AIN GROUP

IR PRESENTATION

AIN HOLDINGS INC.

December 2015

Results Overview

Consolidated P/L

AIN GROUP

In the first six months of the fiscal year, net sales increased 21.2% year on year to ¥106,924 million, reflecting the opening of 35 new dispensing pharmacies including M&As. Ordinary income increased 36.7% to ¥6,084 million by the rise of net sales and operational efficiency improvement.

(¥ million)	FY4/15 2Q results	FY4/16 2Q plan	FY4/16 2Q results	YoY change	YoY change(%)	Vs plan (%)
Net sales	88,220	103,670	106,924	+18,704	+21.2	+3.1
Gross profit	12,622	15,590	16,713	+4,091	+32.4	+7.2
% of net sales	14.3	15.0	15.6			
SG&A expenses	8,392	10,280	10,812	+2,420	+28.8	+5.2
% of net sales	9.5	9.9	10.1			
Operating income	4,230	5,310	5,901	+1,671	+39.5	+11.1
% of net sales	4.8	5.1	5.5			
Ordinary income	4,451	5,490	6,084	+1,633	+36.7	+10.8
% of net sales	5.0	5.3	5.7			
Profit attributable to owners of parent	2,525	3,060	3,295	+770	+30.5	+7.7
% of net sales	2.9	3.0	3.1			
Earnings per share(¥)	79.64	96.51	103.93	+24.29	+30.5	+7.7

- Figures in the table are rounded down
- On October 1, 2014, the Company conducted a 2-for-1 stock split of common shares. Earnings per share is calculated by deeming stock splits to have occurred at the beginning of the previous fiscal year.

Dispensing Pharmacy Business(Consolidated)

AIN GROUP

Net sales rose 21.0% year on year to ¥95,940 million by the growth of prescription volume and average sales per prescription. Segment income rose 43.5% to ¥8,193 million by home-based healthcare, promotion wider use of generic drugs and operational efficiency improvement.

(¥ million)	FY4/15 2Q results	FY4/16 2Q plan	FY4/16 2Q results	YoY change	YoY change(%)	Vs plan (%)
Net sales	79,261	92,680	95,940	+16,679	+21.0	+3.5
Gross profit	9,822	12,200	13,102	+3,280	+33.4	+7.4
% of net sales	**12.4**	**13.2**	**13.7**			
SG&A expenses	4,328	5,050	5,165	+837	+19.3	+2.3
% of net sales	**5.5**	**5.4**	**5.4**			
Operating income	5,493	7,150	7,937	+2,444	+44.5	+11.0
% of net sales	**6.9**	**7.7**	**8.3**			
Segment income	5,710	7,290	8,193	+2,483	+43.5	+12.4
% of net sales	**7.2**	**7.9**	**8.5**			
Number of stores	659	785	781	+122	+18.5	(0.5)

- Figures in the table are rounded down
- Segment income is adjusted ordinary income shown on the quarterly consolidated statements of income
- Prescription volume:+17.3% YoY
- Average prescription price:+3.4% YoY

Drug and Cosmetic Store Business(Consolidated)

AIN GROUP

Net sales increased 18.7% year on year to ¥10,107 million by the opening of 3 new stores and the increase of inbound demand. However, net sales decreased 2.0% against our plan due to the closing of 3 stores. The year on year change of segment loss was ¥215 million due to the increase of sales promotion expenses of 2 new large stores opening.

(¥ million)	FY4/15 2Q results	FY4/16 2Q plan	FY4/16 2Q results	YoY change	YoY change(%)	Vs plan (%)
Net sales	8,514	10,310	10,107	+1,593	+18.7	(2.0)
Gross profit	2,844	3,450	3,484	+640	+22.5	+1.0
% of net sales	**33.4**	**33.5**	**34.5**			
SG&A expenses	2,835	3,620	3,859	+1,024	+36.1	+6.6
% of net sales	**33.3**	**35.1**	**38.2**			
Operating income	8	(170)	(375)	(383)	-	-
% of net sales	**0.1**	**-**	**-**			
Segment income	32	(150)	(183)	(215)	-	-
% of net sales	**0.4**	**-**	**-**			
Number of stores	55	59	56	+1	+1.8	(5.1)

- Figures in the table are rounded down
- Segment income is adjusted ordinary income shown on the quarterly consolidated statements of income
- No. of customers:+5.0% YoY
- Average spending per customer :+13.0% YoY

Consolidates B/S

Net cash became ¥5,107 million in spite of the increase of cash on hand and in banks and debt by M&A financial arrangements.

(¥ million)

End-FY4/15			
Assets		**Liabilities**	
Current assets	46,365	Current liabilities	54,433
Cash on hand and in banks	19,553	Short-term debt	6,330
		Lease obligations	628
Fixed assets	67,783	Long-term liabilities	11,669
Investments in securities	2,872	Long-term debt	7,640
		Lease obligations	1,341
Deferred assets	-	Total net assets	48,046
Total assets	114,149	Total liabilities and net assets	114,149

Net cash	3,613
Shareholders' equity ratio (%)	42.0

(¥ million)

End-FY4/16 2Q			
Assets		**Liabilities**	
Current assets	61,102	Current liabilities	72,747
Cash on hand and in banks	30,806	Short-term debt	17,607
		Lease obligations	666
Fixed assets	72,618	Long-term liabilities	10,587
Investments in securities	2,818	Long-term debt	6,150
		Lease obligations	1,274
Deferred assets	-	Total net assets	50,385
Total assets	133,721	Total liabilities and net assets	133,721

Net cash	5,107
Shareholders' equity ratio (%)	37.6

- Figures in the table are rounded down
- Net cash = Cash on hand and in banks-Interest-bearing debt (Short-term debt＋Lease obligations)

Assets

AIN GROUP

Total assets increased ¥19,572 million compared to those in the fiscal year ended April 2015. The factor is the increase of cash on hand and in banks, inventories, buildings and structures, and land.

(¥ million)	End-FY4/15 2Q	End-FY4/15	End-FY4/16 2Q	Change
Cash on hand and in banks	18,549	19,553	30,806	+11,253
Notes and accounts receivable	6,214	8,369	9,199	+830
Inventories	10,082	9,909	12,017	+2,108
Total current assets	**43,493**	**46,365**	**61,102**	**+14,737**
Buildings and structures,net	10,254	11,678	14,099	+2,421
Land	6,890	7,931	8,186	+255
Lease assets	1,413	1,388	1,410	+22
Total property,plant and equipment	**20,195**	**22,472**	**26,111**	**+3,639**
Lease assets	37	28	22	(6)
Total intangible fixed assets	**21,519**	**27,623**	**28,461**	**(838)**
Investments in securities	2,375	2,872	2,818	(54)
Deferred tax assets	790	984	1,231	+247
Deposits and guarantees	8,487	9,710	9,769	+59
Total investments and other assets	**15,773**	**17,688**	**18,044**	**+356**
Total fixed assets	**57,489**	**67,783**	**72,618**	**+4,835**
Total assets	**100,982**	**114,149**	**133,721**	**+19,572**

- Figures in the table are rounded down
- Capital expenditures(Purchases of property,plant and equipment and intangible fixed assets + Deposits and guarantees) totaled ¥6,077million
- Change(¥):End-FY4/16 2Q compared with end-FY4/15

Liabilities and Net Assets

AIN GROUP

Due to the rise of short-term debt, total liabilities increased ¥17,232 million.

