

# Regarding Acquisition of Shares of Francfranc Corporation

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**AIN HOLDINGS INC.**

July 3, 2024

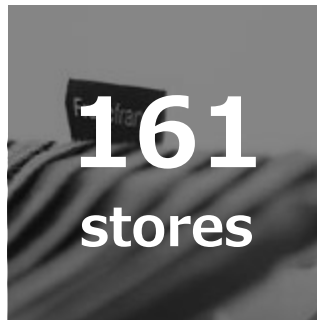
# Purpose of Share Acquisition

Francfranc Corporation has operated a business selling interior goods and sundries aimed at a wide range of customers, mainly women in their 20s and 30s, centered on the Francfranc flagship brand. **While there is a high degree of affinity with AINZ & TULPE in terms of the areas where they open stores, customer segments, and values,** the two companies have complementary relationships **with different main product categories.**

## Common customer segments

Wide range of customers, mainly in their 20s and 30s

Francfranc



AINZ & TULPE

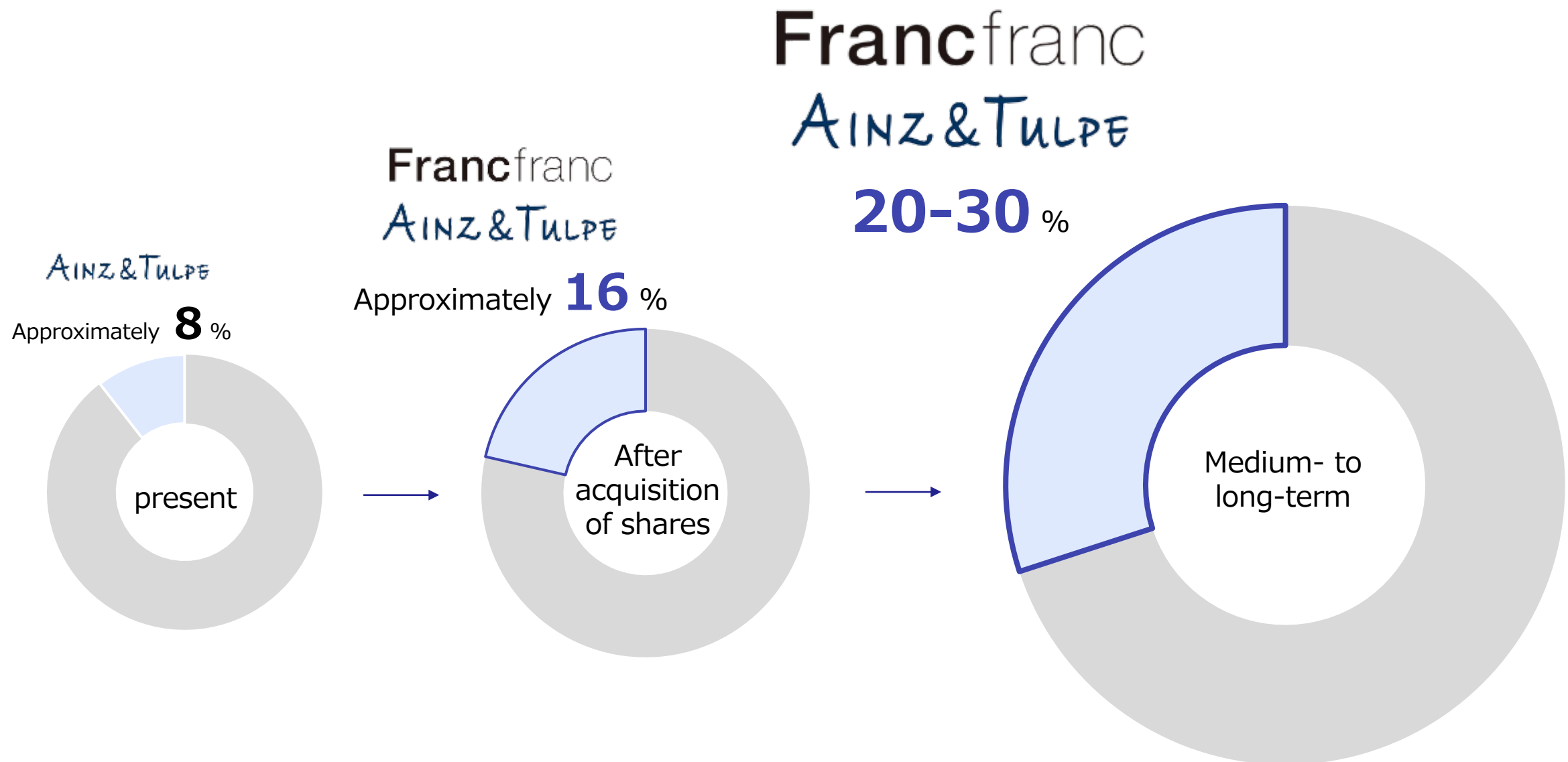


**Further develop the retail business by utilizing each brand, SPA-type products, and stores**

# Expansion of cosmetic and drug store business

As a growth strategy, **the cosmetic and drug store business needs to grow as a core business.**

AINZ & TULPE has achieved high profitability through its unique business model, and the company will expand its cosmetic and drug store business through synergies that maximize the potential of this strength and Francfranc.



# About AINZ & TULPE

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# AINZ & TULPE - Concept

*1 hour enjoy*

Wonder and find for an hour.  
Exciting cosmetics.

