



Integrated Report 2024

2023.5 ▶ 2024.4



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 and beautiful.

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 contributes 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.





AIN Group and Local Communities

We at the AIN Group operate dispensing pharmacy and cosmetic and drug store 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

Led by AIN Pharmacy, we operate dispensing pharmacies throughout Japan spanning from Hokkaido to Okinawa. We are actively involved in supporting the health of local residents by strengthening cooperation with local medical institutions and related facilities.



AIN Pharmacy Kyudai Minami (Fukuoka Prefecture)

Cosmetic and drug store business

Being closest to the people who want to be beautiful

We operate AINZ & TULPE cosmetic and drug 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. In August 2024, Francfranc Corporation, which operates interior furnishing shops, joined the Group.



AINZ & TULPE Cocono Susukino (Hokkaido)

Dispensing pharmacy business (Fiscal 2024 / As of April 30, 2024)



Number of pharmacies

1,231

We open dispensing pharmacies in locations that are highly convenient for patients, and are also focusing on coordination with medical institutions.



Number of pharmacies supporting home-based healthcare

1,178

In order to further contribute to local healthcare, we are proactively participating in home-based healthcare.



Number of health support pharmacies

245

We actively engage in organizing health consultation events and participating in local events with the aim of contributing to the health of local residents.



Number of pharmacists

6,478

In addition to the active recruitment of pharmacists, we provide training programs tailored to various careers to develop human resources with a high level of expertise and communication skills.



Number of primary care pharmacists

2,274

We are working to strengthen our functions as primary care pharmacists and pharmacies in order to support a large number of patients.



Annual prescription volume

27,350 thousand

We accept prescriptions from medical institutions nationwide, and strive to ensure that patients can continue to receive prescription medication with peace of mind.

Cosmetic and drug store business (Fiscal 2024 / As of April 30, 2024)



Number of cosmetic and drug stores

81

We are working to open stores in highly convenient locations such as the Tokyo metropolitan area and terminal stations near residential areas so that customers can easily drop by.



Beauty product sales composition

89.2%

Unlike general drug stores, we offer mainly beauty products such as skincare and makeup, as well as other items related to beauty and well-being.

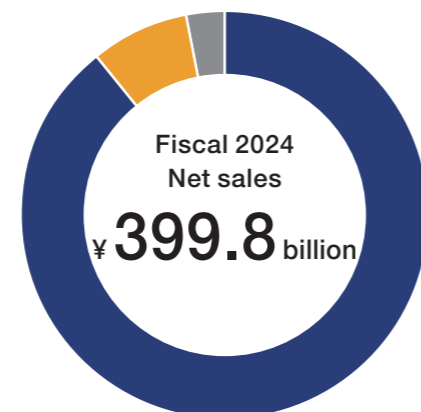


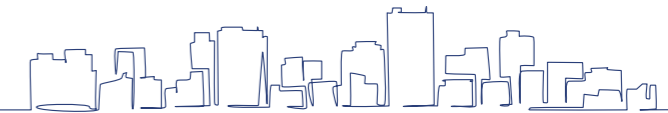
Number of official app users

1,590 thousand

In addition to providing product information that ensures high customer satisfaction and keeps up with trends, the app also offers convenient features and benefits such as loyalty points and coupons.

Net sales	Composition
Dispensing pharmacy business ¥ 357.5 billion	89.4%
Cosmetic and drug store business ¥ 31.1 billion	7.8%
Other businesses ¥ 11.1 billion	2.8%





Information disclosure system

To respond to expectations and requests from all stakeholders, including shareholders and investors, the AIN 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	Non-financial information
Reports	<p>Integrated Report 2024 We explain our vision, growth strategies, and activities for improving corporate value over the medium- to long-term</p> <p>Annual Securities Report</p> <p>DATA FILE</p>	<p>Corporate Governance Report</p> <p>ESG Data Book</p>
Website	<p>IR Information</p>	<p>Sustainability</p>
Dialogue	<p>General Meeting of Shareholders</p> <p>Financial results briefing</p> <p>Individual meetings with domestic and overseas institutional investors</p>	<p>Stakeholder engagement</p>

Editorial policy

The AIN Group implements a variety of initiatives aimed at generating sustainable growth and creating social, environmental, and economic value. Since the fiscal year ended April 30, 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 30, 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 30, 2024 (May 1, 2023 - April 30, 2024) This report includes the latest information as of the date of publication.

Scope AIN HOLDINGS INC., 31 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., demand, tax systems, and laws and regulations. As such, the Group wishes to caution readers that actual results may differ materially from those projected.

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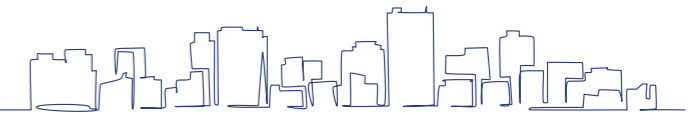
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About the Cover

The AIN Group's vision is to be a company that people welcome to their communities. The cover conveys our aspiration to provide services tailored to the unique characteristics of each community through AIN Pharmacy and AINZ & TULPE, and to contribute to the health and beauty of local residents.



Human resources are what make the AIN Group a leading company in the industry. Fulfilling the mission of the pharmacy as the infrastructure of local communities

President and Representative Director

Kiichi Ohtani

Mission to continue contributing to local healthcare

History and prospects of the dispensing pharmacy business

The Group opened its first pharmacy in 1993. The separation of dispensing and prescribing drugs driven by governmental policy since 1994 led to many pharmacies being opened to handle non-hospital prescriptions. Our business environment is constantly changing, and the growth of our dispensing pharmacy business has not been a straightforward one. A major turning point came in 1997, when the financial crisis caused us to reexamine our highly diversified businesses and to decide to focus our management resources on dispensing pharmacy business. Then, in 2002, the dispensing pharmacy business achieved the top net sales in the industry. Throughout this process, we have always asked ourselves what the mission of a pharmacy is, and we have striven to contribute to local healthcare.

We primarily open pharmacies near medical institutions, and our pharmacies are used and supported by numerous patients. The number of elderly patients is growing across Japan as a whole, and, needless to say, a major criterion when patients choose pharmacies is their convenience. When it is essential to coordinate with medical institutions, it is also important that pharmacies be located near the doctors who issue prescriptions,

and that the pharmacies communicate closely with the medical institutions. We firmly believe that this contributes to better prescription drug treatment for patients.

At the same time, close proximity to medical institutions also significantly improves the expertise of pharmacists. Local flagship hospitals serve many patients whose treatment requires a high level of specialized knowledge regarding anticancer drugs and the like. They also have many patients with diseases regarding special drug administration care, such as patients with kidney or liver disorders. Our pharmacies are constantly being called on to fill prescriptions that pharmacies in town seldom encounter, and this raises the level of expertise of our pharmacists.

Improving the expertise of pharmacists is vital to enable them to meet the needs of patients. It is also a strength of our company, and we believe that we must continue to enhance this strength.

Furthermore, looking to the future, we are always striving to expand our business and make our management more efficient, never choosing to rest on our laurels. We command only 4% of the pharmacy market share, so we will utilize M&As and other approaches to actively grow our dispensing pharmacy business. We also believe that it will be important to carry out initiatives in line with the changing times according to market environment, such as promoting greater awareness and the use of AIN Pharmacy in the online market space, improving efficien-

cy by promoting digital transformation.

The biggest management issue is “dispensing errors”

Doing our utmost to protect patients

As a member of management, it feels to me that we face an endless sea of management issues. We want to expand our business, so what issues does that involve? Even if we successfully address one of these issues, another rises to take its place.

However, reflecting on our origins as a pharmacy, the answer to “What is our biggest management issue” is a simple one: “dispensing errors.” Every year, we handle approximately 30 million prescriptions. I believe that, realistically speaking, it is impossible to make sure not even a single dispensation mistake is made in dealing with that many prescriptions. Of course, we are continuously working to get the number of errors as close to zero as possible, but we must also prepare reliable measures for dealing with these errors if they do occur.

For example, we are constantly thinking of what we can do and what we should do, such as developing systems for rapidly discovering that dispensation errors have occurred, systems for contacting patients who have been given incorrect medications before they take those medications, and systems for responding when patients have taken incorrectly dispensed medications.

Developing our cosmetic and drug store business as a second pillar of business through our strategy of avoiding homogenized competition and through our strengths

The success of our cosmetic and drug store business contributed to the Group’s business performance in the fiscal year ended April 2024, resulting in record profits that exceeded our plans.

For over a decade, there have been views in the market that we should pull out of the cosmetic and drug store business and focus exclusively on the dispensing pharmacy business. Admittedly, we have been confident that there was growth potential in the dispensing pharmacy business, and we focused our investment of capital and human resources in the dispensing pharmacy business. However, at the same time, for us to aim for even further growth as a group, we considered it necessary to create a second pillar of business that could stand alongside our core business. This is why we kept taking on the challenge of establishing the cosmetic and drug store business, which went beyond simple

drug store business alone. I believe we saw our efforts bear fruit in the fiscal year ended April 2024.

Our fundamental strategy in the cosmetic and drug store business is to avoid homogenized competitions. Looking at the rising number of companies expanding into the drug store segment, we believed that we needed to create a business that went beyond the conventional boundaries of the segment. Through a process of trial and error in opening and operating AINZ & TULPE stores, we kept on investigating what it meant to do truly non-homogenized business and what positions were free of competition. AINZ & TULPE was finally producing steady profits, but during the COVID-19 pandemic, it was deeply in the red. These temporary brakes placed by the pandemic, however, turned out to be a good opportunity. We had to suspend sales activities due to the closure of commercial buildings during the pandemic, but we used that time to focus thoroughly on creating a system for achieving a 10% profit margin. Logistics, product mix, personnel structures, store locations – we looked at each and every one of our processes. We also decided to shut down unprofitable locations, thoroughly striving to make AINZ & TULPE more resilient. I believe we are starting to see the results of those efforts in our business numbers.

Many focus on product mix as the strength of AINZ & TULPE, but I think it is something else. AINZ & TULPE’s real strength is that it is not a chain operation, but instead each sales area is designed and headed up by our people. Each store manager is vested with their own authority, and they analyze data and select and arrange the products from our diverse product selection that are best fit for their store. That is why no two AINZ & TULPE stores are the same.

Furthermore, store opening standards include conditions based on numerical analyses. Our current business structure is one in which stores rapidly achieve profitability after opening.

I believe that the success of AINZ & TULPE stores lies in the fact that they go beyond the bounds of conventional drug stores, that they are positioned in a way unlike conventional chain operations, and that they are based on the results of thorough business format research.

Convinced of significant synergies from the consolidation of Francfranc

In August 2024, Francfranc Corporation (hereinafter “Francfranc”) became a part of the Group. I did not want just any network of homeware product stores. I had long been attracted to Francfranc, and wanted it to be part



of the Group.

What makes Francfranc appealing is, first, that it carries many products that are not available in AINZ & TULPE stores and the demographics of our customers are highly similar, so there is great potential for product and store opening synergy. Second, it is far better known than AIN Pharmacy or AINZ & TULPE. Third, unlike our own stores, it is a specialty store retailer of private label apparel (SPA), and it has its own production division. A collaboration between Francfranc and AINZ & TULPE, each of which have many strengths of their own, would be extremely effective one. While Francfranc has its own production division, AINZ & TULPE has exceptional store development strengths, so the two complement each other perfectly. If the two were to open up shops together, it would result in shops of unprecedented scales. In fact, we have already begun making forays into joint store openings, and I believe that having the two options of AINZ & TULPE and Francfranc will, without question, accelerate the pace of our store openings.

Needless to say, we deliberated carefully regarding the consolidation of Francfranc, and we made the decision because we concluded that, even after taking goodwill into consideration, doing so would contribute to profitability. Furthermore, our consolidated net profit has grown to ¥10.0 billion, so we determined that we can easily absorb the goodwill and that the acquisition will have little impact on our balance sheet. Above all, the development and manufacturing of Francfranc home-ware products is something that AINZ & TULPE would not be able to achieve, even over the course of several years. That is why we reached this major decision.

The synergy from the consolidation of Francfranc will begin to produce results from the fiscal year ending April 2026, and we are confident that it will contribute significantly to the Group's profitability.

Producing a positive human resource cycle by creating welcoming workplaces for everyone

AINZ & TULPE's strengths include its unique refreshment and shelving of product lineups. At the heart of these strengths lie people, and our people are what have enabled us to improve our business results. Each store manager changes their product shelving arrangements based on data, using their own ingenuity. I believe this keeps stores fresh and appealing, helping us win the support of our customers.

As AINZ & TULPE demonstrates, the greatest source of the Group's growth is our people. I believe that the most important measure we must take to ensure our ongoing growth and to improve our sustainability is to

always value our people.

In April 2024, we launched a new human resource development program as an overall human capital management initiative. Under this, we are striving to further enrich our personnel training, but we have also focused on creating welcoming workplaces. These efforts have been recognized from numerous perspectives, with the Group receiving Platinum Kurumin certification in July 2023, being selected as a 2024 Certified KENKO Investment for Health Outstanding Organization Large Enterprise Category - White 500) in March 2024, and receiving Platinum Eruboshi certification in June 2024. By creating workplaces that are welcoming for everyone, we have kept our employee turnover rate low. The smooth sharing, accrual, and succession of know-how and knowledge in individual workplaces is making major contributions to the stability and strength of the Group's business foundation.

These welcoming workplaces have been highly praised by students seeking employment. In the Ranking of Most Popular Companies among Job-Hunters Graduating in 2025 conducted by the job hunting information website Mynavi in collaboration with Nikkei, the Group came in fourth in popularity among female students of science, following Ajinomoto, Kagome, and Sony Group. This level of popularity surpassed even my own expectations, but it's true that in recent years we have been steadily recruiting exceptional new graduates.

Investing in making welcoming workplaces has enabled us to steadily recruit high quality personnel and has enabled employees to continue working with us. The results of these efforts are beginning to show in terms of revenues, and increases in revenues will lead to wage improvements for employees. If this makes the Group a more popular choice for new graduates, it would be fair to say that the Group's human capital management has created a positive cycle.

Placing high importance on monitoring by diverse outside directors to heighten the effectiveness of our governance

With respect to our corporate governance, we refer to the Corporate Governance Code of the Tokyo Stock Exchange and check if there are any aspects of our own systems or structures that require improvement as we work to achieve a level of governance that meets or exceeds expectations.

However, two people, a former director of the Company and a former director of a subsidiary of the Company were arrested on August 31, 2023, and subsequently indicted and convicted in the first instance. On the day of

the arrest, we launched a fact-finding investigation and began working to discover the details of the situation. We formulated and announced measures to prevent reoccurrence, and we are currently implementing these measures.

As part of our efforts to strengthen our corporate governance, we have reviewed and revised the structure of the Board of Directors and newly appointed legal experts, M&A specialists, and other experts. Through this, we raised the outside director composition ratio of the Board of Directors to 45% and are striving to reinforce our compliance-related supervisory functions. Furthermore, given that one of our core growth strategies is the use of M&As, adding an M&A specialist as an outside director has been, I believe, a highly significant move. M&As do not end with the acquisition of shares. That is where the real challenge lies. The true value of M&As lies in the creation of synergy. Receiving well-timed and appropriate information from an outside director when deliberating the acquisition of stocks and through the process of synergy creation will, I believe, serve of great assistance in driving our business growth.

We have also selected new, highly experienced outside corporate auditors who are accredited attorneys and tax accountants. The input being provided by outside directors and outside corporate auditors in the new Board of Directors is sterner than in the past, but through lively discussion, the Board is working to further enhance governance.

Our growth over the past decade and the decade to come

I have been reflecting on our growth over the past decade and I have strong feelings about the decade to come.

Our pharmacies were also affected by the Great East Japan Earthquake of 2011. I myself took the lead in rapidly restoring service, focusing on the two areas of Sapporo and Tokyo, and our many employees worked wholeheartedly to achieve this recovery. Roughly 13 years later, on January 1, 2024, the Noto Peninsula Earthquake occurred, and 29 of our stores were damaged. We promptly created a disaster response headquarters team, and at 9:00 a.m. on the following day we connected four sites online and held a disaster response headquarters meeting. On January 4, we resumed operations at 26 stores, and the pharmacies in Anamizu Town and Nanao City, where the earthquake measured 6-upper on the Japanese seismic intensity scale, resumed operations on January 5. Needless to say, I rushed to the disaster response headquarters, but there was no need for me to issue any instructions. We

conducted our emergency response operations, including dispatching pharmacists to disaster areas, providing support to pharmacists in nearby hospitals, delivering medications to homes and evacuation shelters with patients, and other response operations, by methodically setting up a response structure to handle these activities without the need to wait for instructions.

This is a testament to how much we have grown over the past decade. My experience with the Great East Japan Earthquake gave me the desire to make AIN Pharmacy the infrastructure of local communities. After the Great East Japan Earthquake, we formulated business continuity plans (BCPs) and conducted business continuity management (BCM) drills. These efforts demonstrated their effectiveness in our response to the Noto Peninsula Earthquake. I believe that our ability to respond to the earthquake so smoothly was not just the product of training, but also the product of the sense of pride of each and every one of our employees and the dedication to their mission of continuing to operate pharmacies as part of infrastructure of local communities. Pharmacies are part of infrastructure of local communities, and we protect that local infrastructure – this mentality has permeated our entire Group, becoming an invisible but tremendous asset for us.

Looking at our business, as well, the record high profits we recorded in the fiscal year ended April 2024 shows that our efforts have not been in vain. Now that we have realized the consolidation of Francfranc, the next ten years will be a decade in which we not only continuously grow our core dispensing pharmacy business, but we also accelerate the growth of the cosmetic and drug store business into a second pillar of business by creating synergy between AINZ & TULPE and Francfranc.

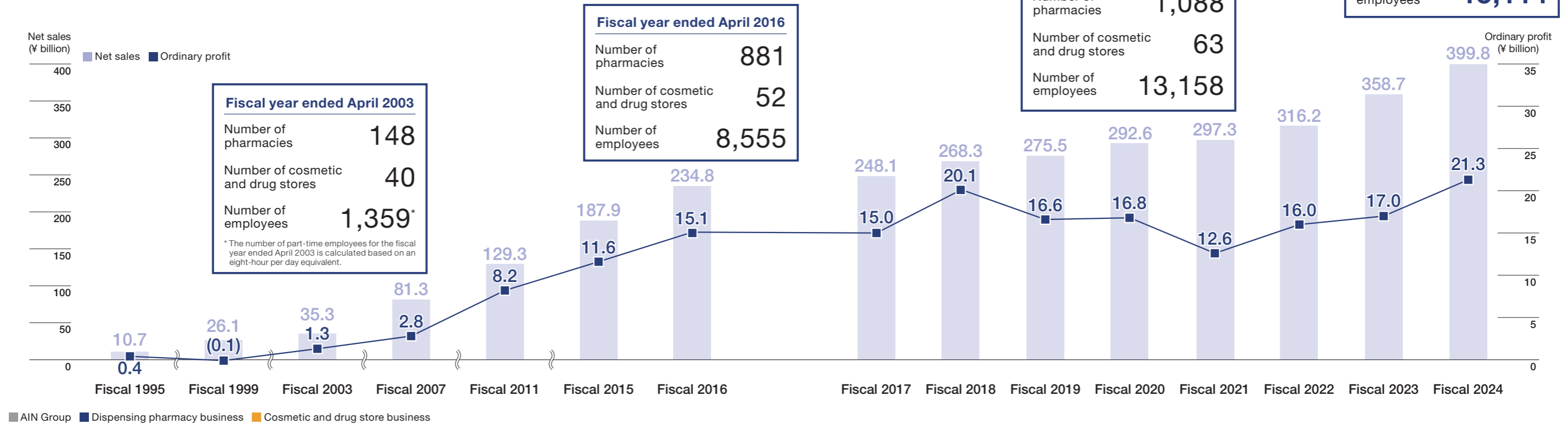
The Nomination and Remuneration Committee has engaged in multiple discussions regarding succession plans for our management team, myself included. Since July 2024, the Committee has been newly chaired by an outside director, who is bringing new perspectives while engaging in further deliberations. The findings of the discussions of the Committee are reported to the Board of Directors. Currently, candidates for these positions are building up a wide range of business management experience and being interviewed by outside directors on the Nomination and Remuneration Committee. All of the candidates feel a great deal of pride in our business and dedication to our mission. I am confident that they will lead us to further sustained growth.

In the decade to come, we will continue to provide all stakeholders with encounters, through our dispensing pharmacy and cosmetic and drug store businesses, that will make people welcome us to their communities.



Value Creation History

As the environment and values surrounding people's health and beauty continue to change with the times, the AIN Group has continued to expand its business by improving the specialist skills of pharmacists and developing pharmacies in highly convenient locations nationwide. We are constantly striving to provide services that listen to the voices of each patient and customer. Today, we operate more than 1,200 pharmacies nationwide, and our business continues to grow steadily.



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

Established in 1969 as a company handling contracted clinical testing. In 1980, the Company launched its drug store business, the predecessor of its current business, and went public 14 years later.

- 1969 ■ Started contracted clinical testing business
- 1980 ■ Started drug store business
- 1993 ■ Opened first pharmacy
- 1994 ■ Listed on JASDAQ market
■ Unified pharmacy name to AIN Pharmacy
- 1995 ■ Established Dispensing Pharmacy Business Division

1997 — Secured top position in dispensing pharmacy sector by net sales

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 in 2002, the dispensing pharmacy business achieved the top net sales in the industry.

