August 21, 2024

AIN HOLDINGS INC.
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Notice of Company Split (Absorption-Type Company Split) Between Consolidated Subsidiaries

AIN HOLDINGS INC. ("the Company") hereby announces that, effective October 1, 2024, the interior goods and sundries retail sales business of Francfranc Corporation (Head office: Minato-ku, Tokyo; "Francfranc"), a wholly owned subsidiary of the Company, will be split off and absorbed by AIN PHARMACIEZ INC. (Head office: Sapporo, Hokkaido; "AIN PHARMACIEZ"), another wholly owned subsidiary of the Company ("absorption-type company split"). Details are as follows. The disclosure of some items and details are omitted as this is an absorption-type company split between consolidated subsidiaries of the Company.

1. Purpose of the absorption-type split

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

Francfranc became a subsidiary on August 20, 2024 after the acquisition of all its shares by the Company. Since its establishment, Francfranc has operated a business selling interior goods and sundries aimed at a wide range of customers, mainly women in their 20s and 30s, centered on the Francfranc flagship brand. Through the operation of 153 stores in Japan, nine stores overseas and e-commerce sales, Francfranc offers urban and sophisticated lifestyle proposals.

AINZ & TULPE and Francfranc have stores in similar markets and target customer segments with similar values, but they are complementary in terms of product lineups and retail categories. The Company believes that Francfranc's addition to the Group will generate synergies by leveraging the strengths of both companies. It aims to maximize these synergies through the absorption-type company split.

2. Summary of the absorption-type company split

(1) Schedule

Approval of absorption-type company split at Board of Directors meeting (Francfranc)	August 21, 2024
Conclusion of absorption-type company split	August 21, 2024

agreement

Approval of absorption-type company split at Annual General Meeting of Shareholders (Francfranc)	September 30, 2024
Effective date	October 1, 2024 (scheduled)

(2) Method

An absorption-type company split in which Francfranc is the splitting company and AIN PHARMACIEZ is the succeeding company.

(3) Allotment of shares

No shares or other consideration will be transferred as a result of the absorption-type company split, as both Francfranc and AIN PHARMACIEZ are wholly owned subsidiaries of the Company.

(4) Treatment of share options and bonds with share options

Not applicable

(5) Change in capital as a result of the absorption-type company split

There will be no change in the capital of the Company at the time of the absorption-type company split.

(6) Rights and obligations to be assumed by the succeeding company

On the effective date, the assets and liabilities and associated rights and obligations of the interior goods and sundries retail sales business of the splitting company will be assumed by the succeeding company.

(7) Prospects for fulfillment of obligations

No obstacles to fulfilling the obligations of the splitting company are anticipated after the absorption-type company split.

3. Overview of the companies involved

(1) Company name	Francfranc (splitting company)	AIN PHARMACIEZ (succeeding company)
(2) Business	Planning, development and sales of interior goods and sundries	Operation of dispensing pharmacies and cosmetic and drug stores
(3) Date of establishment	July 11, 1990	June 24, 2015
(4) Head office	3-5-12 Kita Aoyama, Minato-ku, Tokyo	5-2-4-30, Higashi Sapporo, Shiroishi-ku, Sapporo
(5) Representative	Kazuyuki Sano, President and Representative Director and Executive Officer	Shoichi Shudo, President and Representative Director
(6) Capital stock	¥100 million	¥100 million
(7) Number of shares issued and outstanding	56,104 shares	10,000 shares
(8) Net assets	¥7,477 million	¥43,308 million
(9) Total assets	¥22,551 million	¥132,332 million
(10) Net assets per share	¥154,180.21	¥4,330,864.26
(11) Major shareholders and	AIN HOLDINGS INC. (100.00%)	AIN HOLDINGS INC. (100.00%)

shareholding ratios		
(12) Net sales	¥39,651 million	¥303,541 million
(13) EBITDA	¥4,685 million	¥16,511 million
(14) Operating profit	¥2,946 million	¥11,131 million
(15) Ordinary profit	¥2,842 million	¥11,434 million
(16) Profit	¥993 million	¥5,825 million
(17) Profit per share	¥20,701,196.33	¥582,569.76
(18) Fiscal year-end	August 31	April 30

(Note) The above summary is based on FY8/24 forecasts for Francfranc and data for AIN PHARMACIEZ as of April 30, 2024.

4. Summary of business division to be split off

(1) Business

Retail sales of interior goods and sundries

(2) Operating results (forecast for FY8/24)

Net sales ¥39,216 million

(3) Assets and liabilities to be split off (forecast for August 31, 2024)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	¥14,163 million	Current liabilities	¥7,373 million
Non-current assets	¥5,435 million	Non-current liabilities	¥7,487 million
Total	¥19,598 million	Total	¥14,860 million

(Note) The above amounts are projected balance sheet amounts as of August 31, 2024; actual amounts to be succeeded will be adjusted for any increase or decrease up to the effective date.

5. Situation after the absorption-type company split

After the absorption-type company split, the fiscal year-end for Francfranc will be April 30. There will be no other changes to the company name, business activities, head office location, title and name of representative, capital, or fiscal year of Francfranc. In addition, there will be no changes to the company name, business activities, head office location, title and name of representative, capital, or fiscal year of AIN PHARMACIEZ.

6. Outlook

The Company is currently assessing the impact of the acquisition of Francfranc shares, including the impact on consolidated financial results. Any matters requiring disclosure will be promptly disclosed.