

## Summary of Financial Statements for the Third Quarter of Fiscal Year Ending April 2023 [Japan GAAP] (Consolidated)

March 3, 2023

Name of listed company: **AIN HOLDINGS INC.**  
Exchange listed on: Prime Market of Tokyo Stock Exchange and Sapporo Securities Exchange  
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Date of filing quarterly securities report: March 17, 2023  
Start of dividend payment: -  
Supplementary documents for quarterly results: Yes (Supplementary materials for the quarterly results are disclosed on the Company's website appropriately as the financial statements.)  
Quarterly results briefing: No

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

### 1. Consolidated results for the third quarter of fiscal year ending April 30, 2023 (May 1, 2022 to January 31, 2023)

#### (1) Consolidated operating results

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended January 31, 2023	263,906	12.5	11,685	14.4	12,367	14.5	6,628	6.4
Nine months ended January 31, 2022	234,610	6.6	10,214	49.9	10,800	37.7	6,231	36.2

(Note) Comprehensive income: Nine months ended January 31, 2023: ¥6,643 million (+6.7%)  
Nine months ended January 31, 2022: ¥6,229 million (+35.3%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended January 31, 2023	188.70	-
Nine months ended January 31, 2022	176.89	-

#### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of January 31, 2023	229,562	123,743	53.9
As of April 30, 2022	212,461	119,010	56.0

(Reference) Shareholders' equity: As of January 31, 2023: ¥123,674 million As of April 30, 2022: ¥118,923 million

### 2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	End of year	Full year
	Yen	Yen	Yen	Yen	Yen
Year ended April 30, 2022	-	0.00	-	55.00	55.00
Year ending April 30, 2023	-	0.00	-		
Year ending April 30, 2023 (forecast)				60.00	60.00

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

3. Consolidated financial forecasts for the fiscal year ending April 30, 2023 (May 1, 2022 to April 30, 2023)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	358,000	13.2	17,180	13.5	18,030	12.4	9,000	26.9	256.20

(Note) Revision to the most recently announced consolidated financial forecasts: Yes

For more details about the revisions, please refer to today's release (March 3, 2023), "Notice of the Revisions of Consolidated Financial Forecast."

\*Notes

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

Newly consolidated: – Excluded: –

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

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

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

1) Changes in accounting principles as a result of revisions to accounting standards, etc.: Yes

2) Changes in accounting principles other than 1): No

3) Changes in accounting estimates: No

4) Restatement of revisions: No

(4) Number of outstanding shares (common stock)

1) Number of outstanding shares (including treasury stock):	As of January 31, 2023	35,428,212 shares	As of April 30, 2022	35,428,212 shares
2) Number of shares held in treasury:	As of January 31, 2023	298,188 shares	As of April 30, 2022	300,911 shares
3) Average number of shares outstanding:	Nine months ended January 31, 2023	35,128,813 shares	Nine months ended January 31, 2022	35,227,303 shares

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

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

(Caution concerning forward-looking statements)

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

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

### (1) Consolidated operating results

During the first nine months of the current fiscal year (May 1, 2022 to January 31, 2023), there were signs of a moderate pickup in the Japanese economy, but the outlook remained uncertain due to factors such as the impact of the COVID-19 pandemic, rising prices, and fluctuations in capital and financial markets. In this economic environment, the AIN HOLDINGS Group (the Group) made concerted efforts to ensure the continued provision of healthcare and retail services by taking rigorous steps to prevent infection at dispensing pharmacies and stores.

Through businesses that support human health and beauty, we aim to become a company that “people welcome to their communities.” In November 2022, we formulated the CSR Procurement Policy and Guidelines in order to realize one of the Group’s materiality goals: Cooperate with local communities and businesses. We also signed the United Nations Global Compact and joined the Global Compact Network Japan. Through our business activities, we will continue to generate sustainable growth and social, environmental, and economic value while also promoting a sound and ethical approach in all our activities.

In the first nine months of the fiscal year, net sales increased 12.5% year on year to ¥263,906 million, operating profit increased 14.4% to ¥11,685 million, ordinary profit increased 14.5% to ¥12,367 million, and profit attributable to owners of parent increased 6.4% to ¥6,628 million.

Financial results by business segment are as follows.

#### (Dispensing pharmacy business)

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

Ahead of the start of the Ministry of Health, Labour and Welfare’s (MHLW) new electronic prescription management service in January 2023, the Group took part in a MHLW pilot project launched at the end of October 2022, which aimed to establish operational processes, implement advanced initiatives, build up good practice and create guidelines. The Group’s pharmacies nationwide are now progressively upgrading operating environments to ensure compatibility with the new electronic prescriptions from January 2023. We will continue to adapt our business to these and other developments in the sector to ensure patients can continue to reliably access prescription medication with peace of mind.

In business development, we continue to target further business expansion through a strategy of actively opening large pharmacies and pursuing M&A deals that emphasize investment returns, while also improving pharmacy operating efficiency.

