

## Summary of Financial Statements for the First Quarter of Fiscal Year Ending April 2024

[Japan GAAP] (Consolidated)

September 1, 2023

Name of listed company: **AIN HOLDINGS INC.**  
Exchange listed on: Prime Market of Tokyo Stock Exchange and Sapporo Securities Exchange  
Code number: 9627 URL: <https://www.ainj.co.jp/corporate/>  
Representative: Kiichi Otani, President and Representative Director  
Inquiries: Toshihide Mizushima, Representative Senior Managing Director  
TEL: +81-11-814-1000

Date of filing quarterly securities report: September 14, 2023  
Start of dividend payment: –  
Supplementary documents for quarterly results: Yes (Supplementary materials for the quarterly results are disclosed on the Company's website appropriately as the financial statements.)  
Quarterly results briefing: No

(Amounts are rounded down to the nearest million yen.)

### 1. Consolidated results for the first quarter of fiscal year ending April 30, 2024 (May 1, 2023 to July 31, 2023)

#### (1) Consolidated operating results

(Percentage figures show year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended July 31, 2023	94,654	16.2	3,610	31.1	3,881	25.6	2,140	25.5
Three months ended July 31, 2022	81,470	8.6	2,753	5.5	3,090	7.9	1,704	30.2

(Note) Comprehensive income: Three months ended July 31, 2023: ¥2,179 million (+28.5%)  
Three months ended July 31, 2022: ¥1,695 million (+33.0%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended July 31, 2023	60.93	–
Three months ended July 31, 2022	48.54	–

(Note) In the third quarter of the fiscal year ended April 30, 2023, the Company finalized provisional accounting treatment related to a business combination. Results for the first quarter of the fiscal year ending April 30, 2023 reflect the finalized figures.

#### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of July 31, 2023	235,647	126,617	53.7
As of April 30, 2023	231,750	126,546	54.6

(Reference) Shareholders' equity: As of July 31, 2023: ¥126,524 million As of April 30, 2023: ¥126,449 million

### 2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	End of year	Full year
	Yen	Yen	Yen	Yen	Yen
Year ended April 30, 2023	–	0.00	–	60.00	60.00
Year ending April 30, 2024	–				
Year ending April 30, 2024 (forecast)		0.00	–	60.00	60.00

(Note) Revision to the most recently announced dividend forecasts: No

3. Consolidated financial forecasts for the fiscal year ending April 30, 2024 (May 1, 2023 to April 30, 2024)

(Percentage figures show year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First six months	183,459	7.2	6,087	(10.3)	6,421	(11.8)	3,185	(16.3)	90.66
Full year	375,000	4.5	15,663	(2.1)	16,302	(4.5)	8,250	(10.7)	234.84

(Note) Revision to the most recently announced consolidated financial forecasts: No

\*Notes

(1) Major changes in subsidiaries during the period (changes in specified subsidiaries resulting from changes in scope of consolidation): No

Newly consolidated: – Excluded: –

(2) Application of specified accounting methods for the preparation of quarterly consolidated financial statements: Yes

(Note) For detail, please refer to “2. Quarterly consolidated financial statements and major notes (3) Notes on quarterly consolidated financial statements” on page 8 of the Attachment.

(3) Changes in accounting principles, changes in accounting estimates, and restatement of revisions

- |   |    |
|---|----|
| 1) Changes in accounting principles as a result of revisions to accounting standards, etc.: | No |
| 2) Changes in accounting principles other than 1):  | No |
| 3) Changes in accounting estimates:   | No |
| 4) Restatement of revisions:  | No |

(4) Number of outstanding shares (common stock)

1) Number of outstanding shares (including treasury stock):	As of July 31, 2023	35,428,212 shares	As of April 30, 2023	35,428,212 shares
2) Number of shares held in treasury:	As of July 31, 2023	298,188 shares	As of April 30, 2023	298,188 shares
3) Average number of shares outstanding:	Three months ended July 31, 2023	35,130,024 shares	Three months ended July 31, 2022	35,127,301 shares

\*This Summary of Financial Statements is outside the scope of quarterly review procedures.