- 1998 ■ Transferred the operation of the contracted clinical testing business
- 2002 ■ Opened first cosmetic and drug store
- 2004 ■ Transferred the operation of the general drug store outlets to implement a strategic shift to cosmetic and drug stores
- 2006 ■ Established WHOLESAL STARS Co., Ltd. and started generic pharmaceutical wholesales
- 2009 ■ Listed on 2nd Section of Tokyo Stock Exchange
- 2010 ■ Reclassified to 1st Section of Tokyo Stock Exchange
■ Listed on Main Board of Sapporo Securities Exchange

2015 — Transitioned to holding company structure

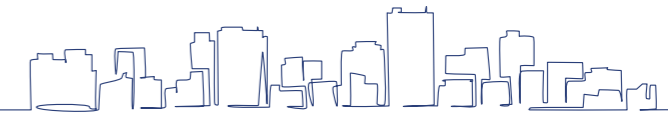
To strengthen its management base for further growth, the Company transitioned to a holding company structure in 2015 and accelerated the business development including the opening of new pharmacies and M&As under the dispensing pharmacy business, which resulted in the number of pharmacies reaching 1,000.

- 2015 ■ The Company name changed to AIN HOLDINGS INC., following the transition to a holding company structure
■ Acquired all shares of AYURA LABORATORIES Inc.
- 2016 ■ Number of Group pharmacies exceeds 1,000

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

The accelerating trend of digitalization across society is also occurring in the healthcare industry. The Group is working to improve convenience for patients and customers as well as operational efficiency through the promotion of digital transformation by actively developing apps.

- 2018 ■ Carried out first online pharmaceutical guidance in Japan
- 2019 ■ Released official AINZ & TULPE app
- 2020 ■ Opened AINZ&TULPE WEBSTORE
- 2022 ■ Transferred to Prime Market, a new market segment of Tokyo Stock Exchange
■ Launched the official AIN Pharmacy app, Anytime AIN Pharmacy
■ Opened first overseas AINZ & TULPE store
- 2023 ■ Started supporting digital drug prescriptions
- 2024 ■ Implemented demonstration of partial outside contracting of dispensing operations in the National Strategic Special Zones
■ Acquired all shares of Francfranc Corporation

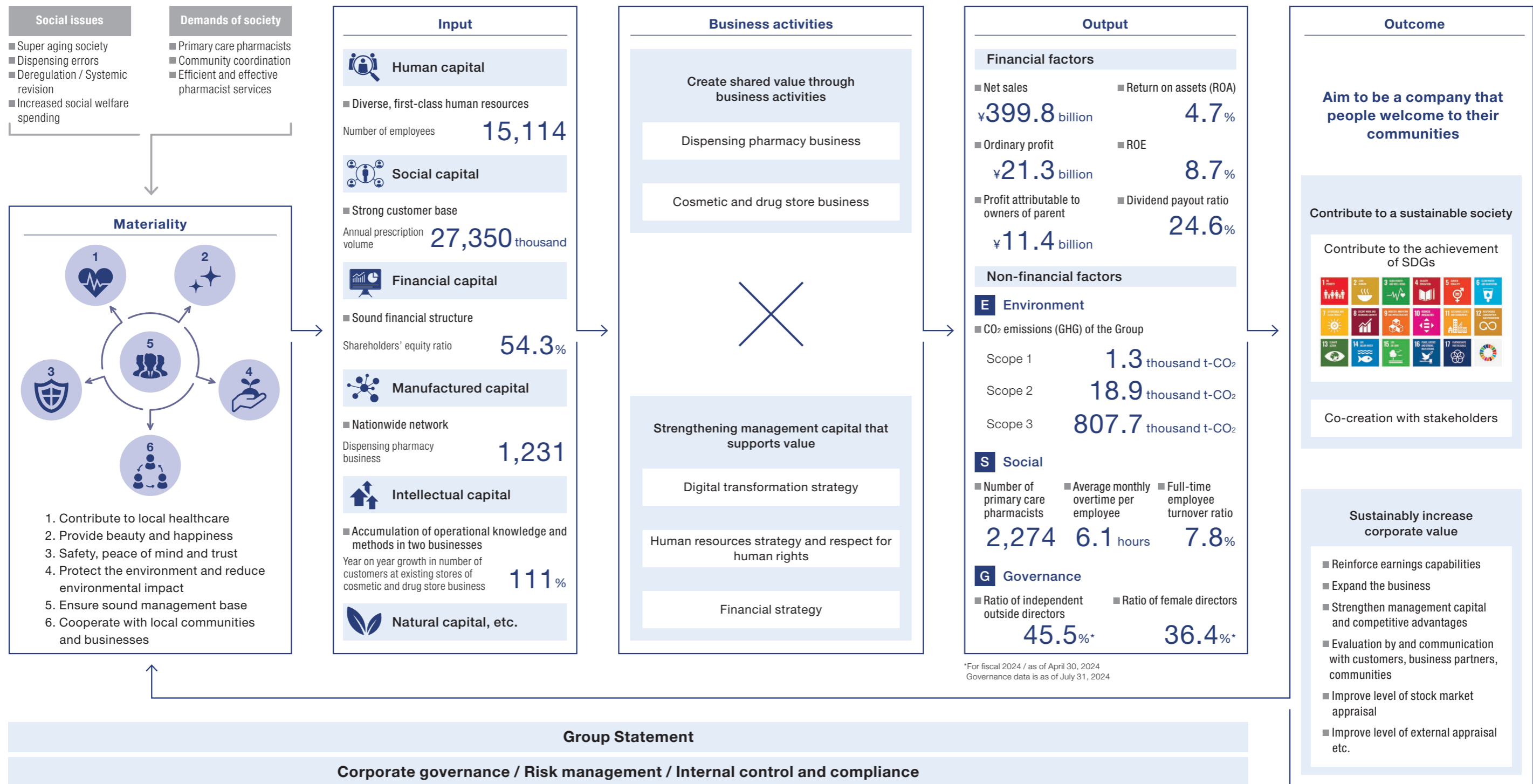


Value Creation Story

— 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



Group Statement

Corporate governance / Risk management / Internal control and compliance

*For fiscal 2024 / as of April 30, 2024
Governance data is as of July 31, 2024



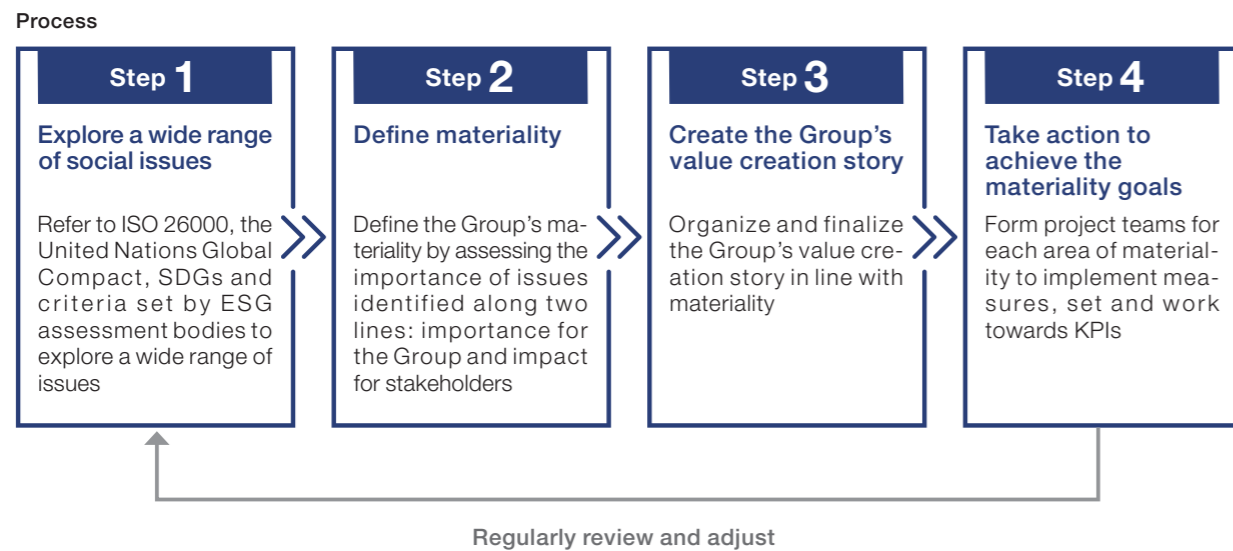
Materiality

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 CSR, ESG and 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

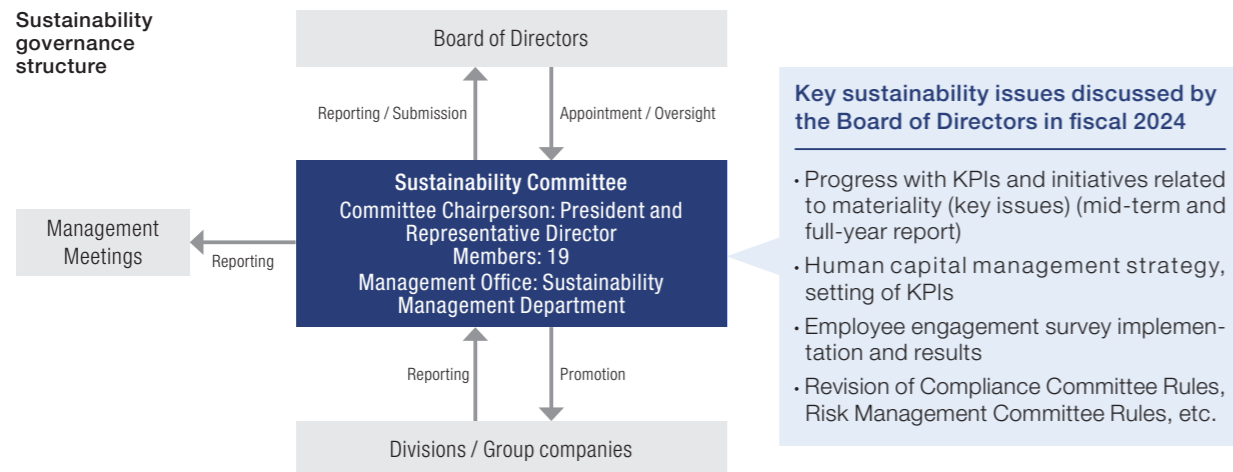
materiality. The teams devised initiatives and set KPIs, which were disclosed in May 2021 and we are currently implementing the initiatives to achieve our targets.



■ 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
<p>1. Contribute to local healthcare</p> <p>Operate pharmacies that contribute to healthcare that treats and supports people throughout the local community</p>	<ul style="list-style-type: none"> ■ 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. ■ Contribute to the sustainability of the social security system by controlling medical costs through efficient pharmaceutical usage and healthcare provision. ■ 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.
<p>2. Provide beauty and happiness</p> <p>Provide beauty and happiness for people to enjoy every day of their lives in modern society</p>	<ul style="list-style-type: none"> ■ Open stores with product ranges aligned with retail trends, consumer needs and local areas to empower people through beauty. ■ Develop innovative and original products that help customers create their own unique lifestyles.
<p>3. Safety, peace of mind and trust</p> <p>Deliver safety, peace of mind, and trust through our day-to-day operations</p> <p>SDGs preamble Human rights for all people</p>	<ul style="list-style-type: none"> ■ Continually improve quality assurance and safety management systems to reinforce product quality and safety.
<p>4. Protect the environment and reduce environmental impact</p> <p>Contribute to environmental protection and reducing environmental impact</p>	<ul style="list-style-type: none"> ■ Identify and reduce greenhouse gas emissions. ■ Protect the environment by reducing industrial waste.
<p>5. Ensure sound management base</p> <p>Reinforce sound management base</p> <p>SDGs preamble Human rights for all people</p>	<ul style="list-style-type: none"> ■ Implement human rights initiatives. ■ Promote diversity and inclusion by hiring diverse personnel and effectively deploying human resources. ■ Step up efforts to improve employee health. ■ 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. ■ Deepen engagement with various stakeholders and continually reinforce board oversight functions.
<p>6. Cooperate with local communities and businesses</p> <p>Promote the creation of a healthy society and the implementation sustainability activities together with local communities and the supply chain</p>	<ul style="list-style-type: none"> ■ Contribute to society through wellness activities and other initiatives to build mutually beneficial partnerships with local communities. ■ Promote sustainability across the entire supply chain by implementing CSR procurement*. ■ Work with pharmaceutical wholesalers to build systems that reduce environmental impact.

* 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

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 30, 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	Targets for the fiscal year ending April 2026	Results for the fiscal year ended April 2024
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: 37 ■ Community coordination pharmacies: 593
Number of health support pharmacies*2	More than 50% of pharmacies to be certified as health support pharmacies	Number of health support pharmacies: 245
Number of home-based services	All pharmacies to conduct at least 24 cases per year	Conducted at 85.4% of pharmacies
Number of primary care pharmacists	Deploy primary care pharmacists to all pharmacies	Deployed primary care pharmacists to 89.9% of pharmacies
Generic drug usage rate	Maintain usage rate at 85% or higher at all pharmacies	Maintained usage rate at 74.7% of pharmacies
Continually improve BCP and strengthen execution capabilities	Achieve 100% response rate for safety verification drills*3	99.5% *Conducted in March 2024
Ratio of disaster base hospital pharmacies with emergency stockpiles	Ensure all pharmacies supporting disaster base hospitals have stockpiles	■ Conducted disaster response headquarters drills ■ 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	■ 363 thousand / month ■ 490 thousand / month
Number of manufactured clean beauty*4 original brand products	50% of manufactured products	10.9%
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 48.9% of pharmacies ■ 62.3% 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%*6 compared to the reference year (fiscal 2022)	Reduction rate Total: 3.8% Emissions per unit of production*7: 23.9%
Pharmaceutical disposal rate	Disposal rate of less than 0.02%	0.06%

KPI	Targets for the fiscal year ending April 2026	Results for the fiscal year ended April 2024
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%	■ 94.8% ■ 92.4%
Kurumin / Platinum Kurumin certification*9 and Eruboshi / Platinum Eruboshi certification*10	Maintain Platinum Kurumin, Platinum Eruboshi certification, etc.	Received Kurumin certification / Platinum Kurumin certification / received Eruboshi certification (third level)
Ratio of female managers*11	Ratio of female managers: 40%	36.8%
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	Recognized as a Certified KENKO Investment for Health Outstanding Organization (Large Enterprise Category - White 500*12)	Recognized as a 2024 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 4.3 out of 5 points for all categories
Ratio of outside directors	At least two-fifths of board	1.8/5 of the board (4 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: 93.6%
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 ■ Held briefings for companies in supply chain in July 2023 Conducted CSR questionnaires for companies in supply chain in August 2023
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 49 pharmacies ■ Reduce CO ₂ emissions by 75% ■ 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 cosmetic and drug store 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 Kurumin / 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 Eruboshi / 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 Kai recognizing outstanding companies in KENKO Investment for Health. The top 500 large enterprises for KENKO Investment for Health are included in the White 500.



Creating Shared Value through Our Business (CSV)

Dispensing pharmacy business



Aiming to be a pharmacy that supports local healthcare service

In October 2015, the Ministry of Health, Labour and Welfare formulated its vision for patient-focused pharmacies to revisit the concept of the separation of medical and dispensary services, under which pharmacies would be reorganized as primary care pharmacies focused on patients. This vision calls for pharmacies to provide primary care pharmacy functions such as centralized management of drug usage data and home-based healthcare, and advanced pharmaceutical management functions, in which pharmacies are staffed by pharmacists with expert certifications, and coordinate with medical institutions to serve patients using anti-cancer agents, anti-HIV drugs, and the like. As an operator of primary care pharmacies for local communities, we will work to ensure that patients can enjoy peace of mind regarding their medication usage.

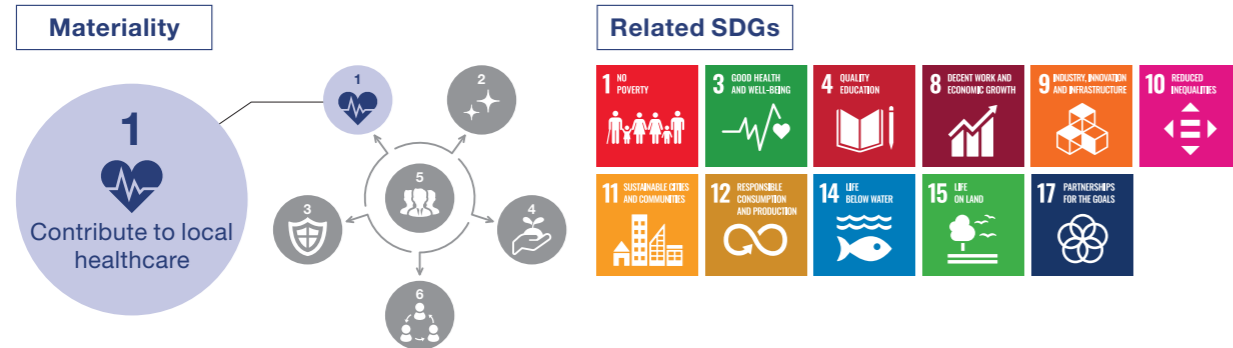
Senior Executive Officer, Division Manager of Dispensing Pharmacy Operations Management **Susumu Watanabe**



■ Patients and AIN Pharmacies

The Group is reinforcing its primary care pharmacy functions and its advanced pharmaceutical management functions. Furthermore, with the aim of making our pharmacies easy for all patients to use, we are opening pharmacies in convenient locations and improving the quality of our pharmacy services, such as by shortening wait times and appropriately managing medications.

We are also actively supporting the Japanese government-led initiatives to use Individual Number Card (My Number Card) as health insurance cards (confirming health insurance status online) and to use electronic 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.



Medium-term actions

Amid the increasing complexity of prescription drug treatments due to the aging of the population and the advancement of healthcare, we will contribute to the realization of equal, sustainable, healthy and prosperous lives for local residents

■ Summary of the fiscal year ended April 2024

Prescription costs have increased backed by the increasing trend to prescribe higher-cost medicines, including drugs to combat COVID-19. The number of prescriptions has also increased due to the easing of restrictions on hospital outpatient visits as a result of the downgrade of COVID-19 to a category-5 infectious disease, as well as the strengthening of our function as primary care pharmacists and pharmacies, and improvements to patient services, such as shortened wait times.

With respect to opening new stores, as a result of 40 store openings, including M&As, and 18 store closures or transfers, we now have a total of 1,231 pharmacies.

Key strategies

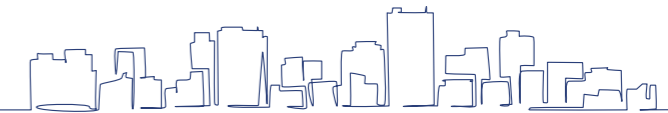
- Raising quality of dispensing pharmacies and improving specialist skills of pharmacists
- Top-line growth
- Strengthening human resources and operational capabilities
- Addressing advances in healthcare and technological innovation

Net sales **¥357.5 billion**
(11.2% \square year on year)

Segment profit **¥27.5 billion**
(14.3% \square year on year)

Selection and continued use of pharmacies					
	Location	Service	Safety	Expertise	Added value
Patients' perspective	<ul style="list-style-type: none"> ■ Close to medical institutions ■ Close to home ■ In areas frequented as part of daily life 	<ul style="list-style-type: none"> ■ Short waiting times ■ Good customer service and hospitality ■ Necessary stock of medications 	<ul style="list-style-type: none"> ■ Safe and secure ■ Clear and understandable explanation of medications ■ Trustworthy 	<ul style="list-style-type: none"> ■ Consultation with a pharmacist with specialist knowledge ■ Close collaboration with medical institutions ■ Supports home-based healthcare ■ Offering online pharmaceutical guidance ■ Consultation on medications and health issues 	<ul style="list-style-type: none"> ■ Various delivery options for medications such as same-day delivery and locker pickup ■ Supporting digital prescriptions ■ Information on health issues and pharmacies ■ Coordination with local governments
Our strengths	<ul style="list-style-type: none"> ■ 1,200 pharmacies in highly convenient locations nationwide ■ Opening pharmacies near hospitals, clinics, and other areas frequented as part of patients' daily life 	<ul style="list-style-type: none"> ■ 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 support ■ Over 60 training programs available ■ Raising quality of dispensing pharmacies and improving specialist skills of pharmacists ■ Strengthening human resources <p>▶ See page 22</p> <p>▶ See page 33</p>	<ul style="list-style-type: none"> ■ Fulfilling functions of primary care pharmacists and pharmacies ■ Number of primary care pharmacists: 2,274 ■ Certified as pharmacies with specialist functions ■ Number of specialized medical institution coordination pharmacies: 37 ■ Number of community coordination pharmacies: 593 ■ Number of health support pharmacies: 245 ■ Home-based healthcare and online pharmaceutical guidance services ■ Number of pharmacies supporting home-based healthcare: 1,178 ■ Online pharmaceutical guidance service available at all pharmacies 	<ul style="list-style-type: none"> ■ Proactive demonstration Addressing advances in healthcare and technological innovation ▶ See page 22 ■ Participation in model project for digital prescription ■ Official app Anytime AIN Pharmacy ■ Provision of information related to medicine and health through Ai-chan News Letter ■ Improving communication with patients ■ Implementation rate of local health events in stores: 93.6% ■ Disaster relief agreement with local government

Contribute to local healthcare



Creating Shared Value through Our Business (CSV)

Dispensing pharmacy business

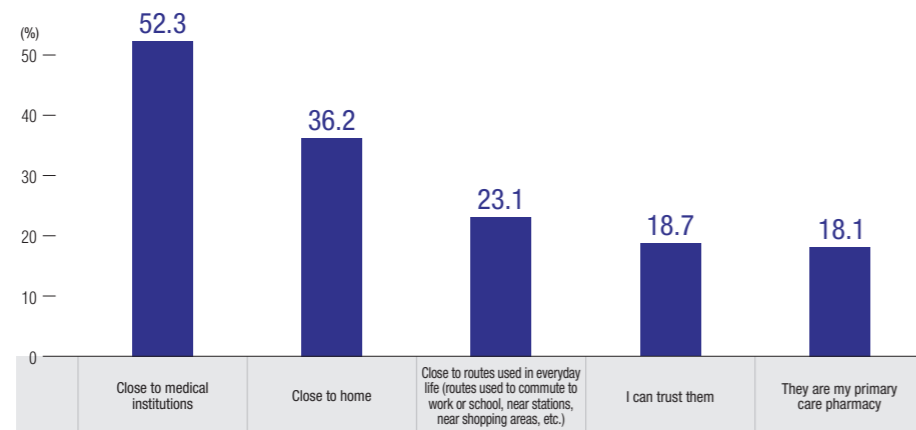
■ Top-line growth

Aiming to be pharmacies that meet patients' needs

In a questionnaire for the general public conducted in December 2023, 50% or more of respondents selected "close to medical institutions" as the reason for using the most frequently used pharmacy. After the pharmacy location-related answers, the next most frequently chosen reasons were "I can trust them" and "they are my primary care pharmacy," both of which are the expertise of pharmacists.

