



Integrated Report 2025

2024.5 ▶ 2025.4

INTRODUCTION

AIN Group’s Vision

The Ain Group aims to be a company where each employee recognizes the Group Statement and that people welcome to their communities, which is our vision.

01 Vision

Aiming to be a company that people welcome to their communities

Society is changing drastically, and people’s needs and values are becoming increasingly diverse. In our business environment, there are various ways in which patients and customers can fulfill their wishes of staying healthy, beautiful and true to themselves. The AIN Group is dedicated to improving the health and happiness of our customers, which is enshrined in the Group Statement, through its business activities that contribute to people’s health and beauty. To consistently strive to attain this goal, we will continue to adjust and respond to the needs of our customers and all our other stakeholders as we aim to be a company that people welcome to their communities.



02 Group Statement

We are committed to ensuring our employees are happy and motivated. We want the AIN Group to be a workplace where employees seek out new challenges to grow and develop, dedicating themselves to improving the health and happiness of customers. Our goal is to be a leading corporate group that constantly embraces change.

Connecting closely with the thoughts and feelings of all the people we encounter. A company that can take pride and joy in this statement is what the AIN Group endeavors to be. Audrey Hepburn has been the representative symbol of the AIN Group since 2018. Like Audrey Hepburn, who captivated the world as an actress, lived as a mother and an independent woman, and devoted her later years to relief efforts for children living in poverty. We aspire to be a company where each employee holds a beautiful will, supporting people with love and hope. First, we must be a company that values its employees. And be a rewarding place to work. Only when these requirements are met can we do our best for our customers. Our management philosophy holds that “putting employees first” is the ultimate form of “putting customers first.” This message expresses our strong will to aim and continuously live up to the name and reality of being a leading group for our customers, employees, and all stakeholders.



Information disclosure system

To respond to expectations and requests from all stakeholders, including shareholders and investors, the Group conducts timely disclosures of information on our website and engages in an active dialogue at IR and SR meetings, as well as other meetings. The details of disclosure materials are available on our website.

	Financial information	Sustainability-related financial information
<div>Reports</div>	<div>Integrated Report 2025</div> <div>We explain our vision, growth strategies, and activities etc. for improving corporate value over the medium- and long-term</div> <div>Annual Securities Report</div> <div>DATA FILE</div>	<div>Corporate Governance Report</div> <div>ESG Data Book</div>
	<div>Website</div> <div>IR Information</div>	<div>Sustainability</div>
	<div>Dialogue</div> <div>General Meeting of Shareholders</div> <div>Financial results briefing</div> <div>Individual meetings with domestic and overseas institutional investors</div>	<div>Stakeholder engagement</div>

Editorial policy

The Group implements a variety of initiatives aimed at generating sustainable growth and creating social, environmental, and economic value. Since the fiscal year ended April 2010, we have published an Annual Report in English to strengthen communication with shareholders, investors and other stakeholders through deeper understanding of the Group’s specific initiatives and ideas. From the fiscal year ended April 2022, we are publishing an Integrated Report in Japanese and English, which includes expanded information on the Group’s materiality, human resources strategy, digital transformation strategy and other initiatives aimed at increasing corporate value over the medium and long term. In editing this report, we referenced the International Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC)* and the Guidance for Collaborative Value Creation 2.0 formulated by the Ministry of Economy, Trade and Industry (METI).

* In June 2021, IIRC merged with the Sustainability Accounting Standards Board (SASB) to form the Value Reporting Foundation (VRF). VRF subsequently merged by the International Sustainability Standards Board (ISSB) together with Climate Disclosure Standards Board (CDSB) in June 2022.

Period covered	Fiscal year ended April 2025 (May 1, 2024 - April 30, 2025) This report includes the latest information as of the date of publication.
Scope	AIN HOLDINGS INC., 32 subsidiaries and 3 affiliates

Forward-looking Statements

This integrated report contains forecasts and projections concerning the plans, strategies and performance of the Group. These forecasts and projections constitute forward-looking statements that are not historical facts, but are based on assumptions and beliefs in accordance with information currently available to management. These forward-looking statements are subject to a number of risks and uncertainties that include, but are not limited to, economic conditions, intense competition in the healthcare industry, etc., laws and regulations, tax systems and various other factors. As such, the Group wishes to caution readers that actual results may differ materially from those projected.

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MANAGEMENT VISION

Message from the President



Enhancing the sustainability of dispensing pharmacies, which contribute to local healthcare, while achieving growth as a corporation

Kiichi Otani

President and Representative Director

Pursuing both enhanced sustainability of dispensing pharmacies and corporate growth

The AIN Group is built upon two core business pillars: the dispensing pharmacy business, which operates pharmacies nationwide mainly under the “AIN Pharmacy” brand, and the retail business, which operates “AINZ & TULPE” cosmetics stores and “Francfranc” interior furnishing shops, primarily in major cities. There were many twists and turns before we established our current business structure. A major turning point came when, against the backdrop of the 1997 financial crisis, we reviewed all of our existing businesses and restructured our operations centered on dispensing pharmacies. With “avoiding homogenized competition” as our basic strategy, we concentrated our management resources on highly profitable businesses while focusing on developing new business formats, with the aim of realizing sustainable development.

This strategy proved successful. Following an M&A deal in 2002, we became the leading company in the dispensing pharmacy market and opened our first cosmetics store, establishing the foundation of the current Group.

The period after 2000 was also a time when the overall dispensing pharmacy market was expanding. The Group used the net sales targets stated in three medium-term

plans, “¥40.0 billion for the fiscal year ended April 2005,” “¥100.0 billion for the fiscal year ended April 2008,” and “¥200.0 billion for the fiscal year ended April 2014,” as milestones, establishing a unique and solid business foundation within the industry. Subsequently, although there was a period when operating profit decreased due to the COVID-19 pandemic, our business has continued to expand steadily.

The dispensing pharmacy business, in particular, has maintained its industry-leading position, and by opening flagship dispensing pharmacies in various regions nationwide, we have established “AIN Pharmacy” as a dispensing pharmacy brand. Among other benefits, this has enabled us to recruit pharmacists smoothly, and we have received numerous requests to open stores in prime locations, giving us a competitive advantage. However, being the industry leader also means that we bear a correspondingly greater responsibility to fulfill our social mission as a dispensing pharmacy. It is unlikely that the government’s stance of reducing medical costs will change significantly, and we expect that the downward trend in dispensing pharmacy profits due to drug price reductions and declining dispensing fees will continue. Under such circumstances, I feel that we are now being confronted with the question of how to enhance the reliability and sustainability of dispensing pharmacies while simultaneously achieving corporate growth.

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Business scale expansion and productivity improvement through digital transformation will enhance profitability and lead to the next phase of growth

What is necessary to fulfill our mission as a dispensing pharmacy while also growing as a corporate group is, I believe, business scale expansion and productivity improvement through digital transformation.

As the population continues to age and decline, the industrial structure is also undergoing a major transformation. In this chaotic era, for us to continue our business unwaveringly regardless of whatever changes occur in the external environment going forward, it is essential that we establish an appropriate business scale. Furthermore, if they cannot keep pace with the rapid socioeconomic changes brought about by AI, it will be difficult for corporations to survive. Investment in AI and digital transformation requires enormous amounts of money, and expanding business and profits is necessary to secure the funds for such investment. In other words, the most important task for management right now is setting ourselves on the path from top-line growth to expansion of digital transformation investment, and then to productivity improvement through AI and digital transformation.

Based on this recognition, the Group added Francfranc in August 2024 and Sakura Pharmacy Group in August 2025, thereby expanding the scale of both our retail business and dispensing pharmacy business. Regarding digital transformation, we invested approximately ¥3.0 billion in the fiscal year ended April 2025, and are continuing to focus on this area. We are confident that these M&As and digital transformation investment will enhance the Group's profitability and lead to our next phase of growth.

Upward revision of targets for the fiscal year ending April 2026, including the impact of the M&A deal for Sakura Pharmacy Group

Next, I would like to discuss our performance in the fiscal year ended April 2025. Net sales registered ¥456.8 billion, increasing 14.3% year on year and beating our target by 0.7%. However, ordinary profit was ¥18.0 billion, decreasing 15.4% year on year and missing our target by 9.6%, so revenue rose but profit fell. In the retail business,

both net sales and ordinary profit increased significantly due to the addition of eight months of performance from Francfranc after it became a group company. The dispensing pharmacy business also saw higher net sales, but lower profit.

The first factor contributing to the decreased profit in the dispensing pharmacy business was the revision of dispensing fees. Earnings tend to decline in years when dispensing fees are revised, but the 2024 revision was particularly severe for large companies, and the decline in gross profit margins on higher-cost medicines had a significantly negative impact on profits. Another factor was an increase in labor costs and administrative costs in the dispensing pharmacy business. The rise in labor costs resulted from salary increases in response to recent inflation, but we view these increases as an investment in human capital. The rise in administrative costs resulted from accelerating digital transformation investment, and we believe this will lead to increased profits through productivity improvements in the near future. Although we had incorporated a slight profit decrease into our target, we take seriously the fact that actual results fell short of the target.

Regarding the targets for the fiscal year ending April 2026, we initially announced them when we reported the previous fiscal year's results in June, but based on the first-quarter results of this fiscal year and taking into account the effect of inclusion of Sakura Pharmacy Group into the Group, we revised the targets upward and announced the new targets in September. With the revised targets for the fiscal year ending April 2026, we are anticipating a 41.4% year on year increase in net sales and a 46.6% increase in ordinary profit.

In the dispensing pharmacy business, with the addition of Sakura Pharmacy Group, the number of dispensing pharmacies will exceed 2,000 stores and dispensing net sales will exceed ¥500.0 billion. Notably, the number of stores in the Kanto and Kansai regions has doubled, which we believe will lead to further top-line growth and enhanced profitability.

In the retail business, we expect significant growth in both net sales and segment profit due to the extremely solid sales of AINZ & TULPE, Francfranc contributing for the full year for the first time, and full-scale collaboration between AINZ & TULPE and Francfranc. Regarding the collaboration with AINZ & TULPE, in the fiscal year ended April 2025, we implemented the in-shop format at five stores and installed corner displays at three stores. Among these, the store in Koriyama that carries Francfranc products in an in-shop format achieved a gross profit margin more than two percentage points higher than the

all-store average. This fiscal year, we are proceeding with verification of the operation of stores in the “AINZ & TULPE + Francfranc” format, and aim to create synergies. In addition, we will make appropriate growth investments in Francfranc, including the complete renovation of flagship stores. Francfranc offers sophisticated products, and to maintain their appeal, we believe it is important to preserve the brand's worldview.

Introduction of systems utilizing generative AI will significantly improve profitability

Now, I would like to discuss how digital transformation investment will revolutionize each business and corporate function.

The Group began focusing on advancing digital transformation about seven years ago. In 2018, we launched Japan's first online pharmaceutical guidance, and in 2019, we released the official AINZ & TULPE app, among other initiatives, thereby enhancing convenience for patients and customers through digitalization while also seeking operational efficiency. However, as I mentioned earlier, we have a strong sense of crisis that slowness in AI utilization would threaten our survival, so we have continued to make large-scale digital transformation investments, and increased personnel from six people seven years ago to approximately 100 people today.

The new systems and generative AI technologies that we have developed and prepared through such upfront investments have already undergone efficacy verification and will be deployed in actual operations in phases starting from the fiscal year ending April 2026. For example, to improve store productivity in the dispensing pharmacy business, we have developed a system of “AI Diagnostic Report.” With this system, AI is used to analyze issues for each individual store from vast amounts of data, and advice for improving efficiency is automatically sent out every month. Furthermore, in July 2025, we introduced “Digital medication history system computers equipped with generative AI,” which utilizes voice data from pharmaceutical guidance sessions and has AI assist with the entry of medication histories. In addition, we are building a “Knowledge Base of Operational Improvements,” which includes measures useful for reducing patient wait times, and we are improving stores with AI and digital transformation, pursuing not only efficiency but also enhanced safety and convenience.

In the retail business, we are strengthening services and

promoting digital marketing through development of next-generation POS systems and upgrades of EC sites and apps, and Group-wide, we are advancing the automation of back-office operations with generative AI, and updating various systems, including those for accounting, training management, purchasing, and logistics management, with a goal of completion during the fiscal year ending April 2027.

Through this series of digital transformation initiatives, we will not only reduce administrative costs, but also free employees from routine tasks and shift them to higher level work, thereby improving labor productivity and job satisfaction. Service content will also diversify and become more sophisticated, further enhancing customer convenience and satisfaction. We are confident that the operations of the entire group will move up to a higher level, and that the results of the initiatives will be heavily reflected in profits going forward.

Announcement of “Medium- and Long-term Vision” targeting net sales of a trillion yen for the fiscal year ending April 2034

In March 2025, the Group announced the Medium- and Long-term Vision, “Ambitious Goals 2034: A decade to promote innovation and strive for our challenging goal of a trillion yen in sales.” With the large-scale M&As and the expansion of the scale of our business, the number of employees has also increased significantly. We considered it necessary to clarify the direction we should take going



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forward and to share goals across the entire Group.

In the Medium- and Long-term Vision, we have set net sales targets of ¥700.0 billion for the fiscal year ending April 2030 and ¥1 trillion for the fiscal year ending April 2034. At the same time, we are also working on improving capital efficiency, and strengthening and maintaining profitability, with targets of “a net profit margin of 4.0% and ROE of 13.0% for the fiscal year ending April 2030, and a net profit margin of 4.0% and ROE of 15.0% for the fiscal year ending April 2034.”

The drivers for achieving these targets will be the growth of both the dispensing pharmacy business and retail business. We aim to achieve net sales of ¥1 trillion for the fiscal year ending April 2034 based on continued growth of AIN Pharmacy as a specialized “primary care pharmacy” (dispensing pharmacy business) and on growth of both the AINZ & TULPE and Francfranc brands (retail business), while also engaging in M&As.

The most challenging of the quantitative targets is achieving “a net profit margin of 4.0% for the fiscal year ending April 2030,” as this will require increasing the net profit margin by 1.2 percentage points from the 2.8% figure for the fiscal year ended April 2024. What will be important here is profit improvement through AI and digital transformation, which I mentioned earlier, and particularly efficiency improvement in stores and profit improvement in the dispensing pharmacy business. Since the Group's dispensing pharmacies include many large stores, the effects of efficiency improvements are also significant, and if AI utilization proceeds smoothly, we believe that we can expect to see substantial profit improvement.

In addition, with growth investments such as new store openings and M&As, we plan to increase borrowing, and

financial leverage is expected to rise from 1.8x in the fiscal year ended April 2024 to 2.0x in the fiscal year ending April 2030 and 2.3x in the fiscal year ending April 2034. We also aim to strengthen shareholder returns, including through share buybacks, and are targeting a dividend payout ratio of approximately 30% over the next five years.

30 cross-organizational projects corresponding to six areas of materiality

Finally, I would like to discuss the Group's sustainability management.

As an entity that contributes to people's health and beauty, the Group has identified six areas of materiality, including “contributing to local healthcare” and “providing beauty and happiness,” and under the Sustainability Committee, approximately 30 project teams have been launched to advance cross-organizational initiatives toward achieving these goals.

For example, all of the Group's dispensing pharmacies participate in awareness campaigns for “Japan Heart Day,” co-sponsored by four organizations including the Japan Heart Foundation to help prevent heart disease and strokes. As a corporate group rooted in local communities and committed to contributing to local healthcare, we believe that even small activities, when accumulated one by one at local dispensing pharmacies, are the path to building relationships of trust with patients, local residents, and our diverse stakeholders.

Regarding environmental issues, we began introducing electricity through an off-site corporate power purchase agreement (PPA) utilizing solar power-generation for our dispensing pharmacies in Kansai and Hokuriku from December 2024. We are also continuing our winter energy-saving and power-saving activities as we actively work to reduce CO2 emissions. In addition, we are steadily advancing such initiatives as reducing pharmaceutical waste and switching to environmentally-friendly general consumables.

In terms of corporate governance, the three new outside directors who joined in 2024 are entering their second year, and we feel that the five outside directors have become one team. At Board of Directors meetings, they actively express their opinions, and we have constructive discussions over extended periods in a cheerful atmosphere. Furthermore, regarding M&As and compliance, the importance of which is increasing, we receive valuable advice and recommendations

from outside directors who are experts in their respective fields, and we believe that the monitoring and supervisory functions of execution are being strengthened.

Regarding human capital management, we position it as an important initiative within the materiality area of “ensuring sound management base,” and focusing on promoting diversity and inclusion as well as KENKO Investment for Health, we set and disclose various KPIs. Among these, since a large proportion of the Group's employees are women (83.1% as of the end of April 2025), we are actively working to empower female employees by supporting their career development. These efforts have been well received, and attesting to our actions in empowering female employees, we have obtained the Platinum Eruboshi and Platinum Kurumin certifications, while in KENKO Investment for Health, we have been a Certified KENKO Investment for Health Outstanding Organization for five consecutive years and awarded the “White 500” designation under the same program for two consecutive years.

Furthermore, from an ESG perspective, the continuous efforts of our Group across various materialities are highly appreciated. Among the constituent companies of the ESG indices for domestic equities adopted by the Government Pension Investment Fund (GPIF), we have been selected for five indices, and recently, we have also been included in the Sampo Sustainability Index, which comprises approximately 300 companies.

We must not forget our mantra of being “dedicated to improving the health and happiness of our customers”

When I consider the sustainability of the Group itself, I believe that “employee happiness” is the most important thing. As set forth in our Group Statement, we are committed to ensuring our employees are happy and motivated, and we want the AIN Group to be a workplace where employees seek out new challenges to grow and develop. We believe that this conviction forms the core of sustainability management and is perhaps the most important duty of management personnel.

I mentioned earlier that we have increased our digital transformation-related headcount to approximately 100 people, most of whom have been mid-career hires, and I believe many joined us because they were attracted to the Group's growth potential and culture. And other employees who have also joined us recently are active in each business

and play important roles in driving transformation throughout the corporate group.

Furthermore, successful M&A activity is about more than just having the funds available. The Sakura Pharmacy Group deal suited us as we operate in the same industry and have a similar culture, but we were able to do it because we had the right human resources in place to handle management post-integration. Following the launch of the new structure at Sakura Pharmacy Group, we announced a “100-Day Plan” outlining what should be accomplished, but this was not the result of deliberations based on my instructions. Rather, it was formulated proactively and primarily by the executives and managers who would be responsible for management after the new structure's launch. Based on this plan, Sakura Pharmacy Group under the new structure has gotten off to an extremely smooth start.

I have been reminded once again that employees' freedom to take on challenges and exercise creativity is what supports the company's growth.

However, even the freedom of employees to take on challenges is meaningless if the “what for” is not clear. We work because we are “dedicated to improving the health and happiness of our customers.” We must never allow ourselves to forget this mantra.

In that sense, organic store openings are vital in both the dispensing pharmacy business and retail business. Even if there is no major impact on profits, if we do not steadily open and develop new stores ourselves, we will not be able to strengthen our foundation as a corporate group. By imagining how we can become a company that “people welcome to their communities” and continuing to create new value, I think that both employees and the Group can grow together.

And I believe that our shareholders also hold our stock with expectations for the Group's growth. I think that we must resolutely meet those expectations and strive to enhance our corporate value.



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Special Feature

Roundtable Discussion by Analysts

The path to a “corporate group with a trillion yen in net sales.” The President and analysts discuss growth strategies for the dispensing pharmacy business and retail business



Kiichi Otani

President and
Representative Director

Mr. Kyoichiro Shigemura

Head of Pharmaceutical & Healthcare
Team, Nomura Securities Co., Ltd.

Mr. Takahiro Kazahaya

Head of the Consumer Sector,
UBS Securities Japan Co., Ltd.

In March 2025, the AIN Group announced its Medium- and Long-term Vision, “Ambitious Goals 2034,” committing itself to taking a major step forward into a new stage as a “corporate group with a trillion yen in net sales.” In this period of transformation, when industry realignment is accelerating and the nature of pharmacies is being questioned, what kind of value will we create as a leading company? We invited Kyoichiro Shigemura of Nomura Securities and Takahiro Kazahaya of UBS Securities, who have been following our sector for many years, to join President and Representative Director Kiichi Otani in a frank discussion about the Group’s Medium- and Long-term Vision, the outlook for the dispensing pharmacy industry, and the potential of the retail business.

The “Medium- and Long-term Vision” serves as a compass for growth and a promise to all stakeholders

Kiichi Otani (hereinafter “Otani”) To start us off, I would like to explain the background behind our decision to announce this big vision of “a trillion yen in net sales.”

The number of employees in the Group has expanded to approximately 24,000 as of August 2025. As we experience rapid growth through M&A, for this many colleagues to tackle their daily work with a high level of motivation, it is important to clearly indicate the direction of where the company is heading. I felt it necessary to clearly demonstrate what kind of corporate group we aim to become, including through the presentation of numerical targets. Furthermore, without strongly communicating to shareholders and other market participants what sort of growth we are striving for going forward, we cannot be properly evaluated or understood.

Frankly speaking, as a management personnel, a part of me feels resistant to proactively setting out such numerical targets. This is because hitting the numbers itself tends to become the goal in and of itself. However, thanks in part to the retail business growing as our second pillar, we have developed sufficient strength to respond to dispensing fee revisions. We therefore judged that we had established a structure capable of taking on major challenges, and announced this Medium- and Long-term Vision.

Kyoichiro Shigemura (hereinafter “Shigemura”) There was certainly demand in the market for the AIN Group to present a Medium- and Long-term Vision. Now, by presenting the quantitative targets of ¥700.0 billion for the dispensing pharmacy business and ¥300.0 billion for the retail, and other businesses, and clarifying what steps the AIN Group will take and what it will be doing to achieve those goals, I believe it has delivered a very important message. There is a tendency for management plans to be mere “targets for achievement” rather than

visions. However, from the AIN Group’s Medium- and Long-term Vision, I could sense the clear determination of management team, saying, “This is what we want to become.”

In the dispensing pharmacy industry, it is difficult to expand in terms of scale without doing M&A to some extent, but I feel it is necessary to communicate the message to the entire industry that growth that delivers not just scale but also profitability is possible. Otherwise, companies will just keep being worn down by the impact of dispensing fee revisions. In that regard, I believe it was a major turning point when President Otani stated, “We have developed the strength to respond to dispensing fee revisions.” How will the AIN Group act toward achieving this Medium- and Long-term Vision? The answer to that question will serve as a benchmark for measuring future industry trends.

Takahiro Kazahaya (hereinafter “Kazahaya”) My honest impression after seeing the Medium- and Long-term Vision was that I felt a great sense of reassurance. The Medium- and Long-term Vision is, of course, directed at employees, shareholders, and the market, but I thought it went beyond that. I took it as a powerful message to customers and society. The promise that the AIN Group will continue to grow and exist in local communities a decade from now provides a lot of peace of mind to customers who use pharmacies. As industry realignment accelerates, many people feel anxious about whether their local pharmacy will still exist 10 years from now. The fact that with this Medium- and Long-term Vision, the AIN Group has promised, with concrete aspirations concerning scale, to continue fulfilling its responsibility for pharmaceutical supply has meaning that goes beyond the numbers. Furthermore, from the perspective of the government, which is responsible for the national healthcare system, I felt that this strong declaration of intent to play a role in the system offers reassurance about the future of pharmacies as social infrastructure.

Moreover, whereas many companies present conservative management plans, I think the fact that top management has personally presented a bold vision for growth is highly commendable.

Fulfilling responsibility for local healthcare through scale expansion via M&As and efficiency through digital transformation

Shigemura There are currently around 63,000 dispensing pharmacies nationwide, and the number continues to increase. On the other hand, industry realignment is also progressing. The top 10 companies have finally amassed a combined market share of 20%, but there will be further consolidation going forward.

Given that, the most important point is how to secure sufficient numbers of pharmacists and improve their quality. And what is essential for the pursuit of that quality is investment in digital transformation. If routine tasks are made more efficient through digital transformation, a virtuous cycle will be created whereby pharmacists can focus on performing their core professional functions, working to improve their primary care functions, for example. Conversely, without the introduction and promotion of digital transformation, they will fall into the vicious cycle of being overwhelmed by routine tasks and unable to devote sufficient effort to patient-facing work, resulting in lower earnings from dispensing fees. This is true not only for large companies but also for individually managed pharmacies and in home-based healthcare. Given these circumstances, I expect the AIN Group to become a role model for the dispensing pharmacy industry as the industry leader.

Otani For growth accompanied by profitability, it is necessary to enhance the competitiveness of the business itself in parallel with M&As. And the biggest key to this will be investment in digital transformation. Seven years ago, feeling a strong sense of crisis that we might miss the wave of digitalization and fall behind competitors, we resolved to make significant investments in the digital transformation division and recruit talent. The organization had about six people then, but now it has approximately 100. Without their dedication, we could not have achieved the business transformation that we have, including efficiency improvements such as medication history entry using AI, or large-scale M&A deals like that for Sakura Pharmacy Group.

“The Medium- and Long-term Vision
was necessary to provide direction
internally and communicate a powerful
message to the market”



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“I expect the AIN Group, as the industry leader, to expand opportunities for pharmacists to thrive and to spearhead industry transformation”

Regarding M&A, which is another pillar of growth, the industry is now in the midst of a major realignment, due to such factors as the aging of founders. Excellent deals that previously never came to market are increasing, and we view this as a major opportunity for our corporate group.

Shigemura Indeed, scale expansion and digital transformation investment are complementary drivers of growth. If the AIN Group's market share tops 10%, its voice in the industry and influence in local communities will increase dramatically.

Otani Scale expansion is necessary not only to pursue sales but also to fulfill our responsibility for local healthcare. Currently, dispensing pharmacies are closing one after another in rural areas, and onsite pharmacies in particular have seen deteriorating profitability due to the impact of the fiscal 2024 dispensing fee revision, with six stores closing in Hokkaido alone. We, however, have not withdrawn. If we were to withdraw, essential medicines would become unavailable in those regions. One reason we did the M&A deal for Sakura Pharmacy Group was to demonstrate our contribution to local healthcare via a network of over 2,000 stores nationwide.

Furthermore, looking ahead to the future of local healthcare, the role that dispensing pharmacies should play will expand. Going forward, we expect home-based healthcare equipment to see widespread adoption. Local dispensing pharmacies, which are a familiar presence for patients, can serve as the last mile for that. I believe we can support this new form of healthcare precisely because we have a network covering the whole nation.

Shigemura To deliver new home-based healthcare equipment to communities and ensure it can be used properly, the presence of pharmacists with the latest knowledge is essential. The AIN Group has a system that can educate pharmacists on a national scale and ensure their quality. I expect the AIN Group to leverage that strength and play the role of a safety net, providing robust support for local healthcare in the future from both the scale and quality perspectives.

A “contrarian strategy” of building a unique position as an operator of stores that are neither drug stores nor cosmetics shops.

Kazahaya In parallel with the dispensing pharmacy business, the uniqueness of the retail business, which is another pillar, is also one of the major attractions of the AIN Group. AINZ & TULPE, which primarily handles cosmetics, has created a new business format distinct from conventional drug stores, and I feel it has established a unique position unlike any other.

Otani AINZ & TULPE is often viewed as being in the drug store category, but it is highly unique in terms of profitability and profit margins. In fact, when we launched AINZ & TULPE, what impressed me was that it was perceived by the drug store industry as “not a drug store,” while cosmetics specialty stores viewed it as “a drug store.” Being assessed differently by the two sectors was exactly what we had been aiming for. In other words, players in neither sector consider it a competitor. We have avoided it being lumped into existing categories, and it creates unique value. That has long been the Group's strategy.

Kazahaya That is certainly a “contrarian” perspective. What's interesting about the retail business is that the AIN Group is actively developing markets that many companies are not focusing on.

A desire to be beautiful and healthy is not limited to people in urban areas. However, in rural areas, cosmetics specialty stores and GMS (general merchandise stores) are declining in number, leading to limited choices. Meanwhile, major drug store chains are concentrating on opening stores in urban areas, and regional drug stores are shifting to strengthening their food offerings. Against that backdrop, the AIN Group is taking on markets that other companies have not touched and building a position with no clear competitors. In fact, I understand that your expansion in Kyushu and elsewhere is going very well.

Otani One successful store is AINZ & TULPE YORK PARK KORIYAMA. Since it was on the disadvantageous third floor, we had concerns initially, but thanks to adding Francfranc as an in-shop store, it achieved results far exceeding our expectations. This gave us even more confidence in the integration with Francfranc. In Kyushu, in addition to operating five stores in Fukuoka, we have also expanded

into Kumamoto and Kagoshima, and the stores are performing extremely well.

Kazahaya The fact that you succeeded in a bad location on the third floor in Koriyama, a regional city, is also proof of your power to attract customers. As we enter an era of excess stores, tenants capable of attracting customers will be able to open stores on favorable terms. However, precisely because there are tailwinds, it is important to constantly pursue quality improvement without becoming complacent about the brand.

At first glance, the dispensing pharmacy business and retail business appear to be completely different businesses, but I actually feel there is common value underlying them. That is the “experiential value” that is difficult to obtain online. It encompasses the sense of security gained from interacting with experts, namely pharmacists, at dispensing pharmacies. It also includes the joy of encountering exciting products at stores. Both are types of value that can only be gained when customers actually visit stores. I believe that this “experiential value” is the unwavering strength of the entire AIN Group.

Otani However, there are also challenges. For Francfranc, we need to continue taking measures for it to further demonstrate its inherent potential in terms of profitability. Therefore, we are currently focusing on strengthening the foundation of the business through measures such as the refurbishment of flagship stores. I believe synergies will be created when both brands each give play to their strengths. What is seen with many pioneering retail companies is that when a business reaches a certain scale, the quality of product development changes dramatically. The moment scale changes, profitability also changes significantly. I expect that when the two brands each exceed ¥100.0 billion, a qualitative transformation will occur.

Passing down the corporate culture to the next generation and becoming the top player in an “¥8 trillion market”

Shigemura Finally, please tell us about the corporate culture that supports this growth. The Group has continued to grow

under your strong leadership, but how do you plan to pass down that corporate culture to the next generation?

Otani The foundation of our corporate culture is the belief that employees are most important and the attitude of ceaselessly continuing to change. The challenge for me is how to have the excellent next-generation management personnel who have joined us from outside in recent years deeply understand and inherit these two tenets. This will be a major challenge. In the past, I myself did not particularly like speaking about notions like philosophy or principles. However, as the Group has grown in scale, I have come to realize the necessity of management clearly articulating in words the spirit that employees should embody. We are currently in the process of producing a new edition of the “AIN BOOK,” which compiles our Group Statement. For us to grow even more in the future, we intend to steadfastly adhere to our founding spirit and meet the expectations of all our stakeholders.

Shigemura That spirit is precisely the form of leadership that the dispensing pharmacy industry needs now, as the structure of the industry is one of companies and stores of different scales and types each facing their own management challenges. I hope you will lead the improvement of the status of the industry as a whole by expanding opportunities for pharmacists to thrive and communicating their expertise to society. I look forward to you continuing to shape the future of Japanese healthcare as the top player in an ¥8 trillion market.

Kazahaya In this era of 100-year lifespans, everyone hopes to live long with peace of mind. The AIN Group is entrusted with the critical social mission of pharmaceutical supply. I think it is wonderful that the AIN Group is carrying out this mission while enhancing its corporate value as a listed company. It is balancing the public framework of the medical system with the private logic of corporate management. I sincerely hope it will continue to contribute to society for many years to come while maintaining this difficult balance.