\*Statement regarding the proper use of financial forecasts and other special remarks

(Caution concerning forward-looking statements)

The above forecasts are calculated based on the information available as of the publication date of this material, and actual financial results may vary due to change in future economic conditions and others.

Contents of the Attachment

1. Qualitative information on consolidated results for the period under review.....	2
(1) Consolidated operating results .....	2
(2) Consolidated financial position .....	3
(3) Forecast of consolidated financial results and other forward-looking information.....	3
2. Quarterly consolidated financial statements and major notes .....	4
(1) Quarterly consolidated balance sheet .....	4
(2) Quarterly consolidated statements of income and comprehensive income .....	6
Quarterly consolidated statement of income .....	6
Quarterly consolidated statement of comprehensive income .....	7
(3) Notes on quarterly consolidated financial statements .....	8
(Notes on the premise of a going concern).....	8
(Notes on significant changes in the amount of shareholders' equity).....	8
(Application of specified accounting methods for the preparation of quarterly consolidated financial statements).....	8
(Business combinations, etc.).....	8
(Segment information, etc.) .....	9

## 1. Qualitative information on consolidated results for the period under review

In the third quarter of the fiscal year ended April 30, 2023, the Company finalized provisional accounting treatment related to a business combination. To facilitate comparison and analysis of the same quarter of the previous fiscal year, amounts in these quarterly financial statements reflect significant revisions to the initial allocation of acquisition costs as a result of the finalization of the provisional accounting treatment.

### (1) Consolidated operating results

During the first three months of the current fiscal year (May 1, 2023 to July 31, 2023), the Japanese economy showed signs of a moderate pickup, supported by a recovery in mobility following the downgrade of COVID-19 to a category-5 infectious disease and the easing of mobility restrictions. However, the outlook remains uncertain due to rising prices and fluctuations in financial and capital markets.

In this economic environment, the AIN HOLDINGS Group (the Group) worked to provide healthcare and retail services, in line with its mission to “contribute to local healthcare” and “provide beauty and happiness” – two of the Group’s materiality issues. AIN HOLDINGS continues to aim to be a company that “people welcome to their communities” and contributes to solving various social issues through its business activities.

In addition, the Company has positioned diversity & inclusion as one of its materiality themes for sustainability management. As part of active efforts to promote diversity, such as creating working environments that are welcoming and motivating, the Group is encouraging male employees to take childcare leave and all employees to use annual paid leave. The Group is also implementing training and other programs to help female employees develop long-term careers and move into management roles. These efforts have been recognized by the government, with core operating company AIN PHARMACIEZ INC. awarded Platinum Kurumin certification by the Minister of Health, Labour and Welfare in July 2023.

Results for three months ended July 31, 2023 (May 1, 2023 to July 31, 2023) are as follows.

(Million yen)	Three months ended July 31, 2022	Three months ended July 31, 2023	Change	Change (%)
Net sales	81,470	94,654	13,183	16.2
Operating profit	2,753	3,610	856	31.1
Ordinary profit	3,090	3,881	790	25.6
Profit attributable to owners of parent	1,704	2,140	435	25.5

Results by segment are as follows.

(Million yen)	Three months ended July 31, 2022	Three months ended July 31, 2023	Change	Change (%)	
Dispensing pharmacy business	Sales	72,482	84,405	11,923	16.5
	Segment profit	4,732	5,429	696	14.7
Cosmetic and drug store business	Sales	6,086	7,412	1,326	21.8
	Segment profit	164	710	545	332.2
Other businesses	Sales	2,920	2,848	(72)	(2.5)
	Segment profit (loss)	4	(5)	(10)	—

(Note) Segment sales include intersegment transactions.

#### (Dispensing pharmacy business)

The Group is working to leverage the primary care capabilities of its pharmacists and dispensing pharmacies to help patients access medical services in their local community with peace of mind. Specifically, the Group is cooperating with medical institutions, using patient medication notebooks to ensure integrated and continuous monitoring of patient medication, and providing services for home-based healthcare.