The Group opens pharmacies that are conveniently located near medical institutions to contribute to the prescription drug treatment of patients. We primarily open pharmacies near university hospitals and medical institutions that are centers for local healthcare services, and we dedicate ourselves to nurturing the expertise of our pharmacists so that they can handle prescriptions that require an advanced level of pharmaceutical knowledge.

Reasons for using the most frequently used pharmacy



*AIN Group research; n= 1,800 (multiple answers)

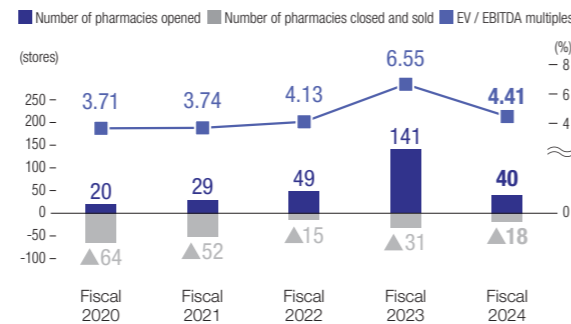
New store openings

We have 1,231 dispensing pharmacies (as of April 2024) nationwide.

The Japanese pharmacy market is worth roughly 8.3 trillion yen, but we command only a 4.3% share of the market. Even the top five companies combined only account for less than 15%, and it is a highly non-monopolistic market. In this market, in addition to organic store openings (launching stores ourselves), M&As are also major drivers of corporate growth.

Our organic store opening and M&A investment standards include standards regarding the number of years it will take to recoup investments and the locations of the proposed pharmacies. We use these standards to make appropriate decisions regarding store openings, and, at the same time, we also review and revise our standards based on changes in the industry environment, such as revisions of dispensing fees and the relaxation of regulations.

Number of pharmacies and EV / EBITDA multiples of M&As



AIN Pharmacy at Otaru General Hospital (Hokkaido)



AIN Pharmacy at University of Yamanashi Hospital (Yamanashi Prefecture)



AIN Pharmacy Kyudai Minami (Fukuoka Prefecture)

■ Improving specialist skills of pharmacists

By developing pharmacists with high specialist skills, we are striving to contribute to the prescription drug treatment of each and every patient. Also, we work to contribute to the advancement of the pharmaceutical industry through the specialist output of our pharmacists in the form of academic papers, conference presentations, and on-site lectures in workshops and training seminars organized by medical institutions and universities.

Each year, our pharmacists give roughly 60 conference presentations, a number far surpassing those of other companies*.

* Total number of presentations at the four conferences of the Japanese Society of Pharmaceutical Health Care and Sciences, Pharmacy Society of Japan, Japan Pharmaceutical Association, and Japanese Society of Pharmaceutical Oncology, according to AIN Group research

■ Addressing advances in healthcare and technological innovation

In September and October 2024, as a member of the Pharmacy Digital Transformation Promotion Consortium*¹, we performed a verification project concerning the partial outsourcing of drug dispensation operations in Osaka City, the National Strategic Special Zone. This partial outsourcing of drug dispensation operations project consists of pharmacies which receive prescriptions outsourcing the process of drug unit-dose packaging*² to other pharmacies.

In September 2024, partial outsourcing of drug dispensation operations was performed within business entities, and in October 2024, for the first time in Japan, it was performed across business entities.

Through this initiative, we believe we can make drug dispensation more efficient, thereby further enriching the face-to-face operations of pharmacists, such as providing follow-up after medications are used or offering feedback to doctors. We are actively conducting innovative initiatives to be a company that people welcome to their communities.

We are steadily improving patient services and strengthening the Group's competitiveness, ensuring we are well-placed to respond rapidly and appropriately to the expected wide-ranging deregulation.



*1 Pharmacy Digital Transformation Promotion Consortium: This consortium seeks to create a society in which all pharmacies use mechanization, robots, ICT, and the like to provide truly specialized services and function appropriately as providers of medical treatment. To achieve this, participants share necessary information and conduct joint verification projects with the aim of contributing to the creation of various systems.

*2 Unit-dose packaging: To combine each of the different drugs which are taken at the same time into single-dose bags

2024 Noto Peninsula Earthquake

In response to the growing number of natural disasters in recent years, we have formulated business continuity plans (BCPs) for all of our pharmacies and conduct business continuity management (BCM) 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.

In response to the 2024 Noto Peninsula Earthquake that occurred on January 1, 2024, we set up a response headquarters on the day of the earthquake and confirmed disaster conditions and shared information in the early morning of January 2, with the lives and safety of our employees, their family

members, and all other related parties as our highest priorities. To support healthcare in disaster-struck areas, the whole Group engaged in a unified effort to maintain the continuity of local pharmacy operations and rapidly reopen disaster-struck local pharmacies. Through this, we supported the uninterrupted provision of local healthcare, such as providing service to local patients coming to our pharmacies and handling inquiries from patients who did not take their medications with them when they evacuated. Furthermore, to assist with local healthcare, we decided to dispatch pharmacists to disaster-struck areas as human support.

Going forward, we will continue to actively respond to cooperation requests from medical institutions and local governments to provide local healthcare assistance, living up to our social mission as a part of community infrastructure.



Creating Shared Value through Our Business (CSV)

Cosmetic and drug store business



Aiming to be the one and only comprehensive beauty outlets

At AINZ & TULPE, each store designs a sales area layout responding timely to customer needs. We develop comprehensive beauty outlets that meets customer expectations for beauty and happiness and brightens up their daily lives.

We also dedicate ourselves to developing our own original products and collaborating with popular brands. By providing customers with cosmetic experiences as only AINZ & TULPE can, we aim to become our customers' one and only choice.

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



AINZ & TULPE Yokohama Porta

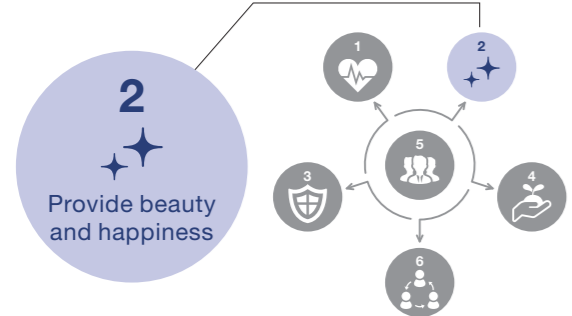
AINZ & TULPE COCONO SUSUKINO

Customers and AINZ & TULPE

AINZ & TULPE aims to be the most accessible comprehensive beauty outlets for shoppers with an interest in beauty, offering a place where they can easily drop by and browse freely. We will actively respond to diverse needs and new markets by opening stores in highly convenient locations and providing a unique merchandise lineup that creates unique encounters and experiences.

Selection and continued use of stores			
	Location	Product	Service
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 Feel likely to find a product that suits oneself Carrying trending products on social media Carrying exclusive products that can only be found at that store 	<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	<ul style="list-style-type: none"> Setting priority areas and opening flagship stores mainly in urban areas <p>Number of prospective store opening</p> <p>Nationwide: 180</p> <p>Areas for expanding new store openings</p> <ul style="list-style-type: none"> Hokkaido 1 Kansai 40 Tokai 5 Kyushu 4 Kanto 130 <p>Top-line growth</p> <p>▶ See page 25</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 <p>Comparison of product mixes at AINZ & TULPE and general drug stores</p> <ul style="list-style-type: none"> Beauty products: 1.7% Over-the-counter drugs and sanitary products: 7.6% Foods and health foods: 1.5% Daily necessities: 89.2% <p>General drug stores*2</p> <ul style="list-style-type: none"> Beauty products: 12.6% Over-the-counter drugs and sanitary products: 27.4% Foods and health foods: 24.3% Daily necessities: 35.7% <p>Reinforcing differentiation strategy</p> <p>▶ See page 25</p>	<ul style="list-style-type: none"> Product mixes, development and sales area layouts tailored to the location of each store Providing information via the official app and social media <p>Number of app users</p> <p>1.59 million people (As of April 30, 2024)</p> <p>Official AINZ & TULPE app</p> <p>One-stop platform for loyalty points and coupons. There are also many useful functions such as purchase history.</p> <p>AINZ & TULPE AYURA</p> <p>https://ainz-tulpe.jp/app</p> <p>AINZ&TULPE WEBSTORE</p> <p>Lineup of highly satisfactory products that are in tune with the latest trends. Customers can accumulate points and experience great deals.</p> <p>ASIAN COSMETICS アジアンコスメ</p> <p>https://webstore.ainztulpe.jp</p>

Materiality



Related SDGs



Medium-term actions

Always provide a place where customers can enjoy choosing new cosmetics and beauty items that enable a lifestyle that allows them to stay true to themselves

Key strategies

- Reinforcing differentiation strategy
- Top-line growth
- Moving into the Asia market

Summary of the fiscal year ended April 2024

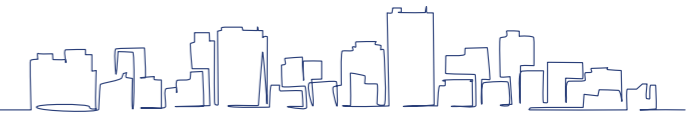
Customer numbers were firm amid a recovery in mobility for both domestic shoppers and overseas visitors. There was also a shift in customer buying habits from infection control products to beauty products, lifting the average sales price.

In particular, sales are increasing for Asian cosmetics, a category the Group is focusing on with measures such as selling brands exclusive to its stores and offering advance sales opportunities. The opening and relocation of new stores in prime locations also contributed to performance. As a result, net sales were firm overall, and profitability improved due to operational efficiency gains and other measures.

The Group opened six AINZ & TULPE stores and closed three stores, resulting in a total of 81 cosmetic and drug stores at the end of the fiscal year.

Net sales **¥31.1 billion**
(21.1% \square year on year)

Segment profit **¥3.0 billion**
(155.0% \square year on year)



■ Reinforcing differentiation strategy

Unlike general drug stores, we carry out store operations based on a strong lineup of beauty products and a unique sales area layout designed by staff at each store. This differentiation strategy is helping to reinforce the AINZ & TULPE brand.

In terms of product mix differentiation, we focus approximately 90% on beauty products centered on skincare and makeup. This cosmetics lineup ranges from reasonably priced cosmetics to premium cosmetics such as consultation-based and therapeutic products. As part of our differentiation strategy, we are also expanding our range of trendy Asian cosmetics and strengthening our range of original brands.

A new initiative we are implementing is our exclusive sale of VT Collagen Needle Shot 100 from the popular Asian VT Cosmetics brand. This can only be purchased at AINZ & TULPE stores, further elevating their value as

a one-of-a-kind total beauty shop brand.

In store operations, we are focusing on creating stores that always stimulate customers by rapidly procuring and selling new products in tune with the latest trends and updating merchandise lineups and sales area layouts on a daily basis. Furthermore, through social media, an official app, EC sites, and the like, we are creating opportunities for customers to make new discoveries, and we are linking these with physical stores to enhance our capability to attract new customers.



VT Collagen Needle Shot 100

Differences between AINZ & TULPE and other retail formats

	AINZ & TULPE	Drug stores	Department stores
Targets	All people who seek "inner and outer" beauty and health	Families, overseas visitors	Upper class, including overseas visitors
Merchandise	Beauty products account for approximately 90% of the lineup Products made in collaboration with popular cosmetics brands	Daily necessities and food account for more than 50% of the lineup	Brand products
Pricing	Med- to high-price range	Low-price range	High-price range
Sales areas	Customizable shelving displays of products selected by staff members	Displays various product	Brands sold through own boutique stores

■ Top-line growth

The flow of people has recovered both in Japan and overseas, and current consumer trends show a rise in the percentage of consumers who purchase cosmetics in physical stores. In this environment, we are not only opening stores in semi-urban areas (in/near stations close to residential areas) in addition to urban areas, we are also implementing a dominant expansion approach in target areas. By reviewing our store opening standards and through our profit structure reform project, we are opening stores with varied locations, customer demographics, and sizes, and these stores are contributing to our profitability within months of their opening.

To achieve top-line growth, we are opening new stores to promote greater recognition of the AINZ & TULPE name and to strengthen our brand.



AINZ & TULPE ecute UENO

■ Moving into the Asia market

We established a joint venture with Marubeni Corporation in March 2022 and opened several stores in Malaysia. In March 2024, we opened our fourth overseas store, AINZ & TULPE IOI City Mall, an IOI City Mall shopping complex in Putrajaya.

We will continue to examine the overseas development potential of AINZ & TULPE while utilizing the Marubeni Group's experience, with the aim of developing new markets that match AINZ & TULPE's concept and target demographics.



AINZ & TULPE IOI City Mall

Rapidly creating synergy with Francfranc

**Aiming to create the one and only sales space
Accelerating growth by the consolidation of
Francfranc**

AINZ & TULPE seeks to be a one and only brand of choice, and one of its features is that its sales areas change on an almost weekly basis. Leveraging its abundant sales spaces to boldly present and rapidly roll out new products is an unparalleled strength of AINZ & TULPE. Furthermore, we provide testers for almost all of the products, and see to that customers can quickly try out products that become popular on social media in-store. Our strategy is to differentiate these stores by providing the value of store experiences, such as fresh sales areas, trying out products, and the joy of selecting newly launched products.

Unlike the dispensing pharmacy business, which is influenced by national policies and systems, the AIN Group's cosmetic and drug store business is able to design its growth strategies based on the Group's own policies. We aim to strengthen the cosmetic and drug store business even further to make it one of the pillars of the Group alongside the dispensing pharmacy business.

One initiative of doing so is the consolidation of Francfranc. Not only is the Francfranc brand well-known among people of a wide range of ages, it also shares a great deal of affinity with AINZ & TULPE's own customer demographics. We have had our eyes on the brand for quite some time. Francfranc's unique sales areas and the lack of overlap between its product lineups and our own also make it an excellent partner. While AINZ & TULPE primarily offers products that it has procured from outside, and its strengths lie in its arrangement abilities such as its product selection, Francfranc is a specialty store retailer of private label apparel (SPA), and almost all of its products are Francfranc originals.

As such, we believe that AINZ & TULPE and Francfranc will be able to rapidly produce synergy. One of those is reciprocal customer transfer. While Francfranc has a high level of brand recognition, due to the nature of its products, it has a low visit frequency. AINZ & TULPE, on the other hand, is not well recognized outside Hokkaido, but it has many customers and a high visit frequency. We want to open Francfranc and AINZ & TULPE stores side-by-side so that customers can visit both.

Furthermore, as Francfranc's sundries have a high level of affinity with cosmetics, cross-merchandising will also be possible. If Francfranc's original home sundries were also sold in AINZ & TULPE sales areas, they could become even more attractive and unique products.

These are not the only two forms of synergy. There is a potential for a variety of synergistic proposals. We are considering possibilities for synergy from a variety of perspectives, such as store openings, sales areas design, and product development.

**Keeping a close eye on the times and issuing new proposals that meet the needs of the environment
Tackling the urgent task of developing personnel in line with the speed of our own growth**

The AIN Group's cosmetic and drug store business makes a conscious effort not to limit its scope to a single domain. This is because we avoid temporary booms such as the influx of inbound tourism, and volatility due to external factors such as the COVID-19 pandemic, and instead aim to achieve stable management for the Group as a whole. We are highly attentive to the social landscape, consumer psychology, and behavioral changes, applying a broader view to issue proposals that match the characteristics of regions and facilities.

Our short-term strategy is a simple one: expanding our store-opening targets through synergy with Francfranc. If we can expand into areas where we have not been able to open stores in the past, such as large-scale and high-rise tenant facilities, we believe that the rate of our growth will accelerate.

Through our medium- and long-term strategy, we seek to expand this business segment to a scale capable of supporting the AIN Group. First, we must increase the net sales of cosmetic and drug store business to ¥200.0 billion and its operating profit margin to over 10%. Over the long term, we must grow this business to approximately 30% of the Group's overall sales.

Human resource development is an important challenge, as our people serve as the source of income of the cosmetic and drug store business as well. We plan to share and refine the exceptional elements of Francfranc in our training systems and in our digital transformation measures for improving the business environment. We hope to continue to develop this business into one in which employees work energetically to create appealing sales areas and products. We are confident that the cosmetic and drug store business strategies and initiatives for the short term are the right choice for achieving these future ideals.





Strengthening Management Capital that Supports Value

Digital transformation strategy



Providing added value and promoting efficiency through digital transformation investment

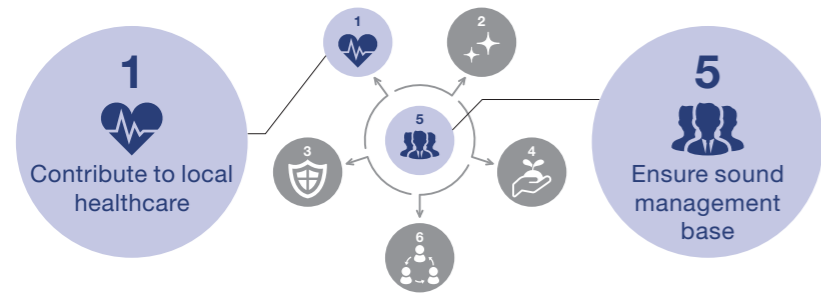
As the shift toward digitalization is promoted throughout society, digital transformation is also being promoted in the healthcare industry, such as through the introduction of digital prescriptions and online eligibility checks.

The AIN Group invests heavily in digital transformation, and we will further accelerate it to enhance our corporate value and implement sustainable management by (1) improving operational efficiency and inventory management precision through the use of AI, (2) improving communication with customers and patients by enhancing the functions of our app, and (3) introducing digital technologies that utilize data to provide customers with greater safety and peace of mind.

Senior Executive Officer,
Division Manager of Digital Promotion

Toshiya Wada

Materiality



Related SDGs

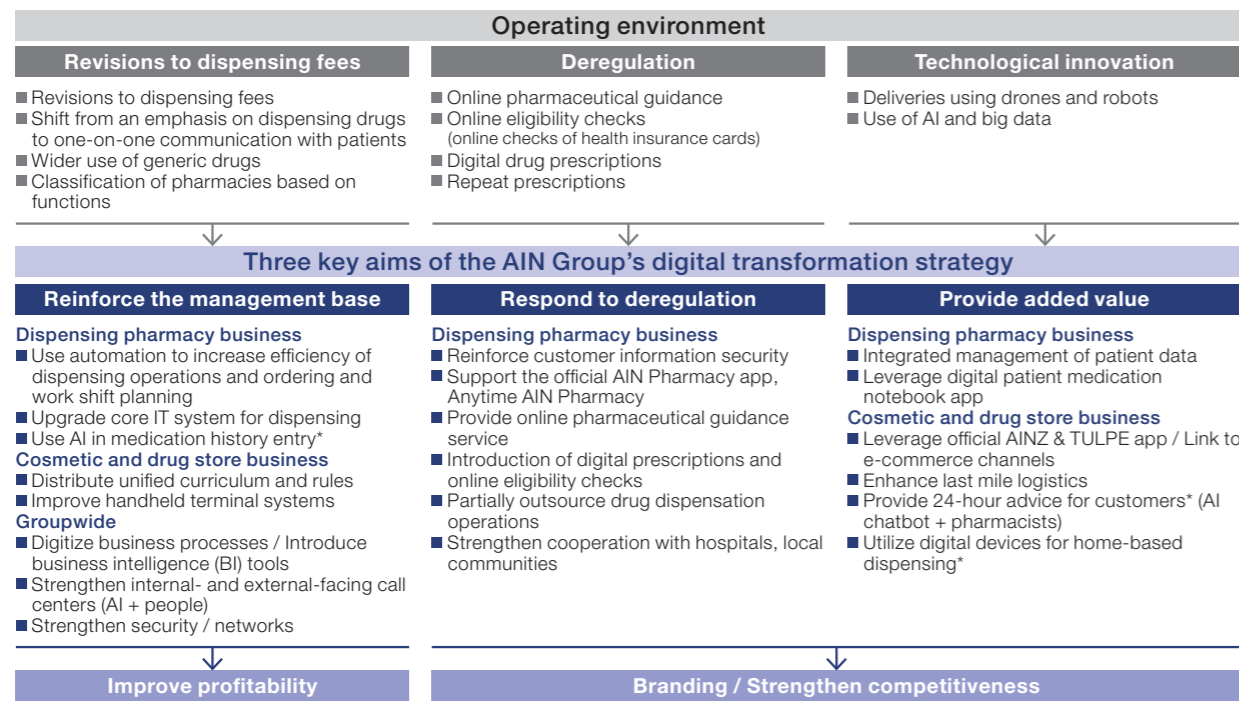


Three key aims of the AIN Group's digital transformation strategy

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.