Total beauty store offering the latest cosmetic trends and a wide range of highly specialized products, from domestic and international cosmetics to beauty care and health care products, to beautify the body from the inside and out.

Feel free to stop by,  
Provide a place to find new beauty,  
Wonder, find, and excited,  
We provide a happy retail experience.

# AINZ & TULPE - Feature

By focusing on people with a high sense of beauty, the store is developing into **a total beauty store** that can best meet the needs of those who are highly fashion-conscious and want to **"be beautiful"**.



## Proposal for living beautifully in one's own way

The company operates AINZ & TULPE stores mainly in urban areas.

The company offers a variety of suggestions for enjoying a beautiful and healthy life.

### ■ Major customers

Those who want to be beautiful and healthy from **both inside and outside**.

### ■ Number of stores

**83 stores** in Japan (as of June 30, 2024)

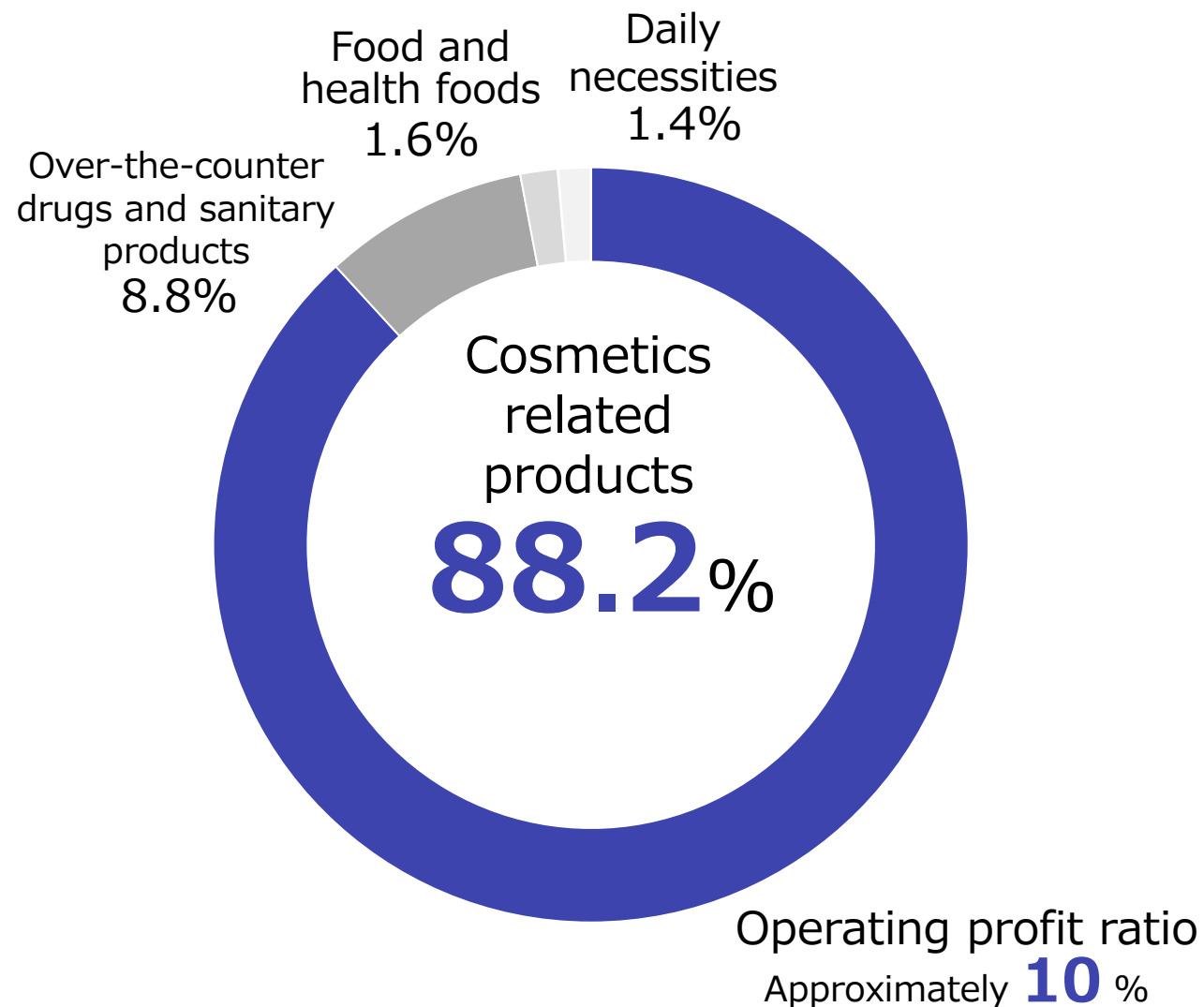
### ■ Product mixes

**90%** cosmetics-related products, specializing in cosmetics

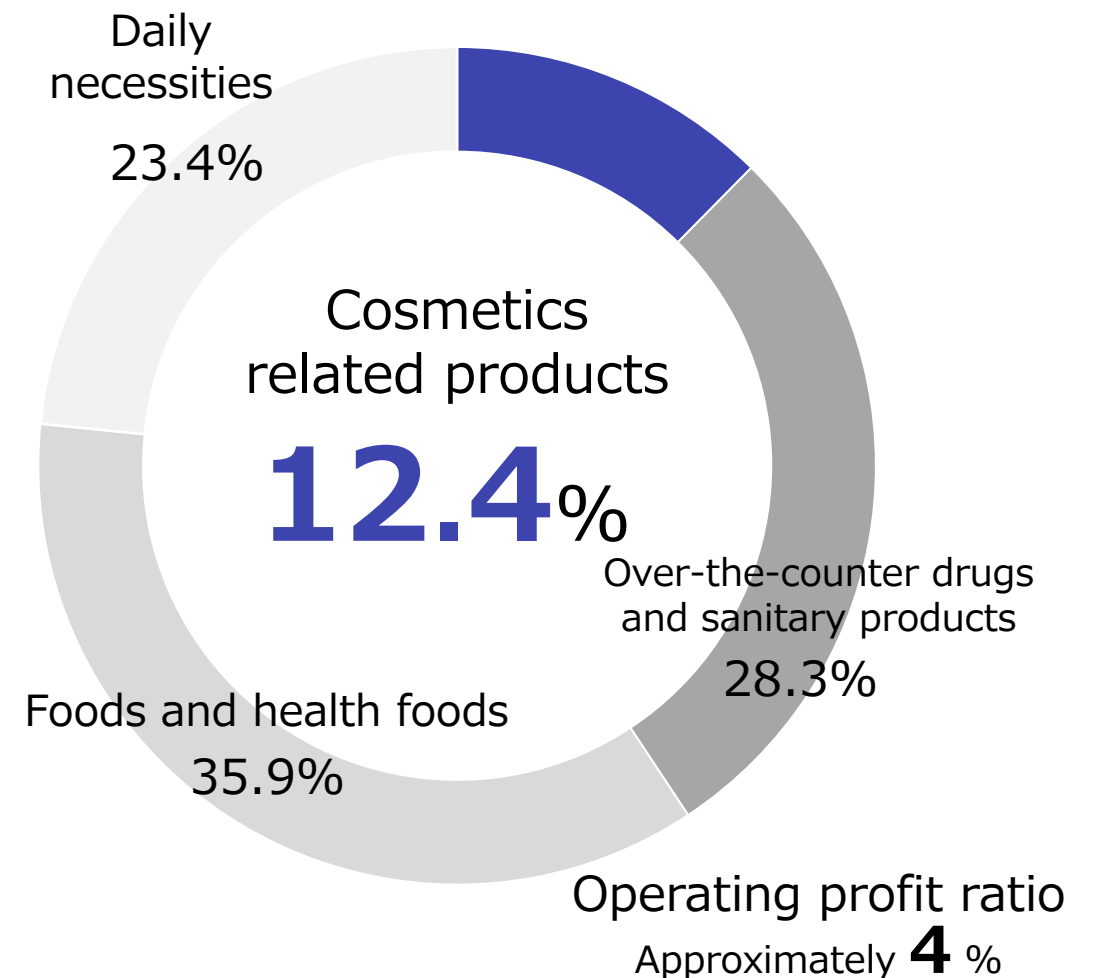
# AINZ & TULPE - Unique Business Model

By focusing 90% of the product mixes on cosmetics-related products, mainly skincare and makeup, AINZ & TULPE is able to differentiate itself from ordinary drugstores and offer a rich product lineup. Also, we promote store operations creating a sales floor for each store and achieves high operating profit margins.

Product mixes of AINZ & TULPE



Product mixes of general drugstores



- ▶ AINZ & TULPE : FY4/24 results
- ▶ Drugstores: Monthly Report on the Current Survey of Commerce (March 2024, Ministry of Economy, Trade and Industry), Company analysis tool "buffett code"

# About **Franc**franc

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## VALUE by DESIGN

We create designs that make your everyday life more fun.

Out-of-the-box value.

A design that doesn't skimp on enjoyment.

The products born from this process are not mere "things".

Francfranc always proposes a "culture" of life.

We will continue to create new markets.

# Francfranc - Feature

Francfranc was born to **pursue true richness without being bound by stereotypes, and to propose a life surrounded by things you "love"**. Francfranc has and will continue to actively incorporate valuable designs and offer them to its customers.



## Design makes everyday more enjoyable and richer

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The company proposes through the brand "Francfranc" for an extraordinary, exciting, free, and truly valuable life.

