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AIN HOLDINGS INC.

Exchange listed on: Tokyo Prime Market, Sapporo Securities Exchange

Code number: 9627

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Notice Regarding Acquisition of Shares of Francfranc Corporation (Conversion to Subsidiary)

AIN HOLDINGS INC. (the “Company”) hereby announces that, at a meeting of the Board of Directors today, the Company has approved a resolution to acquire all the shares of Francfranc Corporation (Headquarters: Minato-ku, Tokyo; President and Representative Director and Executive Officer, Kazuyuki Sano; “FJP”) (“the acquisition”) and make it a subsidiary. Details are as follows.

1. Purpose, reasons and method of share acquisition (conversion to subsidiary)

The AIN HOLDINGS Group (“the Group”) operates a dispensing pharmacy business and a cosmetic and drug store business that seek to play a key role in regional communities. In the dispensing pharmacy business, the Company operates a chain of dispensing pharmacies all over Japan, and together with Group companies, is actively opening new dispensing pharmacies and utilizing M&A to expand the business. The Company is also working to provide community-focused healthcare services in all regions of Japan, such as through home-based healthcare and continuous monitoring of patient medication in partnership with medical institutions, and by enhancing the primary care capabilities of its pharmacists and dispensing pharmacies.

In the cosmetic and drug store business, the Company operates the chain of AINZ & TULPE cosmetic and drug stores. AINZ & TULPE aims to be a unique and comprehensive beauty retailer that satisfies customer needs with an always-fresh lineup of cosmetic and beauty products sold via stores that offer a fun shopping experience. The brand is targeting further growth and aims to clearly stand apart from other beauty retailers with a lineup of original products focused on cosmetics.

FJP will become a subsidiary of the Group after the acquisition of all its shares by the Company. Since its establishment, FJP has operated a business selling interior goods and sundries aimed at a wide range of customers, mainly women in their 20s and 30s, centered on the Francfranc flagship brand. Through the operation of 152 stores in Japan and nine stores overseas, and e-commerce, Guided by its mission, “VALUE by DESIGN: creating designs that make your everyday life more fun.” FJP offers urban and sophisticated lifestyle proposals through its interior goods and sundries.

AINZ & TULPE and Francfranc have stores in similar markets and target customer segments with similar values, but they are complementary in terms of product lineups and retail categories. The Company believes that FJP’s addition to the Group will generate synergies by leveraging the strengths of both companies. Specifically, the Company envisages the following synergies.

(1) Cross merchandising

With strengths in different product categories, AINZ & TULPE and Francfranc stores will be able to display their respective in-house products, offering a wider choice to customers, improving customer satisfaction and increasing sales per customer.

(2) Strategic store development

AINZ & TULPE and Francfranc stores are compatible, as they are located in station buildings and commercial facilities, primarily in major cities, and target similar customer segments. This offers further opportunities for business expansion through the opening of a wider range of different store formats, such as strategic joint stores in large commercial facilities.

(3) Development of appealing products using shared know-how

In line with their mission of offering lifestyle proposals, AINZ & TULPE and Francfranc have both focused on developing products that influence customer values. By sharing their product development know-how, both companies will be able to create products that offer even higher levels of satisfaction.

In this way, the Company believes that combining the complementary strengths of both companies will improve customer service and enhance the corporate value of the Group.

