengthening recruitment of full-time employees who are willing to gain experiences, while discontinuing temporary and mid-career employees

Reinforcing the Group's business base

- Promoting Sustainable Management
- Securing specialized human resources with expertise in IT and logistics
- Raising the operating efficiency by introducing RPA robots
- Improving the customer services by enhancing official app and EC website
- Logistic reform in anticipation of expansion of Top-line

Top-line

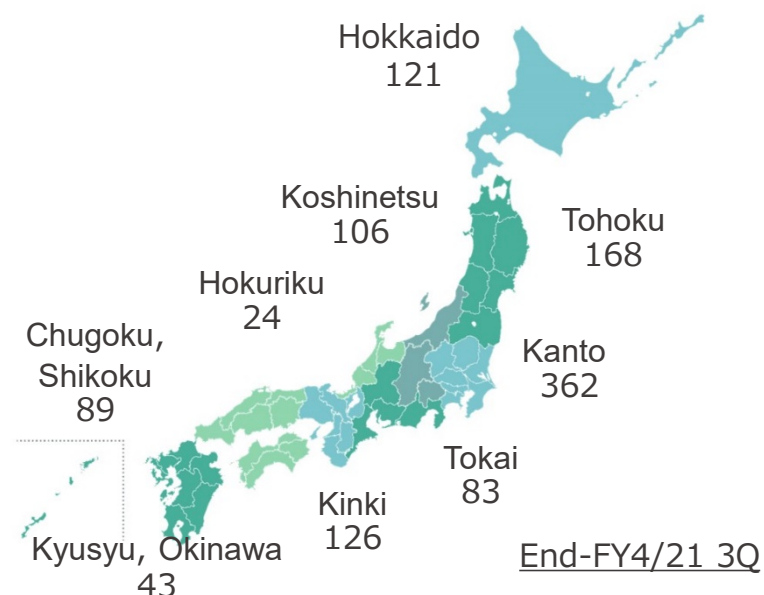
The group opened 22 stores including M&A, and closed 51 stores during the FY4/21 3Q.

■ Total number of stores

1,122 (Dispensing pharmacy:1,057、Cosmetic and drug store:65)

■ Plan

		FY4/21 3Q		FY4/21 Revised plan
		Plan	Results	
Opening	Dispensing Pharmacy	14	15	38
	Organic	8	8	16
	M&A	6	7	22
	Cosmetic and drug store	7	7	11
Total		21	22	49
Closed	Dispensing Pharmacy	45	46	47
	Cosmetic and drug store	5	5	5
	Total	50	51	52



■ Transition of dispensing pharmacies

	FY4/13	FY4/14	FY4/15	FY4/16	FY4/17	FY4/18	FY4/19	FY4/20	FY4/21 3Q
Organic	38	36	40	32	27	25	23	14	8
M&A	38	26	119	110	182	11	134	6	7
EV/EBITDA ratio	5.09	3.94	4.77	5.37	5.50	3.96	4.88	3.71	3.63
Closed	10	6	21	15	24	73	54	64	46
Sold	-	1	1	1	2	32	30	42	34
No. of total stores	560	616	754	881	1,066	1,029	1,132	1,088	1,057

▶ EV/EBITDA ratio=EV(Purchase price)/EBITDA(Operating income + Depreciation and amortization)

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