### ■ Major customers

Wide range of customers, mainly in their 20s and 30s

### ■ Number of stores

**161 stores** throughout Japan, and Hong Kong

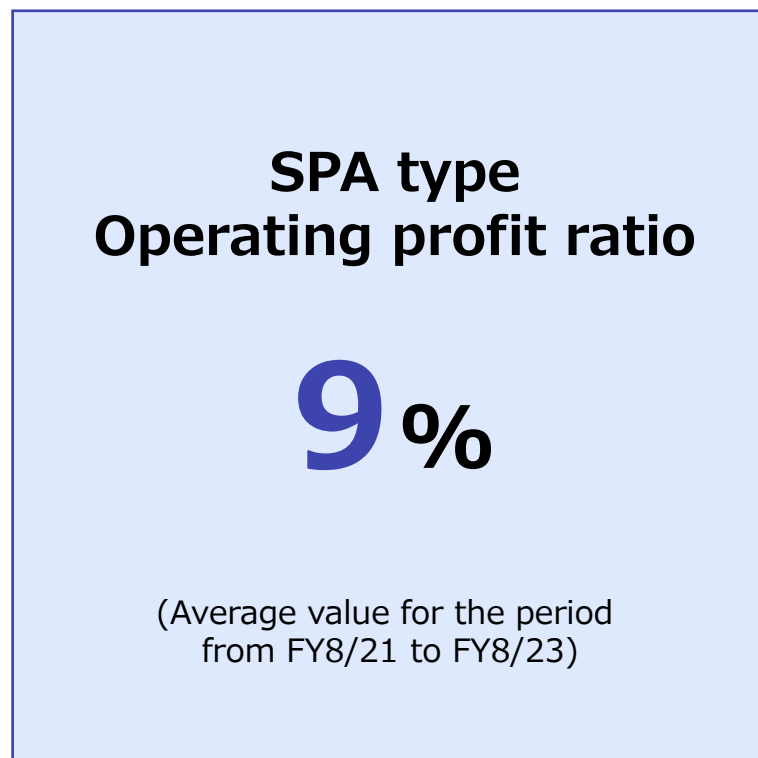
### ■ Product mixes

Wide selection of furniture, tableware, kitchenware, home appliances and lighting, etc. **90% SPA type**

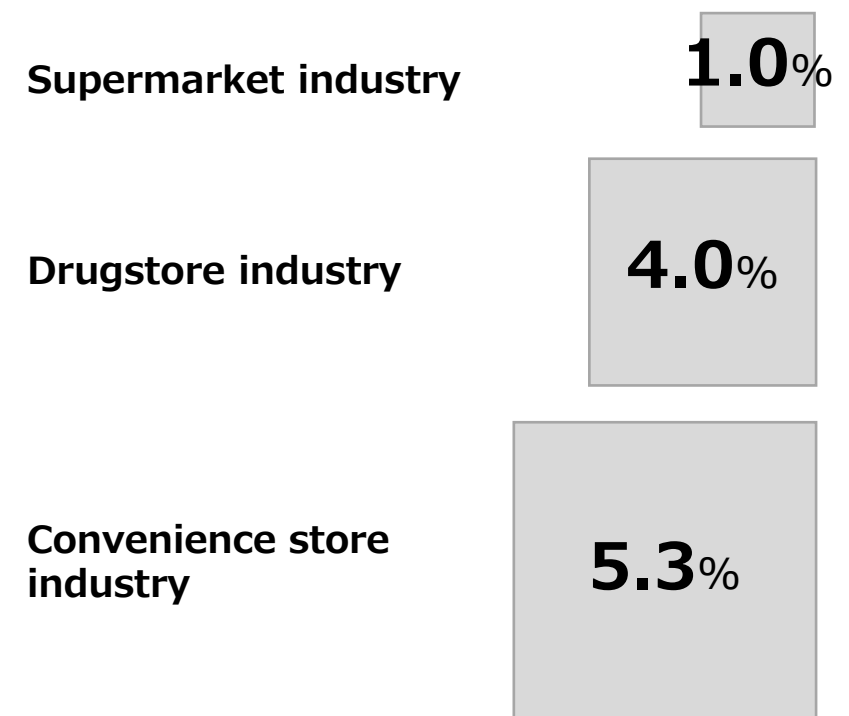
# Francfranc - SPA-type business model

**SPA-type** (manufacturing and retailing, a business model that vertically integrates functions from product planning to production and sales) products account for 90% of Francfranc's products. Francfranc is in a unique position that sets it apart from its competitors and maintains a high level of operating profit margin compared to its neighboring industries.

Operating profit ratio of **Francfranc**



Average operating profit ratio of other retail industries



- ▶ 2023 Supermarket Annual Statistical Survey Report (National Supermarket Association of Japan, Japan Supermarkets Association, All Japan Supermarkets Association)
- ▶ Company analysis tool "buffett code"

# Francfranc - High brand strength

Since its foundation, **Francfranc has consistently maintained the popularity and trust of its customers**, and various surveys have shown the high popularity of its brand. **Francfranc is expected to have a positive impact not only on branding to customers, but also on recruitment.**

## LINE Research

### Survey Results

**4th place** in a survey on most favorite interior design stores

1. NITORI
2. MUJI
3. IKEA

**4. Francfranc**

### Favorite reason

- High percentage of "like the design" at more than 80%.
- Design-related reasons such as "variety of colors and sizes" and "incorporation of fashion trends" also ranked high.

### About the survey

- Smartphone Web Survey of LINE Users
- Survey population: Men and women aged 15-64 from all over Japan.
- Implementation period: March 28, 2024 to April 1, 2024
- Validated collection: 5,255 samples

## Nikkei X TREND

### Survey Results

**3rd place** in the "Customer Happiness" ranking 2024

1. MUJI
2. IKEA

**3. Francfranc**

### Favorite reason

- Just having it makes me feel good.
- It gives me excitement and my heart fluttered.
- I get excited every time I put on the room shoes I wanted.
- My heart fluttered when I went to the store.