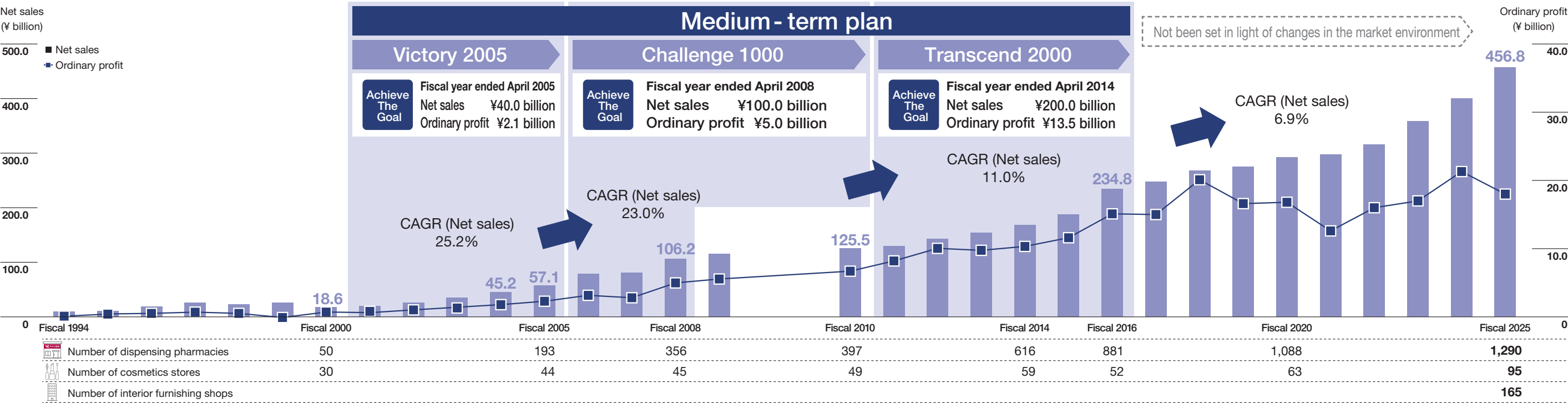
“‘Experiential value’ is the unwavering strength of the AIN Group”



DRIVING FORCE FOR VALUE CREATION

Growth Trajectory

The AIN Group has steadily expanded corporate scale through the implementation of three medium-term plans: “Victory 2005,” targeting ¥40.0 billion in net sales for the fiscal year ended April 2005; “Challenge 1000,” targeting ¥100.0 billion in net sales for the fiscal year ended April 2008; and “Transcend 2000,” targeting ¥200.0 billion in net sales for the fiscal year ended April 2014.



1969 — Went public 14 years after the start of drug store business

1997 — Shifted to select and focus amid a financial crisis

2015 — Transitioned to holding company structure

2018 — Further accelerated digital transformation promotion and went into full swing

Established in 1969 as a company handling contracted clinical testing. In 1980, the Company launched its drug store business, the predecessor of the current retail business. In 1993, it opened its first pharmacy, Daiichi Dispensing Pharmacy, in Asahikawa City. Later, in 1994, the Company went public, with its shares listed on the over-the-counter market of the Japan Securities Dealers Association (later JASDAQ of Tokyo Stock Exchange).

Against the backdrop of the financial crisis of 1997, the Company began a review all of its businesses. Business restructuring centered on its pharmacies proved successful , and with an M&A deal completed in 2002, the Group became a leading company in the dispensing pharmacy market. It continued to actively pursue M&As, achieving significant growth in sales.

To strengthen its management base for further growth, the Group transitioned to a holding company structure in 2015. In the same year, it acquired shares of AYURA LABORATORIES Inc. from Shiseido Company, Limited , welcoming it into the Group. In the dispensing pharmacy business, the number of stores steadily increased, surpassing 1,000 locations, through new openings and M&As.

The Group accelerated its digital transformation initiatives, aiming to offer services unique to the Group. This included the launch of the official AINZ & TULPE app in 2019 and the official Anytime AIN Pharmacy app in 2022. In August 2024, Francfranc Corporation joined the Group, followed by Sakura Pharmacy Group in August 2025.

Experiences that shaped today's AIN Group (1)

1997 Failure of Hokkaido Takushoku Bank

In 1997, the Hokkaido Takushoku Bank, our main bank, collapsed. At the time, we were pursuing business diversification, operating not only dispensing pharmacies and drug stores but also consumer electronics retail and home improvement stores, and were actively investing in these businesses through bank loans. When the bank notified us of the termination of lending, we adopted a select and focus approach, divesting all businesses except for the dispensing pharmacy and drug store business. This experience laid the foundation for the Group's management stance of avoiding business diversification and emphasizing the balance sheet.



AIN Pharmacy Nishi-Shinjuku (Tokyo) , opened in 1995

Experiences that shaped today's AIN Group (2)

2011 Experience with Great East Japan Earthquake

On March 11, 2011, the Great East Japan Earthquake struck off the Sanriku Coast in northeastern Japan. Seventeen of our pharmacies became inoperable, but by the second day following the disaster, we began dispatching pharmacists from Tokyo and other areas to participate in medical activities in the affected areas. Between March and June 2011, a total of 617 pharmacists were dispatched. Through this experience, we reaffirmed that “pharmacies are part of infrastructure of local communities,” and have since worked on formulating business continuity plans (BCPs), conducting business continuity management (BCM) drills, and strengthening our ties with communities on a day-to-day basis to contribute to local healthcare.



AIN Pharmacy Kamaishi (Iwate Prefecture), located adjacent to temporary housing

DRIVING FORCE FOR VALUE CREATION

AIN Group and Local Communities

We at the AIN Group operate dispensing pharmacy and retail businesses with the aim of creating a society where people can live healthy, beautiful, and happy lives by connecting closely with the thoughts and feelings of each individual.

Dispensing pharmacy business

Connecting closely with local communities
It is to connect closely with the lives of each individual

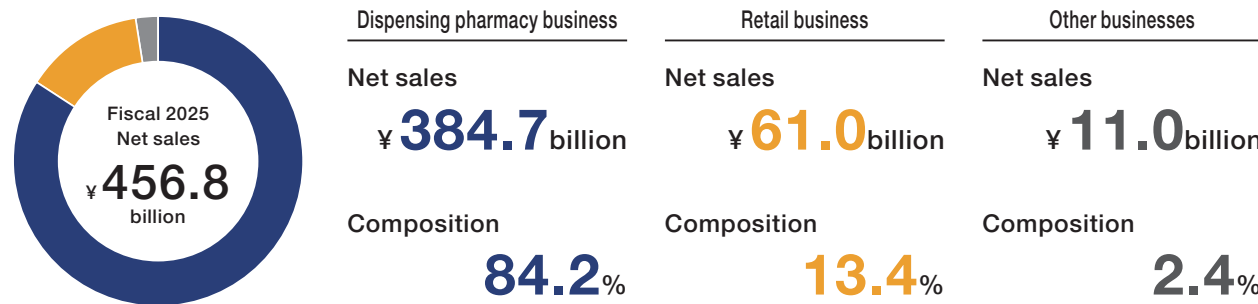
With the aim of making our pharmacies easy for all patients to use, the Group is opening pharmacies in convenient locations and working to shorten wait times and appropriately manage medications. Furthermore, we are reinforcing our primary care pharmacy functions and advanced pharmaceutical management functions, as well as improving the quality of our pharmacy services.

We are also actively supporting the Japanese government-led initiatives to use Individual Number Card (My Number Card) as health insurance cards (online eligibility checks) and to use digital prescriptions, as well as proactively participating in new initiatives related to the easing of regulations. Through these efforts, we aim to be pharmacies that meet the diverse needs of patients and contribute to safer and more secure prescription drug treatment.



AIN Pharmacy Kyudai (Fukuoka Prefecture)

Selection and continued use of pharmacies			
	Location / Service	Safety / Expertise	Added value
Customers' perspective	<ul style="list-style-type: none">■ Close to medical institutions and patients' homes■ In areas frequented as part of daily life■ Short waiting times■ Good customer service and hospitality■ Necessary stock of medications	<ul style="list-style-type: none">■ Safe, secure, and trustworthy■ Clear and understandable explanation of medications■ Consultation with a pharmacist with specialist knowledge■ Consultation on medications and health issues■ Close collaboration with medical institutions■ Supporting home-based healthcare■ Offering online pharmaceutical guidance	<ul style="list-style-type: none">■ Various delivery options for medications such as same-day delivery and locker pickup■ Supporting digital prescriptions■ Drug information accessible from My Number Portal■ Information on health issues and pharmacies■ Coordination with local governments
Our strengths	<ul style="list-style-type: none">■ 1,290 pharmacies in highly convenient locations nationwide <div></div> <ul style="list-style-type: none">■ Opening pharmacies near hospitals, clinics, and other areas frequented as part of patients' daily life■ Pharmacy management by Field Managers (FM)■ Inventory management utilizing digital transformation■ Strengthening human resources and operational capabilities	<ul style="list-style-type: none">■ Well-developed training programs and self-improvement supportOver 60 training programs available■ Raising quality of dispensing pharmacies and improving specialist skills of pharmacists■ Strengthening human resources <p>▶ See page 43</p> <ul style="list-style-type: none">■ Fulfilling functions of primary care pharmacists and pharmaciesNumber of primary care pharmacists: 2,429■ Certified as pharmacies with specialist functionsNumber of specialized medical institution coordination pharmacies: 41Number of community coordination pharmacies: 552Number of health support pharmacies: 252■ Home-based healthcare and online pharmaceutical guidanceNumber of pharmacies supporting home-based healthcare: 1,207Online pharmaceutical guidance: available at all pharmacies	<ul style="list-style-type: none">■ Greater operational efficiency through digital transformation▶ See page 37■ Participation in model project for digital prescription■ Official app <p>Anytime AIN Pharmacy</p> <div></div> <ul style="list-style-type: none">■ Provision of information related to medicine and health through Ai-chan News Letter<div></div>■ Improving communication with patientsImplementation rate of local health events in stores: 136.5%■ Disaster relief agreement with local government



Retail business

AINZ & TULPE



AINZ & TULPE
HIRAKATA T-SITE (Osaka)

Being closest to the people who want to be beautiful

We operate AINZ & TULPE cosmetic stores with a focus on the Tokyo metropolitan area and other urban cities. We have a wide range of offerings to help customers enjoy a beautiful and healthy life.

Francfranc



Francfranc Colette Mare Sakuragi-cho (Kanagawa Prefecture)

We create designs that make your everyday life more fun .

Our "Francfranc" interior furnishing shops can be found throughout Japan, centered in urban areas, and offer ideas for exceptionally exciting, free, and truly valuable living.

Selection and continued use of stores					
	Location		Product		Service
	AINZ & TULPE	Francfranc	AINZ & TULPE	Francfranc	AINZ & TULPEFrancfranc
Customers' perspective	<ul style="list-style-type: none">■ In highly convenient locations■ In areas frequented as part of daily life		<ul style="list-style-type: none">■ A wide variety of products to compare■ Can find a product that suits oneself■ Can purchase new products at an early stage■ Carrying trending products on social media	<ul style="list-style-type: none">■ Rich variety of colors and sizes■ Incorporating current trends■ Carrying products that lift your mood just by owning them■ Carrying original products unavailable elsewhere	<ul style="list-style-type: none">■ Can try products at brick-and-mortar stores after reading reviews and social media ratings■ Can try various products before making a purchase■ Can purchase at a good deal
Our strengths	<div></div> <p>* AT: AINZ & TULPE Ft: Francfranc</p>		<ul style="list-style-type: none">■ Setting priority areas of each brand and opening flagship stores mainly in urban areas <div></div> <p>* AT: AINZ & TULPE Ft: Francfranc</p>	<ul style="list-style-type: none">■ Product mixes with an emphasis on beauty products■ Developing original brands■ Conducting sales of exclusive products by increasing awareness of AINZ & TULPE and directly transacting with certain manufacturers <div></div> <p>Pre-release product at AINZ & TULPE "honey x VT Deep Moist Shampoo and Treatment Exclusive Set"</p> <div></div> <p>Francfranc-original "FRAIS HANDY FAN" series</p> <p>* Specialty store retailer of private label apparel, a business model that vertically integrates functions from product planning through to production and sales</p>	<ul style="list-style-type: none">■ Product mixes, development and sales area layouts tailored to the location of each store■ Introduction of "AINPay" proprietary payment service■ Providing information via the official app and social media <p>Official AINZ & TULPE app</p> <p>It not only allows customers to check their loyalty points and coupons, but also offers many useful functions such as purchase history.</p> <div></div> <p>Francfranc</p> <p>Official Francfranc app</p> <p>Enables customers to earn "FUN!" points with purchases, plus enjoy special member-only benefits and receive information on the latest deals</p> <div></div>

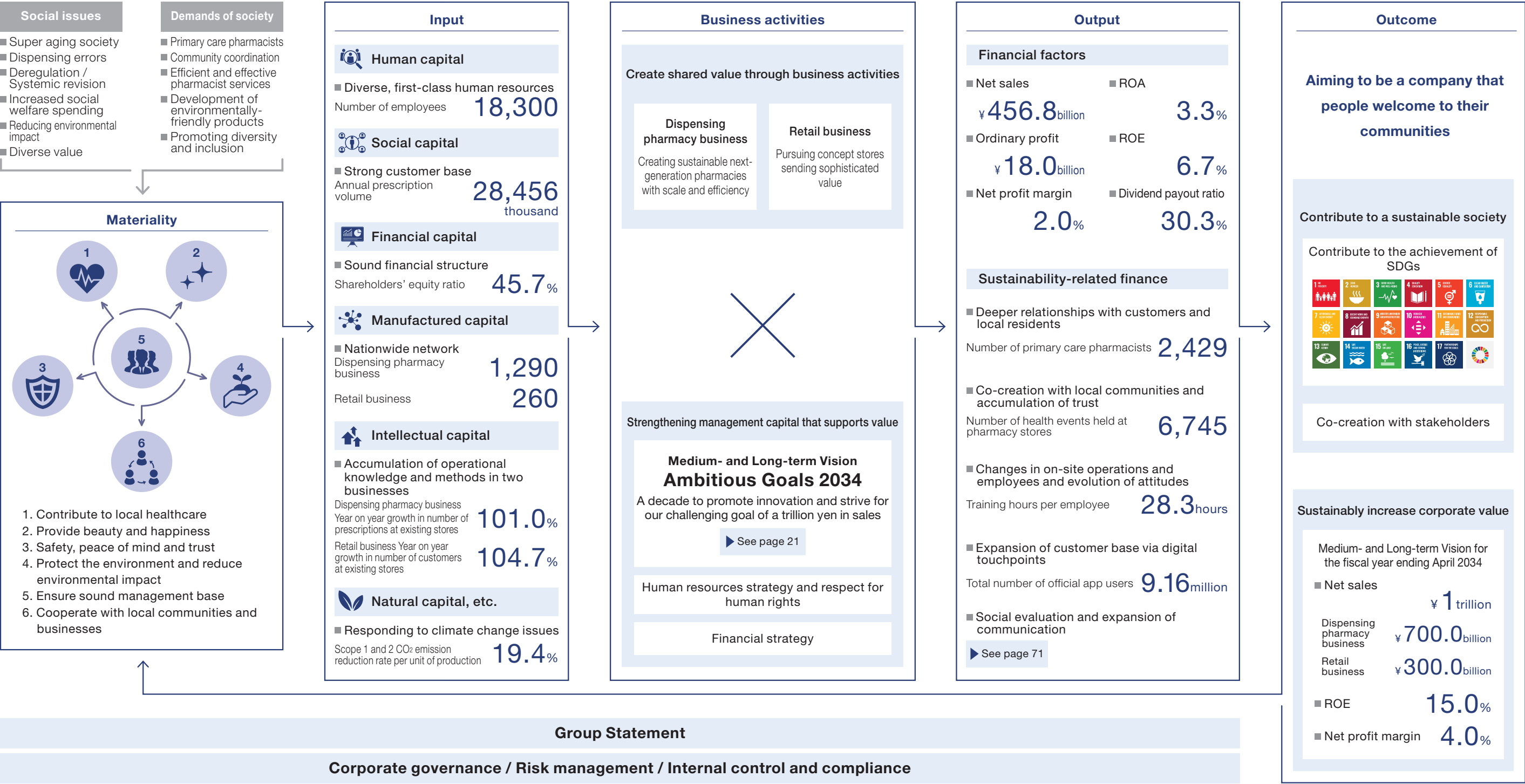
DRIVING FORCE FOR VALUE CREATION

Value Creation Story

—Dedicated to improving the health and happiness of our customers—

The AIN Group is dedicated to improving the health and happiness of our customers by supporting their health and beauty through its business activities. The Group has consistently strived to attain this goal, which is enshrined in the Group Statement, by taking a sound and ethical approach in all its corporate activities. Going forward, we will seek to grow in a sustainable way by adjusting and responding to the needs of our customers and all our other stakeholders, while also practicing sustainability management* that creates social, environmental and economic value.

* A management approach based on the idea that contributing to the sustainable development of society also supports the sustainable development of the company



DRIVING FORCE FOR VALUE CREATION

Management Capital

<div>Human capital</div>	<div>Social capital</div>	<div>Financial capital</div>	<div>Manufactured capital</div>	<div>Intellectual capital</div>	<div>Natural capital, etc.</div>
<p>By fostering each employee with hospitality skills so that they can be considerate of diverse stakeholders, we are enhancing our ability to tackle social issues. We respect diversity, offering a broader range of options for work styles and career development, and supporting human resource growth. Through the visualization of human capital and establishment of unique KPIs, we strive to balance enhancement of corporate value with risk management.</p>	<p>Leveraging our nationwide business base, we have built relationships of trust rooted in local communities. By offering diverse touchpoints in the fields of healthcare and lifestyle, we stay close to stakeholder needs and strengthen continuous connections with society. We regard this social capital as a source of corporate value, and are contributing to regional coexistence and sustainable development.</p>	<p>We pursue financial strategies that balance capital efficiency and financial soundness as we seek the sustainable enhancement of our corporate value. While being mindful of the balance between growth investment and shareholder returns, we are working on improving medium- and long-term profitability and building a stable business foundation. We emphasize management decisions and dialogue that are conscious of cost of capital, aiming to be a corporate group trusted by society and shareholders.</p>	<p>With our nationwide store network and diverse business formats as our strengths, we provide services that are closely connected to local communities. Through operational capabilities reflecting voices from the on-site operations and flexible responsiveness, we stay close to the diverse needs of stakeholders, and endeavor to optimize our business foundation and provide continuous value. By doing this, we strive to strengthen the manufactured capital that supports corporate growth.</p>	<p>Through our diverse business formats and nationwide business base, we accumulate knowledge and know-how related to store operations and utilize them as intellectual capital. By sharing and evolving optimization methods for customer service and hospitality, store operations, education, product management, and other areas across the Group, we continuously improve service and efficiency. We employ these insights as a foundation for corporate competitiveness and sustainable growth.</p>	<p>In business activities centered on store operations, we work to reduce environmental impact through CO₂ emission reductions and improvements in energy efficiency. Positioning response to climate change as one of our management challenges, we pursue initiatives conscious of coexistence with natural capital, such as the utilization of renewable energy and the introduction of energy-saving equipment, as we strive to contribute to realizing a sustainable society.</p>
As of April 30, 2025					
<p>Diverse, first-class human resources</p> <p>Number of employees 18,300</p> <p>Pharmacists 6,786</p>	<p>Strong customer base</p> <p>Annual prescription volume 28,456thousand</p> <p>Number of official app users 9.16million</p> <p>Official Anytime AIN Pharmacy app 2.18 million Official AINZ & TULPE app 1.98 million Official Francfranc app 5 million</p>	<p>Sound financial structure</p> <p>Shareholders' equity ratio 45.7 %</p>	<p>Nationwide network</p> <p>Dispensing pharmacy business 1,290</p> <p>Retail business 260</p> <p>AINZ & TULPE 95 Francfranc 165</p>	<p>Accumulation of operational knowledge and methods in two businesses</p> <p>Dispensing pharmacy business Year on year growth in number of prescriptions at existing stores 101.0 %</p> <p>Retail business Year on year growth in number of customers at existing stores 104.7 %</p>	<p>Responding to climate change issues</p> <p>Scope 1 and 2 CO₂ emission reduction rate per unit of production 19.4 %</p>

Direction for strengthening management capital toward realization of the Medium- and Long-term Vision

<div>  </div> <div> <p>Expand support systems and evaluation systems to maximize human capital</p> <p>Human resources strategy ▶ See page 39</p> <p>Policy by business segment (human capital)</p> <p>Dispensing pharmacy business ▶ See page 26</p> <p>Retail business ▶ See page 32</p> </div>	<div>  </div> <div> <p>Strengthen relationship building with society through information disclosure and the creation of opportunities for two-way communication</p> <p>Initiatives in local communities ▶ See page 52</p> <p>Digital transformation strategy ▶ See page 37</p> <p>Stakeholder engagement ▶ See page 71</p> </div>	<div>  </div> <div> <p>Aim to sustainably increase corporate value, restoring financial soundness with aggressive growth investments as the core means</p> <p>Financial strategy ▶ See page 33</p> </div>	<div>  </div> <div> <p>Expand store network nationwide by accelerating organic store openings and utilizing M&As</p> <p>Policy by business segment (store development)</p> <p>Dispensing pharmacy business ▶ See page 25</p> <p>Retail business ▶ See page 32</p> </div>	<div>  </div> <div> <p>Respond flexibly to changes in our operating environment while leveraging the characteristics of each business to deliver continuous service improvement and enhance efficiency</p> <p>Business environment</p> <p>Dispensing pharmacy business ▶ See page 24</p> <p>Retail business ▶ See page 30</p> </div>	<div>  </div> <div> <p>Aim to realize sustainable growth and a sustainable society by implementing countermeasures based on appropriate impact assessments</p> <p>Initiatives to tackle environmental issues ▶ See page 49</p> </div>
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STRATEGY FOR VISION REALIZATION

Medium- and Long-term Vision, “Ambitious Goals 2034”

In March 2025, the AIN Group announced its Medium- and Long-term Vision, “Ambitious Goals 2034: A decade to promote innovation and strive for our challenging goal of a trillion yen in sales.” To achieve corporate growth over the medium- and long-term in a rapidly changing market environment, we also determined specific visions for the dispensing pharmacy business and the retail business, and are actively and flexibly developing the businesses in order to realize the vision.

Vision

Aiming to be a company that people welcome to their communities

Medium- and Long-term Vision

Ambitious Goals 2034

A decade to promote innovation and strive for our challenging goal of a trillion yen in sales

Vision by business segment

Dispensing pharmacy business

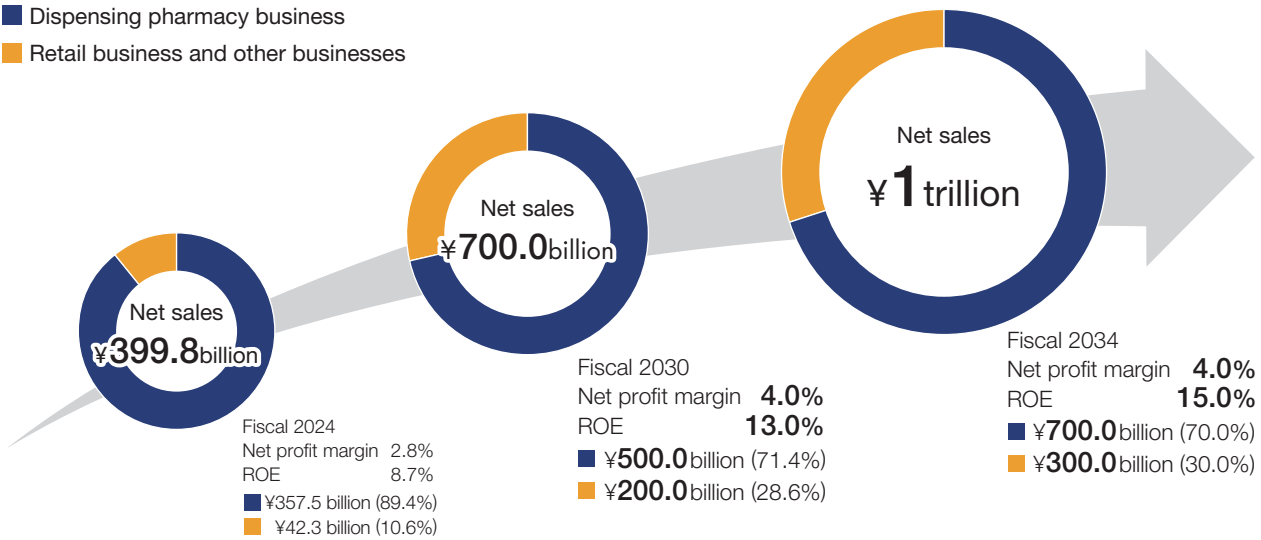
Creating sustainable next-generation pharmacies with scale and efficiency

Retail business

Pursuing concept stores sending sophisticated value

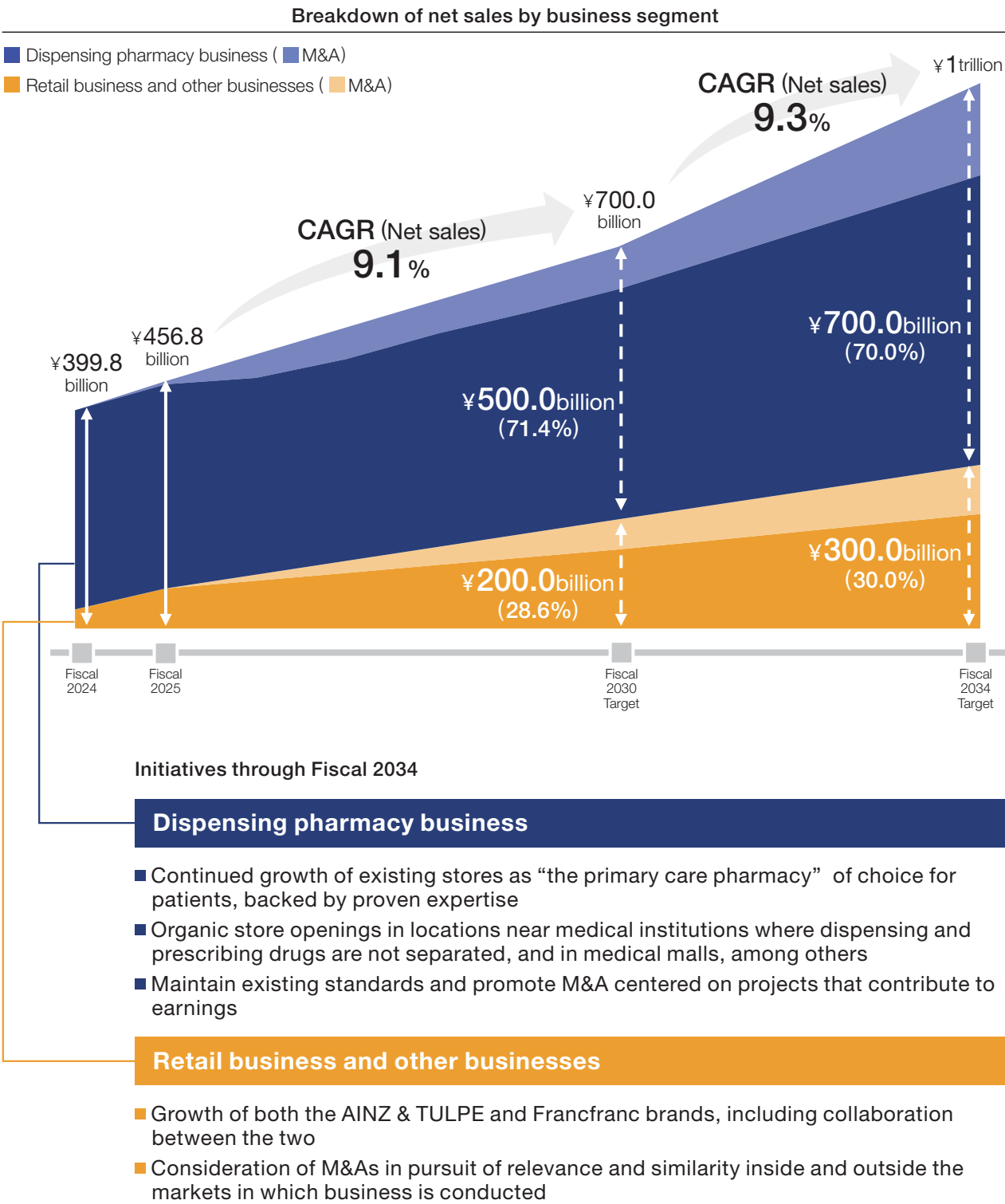
Quantitative targets

Our goal is to achieve net sales of ¥700.0 billion for the fiscal year ending April 2030 and ¥1 trillion for the fiscal year ending April 2034, driven by growth in both the dispensing pharmacy business and retail business. At the same time, by improving capital efficiency and strengthening and maintaining profitability, we aim to achieve a net profit margin of 4.0% and ROE of 13.0% for the fiscal year ending April 2030 and a net profit margin of 4.0% and ROE of 15.0% for the fiscal year ending April 2034.



Roadmap for growth

In addition to growth driven by existing stores and organic store openings, we will leverage M&As to accelerate growth. By actively investing in both businesses, including related businesses, we will build an optimal business portfolio for the Group’s sustainable growth.



Vision by Business Segment

Dispensing pharmacy business



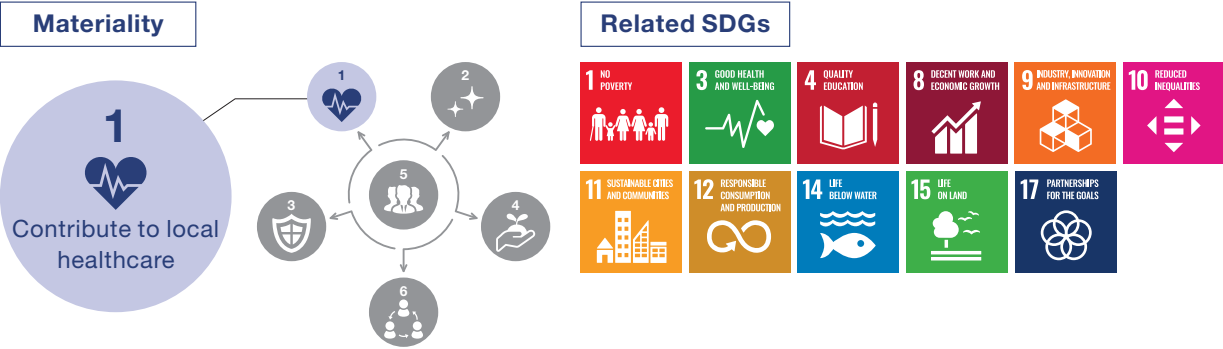
Operating local primary care pharmacies that support the wish of each individual to be healthy through productivity innovation utilizing AI

In August 2025, we welcomed Sakura Pharmacy Group into the AIN Group, putting us on course to achieve the net sales targets of our Medium- and Long-term Vision. However, the market environment remains characterized by uncertainties, such as trends in social welfare spending and population dynamics.

Amid this environment, through the introduction of AI Medication History, which assists with medication history entry, and AI Diagnostic Report, which identifies issues for each pharmacy, we are working to improve productivity while ensuring safety, and also striving to improve profitability.

Going forward, we will continue seeking to enhance the value of pharmacies and pharmacists, and operate “local primary care pharmacies that support the wish of each individual to be healthy with expertise that can be relied on and the ability to engage deeply with people.”