(¥ million)	End-FY4/15 2Q	End-FY4/15	End-FY4/16 2Q	Change
Accounts payable	29,466	31,826	36,279	+4,453
Short-term debt	6,237	6,330	17,607	+11,277
Lease obligations	582	628	666	+38
Total current liabilities	**49,305**	**54,433**	**72,747**	**+18,314**
Long-term debt	3,574	7,640	6,150	(1,490)
Lease obligations	1,451	1,341	1,274	(67)
Total long-term liabilities	**7,389**	**11,669**	**10,587**	**(1,082)**
Total liabilities	**56,694**	**66,103**	**83,335**	**+17,232**
Common stock	8,682	8,682	8,682	-
Capital surplus	7,872	7,872	7,872	-
Retained earnings	27,967	31,639	33,984	+2,345
Total shareholders' equity	**44,104**	**47,776**	**50,120**	**+2,344**
Total net assets	**44,287**	**48,046**	**50,385**	**+2,339**
Total liabilities and net assets	**100,982**	**114,149**	**133,721**	**+19,572**

- Figures in the table are rounded down
- Change(¥):End-FY4/16 2Q compared with end-FY4/15

Consolidated C/F

AIN GROUP

By M&A financial arrangements, net increase in cash and cash equivalents became ¥11,261 million.

(¥ million)	End-FY4/15 2Q	End-FY4/16 2Q	Change
Net cash provided by operating activities	**4,822**	**9,221**	**+4,399**
Income before income taxes and minority interests	4,197	5,825	+1,628
Depreciation and amortization	1,198	1,417	+219
Amortization of goodwill	1,044	1,339	+295
(Increase) decrease in accounts receivable	959	(75)	(1,034)
(Increase) decrease in inventories	(73)	(1,515)	(1,442)
(Increase) decrease in other accounts receivable	(41)	(521)	(480)
Increase (decrease) in accounts payable	861	3,806	+2,945
Net cash used in investing activities	**(1,907)**	**(6,117)**	**(4,210)**
Payments for purchases of property, plant and equipment and intangible fixed assets	(1,278)	(4,427)	(3,149)
Purchase of shares in affiliated companies	(1,264)	(1,131)	+133
Net cash provided by (used in) financing activities	**(3,170)**	**8,157**	**+11,327**
Net increase (decrease) in cash and cash equivalents	(256)	11,261	+11,517
Cash and cash equivalents at end of the period	**18,479**	**30,650**	**+12,171**

- Figures in the table are rounded down

Business Value Analysis

AIN GROUP

	End-FY4/15 2Q	End-FY4/15	End-FY4/16 2Q	Change
Shareholders' equity ratio (%)	43.7	42.0	37.6	(6.1)
Market value equity ratio (%)	94.1	117.9	136.6	+42.5
PER (times)	-	21.72	-	-
EPS (¥)	79.64	195.45	103.93	+24.29
PBR (times)	2.16	2.82	3.65	+1.49
BPS (¥)	1,392.86	1,511.57	1,584.87	+192.01
ROA (%)	-	5.8	-	-
ROE (%)	-	13.8	-	-
EBITDA (¥ million)	-	16,284	-	-
EV/EBITDA (times)	-	7.98	-	-
Net D/E ratio (times)	(0.15)	(0.08)	(0.10)	+0.05
Net cash (¥ million)	6,703	3,613	5,107	(1,596)
Shareholder value (¥ million)	-	133,605	-	-
Market capitalization (¥ million)	95,059	134,598	182,635	+87,576

- Figures in the table are rounded down
- Change：FY4/16 2Q compared with FY4/15 2Q
- Net D/E ratio = (Interest-bearing debt – Cash on hand and in banks) / Shareholders' equity
- Shareholder value = EV – Net interest-bearing debt
- Market capitalization：Except treasury stock
- Share prices used to calculate market capitalization:
  End-FY4/15 2Q ¥2,998(end-Oct 2014), end-FY4/15 ¥4,245 (end-Apr 2015), end-FY4/16 2Q ¥5,760 (end-Oct 2015).
- Net cash ＝Cash on hand and in banks － Interest-bearing debt (Long- and Short-term debt＋ Lease obligations)
- On October 1, 2014, the Company conducted a 2–for-1 stock split of common shares. Net income per share is calculated by deeming stock splits to have occurred at the beginning of the previous fiscal year.

FY4/16 Plan (Consolidated)

AIN GROUP

We forecast net sales of ¥218,280 million, up 16.2% year on year and ordinary income of ¥13,700 million, up 17.1% year on year for the fiscal year ending April 30, 2016.

(¥ million)	FY4/14 results	FY4/15 results	FY4/16 plan	YoY change	YoY change (%)
Net sales	170,225	187,904	218,280	+30,376	+16.2
Gross profit	25,748	28,961	34,290	+5,329	+18.4
% of net sales	15.1	15.4	15.7		
SG&A expenses	15,635	17,509	20,890	+3,381	+19.3
% of net sales	9.2	9.3	9.6		
Operating income	10,113	11,452	13,400	+1,948	+17.0
% of net sales	5.9	6.1	6.1		
Ordinary income	10,587	11,697	13,700	+2,003	+17.1
% of net sales	6.2	6.2	6.3		
Net income	5,259	6,197	7,230	+1,033	+16.7
	3.1	3.3	3.3		
Net income per share(¥)	165.04	195.45	228.02	+32.57	+16.7
Annual dividend (¥)	30.00	30.00	40.00	+10.00	+33.3

- Figures in the table are rounded down
- Change:FY4/16 plan compared with FY4/15 results
- Change (%):FY4/16 plan compared with FY4/15 results
- On October 1, 2014, the Company conducted a 2–for-1 stock split of common shares. Net income per share and annual dividend are calculated by deeming stock splits to have occurred at the beginning of the previous fiscal year.