The average prescription price rose due to an increase in high-cost prescriptions, including COVID-19 treatments, and the number of prescriptions also increased due to the easing of restrictions on outpatient visits after COVID-19 was downgraded to a category-5 infectious disease.

During the period under review, the Group opened 10 new dispensing pharmacies, including those acquired through M&A deals, closed three, and sold one, resulting in a total of 1,215.

(Cosmetic and drug store business)

In the cosmetic and drug store business, customer numbers were firm amid a recovery in mobility for both domestic shoppers and overseas visitors. There was also a change in customer buying habit from infection control products to cosmetics, one of the Company's strengths. The Group will continue to closely monitor buying trends, reinforce the merchandise lineup and create attractive retail displays.

During the period under review, the Group opened one store and closed one, resulting in a total of 78 cosmetic and drug stores.

**(2) Consolidated financial position**

The balance of total assets at the end of the first quarter increased by ¥3,897 million from the end of the previous fiscal year to ¥235,647 million. This mainly reflected an increase in merchandise due to a rise in inventories of COVID-19 treatments, and an increase in buildings and structures due to the opening of stores.

The balance of liabilities increased by ¥3,825 million to ¥109,029 million.

The balance of short-term and long-term debt decreased by ¥1,195 million to ¥7,496 million, primarily reflecting the repayment of loans payable.

Total net assets increased by ¥71 million to ¥126,617 million and the shareholders' equity ratio declined 0.9 percentage points to 53.7%.

**(3) Forecast of consolidated financial results and other forward-looking information**

There are no changes to the Group's consolidated financial forecasts for the first six months or the fiscal year ending April 30, 2024, which were released on June 2, 2023.

**2. Quarterly consolidated financial statements and major notes****(1) Quarterly consolidated balance sheet**

(Million yen)

	Fiscal year ended April 30, 2023 (As of April 30, 2023)	Three months ended July 31, 2023 (As of July 31, 2023)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	46,796	47,373
Accounts receivable - trade	13,249	12,719
Merchandise	21,299	24,048
Supplies	286	291
Short-term loans receivable	355	233
Accounts receivable - other	11,969	11,693
Other	4,348	5,042
Allowance for doubtful accounts	-	(1)
Total current assets	98,305	101,400
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	21,407	23,336
Land	10,602	10,481
Other, net	7,449	6,294
Total property, plant and equipment	39,459	40,113
<b>Intangible assets</b>		
Goodwill	46,443	45,611
Other	5,900	6,001
Total intangible assets	52,343	51,613
<b>Investments and other assets</b>		
Investment securities	2,720	2,791
Deferred tax assets	5,990	5,974
Leasehold and guarantee deposits	24,507	24,950
Other	8,735	9,085
Allowance for doubtful accounts	(312)	(281)
Total investments and other assets	41,641	42,520
Total non-current assets	133,444	134,246
Total assets	231,750	235,647

(Million yen)

	Fiscal year ended April 30, 2023 (As of April 30, 2023)	Three months ended July 31, 2023 (As of July 31, 2023)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	58,698	64,859
Short-term borrowings	3,670	3,648
Income taxes payable	3,328	1,824
Deposits received	18,232	19,286
Provision for bonuses	3,215	2,372
Provision for bonuses for directors	22	10
Contract liabilities	532	467
Other	5,284	5,370
<b>Total current liabilities</b>	<b>92,986</b>	<b>97,840</b>
<b>Non-current liabilities</b>		
Long-term borrowings	5,021	3,848
Retirement benefit liability	4,498	4,614
Other	2,697	2,726
<b>Total non-current liabilities</b>	<b>12,218</b>	<b>11,189</b>
<b>Total liabilities</b>	<b>105,204</b>	<b>109,029</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	21,894	21,894
Capital surplus	20,504	20,504
Retained earnings	85,963	85,996
Treasury shares	(2,000)	(2,000)
<b>Total shareholders' equity</b>	<b>126,362</b>	<b>126,394</b>
<b>Accumulated other comprehensive income (loss)</b>		
Valuation difference on available-for-sale securities	(7)	42
Remeasurements of defined benefit plans	95	87
<b>Total accumulated other comprehensive income</b>	<b>87</b>	<b>129</b>
<b>Non-controlling interests</b>	<b>96</b>	<b>92</b>
<b>Total net assets</b>	<b>126,546</b>	<b>126,617</b>
<b>Total liabilities and net assets</b>	<b>231,750</b>	<b>235,647</b>