Susumu Watanabe Senior Executive Officer, Division Manager of Dispensing Pharmacy Operations Management



Summary of the fiscal year ended April 2025

Through collaboration with medical institutions, centralized and continuous management of medication information using patient medication notebooks, home-based healthcare support, and other measures, we are working to demonstrate the functions of “primary care pharmacists and pharmacies” so that patients can receive medical care with peace of mind in the communities where they are accustomed to living.

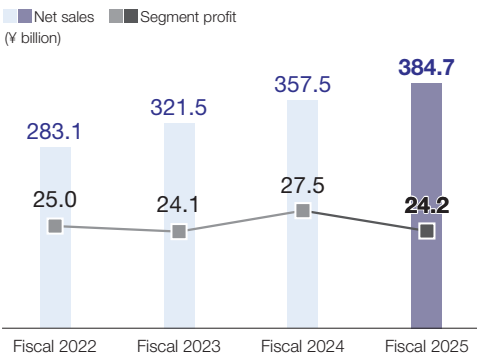
In the fiscal year ended April 2025, the average prescription price rose due to an increase in high-cost prescriptions. The number of prescriptions also increased, reflecting higher service levels related to improvements in the capabilities of primary care pharmacists and pharmacies and reduced waiting times.



AIN Pharmacy Shimizu Sodeshi (Shizuoka Prefecture)



Conducted training to enhance expertise



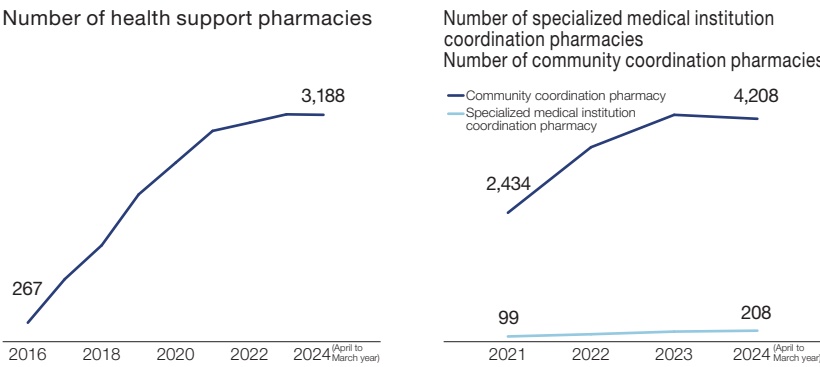
Dispensing pharmacy market

The dispensing pharmacy market has continued to expand with the progress of separation of medical and dispensary services, and as of the end of March 2024, the number of dispensing pharmacies nationwide had risen to approximately 63,000, with the market size in fiscal 2024 reaching ¥8.4 trillion. On the other hand, the market environment is changing, with ongoing discussions about curbing social welfare spending and optimizing and consolidating the number of dispensing pharmacies.

	Fiscal 2004	Fiscal 2014	Fiscal 2024
Dispensing pharmacy market (¥ trillion)	4.2	7.2	8.4
Non-hospital dispensing ratio (%)	53.8	68.7	82.1
Number of dispensing pharmacies	50,600	57,784	62,828

Promotion of functional differentiation of dispensing pharmacies

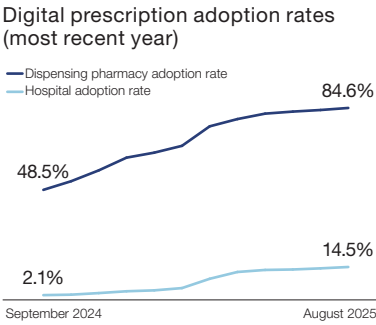
Against the backdrop of progression toward a super aging society and promotion of the community-based integrated care system, the Ministry of Health, Labour and Welfare has established new formats for pharmacies, namely health support pharmacies since April 2016 and specialized medical institution coordination pharmacies and community coordination pharmacies since August 2021, with the aim of promoting the functional differentiation of dispensing pharmacies and strengthening local coordination. This has clarified the roles that dispensing pharmacies should play and created a framework for enhancing their contribution to local healthcare.



* Prepared by AIN HOLDINGS based on information regarding pharmacies and pharmacists from the Ministry of Health, Labour and Welfare
* Health support pharmacy: A dispensing pharmacy that also offers health consultations and preventive support, and handles local coordination
Specialized medical institution coordination pharmacy: A dispensing pharmacy that has a cooperation system with hospitals and handles advanced pharmaceutical management for cancer and other conditions
Community coordination pharmacy: A dispensing pharmacy that collaborates with local medical institutions and other pharmacies and handles home-based healthcare and continuous pharmaceutical management

Popularization of digital prescriptions

Digital prescriptions, which were introduced in January 2023 following the COVID-19 pandemic, are taking time to diffuse due to factors such as the cost of system investment on the medical institution side.



* Prepared by AIN HOLDINGS based on the Digital Agency's E-Prescription Adoption Dashboard

Future market environment outlook

Positive	Negative
<p>Changes in non-hospital dispensing ratio and population dynamics</p> <p>Increase in advanced healthcare needs due to progress in separation of medical and dispensary services and the aging of society</p> <p>Expertise assessments</p> <p>Expansion of assessments for more specialized responses such as cancer treatment and home-based healthcare</p> <p>Diversification of services through deregulation</p> <p>Online pharmaceutical guidance, use of Individual Number Card (My Number Card) as health insurance cards, repeat prescriptions, digital prescriptions, and partial outside contracting of dispensing</p> <p>Market oligopolization</p> <p>Withdrawals and M&As due to changes in environment, aging of management team, absence of successors, etc.</p>	<p>Curtailment of social welfare spending</p> <p>Reduction of drug prices and dispensing fees due to revisions</p> <p>Cost increases</p> <p>Increases in cost of goods and SG&A due to wage rises and soaring prices</p> <p>Entry of companies from other industries</p> <p>Market entry by companies from other industries, such as platform providers</p>

STRATEGY FOR VISION REALIZATION

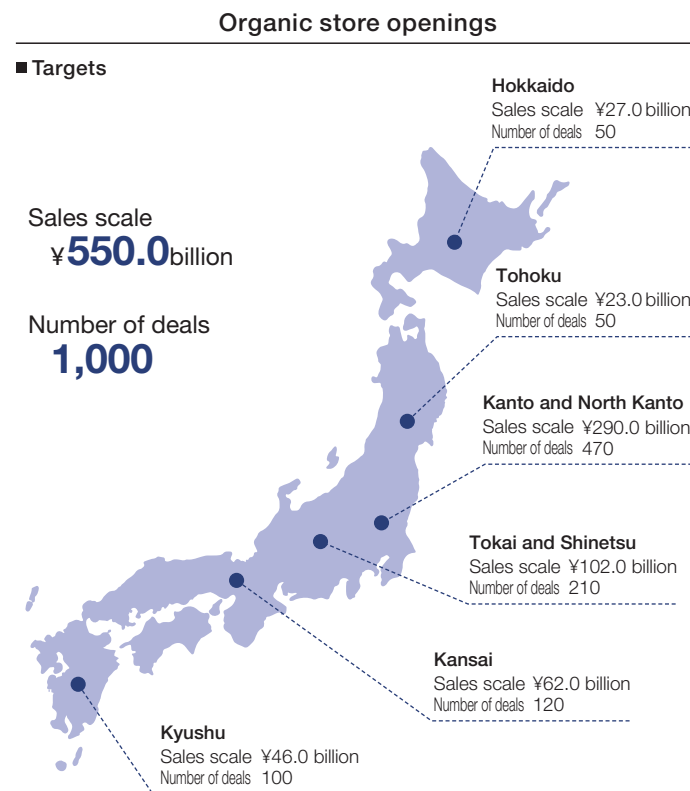
Dispensing pharmacy business strategy

To respond to future changes in the market environment, we will make the investments necessary to achieve the vision for the dispensing pharmacy business, pursuing “top-line growth” and “structure reform of pharmacies” as strategies.

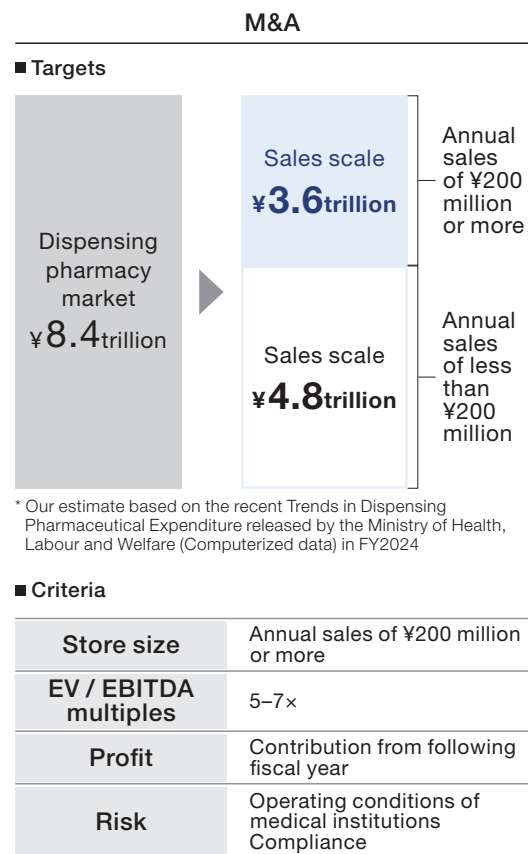
Medium- and Long-term Vision	Creating sustainable next-generation pharmacies with scale and efficiency	
Business strategy	Top-line growth ■ Organic store openings and M&As Structure reform of pharmacies ■ Fundamental transformation of pharmacy operations, including the promotion of digital transformation	
Quantitative targets (KPIs)	Fiscal 2024 Net sales ¥357.5billion Number of prescriptions processed 21 per day	Fiscal 2034 ¥700.0billion 30 per day

Top-line growth

The Group strategically pursues organic store openings and M&As. For organic store openings, we are aiming for sales scale of ¥550.0 billion and 1,000 new stores nationwide, while flexibly adjusting store opening criteria according to market environment for optimal store openings. For M&A, in the ¥8.4 trillion dispensing pharmacy market, we primarily target dispensing pharmacies with annual sales of ¥200 million or more, which account for ¥3.6 trillion of the market's sales scale. By identifying changes in the market environment and preferentially selecting highly profitable deals, we aim to expand our top line and market share.



* Our total development targets for store opening near hospitals and in medical malls



Structure reform of pharmacies

The Group is fundamentally transforming dispensing pharmacy operations through promotion of digital transformation. This will lead to higher productivity among pharmacists and medical support staff, as well as expanded patient services. We have set the number of prescriptions processed as a KPI for monitoring progress, and by quantitatively gauging the results of efforts to improve operational efficiency, we will be able to achieve continuous improvement.

We are also working to optimize personnel allocation using data analysis, aiming for economically efficient dispensing pharmacy operations. By doing this, we will enhance management stability while balancing improvement of service quality for patients with the creation of welcoming environments.

Expansion of number of official app users

By utilizing the function of sending prescriptions to level out the waiting times of patients who visit the pharmacy, we will reduce the cumulative workload.

**Anytime
AIN Pharmacy**

Development of next-generation medication history

By leveraging an electronic medication history system with embedded generative AI, we will improve work efficiency in assisting with pharmaceutical guidance and medication history entry.



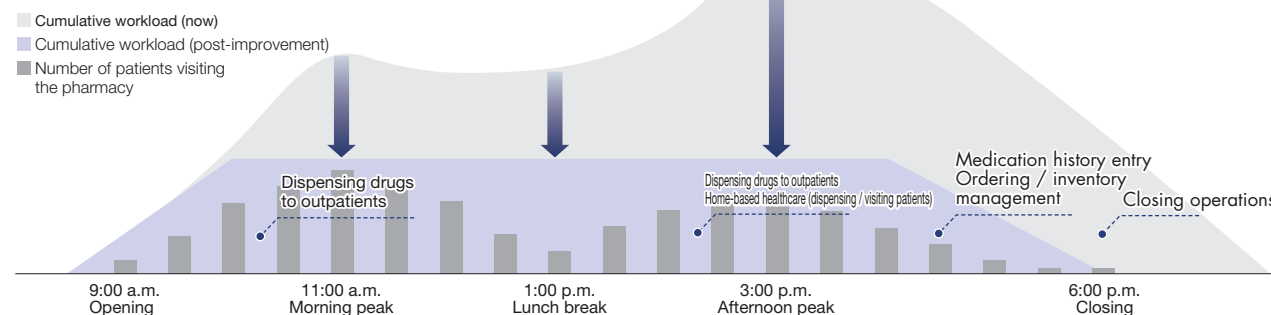
Automation and partial outside contracting of drug dispensation operations

We will improve the efficiency of drug dispensation operations through the outside contracting of unit-dose packaging, which is burdensome in outpatient and home-based healthcare, and the development of automated dispensing equipment.

Centralized management of dead inventory

We will organize sites based on a hub-and-spoke model, and reduce the burden of inventory management by developing an automated ordering system with embedded generative AI.

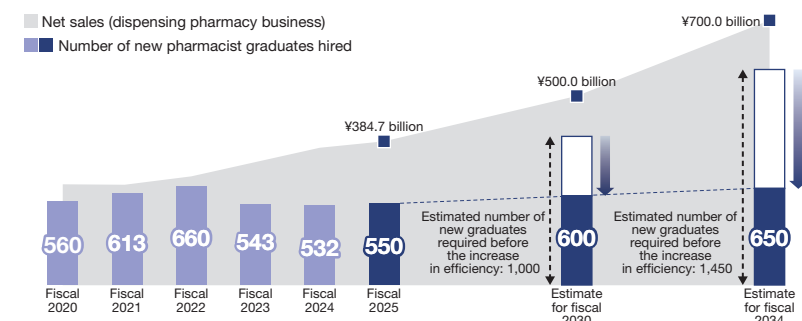
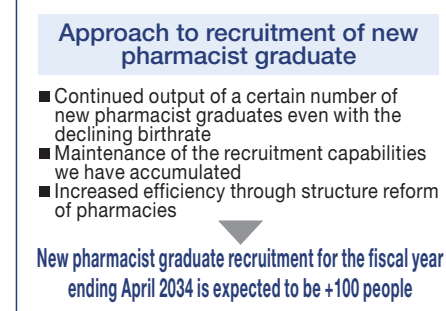
Visualization of dispensing pharmacy workloads



Human capital Recruitment of new pharmacist graduates

We are leveraging the strengths in recruitment that we have built up over the years to secure appropriate human resources. At the same time, by pursuing efficiency through the structure reform of pharmacies, we will achieve flexible personnel allocation so that we can cope with growth as we move toward our medium- and long-term target of net sales of ¥700.0 billion. We will realize growth by improving operational efficiency while securing the necessary human resources for business expansion in a timely manner.

In addition, by emphasizing diversity and expertise of human resources and focusing on improving employee skills, we will build an organizational structure capable of flexibly responding to changing environments.



Characteristics of Japan’s dispensing pharmacy market

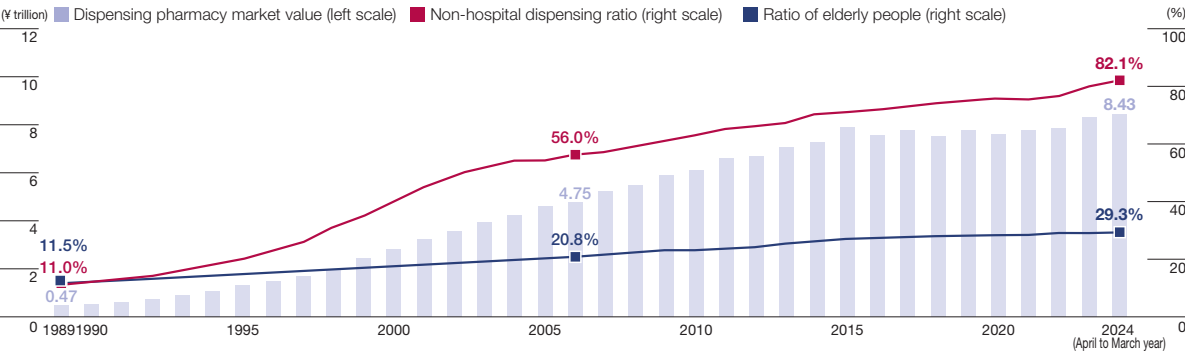
Differences in national healthcare policy and other factors mean Japan’s dispensing pharmacies are different to pharmacies in the US and other countries. Here we describe the main characteristics of Japan’s pharmacies.

Market size

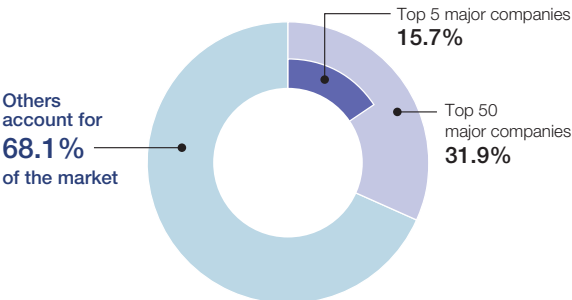
Barriers to entry are high in Japan's dispensing pharmacy industry due to various risks faced by pharmacy operators, such as government policy calling for pharmacies and pharmacists to play a greater role in healthcare provision, annual revisions to drug prices, revisions to dispensing fees every two years, and a lack of trained pharmacists.

Japan’s pharmacy market was worth roughly ¥8.4 trillion in fiscal 2024 (April 2024 to March 2025), but the market remains fragmented, with the top five companies accounting for a combined market share of only 15.7%. While the market has matured, deregulation such as the start of online pharmaceutical guidance and a new dispensing pharmacy certification scheme are likely to lead to wider gaps in performance between dispensing pharmacy companies. The Group aims to increase market share by responding to these changes in the operating environment.

Market size

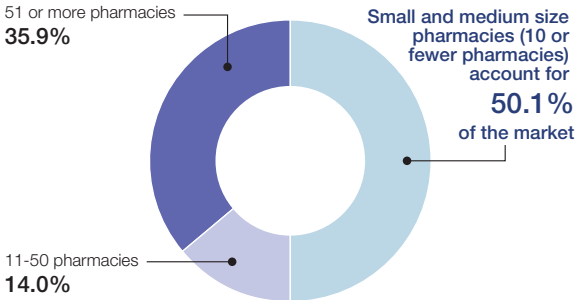


Dispensing pharmacy companies: Sales composition (market share)



* Top 5 major companies: The AIN Group, NIHON CHOUZAI Co., Ltd., WELCIA HOLDINGS CO., LTD., SUGI Holdings Co., Ltd., MatsukiyoCocokara & Co.
Source: DRUG Magazine (August 2025) and Trends in Dispensing Pharmaceutical Expenditure released by the Ministry of Health, Labour and Welfare

Dispensing pharmacy companies: Composition of number of pharmacies



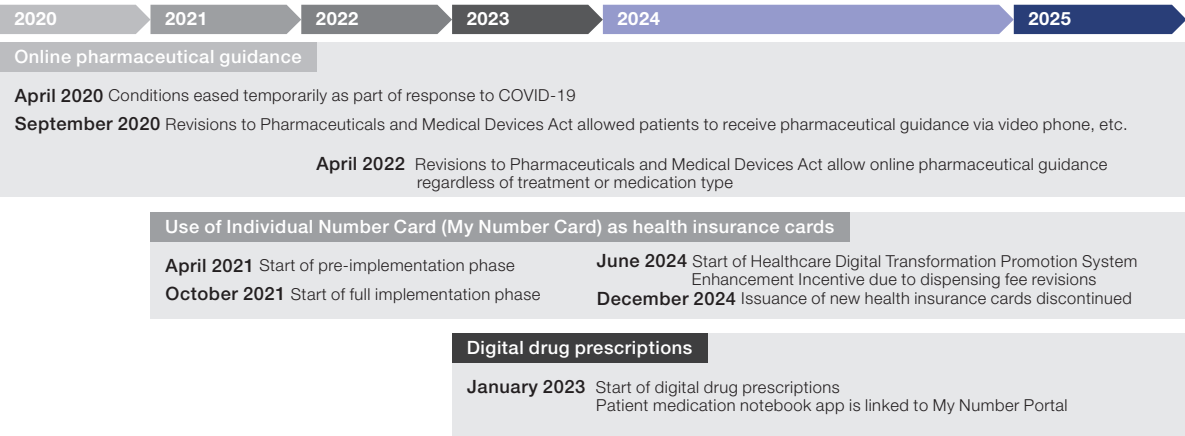
Source: AIN HOLDINGS estimates

Difference between Japan and US

	Japan	US
Medical insurance (patient cost)	Universal healthcare (0-30%)	Private health insurance (depends on contract terms)
Freedom to select hospitals by patients	No restrictions	Affiliated service providers
Non-hospital dispensing ratio	82.1% (fiscal 2024: April 2024 to March 2025)	100%
Drug prescriptions	Repeat ○ hard copy/patient data	Repeat ○ hard copy/patient data
Drug prices	Set by the government (revised regularly)	Market price

Operating environment

A range of measures to reform and deregulate the pharmacy sector have led to changes in the operating environment. This trend is likely to continue, so the ability to adapt to change will become even more important. In the face of these developments, we will continue to provide high-quality services by actively promoting digital transformation.



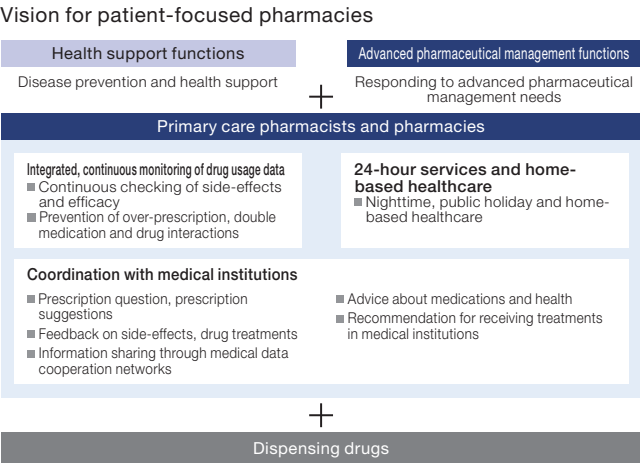
Future outlook

- Aggregate national health and medical information through increased use of My Number insurance card
- Sale of over-the-counter drugs via remote management by pharmacists, etc.

Will enable even convenience stores and other locations that lack qualified personnel to stock and sell over-the-counter drugs, by making them subject to digital management by stores where pharmacists and registered salespersons are permanently stationed

The growing role of pharmacies

The role of pharmacies is shifting from a focus on dispensing drugs to one-on-one communication with patients. They are also being asked to play a greater role in local healthcare. The provision of high-quality services and closer coordination with medical institutions, in line with the vision for patient-focused pharmacies being promoted by the Ministry of Health, Labour and Welfare, is expected to mitigate dispensing risks and lead to better collaboration in advanced healthcare services.



STRATEGY FOR VISION REALIZATION

Retail business

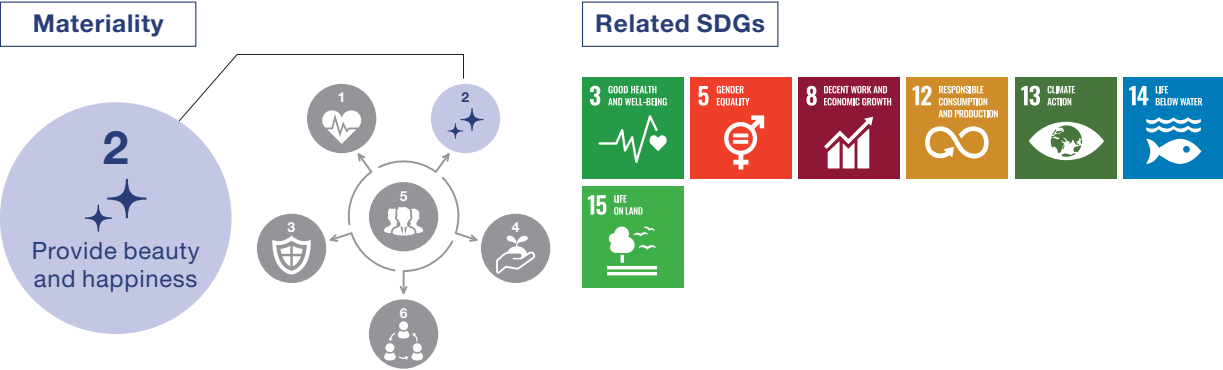


Developing Life & Style stores that expand through synergies between Francfranc and AINZ & TULPE

With Francfranc joining the Group, the retail business has become able to respond to a broad spectrum of customer needs. At AINZ & TUPLE, by changing our product offerings on a daily basis, we provide a “heart-lifting cosmetics experience” that values the time customers spend exploring cosmetics. And at Francfranc, with our original products, we deliver heart-racing moments, with customers struck by how cute an item is.

While maintaining the distinctive character of each brand, through merchandising that leverages synergies between both brands, we will develop “Life & Style stores filled with micro-excitements, where you can discover a more wonderful today,” something that can only be provided by the AIN Group’s retail business.

Kaori Ishikawa Senior Executive Officer, Deputy Division Manager of Retail Operations Management



Summary of the fiscal year ended April 2025

Net sales increased significantly thanks to the contribution of Francfranc, which joined the Group in August 2024. At AINZ & TULPE, in addition to solid performance in terms of customer numbers at existing stores and stores that opened in the previous fiscal year, average customer spend rose on the back of continued growth in sales of Asian cosmetics and high-priced cosmetics.

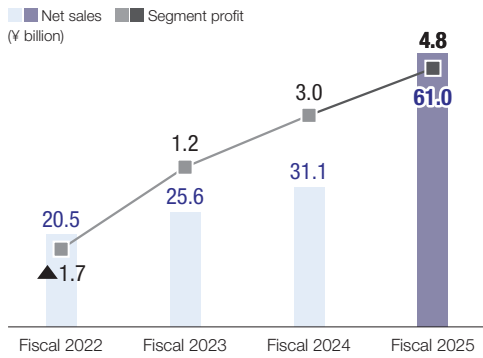
Regarding store openings, the Group opened 16 AINZ & TULPE stores and closed two stores, resulting in a total of 95 stores at the end of the fiscal year. In addition, Francfranc had 161 stores when it joined the Group, then opened six stores and closed two stores, resulting in 165 stores, which brought the total number of stores in the retail business to 260 stores.



AINZ & TULPE Shibuya Modi (Tokyo)

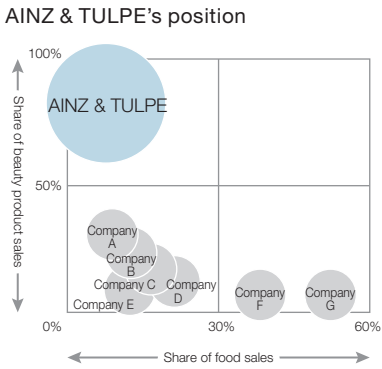
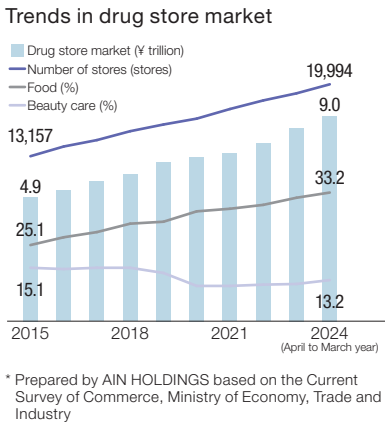


Francfranc HIROSHIMA minamoa (Hiroshima Prefecture)



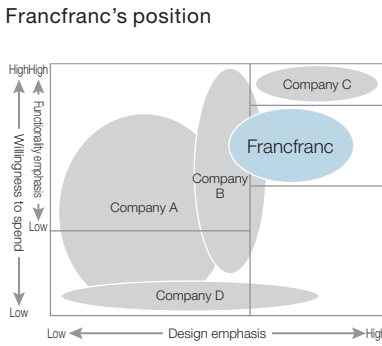
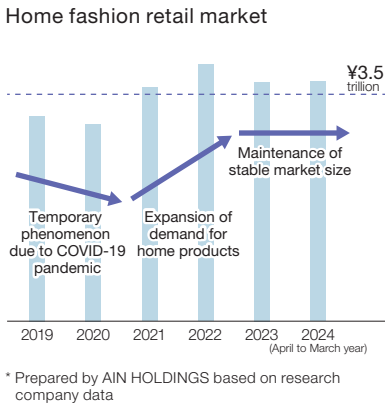
AINZ & TULPE market environment

While the drug store market continues to expand, the share of sales from beauty care is declining relative to the share from sales of food. In this market environment, AINZ & TULPE has established a position specializing in cosmetics with a unique presence.



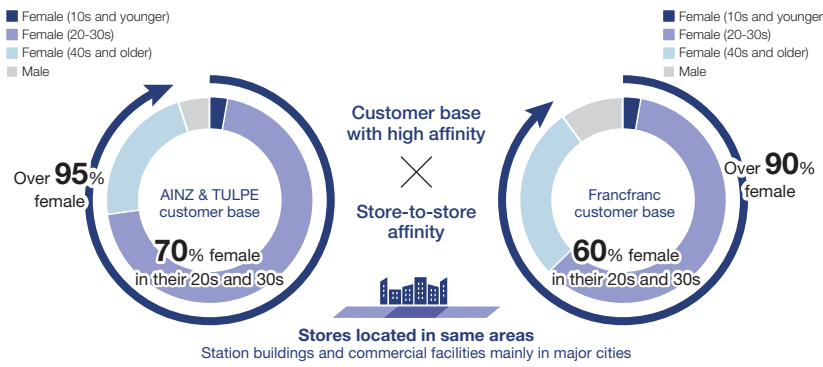
Francfranc market environment

The home fashion retail market has remained stable over the past six years. In this environment, among markets targeting women, Francfranc has established a position in a segment with few competitors, specifically one where functionality emphasis is moderate and design emphasis is moderate to high.



High affinity

AINZ & TULPE and Francfranc have high affinity, with women in their 20s and 30s as their main customers. In addition, store locations are primarily in station buildings and commercial facilities in major cities, so store-to-store affinity is high, making it possible to demonstrate synergies that leverage both brands' strengths.