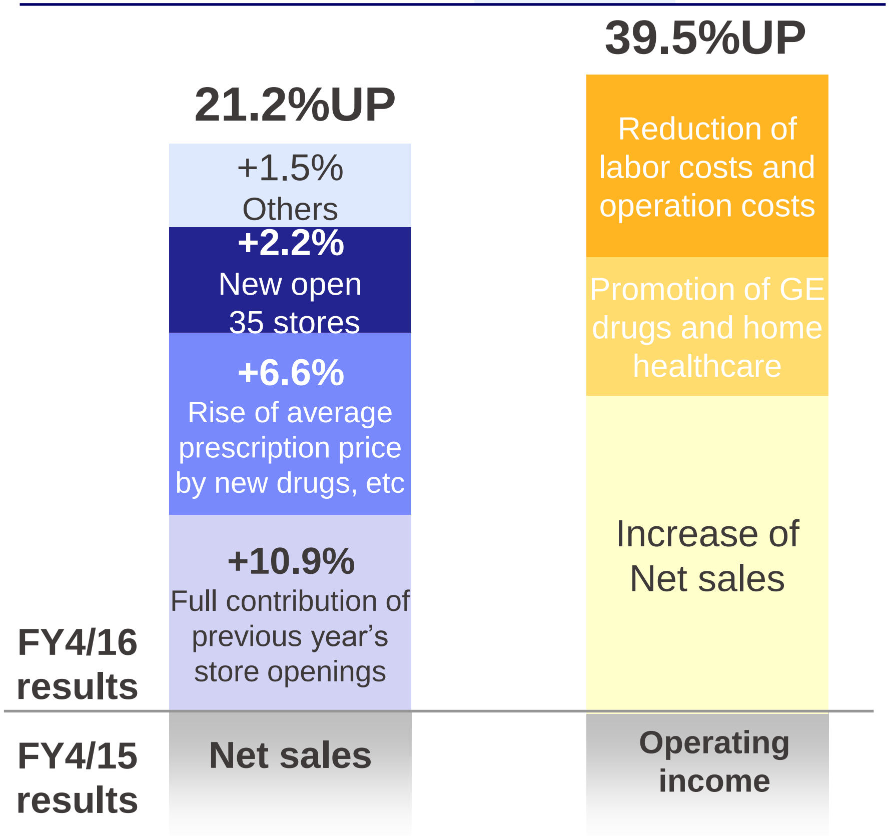
Operating Outlook

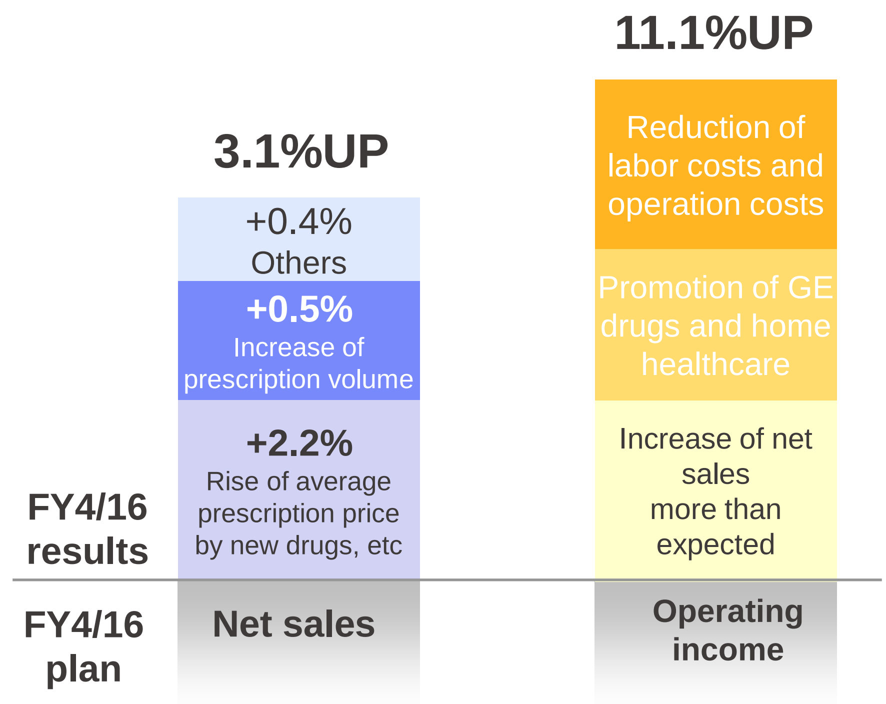
- 2Q Review
- Growth Points

2Q Review

Year-on-year (¥ million)	FY4/15 2Q results	FY4/16 2Q results	YoY change(%)
Net sales	88,220	106,924	+21.2
Operating income % of net sales	4,230 4.8	5,901 5.5	+39.5

Vs plan (¥ million)	FY4/16 2Q plan	FY4/16 2Q results	Vs plan (%)
Net sales	103,670	106,924	+3.1
Operating income % of net sales	5,310 5.1	5,901 5.5	+11.1





Store Network

As of FY16/4 2Q, we opened more organic stores than planned. As a result, the number of new stores including M&As is 35. Furthermore, NP HOLDINGS Co.,Ltd. based on Shikoku region became a subsidiary of the Group. We plan 124 store openings in the full year.

■ Number of stores

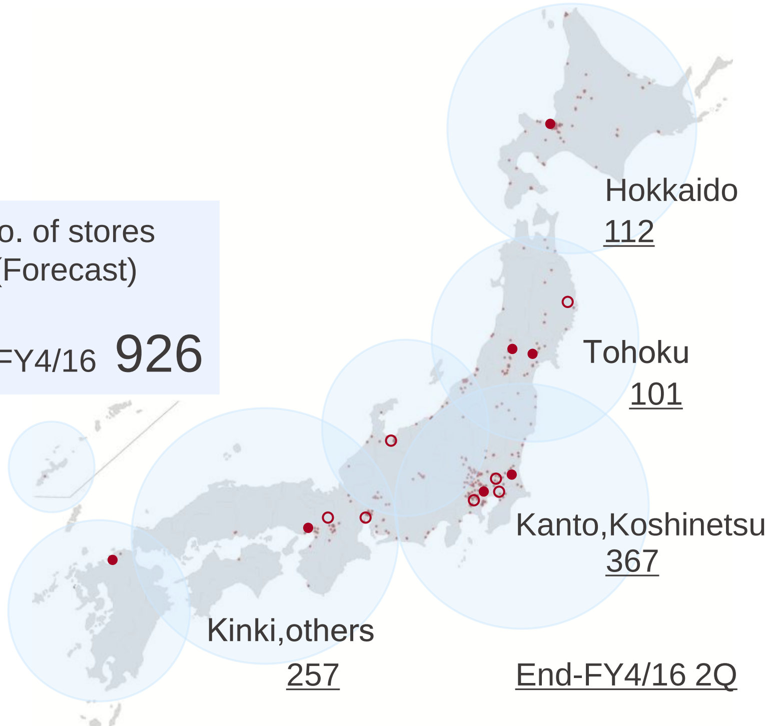
837 (Dispensing pharmacy : 781
Drug and cosmetic store : 56)