Furthermore, to secure the human resources who are

essential for promoting digital transformation, we are continuously hiring roughly 10 digital transformation human resources every year, bolstering our educational activities, and promoting the use of digital technologies in on-site operations by improving digital transformation and IT skills.



* Currently in the process of implementation

Concrete results

Dispensing pharmacy business

Use AI in medication history entry

To increase the efficiency of medication history listing entry operations, in September 2024 we began a trial run of automated voice entry using AI. Our goal is to deploy this process in actual operations in the fiscal year ending April 2025.

Partially outsource drug dispensation operations

In September 2024, we started partial outside contracting of dispensation operations in National Strategic Special Zones. This initiative aims to further enrich our face-to-face operations such as providing medication usage follow-up or offering feedback to doctors by making our drug dispensation operations more efficient.

Cosmetic and drug store business

Introduction of self-checkout registers and thorough establishment of unified rules

From May 2024, we began introducing self-checkout registers in some of the Group retail shops. We will work to further improve the efficiency of store operations by introducing more self-checkout registers in our cosmetic and drug stores.

We have also more thoroughly disseminated our rules and curricula by unifying them and distributing them online on our intranet, which contributed to greater operational efficiency improvements.

Improve handheld terminal systems

In August 2024, we renewed the handheld terminal systems used for operations such as order placement. It is now possible to check past records using this system, which previously was only possible via computers. This has reduced administrative office workloads and improved work efficiency. As a result, it has freed up time for selling and maintaining products on sales areas, contributing significantly to greater customer satisfaction and better sales area design.

Groupwide

Strengthen internal- and external-facing call centers (AI + people)

In June 2024, we applied AI to inquiries regarding our automated dispensing systems, product sales systems, and head office system, thereby increasing efficiency. This has made it possible to provide immediate answers to questions that can be fielded by AI, eliminating wasted time related to handling inquiries by phone, which have taken a great deal of time in the past.

Reinforce security governance

In March 2024, we conducted a targeted email drill for all employees. After the drill, we shared training videos and worked to improve the security awareness of employees. To minimize the risk as a company, we will continue to reinforce our security governance and work to earn and maintain the trust of our stakeholders.

Information security measures

AIN Group Information Security Basic Policy

The Group primarily operates dispensing pharmacy and cosmetic and drug store businesses. In both of these businesses, we recognize that it is an extremely important responsibility to address information security in order to protect information assets held by the AIN Group, including information received from customers

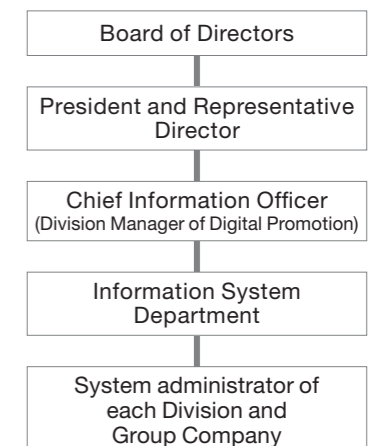
and patients, from all threats and to achieve appropriate safety management. Based on this recognition, we take steps to establish and ensure compliance with our internal security system, and we have established an internal security management system for the purpose of developing as a company trusted by society.

Promotion system

The Group has established an information system manager selected by the President and Representative Director, and is working to strengthen and enforce the information security system. The information system manager communicates with the senior management team in the planning and implementation of information security strategies and promotes these strategies. The officer also ensures the development and operation of regulations related to confidential information management, information system management, and information security measures, etc., in the Group, implements safety measures, and supervises education and other matters.

In addition, the manager collects and organizes information on information security risks, and provides instructions concerning preventive measures to each division. When an information risk occurs, if the impact of the risk is extremely serious, the Emergency Countermeasures Headquarters formulates and implements emergency measures for information security.

Information security





Strengthening Management Capital that Supports Value

Human resources strategy and respect for human rights



Human capital management for ensuring we remain a company of choice

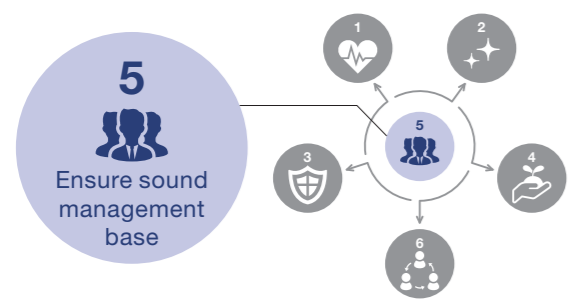
We believe that fostering hospitality, in which each employee takes the viewpoints of diverse stakeholders and is always considerate of someone else's feelings, will promote the growth of human resources capable of providing reliable services and lead to the ability to take on challenges to realize the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

Director, Division Manager of Personnel

Rieko Kimei

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

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 lead to the ability to take on challenges to realize solutions to social issues. By accepting each other regardless of gender, age, nationality, race, creed, religion, social status, background, physical ability, sexual orientation, or gender identity, and by leveraging diverse work styles and career development, we will drive innovation and promote the success and growth of diverse employees.

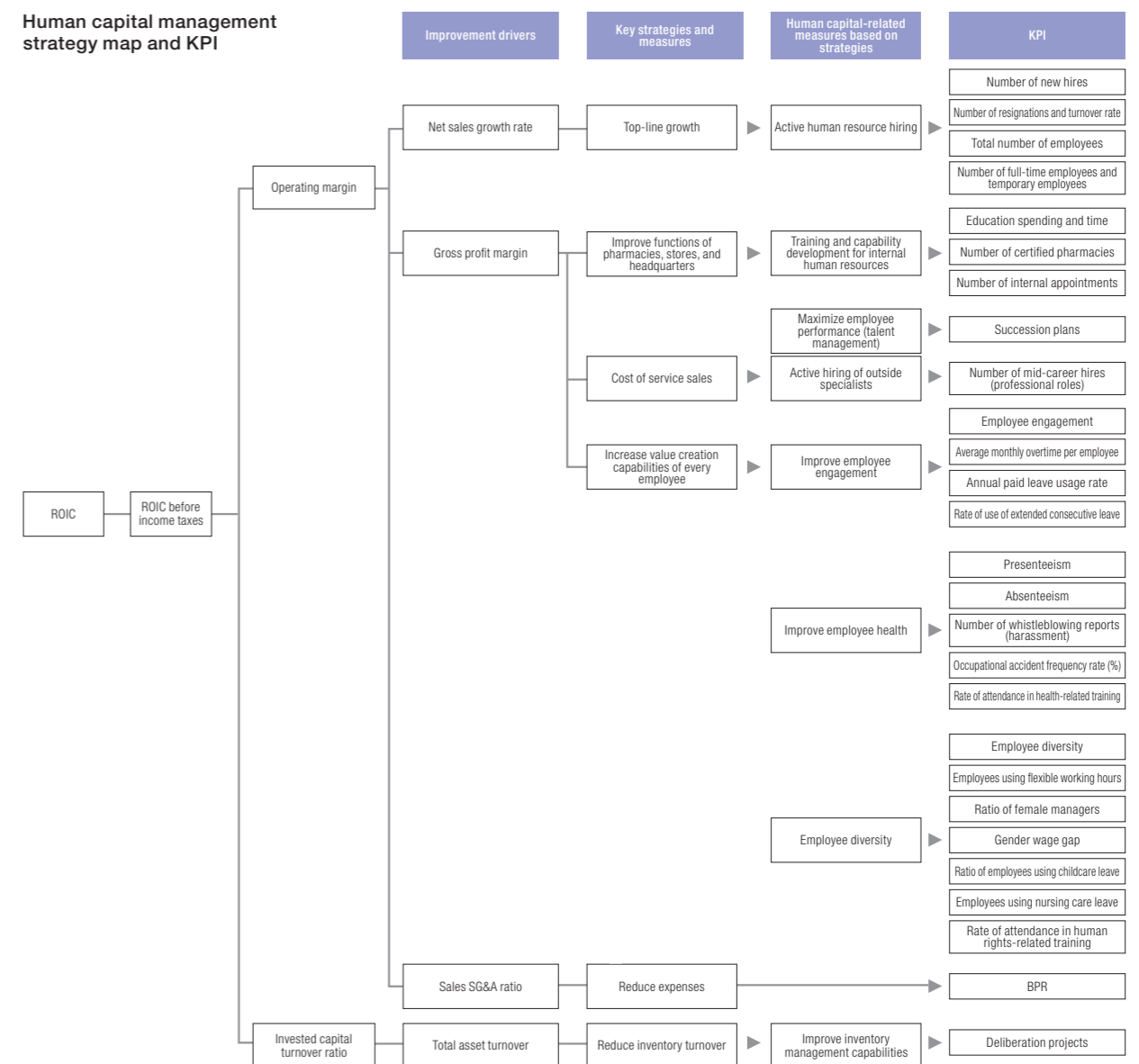
Based on the Group's Vision, Group Statement, Human Resource Development Policy, and Workplace

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 our own 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.

Human Resource Development Policy

Workplace Environment Enhancement Policy

Human capital management strategy map and KPI





■ 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 80% of the total workforce (as of April 30, 2024). 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, we received the Platinum Kurumin certification as a company that provides exceptional childcare support. 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 was 36.8%.



Employing people with disabilities

Employees with disabilities play an active role in various departments. As of April 30, 2024, the ratio of employees with a disability in the Company was 2.64%. We plan to work with Group companies to expand the avail-

able 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, while also passing on their expertise to younger generations, not only within the Group but also in other companies. As of April 30, 2024, 193 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 depart-

ments, and hire mid-career personnel with the newly needed experience and skills for each business. In fiscal 2024, 561 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 2024
Employee diversity	Employee diversity	—	Female employees: 12,358 (Ratio of female employees: 81.8%) Foreign national employees: 39
	Employees using flexible working hours*	—	883
	Ratio of female managers*	40% (target for the fiscal year ending April 2026)	36.8%
	Gender wage gap*	—	Management positions (female:male): 1:1.18 Regular positions (female:male): 1:1.27
Employee diversity	Ratio of employees using childcare leave	100%	Female: 98.8% Male: 54.7%
	Employees using nursing care leave	100%	11
	Rate of attendance in human rights-related training	100%	94.8%

* 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.

In 2024, the Group was recognized as a 2024 Certified KENKO Investment for Health Outstanding Organi-

zation (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 customers.



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 2024, roughly 9,500 em-

ployees submitted responses. In comparison to the reference year of the fiscal year ended April 2023, the percentage of employees with high stress levels fell 0.8%, which contributed to both work engagement and presenteeism improvements.

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 2024
Improve employee engagement	Employee engagement*	Deviation score of 55 or above	±0 points compared to the previous year
	Average monthly overtime per employee*	Maintained less than 20 hours	6.1 hours
	Annual paid leave usage rate*	80%	66.9%
	Rate of use of extended consecutive leave*	—	93.7%
Improve employee health	Presenteeism*	Improved compared to the previous year	Improved 0.9 points compared to the previous year
	Absenteeism*	Improved compared to the previous year	0.54
	Number of whistleblowing reports (harassment)	—	17
	Occupational accident frequency rate (%)	0.00	0.39
	Rate of attendance in health-related training	100%	94.8%

* For full-time employees only

■ Creating welcoming workplaces

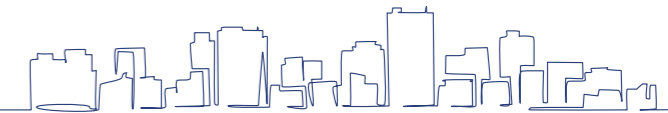
In order to enable each employee, the foundation of our company, to maximize their full potential, we are expanding our follow-up system that helps employees maintain their physical and mental health, and carrying out various other measures to create a motivating work environment. Going

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 ad-

dition 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 careers 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 30, 2024,

132 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 are also updating our training programs to further spread the culture of self-learning and to enable each employee to maximize their full potential. In addition to internal follow-up and grade-based training

carried out annually with the aim of enabling employees to acquire skillsets ranging from basic to specialized skills, in 2022 we also introduced external training (critical thinking training) where employees can learn through friendly competition and repeated discussions with employees from other companies in other industries.

Hiring of graduates

In April 2024, a total of 1,276 new employees joined the Group, including 532 pharmacists and 639 medical support staff, 99 for the cosmetic and drug store 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 will launch the system in the fiscal year ending 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.

Training system

All officers and employees	Pharmacists	Medical support staff	Retail staff
<p>Basic training</p> <ul style="list-style-type: none"> Sustainability training * Training conducted on a total of eight themes: basic knowledge of sustainability, corporate philosophy, compliance (corporate ethics), respect for human rights, information security, employee health (KENKO Investment for Health), environment, business education Women's career training <p>Leadership (management positions) training</p> <ul style="list-style-type: none"> Harassment training Line-care training Overseas training <p>Senior management training</p> <ul style="list-style-type: none"> Senior management study seminars Sustainability management study seminar <p>Main systems and support</p> <ul style="list-style-type: none"> Personnel evaluation system / Employee grade system Internal appointments system Internal awards system Internal scholarship system Language learning support 	<p>Basic training</p> <ul style="list-style-type: none"> New entrant training (basic etiquette training / basic competencies training) / On-the-job training Follow-up training Distribute learning support content * Provision of tools to support the learning of pharmacists, such as feedback on pre-avoid activities at pharmacies, distributing of workbooks (pharmacology, understanding of pathology, dispensing fees) and insurance questions (insurance knowledge), and distributing drug information, and conducting work knowledge confirmation tests Developing primary care pharmacists <p>Specialist training</p> <ul style="list-style-type: none"> Seminars on the enhancement of advanced pharmaceutical management functions Academic meetings, thesis publication Support for acquiring external qualifications * We have established a support system to help acquire qualifications, such as Training-Certified Pharmacist, Accredited Pharmacist of Ambulatory Cancer Chemotherapy (APACC), and Accredited Pharmacist of Dementia <p>Leadership training</p> <ul style="list-style-type: none"> OJT instructor training and new entrant training instructor training National employee training and supervising pharmacist training Leadership and followership training New dispensing pharmacy manager training and pharmacy manager conference Field manager (FM) training <p>Main systems and support</p> <ul style="list-style-type: none"> FM system 	<p>Basic training</p> <ul style="list-style-type: none"> New entrant training (basic etiquette training / medical clerical work training) Follow-up training 	<p>Basic training</p> <ul style="list-style-type: none"> New entrant training (basic etiquette training / specialty training) / On-the-job training Follow-up training Registered salesperson training Product study seminars, Product merchandising meetings <p>Leadership training</p> <ul style="list-style-type: none"> OJT instructor training New store manager training Vice store manager conference Store manager conference

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 2024
Active human resource hiring	Number of new hires	—	Number of graduates hired: 1,276
	Number of resignations and turnover rate	Turnover rate of less than 5.0%	Number of mid-career hires: 561 Turnover rate: 7.8%
	Total number of employees	—	15,114
	Number of full-time employees and temporary employees	—	Full-time employees: 11,474 Temporary employees: 3,640
Training and capability development for internal human resources	Education spending and time*	—	¥20,983 per employee 25.4 hours per employee
	Number of certified pharmacies	—	Community coordination pharmacies: 611 Specialized medical institution coordination pharmacies: 37 Health support pharmacies: 245
	Internal appointments system*	—	132
Active hiring of outside specialists	Number of mid-career hires (professional roles)*	—	30

* For full-time employees only

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.

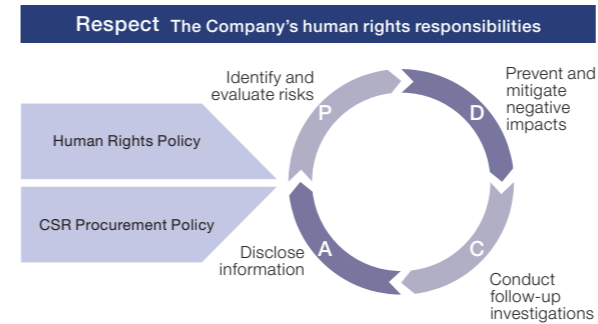
Since 2021, in accordance with the Respect and Remedy principles of the United Nation's Guiding Principles on Business and Human Rights, our due diligence measures focus on "addressing human rights risks

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.

[The AIN Group Human Rights Policy](#)

[Details of the CSR Procurement Policy and Guidelines](#)
▶ See page 44

Overview of human rights due diligence



Remedy Remedy procedures for infringements of human rights

- Whistleblower line
- Complaints process
(Compliance hotline, etc.)



Strengthening Management Capital that Supports Value

Financial strategy

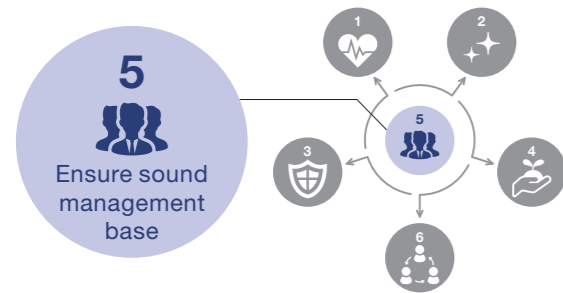


Aiming to sustainably increase corporate value and expand corporate scale with aggressive growth investments as the core means

Senior Executive Officer, Division Manager of Operational Support

Hideki Fujiwara

Materiality



Related SDGs



ROE improvement through continuous investments

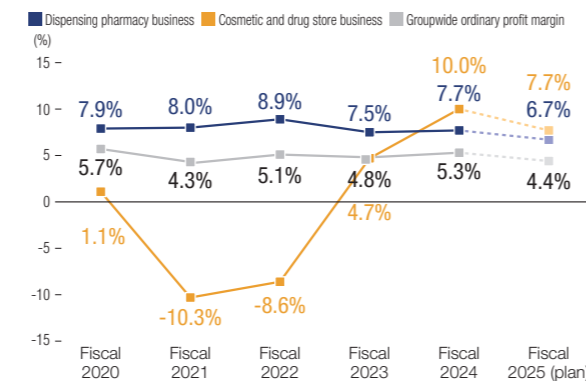
We are implementing various measures to improve our corporate value, aiming to be a company that people welcome to their communities. The AIN Group operates the dispensing pharmacy business, which runs dispensing pharmacy chain AIN Pharmacy, and the cosmetic and drug store business, which runs AINZ & TULPE cosmetic and drug stores. In order to ensure that AIN Pharmacy is located close to patients as part of infrastructure of local communities, and that AINZ & TULPE stores are located in places that are highly convenient for customers, we have consistently pursued a store opening strategy that includes M&As.

In the fiscal year ended April 2024, our plans came to fruition, with new store openings and growth at existing stores leading to a ¥41.0 billion increase in net sales. Improved operational efficiency also aided the achievement of record highs in both sales and profit. The dispensing pharmacy business accounted for 89.4% of total net sales, while the cosmetic and drug store business accounted for 7.8%. The segment profit margin was 7.7% for the dispensing pharmacy business and 10.0% for the cosmetic and drug store business. Despite our efforts to

improve productivity in the dispensing pharmacy business to cope with the margin deterioration stemming from revisions to dispensing fees, the profit margin did not increase significantly, weighed down by upfront investments in systems and human resources. Meanwhile, in the cosmetic and drug store business, profit margins widened due to the synergistic effects of cost controls in store operations implemented during the COVID-19 pandemic and the normalization of economic activity, which led to improvement in the overall profit margin.

Looking at the market share of our mainstay dispensing pharmacy business, as of fiscal 2023, the pharmacy

Segment profit margin



market was worth approximately ¥8.3 trillion, of which we command a 4.3% share. The top five companies' combined share is only 14.8%, meaning that the market has not yet become an oligopoly. We thus believe that we can further expand our top line through aggressive investments. At the same time, it is also essential to respond to industry-specific changes in the environment, such as revisions to dispensing fees and drug prices. We recognize that we also need to make further investments in healthcare digital transformation and human capital.

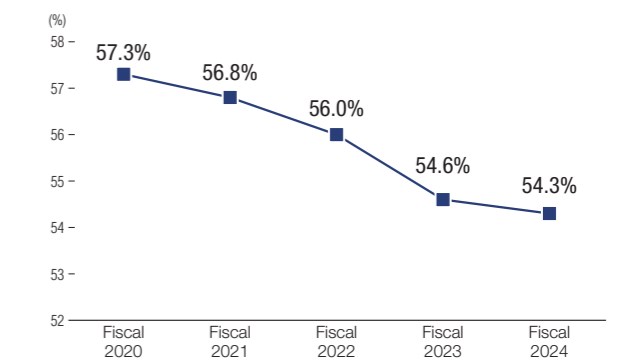
In the cosmetic and drug store business, we are actively opening new stores, mainly in urban areas, as another core business that supports the Group. In this business, we aim to differentiate ourselves from other drug stores by introducing a product lineup centered on cosmetics. At the same time, we are making investments to increase business value, such as creating exciting sales areas, promoting digital transformation aimed at acquiring customers, and investing in human capital.