**(2) Quarterly consolidated statements of income and comprehensive income**
**Quarterly consolidated statement of income**

(Million yen)

	Three months ended July 31, 2022 (May 1, 2022 to July 31, 2022)	Three months ended July 31, 2023 (May 1, 2023 to July 31, 2023)
Net sales	81,470	94,654
Cost of sales	69,826	81,455
Gross profit	11,643	13,199
Selling, general and administrative expenses	8,889	9,588
Operating profit	2,753	3,610
Non-operating income		
Interest income	12	11
Dividend income	31	18
Commission income	5	2
Rental income from real estate	49	79
Outsourcing service income	50	56
Subsidy income	73	42
Other	171	138
Total non-operating income	394	350
Non-operating expenses		
Interest expenses	14	8
Loss on sale of receivables	23	26
Rental expenses on real estate	4	38
Other	16	5
Total non-operating expenses	58	79
Ordinary profit	3,090	3,881
Extraordinary income		
Gain on sale of non-current assets	1	274
Gain on sale of businesses	4	–
Other	–	3
Total extraordinary income	5	277
Extraordinary losses		
Loss on sale and retirement of non-current assets	65	71
Impairment losses	20	139
Other	11	6
Total extraordinary losses	98	216
Profit before income taxes	2,997	3,942
Income taxes	1,293	1,805
Profit	1,704	2,136
Loss attributable to non-controlling interests	(0)	(3)
Profit attributable to owners of parent	1,704	2,140



**Quarterly consolidated statement of comprehensive income**

(Million yen)

	Three months ended July 31, 2022 (May 1, 2022 to July 31, 2022)	Three months ended July 31, 2023 (May 1, 2023 to July 31, 2023)
Profit	1,704	2,136
Other comprehensive income		
Valuation difference on available-for-sale securities	(14)	50
Remeasurements of defined benefit plans, net of tax	6	(7)
Total other comprehensive income (loss)	(8)	42
Comprehensive income	1,695	2,179
Comprehensive income attributable to owners of parent	1,696	2,183
Comprehensive income attributable to non-controlling interests	(0)	(3)

**(3) Notes on quarterly consolidated financial statements**

(Notes on the premise of a going concern)

There are no applicable matters to be reported.

(Notes on significant changes in the amount of shareholders' equity)

There are no applicable matters to be reported.

(Application of specified accounting methods for the preparation of quarterly consolidated financial statements)

To calculate tax expenses, the effective tax rate on profit before income taxes for the consolidated fiscal year after the application of tax effect accounting is reasonably estimated and the estimated rate is applied to profit before income taxes for the quarterly period.

(Business combinations, etc.)

(Significant revision of initial allocation of acquisition costs in comparative information)

In the first quarter of the previous fiscal year, provisional accounting treatment was applied for the Company's business combination with Pharmacy Holdings Co. Ltd. on May 23, 2022, and the provisional accounting treatment was finalized in the third quarter.

Comparative information in the quarterly consolidated financial statements for the first quarter of the current fiscal year reflects significant revisions to the initial allocation of acquisition costs due to the finalization of the provisional accounting treatment. As a result, goodwill of ¥12,921 million under the provisional accounting treatment increased by ¥104 million to ¥13,026 million under the finalized accounting treatment. The rise in goodwill reflects an increase of ¥54 million in deferred tax assets under investments and other assets and an increase of ¥159 million in retirement benefit liability under non-current liabilities.