■ Plan

		FY4/16 2Q		FY4/16	December
		Plan	Results	Plan	Forecast
Dispensing pharmacy	Organic	14	16	56	23
	M&A	17	16	64	73
Drug and Cosmetic store		3	3	4	3
Total		34	35	124	99

No. of stores (Forecast)

End-FY4/16 926



- Total number of stores includes the two franchise stores
- 86 properties secured

■ Transition of dispensing pharmacies

	FY4/07	FY4/08	FY4/09	FY4/10	FY4/11	FY4/12	FY4/13	FY4/14	FY4/15	FY4/16 2Q	FY4/16 Dec. (Forecast)
Organic	14	23	24	21	18	27	38	36	40	16	23
M&A	18	91	3	3	35	28	38	26	119	16	73
Close	3	5	8	2	5	9	10	6	21	5	6
No. of stores	247	356	375	397	448	494	560	616	754	781	844

Growth Strategy

Our group is working to expand the sales scale by new store openings including M&A and to improve the quality of dispensing pharmacies, cosmetic and drug stores. We will keep growing by responding changes in the business environment.

■ Top-Line

We will secure the good location such as dispensing pharmacies near hospitals and medical mall that are highly convenient for patients. We will also actively gain M&A opportunities as an important part of our growth.

■ Dispensing pharmacies at the heart of local communities

We will play a key role in society by continuing to reinforce our capabilities to create "dispensing pharmacies at the heart of local communities".

■ Securing personnel resources

In addition to focus on the recruitment, we changed new pharmacist training system to be in-house in order to train younger employees at the same time.

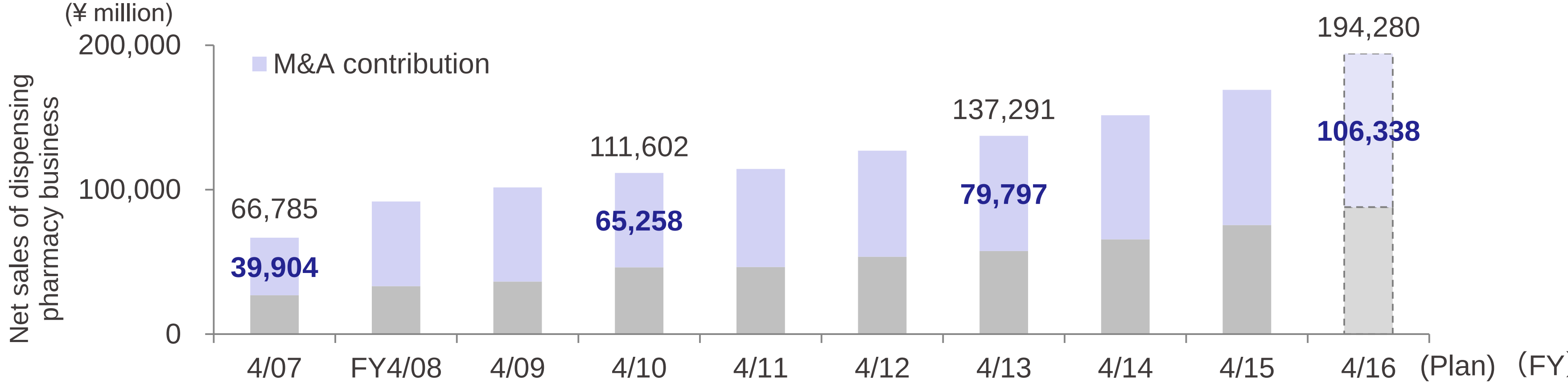
■ Expansion of *ainz & tulpe*

We will establish the new style of "*ainz & tulpe*" as drug and cosmetics store by actively opening new urban store and selling our original products.

Acceleration of M&A

Under the change of environment in this industry, the number of M&A deals are increasing. We set M&A's criteria as EV/EBITDA ratio of 5-7, and squeeze the deals which contribute to profits from first year.

■ Transition of M&A's sales contribution



M&A										
FY4/03 Imagawa Yakuhin FY4/05 AIN MEDIO, AIN MEDICALSYSTEMS etc.	DAICHIKU	Asahi Pharmacy SUNWOOD	1 M&A		6 M&As	9 M&As	11 M&As	13 M&As	MEDIO Pharmacy 14 M&As	9 M&As	NP Group

	FY4/07	FY4/08	FY4/09	FY4/10	FY4/11	FY4/12	FY4/13	FY4/14	FY4/15	FY4/16 2Q	FY4/16 Dec.
No. of M&A stores	18	91	3	3	35	28	38	26	119	16	73
EV/EBITDA ratio	7.54	4.82	2.21	3.45	5.60	5.51	5.09	3.94	4.77	3.81	5.68
No. of total stores	247	356	375	397	448	494	560	616	754	781	844(434)

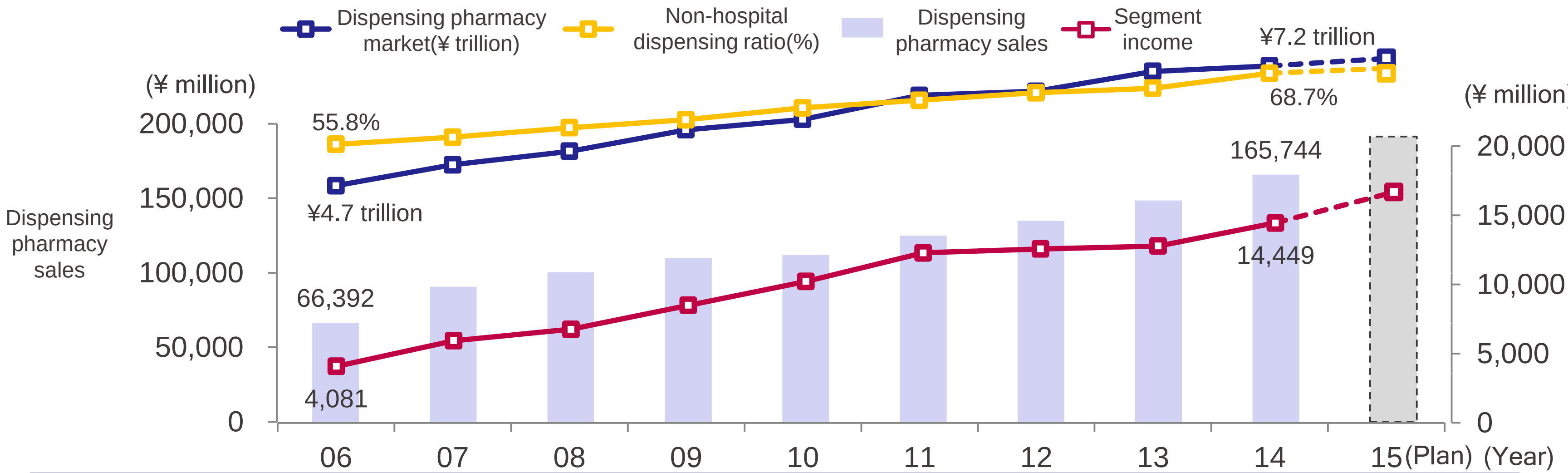
- EV/EBITDA ratio = EV(Purchase price) / EBITDA(Operating income + Depreciation and amortization)
- No. of stores in a bracket of FY4/16 Dec. (plan) is total stores acquired through M&As from FY4/07.