2. Overview of company to become a subsidiary

(1) Company name	Francfranc Corporation		
(2) Address	3-5-12 Kita Aoyama, Minato-ku, Tokyo		
(3) Title and name of representative	Kazuyuki Sano, President and Representative Director and Executive Officer		
(4) Business	Planning, development and sales of interior goods and sundries		
(5) Capital	¥100 million (as of end-August 2023)		
(6) Founding date	July 11, 1990		
(7) Major shareholders and shareholding ratios	FF Investment, Limited Partnership		59.63%
	BLUE WEDGE LIMITED		25.47%
	Seven & i Holdings Co., Ltd.		14.90%
(8) Relationship between the Company and Francfranc Corporation	Capital relationship	There are no notifiable relationships between the Company and Francfranc Corporation. In addition, there are no notifiable capital relationships between the personnel of the Company and its affiliates and the personnel of Francfranc Corporation and its affiliates.	
	Personal relationship	There are no notifiable relationships between the Company and Francfranc Corporation. In addition, there are no notifiable personal relationships between the personnel of the Company and its affiliates and the personnel of Francfranc Corporation and its affiliates.	
	Business relationship	There are no notifiable relationships between the Company and Francfranc Corporation. In addition, there are no notifiable business relationships between the personnel of the Company and its affiliates and the personnel of Francfranc Corporation and its affiliates.	
(9) Consolidated operating results and consolidated financial position of Francfranc Corporation for the past three years			
	FY8/21	FY8/22	FY8/23
Net assets	¥6,943 million	¥9,346 million	¥7,477 million
Total assets	¥25,348 million	¥23,799 million	¥22,551 million
Net assets per share	¥123,751.20	¥165,757.08	¥154,180.21
Net sales	¥36,144 million	¥37,272 million	¥39,484 million
Operating profit	¥4,067 million	¥3,461 million	¥2,568 million
Ordinary profit	¥4,026 million	¥3,447 million	¥2,411 million
Profit	¥2,300 million	¥2,149 million	¥1,194 million
Profit per share	¥35,745.02	¥38,297.87	¥21,550.15
Dividend per share	¥200	¥0	¥0

(Note) FY8/21 shows operating results and financial position for FJP on a non-consolidated

basis.

3. Overview of sellers of shares

(1) FF Investment, Limited Partnership (as of end-June 2024)

(1) Address	1-3-1 Toranomom, Minato-ku, Tokyo	
(2) Basis of establishment, etc.	Limited liability partnership for investment formed in accordance with the Limited Partnership Act for Investment	
(3) Reason for formation	Acquisition and holding of shares	
(4) Formation date	July 15, 2021	
(5) Total amount of investment	Private	
(6) Investors, investment ratios and investor overview	Private	
(7) Overview of managing partner	Name	Japan Growth Investments Alliance, Inc.
	Address	1-3-1 Toranomom, Minato-ku, Tokyo
	Title and name of representative	Koichi Tateno, President and Representative Director
	Business	Formation and operation of investment funds
	Capital	¥15 million (as of end-March 2024)
(8) Relationship between the Company and FF Investment, Limited Partnership	There are no notifiable capital, personal or business relationships between the Company and FF Investment, Limited Partnership and its managing partner. In addition, there are no notifiable capital, personal or business relationships between the personnel of the Company and its affiliates and FF Investment, Limited Partnership and its managing partner. FF Investment, Limited Partnership and its managing partner are not related parties of the Company.	

(2) BLUE WEDGE LIMITED (as of end-September, 2023)

(1) Address	7-1-9 Minami Aoyama, Minato-ku, Tokyo
(2) Title and name of representative	Fumio Takashima, Representative Director
(3) Business	Asset management
(4) Capital	¥3 million
(5) Date of establishment	January 21, 2002
(6) Net assets	¥44 million
(7) Total assets	¥22,501 million
(8) Major shareholders and shareholding ratios	Private
(9) Relationship between the Company and BLUE WEDGE LIMITED	There are no notifiable capital, personal or business relationships with BLUE WEDGE LIMITED. In addition, there are no notifiable capital, personal or business relationships between the personnel of the Company and its affiliates and BLUE WEDGE LIMITED. BLUE WEDGE LIMITED is not a related party of the Company.

(3) Seven & i Holdings Co., Ltd. (as of end-February 2024)

(1) Address	8-8 Nibancho, Chiyoda-ku, Tokyo
(2) Title and name of representative	Ryuichi Isaka, President and Representative Director and CEO
(3) Business	Planning, management and operation (pure holding company) of Group companies focusing on a wide range of business operations, including convenience stores, superstores, supermarkets, specialty stores, food services, financial services and IT services.