### About the survey

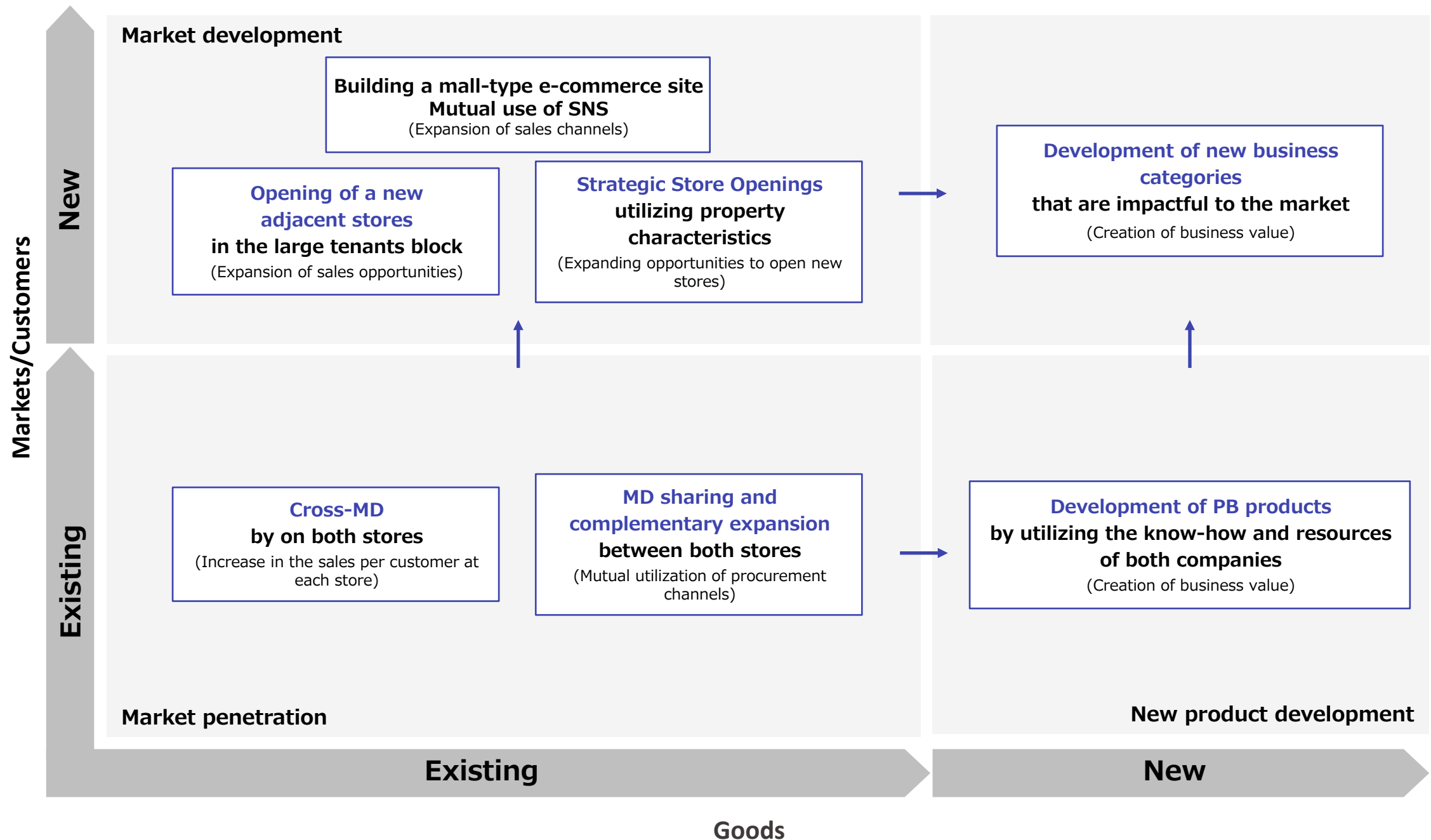
- Internet survey conducted by Fun Research Institute under the supervision of Nikkei Business through Rakuten Insight.
- Survey population: Men and women aged 20-69 from all over Japan.
- Implementation period: December 2023 and January 2024 (2 times)
- Validated collection: 105,800 samples in total