■Transition of operating margin

	Before M&A	After M&A	Change
Average from FY4/11 to FY4/15	2.3%	11.6%	+9.3%

- Before M&A : Due Diligence data. After M&A: Results of next fiscal year (FY4/15 is the result of FY4/16 2Q)

Transition of dispensing fee revisions



	06	08	10	12	14
Revision ratio on dispensing fees(%)	▲0.6	+0.17	+0.52	+0.46	+0.22 ※1
Revision ratio on drug price(%)(Drug price vase)	▲6.7	▲5.2	▲5.75	▲6.0	▲2.65 ※2

Basic dispensing fee

Basic dispensing fee

- **2006(2 divisions)** 42 points / 19 points
- **2008** 40 points / 18 points
- **2010** 40 :4,000 times or less / 70% or less; 24 :over 4,000 times and over 70%
- **2014** 41 :Except following; 25 :Over 4,000 times and over 70%, Over 2,500 times and over 90%

Reconsideration of dispensing pharmacies near hospital's evaluation

Standard for dispensing system premiums

- **2012**(Increase of stock) 10 points:700 items; 30 points:1,000 items; Open time
- **2014** **12 :24-hour rotation support, home healthcare support**; **36 :24-hour own support, result of home healthcare services**

Premium for generic drug dispensing systems

- **2006** Started promoting GE drugs by changing style of prescription
- **2008** (Dispensing ratio) 4 points : 30%
- **2010** (Volume base) 6 points : 20%; 13 points : 25%; 17 points : 30%
- **2012** 5 points : 22%; 15 points : 30%; 19 points : 35%
- **2014(New standards)** **18 points : 55%**; **22 points : 65%**

Further promotion of GE drugs

Pharmaceutical management fee

Drug use history management and guidance fee(Instruction fee)

- **2006** 22 points
- **2008(2 divisions)** 30 points; 35 points : Aged over 75
- **2010(1 division)** 30 points
- **2012** 41 points
- **2014** 41 points; **34 points : No notebooks**

Evaluation of the drug use history management and guidance fee

▶ Premium by revisions are excerpted from Japan Pharmaceutical Association ▶ The income after FY 2008 is operating income ▶ Including the correspondence to consumption tax (※1:+0.18%, ※2:+2.99%)

Respond to Revision of 2014

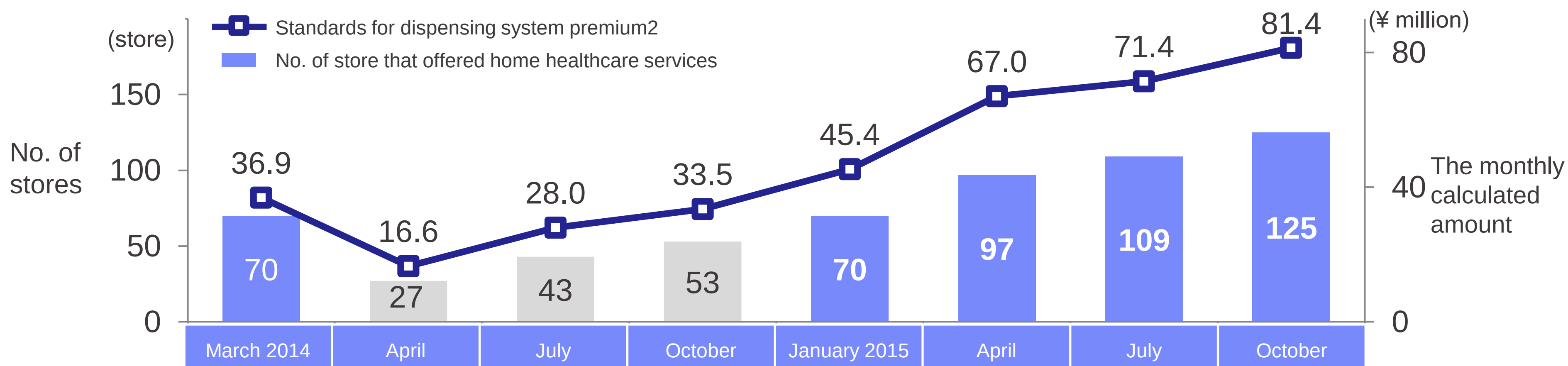
AIN GROUP

In the revision of 2014, the results of home-based dispensing services are added to the condition of standards for dispensing system premiums 2. We are increasing the number of pharmacies that meet the condition.

■ Facility criteria of standards for dispensing system premium 2

	Before revision of 2014		After revision of 2014	
Results of home healthcare service	**Regardless of results**	30 points	**Result of more than 10 cases of home healthcare service (For one year)**	36 points
24-hour support	cooperation with nearby pharmacies		Own support without other pharmacies' cooperation	
Others	Prescription : Over 600 times and 70% or less Stock : Over 1,000 items License to sell narcotic drugs, etc		No change	

■ Transition of standards for dispensing system premium 2 and No. of home healthcare services