Future market environment outlook

Positive	Negative
Market size stability Market based on clearly defined target demographic	Intensification of recruitment competition Chronic labor shortage across the retail industry
Expansion of EC / OMO strategy Expansion of sales channels that integrate online and offline	Concerns about profitability fluctuation Inflation and soaring raw material prices
Trustworthiness of Japanese brands Expansion of inbound demand, cross-border EC, and overseas expansion, by leveraging the trust in Japanese brands	Emergence of competitors Entry of other companies with similar/alternative concepts

STRATEGY FOR VISION REALIZATION

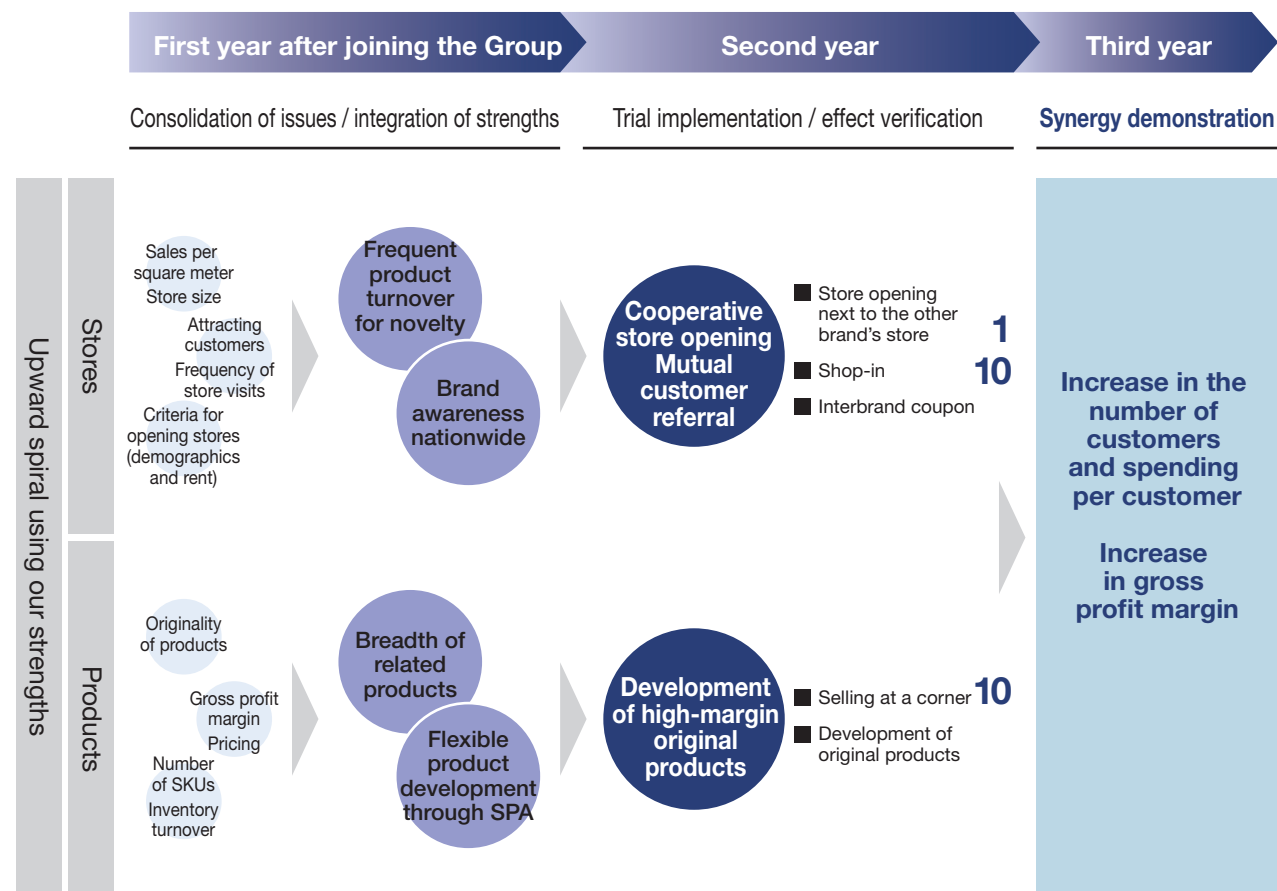
Retail business strategy

In response to changes in the market environment and circumstances, we will leverage strengths within the retail business to move it into an upward spiral, and pursue the “generation of synergies within the business” and “top-line growth” as strategies toward achieving our vision for it as our second mainstay business.

Medium- and Long-term Vision	Pursuing concept stores sending sophisticated value									
Business strategy	Generation of synergies within the business <ul style="list-style-type: none"> Upward spiral using our strengths 									
	Top-line growth <ul style="list-style-type: none"> Organic growth of each brand M&A focused on relevance and similarity 									
Quantitative targets (KPIs)										
	<table> <tr> <th></th><th>Fiscal 2024</th><th>Fiscal 2034</th></tr> <tr> <td>Net sales</td><td>¥42.3 billion</td><td>¥300.0 billion</td></tr> <tr> <td>Gross profit margin</td><td>37.6%</td><td>50.0%</td></tr> </table>		Fiscal 2024	Fiscal 2034	Net sales	¥42.3 billion	¥300.0 billion	Gross profit margin	37.6%	50.0%
	Fiscal 2024	Fiscal 2034								
Net sales	¥42.3 billion	¥300.0 billion								
Gross profit margin	37.6%	50.0%								

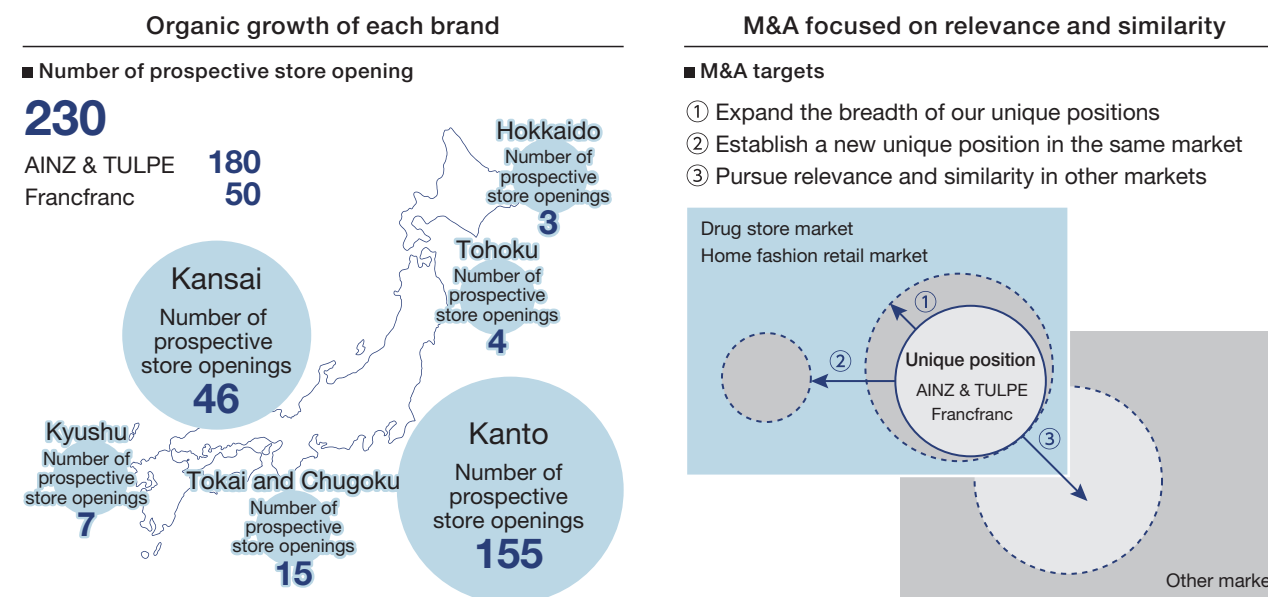
Generation of synergies within the business

We are taking advantage of AINZ & TULPE's and Francfranc's strengths to create an upward spiral, and synergies will be demonstrated three years after Francfranc joined the Group. We check progress using gross profit margin as a KPI, and further develop the businesses over the medium term.



Top-line growth

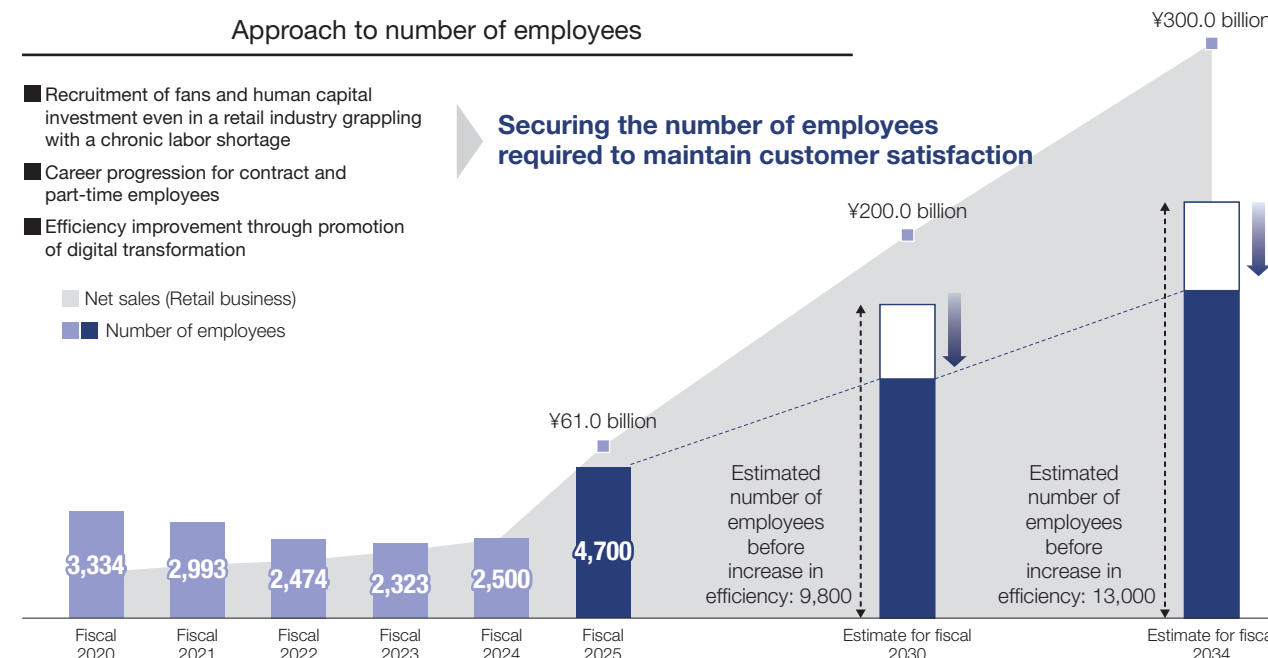
We will accelerate organic store openings while leveraging synergies within the business division. We will also aim to grow the top-line through M&A that seeks relevance and similarity, including the potential for expansion into other markets.



Human capital

Number of employees

In an industry environment characterized by a chronic labor shortage, we will mainly recruit fans of each brand and invest in human capital, while improving efficiency through promotion of digital transformation, and thereby build a structure capable of securing sufficient human resources even when we have grown to a scale of ¥300.0 billion in net sales.



* Numbers of employees are the totals of full-time employees, contract employees, and part-time employees (actual numbers)

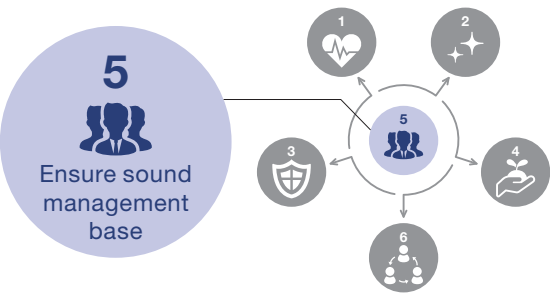
Financial strategy



As we strive to achieve “Ambitious Goals 2034: A decade to promote innovation and strive for our challenging goal of a trillion yen in sales,” we will strengthen the financial foundation and further enhance the value of the Group

Hideki Fujiwara Senior Executive Officer, Division Manager of Operational Support

Materiality



Related SDGs



Consolidated net sales rose 14.3% year on year, with revenue increasing for the 25 consecutive fiscal year

The AIN Group is dedicated to improving the health and happiness of our customers, which is enshrined in the Group Statement, through its business activities that contribute to people’s health and beauty. We are striving to enhance our corporate value on a daily basis to attain this goal. The Group conducts business based on two pillars: the dispensing pharmacy business, centered on the dispensing pharmacy brand “AIN Pharmacy,” and the retail business, which operates “AINZ & TULPE” cosmetics stores and “Francfranc” interior furnishing shops. We have worked to expand the scale of our business through appropriate and aggressive growth investments such as store openings and M&As.

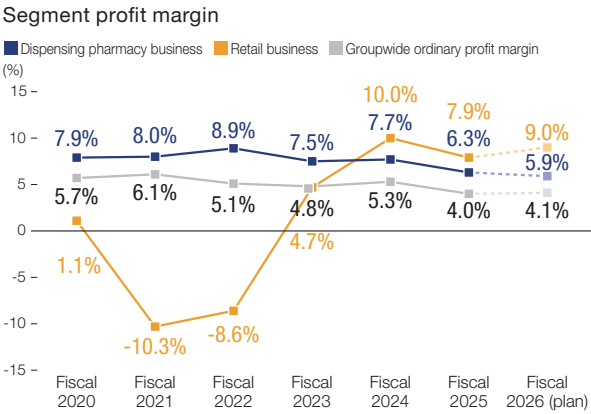
Here I will report on our operational status in the fiscal year ended April 2025. Consolidated net sales increased 14.3% year on year and 0.7% versus the target to ¥456.8 billion, registering 25 consecutive fiscal years of revenue growth. However, ordinary profit was ¥18.0 billion, decreasing 15.4% year on year and missing our target by 9.6%, so revenue rose but profit fell. By segment, the dispensing pharmacy business accounted for 84.2% of total net sales, while the retail business accounted for 13.4%. Segment profit margins were 6.3% for the

dispensing pharmacy business and 7.9% for the retail business.

In the dispensing pharmacy business, profitability has deteriorated due to dispensing fee revisions, and we are working to improve productivity. However, investments in the promotion of digital transformation and in human capital through wage rises and other measures have been taking precedence. In the retail business, gross profit margin improved as a result of Francfranc joining the Group, but performance has been affected by new store openings, amortization of goodwill, and investments in human capital through wage rises and other measures, and profit margins decreased in both businesses. For each business, we will continue to work on raising our overall profit margin going forward.

Looking at the market share of our mainstay dispensing pharmacy business, as of fiscal 2024, the market was worth approximately ¥8.4 trillion, of which we commanded a 4.6% share, an increase over our 4.3% share in the previous fiscal year. However, the sales of the top five companies account for only 15.7% of the total, and industry oligopolization is not progressing. Therefore, we believe that we can expect further sales expansion by continuing to pursue a strategy of opening new stores including acquiring stores via M&As.

For M&As, we have set the ability to contribute to profits from the fiscal year following the acquisition as a



criterion for investment, using the EV/EBITDA multiple, which provides a rough approximation of investment recoverability, as a reference indicator. After rigorous screening, we executed the M&A deal for Sakura Pharmacy Group in August 2025, and we can expect to see a strengthening in our profitability going forward.

We have also set investment criteria for organic store openings, such as profit standards for the three years following openings. Here too, we emphasize the period for return on investments, and discuss plans based on rigorous screening at store strategy meetings before proceeding with store openings.

We are also actively working to raise profit margins in the retail business. AINZ & TULPE, distinct from general drug stores, focuses on cosmetics, while Francfranc proposes comfortable ways of daily living through diverse designs and free styling. With them, we are further enhancing unique positioning strategies and collaboration-driven synergies, efforts that are contributing to improved profit margins. In addition, we are proceeding with investments aimed at further improving business value, such as creating sales floors and product displays that differentiate us from other companies, and promoting digital transformation for customer acquisition.

Financial health maintained even after Francfranc M&A deal

In the fiscal year ended April 2018, we raised funds through new share offerings, and since then, while working to strengthen our financial foundation, we have moved forward with new store openings, including through M&A in the dispensing pharmacy business, and the bulk of these have been funded from operating cash flow. Operating cash flow for the fiscal year ended April 2025 exceeded ¥23.0 billion, as it did in the previous fiscal year, while cash flows from investing activities were a net outflow of ¥65.9 billion, due in part to Francfranc joining the Group, as we invested more than ever before. As a result, the cumulative operating cash flow from the fiscal year ended April 2020 to the fiscal year ended April

2025 was ¥125.2 billion, and cumulative cash flows from investing activities were a net outflow of ¥138.8 billion, leading to a negative free cash flow of ¥13.6 billion. The cumulative cash flows from financing activities for that period were a net outflow of ¥7.2 billion, due largely to the repayment of borrowings and shareholder returns, which offset long-term borrowings executed during the period.

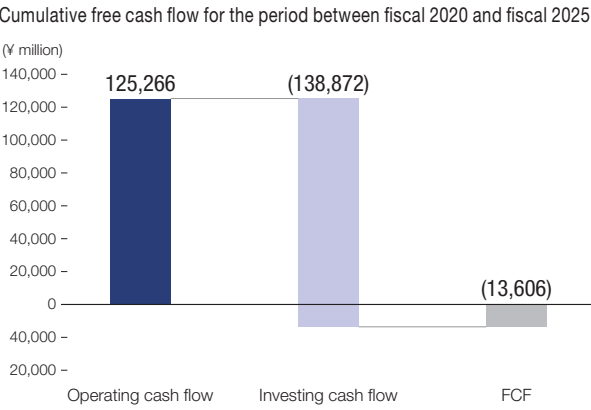
Due to the execution of strategic M&As, including that resulting in Francfranc joining the Group, short-term liquidity declined from 146% to 71%, but we judge that this is due to active investment with an eye toward medium- and long-term growth, and that financial health is being maintained.

In the fiscal year ended April 2025, ¥17.2 billion was invested in each business, including the promotion of digital transformation, and our business expanded due to M&A. As a result, total assets increased by ¥62.5 billion, liabilities increased by ¥55.2 billion, and net assets increased by ¥7.2 billion due to the booking of ¥9.2 billion in profit and implementing shareholder returns of ¥2.8 billion through dividends. However, we were unable to weather the impact of lower earnings in the dispensing pharmacy business due to medical treatment fee revisions, and ROE declined by 2.0 percentage points to 6.7%, and in conjunction with the increase in assets resulting from M&A, the shareholders’ equity ratio was 45.7%.

With regard to the shareholders’ equity ratio, our basic policy is to maintain a ratio of around 40% to preserve the stability of our financial base while making active investments to enhance our corporate value, including through growth strategies. In addition, we are endeavoring to secure a level of internal reserves sufficient for further growth investments going forward.

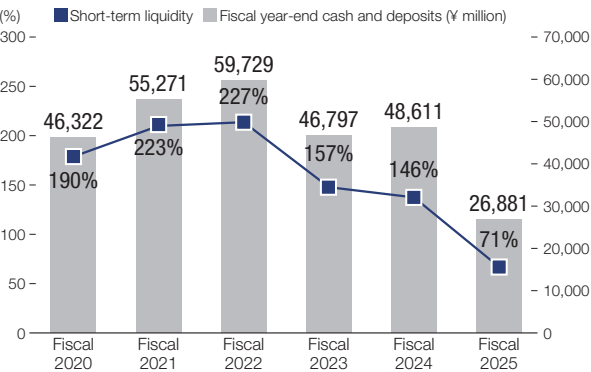
Business expansion and profitability strengthening accelerating with Sakura Pharmacy Group joining the Group

In August 2025, we welcomed Sakura Pharmacy Group into the dispensing pharmacy business. As a result, the number of dispensing pharmacies in the dispensing

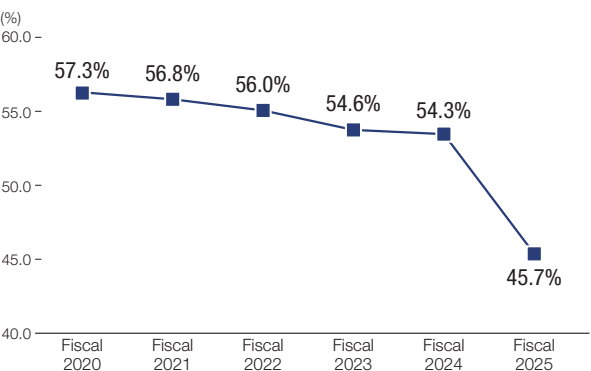


STRATEGY FOR VISION REALIZATION

Short-term liquidity



Shareholders' equity ratio



pharmacy business now exceeds 2,000 stores, and we also expect dispensing net sales to top ¥500.0 billion.

Regarding the financial situation with Sakura Pharmacy Group M&A deal, we raised funds through a ¥125.0 billion bridge loan and allocated them to share acquisition costs, the repayment of existing borrowings, etc. While we anticipate amortizing the goodwill under the straight-line method over 20 years, we believe that Sakura Pharmacy Group's profits will sufficiently exceed the amortization amount. Even considering the cost burden in the first fiscal year of the acquisition, a certain degree of contribution to consolidated profit is expected from the outset. The shareholders' equity ratio at the end of the fiscal year ending April 2026 is expected to fall below 40%, which we use as a guideline for the stability of our financial foundation, to the low 30% range, but by accumulating profits through top-line growth and stronger profitability, we expect it to exceed 40% after three years.

We are currently actively moving forward with the post-merger integration (PMI) process, and are working on further business expansion by streamlining headquarters operations, transforming pharmacy operations , and executing store opening strategies. As a result, operating cash flow is expected to exceed ¥40.0 billion. Even while repaying borrowings, continued growth investment is also possible, and we believe it will contribute to enhancing our corporate value. Furthermore, by maintaining the sales

scale at the time of acquisition and maximizing synergies, we expect the EV/EBITDA multiple to be approximately 7x.

The M&A deal for Sakura Pharmacy Group is an active investment aimed at delivering on our growth strategy and enhancing our corporate value. Although it imposes a temporary financial burden, the future outlook is bright, and we believe we have made an investment that will help us to “contribute to local healthcare.”

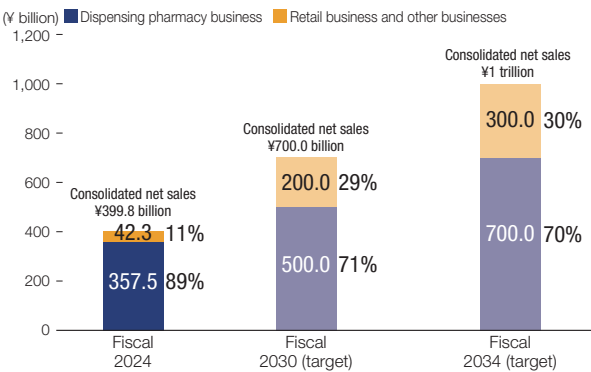
Aiming for net sales of ¥700.0 billion for the fiscal year ending April 2030 and ¥1 trillion for the fiscal year ending April 2034

In March 2025, the Group announced its Medium- and Long-term Vision, “Ambitious Goals 2034: A decade to promote innovation and strive for our challenging goal of a trillion yen in sales.” In this vision, we have set net sales targets of ¥700.0 billion for the fiscal year ending April 2030 and ¥1 trillion for the fiscal year ending April 2034. We have also set targets for improving return on capital, and strengthening and maintaining profitability, namely a net profit margin of 4.0% and ROE of 13.0% for the fiscal year ending April 2030, and a net profit margin of 4.0% and ROE of 15.0% for the fiscal year ending April 2034.

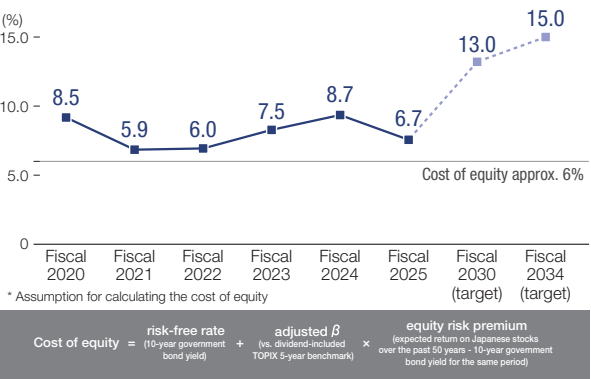
According to calculations based on the Capital Asset Pricing Model (CAPM), we estimate our cost of equity at approximately 6% and our Weighted Average Cost of Capital (WACC) at around 5%. In the fiscal year ended April 2025, ROE was 6.7% and ROIC was 7.3%, and while these exceed our CAPM-based cost of equity, we have gleaned from interviews with investors that there is a range in the figures they expect. We therefore recognize that we are fully expected to hit the target figures. To meet these expectations, we will conduct management that is conscious of cost of capital at even higher levels going forward.

In the fiscal year ended April 2025, we funded part of the investment related to the Francfranc acquisition through borrowings, and we also borrowed a large sum for the acquisition of Sakura Pharmacy Group. To achieve our targets, investment to expand corporate

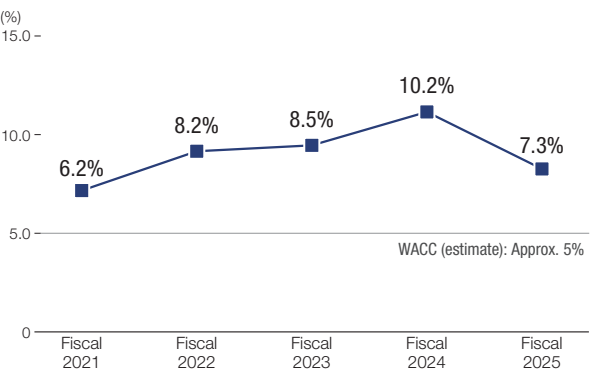
Consolidated net sales



ROE



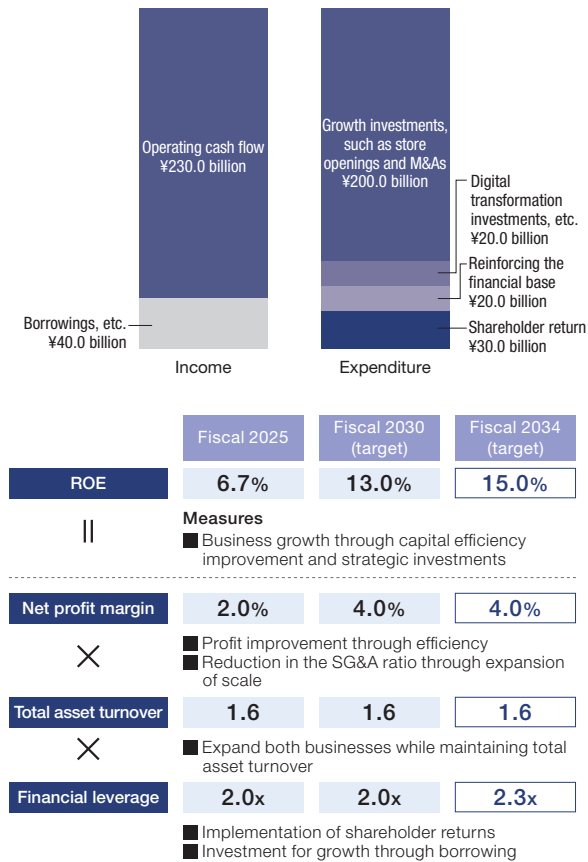
ROIC



scale and improve profit margins is essential for both the dispensing pharmacy business and the retail business. With the approximately ¥180.0 billion in investment for the acquisitions of Francfranc and Sakura Pharmacy Group, we expect to be able to achieve the net sales target of ¥700.0 billion for the fiscal year ending April 2030 ahead of schedule. Without changing our stance of continuing to place the dispensing pharmacy business at the core while increasing the proportion of sales generated by the retail business, we are reviewing total investment amounts and cumulative cash allocation between the fiscal year ended April 2025 and the fiscal year ending April 2030. We will secure funds for growth investments from operating cash flow, borrowings, etc., and these funds will be used for capital expenditures in the new store openings mentioned above, and will also be allocated to shareholder returns, strengthening our financial base, and digital transformation investments to increase corporate value. We will endeavor to maintain a stable dividend payout ratio of around 30%, and we aim to achieve our ROE target of 13.0% for the fiscal year ending April 2030 by achieving a net profit margin of 4.0%, total asset turnover of 1.6, financial leverage of 2.0x, and operating cash flow of approximately ¥50.0 billion in that fiscal year.

Even after achieving that target, we will increase our financial leverage from the 2.0x in the fiscal year ending April 2030 to 2.3x through continuous business

Cumulative cash allocation for the period between fiscal 2025 and fiscal 2030



investments and shareholder returns, thereby ensuring a certain level of financial stability, while working to achieve our ROE target of 15% for the fiscal year ending April 2034.

We will also keep a close eye on the risk of impairment losses if M&A deals do not proceed according to the plan that serves as the premise for the purchase price. We are also aware of other risks, such as the risk that when procuring funds going forward, interest payments may increase due to fluctuations in interest rates associated with trends in the financial markets, and we will respond to each risk based on careful analysis and monitoring.

Going forward, we will continue to provide continuous and stable shareholder returns while focusing on various investment strategies such as growth investment, digital transformation investment, and human capital investment, so that our efforts to enhance corporate value will be appreciated. And regarding IR and SR activities, we will also actively exchange opinions not only on financial performance, but also governance and sustainability, and consider and take on board the views of shareholders as we strive to further raise our corporate value.

STRATEGY FOR VISION REALIZATION

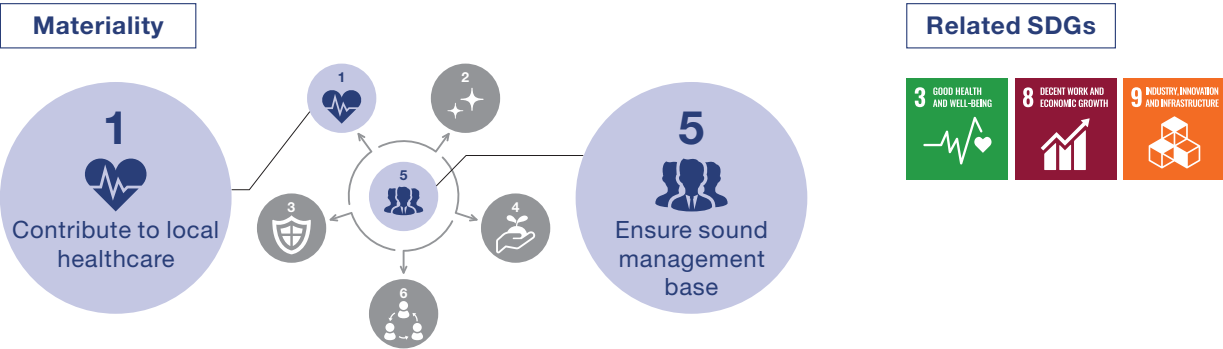
Digital transformation strategy



Digital transformation promotion for the next generation

As we strive to achieve the Medium- and Long-term Vision for the fiscal year ending April 2034, our digital transformation strategy is to develop an IT infrastructure foundation for swift synergy generation with companies that have joined us through M&A. And in order to support the company’s rapid growth, we are investing in digital transformation to enhance operational productivity, and strategically and proactively utilize AI in ways that will please patients and customers. We will also translate these efforts into providing added value and improving operational efficiency in ways that only the AIN Group can.