# Synergy by leveraging the strengths of Francfranc and AINZ & TULPE

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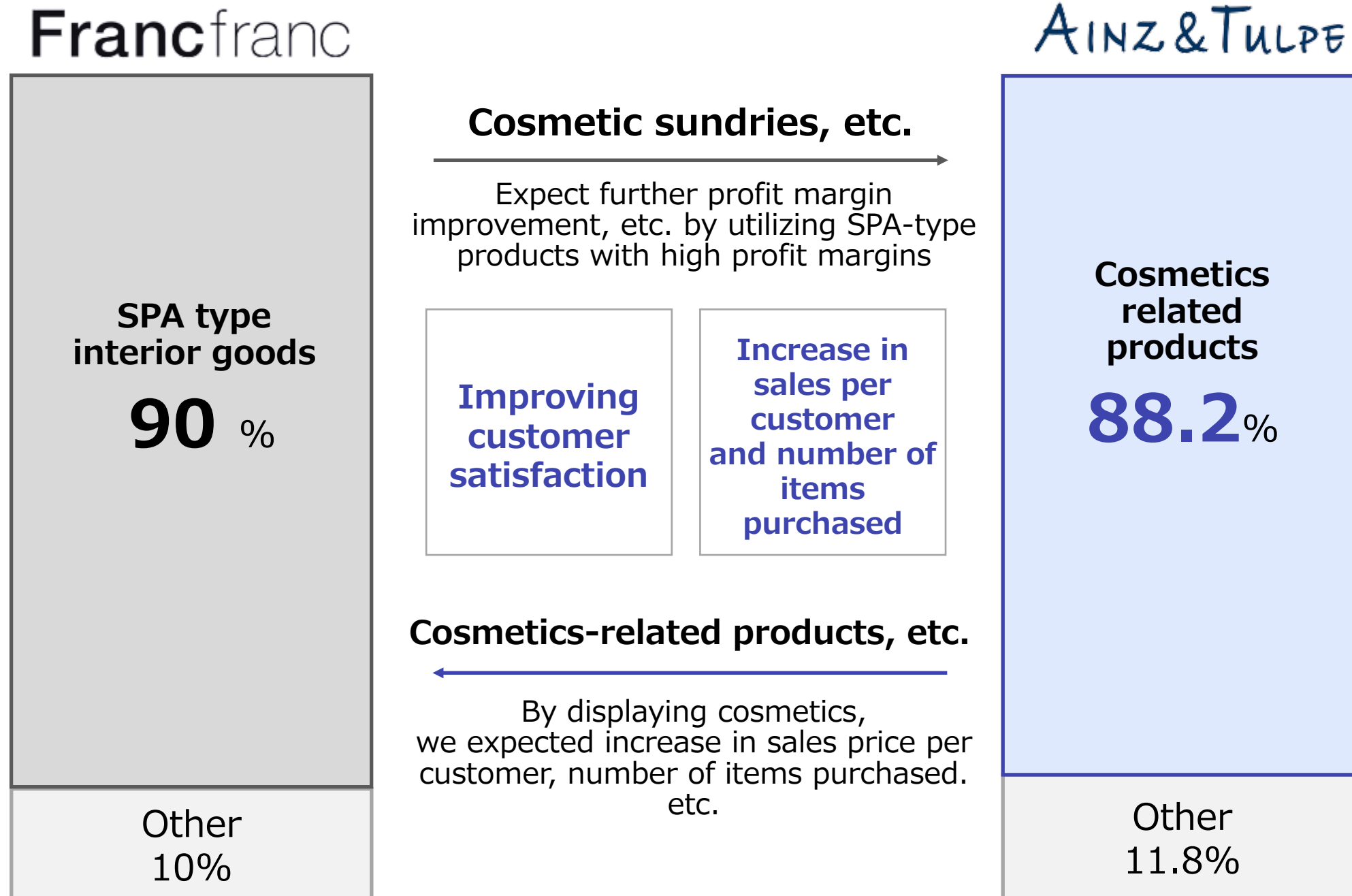
# Overall picture of expected synergies

In addition to synergies between the two existing brands, the company will consider developing highly satisfying and attractive PB products in new areas by leveraging the expertise of each brand, promoting a strategy of opening new stores by making the most of its stores, and developing new business categories that leverage the strengths of the two brands.



# 1) Cross merchandising - 1

By linking stores with strengths in different product categories, **a wide range of product options can be presented to customers, thereby increasing customer satisfaction, and sales per customer, and the number of items purchased per customer.**



# 1) Cross merchandising - 2

Francfranc sells interior goods, while AINZ & TULPE sells cosmetics, etc., thereby **complementing each other's product categories** that they do not have.

**Bulk purchase**

	Francfranc Sundries	AINZ & TULPE Cosmetics
Make UP	 Stand type mirror	 Lip
Face Care	 Facial Steamer	 Serum

**It allows customers to purchase products in a single location that they used to purchase separately.  
Then, further expanding the selection of lifestyle-related products.**



# Strategic store development - Store opening area

The store openings areas are similar to station buildings and commercial facilities in major cities, and **stores will have a high affinity with each other**. The company will be able to **further expand business opportunities** by considering variations in store opening formats, such as strategic joint store openings with large tenants.