(4) Capital	¥50,000 million	
(5) Date of establishment	September 1, 2005	
(6) Consolidated net assets	¥3,900,624 million	
(7) Consolidated total assets	¥10,592,117 million	
(8) Major shareholders and shareholding ratios	The Master Trust Bank of Japan, Ltd. (Trust Account)	14.83%
	ITO KOGYO CO., LTD.	8.07%
	The Custody Bank of Japan, Ltd. (Trust Account)	5.09%
	JP MORGAN CHASE BANK 385632 (Standing Proxy: Mizuho Bank, Ltd.)	3.77%
	SSBTC CLIENT OMNIBUS ACCOUNT (Standing Proxy: The Hongkong and Shanghai Banking Corporation Limited)	2.50%
	SMBC Nikko Securities Inc.	2.15%
	Nippon Life Insurance Company (Standing Proxy: The Master Trust Bank of Japan, Ltd.)	2.01%
	Mitsui & Co., Ltd. (Standing Proxy: The Custody Bank of Japan, Ltd.)	1.85%
	STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing Proxy: Mizuho Bank, Ltd.)	1.63%
	Japan Securities Finance Co., Ltd.	1.41%
(9) Relationship between the Company and Seven & i Holdings Co., Ltd.	<p>As of April 30, 2024, Seven & i Holdings Co., Ltd. owns 2,750 thousand shares of the Company's stock (ownership ratio: 7.78%).</p> <p>One outside director of the Company concurrently serves as Executive Vice President and Representative Director of Seven & i Holdings Co., Ltd as of today.</p> <p>In addition, the Company has entered into a capital and business alliance with Seven & i Holdings Co., Ltd.</p> <p>Seven & i Holdings Co., Ltd. is not a related party of the Company.</p>	

(Note) "Shareholding ratio" is the ratio, rounded to two decimal places, of shares of the Company (35,328,121 shares), which is the total number of shares issued and outstanding as of April 30, 2024 (35,428,212 shares) recorded in the Company's "Summary of Financial Statements for Fiscal Year Ended April 2024 (Japan GAAP) Consolidated" (hereinafter "the Company's full-year financial results") disclosed on June 6, 2024, minus the number of treasury shares held by the Company as of April 30, 2024 (100,091 shares, which is the number of treasury shares as of April 30, 2024 [433,891] minus the number of treasury shares held by Custody Bank of Japan, Ltd. [Trust Account E; 333,800 shares]) recorded in the Company's full-year financial results.

4. Number of shares to be acquired, acquisition price and shareholdings before and after the acquisition

(1) Number of shares held before transfer	0 shares (Number of voting rights: 0) (Percentage of voting rights: 0%)
(2) Number of shares acquired	47,987 shares (Number of voting rights: 47,987) (Percentage of voting rights: 100%)
(3) Acquisition price	¥49,976 million Advisory fees, etc. are not included as they have not yet been determined. The acquisition price for dilutive shares is included.
(4) Number of shares held after change	47,987 shares (Number of voting rights: 47,987) (Percentage of voting rights: 100%)

5. Schedule

(1) Date of resolution by the Board of Directors	July 3, 2024
(2) Contract date	July 3, 2024
(3) Share transfer date	August 20, 2024 (scheduled)

(Note) The execution of the share acquisition is subject to the absence of factors that would issue a cease and desist order as a result of an investigation by the Japan Fair Trade Commission into a notification filed under Article 10, Paragraph 2 of the Antimonopoly Act.

6. Outlook

The Company believes that making FJP a consolidated subsidiary through the acquisition of shares will contribute to an increase in the Group's corporate value. The Company is currently assessing the impact of the share acquisition on full-year financial results for the fiscal year ending April 30, 2025. Any matters requiring disclosure will be promptly disclosed.