On the balance sheet for the fiscal year ended April 2024, ¥15.2 billion was invested in each business, including for digital transformation, and our business results also grew. As a result, total assets increased by ¥17.6 billion, liabilities increased by ¥8.8 billion, and net assets increased by ¥8.8 billion due to the booking of ¥11.4 billion in profit and implementing shareholder returns of ¥4.5 billion through dividends and share buybacks. Aided by higher profit levels, return on equity (ROE) improved by 1.2 percentage points from the fiscal year ended April 2023 to 8.7%, and the shareholders' equity ratio was 54.3%. With regard to the shareholders' equity ratio, our basic policy is to maintain a ratio of around 40% as an indicator of the stability of our financial base while making active investments to enhance our corporate value, including through growth strategies. However, the ratio is currently over 50%, a level that takes into consideration internal reserves so that we are in a position to flexibly carry out fur-

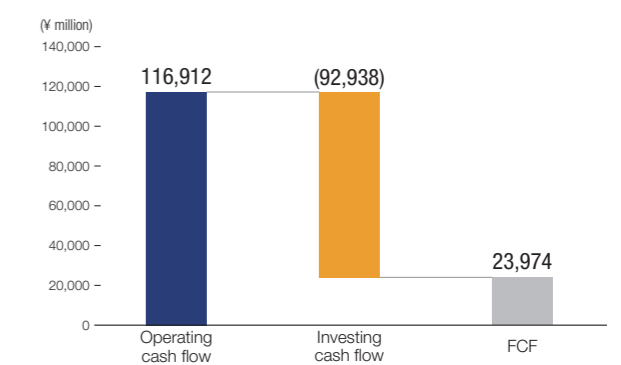
ther growth investments. Furthermore, to ensure that we always have borrowing capacity while also making necessary investments for the future growth of the company, we have maintained a cash and deposit balance in the ¥40.0 to 50.0 billion range. As a result, short-term liquidity for the fiscal year ended April 2024 was 1.5 months.

The Group has continuously invested in both the dispensing pharmacy and cosmetic and drug store businesses. As for company-wide investments, since strengthening our financial base by raising funds through new share offerings in the fiscal year ended April 2018, we have focused on new store openings, including through M&As in the dispensing pharmacy business, that are generally within the scope of operating cash flow. In terms of cash flows, operating cash flow for the fiscal year ended April 2024 exceeded ¥23.0 billion. The cumulative operating cash flow from the fiscal year ended April 2019 to the fiscal year ended April 2024 was ¥116.9 billion, and cash flows from investing activities were a net outflow of ¥92.9 billion, resulting in a positive free cash flow of ¥23.9 billion. The cumulative cash flows from financing activities for the period under review were a net outflow of ¥38.9 billion, due largely to the repayment of borrowings and shareholder returns.

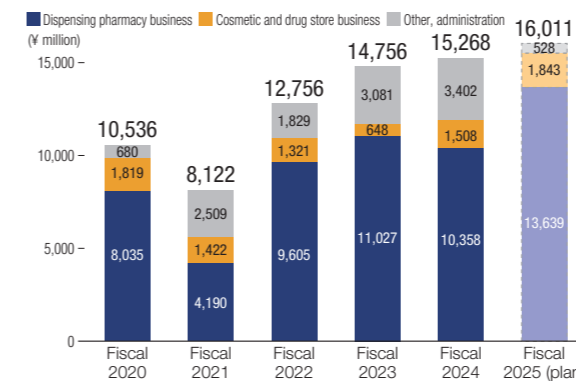
Shareholders' equity ratio

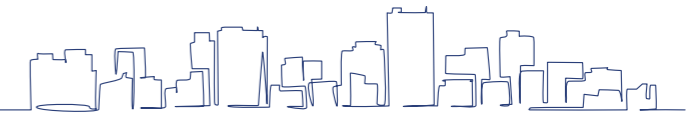


Cumulative free cash flow for the period between fiscal 2019 and fiscal 2024



Capital expenditures





Acquired shares in Francfranc to expand our business

The Group is also working to develop businesses that have a high affinity with AINZ & TULPE stores. To this end, we acquired shares in Francfranc and added the company to the AIN Group in August 2024. In terms of M&As, we have set investment criteria of being able to contribute to profits from the fiscal year following the acquisition, using the EV/EBITDA multiple as an indicator. For organic store openings, we have set investment criteria such as profit standards for the three years following openings, and we also place importance on the period for return on investments. We hold store strategy meetings to carefully examine targets for each new opening.

After examining the Francfranc investment against our investment criteria, we determined that the investment amount will be fully recoupable, and that the business will contribute to the enhancement of our corporate value. While AINZ & TULPE and Francfranc share similarities in terms of the areas in which stores are opened, their key customer base, and the values of these customers, the categories of products they sell complement each other because they specialize in different fields. Furthermore, Francfranc is a specialty store retailer of private label apparel (SPA), so unlike us, they have the advantage of possessing their own manufacturing department. By welcoming Francfranc to the Group, we are confident that we will be able to leverage the strengths of both companies to generate synergies.

When acquiring the shares, we paid roughly ¥50.0 billion as consideration, consisting of ¥18.0 billion in cash on hand and ¥32.0 billion in borrowings. While goodwill will be amortized under the straight-line method over 20 years, we expect profit to far exceed the amortization of goodwill. Even when taking initial costs into account, we expect a certain level of contribution to consolidated profit from the first year after joining the Group. As a result, we forecast the shareholders' equity ratio at the end of the fiscal year ending April 2025 to decrease 7% year on year to approximately 47%.

The Group has welcomed many companies through M&As thus far, and we have always placed importance on the post-merger integration (PMI) process. We expect the EV/EBITDA multiple to swiftly improve to about 7x through the maximization of synergies by communicating with Group companies on store opening strategies and product development, while also streamlining headquarters operations such as management, accounting, general affairs, and human resources. We will continue to expand our business further through our aggressive

store opening strategy, including through M&As.

Focusing on growth investments with a view to expanding corporate scale

The AIN Group is actively implementing growth investments with an eye to expanding corporate scale over the medium- to long-term. We believe that by continuing to invest in “optimizing headquarters functions and operations to sustainably increase corporate value and increase profit margins,” “digital transformation to improve patient and customer satisfaction in the dispensing pharmacy and cosmetic and drug store businesses,” and “human capital to secure talent and train employees,” this will contribute to strengthening our long-term earnings base and enhancing the company's overall capital and return on capital. Through these growth investments, we will continue to carry out business operations that lead to the expansion of our business and the enhancement of ROE.

In terms of numerical targets, we aim to invest a total of roughly ¥200.0 billion in new store openings, including the roughly ¥50.0 billion investment in Francfranc, by the fiscal year ending April 2030, with the aim of achieving net sales of ¥700.0 billion in the fiscal year ending April 2030 and net sales of ¥1 trillion yen in the fiscal year ending April 2034. While continuing to place the dispensing pharmacy business at the core, we will work to restructure our business portfolio by increasing the sales composition of the cosmetic and drug store business.

As for cash allocation from the fiscal year ending April 2025 to the fiscal year ending April 2030, we expect to secure ¥270.0 billion through operating cash flow and borrowings, etc. These funds will be used for capital investment 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.

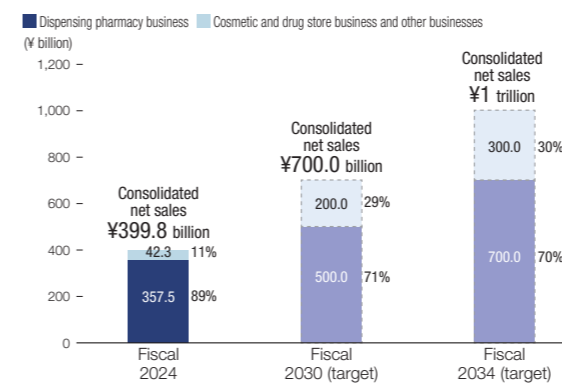
By expanding corporate scale, we will also implement initiatives to increase profit by reducing the SG&A ratio and improving efficiency. For the fiscal year ending April 2030, we have set targets of ¥28.0 billion for profit (4.0% of net sales) and roughly ¥50.0 billion for operating cash flow.

ROE has declined since the fiscal year ended April 2021 due to factors such as a decline in sales caused by the spread of COVID-19 and active investments in digital transformation and human capital. Even so, as ROE continues to exceed the cost of shareholders' equity, we believe that we have secured sufficient return on capital. However, we aim to improve this further, and have set a medium-term ROE target of 13.0% and a long-term tar-

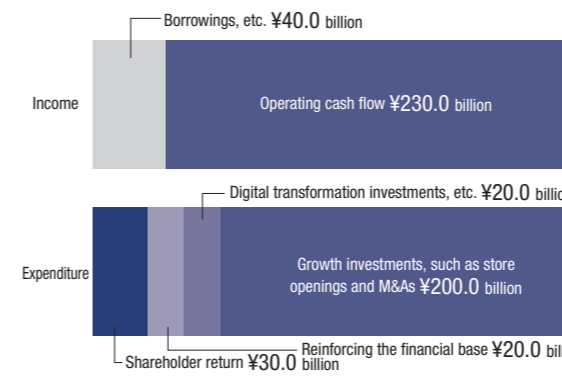
get of 15.0%. In the fiscal year ending April 2030, we aim to achieve our medium-term ROE target of 13.0% while maintaining a stable dividend payout ratio of 30%.

One of the financial risks that we foresee going forward is 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 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. We have been carefully considering all of these issues, and will tackle them while anticipating any risks that may materialize.

Net sales



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



Promoting management conscious of cost of capital

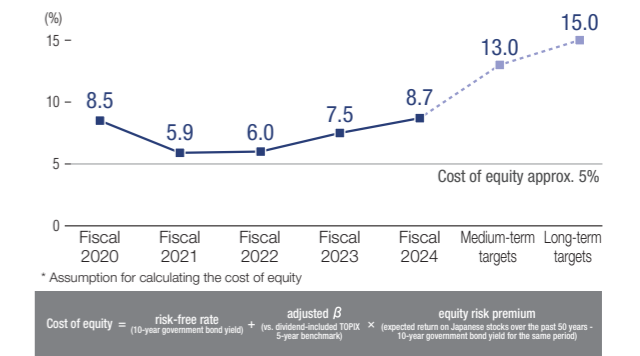
The Company estimates cost of capital using the CAPM assuming cost of equity of approximately 5%. ROE for the fiscal year ended April 2024 was 8.7%, ensuring a stable equity spread of approximately 3.7%. We believe that sustainable corporate growth and stable business operations will lead to the realization of our vision. In order to further expand our equity spread, we will continue

to make investments aimed at generating high profit growth while also focusing on improving our capital efficiency by procuring funds through loans and implementing shareholder returns, including share buybacks.

With the aim of improving ROE, we have set specific numerical targets and are implementing initiatives to achieve them, which will also lead to the enhancement of the price-to-earnings ratio (PER). We will work to increase return on sales to 4.0% by selecting an appropriate business portfolio and improving operational efficiency, maintain a total asset turnover of 1.6 by selecting and securing growth investment projects, and increase our financial leverage to up to 2.3x through continuous business investments geared toward growth and shareholder returns. Through these efforts, we will focus on sustainably increasing corporate value while ensuring a certain level of financial stability, with an eye toward achieving our long-term ROE target of 15%.

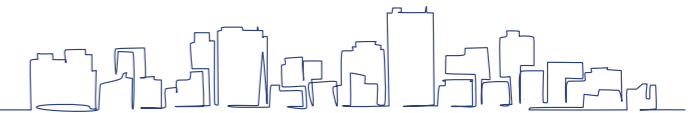
We will also actively exchange opinions with shareholders through IR and SR activities, and keep their opinions on governance and sustainability in mind to ensure sound corporate management.

ROE



	Fiscal 2024 performance	Medium-term targets	Long-term targets
ROE	8.7%	13.0%	15.0%
Measures			
Return on sales	2.85%	4.0%	4.0%
Total asset turnover	1.66	1.6	1.6
Financial leverage	1.84x	2.0x	2.3x

Measures:
 ■ Business growth through capital efficiency improvement and strategic investments
 ■ Profit improvement through efficiency
 ■ Reduction in the SG&A ratio through expansion of scale
 ■ Expand both businesses while maintaining total asset turnover
 ■ Implementation of shareholder returns
 ■ Investment for growth through borrowing



Sustainability Initiatives

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. We 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.



* Task Force on Climate-Related Financial Disclosures, established by the Financial Stability Board (FSB) at the request of the G20 finance ministers and central bank governors; the task force published its recommendations in its final report in June 2017.



■ Disclosure based on the TCFD recommendations

Governance

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 team's duties include gathering and tabulating data and formulating 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 Climate Change Response Team engages in discussions with related divisions and identifies Group-wide risks (risk assessment) (at least once per year). The Climate Change Response 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 Climate Change Response Team are reported to the Sustainability Committee, which engages in further discussion and deliberation, recognizing the report of the team as the shared understanding of the entire Group.

Strategy

Identified material risks and opportunities

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) Changes in attitudes and behavior of customers and patients
Physical risks and opportunities	Urgent	Increasingly severe abnormal weather events (Typhoons, torrential rain, other damaging wind and rain) Pandemics caused by climate change
	Chronic	Changes in rainfall and weather patterns (Increase in average temperatures, rising sea levels)

Scenario analysis

Our Group's business operations include the operation of pharmacies and cosmetic and drug stores, generic drug wholesaling, sales of cosmetics, and operation of retail shops. Of these, all domestic pharmacies in the dispensing pharmacy business which account for 90% of the Group's overall net sales, and all domestic AINZ & TULPE stores in the cosmetic and drug store business

were targeted, and based on multiple scenarios such as those envisioned by the Intergovernmental Panel on Climate Change (IPCC)*, a broad range of potential climate change-related transition and physical risks and opportunities were considered. We have begun analyzing the impact of particularly material risks and opportunities.

	2°C scenario	4°C scenario
Scenarios	SSP1 RCP2.6 IEA SDS	SSP5 RCP8.5 IEA STEPS
Scope	AIN HOLDINGS INC. and consolidated subsidiaries (All pharmacies in Japan of our dispensing pharmacy business and all AINZ & TULPE stores in Japan of our cosmetic and drug store business)	
Period	2030 / 2050	

* An organization established by the World Meteorological Organization (WMO) and the United Nations Environment Programme (UNEP). It is comprised of 195 countries and regions. The IPCC aims to provide scientific bases to the climate change-related policies of individual countries. It creates reports that summarize the latest scientific findings (published papers) regarding climate change.

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 pharma-

cy 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 pharma-

ceutical 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	Our vision: Fiscal 2031
Assess Group-wide CO ₂ (GHG) emissions and establish an operation system capable of appropriate management and supervision ■ Scope 1 and 2 CO ₂ (GHG) emissions ■ Scope 3 CO ₂ (GHG) emissions	Reduce Scope 1 and 2 CO ₂ (GHG) emissions by 30%* ¹
Appropriately set targets and implement initiatives for achieving carbon neutrality ■ Rate of conversion of energy consumption to renewable sources	30%* ²

*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

Winter energy-saving and power-saving activities

As a measure to further reinforce our efforts to date, the Group has established an energy-saving and power-saving period during the winter, and is actively implementing energy-saving and power-saving measures. Energy-saving and power-saving measures from December 2023 to March 2024 resulted in a reduction of 559,572 kWh, and a reduction in CO₂ emissions associated with electricity use of approximately 1,353 t-CO₂.

Details of the measures		Outcomes
Lighting power savings (spacing or turning off all lights)	Air conditioner adjustment (optimizing temperature settings)	December 2022 - March 2023 Reduction of 797,454 kWh
Shortening hours when signs are lit	Turning off lighting on some product display racks	December 2023 - March 2024 Reduction of 559,572 kWh [Equivalent to the CO ₂ absorption of roughly 150,000 Japanese cedars]
Eco-friendly driving of company vehicles	Posting of posters encouraging employees to conserve power	



* The details of the measures varied depending on the office/store
 * Results are figures compared to the reference year (December 2020 - March 2021)

Waste reduction

We optimize inventory control at pharmacies to reduce waste from expired drugs and other products. Similarly, we are working to reduce merchandise waste in our

cosmetic and drug store business and food loss in our retail shop business.

Switching to environmentally-friendly products

We select printing materials, packaging machine consumables, labels, lab coats, and other items with a priority on reducing environmental impact, and source them from suppliers certified with ISO 14001. Approximately 45% of general consumables purchased in the fiscal year ended

April 2024 were environmentally-friendly products. In our pharmacies and stores, we are working to reduce the use of petroleum-derived plastics by promoting the use of personal shopping bags and changing the materials used for plastic shopping bags.

Environmental initiatives

Greenhouse gas (CO₂) emissions ▶ See page 71

Measures for responding to climate change

Implementation of disaster drills

To prepare for large-scale earthquakes anticipated by the Japanese government and other earthquakes predicted by local governments, we have developed an evacuation model that shows the method of evacuation that takes into account factors such as the location of each store, whether or not a tsunami will strike, the number of floors of the building to evacuate, and the

time a tsunami will reach the store. All our pharmacies have conducted disaster drills once a year since 2022 based on this model. In 2023, the Group-wide disaster response headquarters also conducted drills based on the assumption of the occurrence of a Nankai Trough earthquake.



External evaluations

Evaluation in the CDP climate change survey

In February 2024, we acquired a score of B in the climate change survey conducted by CDP in 2023. CDP is an international non-profit organization with a global system for environmental information disclosure by companies and local governments. In 2023, over 25,000 organizations worldwide, including more than 23,000 companies that represent two-thirds of the global market capitalization, and 1,100 local governments, disclosed environmental information through the CDP's questionnaires. The evaluations for initiatives are conducted in the three areas of Climate Change, Water Security, and Forests on eight levels (A, A-, B, B-, C, C-, D, D-), and the Group began responding to the Climate Change questionnaire in 2022. Going forward,

we will continue to enhance our information disclosure, 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 meet the expectations and requests of our stakeholders and work toward the realization of a sustainable society through appropriate responses to climate change issues.





Sustainability Initiatives

Initiatives to Tackle Social Issues

In addition to creating social value through its business activities, the AIN Group will tackle social issues through community activities and initiatives with local governments and business partners.

Health activities for maintaining and promoting the health of communities

“Healthy Heart Day” awareness-raising activities to help prevent heart disease and strokes

Between July 1 and August 10, 2024, all AIN Group pharmacies took part in the Healthy Heart Day 2024 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.



Healthy Heart Day 2024 awareness-raising posters

Awareness-raising activities aimed at preventing cervical cancer

Fifty pharmacies in the Niigata area participated in a model project to raise awareness regarding cervical cancer led by Niigata Prefecture from September 2 to 30, 2024. The pharmacies displayed awareness-raising posters, distributed flyers, and provided verbal explanations by pharmacists to communicate the importance of the HPV vaccine to visitors, and also carried out awareness-raising activities to improve awareness of catch-up vaccinations* by sharing information with family members and others.

* Catch-up vaccinations are preventive immunizations for those who were eligible for routine vaccinations for the preventive vaccine for cervical cancer (HPV vaccine) but missed them during the period when proactive individual recommendations were temporarily suspended



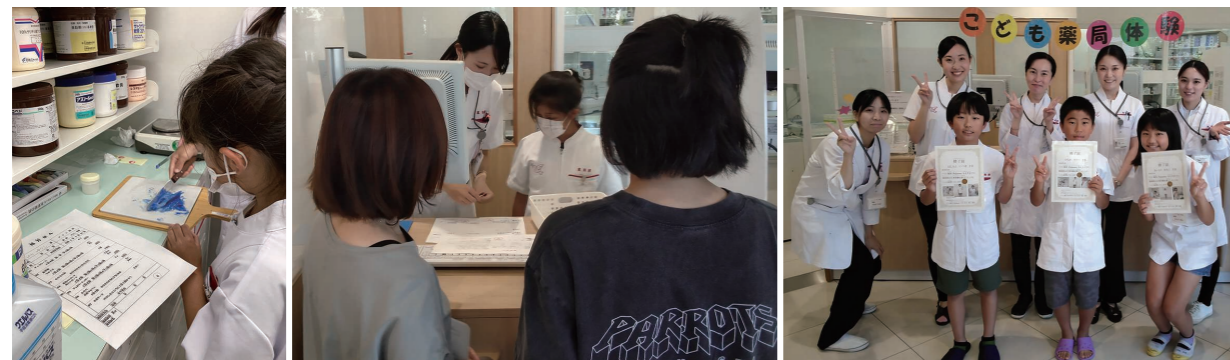
HPV catch-up vaccination awareness-raising poster (Ministry of Health, Labour and Welfare)

Hosting of work experience programs

The Group hosts work experience programs in various locations.

The children’s work experience program for elementary school students allows them to experience the work of pharmacists at pharmacies firsthand. It is an opportunity for both students and their guardians to learn about the operations of pharmacies and the processes involved in dispensing medication, thereby deepening their understanding of pharmacotherapy and the role of pharmacies.

For junior high school students, the work experience program involves pharmacy staff visiting 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, such as checking prescriptions, preparing powdered medicines and ointments, and role-playing medication guidance.



Participation in a demonstration project for elderly monitoring support services

We participated in a demonstration project for elderly monitoring support services in a mountainous area of Aizuwakamatsu City, Fukushima Prefecture from September to November 2023. With the aim of maintaining and improving the health of the elderly by enhancing the quality of their

sleep and preventing missed medication, we supported patients so that they could receive home-based healthcare services with a peace of mind by providing appropriate advice based on the data on medication taken from the Smart Medicine Box® installed in their homes.