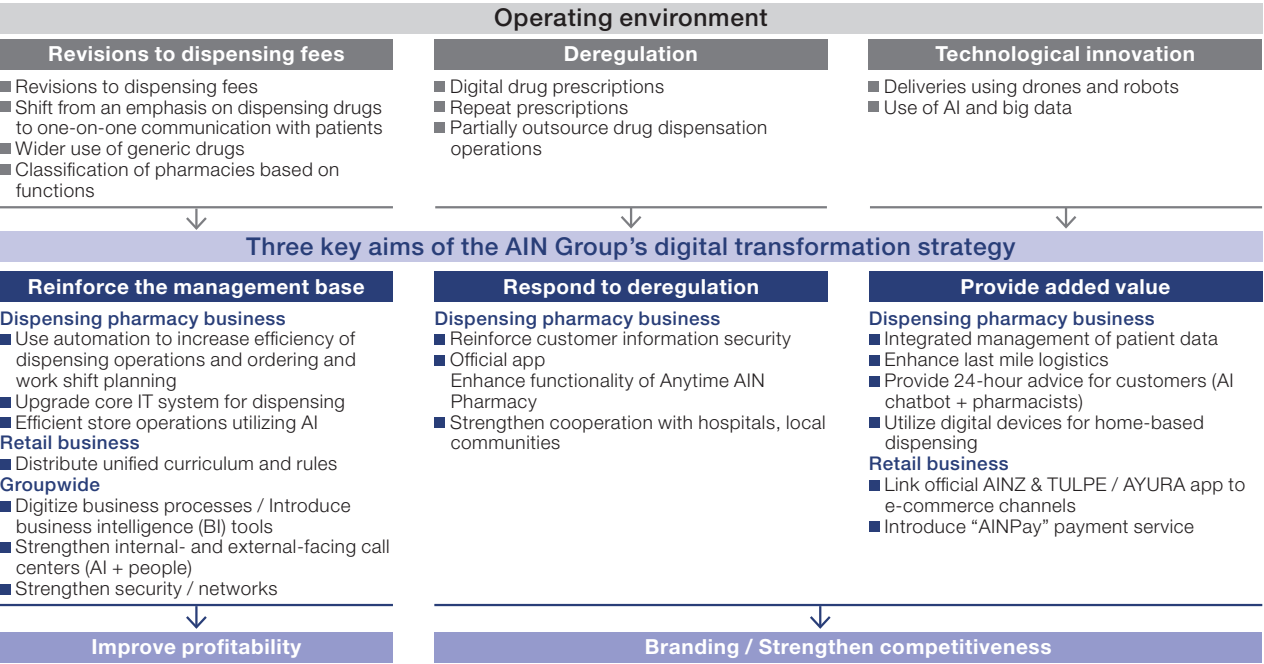
Toshiya Wada Senior Executive Officer,
Division Manager of Digital Promotion



Three key aims of the AIN Group’s digital transformation strategy

The Group is pursuing a digital transformation strategy aligned with changes in the surrounding environment, such as societal trends and technological innovation. The three key aims of our digital transformation strategy

are “reinforce the management base,” “respond to deregulation,” and “provide added value.” We are promoting various initiatives to improve our operational efficiency and enhance added value.



Concrete results

Dispensing pharmacy business

Efficient store operations utilizing AI

We are improving operational efficiency through “medication history entry support using generative AI.” We plan to make it available in 300 stores during 2025 and 600 stores during the fiscal year ending April 2026. In addition, by using “AI Diagnostic Report” issued by AI, the time required to identify issues at each store will be significantly reduced, resulting in economically efficient pharmacy operations.

Enhancement of functionality of official Anytime AIN Pharmacy app

In December 2024, we added “patient medication notebook” and “calendar” functions, and improved the screen design with a focus on functionality to make it easy to use for people of a wide range of ages. In June 2025, we added “My Number Portal Information,” enabling medication information to be obtained from My Number Portal, and in August 2025, we added “online eligibility checks” to the “online pharmaceutical guidance” function. In this way, we are continually working to improve the convenience of the app.

Retail business

Promotion of digital marketing

In May 2025, we launched our proprietary payment service, “AINPay,” as a new feature in the official AINZ & TULPE / AYURA app. We are also aiming to launch revamped versions of AINZ&TULPE WEBSTORE and the official AINZ & TULPE / AYURA app in spring 2026.

Reconstruction of logistics network

In September 2025, we began centralizing Francfranc ONLINE order and delivery operations at the Francfranc Logistics Center. Product delivery efficiency has increased, leading to improvements in the quality of EC service operational quality and reduced workloads for stores. We will be working on making our customer service even better than now.

Groupwide

Introduction of new accounting system

With the Group expanding in scale, each Group company has begun using a new accounting system alongside their existing ones. Going forward, we will be steadily deploying the new system at our companies, including those that have newly joined the Group.

Reinforce security governance

We conduct targeted email drills several times a year. In March 2025, we expanded our system of education and training programs, and since then have been using it to post security training videos and administer tests for all job roles in the Group.

Information security measures

AIN Group Information Security Basic Policy

We take steps to establish and ensure compliance with our internal security system, and we have established an internal security management system for the purpose of developing as a company trusted by society.

Cybersecurity measures


Recognizing cyberattacks as a significant business risk, we are working to strengthen cybersecurity measures by, for example, preventing unauthorized network intrusion, building multiple layers of defense including appropriate access controls, developing a framework capable of responding to external intrusions, educating and training personnel, and collaborating with external specialist organizations.

Collaboration with highly specialized third-party organizations

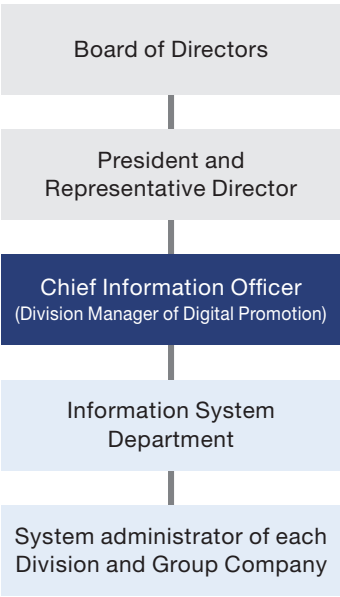
We are taking measures to prevent security incidents, such as having third-party organizations diagnose and address vulnerabilities.

Education and training

To ensure the reliable execution of actions to protect information assets, we provide education annually on personal information protection and information security, and also administer comprehension tests, for all officers and employees of the Group. We also keep information up to date by, for example, posting the latest information on information security on the message board of our internal portal site.

Information security

Promotion system



STRATEGY FOR VISION REALIZATION

Human resources strategy



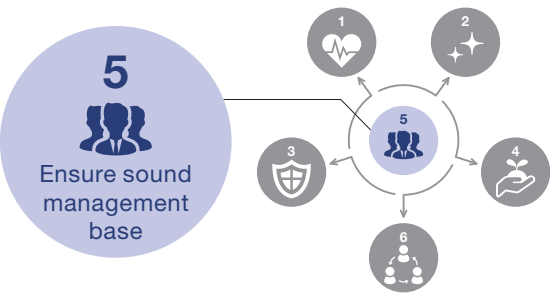
Human capital management for ensuring we remain a company of choice

We believe that fostering hospitality, in which each employee takes the viewpoints of diverse stakeholders and is always considerate of someone else’s feelings, will promote the growth of human resources capable of providing reliable services and lead to the ability to take on challenges to realize the vision of a company that people welcome to their communities.

We will continue to reinforce our various efforts to expand our support systems and evaluation systems with the aim of maximizing our human capital.

Rieko Kimei Director, Division Manager of Personnel

Materiality



Related SDGs



Human capital management

Governance

With respect to the human capital management issues, we have established a Human Capital Response Team under the Sustainability Committee to manage risks, formulate strategies, set targets, and deal with other matters related to the issue of human capital management. The team’s duties include gathering and tabulating data and formulating drafts. The Sustainability Committee then deliberates and finalizes these drafts.

The Sustainability Committee was established with the approval of the Board of Directors to promote sustainability management across all Group companies. The committee, chaired by the President and Representative Director and consisting of Division Managers and the Presidents of major subsidiaries, reports the contents of its deliberations to the Board of Directors (at least once per year). The Board of Directors decides on material issues and supervises the activities of the committee.

Risk Management

The Human Capital Response Team engages in discussions with related divisions and identifies Group-wide risks (risk assessment) (at least once per year). The team also coordinates with related divisions to achieve targets by appropriately managing initiatives, KPIs, progress, and other matters (risk management).

The contents of the risk assessment and management led by the Human Capital Response Team are reported to the Sustainability Committee, which oversees cross-cutting issues throughout the Group and engages in further discussion and deliberation, recognizing the report of the team as the shared understanding of the entire Group.

Human capital management



Strategy

Based on the Group’s Vision, Group Statement, Human Resource Development Policy, and Workplace Environment Enhancement Policy, we have organized our key strategies and initiatives, shaped by our corporate strategies and material issues (key issues), along with human capital initiatives linked to these strategies. Furthermore, we have reconsidered the Group’s unique initiatives and indicators while referring to the ITO Report for Human Capital Management, the Guidelines for Human Capital Visualization, and the ISO 30414 indicators. Based on them, we have defined our KPI, applying the perspectives of importance analysis, improvement to corporate value, and risk management, and taking into consideration comparability and uniqueness.

To realize the vision of becoming a company that people welcome to their communities, improving the functions of pharmacies and stores is essential. We view the contributions and growth of each employee as the driving force for this, and for our KPIs as well, we have prioritized the selection as evaluation indicators of various metrics such as the number of employees with certifications for specific functions, the number of specialist pharmacists, training hours for human resource development, and costs.

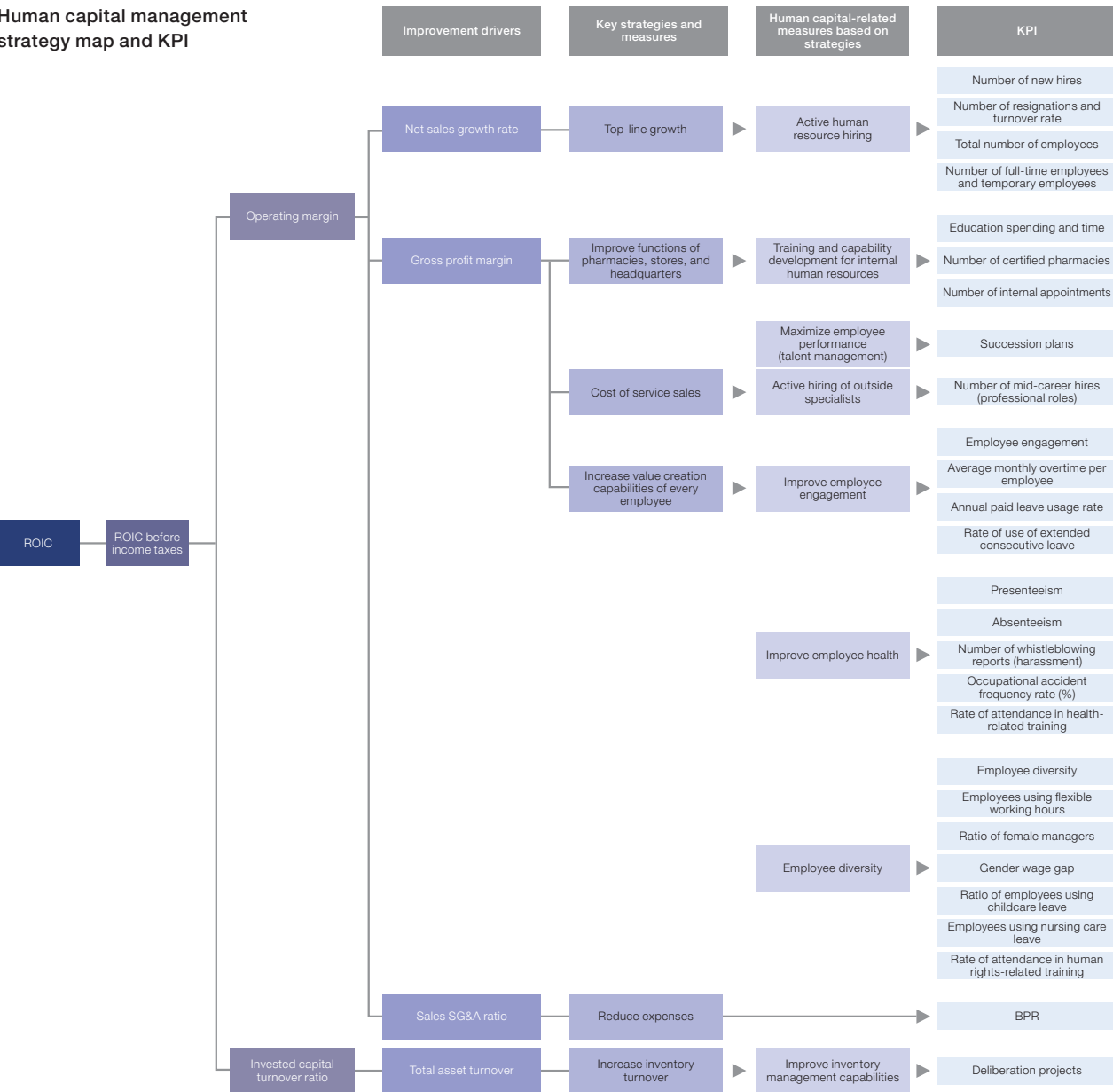
Human Resource Development Policy



Workplace Environment Enhancement Policy



Human capital management strategy map and KPI



STRATEGY FOR VISION REALIZATION

Promoting diversity and inclusion

Aiming to drive innovation by supporting diverse work styles and career development paths, the AIN Group is actively promoting diversity by creating working environments and organizations that are welcoming and motivating for all employees, regardless of gender, age, nationality, religion, background, physical ability or sexual orientation.

In addition, as a company with a large number of female employees, providing more opportunities for women in the workplace will significantly contribute to the AIN Group's growth. We are working to transform employee mindsets and provide more support for work-life balance in various ways, such as holding career training for female employees and managers, offering flexible working hours, and encouraging more male employees to use childcare leave.



Empowering female employees

The AIN Group has a large number of female employees, accounting for roughly 83.1% of the total workforce (as of April 30, 2025). We have established an environment where female employees can continue their careers during changes in their lives, such as marriage and childbirth. In July 2023, AIN PHARMACIEZ INC., a major Group company, received the Platinum Kurumin certification as a company that provides exceptional childcare support even beyond the level required for the Kurumin certification. Furthermore, in June 2024, we received

Platinum Eruboshi certification, which recognizes Eruboshi-certified companies that are particularly outstanding. We are continuing the implementation of measures such as introducing training courses designed to support career advancement with the aim of increasing the ratio of female managers. As a result, the ratio of female managers across the entire Group has reached 40.6%.



Employing people with disabilities

Employees with disabilities play an active role in various departments. As of June 1, 2025, the ratio of employees with a disability in the Company and in AIN PHARMACIEZ INC., a major Group company, was 2.62%. We plan to work

with Group companies to expand the available roles and opportunities for people with disabilities, while also making improvements to the working environment, such as designing barrier-free offices and taking into account their needs.

Post-retirement rehiring scheme

We have set up a rehiring scheme for employees who are willing to continue working after reaching mandatory retirement age. The aim is to create an environment where older employees can continue to use their many years of

experience and hard-earned skills they have accumulated both within the Group and in other companies, while also passing on their expertise to younger generations. As of April 30, 2025, 218 employees were aged 65 or over.

Recruiting mid-career human resources

We are working to recruit mid-career human resources with the skills, expertise, and experience we need who can immediately make a contribution to the AIN Group. In response to developments in the operating environment, we are seeking to reinforce the Digital Promotion Division, the Personnel Division and other management

departments, and hire mid-career personnel with the newly needed experience and skills for each business. In fiscal 2025, 415 mid-career personnel joined the AIN Group. By welcoming mid-career personnel of diverse backgrounds in our workforce, we will continue to drive innovation.

Indicators and targets for promoting diversity and inclusion

Human capital-related measures	KPI	Targets for the fiscal year ending April 2031	Results for the fiscal year ended April 2025
Employee diversity	Employee diversity	—	Female employees: 15,206 (Ratio of female employees: 83.1%)
	Employees using flexible working hours*	—	Foreign national employees: 47
	Ratio of female managers*	40% (target for the fiscal year ending April 2026)	845
	Gender wage gap*	—	40.6%
	Ratio of employees using childcare leave	100%	Management positions (female:male): 1:1.16
	Employees using nursing care leave	100%	Regular positions (female:male): 1:1.25
	Rate of attendance in human rights-related training	100%	Female: 98.1%
			Male: 56.7%
			8
			97.1%

* For full-time employees only

Promoting KENKO Investment for Health

KENKO Investment for Health

We promote KENKO Investment for Health with the aim of vitalizing our organization by creating workplaces that help each employee improve their health and play an active role. Chaired by the President and Representative Director of AIN HOLDINGS, the KENKO Investment for Health Promotion Committee is leading the implementation of measures that resolve health and productivity issues in the AIN Group.

Since 2021, we have expanded employee eligibility for stress testing and reinforced follow-up services provided by occupational health professionals and nutritionists.

Retail In March 2025, the Group was once again recognized, as it was in 2024, as a 2025 Certified KENKO

Investment for Health Outstanding Organization (Large Enterprise Category - White 500) under a program that recognizes leading corporations and small and medium-sized enterprises in KENKO Investment for Health.

We believe that creating healthy and supportive workplaces for all employees will energize our whole organization and allow us to focus our energies on patients and



AIN Group's KENKO Investment for Health Declaration



Employee engagement survey

Since 2022, we have been conducting stress testing and engagement surveys for all of the Group's full-time employees, contract employees, and part-time employees (with some exceptions). Through a cross-analysis of mental health and engagement, we are working to identify issues for individual employees and our organization and applying our findings to comprehensive measures for mental health and engagement improvement.

In the fiscal year ended April 2025, roughly 9,800 employees submitted responses. In comparison to previous year, the fiscal year ended April 2024, the percentage of employees with high stress levels fell 0.2%, which contributed to work engagement improvement.

We will continue to conduct regular studies and to deliberate and implement measures to create an environment in which each employee can maximize their full potential and play an active role.

Indicators and targets for KENKO Investment for Health

Human capital-related measures	KPI	Targets for the fiscal year ending April 2031	Results for the fiscal year ended April 2025
Improve employee engagement	Employee engagement*	Deviation score of 55 or above	Not met (improved 0.3 points compared to the previous year)
	Average monthly overtime per employee*	Maintained less than 20 hours	7.2 hours
	Annual paid leave usage rate*	80%	74.3%
	Rate of use of extended consecutive leave*	—	93.4%
Improve employee health	Presenteeism*	Improved compared to the previous year	Improved 1.0 points compared to the previous year
	Absenteeism*	Improved compared to the previous year	Worsened 0.05 points compared to the previous year
	Number of whistleblowing reports (harassment)	—	26
	Occupational accident frequency rate (%)	0.00	0.66
	Rate of attendance in health-related training	100%	97.1%

* For full-time employees only

LGBT initiatives

We have established the AIN Group's Code of Conduct, which rejects any form of discriminatory behavior, including that based on gender, age, nationality, race, creed, sexual orientation, or gender identity. We conduct training on sexual orientation and gender identity, and have made relevant changes to our system, such as including same-sex partners in those covered by special leave such as marriage leave and bereavement leave, and are endeavoring to create workplaces in which each employee can give free rein to their unique characteristics and thrive in their careers. In May 2024, in Sapporo,

Hokkaido, where our head office is located, we were registered as Sapporo City LGBT-Friendly Companies as companies that promote LGBT initiatives. Going forward, we will continue to embrace diversity by creating environments and systems that allow each employee to give free rein to their unique characteristics and thrive in their careers.



STRATEGY FOR VISION REALIZATION

Creating welcoming workplaces

In order to enable each employee, the foundation of our company, to maximize their full potential, we are expanding our follow-up system that helps employees maintain their physical and mental health, and carrying out various other measures to create a motivating work environment. Going forward, we will continue to

build a system to support opportunities for people of all backgrounds, including addressing human rights issues and risks, supporting work-life balance, providing childcare and nursing care schemes, and addressing the needs of LGBTQ employees.

Personnel systems

To support the career development of our employees throughout their lives, employees in the AIN Group have the option to work from home, choose their working hours and request assignments in specific regions. We also allow secondary jobs or concurrent work arrangements, creating a system that enables employees to tailor work styles to their specific situations. In addition, in order to increase employee engagement, we provide opportunities for one-on-one meetings with superiors and opportunities to speak directly with officers, in addition to interviews

conducted as part of biannual personnel evaluations. Through these efforts, we are also focusing on creating an environment that enables deeper communication. Moreover, in order to enable talented employees to maximize their full potential in positions other than managers, we have established specialized career courses, such as professional roles, and made them known throughout the Company, actively supporting the diverse work styles of employees.

Internal appointments system, Career Challenge

We offer job role transfers through an internal appointments system to provide employees the opportunity to think about career autonomy and change the course of their careers. In the fiscal year ended April

2025, 152 employees took up the Career Challenge program. We also provide support for employees aiming to acquire specialist qualifications.

Strengthening human resources

For the Group, which continues to actively open new stores, hiring and developing talented human resources is of the utmost importance. We have also updated our training programs to further spread the culture of self-learning and to enable each employee to maximize their full potential. Specifically, we have established Groupwide-common and division-based training structures. In addition to providing grade-based training for new

employees to senior management team, we are working to develop next-generation of leaders and self-starters through diverse programs including mandatory training on such themes as compliance and sustainability, leadership and management training, support for acquisition of specialist knowledge and qualifications, career design, and more.

Hiring of graduates

In April 2025, a total of 1,345 new employees joined the Group, including 553 pharmacists and 657 medical support staff, 127 for the retail business, and others who joined other Group companies. Going forward, we will

continue to recruit talented human resources and improve the specialist skills of our pharmacists to support the Group’s provision of services to patients and customers as a key part of local infrastructure.

Human resources training program

In keeping with the Group Statement, our corporate philosophy, we have established a personnel system that promotes employee autonomy and growth and also supports the active participation of diverse human resources. We launched the system in the fiscal year ended April 2024, and we have also started a new human

resources development program. By also linking the skillsets of each employee to grades, and treating them based on the grade, we are creating a work environment that makes it easy for a variety of employees to play an active role regardless of age or background.

Strengthening of the education and training system

With a view to strengthening human capital management, the Group, having already revamped the personnel system in fiscal 2023, expanded the education and training system for employees in April 2025. By upgrading education and training programs and delivering them systematically and effectively, we are working to develop human resources who continuously and consciously

evolve by thinking and acting for themselves, learning from their day-to-day experiences, and accumulating experiences of providing solutions and taking on challenges, based on the concept of “hospitality,” which the Group seeks in its personnel, and which means always being considerate of someone else’s feelings.

Human resources training program

	Groupwide common						Division based								
	Strengthening of organizational functions			Developing self-starters			Dispensing pharmacy business	Retail business							
	Groupwide mandatory	Grade-based education	Selective	Career development	Optional	Theme based									
Senior managers	Compliance training	Sustainability training	Officer training	Next generation training (practical)	Career design training	Women's career training	Managers	Theme-based training	Grade-based training	Training to support acquisition of specialist knowledge/skills and specialist qualifications	Training for mid-career hires	Leadership and management training			
Managers			Manager training										Next-generation training (foundational)	Leaders	
Leaders			Leader training												Young new employees
Young/ mid-level			Mid-level employee training												
New employees			New employee basic etiquette training										Next-generation training (preliminary)	On-the-job training	On-the-job training
									Job role-based training for new employees	Business format-based training for new employees					

Indicators and targets for strengthening human resources

Human capital-related measures	KPI	Targets for the fiscal year ending April 2031	Results for the fiscal year ended April 2025
Active human resource hiring	Number of new hires	—	Number of graduates hired: 1,345
		—	Number of mid-career hires: 415
	Number of resignations and turnover rate	Turnover rate of less than 5.0%	7.9%
	Total number of employees	—	18,300
	Number of full-time employees and number of temporary employees	—	Full-time employees: 13,009 Temporary employees: 5,291
Training and capability development for internal human resources	Education spending and time*	—	¥25,493 per employee 28.3 hours per employee
		· Community coordination pharmacy and specialized medical institution coordination pharmacy All pharmacies to obtain either one of the two certifications (target for the fiscal year ending April 2026) · Health support pharmacy 50% or more of pharmacies to be certified (target for the fiscal year ending April 2026)	Number of community coordination pharmacies: 552 Number of specialized medical institution coordination pharmacies: 41
	Number of certified pharmacies		Number of health support pharmacies: 252
	Internal appointments system*	—	152
	Number of mid-career hires (professional roles)*	—	23

* For full-time employees only

SUSTAINABILITY

Materiality

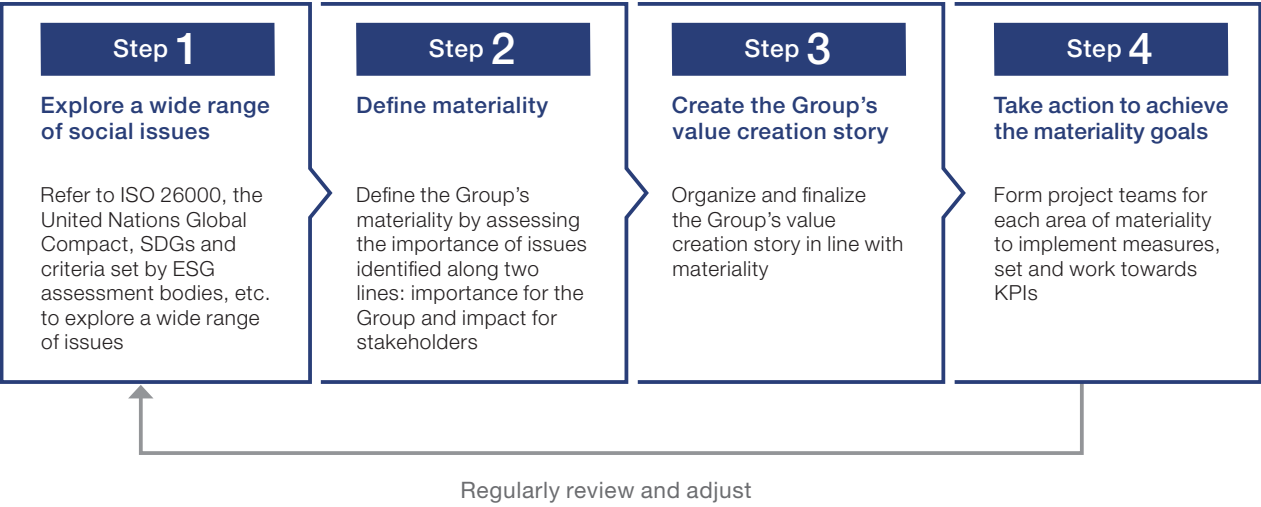
The AIN Group is committed to achieving the sustainable development of society and the company in order to meet the expectations and requests of customers and all its other diverse stakeholders. We have therefore identified and categorized a wide range of sustainability issues and assessed them from two perspectives – degree of importance to the Group and degree of impact on stakeholders – to define the Group’s materiality.

Process for defining materiality and formulating action plans

In December 2020, we used the following process to define and disclose the Group’s materiality and the supporting value creation story.
We also established project teams for each area of

materiality. The teams devised initiatives and set KPIs, which were disclosed in May 2021 and we are currently implementing the initiatives to achieve our targets.

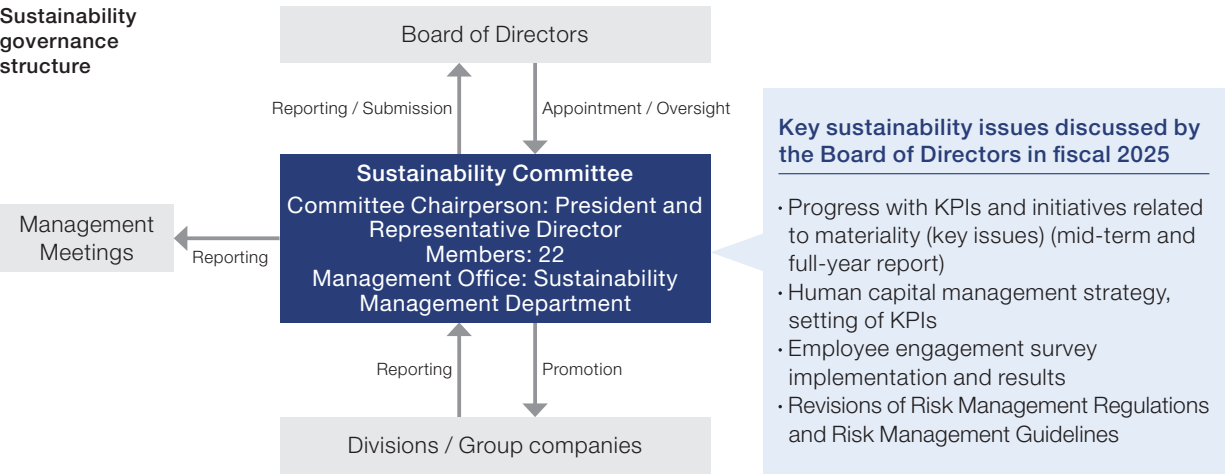
Process



Sustainability governance

We have formed a Sustainability Committee to establish, promote and embed a sustainability management system across the Group. The committee, chaired by the President and Representative Director and consisting of Division Managers and the presidents of major subsidiaries, discusses

and determines policies and measures related to the AIN Group’s sustainability activities and regularly reports and puts forward proposals on key matters to the Board of Directors. The committee also utilizes Management Meetings to promote sustainability throughout the Group.



Materiality

Materiality and related SDGs	Key measures
<div><div>1. Contribute to local healthcare</div><div>Operate pharmacies that contribute to healthcare that treats and supports people throughout the local community</div><div><div><div>1</div><div>COMMUNITY</div></div><div><div>3</div><div>GOOD HEALTH AND WELL-BEING</div></div><div><div>4</div><div>QUALITY EDUCATION</div></div><div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div></div><div><div>9</div><div>INDUSTRIAL INNOVATION AND INFRASTRUCTURE</div></div><div><div>10</div><div>REDUCED INEQUALITIES</div></div><div><div>11</div><div>SUSTAINABLE CITIES AND COMMUNITIES</div></div><div><div>12</div><div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div></div><div><div>14</div><div>Life below water</div></div><div><div>15</div><div>Life on land</div></div><div><div>17</div><div>Partnerships for the Goals</div></div></div></div>	<div><div>■ We will fulfill the roles requested and expected of pharmacies to realize the proper use of medicines, and take the initiative in creating new mechanisms required by society.</div><div>■ Contribute to the sustainability of the social security system by controlling medical costs through efficient pharmaceutical usage and healthcare provision.</div><div>■ Protect the lives and health of employees and ensure the continued provision of pharmaceuticals and healthcare services, even during natural disasters, pandemics and other major events.</div></div>
<div><div>2. Provide beauty and happiness</div><div>Provide beauty and happiness for people to enjoy every day of their lives in modern society</div><div><div><div>3</div><div>GOOD HEALTH AND WELL-BEING</div></div><div><div>5</div><div>Gender equality</div></div><div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div></div><div><div>12</div><div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div></div><div><div>13</div><div>Climate action</div></div><div><div>14</div><div>Life below water</div></div><div><div>15</div><div>Life on land</div></div></div></div>	<div><div>■ Open stores with product ranges aligned with retail trends, consumer needs and local areas to empower people through beauty.</div><div>■ Develop innovative and original products that help customers create their own unique lifestyles.</div></div>
<div><div>3. Safety, peace of mind and trust</div><div>Deliver safety, peace of mind, and trust through our day-to-day operations</div><div>SDGs preamble Human rights for all people</div><div><div><div>3</div><div>GOOD HEALTH AND WELL-BEING</div></div><div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div></div><div><div>12</div><div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div></div></div></div>	<div><div>■ Continually improve quality assurance and safety management systems to reinforce product quality and safety.</div></div>
<div><div>4. Protect the environment and reduce environmental impact</div><div>Contribute to environmental protection and reducing environmental impact</div><div><div><div>3</div><div>GOOD HEALTH AND WELL-BEING</div></div><div><div>7</div><div>Clean energy</div></div><div><div>12</div><div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div></div><div><div>13</div><div>Climate action</div></div><div><div>14</div><div>Life below water</div></div><div><div>15</div><div>Life on land</div></div><div><div>17</div><div>Partnerships for the Goals</div></div></div></div>	<div><div>■ Identify and reduce greenhouse gas emissions.</div><div>■ Protect the environment by reducing industrial waste.</div></div>
<div><div>5. Ensure sound management base</div><div>Reinforce sound management base</div><div>SDGs preamble Human rights for all people</div><div><div><div>3</div><div>GOOD HEALTH AND WELL-BEING</div></div><div><div>4</div><div>QUALITY EDUCATION</div></div><div><div>5</div><div>Gender equality</div></div><div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div></div><div><div>10</div><div>REDUCED INEQUALITIES</div></div><div><div>16</div><div>Peace, justice and strong institutions</div></div></div></div>	<div><div>■ Implement human rights initiatives.</div><div>■ Promote diversity and inclusion by hiring diverse personnel and effectively deploying human resources.</div><div>■ Step up efforts to improve employee health.</div><div>■ Reinforce systems to protect corporate information assets and increase system security; also establish regulations and standards and overhaul the management framework to ensure secure system operation.</div><div>■ Deepen engagement with various stakeholders and continually reinforce board oversight functions.</div></div>
<div><div>6. Cooperate with local communities and businesses</div><div>Promote the creation of a healthy society and the implementation of sustainability activities together with local communities and the supply chain</div><div><div><div>3</div><div>GOOD HEALTH AND WELL-BEING</div></div><div><div>4</div><div>QUALITY EDUCATION</div></div><div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div></div><div><div>12</div><div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div></div><div><div>13</div><div>Climate action</div></div><div><div>17</div><div>Partnerships for the Goals</div></div></div></div>	<div><div>■ Contribute to society through wellness activities and other initiatives to build mutually beneficial partnerships with local communities.</div><div>■ Promote sustainability across the entire supply chain by implementing CSR procurement*.</div><div>■ Work with pharmaceutical wholesalers to build systems that reduce environmental impact.</div></div>

* CSR procurement: Responsible, socially- and environmentally-friendly procurement initiatives conducted by companies in collaboration with their suppliers (business partners and members of the supply chain)

Materiality Initiatives (Progress vs. KPIs)

In May 2021, to promote sustainability management, the AIN Group disclosed key initiatives, KPIs and targets for the fiscal year ending April 2026 in each area of materiality. Officers were also assigned to each project to lead the roll out of measures to achieve the targets.