For the first nine months of the fiscal year, the dispensing pharmacy business reported higher sales and profits compared with the same period a year earlier due to a recovery in the number of prescriptions at existing pharmacies and a strong performance by pharmacies opened in the previous fiscal year. Sales increased 12.7% to ¥236,396 million and segment profit rose 1.3% to ¥18,023 million.

During the first nine months of the fiscal year, the Group opened a total of 130 dispensing pharmacies, including those acquired through M&A deals, closed 12 dispensing pharmacies and sold seven, resulting in a total of 1,210.

#### (Cosmetic and drug store business)

In the cosmetic and drug store business, the COVID-19 pandemic continued to impact performance, but we reviewed and overhauled our portfolio of original brands and pushed ahead with rebuilding the business structure. As a result, for the first nine months of the fiscal year, the cosmetic and drug store business reported net sales of ¥18,836 million, up 23.2% year on year, and segment profit of ¥737 million, compared with a segment loss of ¥1,474 million in the same period a year earlier, supported by changes to the product mix and store opening criteria, and progress with cost optimization.

During the same period, the Group opened four AINZ & TULPE cosmetic and drug stores and closed six stores, resulting in a total of 76 cosmetic and drug stores at the end of the third quarter.

#### (Other businesses)

Net sales from other businesses decreased 9.2% year on year to ¥8,716 million and segment loss was ¥2 million compared with the loss of ¥108 million a year earlier.

**(2) Consolidated financial position**

The balance of total assets at the end of the third quarter increased by ¥17,101 million from the end of the previous fiscal year to ¥229,562 million. This mainly reflected increases for goodwill, merchandise and other assets due to the opening of new stores and dispensing pharmacies, including locations acquired through M&A.

The balance of liabilities increased ¥12,368 million to ¥105,819 million. This was largely due to an increase for accounts payable due to the opening of new stores and dispensing pharmacies, including locations acquired through M&A.

The balance of short- term and long-term borrowings increased by ¥1,393 million to ¥9,852 million.

Total net assets increased ¥4,733 million to ¥123,743 million and the shareholders' equity ratio was decreased 2.1 percentage points to 53.9%.

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

The Group has revised its consolidated financial forecasts for the fiscal year ending April 30, 2023, which were announced on June 3, 2022. For more details, please refer to today's release (March 3, 2023), "Notice of the Revisions of Consolidated Financial Forecast."

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

(Million yen)

	Fiscal year ended April 30, 2022 (As of April 30, 2022)	Nine months ended January 31, 2023 (As of January 31, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	59,729	46,193
Notes and accounts receivable - trade	10,110	11,269
Merchandise	14,568	23,403
Supplies	222	226
Short-term loans receivable	306	230
Accounts receivable - other	11,832	10,431
Other	3,995	3,735
Total current assets	100,765	95,490
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,512	20,591
Land	8,581	10,584
Other, net	4,542	7,343
Total property, plant and equipment	30,636	38,519
Intangible assets		
Goodwill	36,352	47,539
Other	4,866	5,570
Total intangible assets	41,219	53,110
Investments and other assets		
Investment securities	2,503	2,938
Deferred tax assets	5,319	6,118
Leasehold and guarantee deposits	22,785	24,823
Other	10,526	8,893
Allowance for doubtful accounts	(1,294)	(330)
Total investments and other assets	39,840	42,443
Total non-current assets	111,696	134,072
Total assets	212,461	229,562

(Million yen)

	Fiscal year ended April 30, 2022 (As of April 30, 2022)	Nine months ended January 31, 2023 (As of January 31, 2023)
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	50,756	60,972
Short-term borrowings	2,643	4,036
Income taxes payable	4,391	2,242
Deposits received	15,415	18,885
Provision for bonuses	2,713	1,557
Provision for bonuses for directors	18	10
Contract liabilities	544	597
Other	5,321	4,520
Total current liabilities	81,805	92,823
Non-current liabilities		
Long-term borrowings	5,815	5,816
Retirement benefit liability	3,578	4,623
Other	2,252	2,556
Total non-current liabilities	11,645	12,995
Total liabilities	93,450	105,819
<b>Net assets</b>		
Shareholders' equity		
Share capital	21,894	21,894
Capital surplus	20,500	20,504
Retained earnings	78,661	83,357
Treasury shares	(2,018)	(2,000)
Total shareholders' equity	119,038	123,756
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(39)	(24)
Remeasurements of defined benefit plans	(75)	(57)
Total accumulated other comprehensive income	(114)	(82)
Non-controlling interests	86	69
Total net assets	119,010	123,743
Total liabilities and net assets	212,461	229,562

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

(Million yen)