Disclosing and raising awareness of CSR Procurement Policy and Guidelines

In November 2022, based on our Group Code of Conduct and our 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 94 companies participated in August 2024. We empha-

sized the importance of establishing supply chain management, and requested understanding and cooperation during these sessions. We believe that in bringing about a sustainable society, it is important to engage in efforts throughout our entire supply chain, not just within the own Group. We will continue to promote sustainability activities together with our business partners.

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.

Promoting activities by employees with diverse backgrounds and personalities

Registration as a Sapporo City LGBT-Friendly Company

In May 2024, both AIN HOLDINGS INC. and AIN PHARMACIEZ INC. were registered as Sapporo City LGBT-Friendly Companies as companies that promote LGBT initiatives. Sapporo City aims to be a city of diversity with mutual respect for differences, where everyone feels motivated and proud. To help achieve this, the city

introduced the Sapporo City LGBT-Friendly Index.

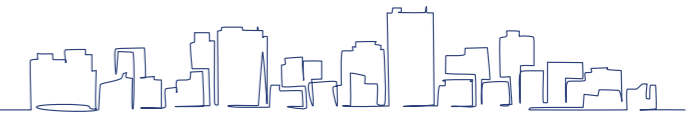
Our Group’s LGBTQ efforts include the formulation of a basic policy and the implementation of initiatives related to awareness-raising, internal systems, employee benefits, and due consideration.



札幌市 LGBTフレンドリー企業



LGBTQ Seminar - Learning about Gender Diversity Through the Opinions of the Parties Concerned -



Corporate Governance

Special Feature **Roundtable Discussion by Outside Directors**



Outside Director Outside Director Outside Director Outside Director Outside Director
Noriko Endo Hideki Kuriyama Mariko Watahiki Nobumichi Hattori Shigeki Kimura

Further strengthening governance and improving corporate value in alignment with the new structure
Continuing to evolve with an eye on the next generation

<Impressions of the AIN Group>

Strengthening the cosmetic and drug store business, driving transformation toward sustainable growth

Mariko Watahiki (hereinafter “Watahiki”) I was appointed as an outside director in July 2024. I find the AIN Group to be warm and welcoming, with an atmosphere that allows employees to express their opinions freely. On the other hand, the serious incident that occurred in 2023 revealed the lack of a sufficiently robust organizational risk management system. Incidents cannot be completely prevented if we assume that people are inherently good. Further strengthening the governance

system is an issue to be addressed going forward.

The AIN Group is one of Japan’s largest pharmacy groups and also operates its cosmetic and drug store business. I view the company as forward-thinking, as exemplified in its decision to welcome Francfranc Corporation (hereinafter “Francfranc”) into the Group in August 2024 in anticipation of synergies with AINZ & TULPE.

Nobumichi Hattori (hereinafter “Hattori”) President Ohtani’s cheerful disposition definitely contributes to the sense of freedom within the company. I have been involved in M&A deals for many years and I feel that President Ohtani has his own good grasp of the complexities in corporate divestitures. At the same time, he values fairness and honesty and is deeply committed to improving the company’s performance. Considering the

acquisition price of Francfranc, it is evident that he has a concrete long-term growth strategy that justifies and exceeds that investment. I am excited to see where the AIN Group goes and thrilled to have the opportunity to work with President Ohtani.

Shigeki Kimura (hereinafter “Kimura”) This is the second time I have served as an outside director of the AIN Group. I was very surprised by the remarkable progress that has been made in understanding and advancing corporate governance compared to my previous tenure. The Board of Directors engages in in-depth discussions, reflecting the sincerity and earnestness of the AIN Group. This is truly an asset to the company.

With regard to the acquisition of Francfranc, President Ohtani demonstrated effective leadership, further advancing the AIN Group’s legacy of transformation and innovation. Executing M&As while gaining the understanding of diverse stakeholders is no mean feat. This achievement was made possible by clearly articulating a growth strategy as a group and uniting the company to work toward it together.

<Role of outside directors>

Outside directors bring diverse expertise in areas such as compliance, M&As, and retail

Noriko Endo (hereinafter “Endo”) The role of independent outside directors is to oversee the proper functioning of corporate governance and commit to the company’s long-term growth. As an outside director, I would like to contribute by offering appropriate advice.

To date, the AIN Group has grown through the management skills of President Ohtani and teamwork within the company. The environment surrounding the industry will continue to change dramatically as the digitalization of society accelerates, enabling patients to receive explanations from pharmacists online at home and then have their drugs delivered to their door. The Board of

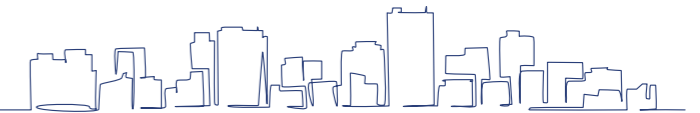
Directors must discuss the kind of growth strategies the AIN Group should adopt in order to address these management issues.

Hideki Kuriyama (hereinafter “Kuriyama”) I have spent many years as the manager of a professional baseball team. Naturally, organizations need rules for their operation, and properly functioning governance helps them move forward in the right direction. In addition to rules, organizations need to have a “heart.” It is my belief that if you treat people with compassion, they will naturally follow you, and the organization will come together as one. Creating an environment that values and nurtures employees should lead to long-term corporate growth. I see it as my duty, as an outside director, to continue conveying this message.

Watahiki I intend to put my 40-year career as a judge and my experience in working on compliance reform at multiple companies, to good use at the AIN Group. However, outside directors cannot oversee everything that goes on at a company. Are there mechanisms and systems in place to ensure compliance is properly observed, even in areas not subject to external oversight? Is there a system in place for employees to speak up and discuss matters internally when they sense something is amiss? These are the things I would like to check from an impartial, external perspective.

Hattori My role as an outside director is to inject a capital





market perspective into the Board of Directors, based on my experience in M&A at an investment bank. As the company continues to share performance forecasts and growth strategies externally, I aim to analyze how the capital market perceives and reacts to such information and suggest appropriate responses to the Board of Directors. I will also support efforts to establish appropriate communication with shareholders.

Kimura During my nearly 40 years working in retail, I have been involved in store operations and management, corporate planning and risk management. In order for risk management to be effective, it is essential not only to create mechanisms, but also to ensure that risk management “lives and breathes within the organization.” I intend to do my best to promote awareness and response measures for risk management within the company.

While safeguarding governance, companies also need an aggressive strategy and to bear responsibility for explaining it to external stakeholders. In particular, customer satisfaction is the foundation for improving corporate value. Whether it be pharmaceutical, cosmetics, or household goods, it is essential for the sustainable growth of a company, that each and every employee values their customers. Increasing employee satisfaction is essential in order to enhance customer satisfaction. I would like to provide advice from the perspective of an outside director, while observing on-site operations to



assess whether store operations and management contribute to customer and employee satisfaction.

<Effectiveness of the Board of Directors>

Board of Directors meetings with meaningful discussions

Tackling long-term management issues

Endo I have consistently assessed the Board of Directors as being highly effective and functioning well. However, it must be acknowledged that when a serious incident occurred in 2023, outside directors lacked a proper grasp of the situation. As I mentioned earlier, going forward, it is necessary to consider the extent to which the Board of Directors should be involved in discussions and monitoring. Since it is not realistic for the Board of Directors to get involved in every single matter, I believe it is important to establish a system that enables accurate evaluations, even if indirectly.

Watahiki Outside directors are expected to provide the company with insights based on their respective areas of expertise. In this regard, the atmosphere within the Board of Directors encourages open discussions, and President Ohtani and the other Board of Directors members from the AIN Group take the discussions seriously and carefully consider our input. I can say straight out that the Board of Directors has a good atmosphere and is structured to allow for meaningful discussions.

Hattori I feel that the Board of Directors needs to have more open discussions and not just approve matters. How to accomplish this in the limited time available is a challenge, but it would be beneficial to discuss the long-term management issues that President Ohtani is considering. The Board of Directors members have a diverse range of backgrounds, so I think discussions will be far from dull.

Kimura As I have only just been appointed, the effectiveness of the Board of Directors remains to be assessed. Before that I need to identify the management

issues that should be addressed now, bearing in mind long-term growth.

Business reports are one of the indicators used to accurately identify management issues. For example, rather than simply stating numbers, it is only when the report delves into details such as what was done for the customer, what value was created, what the issues were, and what actions were taken, that the strategy for the future becomes clear. I would like business reports to include that level of detail.

<Direction the AIN Group should take>

M&As and digital transformation to bolster services are essential

Everything is for the happiness of our customers

Endo For the AIN Group to grow in the long term, it is essential to embrace digital transformation. However, the dispensing pharmacy business faces issues such as revisions to dispensing fees and drug price revisions and it is vulnerable to the impact of national policies. The Group must consider how to advance digital transformation in the face of regulations. It is important to strengthen the development of liaison and digital personnel and to devise a growth strategy for the AIN Group.

Watahiki In recent years, dispensing fees have been reduced, and as a leading dispensing pharmacy chain, the AIN Group is required to engage in negotiations with the government.

The AIN Group has been proactive in advancing digitalization and increasing the value of its services, such as offering a service according to prescriptions sent to our official app, “Anytime AIN Pharmacy.” I believe that this digital approach will be key to supporting the future of local healthcare services. Promoting the development of digital transformation personnel is essential to improve patient convenience and enhance services. On the other hand, many patients receiving local healthcare services

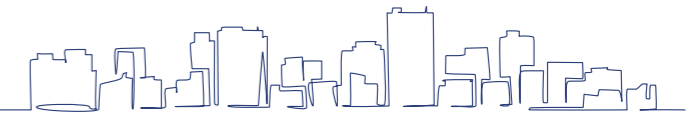


are elderly and may struggle to use digital technologies, so it will be important to develop strategies tailored to the specific needs of the community and its patients.

Hattori To date, the AIN Group has significantly grown by pursuing M&As in the pharmacy sector. Future acquisitions of the scale currently envisioned should not pose any financial issues. There is further room for growth within the pharmacy market, and M&As with companies that can create synergies with the AIN Group should be actively pursued.

Kimura M&As involving dispensing pharmacies should not just increase the number of pharmacies, but also lead to a corresponding increase in the happiness of patients and customers. Concrete discussions on what should be done to achieve this are necessary. Additionally, while the focus has been on horizontal integration to increase the number of pharmacies, we now need to consider the pros and cons of vertical integration that spans the industry, such as acquiring a wholesale company. At present, it is still unclear how much potential exists for business expansion in adjacent areas, such as the recent addition of Francfranc. I believe this should be discussed at future Board of Directors meetings.

Digital transformation should not be just about improving productivity. It needs to focus on enhancing the customer experience, specifically on “what we do for the happiness of our customers.” This will lead to an increase in corporate value.



<Human resource development>

Succession planning as a critical management issue

Developing the next generation of leaders

Watahiki As in many companies where passing the baton from the founder has become a critical management issue, the AIN Group must carefully consider how it plans to develop the next generation of leaders who will take over from President Ohtani.

President Ohtani is highly agile and often takes direct action when issues arise. However, from a succession planning perspective, he needs to delegate more authority to those around him. For example, President Ohtani previously chaired the Board of Directors, but Senior Managing Director Shudo took over as chairperson in July 2024.

Kuriyama No doubt President Ohtani felt slightly uncomfortable the first time he entrusted Senior Managing Director Shudo to take charge. However, with Mr. Shudo now serving as chairperson, President Ohtani should be able to focus more going forward on the discussions at hand. I hope this fosters to a positive cycle.

It is often said that “the successor to a great leader is bound to fail,” which highlights the immense challenge of training successors. With this in mind, the priority should not be on directly developing leaders, but on first



fostering an environment and culture in which the next generation can boldly take on challenges. The more opportunities employees have to challenge themselves, the more chances they will have to grow through experience, leading to the emergence of outstanding leaders.

Watahiki I agree with Mr. Kuriyama. It is virtually impossible to find someone who can truly replace a founder. The key to succession planning is figuring out the kind of business management and execution structure to build. You need someone who understands their role, who is able to identify the right people for the management team and create a team vision.

Hattori It is common to bring in potential leaders from outside a company and train them over a period of two to three years. Ideally, though, I would like to see candidates come from within the AIN Group.

Endo As a member of the Nomination and Remuneration Committee, I have interviewed many candidates for senior management positions and my impression is that there is a lot of talent within the company. Some of them bring fresh perspectives and I am hopeful that they will breathe new life into the management team. If a management team that strikes a balance between preserving the status quo and driving change can be created, it will pave the way for further growth.

Kimura It is important for candidates to be able to articulate their ideas and beliefs in their own words as to what they want to achieve as president and how they plan to lead the AIN Group. Succession plans tend to be overly focused on the skills and experience of candidates. Sometimes what really matters is their determination to see things through and get things done. We need to keep these points in mind as we take a serious look at succession planning.

<Message to stakeholders>

Aiming to grow beyond market expectations as the leading company in the industry

Endo I am amazed that whenever I visit AIN Group's of-

fices, they are spotlessly clean. This likely reflects how deeply President Ohtani's values of fairness and impartiality have influenced his employees. As a company supporting the foundation of society through its pharmacies, I would like the AIN Group to continue to uphold its principles of righteousness. I hope the company continues to stay close to people while achieving significant progress in adapting to the digital society of the future.

As an outside director, I would also like to place more importance on dialogue with shareholders. Such communication has reminded me that the pharmacy market is attractive to investors. Companies are responsible for maintaining a share price that satisfies shareholders. To achieve this, I think it is important for the Board of Directors to share information that can be disclosed and to engage in dialogue with a broad range of stakeholders. As an outside director I hope to contribute to increasing the corporate value of the AIN Group.

Watahiki To listen attentively is extremely important when engaging with shareholders. It is then essential to consider employees and all other stakeholders while making appropriate decisions and responses. It will be necessary to demonstrate and gain the understanding of shareholders with regard to the consolidation of Francfranc through future achievements.

The drug dispensing industry is expected to undergo major reorganization in the future. Amid these changes, I hope the AIN Group will take the lead in the industry as the dominant player. As I mentioned earlier, the AIN Group's appeal lies in President Ohtani's zero tolerance for dishonesty, which has spread throughout the Group and fostered a free and open corporate culture. Until now, the company's performance has thrived under President Ohtani's strong leadership. Moving forward, the challenge will be how to continue growing without relying on his leadership. I believe that once “Ohtani-ism” takes root throughout the AIN Group in a true sense, the company will achieve even greater corporate value.

Kuriyama From my conversations with employees, it is evident that everyone genuinely likes the company and



admires President Ohtani. That is precisely why the AIN Group has been able to achieve such remarkable growth. President Ohtani's intentions and principles will undoubtedly be passed on by many employees. I hope that all stakeholders will trust and support the AIN Group and its employees.

Hattori The AIN Group is currently attracting positive attention and high expectations from the capital market. It must deliver results that significantly surpass those expectations. The gap between the first and second players in the industry goes beyond mere numbers. While the AIN Group is currently the industry leader, I hope it will strive to secure an unassailable position at the top. I hope the Group will betray the capital market's expectations in a positive way.

Kimura The AIN Group's Group Statement includes the phrase “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.” I was deeply moved by these words. This statement encapsulates all the aspirations of the founder, President Ohtani. The AIN Group is a company that truly embodies this. As one of the outside directors, I intend to embrace this statement and work with employees to enhance corporate value.



■ 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 Audi-

tors. In order to cooperate with the Internal 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 12 times in the fiscal year ended April 2024, 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 2024

- 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
- Measures to prevent recurrence in relation to the KKR Sapporo Matter
- Checks of the status of the development and operation of internal control systems, etc.

■ Nomination and Remuneration Committee

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.

For the purpose of contributing to the establishment of appropriate management systems and ensuring the transparency of management, this 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. In the fiscal year ended April 2024, the committee met twice with Mr. Kiichi Ohtani (President and Representative Director) as chairperson and Ms. Noriko

Endo (Outside Director) and Mr. Shigeru Yamazoe (Outside Director) as members. Since July 2024, the committee has been chaired by Ms. Mariko Watahiki (Outside Director), with Ms. Noriko Endo (Outside Director) and Mr. Kiichi Ohtani (President and Representative Director) as committee members, and has been met more frequently based on the opinion that more substantial discussions are needed.

Main agenda items for the fiscal year ended April 2024

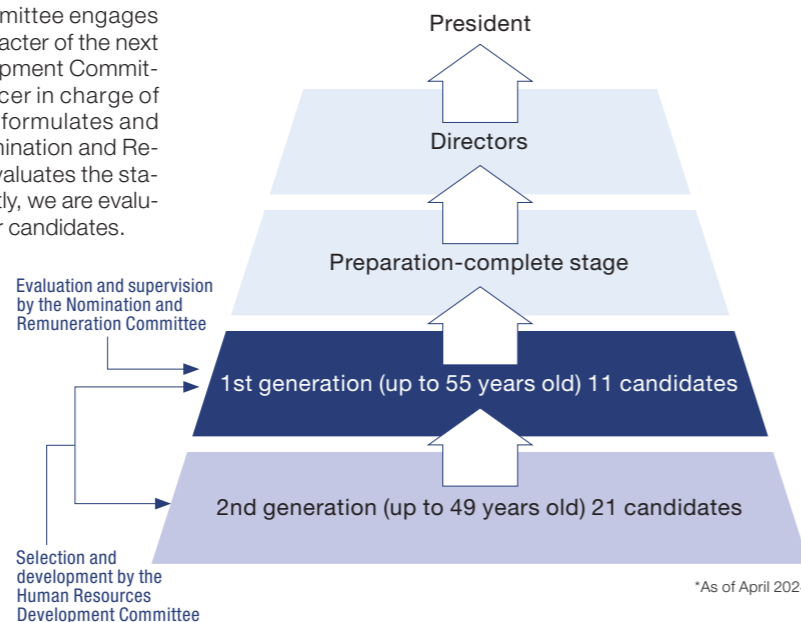
- Nomination**
 - Director candidates
 - Skill matrix
 - Succession plans
- Remuneration**
 - Remuneration for directors and corporate auditors

■ 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



*As of April 2024

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.

■ 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 pro-

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.

motion framework and governance system. Each of the candidates is then interviewed and carefully considered, taking into account the various balances in the Board of Directors, including the skill matrix.

Ensuring the independence of outside directors and outside corporate auditors

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.

Independence Criteria for outside directors and outside corporate auditors

Skill sets

The Company has a business strategy of growth in both the dispensing pharmacy business and the cosmetic and drugstore 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- to 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 2024, the Board conducted a partial review of the skill sets, adding "experience in financial strategies such as investment decision-making, including M&A" to the skills content of "finance," and changing "legal affairs and risk management" to "legal and compliance," and has identified them 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- to 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
Sustainability management	Has operational or management experience of Sustainability management, such as human capital or environmental conservation, or possesses specialist knowledge	Necessary for the promotion of appropriate management strategies to achieve sustainable growth of the business and increases in corporate value over the medium- to 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 healthcare policy (formulation and execution of strategies aimed at revisions in laws and regulations, etc.)	Necessary for achieving a bird's eye view of the business in general, including such issues as healthcare industry insurance systems, and legal regulations, and for effectively supervising execution of business
Cosmetic and drug store business	Knowledge and experience of the cosmetic and drug store 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



Corporate Governance

Skill matrix

	Name	Outside	Independence (for outside officers only)	Management experience	Finance	Legal and compliance	Sustainability management	Dispensing pharmacy business	Cosmetic and drug store business	Experience, etc. providing the basis for skills
Directors	President and Representative Director Kiichi Ohtani		—	●	●		●	●	●	Management experience: President and Representative Director of the Company / Finance: Promotes financial strategy as Representative Director Sustainability management: Promotes sustainability management as chairperson of the Sustainability Committee Dispensing pharmacy business: Holds pharmacist qualifications, founded and has driven the expansion of the business / Cosmetic and drug store business: Founded and has driven the expansion of the drugstore 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 Sustainability management: Promotes sustainability management as the vice chairperson of the Sustainability Committee Dispensing pharmacy business: Experience having been in charge of Operating Management of the Company, President and Representative Director of WHOLESale STARS Co., Ltd. / Cosmetic and drug store 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. / Sustainability management: Experience having promoted initiative as a person responsible for the materialities of: contribute to local healthcare; safety, peace of mind and trust; ensure sound management base; cooperate with local communities and businesses Dispensing pharmacy business: Holds pharmacist qualifications, Division Manager of Dispensing Pharmacy Operations Management of the Company / Cosmetic and drug store business: President and Representative Director of AIN PHARMACIEZ INC.
	Rieko Kimei		—	●			●		●	Management experience: Director of the Company, President and Representative Director of AYURA LABORATORIES INC. Sustainability management: Leads initiatives for diversity and opportunities for women in the workplace as Division Manager of Personnel of the Company Cosmetic and drug store business: 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: Person in charge of Risk Management, 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 Sustainability management: Experience having played a central role in systematizing the Company's sustainability management, experience having led the promotion of CSR at Teijin Group as Chief Social Responsibility Officer and CSR Officer
	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 Sustainability management: Knowledge of energy and environmental problems gained through research into public policy as it pertains to energy
	Hideki Kuriyama	●	●				●			Sustainability 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: Holds attorney at law qualifications, experience as a judge
	Nobumichi Hattori	●	●		●					Finance: 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: Director of Seven & i Holdings Co., Ltd., Director of Seven-Eleven Japan Co., Ltd. Finance: Division Manager of Financial Accounting and Division Manager of Management of Seven-Eleven Japan Co., Ltd. Legal and compliance: Division Manager of Management of Seven-Eleven Japan Co., Ltd. Cosmetic and drug store business: Director of Seven & i Holdings Co., Ltd., Director of Seven-Eleven Japan Co., Ltd.
	Koichi Kawamura		—		●	●				Finance: Department Manager of Accounting Dept. and Corporate Auditor of AIN MEDICAL SYSTEMS Inc. (now AIN HOLDINGS INC.), Standing Corporate Auditor of the Company Legal and compliance: Department Manager of Administration Dept. of the Company, Standing Corporate Auditor of the Company
	Ayako Sano	●	●		●	●				Finance: Was employed by Goldman Sachs (Japan) Ltd. (now Goldman Sachs Japan Co., Ltd.), tax attorney procedures Legal and compliance: Holds attorney at law qualifications, experience having been a member of risk review team as outside director of another company, outside corporate auditor of another company
	Minako Mizutani	●	●		●					Finance: Holds tax accountant qualification

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



Corporate Governance

Board of Directors and Corporate Auditors (As of October 1, 2024)

The number of AIN HOLDINGS shares held is as of April 30, 2024

■ Board of Directors

Kiichi Ohtani

(Date of birth: July 19, 1951)

President and Representative Director

Nomination and Remuneration

Number of years in office: 44 years
Number of AIN HOLDINGS shares held: 3,239 thousand shares

Significant concurrent positions



Rieko Kimei

(Date of birth: February 26, 1962)

Director, Division Manager of Personnel

Number of years in office: 10 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

Newly appointed Outside Independent

Nomination and Remuneration

Number of years in office: – years
Number of AIN HOLDINGS shares held: – thousand shares

Significant concurrent positions
Attorney at Law at Okamura Law Office
Outside Director of LIXIL Corporation
President of Family Problems Information Center



■ Corporate Auditor

Koichi Kawamura

(Date of birth: February 17, 1952)

Standing Corporate Auditor

Number of years in office: 12 years
Number of AIN HOLDINGS shares held: 5 thousand shares

Significant concurrent positions



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 Directors

Number of years in office: 24 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 in charge of Risk Management

Number of years in office: 1 year
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

Newly appointed Outside Independent

Number of years in office: – years
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

Newly appointed Outside Independent

Number of years in office: – years
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.