KPI	Aspirational Goal Targets for the fiscal year ending April 2026	Results for the fiscal year ended April 2025
1.Contribute to local healthcare		
Number of certified pharmacies ^{*1}	All pharmacies to obtain either one of the two certifications ■ Specialized medical institution coordination pharmacy ■ Community coordination pharmacy	■ Number of specialized medical institution coordination pharmacies: 41 ^{▶1} ■ Number of community coordination pharmacies: 552 ^{▶2}
Number of health support pharmacies ^{*2}	50% or more of pharmacies to be certified as health support pharmacies	Number of health support pharmacies: 252 ^{▶3}
Number of home-based services	All pharmacies to conduct at least 24 cases per year	Conducted at 91.7% of pharmacies
Number of primary care pharmacists	Deploy primary care pharmacists to all pharmacies	Deployed primary care pharmacists to 90.2% of pharmacies
Generic drug usage rate	Maintain usage rate at 85% or higher at all pharmacies	Maintained usage rate at 94.0% of pharmacies
Continually improve BCP and strengthen execution capabilities	Achieve 100% response rate for safety verification drills ^{*3}	98.7% *Conducted in March 2025
Ratio of disaster base hospital pharmacies with emergency stockpiles	Ensure all pharmacies supporting disaster base hospitals have stockpiles ^{*4}	■ Conducted evacuation training in all pharmacies
2.Provide beauty and happiness		
Use app to connect with users and offer more buying opportunities	Official AINZ & TULPE app ■ Number of active users 1 million / month ■ Number of page views 1.5 million / month	■ 402 thousand / month ^{▶5} ■ 487 thousand / month
Number of manufactured clean beauty ^{*4} original brand products	50% of manufactured products	14.8% ^{▶6}
3.Safety, peace of mind and trust		
Internal audit performance	■ Number of issues raised in pharmacy chain ^{*5} : 0 ■ All stores ^{*5} with outstanding ratings ^{*5}	■ Issues raised at 46.1% of pharmacies ■ 57.5% of stores with outstanding ratings
4.Protect the environment and reduce environmental impact		
Build processes to ascertain and reduce the Group's greenhouse gas emissions	Targets for the fiscal year ending April 2031 Reduce Scope 1 and 2 CO ₂ [*] emissions by 30% compared to the reference year (fiscal 2022)	Reduction rate Total: ▲16.3% Emissions per unit of production ^{*7} : 19.4%
Pharmaceutical disposal rate	Disposal rate of less than 0.02%	0.07% ^{▶7}

▶1 As the targets were set immediately after the system's introduction, the levels were set high. Achieving the required collaboration results for certification remains a challenge.

▶2 More than 100 employees hold specialist pharmacist qualifications. However, the number of coordination pharmacies has been affected by staffing constraints, as large stores require multiple specialist pharmacists.

▶3 The required years of practical experience and the permanent assignment of qualified personnel to pharmacies remain issues for certification. Accordingly, efforts are underway to accelerate the development of health support pharmacists.

▶4 Securing sufficient space in stores for stockpiling supplies to ensure business continuity during disasters remains a challenge, causing delays in progress toward the target due to the time required to develop store-specific response plans.

▶5 While the number of new member registrations has increased with stronger acquisition efforts and an increasing number of new store openings, maintaining member usage remains a challenge. Measures to enhance customer retention are currently being implemented.

▶6 In preparation for the rebranding next spring, the product lineup is being reviewed, revised and discontinued, resulting in deviations from the target.

▶7 As the pharmaceutical disposal rate has been calculated based on the value of discarded products since the target was set, the recent increase in the use of higher-cost medicines has affected the disposal rate.

▶8 Due to factors such as unstable pharmaceutical supply and other changes in the social environment, delays have occurred in initiatives to achieve the target.

KPI	Aspirational Goal Targets for the fiscal year ending April 2026	Results for the fiscal year ended April 2025
5.Ensure sound management base		
Formulate human rights policy	Disclose human rights policy	Formulated and disclosed the human rights policy in December 2021
Develop human rights awareness checklist ^{*8} and set benchmarks for test rate and correct answer rate	■ Test rate: 100% ■ Correct answer rate: 100%	■ 97.1% ■ 95.2%
Kurumin / Platinum Kurumin certification ^{*9} and Eruboshi / Platinum Eruboshi certification ^{*10}	Maintain Platinum Kurumin, Platinum Eruboshi certification, etc.	Received Platinum Kurumin certification / received Platinum Eruboshi certification
Ratio of female managers ^{*11}	Ratio of female managers: 40%	40.6%
Formulate basic policy on LGBT	Disclose basic policy on LGBT	Disclosed in December 2021
All items needed to be recognized as a Certified KENKO Investment for Health Outstanding Organization (Large Enterprise Category - White 500 ^{*12})	Recognized as a Certified KENKO Investment for Health Outstanding Organization (Large Enterprise Category - White 500 ^{*12})	Recognized as a 2025 Certified KENKO Investment for Health Outstanding Organization (Large Enterprise Category - White 500)
Number of security incidents	Major incidents: 0	0
Board of Directors evaluation points	Board of Directors evaluation points At least 4 or 5 points for all categories	An average of 4.5 out of 5 points for all categories
Ratio of outside directors	At least two-fifths of board	2.3/5 of the board (5 out of 11)
Ratio of female director	At least one-third of board	1.1/3 of the board (4 out of 11)
6.Cooperate with local communities and businesses		
Number of community events held	At least four each year at all pharmacies	Event implementation rate: 136.5%
Formulate CSR Procurement Policy and Guidelines, raise awareness and implement them	■ Disclose CSR Procurement Policy and Guidelines ■ Hold briefings for companies in supply chain and monitor implementation	■ Formulated and disclosed them in November 2022 ■ Conducted briefings and CSR surveys for companies in supply chain in August 2024
Number of pharmaceutical deliveries at participating pharmacies	■ Implement at 500 pharmacies ■ Reduce CO ₂ emissions from deliveries by 75% by cutting number of deliveries ■ Reduce delivery inspection time by 75% by cutting number of deliveries	■ Implemented at 82 pharmacies ^{*8} ■ Reduce CO ₂ emissions by 73% ■ Reduce delivery inspection time by 75%

^{*1} Certified pharmacies (specialized medical institution coordination pharmacy / community coordination pharmacy): A new function-based pharmacy certification system started in August 2021 as part of revisions to the Pharmaceuticals and Medical Devices Act.

^{*2} Health support pharmacies: Pharmacies that meet certain standards set out by the Minister of Health, Labour and Welfare; pharmacies with basic primary care pharmacists and functions that also actively help people in the local community to independently maintain and improve their health.

^{*3} Safety verification drills: Training to confirm the safety of employees and their families and safe conditions at pharmacies/stores as a matter of priority and to assess support systems to ensure the continued viability of medical service provision.

^{*4} Clean beauty: Safe products that contain ingredients that are kind on the body and skin (mild formulas) and beauty items that contain natural or naturally derived ingredients (organic) and environmental ingredients (eco-friendly, cruelty-free).

^{*5} All pharmacies: All pharmacies in the dispensing pharmacy business All stores: Stores in the retail business Outstanding stores: Stores with three or fewer categories flagged in internal audits

^{*6} Scope 1: Direct greenhouse gas emissions by an enterprise
Scope 2: Indirect emissions from electricity, heat, and steam provided by other companies

^{*7} Emissions per unit of production: Calculated in terms of Scope 1 + 2 emissions (t-CO₂) / consolidated net sales (¥100 million)

^{*8} Awareness checklist: A checklist administered to all Group officers and employees during sustainability training conducted once per year. We implemented tests under themes such as business education, compliance (corporate ethics), human rights, health of employees (KENKO Investment for Health), information security, the environment, etc.

^{*9} Platinum Kurumin certification: A certification system developed by the Ministry of Health, Labour and Welfare based on the Act for Measures to Support the Development of the Next Generation; companies with general employer action plans that meet certain standards with respect to progress versus targets are certified as Parenting Support Companies. Furthermore, Kurumin-certified companies that implement more far-reaching initiatives receive special Platinum status from the Minister of Health, Labour and Welfare.

^{*10} Platinum Eruboshi certification: A certification system developed by the Ministry of Health, Labour and Welfare based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace; companies that meet certain standards with respect to supporting women's participation and career advancement in the workplace receive Eruboshi certification as outstanding companies. Eruboshi-certified companies that implement more far-reaching initiatives can receive special Platinum status.

^{*11} Managers: Persons in Subsection Chief, Pharmacy Manager, Store Manager, or higher level positions

^{*12} Certified KENKO Investment for Health Outstanding Organization: A program administered by the Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi recognizing outstanding companies in KENKO Investment for Health. The top 500 large enterprises for KENKO Investment for Health are included in the White 500.

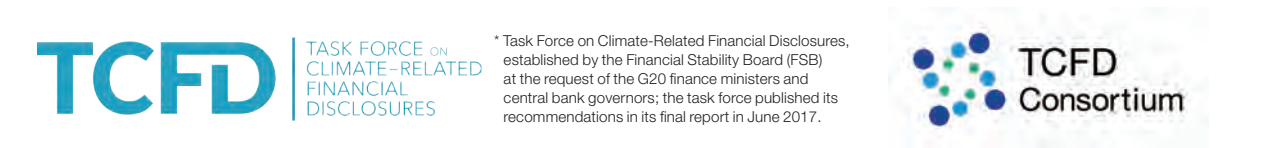
Initiatives to Tackle Environmental Issues

Protecting the environment and reducing environmental impact is one of the AIN Group’s areas of materiality. To help realize a sustainable society, the Group is actively implementing initiatives related to protecting the environment and reducing environmental impact with stakeholders.

Responding to climate change issues

The issue of climate change is growing more serious each year, and we believe that it is a material issue that needs to be addressed to realize a sustainable society. In April 2022, we announced our endorsement of the final report of the TCFD* (TCFD recommendations) and joined the TCFD Consortium.

aim to achieve sustainable growth as a company and contribute to the realization of a sustainable society by identifying risks and opportunities related to the issue of climate change, evaluating their impact on our business through scenario analysis, and implementing countermeasures.



Disclosure based on the TCFD recommendations (excerpt)

Responding to climate change issues (TCFD)



Governance and risk management

With respect to the climate change issues, to manage risks, formulate strategies, set targets, and deal with other matters related to the issue of climate change, we have established a Climate Change Response Team under the Sustainability Committee. The Climate Change Response Team aims to achieve its targets by appropriately managing Group-wide risk identification (risk assessment), initiatives, KPIs, progress, and other matters (risk management). The contents of the risk assessment and management led by the Climate Change Response Team, are discussed and finalized by

the Sustainability Committee. The Sustainability Committee was established with the approval of the Board of Directors to promote sustainability management across all Group companies. The committee, chaired by the President and Representative Director and consisting of Division Managers and the Presidents of major subsidiaries, reports the contents of its deliberations to the Board of Directors (at least once per year). The Board of Directors decides on material issues and supervises the activities of the committee.

Strategy

Climate change risks and opportunities may include those classified into transition risks and opportunities arising from the shift to a low-carbon society, and physical risks and opportunities arising from increasingly severe extreme climate change events and increases in their frequency, rising sea

levels, and other long-term changes in climate patterns. After all of the risks and opportunities related to the Group were identified, those with particularly significant impacts were categorized as shown below.

Key items		Details of material risks and opportunities
Transition risks and opportunities	Policy, regulatory, legal	Increased restrictions on greenhouse gas (GHG) emissions
		Other tighter restrictions on energy and resources
	Shifts in markets and technologies	Promote energy-saving initiatives and renewable energy programs
	Evaluation	Stakeholders (Expectations and concerns about responsible actions)
Physical risks and opportunities		Changes in attitudes and behavior of customers and patients
	Urgent	Increasingly severe abnormal weather events (Typhoons, torrential rain, other damaging wind and rain)
	Chronic	Pandemics caused by climate change
		Changes in rainfall and weather patterns (Increase in average temperatures, rising sea levels)

Business impact assessment

In the 2030 +2°C scenario, the promotion of low-carbon and decarbonization efforts may increase the transition risks, especially those related to increased restrictions on greenhouse gas emissions (primarily in the form of carbon taxes, emissions trading systems, etc.).

Much of the Group’s CO₂ (GHG) emissions (Scope 1 and 2) are derived from electricity consumption. Therefore, additional costs may be incurred from power usage volume, as well as prices and CO₂ emission coefficient, etc. during procurement. However, we have confirmed that we can prevent such costs from having a major impact on our finances, business strategies, etc., by minimizing the impact of carbon taxes and reducing power usage through energy saving measures and renewable energy usage.

In the 2030 +4°C scenario, increasingly severe abnormal weather conditions and changes in climate patterns (resulting in disasters affecting stores and offices, pandemics, etc.) may create increased physical risks.

We recognize that the role that our Group is expected to and called on is to protect the lives and health of its employees and to serve as part of infrastructure of local communities by providing pharmaceuticals and healthcare services, no matter what the circumstances. To live up to these roles, as part of our disaster response measures, we are enhancing our BCP and making improvements on an ongoing basis, and carrying out climate change adaptation measures such as safety reporting drills for all employees and their family members, evacuation drills and reinforcement of the Group’s logistics. Going forward,

we will continue to further analyze regions and stores at high risk, and deliberate what further disaster countermeasures we should take.

If there are epidemics of infectious diseases caused by climate change, they may affect the dispensing pharmacy business in areas such as the prescription volume. As with our natural disaster response measures, we will also enhance our systems for providing healthcare services.

In this manner, we believe that we can thereby prevent such risks from having a major impact on our finances, business strategies, etc., by implementing measures that anticipate increased risks. At the same time, we believe that striving to further strengthen and enhance our resilience will enable us to continuously provide the medical care that is needed by patients, customers, and members of the community. This will contribute significantly to the development of our business.



Indicators and targets

We have decided to work actively toward the realization of carbon neutrality (net-zero CO₂ (GHG) emissions (Scope 1 and 2) from our own business activities) by 2050. To this end, we have selected CO₂ (GHG) emissions and the rate of conversion of energy consumption to renewable sources as evaluation indicators of our climate change response measures. Furthermore, we have set as our targets for 2030 a 30% reduction in CO₂ (GHG) emissions (Scope 1 and 2) compared to fiscal 2022 and a rate of conversion of energy consumption to renewable sources of 30%. With respect to reducing Scope 3 emissions, the Group is working with pharmaceutical wholesale partners on a trial project to reduce the number of

pharmaceutical deliveries to pharmacies. Going forward, we will continue to enhance our information disclosure based on TCFD recommendations, and formulate business strategies and implement climate change mitigation and adaptation measures to respond to changes such as the formulation of climate change-related policies and legal regulations. We will seek to grow in a sustainable way and practice sustainability management that creates social, environmental and economic value by meeting the expectations and requests of our stakeholders through appropriate responses to climate change issues.

Indicators	Aspirational Goal Targets for the fiscal year ending April 2031
Assess Group-wide CO ₂ (GHG) emissions and establish an operation system capable of appropriate management and supervision	Reduce Scope 1 and 2 CO ₂ (GHG) emissions by 30% ^{*1}
■ Scope 1 and 2 CO ₂ (GHG) emissions	
■ Scope 3 CO ₂ (GHG) emissions	
Appropriately set targets and implement initiatives for achieving carbon neutrality	30% ^{*2}
■ Rate of conversion of energy consumption to renewable sources	

^{*1} Reduction rate compared to the reference year (fiscal 2022)

^{*2} Rate of conversion of energy consumption to renewable sources to total power consumed compared to the reference year (fiscal 2022)

Initiatives to protect the environment and reduce environmental impact

Environmental initiatives



Introduction of an offsite corporate PPA using solar power stations

On December 1, 2024, we began introducing electricity to our Group pharmacies* in the Kansai and Hokuriku through an offsite corporate PPA utilizing solar power.

An offsite corporate PPA is a framework in which a power producer provides a long-term supply of the environmental

value generated by a solar power plant or other facility located off the premises (off-site) of the electricity customer.

We have since expanded the initiative to cover more than 700 offices nationwide.

* Excluding certain pharmacies

SUSTAINABILITY

Initiatives to Tackle Social Issues

Disclosing and raising awareness of CSR Procurement Policy and Guidelines

In November 2022, based on AIN Group's Code of Conduct and Human Rights Policy, we formulated and disclosed the AIN Group CSR Procurement Policy and the AIN Group CSR Procurement Guidelines. We also conducted briefings and CSR surveys for our business partners. 55 companies participated in July 2023, and 93 companies participated in August 2024. We emphasized the importance of establishing supply chain management, and requested understanding and cooperation

during these sessions. In January 2025, as part of our compliance promotion efforts, we established a dedicated whistleblower and consultation contact for our business partners, operated by an external organization, to maintain and strengthen sound business relationships with our business partners. To help realize a sustainable society, we will continue to promote initiatives not just within the Group but throughout our entire supply chain.

AIN Group CSR Procurement Policy (Formulated on November 1, 2022)

The Policy sets out our clear stance on promoting CSR procurement across the Group's entire supply chain.

The goal of this policy is to foster greater understanding and adoption of CSR procurement within the Group and its business partners to achieve sustainable procurement.

AIN Group CSR Procurement Policy



AIN Group CSR Procurement Policy

1. We will conduct procurement operations based on compliance with applicable laws and regulations.
2. We will strive to secure and enhance our levels of quality and safety.
3. We will respect human rights and strive to appropriately manage occupational health and safety.
4. We will maintain the confidentiality of information regarding business partners learned through the course of our procurement activities, and appropriately manage and protect the intellectual property of our business partners.
5. We engage in environmentally-friendly procurement activities such as protecting the global environment and reducing our environmental impact.
6. We consider our business partners to be valuable partners and respond to them sincerely, and conduct fair, equitable, and transparent transactions. We build relationships of mutual understanding and trust and strive to create a sustainable society.

Respect for human rights

The Group established the AIN Group Human Rights Policy in December 2021 to fulfill its responsibilities on the basis of respecting the human rights of all people affected by its business activities and has since been carrying out various initiatives.

Since 2021, in accordance with the Respect and Remedy principles of the United Nation's Guiding Principles on Business and Human Rights, our due diligence measures focus on "addressing human rights risks among employees," "addressing human rights risks among customers," "human rights risks in the supply chain," and "creating access to remedies" and are continuously implementing due diligence measures. In November 2022, we established the CSR Procurement

Policy and Guidelines to promote responsible procurement with our suppliers across the entire supply chain, with due consideration for human rights.

Furthermore, in November 2024, we established the AIN Group Basic Policy Against Customer Harassment to create an environment where the human rights of all employees are protected so that they can work with peace of mind in good mental and physical health, provide better services, and meet the expectations of all stakeholders.

The AIN Group Human Rights Policy



Overview of human rights due diligence



Remedy [Remedy procedures for infringements of human rights]



Health activities for maintaining and promoting the health of communities

"Japan Heart Day 2025" awareness-raising activities to help prevent heart disease and strokes

Between July 7 and August 31, 2025, all AIN Group pharmacies took part in the Japan Heart Day 2025 awareness-raising activities as in the previous year. Awareness-raising posters were put up, and as part of our "Check Your Blood Pressure Campaign," pharmacists used simple check sheets to provide advice regarding blood pressure and health consultations according to attributes, and when necessary, to recommend medical examinations.

Japan Heart Day 2025
awareness-raising poster



"Light Up in GREEN" movement to raise awareness of the early detection and continued treatment of glaucoma

All AIN Group pharmacies took part in "Light Up in GREEN" movement awareness-raising activities during World Glaucoma Week from March 9 to 15, 2025, as in the previous year. Glaucoma is the leading cause of acquired blindness in Japan, but its progression can be controlled through early detection and continuous treatment. We conducted activities to promote accurate understanding and recognition of glaucoma through the display of posters and other materials.

Light Up in GREEN movement
awareness-raising poster



Heat stroke prevention awareness-raising activities, "Visit a pharmacy if you suspect you have heat stroke"

Continuing from last year, from late May to September 30, 2025, the Group participated in the "Visit a pharmacy if you suspect you have heat stroke" awareness-raising activity, opening pharmacies nationwide as temporary rest areas for local residents to use to prevent heat stroke. Stickers and posters promoting measures to prevent heat stroke were displayed inside and outside stores. Pharmacies equipped with water or tea dispensers provided free water and tea to help people stay hydrated, and prepared salt candies and other items to help replenish salt intake. Pharmacies also served as temporary rest areas as part of our heat stroke prevention efforts.

Awareness-raising sticker

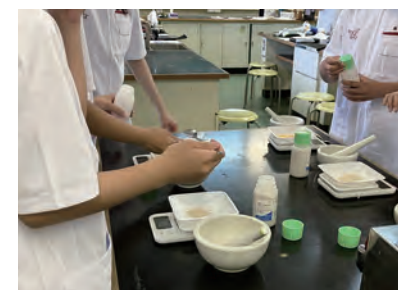


Work experience programs

The Group hosts work experience programs in various locations.

For junior high school students, the work experience program involves pharmacy and headquarters staff visiting local schools to conduct work experience classes. Students can deepen

their understanding of the profession of a pharmacist and think about their future dreams, views on work, and careers by experiencing part of a pharmacist's work, starting with checking prescriptions, followed by preparing powdered medicines and ointments, role-playing medication guidance, and other tasks.



GOVERNANCE

Special Feature Roundtable Discussion by Corporate Auditors

Further strengthening governance under a new structure
Working to realize a “sustainable audit system” that supports rapid growth

The AIN Group is entering a period of transformation as it strives to reach the next stage of its plan to become a “corporate group with a trillion yen in net sales.” While pursuing an active growth strategy that includes M&As, the importance of a sound governance system as its foundation has never been greater. In this context, the system of the Board of Corporate Auditors, the core of our governance system, has been refreshed. Outside corporate auditors, Ms. Ayako Sano, an attorney at law, and Ms. Minako Mizutani, a tax accountant, entered their second year in office, and in July 2025, former Division Manager of Internal Audit Office, Mr. Mamoru Oki was newly appointed as a standing corporate auditor. The three corporate auditors discuss the key aspects of strengthening governance to support the Group’s rapid growth, each from their own perspective.

Minako
MizutaniOutside Corporate
AuditorAyako
SanoOutside Corporate
AuditorMamoru
OkiStanding Corporate
Auditor

Mamoru Oki (hereinafter “Oki”) I was appointed as a standing corporate auditor in July 2025. This year marks my 40th year with the company. After gaining on-site experience in the retail business and dispensing pharmacy business, I have gained 18 years of experience in the Internal Audit Office (now the Corporate Audit Office). Most recently, I served as Division Manager of Internal Audit Office, where I was involved in building our compliance systems in response to the enactment and revisions of the Act on the Protection of Personal Information, and the revision of the Financial Instruments and Exchange Act.

I believe my role on the Board of Corporate Auditors is to ask the right questions and propose improvements that foster the company’s sound growth. I believe this will ultimately benefit patients and customers. In addition, I intend to make full use of the knowledge on operations and networks I have built across the company and, together with outside corporate auditors Ms. Sano and Ms. Mizutani, will act as a bridge connecting each

internal department to help make the Board of Corporate Auditors even more effective.

Ayako Sano (hereinafter “Sano”) With Mr. Oki’s appointment, I feel the Board of Corporate Auditors has become stronger and more well-balanced. As an attorney, I bring expertise in legal and compliance matters. Ms. Mizutani, a tax accountant, contributes her financial and accounting expertise; and Mr. Oki, a pharmacist, offers extensive experience in internal auditing. I feel we now have a very strong team.

Within the team, my responsibility is to rigorously audit the appropriateness and legality of execution of duties by directors. Based on lessons learned from past incidents the Group experienced, as a kind of “watchdog” overseeing the process of further advancing our governance system, I see it as my role to speak up candidly, even when what I have to say may be hard for the company to hear.

Minako Mizutani (hereinafter “Mizutani”) We outside corporate auditors are now in our second

“It’s important to pass on the lessons
and spirit behind our rules to the next
generation.”



year, and because it can be difficult for us to grasp on-site situations in real time from our position as outside corporate auditors, it’s very reassuring to have a standing corporate auditor like Mr. Oki, who has strong connections with each department.

The role of corporate auditors is becoming ever more important, especially as the Group continues to expand rapidly through M&As. As a corporate auditor, I’m responsible for overseeing the accounting auditors’ work, ensuring the integrity of our financials, and monitoring management at the same time. In addition, I believe it’s important at this stage, from an internal control perspective, to oversee how our founding corporate philosophy and culture are embedded in the new companies joining the Group. I want our audits to be more than a checking function. They should serve as a catalyst that brings new awareness to management team. I intend to continue providing multifaceted support to help foster a strong sense of unity across the organization.

Conveying frontline perspectives to management
Adapting to change and evolving our audit
perspective

Sano Over the past year, I’ve drawn on my experience as an outside director at another company to make a variety of proposals, such as improving how information is shared among officers and management offices. Through that process, I came to realize that the Group has a rooted culture of listening to and proactively embracing external perspectives. The mindset of “let’s try first rather than look for reasons not to” has taken root throughout the company, and I feel this spirit has helped reforms move forward smoothly.

Let me share one symbolic example. AIN HOLDINGS (“the Company”) previously released its financial results a little over a month after the fiscal year-end. However, in recent years the Group’s rapid expansion through M&A has increased the workload not only for the accounting department but also for the auditing firm. In addition, it was obvious that the workload would further increase with the addition of Sakura Pharmacy Group to the

AIN Group. At the same time, we noticed correction announcements from other companies that had released their results early. Timely disclosure is important, but if rushed measures result in publishing incorrect figures, it would only inconvenience our investors. After discussing the matter with Ms. Mizutani, we raised the need at a Board of Directors meeting to review the schedule within the framework of Tokyo Stock Exchange regulations. The directors offered a range of opinions, and the proposal is now being considered positively.

As this example shows, an important role of outside corporate auditors is to question long-standing practices that have gone unquestioned within the Group. I believe these efforts ultimately contribute to enhancing the organization’s overall performance.

Mizutani In my first year as a corporate auditor, I held detailed interviews with the heads of each department to gain a deeper understanding of the company’s current situation and challenges. I also had the opportunity to speak directly with President Otani and hear his thoughts as the company’s founder, as well as the history behind the organization. Through these conversations, I’ve deepened my understanding of the company’s philosophy and challenges, and I make a point of sharing my observations and views as an outside corporate auditor at Board of Directors meetings and interviews with each department.

In addition, I believe that as the company continues to expand rapidly, our audit perspective must also keep evolving. One of the most memorable moments this past year was the post-M&A deal process involving Francfranc, a company from a different industry. It was a major challenge, and at first I was somewhat anxious about whether the business could get on track within the Group as planned after the M&A. In addition to the monthly financial reports to the Board of Directors, about a year after the M&A I received from the responsible division an analysis of the current situation, key issues, and future business plans—and my initial concerns were pleasantly dispelled. The executive officer in charge and all the on-site staff have been thoroughly tackling business growth with exceptional enthusiasm and an

GOVERNANCE

awareness of the challenges, and I now see tremendous potential for the company.

Oki Before becoming a standing corporate auditor, I had observed Ms. Sano and Ms. Mizutani in action from my position in internal audit and found their work highly effective. While the Corporate Audit Office conducts audits mainly from a standpoint of compliance with rules, the two outside corporate auditors play a vital role from different angles—challenging operational assumptions and drawing attention to issues on the on-site operations. I believe the synergy created by combining our respective areas of expertise is making our audit system even stronger. I intend to further strengthen audits of bases which have jurisdiction over operations such as our head office and branch offices.

In addition, I see it as my duty as a standing corporate auditor to ensure that the lessons learned from past dispensing errors are passed down. As fewer employees remain who remember the major dispensing error the Group once experienced, and as our workforce diversifies through M&As, I sometimes sense differences in how deeply people understand the fundamental purpose behind our dispensing rules. To keep our “zero dispensing errors” philosophy from becoming a meaningless empty slogan, I want to pass on the lessons and values behind our rules across generations and backgrounds.

A sound and robust governance system that manages risk and supports rapid growth

Sano The commitment to “passing on lessons learned,” as Mr. Oki mentioned, is precisely the core strengths of the Group’s governance. This is evident in how past incidents are treated not as mere failures but as catalysts for change, demonstrating a firm resolve to transform itself from within. I see this commitment reflected in the Group’s decision to feature a special page regarding a past incident on its website’s top page, where investigation reports and the state of initiatives under measures for the prevention of recurrence are publicly disclosed. This is not a PR exercise but a clear statement of intent to strengthen governance. I believe

this uncompromising transparency and capacity for self-correction are among the Group’s greatest strengths.

Mizutani I believe the soundness of our governance is reflected in the daily meetings of the Board of Directors. Every meeting of the Company involves very lively discussion. Officers, including outside directors with diverse expertise, speak their minds freely and without reservation. In particular, “risk management” has become a key focus recently, and risk analyses are conducted from every possible angle when considering new investments. As a corporate auditor, I take part in discussions while always staying alert to any overlooked risks, and I truly feel that the diversity of expertise among members enables multidimensional analysis.

These active discussions are driven by the leadership of President Otani. For instance, President Otani has a deep understanding of finance and keeps close track of the key figures involved in M&A decisions. This allows for active, highly detailed, data-driven discussions on risk analysis at the Board of Directors meetings with directors who have relevant expertise. I believe this dynamic creates a healthy balance between internal and outside officers within our governance framework.

Oki From a structural perspective, I believe the Company’s structure of a company with a Board of Corporate Auditors has strengthened the foundation of our governance. This is because there is a clear division of roles: the Board of Directors drives “offensive” management, while we corporate auditors focus on the “defensive” function of independent oversight. Having been with the company for many years, I’m sure its way of thinking has become second nature to me, but even so, I can say objectively that this clear division of roles and maintained independence truly underpin sound management.