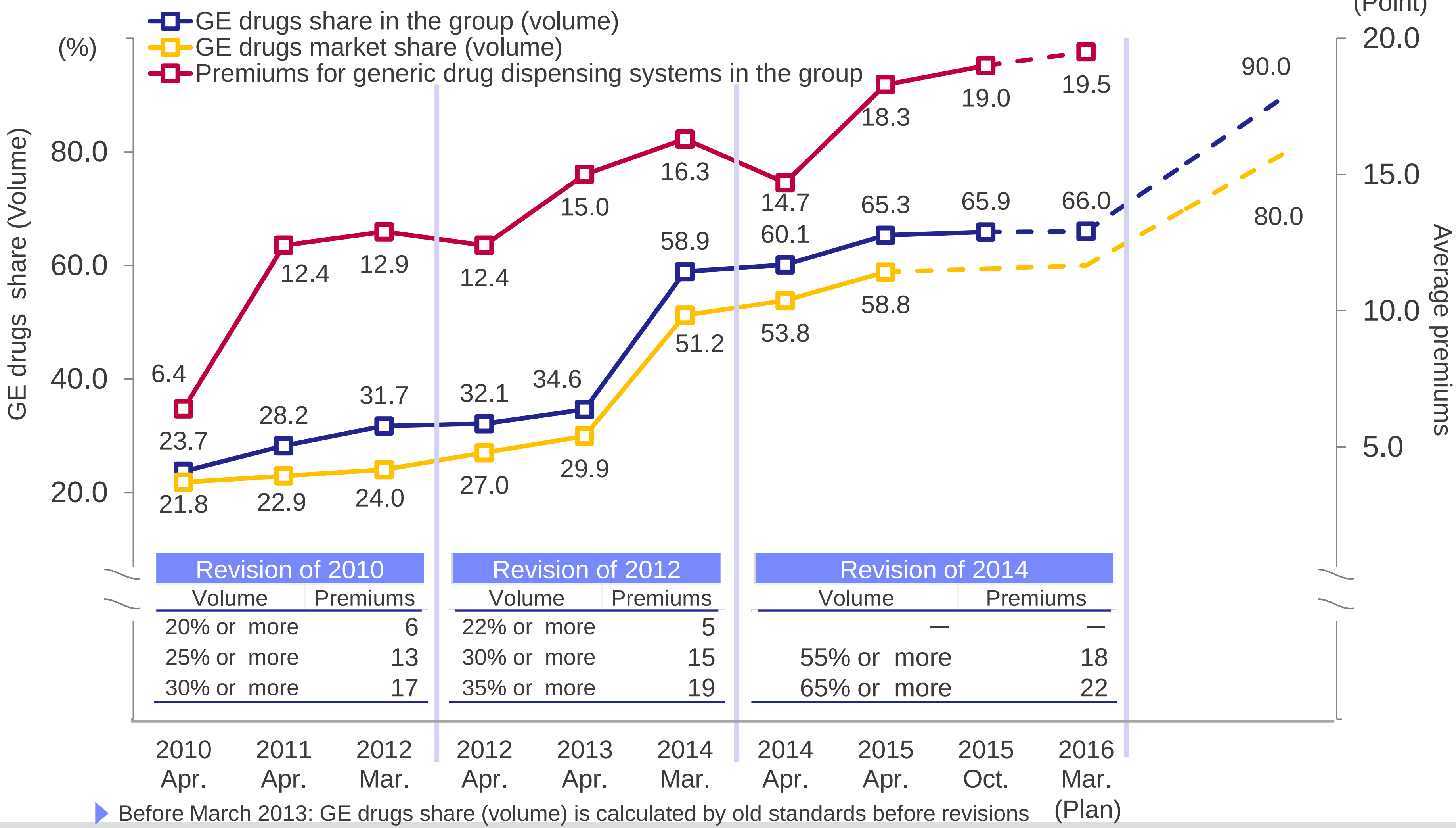
	March 2014	April	July	October	January 2015	April	July	October
No. store that offered home healthcare services	157	181	230	274	339	393	457	508

▶ The monthly calculated amount is by monthly basis date.

Respond to Revision by Promotion of GE Drugs

The standard of premiums for generic drug dispensing systems is getting higher every revision.
We have exceeded the national average by promotion of the wider use of generic drugs.

■ Progress of GE drugs use



Revision of 2010		Revision of 2012		Revision of 2014	
Volume	Premiums	Volume	Premiums	Volume	Premiums
20% or more	6	22% or more	5	—	—
25% or more	13	30% or more	15	55% or more	18
30% or more	17	35% or more	19	65% or more	22

▶ Before March 2013: GE drugs share (volume) is calculated by old standards before revisions

Efforts of AIN Pharmacy

AIN GROUP

The contents of dispensing pharmacies at the heart of local communities were presented by Ministry of Health, Labour and Welfare. The group has focused on building links with medical institutions and on integrating drug information.

■ **24-hour support**
We respond consultations and inquiries 24 hours in all pharmacies.

■ **Promotion of home-based healthcare**
We promote home-based healthcare in all pharmacies. Home-based healthcare services were conducted in 508 pharmacies as of October 2015,

▶ 24-hour support：Unsupported in some M&A pharmacies

■ **The number of telephone support**

	No.of annual phone calls
Business hours	58,000 cases
After hours	8,000 cases
Holidays	5,000 cases

▶Calculated by in-house survey (Sep.14, 2015 – Oct.18, 2015）

■ **Feedback errors and information to doctors**
In addition to the feedback of possible prescription errors, we reinforce the feedback about information of patients' taking drugs instruction to doctors.

■ **Collection of "Pre-avoid" examples**
From September 2013, we have collected "Pre-avoid" examples and transmitted information in academic conference and books etc.

▶Pre-avoid : Pharmacists' preventing disadvantages occurred from drugs.

■ **103 examples of "Pre-avoid"**

▶ Published as collaboration with Tokyo university

■ **Effective use of medical history management and medication notebook**
In addition to the continuous management of medication history and promotion of the use of medication notebook, we started digital medication notebooks services in April 2012.

■ **Digital medication notebook app**

Hiring & Training of Pharmacists

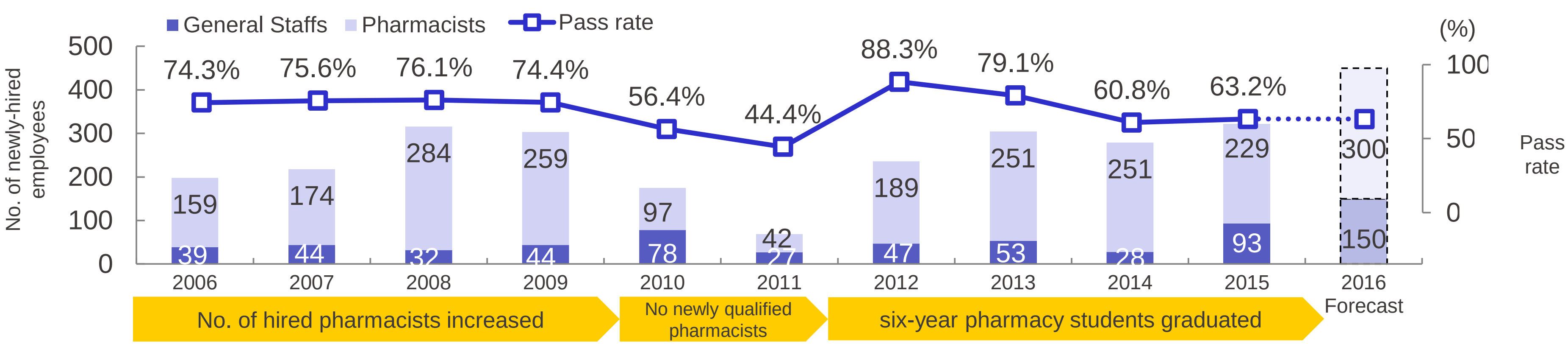
AIN GROUP

Hiring and training of pharmacists are the strength of our growth. The number of our prospective employees are about 500 as of December 2015, and we expect 300 new pharmacists in 2016.