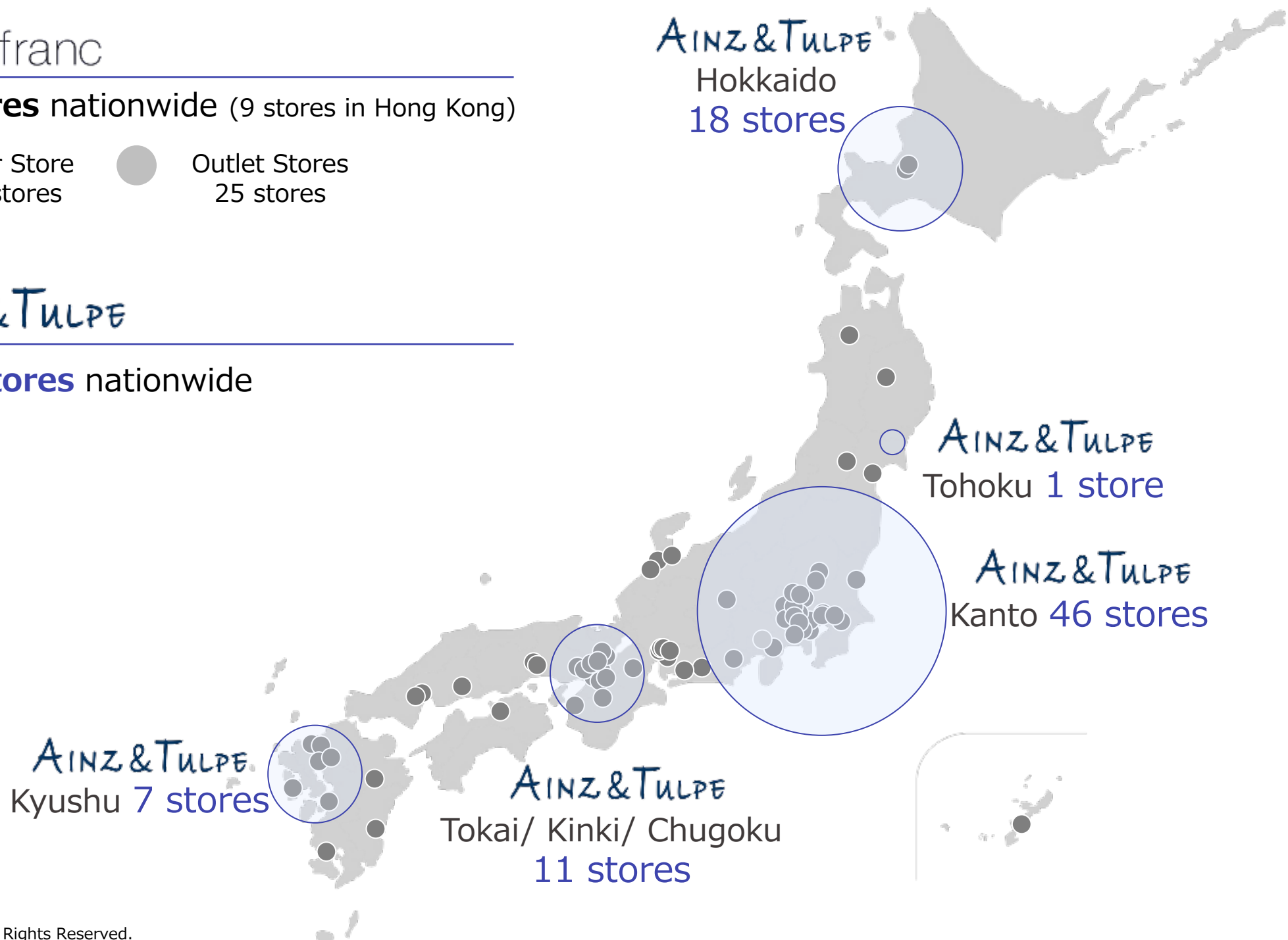
## Francfranc

**152 stores** nationwide (9 stores in Hong Kong)

- Proper Store 127 stores
- Outlet Stores 25 stores

## AINZ&TULPE

○ **83 stores** nationwide



## (2) Strategic store development - New business model

The company will also consider developing new business categories that will have an impact on the market (creating business value). Both brands have already opened stores in major areas throughout Japan and will be able to develop and deploy new business categories with even higher customer satisfaction.