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 Management

Number of years in office: 24 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)

Director

Outside Independent Nomination and Remuneration

Number of years in office: 6 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 NIPPON TELEGRAPH AND TELEPHONE CORPORATION
Professor of Research Council, Waseda University



Shigeki Kimura

(Date of birth: March 16, 1962)

Director

Newly appointed Outside Independent

Number of years in office: – years
Number of AIN HOLDINGS shares held: – thousand shares

Significant concurrent positions
Director, Executive Vice President and Division Manager of Management of Seven-Eleven Japan Co., Ltd.



Minako Mizutani

(Date of birth: September 24, 1969)

Corporate Auditor

Newly appointed Outside Independent

Number of years in office: – years
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: 12 years
Number of AIN HOLDINGS shares held: 7 thousand shares

Significant concurrent positions
Director of DAICHIKU Co., Ltd.
Director of AIN PHARMACIEZ INC.



Hideki Kuriyama

(Date of birth: April 26, 1961)

Director

Outside Independent

Number of years in office: 2 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





■ Remuneration for directors and corporate auditors

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.

Composition of remuneration for directors

Directors (excluding outside directors)	Monthly remuneration 70%	Bonus 20%	Non-monetary compensation 10%
Outside directors	Monthly remuneration 100%		

Determination policy

Monthly remuneration	Monetary remuneration (remuneration other than those linked to earnings performance and non-monetary compensation) 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.
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.
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.

Performance indicators for bonuses

		Evaluation weight
Financial indicators	Consolidated operating profit compared to budget	30%
	Consolidated operating profit year on year	20%
	Consolidated ROE	30%
Sustainability indicators	CO ₂ emissions per net sales of ¥100 million (Scope 1 and 2) Ratio of independent directors Ratio of female managers, etc.	20%

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.

To enhance fairness, transparency and objectivity in processes for determining remuneration for directors, a majority of Nomination and Remuneration Committee members are independent outside directors and the committee adheres to the above policies governing remuneration for directors and other personnel.

Remuneration by category of director and corporate auditor (fiscal 2024)

Category	Total remuneration (¥ million)	Remuneration by type (¥ million)			Number of eligible individuals
		Basic remuneration	Bonus	Non-monetary compensation	
Directors (excluding outside directors)	216	164	39	12	9
Corporate Auditors (excluding outside corporate auditors)	7	7	0	—	1
Outside directors	22	22	—	—	3
Outside corporate auditors	13	13	—	—	2

■ 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 total 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, 2023, the Company held 11 listed company stocks. In the fiscal year ended April 2024, the Company sold one company stock and added four company stocks held by companies acquired through M&As. As of April 30, 2024, the Company holds 14 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- to 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, 2024)

Category	Number of companies	Total value on consolidated balance sheets (¥ million)	Ratio to total net assets
Listed	14	956	0.7%
Unlisted	30	2,013	1.5%
Investment partnerships	7	374	0.3%
Total	51	3,345	2.5%



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 perspec-

tives of customers and patients while prioritizing meeting their expectations, and correctly understanding and complying with laws, regulations, and rules related to our business operations.

[AIN Group’s Code of Conduct](#)

■ Anti-bribery and anti-anticorruption 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-

ti-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](#)

■ Promotion framework

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

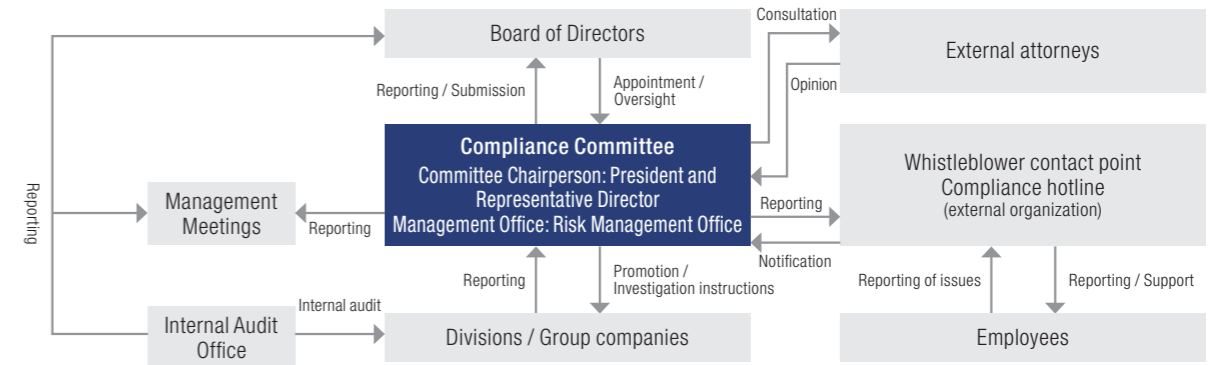
The Company has established the Compliance Committee for the purpose of establishing, disseminating, and ensuring the entrenchment of the Group’s compliance system, and its composition is based on a resolution by the Board of Directors. The Compliance Committee holds regular meetings once every six months, and also holds irregular meetings as needed. It deliberates and considers 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 a Representative Senior Managing Director as vice chairperson (in charge of operational support), and Representative Senior Managing Directors, the director in charge of risk management, and the standing corporate auditor as members. Its management office is the Risk Management Office. 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



■ 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 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.

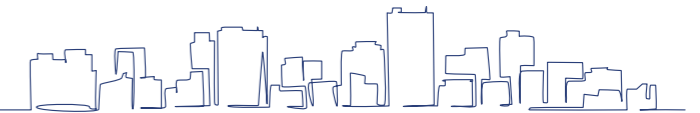
	Fiscal 2022	Fiscal 2023	Fiscal 2024
Number of whistleblowing reports	36	38	41

■ 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 prevention lectures. 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 prevention lecture	All employees	Participants are provided accurate information regarding harassment with the aim of improving workplace environments and ensuring the safety and security of employees.



Initiatives based on recommendations on measures to prevent recurrence

We sincerely apologize again to all stakeholders, including our customers, business partners, shareholders and investors, for any inconvenience and concern caused due to the matter in which two people, a former officer of AIN HOLDINGS INC. (the “Company”) and a former officer of a subsidiary of the Company, were arrested on August 31, 2023 while employed at the companies, and subsequently indicted and convicted in the first instance (the “Matter”).

Based on cause analysis and recommendations for measures to prevent recurrence in the investigation report submitted on May 9, 2024 from the investigation team composed exclusively of external experts, we have formulated concrete measures to prevent recurrence and future initiatives regarding the Matter. On May 10, we opened a special page on our website to disclose the “state of initiatives under measures for the prevention of recurrence” taken up to that date, as well as the “initiatives planned for the fiscal year ending April 2025” and “for the strengthening of initiatives.”

The disclosed initiatives have been implemented in the first half of the fiscal year ending April 2025, and the Compliance Committee and the Board of Directors have discussed measures to further strengthen compliance and formulated the AIN Group Compliance Promotion Action Plan.

[Special website for recommendations on measures to prevent recurrence](#)

■ State of implementation of initiatives planned for the fiscal year ending April 2025 (disclosed on May 10) during the first half of the fiscal year

1 Deliberation of candidates for new appointments to the Board of Directors so that it has a skills matrix able to demonstrate each skill to the full, including legal and compliance

Director candidates were selected to ensure that the skill matrix effectively encompasses all skills, starting with the selection of Ms. Watahiki, a former chief judge of high court and current attorney, as a candidate for Director and Ms. Sano, an attorney, as a candidate for corporate auditor, from the viewpoint of strengthening skills in legal and compliance. The candidates for new officers were submitted as a company proposal to the 55th Ordinary General Meeting of Shareholders, and the proposal was approved.

2 Preparation of internal regulations regarding matters such as fair competition, prohibition of acts that may impede the fairness of auctions, bidding, etc.

We have established a plan to implement the following procedures in the second half of the fiscal year.

[Procedure: Identify internal regulations, policies, and manuals, etc. related to compliance and risk management about sales activities ▶ Check for missing internal regulations, etc. ▶ Based on the results of such checks, establish or revise internal regulations, etc. and improve the workflow]

3 Establishment of workflow in business (clarification of whereabouts of responsibility)

The Board of Directors resolved to revise the Administrative Authority Regulations and other rules to clarify responsibilities.

4 Enhancement of the internal audit system

The scope of internal audits has been clarified to encompass all management activities relating to governance processes, risk management, and control. In addition, the Board of Directors passed a resolution on the internal audit implementation plan for the fiscal year ending April 2025 based on internal regulations that have been revised to strengthen the involvement of the Board of Directors. The plan includes a policy to strengthen audits of bases which have jurisdiction over operations such as our head office and branch offices, with advice from external experts, and we have started to work on initiatives in line with the plan.

5 Enhancement of the Anti-Bribery and Anti-Corruption Policy by providing a manual and FAQ on the concept of civil servant and quasi-civil servant with concrete examples, etc.

We have established a plan to implement the following procedures in the second half of the year.

[Procedure: Examine the current Anti-Bribery and Anti-Corruption Policy and identify and organize items to be incorporated into the policy and its sub-documents ▶ Revise the policy and develop sub-documents (add FAQs to pocket manuals for sales staff, etc.)]

6 Effectiveness of risk management by administrative departments based on regulations on compliance and risk management, etc.

As an initiative by the administrative departments to enhance the effectiveness of risk management, the Risk Management Committee has started to examine and evaluate new risks based on changes in social conditions and the environment, and to develop and evaluate plans to address major risks.

7 Building of opportunities for the management team to exchange opinions and information with outside officers and external experts

We invited external experts as lecturers to hold a compliance training seminar for officers, and after the seminar, the President and Representative Director and the officer in charge exchanged opinions with the lecturers. We have also established regular opportunities for internal officers and outside officers to exchange opinions and information after each monthly meeting of the Board of Directors.

8 Notifications and training for officers and employees in all positions (officer and employee education with external experts invited as lecturers, e-learning, training and study meetings, circulation of related materials, questionnaires)

At the Group’s nationwide pharmacy manager conference and the budget meeting, the officer in charge explained the key points of the investigation report. In addition to the training for officers described in item 7 above, we invited external lecturers to hold a compliance training for sales-related staff, and have decided to launch an e-learning program within the fiscal year for all Group officers and employees.

■ New initiatives based on “For the strengthening of initiatives” (disclosed on May 10)

For the strengthening of initiatives (disclosed on May 10)

- We will ensure the promotion of effective measures for the prevention of recurrence through the participation of outside officers in the continuous planning of initiatives for the prevention of recurrence.
- Top management will take the lead in formulating and executing continuous plans with accurate understanding of the current situation and issues.

Examine the overall picture of measures to prevent recurrence and plan future initiatives

The Compliance Committee re-examined the state of implementation during the first half of the fiscal year ending April 2025, and repeatedly discussed ongoing plans, including additional initiatives. The current Board of Directors, including newly appointed outside officers, deliberated the details of the plans, and formulated the AIN Group Compliance Promotion Action Plan at the November meeting of the Board of Directors, which will be put into practice on an ongoing, one-year basis from December.

AIN Group Compliance Promotion Action Plan

Preamble

The AIN Group takes a broad and proactive view of compliance, not only in terms of compliance with laws, regulations, and internal rules but also as an “appropriate response to demands of society” on companies, including the practice of corporate ethics. We believe that if each officer and employee engages in compliance practices in this broader sense, it will lead to earning society’s trust and enable us to continue to realize our Group statement of “improving the health and happiness of our customers.”

Purpose of formulating the action plan

The AIN Group has established the AIN Group’s Code of Conduct, which is shared by all officers and employees of the AIN 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.

This Compliance Promotion Action Plan is formulated based on the AIN Group’s Code of Conduct 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 each fiscal year, maintaining their effectiveness, and constantly making regular checks and improvements.

[AIN Group’s Code of Conduct](#)

Plan period

December 1, 2024 - November 30, 2025

Priority measures and details of initiatives

1. Dissemination of information by management and managers to firmly maintain our sound corporate culture

- Dissemination of messages from the top management that are focused on promoting compliance
- Dissemination of information by management and managers other than top management (devise methods to encourage each employee to take ownership)

2. Establishment of a PDCA cycle that incorporates the perspectives of outside officers

- Establishment of a governance process in which the Compliance Committee prepares proposals with advice from external experts and the Board of Directors scrutinizes the proposals

3. Enhancement of internal regulations, manuals, FAQs, etc.

- Implement 2 and 5 of the initiatives planned for the fiscal year ending April 2025 (disclosed on May 10) in accordance with procedures

4. Enhancement of familiarization and training for officers and employees

- Regularly hold training in the form of lectures, e-learning, and other means by appropriately stratifying officers and employees, including officers, sales-related staff, and all officers and employees

5. Making risk management more effective

- Position and implement matters related to compliance in the Risk Management Committee’s initiatives as priority measures in the Action Plan

6. Appropriate operation of the whistleblowing system

- Familiarize employees with the whistleblowing system, provide training to those involved in operation of the system, respond appropriately to individual incidences of whistleblowing, and regularly report to the Board of Directors

7. Strengthening of the internal audit function

- Execute audits in accordance with the internal audit implementation plan for the fiscal year ending April 2025, including the development of internal audit processes for administrative departments

Promotion framework

The “persons in charge of compliance with laws and regulations, etc.” (AIN Holdings division managers, department managers and the representative directors of affiliated companies), who are designated in the AIN Group’s Whistleblowing Regulations as the persons in charge of implementing corrective measures relating to whistleblowing cases, will also be tasked with promoting the implementation of each measure in the Action Plan, according to their respective areas of responsibility.

The Compliance Committee will monitor the progress of the Action Plan as necessary and report to the Board of Directors, along with improvement proposals formulated with advice from external experts, and the Board of Directors will decide on the next action plan and continue its promotion.

[AIN Group Compliance Promotion Action Plan](#)



Risk Management

Risk management concept

Our Group's primary businesses are our dispensing pharmacy business, through which we operate pharmacies, and our cosmetic and drug store business, through which we operate cosmetic and drug stores that sell cosmetics and other products, along with interior furnishing shops that sell interior goods and sundries. Both of these businesses are involved in people's health, so we recognize us as having serious social responsibilities. In addition to aiming for increased corporate earnings and shareholder value through proactive store

openings accompanying the separation of medical and dispensary services, we consider it our mission to continuously improve the safety and professionalism of our operations as a company involved in people's lives.

Therefore, our basic management policy is to eliminate business risks such as dispensing errors and create pharmacies that patients can visit with confidence, while emphasizing proactive business expansion according to market conditions, thereby fulfilling our social mission.

Promotion framework

We have formulated Risk Management Regulations and Risk Management Guidelines for the risk management of the whole Group.

We have established a Risk Management Committee for the purposes of achieving unified risk management from a group-wide perspective and preventing the overlooking of new risks arising from changes in the business environment. By doing so, we seek to achieve comprehensive risk management. When necessary, the committee also receives advice from attorneys and other external experts on the risks surrounding companies. It manages the formulation and implementation of company-wide risk management, and also mainly reviews risk items and assessments and manages progress in each department responsible for risk. At present, the Risk Management Committee is chaired by the President and Representative Director, with the director in charge of risk management as vice chairperson, and its members are the presidents of core Group companies and managers of each department in charge of risk. Its management office consists of the Division Manager of the Risk Management Office, the Division Manager of Operational

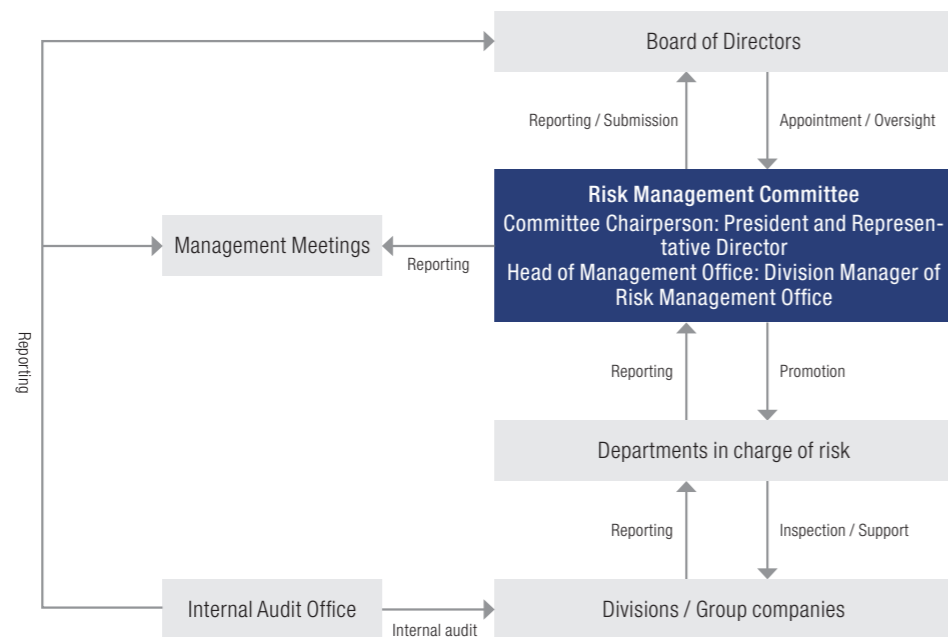
Support, the Department Manager of Administrative, the Division Manager of Corporate Planning, and the Department Manager of Sustainability Management.

A department in charge of risk is determined for each risk category and these departments oversee all aspects of risk management related to their respective assigned risks. With regard to risk management related to serious risks for the risks that they oversee, etc., these departments also formulate policies, action plans, etc., for the prevention of crises, etc., as well as measures to be taken in the event of an emergency by formulating response manuals, etc. in normal times. These departments work to ensure that these policies and plans are disseminated, and periodically inspect and track the status of their implementation in each division and operating company.

The Internal Audit Office also conducts on-site audits to examine compliance and effectiveness.

To ensure the continuity of the Group's operations, we have formulated a Group business continuity plan (BCP) for times of crisis, which is actively disseminated to all officers and employees of the Group.