■ Transition

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
No. of pharmacists who passed national examination	8,202	9,154	10,487	11,301	3,787	1,455	8,641	8,929	7,312	9,044
Ratio of newly qualified pharmacists hired in the Group (Ratio※1)	1.9% (7.1%)	1.9% (6.8%)	2.7% (8.8%)	2.3% (7.1%)	2.6% (-)	2.9% (-)	2.2% (5.6%)	2.8% (7.0%)	3.4% (8.0%)	2.5% (8.0%)

- Ratio※1 : Ratio occupied by pharmacists hired in AIN GROUP within pharmacists who are hired in pharmacies in Japan.
- Estimates : based on the result in AIN GROUP ,data from the Ministry of Health, Labour and Welfare, and data from Council on Pharmaceutical Education.



■ New pharmacist training in-house

From 2013, new pharmacists' training changed to be in-house, and the group appointed younger employees to lecturers. We share the direction of the group through the preparation of new pharmacists' training and develop the human resources who can lead the project of operational efficiency.

AINZ & TULPE Expansion

AIN GROUP

In FY4/16 2Q, results of same stores changed smoothly. However, due to new store openings, promotion expenses increased and operating income ended up with ▲375 million yen.
Now, we prepare to achieve 50 billion yen of net sales in FY4/20.

■ Analysis of Operating income (2Q)

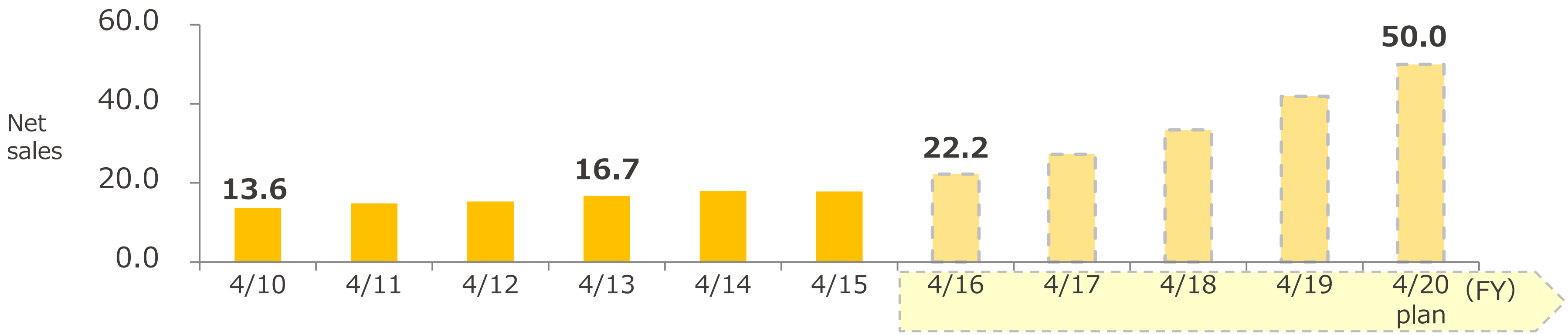
(¥ million)	FY4/16 2Q	YOY change (%)	Vs plan(%)
Operating income	(375)	–	–
Same store	477	+55.3	+83.0
New store	(438)	–	–
Others	(414)	–	–

■ Operating income

・Same store
Operating income increased due to the effect of store renovation, inbound demand and private brand promotion.

・New store , Others
Promotion expenses with new opening increased more than plan, and pushed down the whole margin.

■ Process of Growth Expansion



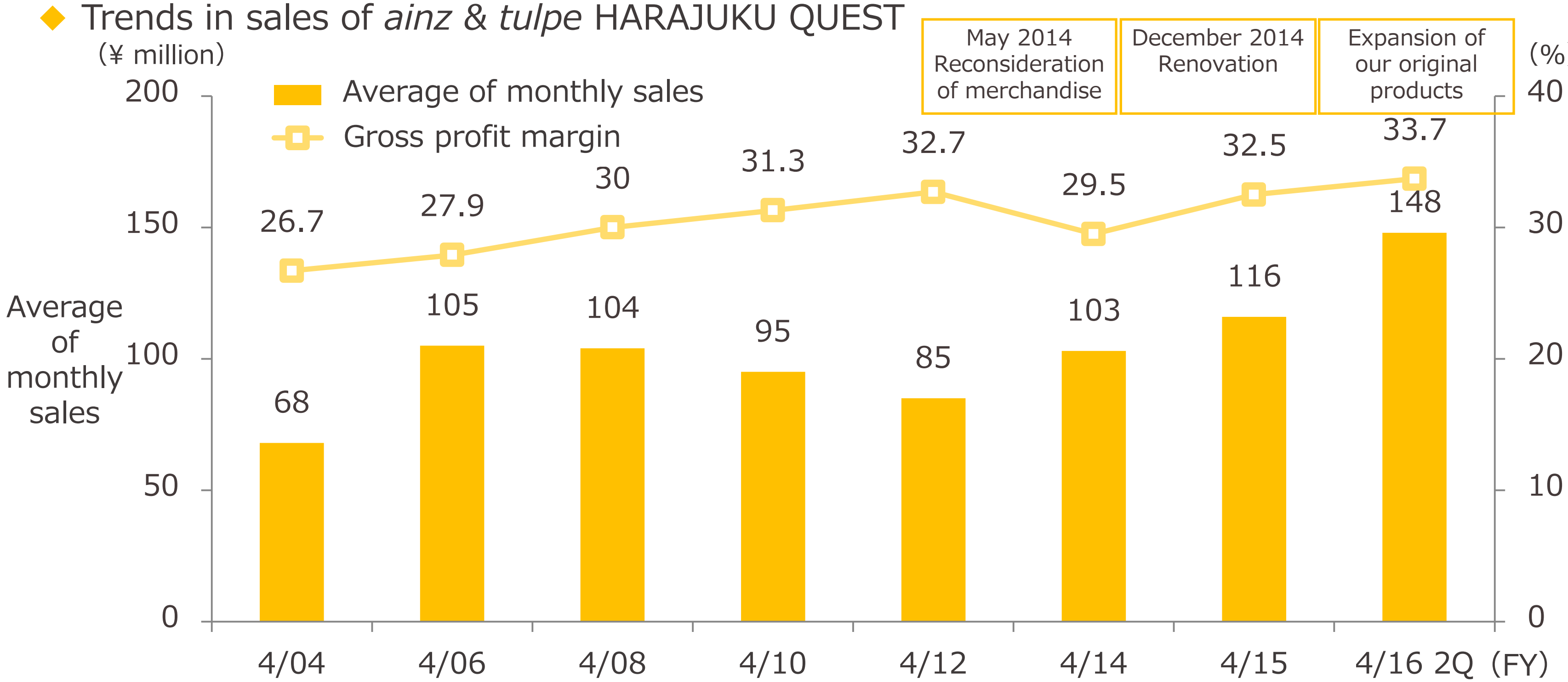
	4/10	4/11	4/12	4/13	4/14	4/15	4/16	4/17	4/18	4/19	4/20 plan
Net sales (¥ billion)	13.6	14.8	15.3	16.7	17.9	17.8	22.2	27.2	33.4	41.9	50.0
No. of total stores	49	53	56	61	59	56	59	64	71	78	85

AINZ & TULPE Growth

AIN GROUP

Monthly sales of *ainz & tulpe* HARAJYUKU QUEST increased to 148 million yen even though it struggled when it opened in April 2003. Gross profit margin also increased by store renovation, reconsideration of merchandise lineups and expansion of our original products.