The impact of this change on the consolidated financial statements for the first quarter of the previous fiscal year is immaterial.

Pharmacy Holdings Co. Ltd. was dissolved on December 1, 2022 after it was merged into its wholly owned subsidiary PHARMACY Co. Ltd. (Fukuyama City, Hiroshima Prefecture), the surviving company.

(Segment information, etc.)

I Three months ended July 31, 2022 (May 1, 2022 to July 31, 2022)

1. Net sales and income (loss) by reportable segment

(Million yen)

	Reportable segments				Adjustments (Note) 1	Carried on quarterly consolidated statements of income (Note) 2
	Dispensing pharmacy business	Cosmetic and drug store business	Other businesses	Total		
Sales						
(1) Sales to third parties	72,482	6,086	2,901	81,470	—	81,470
(2) Intersegment sales	—	—	18	18	(18)	—
Total sales	72,482	6,086	2,920	81,489	(18)	81,470
Segment profit (loss)	4,732	164	4	4,901	(1,811)	3,090

Notes: 1. The adjustment of ¥(1,811) million to segment profit (loss) includes ¥2,159 million in corporate expenses, ¥(341) million in (income) loss that is not allocated to reportable segments, and ¥(7) million in eliminations due to intersegment transactions.

Corporate expenses consist mainly of expenses associated with the administrative divisions and the system logistics division, which are not part of the reportable segments.

2. Segment profit (loss) is adjusted with the ordinary profit of quarterly consolidated statements of income.

3. In the third quarter of the previous fiscal year, the Company finalized provisional accounting treatment related to a business combination. Results for the first quarter of the previous fiscal year reflect the finalized figures.

2. Impairment losses on fixed assets and goodwill by reportable segment

[Significant impairment losses on fixed assets]:

There are no applicable matters to be reported.

[Significant changes in the amount of goodwill]:

In the dispensing pharmacy business segment, Pharmacy Holdings Co. Ltd. and its subsidiaries were included in the scope of consolidation from the first quarter of the previous fiscal year following the acquisition of all shares in Pharmacy Holdings Co. Ltd. As a result, goodwill increased by ¥13,026 million.

Effective December 1, 2022, the company was dissolved following a merger with its wholly owned subsidiary PHARMACY Co. Ltd. (Fukuyama City, Hiroshima Prefecture), the surviving company. The increase in goodwill is the amount reflected after the finalization of provisional accounting treatment, as described in "Notes on quarterly consolidated financial statements, (Business combinations, etc)," "Significant revision of initial allocation of acquisition costs in comparative information."

II Three months ended July 31, 2023 (May 1, 2023 to July 31, 2023)

1. Net sales and income (loss) by reportable segment

(Million yen)

	Reportable segments				Adjustments (Note) 1	Carried on quarterly consolidated statements of income (Note) 2
	Dispensing pharmacy business	Cosmetic and drug store business	Other businesses	Total		
Sales						
(1) Sales to third parties	84,405	7,412	2,835	94,654	—	94,654
(2) Intersegment sales	—	—	12	12	(12)	—
Total sales	84,405	7,412	2,848	94,666	(12)	94,654
Segment profit (loss)	5,429	710	(5)	6,134	(2,252)	3,881

Notes: 1. The adjustment of ¥(2,252) million to segment profit (loss) includes ¥2,587 million in corporate expenses, ¥(323) million in (income) loss that is not allocated to reportable segments, and ¥(11) million in eliminations due to intersegment transactions.

Corporate expenses consist mainly of expenses associated with the administrative divisions and the system logistics division, which are not part of the reportable segments.

2. Segment profit (loss) is adjusted with the ordinary profit of quarterly consolidated statements of income.

2. Impairment losses on fixed assets and goodwill by reportable segment

[Significant impairment losses on fixed assets]:

There are no applicable matters to be reported.

[Significant changes in the amount of goodwill]:

There are no applicable matters to be reported.