	Nine months ended January 31, 2022 (May 1, 2021 to January 31, 2022)	Nine months ended January 31, 2023 (May 1, 2022 to January 31, 2023)
Net sales	234,610	263,906
Cost of sales	198,110	224,213
Gross profit	36,500	39,692
Selling, general and administrative expenses	26,286	28,006
Operating profit	10,214	11,685
Non-operating income		
Interest income	31	36
Dividend income	35	62
Commissions income	11	12
Rental income from real estate	334	151
Outsourcing service income	132	165
Subsidy income	92	169
Share of profit of entities accounted for using equity method	2	–
Other	316	367
Total non-operating income	957	965
Non-operating expenses		
Interest expenses	34	40
Loss on sales of receivables	63	75
Rental expenses on real estate	215	92
Other	57	75
Total non-operating expenses	370	283
Ordinary profit	10,800	12,367
Extraordinary income		
Gain on sales of non-current assets	200	2
Gain on sale of businesses	13	73
Surrender value of insurance policies	4	35
Gain on step acquisitions	131	–
Other	16	1
Total extraordinary income	366	113
Extraordinary losses		
Loss on sale and retirement of non-current assets	194	153
Impairment losses	61	183
Loss on cancellation of rental contracts	119	–
Other	54	36
Total extraordinary losses	429	372
Profit before income taxes	10,737	12,108
Income taxes	4,523	5,497
Profit	6,214	6,611
Loss attributable to non-controlling interests	(16)	(17)
Profit attributable to owners of parent	6,231	6,628



**Quarterly consolidated statements of comprehensive income**

(Million yen)

	Nine months ended January 31, 2022 (May 1, 2021 to January 31, 2022)	Nine months ended January 31, 2023 (May 1, 2022 to January 31, 2023)
Profit	6,214	6,611
Other comprehensive income		
Valuation difference on available-for-sale securities	(15)	14
Remeasurements of defined benefit plans, net of tax	30	18
Total other comprehensive income	15	32
Comprehensive income	6,229	6,643
Comprehensive income attributable to owners of parent	6,246	6,661
Comprehensive income (loss) attributable to non-controlling interests	(16)	(17)

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

(Notes on the premise of a going concern)

There are no applicable matters to be reported.

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

There are no applicable matters to be reported.

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

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

(Changes in accounting policies)

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 31, June 17, 2021; "Fair Value Measurement Standard"), etc. from the beginning of the first quarter. In accordance with the transitional treatment stipulated in Paragraph 27-2 of the "Fair Value Measurement Standard", the Company has decided to apply the new accounting policies in the Fair Value Measurement Standard going forward. These changes have no impact on the Company's quarterly consolidated financial statements.

(Segment information, etc.)

I Nine months ended January 31, 2022 (May 1, 2021 to January 31, 2022)

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

(Million yen)

	Reportable segments				Adjustments (Note) 1	Carried on quarterly consolidated statements of income (Note) 2
	Dispensing pharmacy business	Cosmetic and drug store business	Other businesses	Total		
Sales						
(1) Sales to third parties	209,793	15,286	9,530	234,610	-	234,610
(2) Intersegment sales	-	-	71	71	(71)	-
Total sales	209,793	15,286	9,601	234,681	(71)	234,610
Segment profit (loss)	17,784	(1,474)	(108)	16,202	(5,401)	10,800

Notes: 1. The adjustment of ¥(5,401) million to segment profit (loss) includes ¥6,195 million in corporate expenses, ¥(947) million in (income) loss that are not allocated to reportable segments, and ¥152 million in eliminations due to intersegment transactions.

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

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

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

[Significant impairment losses on fixed assets]:

There are no applicable matters to be reported.

[Significant changes in the amount of goodwill]:

There are no applicable matters to be reported.

II Nine months ended January 31, 2023 (May 1, 2022 to January 31, 2023)

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

(Million yen)

	Reportable segments				Adjustments (Note) 1	Carried on quarterly consolidated statements of income (Note) 2
	Dispensing pharmacy business	Cosmetic and drug store business	Other businesses	Total		
Sales						
(1) Sales to third parties	236,396	18,836	8,672	263,906	-	263,906
(2) Intersegment sales	-	-	43	43	(43)	-
Total sales	236,396	18,836	8,716	263,949	(43)	263,906
Segment profit (loss)	18,023	737	(2)	18,758	(6,390)	12,367

Notes: 1. The adjustment of ¥(6,390) million to segment profit (loss) includes ¥7,269 million in corporate expenses, ¥(916) million in (income) loss that are not allocated to reportable segments, and ¥37 million in eliminations due to intersegment transactions.

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

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

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

[Significant impairment losses on fixed assets]:

There are no applicable matters to be reported.

[Significant changes in the amount of goodwill]:

In the dispensing pharmacy business segment, Pharmacy Holdings Co. Ltd. and its subsidiaries were included in the scope of consolidation from the first quarter of the current fiscal year following the acquisition of all shares in Pharmacy Holdings Co. Ltd. In the first nine months of the fiscal year, the increase in goodwill related to these companies was ¥13,026 million.

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

In addition, the tentative calculation for goodwill applied in the first quarter of the fiscal year was finalized in the third quarter.