◆ Trends in sales of *ainz & tulpe* HARAJUKU QUEST

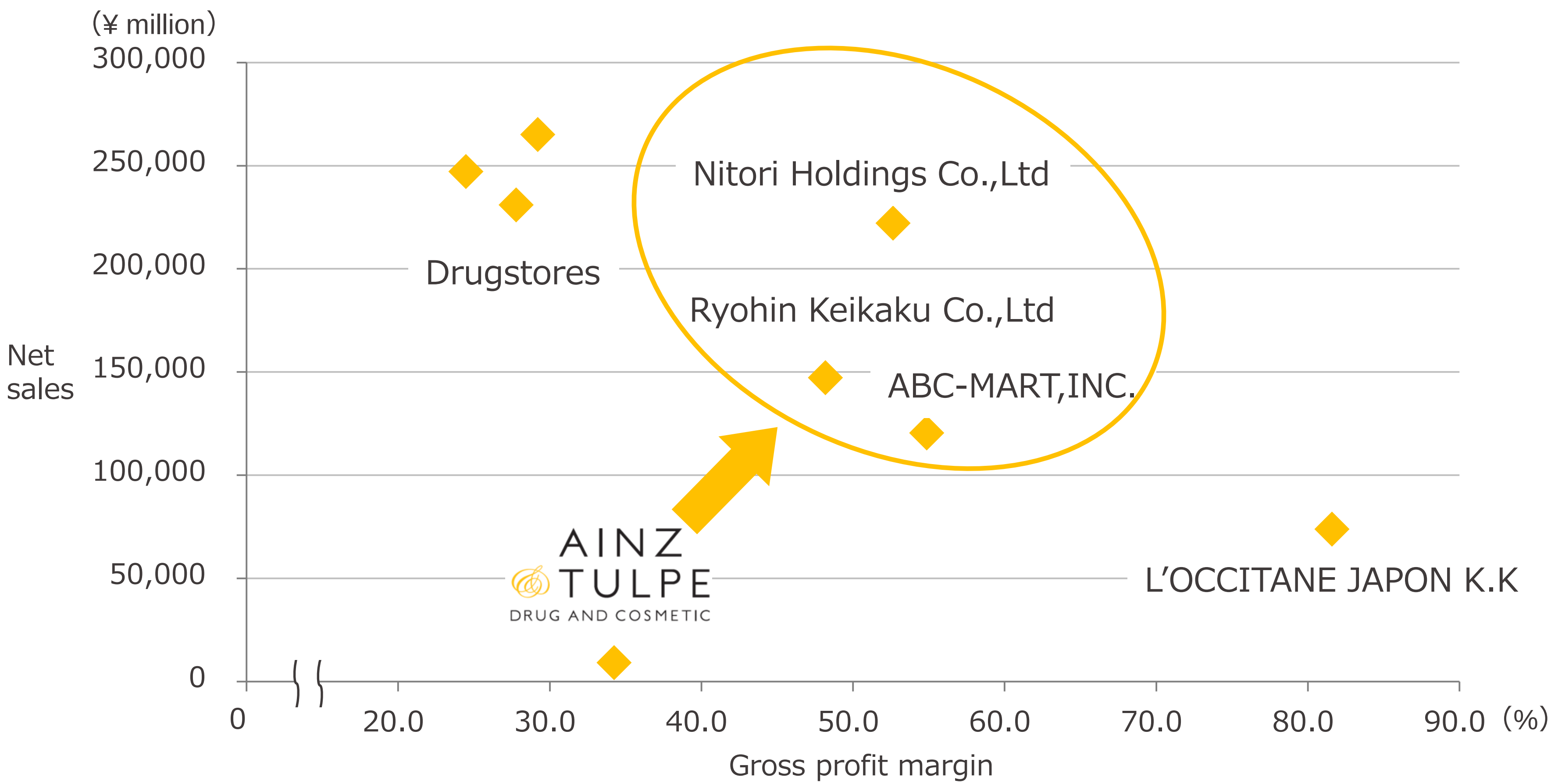


	FY4/04	FY4/16 2Q	Change
Average of monthly sales	¥ 68 million	¥ 148 million	+118%
Gross profit margin	26.7%	33.7%	+7%

AINZ & TULPE Target

Ainz & tulpe is clearly different from other typical drugstores. We aim to increase gross profit margin by increase of sales volume and reconsideration of merchandise lineups.

◆ Target of *ainz & tulpe*



- Net sales and gross profit margin are based on data from each company's financial results of FY16/4 2Q
- Gross profit margin of L'OCCITANE is based on average of the world. It is calculated as 1€ = ¥135.

FY4/16 Plan (Consolidated)

AIN GROUP

We forecast net sales of ¥218,280 million, up 16.2% year on year and ordinary income of ¥13,700 million, up 17.1% year on year for the fiscal year ending April 30, 2016.

(¥ million)	FY4/14 results	FY4/15 results	FY4/16 plan	YoY change	YoY change (%)
Net sales	170,225	187,904	218,280	+30,376	+16.2
Gross profit	25,748	28,961	34,290	+5,329	+18.4
% of net sales	15.1	15.4	15.7		
SG&A expenses	15,635	17,509	20,890	+3,381	+19.3
% of net sales	9.2	9.3	9.6		
Operating income	10,113	11,452	13,400	+1,948	+17.0
% of net sales	5.9	6.1	6.1		
Ordinary income	10,587	11,697	13,700	+2,003	+17.1
% of net sales	6.2	6.2	6.3		
Net income	5,259	6,197	7,230	+1,033	+16.7
	3.1	3.3	3.3		
Net income per share(¥)	165.04	195.45	228.02	+32.57	+16.7
Annual dividend (¥)	30.00	30.00	40.00	+10.00	+33.3

- Figures in the table are rounded down
- Change:FY4/16 plan compared with FY4/15 results
- Change (%):FY4/16 plan compared with FY4/15 results
- On October 1, 2014, the Company conducted a 2–for-1 stock split of common shares. Net income per share and Annual dividend are calculated by deeming stock splits to have occurred at the beginning of the previous fiscal year.

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