Sano In recent years, more companies have transitioned to a company with an Audit and Supervisory Committee. I believe the Company’s decision to retain the structure of a company with a Board of Corporate Auditors reflects the view that, by not holding voting rights at Board of Directors meetings, corporate auditors can remain independent from decision-making and focus entirely on

“Offering sometimes critical perspectives ultimately contributes to the enhancement of corporate value over the long term.”



auditing from a neutral standpoint—allowing directors to make full use of their specialized expertise.

From the standpoint of corporate sustainability, succession planning is another key issue, and I’ve confirmed that it is being thoroughly discussed at the Nomination and Remuneration Committee and related forums. Given the significant social impact of our business, it’s essential that we steadily continue building a forward-looking governance system.

Building a sustainable audit system to help realize the “a trillion yen vision”

Mizutani The biggest challenge going forward will be ensuring that our back-office operations and internal control systems can fully respond to and keep pace with the company’s rapid expansion through M&A. Without a solid “defense” to support our “offensive” management, sustainable growth cannot be achieved. In line with the speed of our own growth, our governance system must evolve accordingly, and one of our key roles as corporate auditors is to continuously oversee the development of the structures that underpin that evolution.

Sano Among these structural initiatives, our particular focus is establishing a system for the Board of Corporate Auditors that does not rely on individual personalities. While it is only natural for each auditor to possess suitable skills and experience, our goal during our term is to build a sustainable system that doesn’t depend on individuals—one that maintains a consistent, high level of auditing even when personnel changes occur. To that end, we engage in monthly discussions with the Corporate Audit Office to strengthen collaboration, offer input on advancing internal audit quality, and work on concrete measures to strengthen our system such as assigning dedicated staff to enhance the effectiveness of the audits by corporate auditors.

Our strong focus on building a sustainable audit system stems from the Group’s ambitious growth target of achieving a trillion yen in net sales. Numerical targets of this kind can sometimes carry the risk of growth without substance or quality. To avoid such pitfalls and achieve

high-quality growth, we hope management will actively leverage the insights of outside corporate auditors.

Oki The mission of the Board of Corporate Auditors is to strengthen governance and enhance the company’s credibility. When the Board of Corporate Auditors functions effectively, it fosters trust among shareholders, patients, and customers.

Corporate auditors are not meant to stand in the spotlight. This is because of the very fact that corporate auditors remain inconspicuous is the clearest sign of a healthy company. We intend to continue supporting the Group’s sound management firmly from behind the scenes and contribute to the interests of all our stakeholders.

**Unwavering trust and peace of mind
Message to stakeholders**

Mizutani The Group is engaged in a business of profound social significance—supporting local healthcare. Always keeping the Group’s social mission and founding corporate philosophy firmly in mind, we will continue to provide strong governance support to create sustainable value together with all stakeholders. We are committed to meeting your expectations through steady, tangible results.

Sano As corporate auditors, we sometimes take a critical view because we believe doing so is essential to strengthening management integrity and enhancing long-term corporate value. We will continue to perform rigorous audits and offer constructive recommendations to meet the expectations of our shareholders, investors, and all stakeholders. We invite you to look forward to the continued challenges and growth of the Group.

Oki As a standing corporate auditor and as a pharmacist, I pledge to safeguard your trust and peace of mind. The foundation of our audit activities always lies in ensuring the daily safety and peace of mind of our patients and customers. We will never lose sight of that foundation as we carry out our daily responsibilities. We would be grateful for your continued trust and for your anticipation of the Group’s future.



“Auditing is about bringing awareness to management, and being a driver of progress in times of change.”

Corporate Governance

The AIN Group assumes responsibility for people’s health and the well-being of the wider community through its business activities. We promote a highly efficient and transparent management system and implement ongoing initiatives toward enhancement of corporate governance.

Basic policy

Dispensing pharmacy and retail are the key business areas being developed by the Group. As this business is characterized by responsibilities for people’s health and daily lives, we recognize it is indispensable to continue the sound and transparent business activities that prioritize compliance. To achieve this goal, we have adopted the structure of a company with Board of Corporate Auditors to oversee not only important decision-making in the management and the business execution, but also general corporate management.

The Corporate Audit Office, which is independent from business management, conducts internal audits

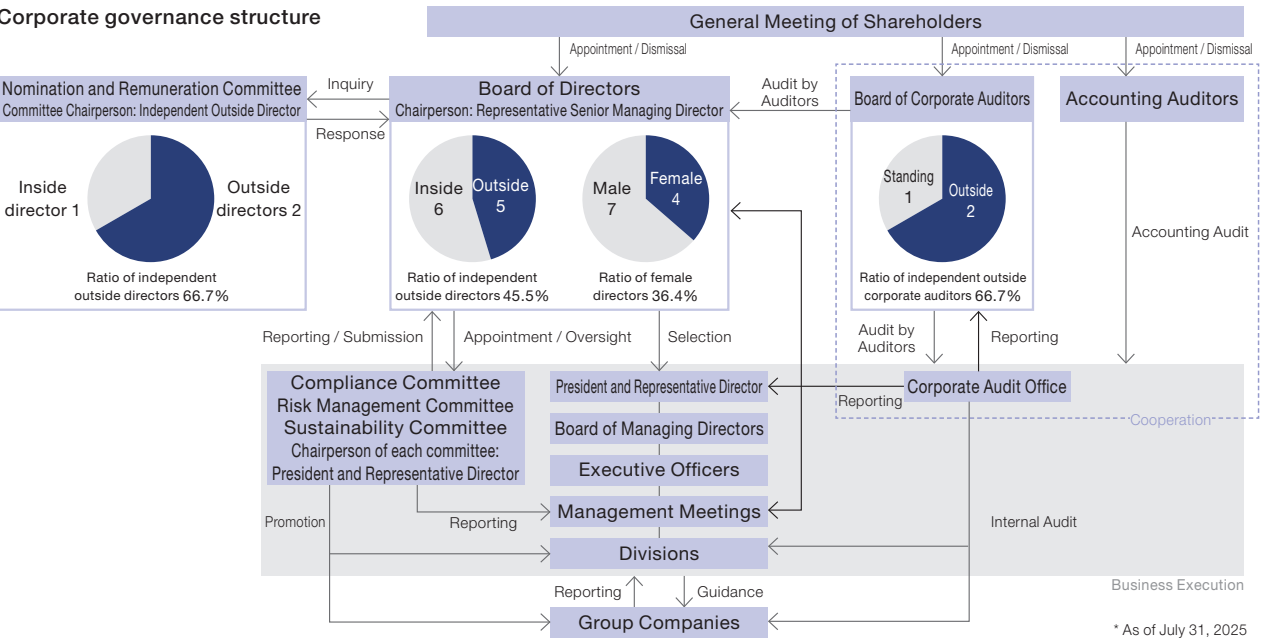
covering all management activities related to governance processes, risk management and control, and the Group serves to ensure thorough compliance with relevant laws, internal rules and regulations. In addition to the above, as part of our efforts to enhance corporate governance, we have formed a Compliance Committee for the purpose of establishing, promoting, and embedding compliance system, a Risk Management Committee for realizing comprehensive risk management from a groupwide perspective, and a Sustainability Committee for the purpose of establishing, promoting, and embedding the Group’s sustainability management system.

Corporate governance system

The Company has adopted the structure of a company with Board of Corporate Auditors, and has established the Nomination and Remuneration Committee as a voluntary advisory body.

In addition, the Company separates the decision-making and supervisory functions of management from

those of business execution through the introduction of an executive officer system. In order to strengthen corporate governance, the Company has established a Compliance Committee, Risk Management Committee, and Sustainability Committee to manage and promote measures.



Corporate Governance

Board of Directors

Message from the chairperson

Working to further improve the effectiveness of the Board of Directors



Shoichi Shudo
Chairperson of the Board of Directors and Representative Senior Managing Director

It has been one year since I assumed the role of chairperson of the Board of Directors in July 2024. As chairperson, I will endeavor to stimulate discussion at the Board of Directors meetings to improve the effectiveness of the Board of Directors. In the effectiveness evaluation of the Board of Directors for the fiscal year ended April 2025, the Board was assessed to be generally effective across all evaluation items. The Board was commended for further stimulate discussions by implementing measures to address issues identified in the previous fiscal year’s evaluation, including improvements to explanatory materials and organizing issues. The effectiveness of the whistleblowing system and the efforts for dialogue with shareholders, etc. are also highly evaluated. On the other hand, some other issues were identified: there is still room for improvement such as further discussions were expected on the nomination and remuneration system and on the medium- and long-term enhancement of corporate value, etc.

Through our investor relations (IR) and shareholder relations (SR) activities, I get to hear many opinions directly from shareholders and investors, and incorporating such outside perspectives enables us to diversify and deepen discussions at Board of Directors meetings.

The Company’s officers are well-balanced in each of the areas such as the ratio of independent officers, the ratio of female officers, and the skill matrix. Based on their various knowledge, they provide us with very positive and appropriate opinions and recommendations from diverse perspectives. In addition to addressing the issues identified through the effectiveness evaluation, we will continue holding briefing sessions for all outside officers to deepen their understanding of each business initiatives and further stimulate discussions at Board meetings.

I believe that such efforts will contribute to further enhancing the effectiveness of the Board and increase the Company’s corporate value over the medium- and long-term.

The Board of Directors is composed of at least 1/3 independent outside directors, from the viewpoint of strengthening its supervisory function. In addition, the Company establishes skill sets for its management strategies and supervisory functions that contribute to the enhancement of corporate value over the medium- and long-term, and ensures that the composition of the Board of Directors takes into consideration the balance of diversity of the skills, genders, and other attributes of each officer. In order to enhance corporate value over the medium- and long-term, the Board of Directors formulates management policies and plans, makes decisions on the execution of important business operations, supervises and evaluates the execution of business operations by directors, and develops internal controls, risk management systems, etc., thereby contributing to ensuring the soundness of management.

The Board of Directors met 14 times in the fiscal year ended April 2025. Outside directors participate in management by giving appropriate advice from diverse perspectives, in addition to advice based on their respective skills when making important decisions for the Company, while also effectively exercising their supervisory functions through their high level of independence.

- Main discussion items for the fiscal year ended April 2025**
- Growth strategies and corporate value enhancement**
- Medium- and Long-term Vision
 - Management conscious of cost of capital
 - Digital transformation growth strategy
 - Materiality initiatives
 - Human capital management strategy
- Corporate governance**
- Evaluation of the effectiveness of the Board of Directors
 - Skill matrix
 - Succession plans
 - Internal control systems
 - Compliance
 - Risk management
 - Status of internal audits
- Other**
- Status of dialogue with investors, etc.

* Excluding items related to financial results

Evaluating the effectiveness of the Board of Directors

For purposes of further enhancing the effectiveness of the Board of Directors, the Board of Directors annually conducts a self-appraisal survey for each director, and all corporate auditors also evaluate the Board using the same question surveys.

In the fiscal year ended April 2025 survey, the Company prepared survey items with the cooperation of a third party, and entrusted the compilation and analysis of the survey results to a third party, and this was then analyzed and evaluated by the Board of Directors.

- Evaluators: All directors and corporate auditors (14 in total)
- Evaluation method: Survey (5-point scale and free comments for each item)
- Evaluation items: Composition and operation of the Board of Directors, management and business strategies, corporate ethics and risk management, performance monitoring and evaluation/remuneration of management, dialogue with shareholders, etc.

GOVERNANCE

Board of Corporate Auditors

The Board of Corporate Auditors conducts audits of the execution of duties by directors, while also exchanging opinions with accounting auditors for each accounting audit, and striving to improve the accuracy of audits by corporate auditors concerning laws, regulations, the Articles of Incorporation, and matters related to accounting. In addition, the Board of Corporate Auditors accompanies audits of subsidiaries by accounting auditors, thus working to strengthen auditing functions.

Outside corporate auditors work with the standing corporate auditor to formulate audit policies and plans, inspect important documents related to management, audit financial statements and reference documents, audit proposals submitted to the General Meeting of Shareholders, check the status of the execution of business operations by directors, and provide advice, suggestions, and recommendations to directors and the Board of Directors through discussions at meetings of the Board of Corporate Auditors. In order to cooperate with the Corporate Audit Office, the Board of Corporate Auditors participates in regular internal audit meetings once a quarter and receives reports.

The Board of Corporate Auditors met 13 times in the fiscal year ended April 2025, consulting to conduct audits of the Board of Directors and business execution to ensure that business operations are conducted with compliance in mind, and to monitor, supervise, and advise on specific measures.

Main agenda items for the fiscal year ended April 2025

- Formulation of audit policies and plans
- Preparation of audit reports
- Ensuring the appropriateness of accounting audits
- Agreement with the evaluation and remuneration of accounting auditors
- Checks of the status of the development and operation of internal control systems, etc.

Nomination and Remuneration Committee

Message from the chairperson

Toward a management structure that contributes to sustainable growth and increased corporate value



Mariko Watahiki

Chairperson of the Nomination and Remuneration Committee
Outside director

I have served as chairperson of the Nomination and Remuneration Committee since July 2024. In my capacity as an outside director, I have worked to strengthen the management system in a way that supports sustainable growth and enhances corporate value, while maintaining independence and objectivity.

During the fiscal year ended April 2025, the Committee focused on key themes relating to both nominations and remuneration.

Regarding nominations, we first conducted an inventory of the knowledge and experience of current directors to select candidates for directors and reviewed the skills matrix to ensure the Board's structure aligns with current and future management challenges, identifying skills that should be supplemented going forward. We have also been discussing a succession plan aimed at developing and ensuring continuity among the next generation of management personnel, and these discussions are ongoing.

Regarding remuneration, we revised the remuneration framework to enhance transparency and fairness of the executive remuneration system. In revising the framework, we set the base remuneration level with reference to peer companies and broader social trends, and reviewed the proportion of performance-linked incentives to strengthen alignment with the Company's medium- and long-term growth targets. We expect these changes to encourage each officer to act with an even stronger sense of responsibility and commitment to the Company's sustainable growth.

Going forward, we will continue to strengthen governance effectiveness and work to build a sound, highly transparent management framework through constructive dialogue with management team, leveraging our external perspective.

The Company has established the Nomination and Remuneration Committee as a voluntary advisory body in order to enhance the fairness, transparency, and objectivity of procedures related to the nomination, remuneration, etc., of directors and enhance corporate governance. The Board of Directors has resolved that at least half of the members of this committee will be independent officers. The committee is chaired by an independent outside director to ensure independence and to provide accurate advice and recommendations.

The committee met seven times during the fiscal year ended April 2025. For the purpose of contributing to the establishment of appropriate management systems and ensuring the transparency of management, the committee mainly deliberates

the appointment and dismissal of directors, succession plans, and remuneration for officers, and it expresses its views to the Board of Directors.

Main agenda items for the fiscal year ended April 2025

Nomination

- Director candidates
- Skill matrix
- Succession plans

Remuneration

- Remuneration for directors and corporate auditors

Succession plans

The Nomination and Remuneration Committee engages in discussions regarding the required character of the next president. The Human Resources Development Committee (President, executive directors, Officer in charge of personnel) then selects candidates and

formulates and implements development plans. The Nomination and Remuneration Committee supervises and evaluates the status of the candidate development. Currently, we are evaluating, shortlisting and replacing successor candidates.

Succession plan steps

- 1.Planning of roadmap
- 2.Formulation of the image of the ideal president and evaluation criteria
- 3.Selection of successor candidates
- 4.Formulation and implementation of development plan

5.Evaluation, shortlisting and replacement of successor candidates

- 6.Evaluation of shortlisted candidates and nomination of candidate
- 7.Support after nomination

Development of candidates

The required characteristics of the next president include focusing on realizing the enhancement of business value over the medium- and long-term, possessing business operation abilities and experience, possessing deep knowledge regarding areas such as finance, and having a sincere personality. Multiple candidates are selected and trained by providing them with concrete experience through roles in corporate management and business operations as directors or executive officers in the Company itself or in Group companies.

Evaluation of candidates

Candidates are evaluated based on the requirements of the position, and then the outside directors who are members of the Nomination and Remuneration Committee conduct interviews as appropriate to get a better picture of the candidates. The Human Resources Development Committee discusses regarding the candidates, and when necessary, revises requirements and processes and adds or drops candidates. The Nomination and Remuneration Committee discusses final candidates and reports to the Board of Directors.

Officer selection and skill sets

Director selection process

When selecting candidates for directors, the Nomination and Remuneration Committee discusses the skills needed to bring new knowledge to the Board of Directors and to promote various measures to further improve the Company's

performance, as well as bolster the compliance promotion framework and governance system. Each candidate is then carefully considered, taking into account the various balances in the Board of Directors, including the skills matrix.

Skill sets

The Company has a business strategy of growth in both the dispensing pharmacy business and the retail business, and after deliberations by the Nomination and Remuneration Committee regarding skills for providing supervisory functions that contribute to increases in corporate value over the medium- and long-term, the Board of Directors has been reviewing the required skills. When selecting officer candidates

for the Ordinary General Meeting of Shareholders in July 2025, the Board conducted a partial review of the skill sets and split the "Sustainability management" skill into "Human capital management" and "Environment." The identified skills are as follows.

Details of skills and reasons for selection

Required skills	Details of skills	Reasons for selection
Management experience	Has management experience in a listed company or core business company	Necessary for building appropriate management strategies for increasing corporate value over the medium- and long-term, and providing effective supervision of execution by management
Finance	Holds certified public accountant or tax accountant qualifications, or has operational experience in financial institutions or accounting departments, or has experience in financial strategy, such as investment decisions, including M&A	Necessary for achieving sound management and promoting financial strategy that is congruent with management strategy
Legal and compliance	Holds attorney at law qualifications, or has experience as a corporate auditor, or has operational experience in legal affairs, risk management, internal audit, or compliance departments, or possesses specialist knowledge	Because a proper awareness and management of various risks associated with corporate activities and of compliance is necessary for appropriate execution by management
Human capital management	Has operational and management experience in human capital management, including human resource strategy and development, and promoting D&I (diversity & inclusion), or possesses specialist knowledge	The greatest source of business growth is people, and for the sustainable enhancement of corporate value, a human resource strategy linked to the management strategy is essential, which is why oversight of human capital management is necessary
Environment	Has operational and management experience in environmental matters, such as environmental protection, reducing environmental impact, and addressing climate change issues, or possesses specialist knowledge	Necessary for the promotion of environmental protection measures linked to management strategies to achieve sustainable growth of the business and increases in corporate value over the medium- and long-term
Dispensing pharmacy business	Knowledge and experience of the dispensing pharmacy business, such as market development (store operation, development, implementation of new initiatives, etc.), or health and healthcare policy (formulation and execution of strategies aimed at revisions in laws and regulations, etc.)	As the importance of understanding various policy trends and responding to system reforms in the dispensing pharmacy business is increasing, it is necessary to have a bird's eye view of the business in general, including such issues as healthcare industry insurance systems and legal regulations, for effectively supervising the execution of business
Retail business	Knowledge and experience of the retail business, including market and product development, or brand development	Necessary for achieving a bird's eye view of the business in general, including market trends in the retail industry, and for effectively supervising execution of business

GOVERNANCE

Skill matrix

	Name	Outside	Independence (for outside officers only)	Management experience	Finance	Legal and compliance	Human capital management	Environment	Dispensing pharmacy business	Retail business	Experience, etc. providing the basis for skills
Directors	President and Representative Director Kiichi Otani	—	—	●	●				●	●	Management experience: President and Representative Director of the Company / Finance: Promotes financial strategy as Representative Director Dispensing pharmacy business: Pharmacist, founded and has driven the expansion of the business / Retail business: Founded and has driven the expansion of the drug store business
	Representative Senior Managing Director Shoichi Shudo	—	—	●	●				●		Management experience: Representative Director of the Company, President and Representative Director of AIN PHARMACIEZ INC. / Finance: In charge of Store Development of the Company Dispensing pharmacy business: In charge of Dispensing Pharmacy Operations Management of the Company
	Representative Senior Managing Director Toshihide Mizushima	—	—	●	●				●	●	Management experience: Representative Director of the Company / Finance: Promotes financial strategy as a person in charge of Operational Support of the Company Dispensing pharmacy business: Experience having been in charge of Operating Management of the Company, President and Representative Director of WHOLESALE STARS Co., Ltd. Retail business: Division Manager of Retail Operations Management of the Company
	Representative Senior Managing Director Miya Oishi	—	—	●					●	●	Management experience: Representative Director of the Company, experience as President and Representative Director of AIN PHARMACIEZ INC. Dispensing pharmacy business: Pharmacist, experience as Division Manager of Dispensing Pharmacy Operations Management of the Company / Retail business: Experience as President and Representative Director of AIN PHARMACIEZ INC.
	Rieko Kimei	—	—	●			●			●	Management experience: Director of the Company, experience as President and Representative Director of AYURA LABORATORIES INC. Human capital management: As Division Manager of Personnel of the Company, leads initiatives for D&I (diversity & inclusion) and opportunities for women in the workplace Retail business: Experience as Division Manager of Cosmetic and Drug Store Business of the Company and President and Representative Director of AYURA LABORATORIES INC.
	Nobuyuki Takakura	—	—			●		●	●		Legal and compliance: Division Manager of Sustainability Management of the Company, experience as person in charge of Risk Management of the Company, experience as Chief Social Responsibility Officer at Teijin Group and CSR Officer, experience having led responses of said group's compliance and risk management efforts from a CSR perspective Environment: Division Manager of Sustainability Management of the Company, experience as Chief Social Responsibility Officer at Teijin group and CSR Officer Dispensing pharmacy business: Experience in promoting health and healthcare policies at the Ministry of Health, Labour and Welfare
	Noriko Endo	●	●		●	●		●	●		Finance: Knowledge of international finance, fiscal policy, macro economy, and other areas as an editor of an economics magazine Legal and compliance: Research at university into risk and security governance Environment: Knowledge of energy and environmental problems gained through research into public policy as it pertains to energy Dispensing pharmacy business: Knowledge gained from her involvement in reviews on social security and other such issues as a member of the government's council related to the fiscal system
	Hideki Kuriyama	●	●				●				Human capital management: Knowledge in organizational governance and human capital management, gained through efforts to develop human resources as a manager of a professional baseball team and of the Japan national baseball team
	Mariko Watahiki	●	●			●	●				Legal and compliance: Attorney at law, experience as a judge Human capital management: Possesses insights into human capital in organizational operations, gained from experience in personnel management and human resource development as President of a High Court and an instructor at the Legal Training and Research Institute of Japan
	Nobumichi Hattori	●	●		●						Finance: Experience as Managing Director of Goldman Sachs (Japan) Ltd. (now Goldman Sachs Japan Co., Ltd.) and Visiting Professor of School of International Corporate Strategy of Hitotsubashi University, Visiting Professor of Graduate School of Business and Finance of Waseda University and Guest Professor of Graduate School of Business Administration of Keio University
Corporate Auditors	Shigeki Kimura	●	●	●	●	●	●			●	Management experience: Representative Director of Seven & i Holdings Co., Ltd., Director of Seven-Eleven Japan Co., Ltd. Finance: Experience as Division Manager of Financial Accounting and Division Manager of Management of Seven-Eleven Japan Co., Ltd. Legal and compliance: Experience as Division Manager of Management of Seven-Eleven Japan Co., Ltd. Human capital management: Experience as Division Manager of the Corporate Personnel Planning of Seven & i Holdings Co., Ltd. Retail business: Representative Director of Seven & i Holdings Co., Ltd., Director of Seven-Eleven Japan Co., Ltd.
	Mamoru Oki	—	—			●			●	●	Legal and compliance: Experience as Division Manager of Internal Audit Office of the Company Dispensing pharmacy business: Pharmacist, experience in store operations within the dispensing pharmacy business / Retail business: Experience in store operations within the retail business
	Ayako Sano	●	●		●	●					Finance: Was employed by Goldman Sachs (Japan) Ltd. (now Goldman Sachs Japan Co., Ltd.) Legal and compliance: Attorney at law, outside corporate auditor of another company, auditor of incorporated administrative agency
	Minako Mizutani	●	●		●						Finance: Tax accountant

* The Company determines “Independence Criteria for outside directors and outside corporate auditors” and “Immaterial Criteria for the judgement that the relationship with the Company is unlikely to affect shareholder’s decision concerning the exercise of voting rights” in order to judge their independence objectively. All outside officers fulfill the criteria and have a high degree of independence.
<https://www.ainj.co.jp/corporate/english/governance.html>

* This is an indication of the skills expected by the Company and does not represent all the skills possessed.

GOVERNANCE

Remuneration for directors and corporate auditors

To help directors focus on achieving management objectives in line with our Medium- and Long-term Vision, the Nomination and Remuneration Committee reviewed the compensation framework for the fiscal year ending April 2026 onward. Following extensive discussion, the Committee revised KPI

indicators and increased the weighting of performance-linked pay. From the standpoint of enhancing corporate governance, the method for determining individual compensation was also reviewed.

	Prior to the fiscal year ended April 2025	From the fiscal year ending April 2026
Basic policy	To ensure the Group fulfills its social role and responsibilities by contributing to local healthcare and by providing beauty and happiness, the Company expects directors to improve the Group's business performance and support sustainable growth while also sharing the same values as stakeholders. The remuneration system for directors consists of a fixed monthly remuneration component in accordance with each role and its responsibilities, a bonus linked to earnings performance to enhance the transparency and objectivity of the remuneration determination process and to provide work incentives, and a non-monetary compensation component to foster greater awareness of sustainable growth from the perspective of shareholders. However, the remuneration system for outside directors is set up to reflect their role and responsibilities in overseeing the Company's management from an independent and objective standpoint.	(added the following) The Nomination and Remuneration Committee conducts its deliberations based on economic and social conditions, the Company's business performance, as well as objective indicators and advice that has been provided by external research organizations.

Composition of remuneration for directors

Directors (excluding outside directors)	<div>Basic remuneration70%</div> <div>Bonus20%</div> <div>Non-monetary compensation10%</div>	<div>Basic remuneration65%</div> <div>Bonus25%</div> <div>Non-monetary compensation10%</div>
Outside directors	<div>Basic remuneration100%</div>	<div>Basic remuneration100%</div>

Determination policy

Basic remuneration	Monetary remuneration consists of fixed monthly basic remuneration. The amount of basic remuneration is determined based on a number of criteria, including the position, responsibilities, and tenure of the individual, as well as the balance of remuneration relative to employee remuneration, trends at other companies in the industry and past remuneration.	(The comparison benchmark was changed from "peer companies in the same industry" to "companies of a similar size across all industries," and the following was added) In addition, an allowance (chairperson or member allowance) is paid for those duties when an outside director serves as chairperson or member of the Nomination and Remuneration Committee.
Bonuses	Bonuses are determined based on a range of factors, including consolidated operating profit and ROE for each fiscal year, the individual's contribution to tackling environmental and social issues for each fiscal year and other value that does not directly appear in financial metrics, as well as dividends, the balance of bonuses relative to those paid to employees, trends at other companies in the industry and previous bonus payments.	(Added "paid once a year," revised performance indicators for bonuses, and added the following) The KPIs and their respective weightings are reviewed annually by the Nomination and Remuneration Committee. Reviews are conducted with a focus on promoting medium- and long-term growth in corporate value, while ensuring that the indicators provide incentives for achieving annual management targets. Broader social trends and developments at other companies are also taken into comprehensive consideration.
Non-monetary compensation	Non-monetary compensation for directors is restricted stock. Each year up to a total of ¥50 million in monetary remuneration claims may be granted to directors in accordance with standard amounts determined by their position and level of responsibility. Common stock is allocated to the claims as contributions in kind. The number of shares of common stock to be allocated as restricted stock remuneration shall not exceed 50,000 each year.	

Total remuneration, remuneration by type, and number of eligible individuals (fiscal 2025)

Category	Total remuneration (¥ million)	Remuneration by type (¥ million)			Number of eligible individuals
		Basic remuneration	Bonus	Non-monetary compensation	
Directors (excluding outside directors)	212	151	46	14	7
Corporate Auditors (excluding outside corporate auditors)	8	8	0	—	1
Outside directors	42	42	—	—	6
Outside corporate auditors	15	15	—	—	4

	Prior to the fiscal year ended April 2025	From the fiscal year ending April 2026
Performance indicators for bonuses		
Financial indicators		Evaluation weight
	Consolidated operating profit compared to budget	30%
	Consolidated operating profit year on year	20%
	ROE	30%
Sustainability indicators	CO ₂ emissions per net sales of ¥100 million (Scope 1 and 2)	
	Ratio of independent directors	20%
	Ratio of female managers, etc.	
		Evaluation weight
	Consolidated net sales compared to budget	20%
	Consolidated operating profit compared to budget	25%
	Consolidated operating profit year on year	25%
	ROE	20%
	CO ₂ emissions per net sales of ¥100 million (Scope 1 and 2)	5%
	Ratio of female managers	5%

Achievement rate and payment rate	Not set	Achievement rate	Payment rate
		Less than 50%	0%
		50% or more, less than 150%	Same as the achievement rate
		150% or more	150%

Policy for determining details of individual compensation	The Nomination and Remuneration Committee prepares proposals on the amount of compensation for each individual, including the range of monthly compensation for each position, details of earnings performance and other evaluation metrics for bonuses, and the amount of non-monetary compensation for each position. After approval by the Board of Directors, the President and Representative Director is responsible for making final decisions on compensation within the scope of the details approved by the Board.	The Nomination and Remuneration Committee prepares and deliberates on proposals on the amount of compensation for each individual, including the range of monthly compensation for each position, details of evaluation metrics based on the achievement rate of KPIs for bonuses, and the amount of non-monetary compensation for each position, and reports these proposals to the Board of Directors. After approval by the Board of Directors, the Nomination and Remuneration Committee is responsible for final decisions on compensation within the scope of the details approved by the Board.
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Cross-shareholdings

Shares to be held
The Company holds shares that offer potential mutual benefits, such as business alliances related to the Company's operations or business relationships that need to be maintained and reinforced, and the stocks of companies that the Company requires to maintain links with local communities.

Basic policy
In principle, the Company seeks to keep the value of cross-shareholdings at less than 5% of net assets on the consolidated balance sheets. If the value of cross-shareholdings exceeds that level, the Company's basic policy is to consider steps such as rapidly selling the shares.

Assessment of the significance of holding
The Board of Directors considers whether the rationale for holding the shares is appropriate, whether benefits and risks are commensurate with the cost of capital, and if there are more effective uses of funds, which informs decisions on whether to continue holding the shares or reduce holdings through share disposals or other means. As of April 30, 2024, the Company held 14 listed company stocks. In the fiscal year ended April 2025, the Company sold seven company stocks and added two company stocks held by companies acquired through M&As. As of April 30, 2025, the Company holds nine listed company stocks.

Criteria for exercising voting rights
The Company shall exercise voting rights associated with cross-shareholdings in accordance with the following criteria: "While fully respecting the management policies of the investee company, the Company shall consider and vote on each proposal after comprehensively assessing whether the proposal will contribute to improving the corporate value of the investee company and the Company's medium- and long-term corporate value. In the event of serious corporate governance concerns, such as operating losses in continuous fiscal years, significant damage to shareholder value due to corporate reorganization or other decisions, or corporate scandal and other concerns, the Company shall vote on each proposal after examining the details with particular scrutiny."