Risk management structure

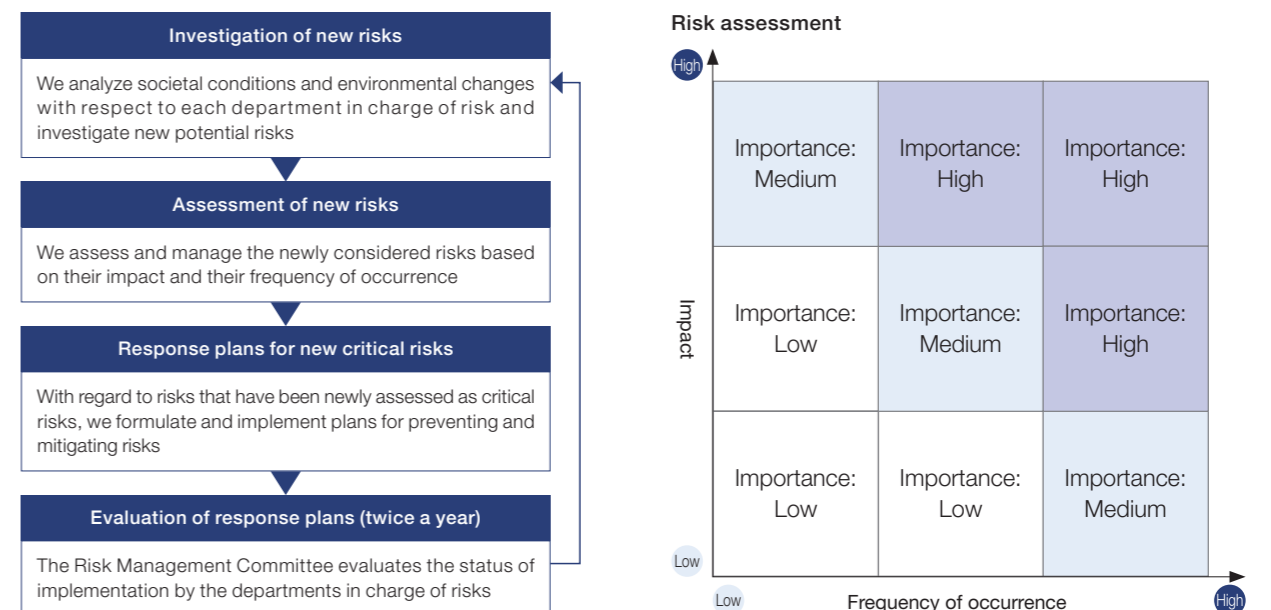


Key risks and responses

Key risks	Details of risks	Responses
Laws and regulations	<ul style="list-style-type: none"> Orders from the authorities to halt business activities or the revocation of operating licenses, etc. due to legal or regulatory violations Deregulation of pharmaceutical sales, leading to market entrants from other industries, etc. 	<ul style="list-style-type: none"> Prepare systems and implement training to ensure thorough compliance with laws and regulations on pharmaceutical affairs Increase pharmacy capabilities by training higher-level personnel
Dispensing pharmacy openings and demand trends	<ul style="list-style-type: none"> Success or failure of the dispensing pharmacy opening strategy including M&A, and trends in dispensing pharmacy openings at competitors Trends in prescriptions from medical institutions which are hard to forecast, and the temporary closure or exit of medical institutions from the market Changes in prescription volume due to seasonal epidemic situation 	<ul style="list-style-type: none"> Formulate investment standards that reflect trends in other companies Reinforce coordination with medical institutions
Revisions to the medical insurance system	<ul style="list-style-type: none"> Changes in earnings structure due to revisions to the medical treatment fee system, etc. 	<ul style="list-style-type: none"> Thorough sharing of information in order to understand reasons for revisions and respond appropriately Train personnel that can appropriately execute pharmacy functions
Digital transformation and information security	<ul style="list-style-type: none"> Changes in business environment due to rapid digitalization Leakage of sensitive information due to cybercrime, etc. 	<ul style="list-style-type: none"> Promote Groupwide digital transformation, including healthcare digital transformation Reinforce information security
Securing human resources	<ul style="list-style-type: none"> Shortages of personnel such as pharmacists that are essential for business strategies 	<ul style="list-style-type: none"> Actively hire and train new pharmacist graduates Establish a training system for the high-level professional personnel Introduction of flexible working hours Create in-house dispensing operation manuals and implement ongoing training system Introduce dispensing error prevention system Establish Safety Policy Department dedicated to dispensing error prevention measures Provide training to foster a greater awareness of compliance Set up a whistleblower contact point Reinforce personal information protection system and perform thorough employee training
Risks of loss of trust in the Company	<ul style="list-style-type: none"> Medical accidents due to dispensing errors Compliance violation Accidents such as leaks of personal information 	<ul style="list-style-type: none"> Invest within cash flow boundaries
Interest rate risks	<ul style="list-style-type: none"> Fluctuations in interest rates and other trends in financial markets 	<ul style="list-style-type: none"> Invest within cash flow boundaries
Outbreak of infectious diseases	<ul style="list-style-type: none"> Reduction in prescription volume and customer footfall due to spread of infectious diseases resulting in stay-at-home requests Changes in customer activity areas and trends in purchasing behavior 	<ul style="list-style-type: none"> Thoroughly implement measures to prevent the spread of infection and continue to perform our dispensing operations as our social responsibility Reinforce and make ongoing improvements to BCP
Natural disasters	<ul style="list-style-type: none"> Human harm and physical damage caused by large-scale natural disasters 	<ul style="list-style-type: none"> Reinforce BCP and perform training on an ongoing basis
Climate change	<ul style="list-style-type: none"> Increase in costs due to addressing transitions to a low-carbon society Human harm and physical damage caused by increasingly frequent and intense wind and flood damage resulting from climate change 	<ul style="list-style-type: none"> Enhance efforts to deal with climate change issues

Initiatives for reinforcing our risk management

In addition to our day-to-day efforts to promote risk management, once a year we also identify and re-examine risks in order to prevent the overlooking of new risks resulting from changes in the business environment.





Characteristics of Japan's Pharmacy Sector

Differences in national healthcare policy and other factors mean Japan's pharmacies are different to pharmacies in the US and other countries. The following is the main characteristics of Japan's pharmacies.

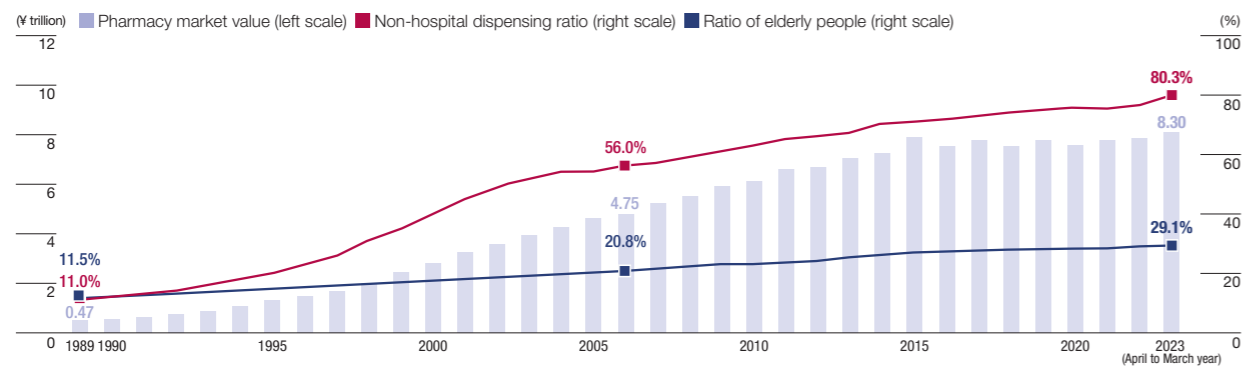
Market size

Barriers to entry are high in Japan's pharmacy sector 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 ¥8.3 trillion in fiscal 2024 (April 2023 to March 2024), but the

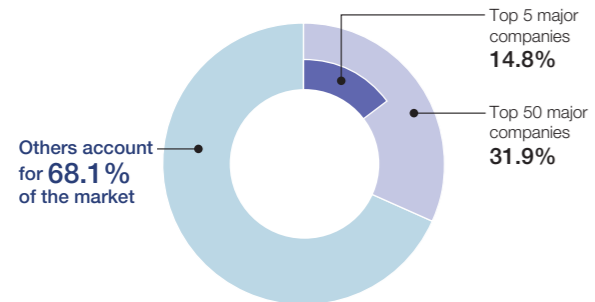
market remains fragmented, with the top five companies accounting for a combined market share of only 14.8%. While the market has matured, deregulation such as on-line pharmaceutical guidance and a new pharmacy certification scheme are likely to lead to wider gaps in performance between dispensing pharmacy companies. The AIN Group aims to increase market share by responding to these changes in the operating environment.

Market size



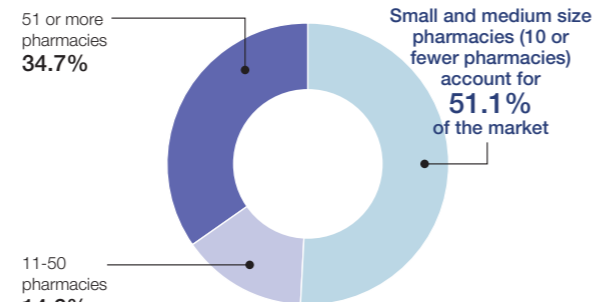
Source: Japan Pharmaceutical Association, Trends in Dispensing Pharmaceutical Expenditure (Ministry of Health, Labour and Welfare), White Paper on Ageing Society (Cabinet Office)

Dispensing pharmacy companies: Sales composition (market share)



*Top 5 major companies: The AIN Group, NIHON CHOUZAI Co., Ltd., WELCIA HOLDINGS CO., LTD., SAKURA PHARMACY GROUP, MatsukiyoCocokara & Co.
Source: DRUG Magazine (August 2024) 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

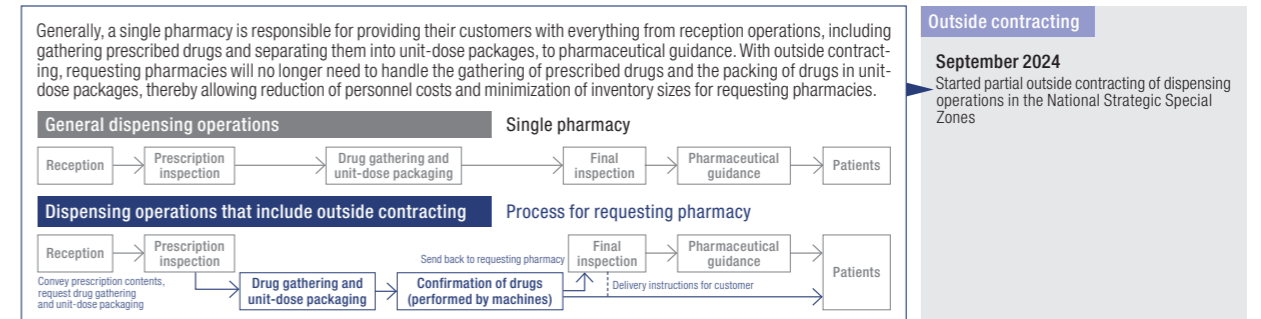
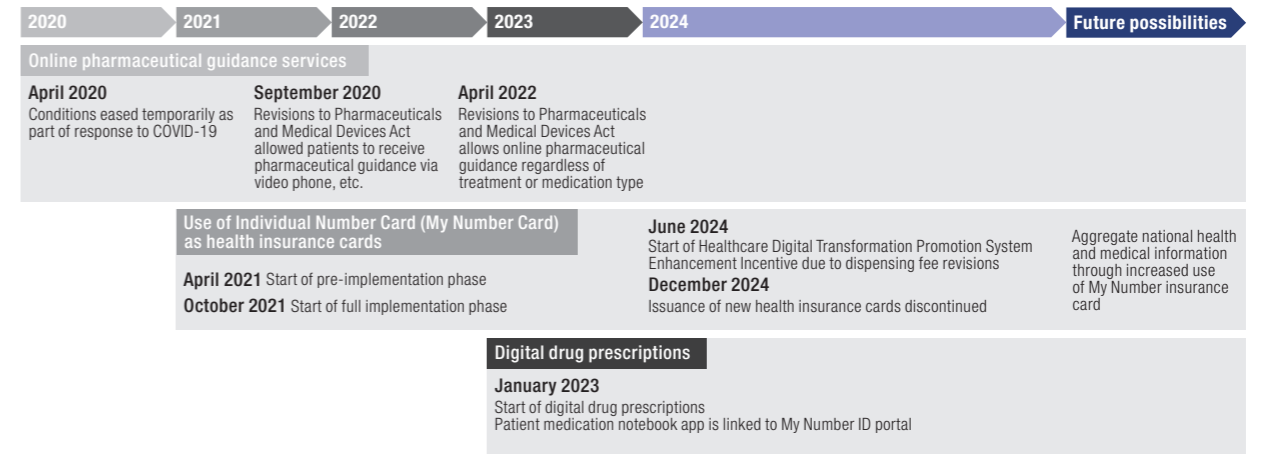
Difference between Japan and US

	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	80.3% (fiscal 2024: April 2023 to March 2024)	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.



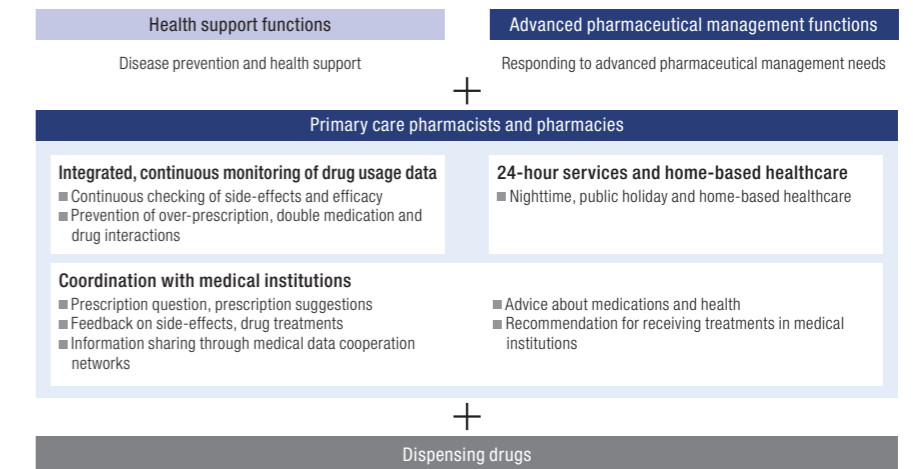
The growing role of pharmacies

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.



Vision for patient-focused pharmacies





11-year Financial and Non-financial Summary

(¥ million)	4/2014	4/2015	4/2016	4/2017	4/2018	4/2019	4/2020	4/2021	4/2022	4/2023	4/2024
For the year:											
Net sales	170,225	187,904	234,843	248,110	268,385	275,596	292,615	297,305	316,247	358,742	399,824
Selling, general and administrative expenses	15,635	17,509	23,915	27,529	28,370	29,295	30,793	35,222	34,832	37,694	39,090
Operating profit	10,113	11,452	14,619	14,563	19,622	16,067	16,068	10,932	15,139	16,004	20,432
Ordinary profit	10,587	11,697	15,158	15,080	20,129	16,637	16,822	12,649	16,041	17,064	21,377
Profit attributable to owners of parent	5,259	6,197	7,917	7,949	10,567	9,029	9,179	6,697	7,092	9,234	11,401
Capital expenditures	6,328	6,413	11,209	4,786	5,311	9,919	10,536	8,122	12,756	14,756	15,268
Depreciation	2,258	2,553	3,259	3,687	3,596	3,903	4,087	4,243	4,792	5,529	6,464
At the end of the year:											
Equity capital* ¹	42,122	47,928	53,258	60,105	96,697	103,855	110,915	115,758	118,923	126,450	135,307
Total net assets	42,240	48,046	53,324	60,178	96,733	103,922	111,003	115,837	119,010	126,546	135,411
Total assets	101,382	114,149	139,888	156,323	183,380	189,021	193,451	203,662	212,461	231,750	249,409
Number of shares outstanding (shares)	15,854,190	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
Number of pharmacies: Dispensing pharmacy business	616	754	881	1,066	1,029	1,132	1,088	1,065	1,099	1,209	1,231
Number of AINZ & TULPE stores: Cosmetic and drug store business	59	56	52	52	48	54	63	69	78	78	81
Per share information (¥):											
Earnings* ²	165.04	195.45	249.69	250.71	310.08	254.87	259.11	189.04	201.47	262.87	324.64
Net assets* ²	1,328.43	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
Cash dividends* ²	30.0	30.0	40.0	50.0	50.0	55.0	55.0	55.0	55.0	60.0	80.0
Stock information (based on the closing price as of April 30) (¥):											
Stock price	4,495	4,245	5,340	7,720	7,300	8,840	6,030	6,070	5,840	5,640	5,970
Ratios (%):											
Operating margin	5.9	6.1	6.2	5.9	7.3	5.8	5.5	3.7	4.8	4.5	5.1
Return on sales* ³	3.1	3.3	3.4	3.2	3.9	3.3	3.1	2.3	2.2	2.6	2.9
Return on assets (ROA)* ⁴	5.3	5.8	6.2	5.4	6.2	4.8	4.8	3.4	3.4	4.2	4.7
Return on equity (ROE)* ⁵	13.1	13.8	15.6	14.0	13.5	9.0	8.5	5.9	6.0	7.5	8.7
Shareholders' equity ratio	41.5	42.0	38.1	38.4	52.7	54.9	57.3	56.8	56.0	54.6	54.3
PBR	1.70	2.82	3.19	4.09	2.67	3.01	1.92	1.86	1.74	1.58	1.56
Dividend payout ratio	18.2	15.3	16.0	19.9	16.1	21.6	21.2	29.1	27.3	22.8	24.6

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: Return on sales = 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



ESG Data

ESG Data Book [↗](#)

	4/2022	4/2023	4/2024
Environment			
Environmental Protection Action Policy Yes	Environmental Protection Action Policy ↗		
Number of environmental infringements	0	0	0
Environmental data			
CO ₂ emissions			
Scope 1 and 2 (t-CO ₂ , thousand)	21.1	19.2	20.3
Scope 1 (t-CO ₂ , thousand)	1.0	1.1	1.3
Scope 2 (t-CO ₂ , thousand)	20.0	18.0	18.9
Scope 3 (t-CO ₂ , thousand)	556.7	656.9	807.7
Total energy use (TJ)	399.1	426.9	451.0
Electricity use (TJ)	373.9	402.1	424.3
Hot and cold water use (TJ)	6.0	3.7	2.1
Fuel use (TJ)	18.9	20.9	22.6
CO ₂ emissions per unit of production (Scope 1 + Scope 2) (t/million yen *net sales)	670	540	510
Other			
Pharmaceutical disposal rate (%)	0.05	0.06	0.06
Social			
Human Rights Policy Yes	Human Rights Policy ↗		
Employment: Human resources activity			
Total employees	13,009	14,147	15,114
Male	2,467	2,671	2,756
Female	10,542	11,476	12,358
Pharmacists	5,768	6,331	6,478
Non-Japanese employees	36	39	39
Number of graduates hired	999	931	1,276
Pharmacists	660	543	532
Full-time employees average age	33.6	36.2	33.9
Full-time employees turnover rate (%)	6.9	8.2	7.8
Pharmacists (%)	5.7	7.0	7.5
Proportion of employees continuing work after mandatory retirement age (%)	82.4	57.6	74.0
Human resources utilization / training			
Eruboshi certification Yes Third level - highest level of certification			
Platinum Kurumin certification Yes			
Ratio of female graduate recruitment (%)	82.5	81.7	84.5
Ratio of female managers (%)	34.0	35.9	36.8

	4/2022	4/2023	4/2024
Social			
Employees using maternity/paternity leave	432	396	435
Employees using childcare leave	657	648	735
Employees with reduced hours for childcare	1,008	1,081	1,100
Average training hours per full-time employee (hours)	26	22	25
Average training cost per full-time employee (¥)	13,126	34,127	20,983
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
Occupational accident frequency rate (%)	0.37	0.00	0.39
Other			
Full-time employee average annual compensation (¥ thousand)	4,398	4,409	4,524
Governance			
Board of Directors			
Number of directors	12	12	11
Independent outside directors	4	4	4
Female directors	3	3	4
Ratio of female directors (%)	25.0	25.0	36.4
Number of meetings	11	11	12
Average attendance for outside directors (%)	97.7	92.5	93.7
Average attendance for outside corporate auditors (%)	100	100	100
Board of Corporate Auditors			
Number of corporate auditors	3	3	3
Outside corporate auditors	2	2	2
Number of meetings	13	12	12
Average attendance for outside corporate auditors (%)	100	100	100
Executive Remuneration			
Director and corporate auditor remuneration (¥ million)	218	253	260
Inside directors (¥ million)	179	214	216
Inside corporate auditors (¥ million)	7	7	7
Outside directors (¥ million)	18	19	22
Outside corporate auditors (¥ million)	12	12	13
Nomination and Remuneration Committee			
Number of meetings (Average attendance %)	4 (100)	3 (100)	2 (100)
Sustainability Committee			
Number of meetings (Average attendance %)	3 (91.2)	2 (97.2)	2 (94.5)



Basic Information (As of April 30, 2024)

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

¥21,894,970 thousand

Number of employees

15,114 (consolidated) (including part-timers)

Business lines

Planning, management and operation of the corporate Group, focused on pharmacy, cosmetic and drug 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 Ohtani	3,239	9.17
The Master Trust Bank of Japan, Ltd. (Trust account)	3,116	8.82
Seven & i Holdings Co., Ltd.	2,750	7.78
OASIS JAPAN STRATEGIC FUND LTD.	2,633	7.45
OASIS INVESTMENTS II MASTER FUND LTD.	1,911	5.41
North Pacific Bank, Ltd.	1,743	4.94
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
Custody Bank of Japan, Ltd. (Trust account)	953	2.70
Oasis Japan Strategic Fund Ltd.	729	2.07

Notes: 1. All shares held by The Master Trust Bank of Japan, Ltd. (Trust account) and Custody Bank of Japan, Ltd. (Trust account) are in connection with the respective bank's trust business.
 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 June 16, 2023, Sprucegrove Investment Management Ltd. held 4,451 thousand shares as of June 12, 2023 (shareholding ratio of 12.57%). However, as the Company was not able to confirm the actual number of shares held as of April 30, 2024, 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 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 as of April 30, 2024, 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 May 2, 2024, because Oasis Management Company Ltd. is 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 23, 2024.

Number of shares outstanding

35,428,212 shares (including treasury stock)

Number of shareholders

16,145

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 500 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 in 2023

External evaluations

■ KENKO Investment for Health (White 500)

Selected as a 2024 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.

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](#)



FTSE Blossom Japan Sector Relative Index

2024 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

2024 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)



Japan ex-REIT Gender Diversity Tilt Index

TOP CONSTITUENT 2024





AIN HOLDINGS