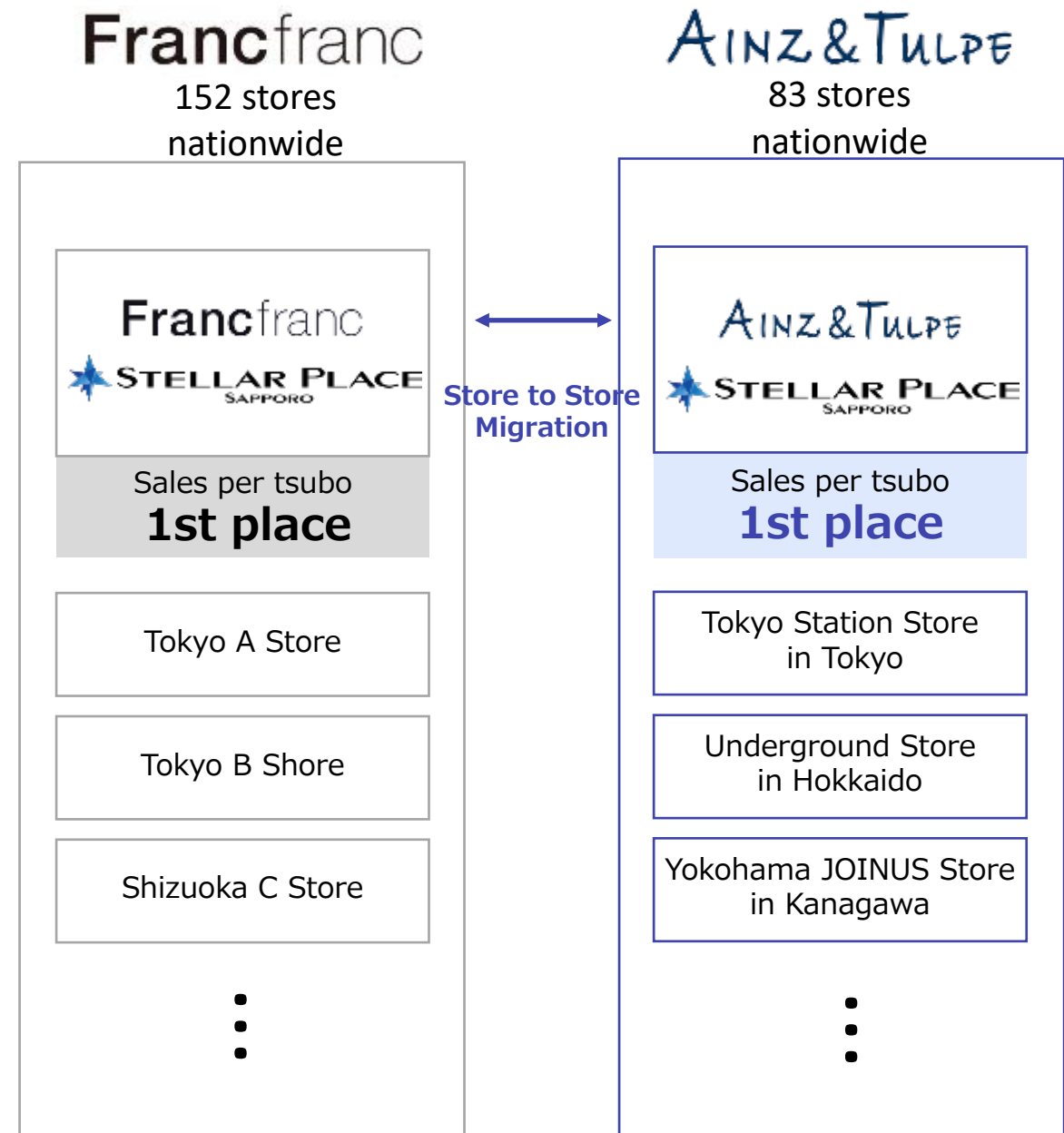
**Franc**franc

**Development  
of the new  
business model**

**AINZ & TULPE**

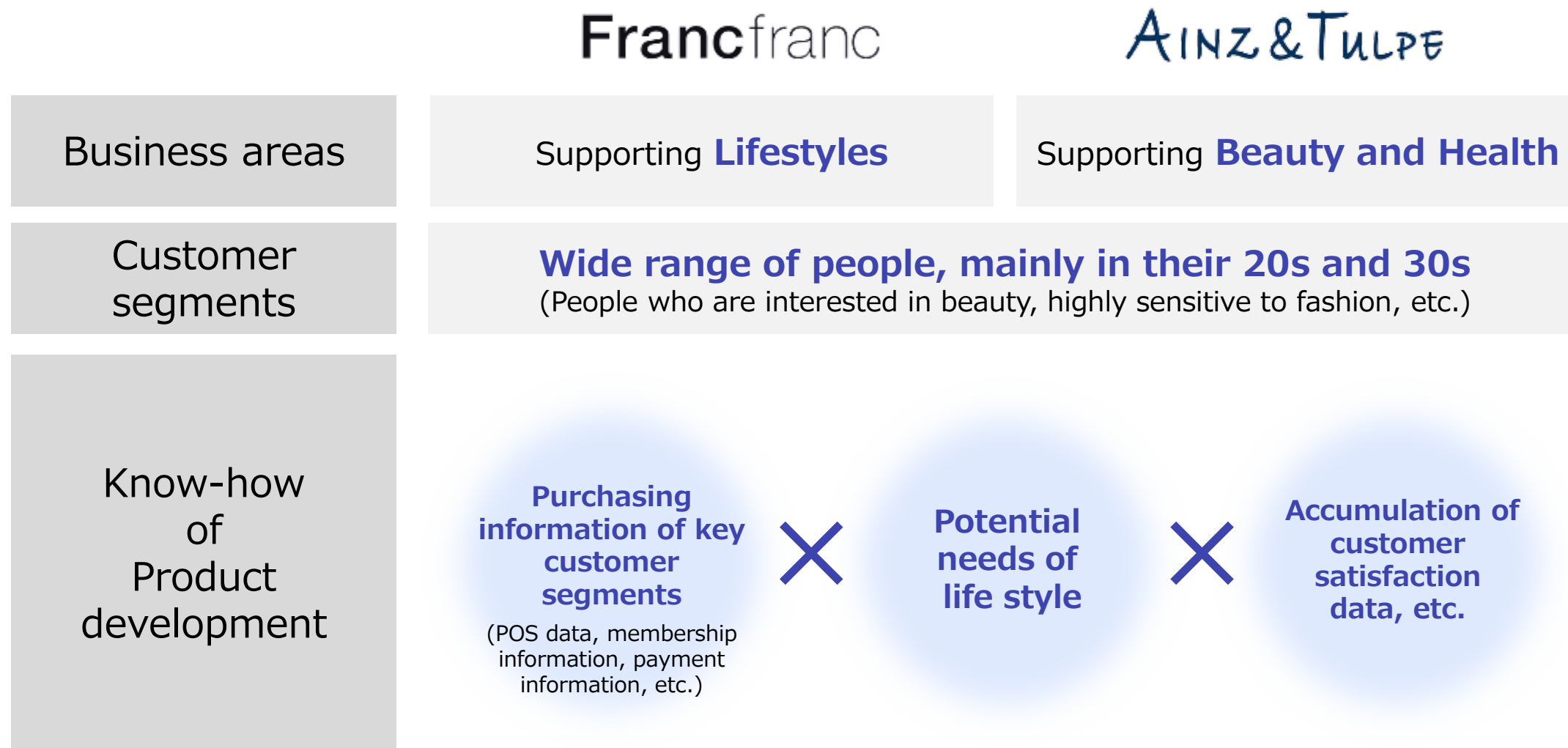
## (2) Strategic store development - Example of adjacent stores in Sapporo

The Sapporo Stellar Place stores (Commercial facility in Sapporo Station Building) of both brands are completely adjacent to each other, and **both rank first in terms of tsubo sales among the 152 Francfranc stores and 83 AINZ & TULPE stores nationwide, respectively**. In addition, the synergistic effect of opening adjacent stores has been demonstrated by the fact that **both stores have a migratory consumption behavior between the two stores**.



# (3) Product development through sharing of know-how

Both brands have been focusing on developing products that can influence customers' sense of value, with the mission of proposing lifestyle to their customers. By **sharing their** respective **know-how**, **they** will be able to **develop products that further satisfy their customers**.



**Capable of developing attractive and satisfying products supporting both "lifestyle" and "beauty and health"**

**Inquiries related to this presentation should be addressed to**

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