Number of company stocks held and consolidated balance sheet value (As of April 30, 2025)

Category	Number of companies	Total value on consolidated balance sheets (¥ million)	Ratio to total net assets
Listed	9	994	0.7%
Unlisted	26	1,891	1.3%
Investment partnerships	6	347	0.2%
Total	41	3,233	2.3%

GOVERNANCE

Board of Directors and Corporate Auditors (As of October 1, 2025)

* The number of AIN HOLDINGS shares held is as of April 30, 2025

Board of Directors

Kiichi Otani

(Date of birth: July 19, 1951)

**President and
Representative Director**

Nomination and Remuneration

Number of years in office: 45 years
Number of AIN HOLDINGS shares held:
3,240 thousand shares**Significant concurrent positions**

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Rieko Kimei

(Date of birth: February 26, 1962)

**Director
Director, Division Manager of
Personnel**Number of years in office: 11 years
Number of AIN HOLDINGS shares held:
6 thousand shares**Significant concurrent positions**
Director of AIN PHARMACIEZ INC.

Mariko Watahiki

(Date of birth: May 2, 1955)

**Director
Chairperson of the Nomination and
Remuneration Committee**

Outside Independent

Nomination and Remuneration

Number of years in office: 1 year
Number of AIN HOLDINGS shares held:
– thousand shares**Significant concurrent positions**
Attorney at Law at Okamura Law Office
Outside Director, Chairperson of the
Nomination Committee, Member of the
Compensation Committee and Member of the
Governance Committee of LIXIL Corporation
President of Family Problems Information
Center

Corporate Auditor

Mamoru Oki

(Date of birth: January 31, 1961)

Standing Corporate Auditor

Newly appointed

Number of years in office: – year
Number of AIN HOLDINGS shares held:
2 thousand shares**Significant concurrent positions**
Corporate Auditor of AIN
PHARMACIEZ INC.

Shoichi Shudo

(Date of birth: November 16, 1959)

Representative Senior Managing Director
in charge of Store Development and
Dispensing Pharmacy Operations Management
Chairperson of the Board of DirectorsNumber of years in office: 25 years
Number of AIN HOLDINGS shares held:
10 thousand shares**Significant concurrent positions**
President and Representative
Director of AIN PHARMACIEZ INC.

Nobuyuki Takakura

(Date of birth: January 14, 1957)

**Director
Division Manager of
Sustainability Management**Number of years in office: 2 years
Number of AIN HOLDINGS shares held:
1 thousand shares**Significant concurrent positions**
Senior Managing Director of AIN
PHARMACIEZ INC.

Nobumichi Hattori

(Date of birth: December 25, 1957)

Director

Outside Independent

Number of years in office: 1 year
Number of AIN HOLDINGS shares held:
– thousand shares**Significant concurrent positions**
Outside Director of
FAST RETAILING CO., LTD.
Visiting Professor of Graduate School of
Business and Finance of Waseda University
Outside Director of Hakuodo DY Holdings Inc.
Guest Professor of Graduate School of
Business Administration of Keio University

Ayako Sano

(Date of birth: December 9, 1977)

Corporate Auditor

Outside Independent

Number of years in office: 1 year
Number of AIN HOLDINGS shares held:
– thousand shares**Significant concurrent positions**
Representative of Aya Law Office
Outside Director of SKYLARK
HOLDINGS CO., LTD.
Outside Director of Sodick Co., Ltd.
Outside Corporate Auditor of CLAS Inc.
Auditor, Research Institute of Economy,
Trade and Industry

Toshihide Mizushima

(Date of birth: March 10, 1960)

Representative Senior Managing Director
in charge of Operational Support and Digital
Promotion and Division Manager of Retail
Operations ManagementNumber of years in office: 25 years
Number of AIN HOLDINGS shares held:
28 thousand shares**Significant concurrent positions**
President and Representative Director of
WHOLESALE STARS Co., Ltd.

Noriko Endo

(Date of birth: May 6, 1968)

Board of Directors

Outside Independent

Nomination and Remuneration

Number of years in office: 7 years
Number of AIN HOLDINGS shares held:
0 thousand shares**Significant concurrent positions**
Outside Director of Hankyu Hanshin
Holdings, Inc.
Outside Director of Japan Elevator Service
Holdings Co., Ltd.
Outside Member of the Board of NTT, Inc.
Professor of Research Council,
Waseda University

Shigeki Kimura

(Date of birth: March 16, 1962)

Director

Outside Independent

Number of years in office: 1 year
Number of AIN HOLDINGS shares held:
– thousand shares**Significant concurrent positions**
Representative Director and Vice
President of Seven & i Holdings Co., Ltd.
Director of Seven-Eleven Japan Co., Ltd.

Minako Mizutani

(Date of birth: September 24, 1969)

Corporate Auditor

Outside Independent

Number of years in office: 1 year
Number of AIN HOLDINGS shares held:
– thousand shares**Significant concurrent positions**
Representative Partner of Moore Shisei
Tax Corporation
Outside Corporate Auditor of The
Yamanashi Chuo Bank, Ltd.

Miya Oishi

(Date of birth: August 7, 1960)

**Representative Senior
Managing Director**Number of years in office: 13 years
Number of AIN HOLDINGS shares held:
7 thousand shares**Significant concurrent positions**
Director of AIN HOKURIKU INC.
Director of AIN PHARMACIEZ INC.

Hideki Kuriyama

(Date of birth: April 26, 1961)

Director

Outside Independent

Number of years in office: 3 years
Number of AIN HOLDINGS shares held:
– thousand shares**Significant concurrent positions**
Professor of Hakuoh University
Specially Appointed Professor of
Hokkai-Gakuen University
Chief Baseball Officer of Hokkaido
Nipponham Fighters

Compliance

AIN Group’s Code of Conduct

We have established the AIN Group’s Code of Conduct, which is shared by all officers and employees of the Group, in order to incorporate compliance practices into concrete actions and maintain a sound corporate culture. The code explicitly sets out 14 items, including being mindful of conducting corporate activities in good faith and with ethics, always considering the perspectives of customers and patients while prioritizing meeting their expectations, and correctly understanding and complying with laws, regulations, and rules related to our business operations. In November 2024, we formulated the AIN

Group Compliance Promotion Action Plan with the aim of contributing to the sustainable growth of the AIN Group by widely disclosing specific actions and initiatives and reporting on their progress, thereby maintaining their effectiveness and constantly making regular checks and improvements.

AIN Group’s Code of Conduct

AIN Group Compliance Promotion Action Plan

Promotion framework

The Group primarily operates a dispensing pharmacy business and retail business, and based on the nature of these businesses, which both support people’s health and daily lives, the Company recognizes that it is essential to continue sound and transparent business activities that place the utmost importance on compliance.

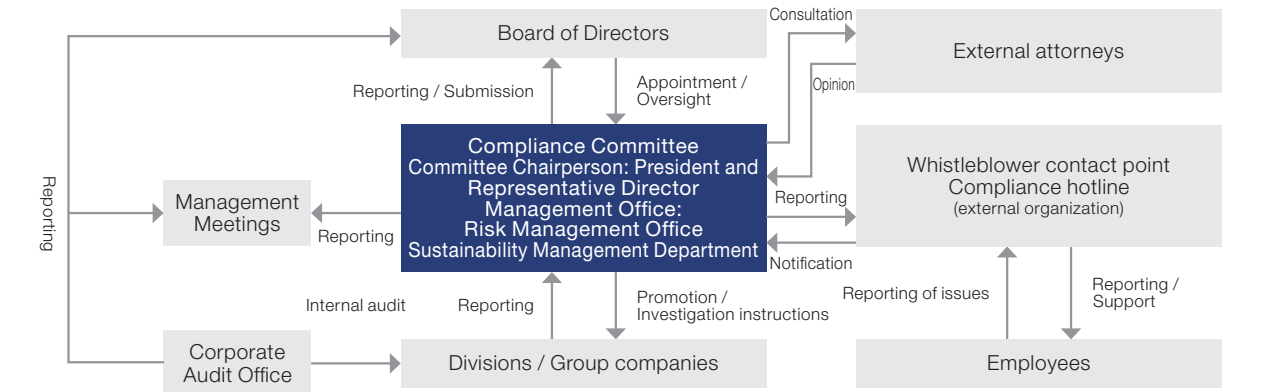
The Company has established the Compliance Committee for the purpose of establishing, disseminating, and ensuring the entrenchment of the Group’s compliance system, and its composition is based on a resolution by the Board of Directors. The Compliance Committee holds regular meetings once every six months, and also holds irregular meetings as needed. It deliberates and determines matters such as the Group’s policies and measures related to the promotion of compliance, measures to prevent recurrence of serious compliance violations, and policies for handling individual reports, and reports or submits its views to the Board of Directors.

In addition, from the viewpoint of protecting whistleblowers, a “compliance hotline” contact point

for whistleblowers has been established as a contact point for whistleblowers by delegation to an external organization, and as necessary, the Compliance Committee obtains legal assessments, views, etc., from external attorneys, including when responding to reports, and engages in deliberations and consideration.

At present, the Compliance Committee is chaired by the President and Representative Director, with the Director (Division Manager of Sustainability Management) as vice chairperson, and Representative Senior Managing Directors, the Director (Division Manager of Personnel), and the standing corporate auditor as members. Its management office is the Risk Management Office and Sustainability Management Department. Furthermore, when deliberating and considering individual reports, depending on the content of the report, related officers and the Presidents of related Group companies, as well as other officers and employees designated by the chairperson or vice chairperson of the committee as equivalent responsible persons participate in meetings of the committee as extraordinary members.

Compliance promotion structure



Anti-bribery and anti-corruption policy

Bribery and corruption in corporate activities not only impede fair business dealings but can also serve as sources of funding for antisocial forces. Therefore, regulations in both Japan and overseas are being strengthened in recent years against bribery and corruption. To further strengthen such bribery and corruption prevention activities, we have formulated the

AIN Group Anti-Bribery and Anti-Corruption Policy, which applies to all Group companies. We will continue to strive to maintain high ethical standards and engage in sensible and ethical corporate activities.

AIN Group Anti-Bribery and Anti-Corruption Policy

Tax policy

We have formulated the AIN Group Tax Policy, recognizing that it is an important responsibility to comply with laws and regulations in taxation and to contribute to the community

and society through accurate tax payments. We will continue to ensure tax transparency and strive to minimize tax risks.

AIN Group Tax Policy

Whistleblower contact point “compliance hotline”

We have set up a whistleblower contact point that can be used to report or consult regarding any actual or potential legal or regulatory violations (such as violations of the law, regulations, internal rules, corporate ethics or the like, bribery, corruption, harassment, etc.) by Group companies, their employees, or their officers. This hotline was created to enable us to more rapidly identify and address problems and to contribute to our compliance management. The hotline can be used by all Group employees (including contract employees and part-time employees), by former employees who left the Group within one year, and all officers. To protect the privacy of users and to make it easier for people to use, we have entrusted the operation of this contact point to an external organization.

In publicizing our whistleblowing system, we have clearly indicated the methods for submitting reports and that our policy with respect to receiving reports is to strictly protect the privacy of users and prevent retaliation . We share information about the whistleblower contact point multiple times each year via our intranet and strive to create an environment that facilitates the use of this whistleblower contact point.

	Fiscal 2023	Fiscal 2024	Fiscal 2025
Number of whistleblowing reports	38	41	69

Education and training

To raise the overall compliance awareness of the Group, sustainability training, which includes compliance, is provided to all Group officers and employees. Furthermore, all employees attend harassment training. For officers and employees involved in sales in all business divisions, compliance training is performed by external attorneys, and participants are thoroughly familiarized with the compliance requirements and points to note regarding sales activities. Instructional materials and case

study collections are always available on the intranet, and we distribute pocket manuals containing the AIN Group’s Code of Conduct and information on consultation desks, such as our contact point for whistleblowers, along with pocket manuals containing key points to note with regard to sales activities. We urge all personnel to have these pocket manuals with them at all times and to refer to them as necessary, thereby fostering a greater focus on compliance.

Training programs	Participants	Contents
Compliance training for officers	All officers, including those in Group companies	In this training, conducted by an external attorney, participants reconfirm the importance of compliance and deliberate the themes to be used in compliance training for employees to teach compliance concepts from the perspective of competition and to raise the compliance awareness of the Group as a whole.
Compliance training	Division Managers of the Company, the presidents of core Group companies, and employees involved in sales in all divisions	In this training, conducted by an external attorney, participants reconfirm the importance of compliance and use case studies to learn the legal knowledge they require for their sales activities and the compliance principles that relate to situations involving competition.
Sustainability training	All officers and employees, including those in Group companies	Participants acquire basic and up-to-date knowledge in areas such as corporate philosophy, respect for human rights, compliance, KENKO Investment for Health, and the environment in order to realize sustainability management.
Harassment training	All employees	Participants are provided accurate information regarding harassment with the aim of improving workplace environments and ensuring the safety and security of employees.

Stakeholder engagement

The AIN Group seeks to strengthen relationships of trust with all stakeholders by engaging in sensible and ethical corporate activities based on its Sustainability Management Policy, and by promoting proactive, appropriate information disclosure and two-way communication.

Engagement with key stakeholders	Communication channels
Employees	<p>We aim to create an environment where employees can work healthily and thrive, promote the active participation and growth of diverse talent, and foster innovation by enabling all employees to realize their full potential.</p> <ul style="list-style-type: none">● Dissemination of messages from the President and the senior management team● Internal portal site and company newsletter● Human resource training programs (meetings, training sessions, etc.)● Employee engagement survey● Employee survey● Internal awards● Consultation hotlines (personnel, mental health, LGBTQ, etc.)● Compliance hotline (whistleblowing system)
Patients and customers	<p>As health-related environments and values continue to evolve, we aim to improve the “health and happiness of our customers” by delivering services that reflect the diverse needs and voices of each patient and customer, and by meeting their expectations and requests.</p> <ul style="list-style-type: none">● Day-to-day business activities● Inquiries to the Customer Service Office● Customer surveys● Pro bono activities (health events)● Websites and social media
Local communities	<p>By promoting pro bono activities such as health events and collaborating with local governments, other industries, and NPOs/NGOs, we aim to foster harmony and coexistence with local communities and contribute to society through health and other community-focused initiatives.</p> <ul style="list-style-type: none">● Pro bono activities (health events)● Collaboration and agreements with local governments● Cross-industry collaboration● Collaboration with NPOs and NGOs● Social contribution activities through donations, sponsorships, and other means● Support for global initiatives (UN Global Compact, etc.)
Shareholders and investors	<p>We aim to achieve sustainable growth and enhance corporate value over the medium- and long-term by strengthening Group-wide corporate governance, ensuring highly transparent and sound management, providing prompt, accurate, fair, and continuous disclosure, and engaging proactively in constructive dialogue through timely and voluntary information sharing.</p> <ul style="list-style-type: none">● General Meeting of Shareholders● Financial results briefing● Individual meetings with domestic and overseas institutional investors (IR and SR activities)● Investor relations website● Integrated report
Business partners	<p>By introducing CSR procurement, we share with our supply chain the importance of environmental conservation, labor practices, and social responsibility, and promote sustainability initiatives in collaboration with them to ensure responsible procurement.</p> <ul style="list-style-type: none">● Business partner briefings● Business partner CSR questionnaire● Dedicated whistleblower and consultation contact for business partners● Regular exchanges of information
Medical and nursing care professionals	<p>Through coordination with various medical professionals and participation in team-based and home-based healthcare, we aim to deliver high-quality, sustainable medical services and contribute to healthy and prosperous lives for local residents.</p> <ul style="list-style-type: none">● Participation in the community-based integrated care system(team-based healthcare through coordinating with various medical professionals and promotion of home-based healthcare)● Regular exchanges of information
National and local government agencies	<p>Even during disasters or pandemics, we remain committed to providing uninterrupted healthcare services, engaging in dialogue through industry associations, and taking the lead in developing new systems that meet societal needs, thereby contributing to local healthcare services as part of the community's infrastructure.</p> <ul style="list-style-type: none">● Disaster resilience (activities during disasters and pandemics)● Collaboration and agreements with local governments● Dialogue through industry associations● Various surveys and questionnaires
Future generations	<p>Through active dialogues with future generations, in the form of work experience programs and surveys, we seek to understand and fulfill the roles expected of the Group and remain a company chosen by future generations.</p> <ul style="list-style-type: none">● Next-generation training● Awareness surveys

Dialogue with employees

Creating value through business activities driven by the internal integration of sustainability

We foster sustainability awareness by sharing the Group's philosophy and initiatives with employees through internal newsletters and training programs. In the fiscal year ended April 2025, we issued a monthly “SustAINable Newsletter,” featuring articles on social issues and emerging trends, along with interviews with employees engaged in social contribution activities across Japan. We also conduct regular employee surveys to assess awareness levels and invite submissions of “sustainability actions” practiced both at work and in daily life, fostering active dialogue across the organization. Going forward, we will continue to promote sustainability activities across the Group through the actions of each employee, striving to address social issues and generate greater value.



Dialogue with local governments

Strengthening infrastructure for local healthcare services through collaboration with local governments and other partners

In response to the growing number of natural disasters in recent years, we have formulated business continuity plans (BCPs) and conduct disaster drills, thereby striving to protect the lives and health of employees and to supply drugs and medical services in the event of a disaster. We are also supporting local healthcare services in areas throughout Japan through efforts such as our Sapporo Community Development Partnership Agreement with Sapporo City and our Community Development Partnership Agreement with Kurobe City, Toyama Prefecture. Going forward, we will continue to actively respond to cooperation requests from medical institutions and local governments to provide local health-care assistance, living up to our social mission as a part of community infrastructure.



Dialogue with experts

Reviewing materiality in light of changes in the external environment and our Medium- and Long-term Vision

The Group identified its materiality in 2020 and, in 2021, established key initiatives, KPIs, and targets through the fiscal year ending April 2026 to drive its sustainability activities. Taking into account evolving global discussions, shifts in social issues specific to Japan and our industry, and the Group's Medium- and Long-term Vision “Ambitious Goals 2034,” we began reviewing our materiality in 2025. In September 2025, we held a stakeholder dialogue with external experts. Through evaluations and concerns raised by external experts, we aim to further advance our business activities and sustainability initiatives, contributing to sustainable corporate growth and the realization of a sustainable society.



* The results of the materiality review are scheduled to be disclosed during the fiscal year ending April 2026.

BASIC INFORMATION / DATA

11-year Financial and Non-financial Summary

(¥ million)	4/2015	4/2016	4/2017	4/2018	4/2019	4/2020	4/2021	4/2022	4/2023	4/2024	4/2025
For the year:											
Net sales	187,904	234,843	248,110	268,385	275,596	292,615	297,305	316,247	358,742	399,824	456,804
Selling, general and administrative expenses	17,509	23,915	27,529	28,370	29,295	30,793	35,222	34,832	37,694	39,090	57,565
Operating profit	11,452	14,619	14,563	19,622	16,067	16,068	10,932	15,139	16,004	20,432	16,871
Ordinary profit	11,697	15,158	15,080	20,129	16,637	16,822	12,649	16,041	17,064	21,377	18,080
Profit attributable to owners of parent	6,197	7,917	7,949	10,567	9,029	9,179	6,697	7,092	9,234	11,401	9,261
Capital expenditures	6,413	11,209	4,786	5,311	9,919	10,536	8,122	12,756	14,756	15,268	17,234
Depreciation	2,553	3,259	3,687	3,596	3,903	4,087	4,243	4,792	5,529	6,464	8,372
At the end of the year:											
Equity capital ^{*1}	47,928	53,258	60,105	96,697	103,855	110,915	115,758	118,923	126,450	135,307	142,520
Total net assets	48,046	53,324	60,178	96,733	103,922	111,003	115,837	119,010	126,546	135,411	142,632
Total assets	114,149	139,888	156,323	183,380	189,021	193,451	203,662	212,461	231,750	249,409	311,921
Number of shares outstanding (shares)	31,707,617	31,707,617	31,707,568	35,427,524	35,427,484	35,427,484	35,427,321	35,127,301	35,130,024	34,994,321	35,073,225
Number of pharmacies: Dispensing pharmacy business	754	881	1,066	1,029	1,132	1,088	1,065	1,099	1,209	1,231	1,290
Number of AINZ & TULPE stores: Retail business	56	52	52	48	54	63	69	78	78	81	95
Number of Francfranc stores: Retail business	—	—	—	—	—	—	—	—	—	—	165
Per share information (¥):											
Earnings ^{*2}	195.45	249.69	250.71	310.08	254.87	259.11	189.04	201.47	262.87	324.64	264.32
Net assets ^{*2}	1,511.57	1,679.69	1,895.63	2,729.44	2,931.48	3,130.77	3,267.49	3,385.51	3,599.47	3,866.55	4,063.53
Cash dividends ^{*2}	30.0	40.0	50.0	50.0	55.0	55.0	55.0	55.0	60.0	80.0	80.0
Stock information (based on the closing price as of April 30) (¥):											
Stock price	4,245	5,340	7,720	7,300	8,840	6,030	6,070	5,840	5,640	5,970	5,525
Ratios (%):											
Operating margin	6.1	6.2	5.9	7.3	5.8	5.5	3.7	4.8	4.5	5.1	3.7
Net profit margin ^{*3}	3.3	3.4	3.2	3.9	3.3	3.1	2.3	2.2	2.6	2.9	2.0
Return on assets (ROA) ^{*4}	5.8	6.2	5.4	6.2	4.8	4.8	3.4	3.4	4.2	4.7	3.3
Return on equity (ROE) ^{*5}	13.8	15.6	14.0	13.5	9.0	8.5	5.9	6.0	7.5	8.7	6.7
Shareholders' equity ratio	42.0	38.1	38.4	52.7	54.9	57.3	56.8	56.0	54.6	54.3	45.7
PBR	2.82	3.19	4.09	2.67	3.01	1.92	1.86	1.74	1.58	1.56	1.37
Dividend payout ratio	15.3	16.0	19.9	16.1	21.6	21.2	29.1	27.3	22.8	24.6	30.3

Note: Amounts of less than one million yen were rounded down.


^{*1}: Equity capital = Total net assets - Non-controlling interests^{*2}: The Company conducted a 2-for-1 stock split of common shares with an effective date of October 1, 2014. Earnings per share, net assets per share and cash dividends per share have been adjusted retroactively to reflect the impact of the stock split.^{*3}: Net profit margin = Profit attributable to owners of parent / Net sales × 100^{*4}: Return on assets = Profit attributable to owners of parent / Total assets (yearly average) × 100^{*5}: Return on equity = Profit attributable to owners of parent / Equity capital (yearly average) × 100

BASIC INFORMATION / DATA

ESG Data

ESG Data Book



	4/2022	4/2023	4/2024	4/2025
Environment				
Environmental Protection Action Policy Yes		Environmental Protection Action Policy		
Number of environmental infringements	0	0	0	0
Environmental data				
CO ₂ emissions				
Scope 1 and 2 (t-CO ₂ , thousand)	21.1	19.2	20.3	24.5
Scope 1 (t-CO ₂ , thousand)	1.0	1.1	1.3	2.3
Scope 2 (t-CO ₂ , thousand)	20.0	18.0	18.9	22.2
Scope 3 (t-CO ₂ , thousand)	556.7	656.9	810.7	963.0
Total energy use (TJ)	399.1	426.9	451.0	453.5
Electricity use (TJ)	373.9	402.1	424.3	411.8
Hot and cold water use (TJ)	6.0	3.7	2.1	3.6
Fuel use (TJ)	18.9	20.9	22.6	32.5
CO ₂ emissions per unit of production (Scope 1 + Scope 2) (t/million yen *net sales)	6.7	5.4	5.1	5.4
Other				
Pharmaceutical disposal rate (%)	0.05	0.06	0.06	0.07
Social				
Human Rights Policy Yes			Human Rights Policy	
Employment: Human resources activity				
Total employees	13,009	14,147	15,114	18,300
Male	2,467	2,671	2,756	3,094
Female	10,542	11,476	12,358	15,206
Pharmacists	5,768	6,331	6,478	6,786
Non-Japanese employees	36	39	39	47
Number of graduates hired	999	931	1,276	1,345
Pharmacists	660	543	532	553
Full-time employees average age	33.6	36.2	33.9	33.9
Full-time employees turnover rate (%)	6.9	8.2	7.8	7.9
Pharmacists (%)	5.7	7.0	7.5	7.9
Proportion of employees continuing work after mandatory retirement age (%)	82.4	57.6	74.0	64.0
Human resources utilization / training				
Platinum Eruboshi certification Yes				
Platinum Kurumin certification Yes				
Ratio of female graduate recruitment (%)	82.5	81.7	84.5	87.1
Ratio of female managers (%)	34.0	35.9	36.8	40.6

	4/2022	4/2023	4/2024	4/2025
Social				
Employees using maternity/paternity leave	432	396	435	517
Employees using childcare leave	657	648	735	823
Employees with reduced hours for childcare	1,008	1,081	1,100	1,359
Average training hours per full-time employee (hours)	26	22	25	28.3
Average training cost per full-time employee (¥)	13,126	34,127	20,983	25,493
KENKO Investment for Health				
KENKO Investment for Health Declaration Yes (Japanese only)	KENKO Investment for Health Declaration			
Average monthly overtime per employee (hours)	4.7	5.2	6.1	7.2
Occupational accident frequency rate (%)	0.37	0.00	0.39	0.66
Other				
Full-time employee average annual compensation (¥ thousand)	4,398	4,409	4,524	4,587
Governance				
Board of Directors				
Number of directors	12	12	11	11
Independent outside directors	4	4	4	5
Female directors	3	3	4	4
Ratio of female directors (%)	25.0	25.0	36.4	36.4
Number of meetings	11	11	12	14
Average attendance for outside directors (%)	97.7	92.5	93.7	98.3
Average attendance for outside corporate auditors (%)	100	100	100	92.9
Board of Corporate Auditors				
Number of corporate auditors	3	3	3	3
Outside corporate auditors	2	2	2	2
Number of meetings	13	12	12	13
Average attendance for outside corporate auditors (%)	100	100	100	96.2
Executive Remuneration				
Director and corporate auditor remuneration (¥ million)	218	253	260	279
Inside directors (¥ million)	179	214	216	212
Inside corporate auditors (¥ million)	7	7	7	8
Outside directors (¥ million)	18	19	22	42
Outside corporate auditors (¥ million)	12	12	13	15
Nomination and Remuneration Committee				
Number of meetings (Average attendance %)	4(100)	3(100)	2(100)	7(100)
Sustainability Committee				
Number of meetings (Average attendance %)	3(91.2)	2(97.2)	2(94.5)	2(91.0)

Basic Information (As of April 30, 2025)

Corporate data

Corporate name

AIN HOLDINGS INC.

Head office

5-2-4-30, Higashi-sapporo,
Shiroishi-ku, Sapporo-shi,
Hokkaido, Japan

Established

August 1969

Paid-in capital

¥21,894million

Number of employees

18,300 (consolidated)
(including part-timers)

Business lines

Planning, management and operation of the corporate Group, focused on pharmacy, cosmetic store, and interior furnishing shop operations, generic drug wholesaling, sales of cosmetics, and operation of retail shops, and the Group's other businesses

Stock information

Transfer agent

Mizuho Trust & Banking Co., Ltd.

Stock listings

Tokyo Stock Exchange, Prime
Market and Sapporo Securities
Exchange

Securities code number

9627

Fiscal year

May 1 to April 30 of the following
year

Ordinary general meeting of shareholders

July

Date of record

April 30
(The Company will announce other
dates as and when required.)

Major shareholders

Shareholders	Number of shares held (thousand shares)	Shareholding ratio (%)
Kiichi Otani	3,240	9.17
Seven & i Holdings Co., Ltd.	2,750	7.78
OASIS JAPAN STRATEGIC FUND LTD.	2,633	7.45
The Master Trust Bank of Japan, Ltd. (Trust account)	2,528	7.16
OASIS INVESTMENTS II MASTER FUND LTD.	1,911	5.41
North Pacific Bank, Ltd.	1,743	4.93
Retirement Benefit Trust managed by Mizuho Trust & Banking Co., Ltd. (Marubeni Corporation account)	1,594	4.51
The Hokkaido Bank, Ltd.	1,472	4.17
STATE STREET BANK AND TRUST COMPANY 505103	1,259	3.57
Oasis Japan Strategic Fund Ltd.	729	2.07

Notes:1. The above list of major shareholders is current as of April 30, 2025.
2. Shares held in the Retirement Benefit Trust managed by Mizuho Trust & Banking Co., Ltd. (Marubeni Corporation account) are part of Marubeni Corporation's retirement benefit trust.
3. According to the Large Shareholding Report (change in holding report) provided for public inspection on May 1, 2024, Oasis Management Company Ltd. held 5,274 thousand shares as of April 23, 2024 (shareholding ratio of 14.89%). However, as the Company was not able to confirm the actual number of shares held, the above list of major shareholders is based on the number of shares held recorded in the Register of Shareholders.
4. According to the Large Shareholding Report (change in holding report) provided for public inspection on April 24, 2025, Sprucegrove Investment Management Ltd. held 3,198 thousand shares as of April 21, 2025 (shareholding ratio of 9.03%). However, as the Company was not able to confirm the actual number of shares held, the above list of major shareholders is based on the number of shares held recorded in the Register of Shareholders. In addition, the Company submitted an Extraordinary Report (change in major shareholder) on April 25, 2025, because Sprucegrove Investment Management Ltd. is no longer considered to be a major shareholder according to the description in the company's Large Shareholding Report (change in holding report), which is available for public inspection as of April 24, 2025.

ESG ratings

■ FTSE Blossom Japan Sector Relative Index

Selected for inclusion in an index composed of Japanese companies that demonstrate outstanding environmental, social and governance (ESG) performance in their respective sectors

Disclaimer



■ MSCI Japan ESG Select Leaders Index

Selected as a Japanese company with high ESG ratings within its respective industry, among the stocks that comprise the MSCI Japan IMI Index

■ MSCI Japan Empowering Women (WIN) Select Index

Selected for empowering women and scoring highly for gender diversity from constituents of the MSCI Japan IMI Top 700 Index

Disclaimer



■ Morningstar Japan ex-REIT Gender Diversity Tilt Index

Selected as a company that has strong gender diversity policies embedded in its corporate culture and that ensures equal opportunities to employees, irrespective of their gender

Disclaimer



■ CDP

Acquired a score of B in the climate change survey conducted by CDP in 2024.

■ S&P/JPX Carbon Efficient Index

An index jointly provided by Japan Exchange Group and S&P Dow Jones Indices. Constituent stocks are selected from the TOPIX (Tokyo Stock Price Index), with a focus on the level of environmental information disclosure and carbon efficiency.



**FTSE Blossom
Japan Sector
Relative Index**

**2025 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)**

**2025 CONSTITUENT MSCI NIHONKABU
ESG SELECT LEADERS INDEX**



**Japan ex-REIT Gender Diversity
Tilt Index**

TOP CONSTITUENT 2025



External evaluations

■ KENKO Investment for Health (White 500)

Selected as a 2025 Certified KENKO Investment for Health Outstanding Organization (Large Enterprise Category - White 500)

■ Platinum Eruboshi certification

Received the Platinum Eruboshi certification for exceptionally outstanding support for women's participation and career advancement in the workplace

■ Platinum Kurumin certification

Received the Platinum Kurumin certification as a company that provides exceptional childcare support. The Platinum Kurumin is a certification that is awarded to Kurumin certified companies that provide childcare support at an even higher standard.



2025
健康経営優良法人
KENKO Investment for Health
大企業優良企業
ホワイト500



Participation in the initiative

■ United Nations Global Compact

The world's largest initiative for establishing a healthy global society. Signatory companies and organizations are required to affirm its Ten Principles related to protecting human rights, eliminating unfair labour, responses to the environment, and anti-corruption, and to continuously strive to practice these principles. The Group has signed the United Nations Global Compact.

■ TCFD

Endorsed the final report of the TCFD (TCFD recommendations) and joined the TCFD Consortium

Initiatives / External Evaluations





AIN HOLDINGS