AIN HOLDINGS

Summary of Financial Statements for the First Quarter of Fiscal Year Ending April 2025

[Japan GAAP] (Consolidated)

September 4, 2024

Name of listed company:	**AIN HOLDINGS INC.**		
Exchange listed on:	Prime Market of Tokyo Stock Exchange and Sapporo Securities Exchange		
Code number:	9627	URL:	https://www.ainj.co.jp/corporate/
Representative:	Kiichi Otani, President and Representative Director		
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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 first quarter of fiscal year ending April 30, 2025 (May 1, 2024 to July 31, 2024)

(1) Consolidated operating results

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

	Net sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended July 31, 2024	103,603	9.5	5,578	(8.7)	2,757	(23.6)	2,969	(23.5)	1,642	(23.3)
Three months ended July 31, 2023	94,654	16.2	6,111	22.4	3,610	31.1	3,881	25.6	2,140	25.5

(Note) Comprehensive income: Three months ended July 31, 2024: ¥1,667 million (-23.5%)
Three months ended July 31, 2023: ¥2,179 million (+28.5%)

(Note) EBITDA = operating profit + depreciation + amortization of goodwill

	Profit per share	Diluted earnings per share
	Yen	Yen
Three months ended July 31, 2024	46.93	–
Three months ended July 31, 2023	60.93	–

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of July 31, 2024	248,139	134,354	54.1
As of April 30, 2024	249,409	135,411	54.3

(Reference) Shareholders' equity: As of July 31, 2024: ¥134,256 million As of April 30, 2024: ¥135,307 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, 2024	–	0.00	–	80.00	80.00
Year ending April 30, 2025	–				
Year ending April 30, 2025 (forecast)		0.00	–	80.00	80.00

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

3. Consolidated financial forecasts for the fiscal year ending April 30, 2025 (May 1, 2024 to April 30, 2025)

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

	Net sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First six months	213,670	10.3	13,150	(5.1)	6,770	(22.6)	7,150	(23.4)	3,800	(27.7)	108.56
Full year	453,500	13.4	33,620	7.3	19,360	(5.2)	20,000	(6.4)	10,000	(12.3)	285.68

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

For more details about revisions to forecasts, please refer to today's release (September 4, 2024), "Notice of Upward Revisions to Consolidated Financial Forecasts."

*Notes

(1) Significant changes in the scope of consolidation during the period: 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 shares):	As of July 31, 2024	35,428,212 shares	As of April 30, 2024	35,428,212 shares
2) Number of shares held in treasury:	As of July 31, 2024	415,485 shares	As of April 30, 2024	433,891 shares
3) Average number of shares outstanding:	Three months ended July 31, 2024	35,003,889 shares	Three months ended July 31, 2023	35,130,024 shares

(Note) Number of shares held in treasury includes the Company's shares held by Custody Bank of Japan, Ltd. (Trust Account E) (as of April 30, 2024: 333,800 shares, as of July 31, 2024: 315,300 shares). In addition, the Company's shares held by Custody Bank of Japan, Ltd. (Trust Account E) are included in treasury shares deducted from the calculation of average number of shares outstanding during the period (three months ended July 31, 2023: - shares, three months ended July 31, 2024: 324,200 shares).

*Review of the attached quarterly consolidated financial statements by certified public accountants or independent account auditors: No

*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.

Contents of the Attachment

1. Overview of Operating Results, etc.

(1) Overview of quarterly operating results

During the first three months of the current fiscal year (May 1, 2024 to July 31, 2024), the Japanese economy recovered gradually along with an improvement in the employment and income environment. However, conditions remain uncertain due to the risk of downward pressure on the domestic economy from slowing conditions overseas, as well as rising prices and fluctuations in financial and capital markets.

Against this backdrop, the AIN HOLDINGS Group (the Group) worked to provide healthcare and retail services in line with its mission to “contribute to local healthcare” and “provide beauty and happiness” – two of the Group’s materiality issues. In addition, promoting diversity & inclusion is a key part of efforts to create a “sound management base,” another of the Group’s materiality issues. Specifically, the Group is actively promoting women’s participation in the workplace, including providing training to help female employees transform their thinking and build career pathways by harnessing their management capabilities, and stepping up measures to promote work-life balance, among other initiatives. These efforts have been recognized publicly, with AIN PHARMACIEZ INC., the Group’s core operating company, receiving “Platinum Eruboshi” certification from the Minister of Health, Labour and Welfare in June 2024. Together with these initiatives, the Group is reinforcing its human resources strategy. In July this year, the Company expanded the disclosure of KPIs and other information related to human capital management, an area of focus for the Group.

Going forward, the Group will continue striving to be a company that “people welcome to their communities” by helping to solve various social issues through its business activities.

Results for three months ended July 31, 2024 (May 1, 2024 to July 31, 2024) are as follows.

(Million yen)	Three months ended July 31, 2023	Three months ended July 31, 2024	Change	Change (%)
Net sales	94,654	103,603	8,949	9.5
Operating profit	3,610	2,757	(853)	(23.6)
Ordinary profit	3,881	2,969	(911)	(23.5)
Profit attributable to owners of parent	2,140	1,642	(497)	(23.3)

Results by segment are as follows.

(Million yen)		Three months ended July 31, 2023	Three months ended July 31, 2024	Change	Change (%)
Dispensing pharmacy business	Sales	84,405	91,866	7,460	8.8
	Segment profit	5,429	4,245	(1,183)	(21.8)
Cosmetic and drug store business	Sales	7,412	8,947	1,534	20.7
	Segment profit	710	1,016	306	43.1
Other businesses	Sales	2,848	2,801	(46)	(1.6)
	Segment profit (loss)	(5)	20	25	—

(Note) Segment sales include intersegment transactions.

(Dispensing pharmacy business)

In the dispensing pharmacy business, the Group’s vision is to “become the primary care pharmacy of choice for local communities, backed by proven expertise.” To realize this vision, 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.

The Group is also actively promoting digital transformation (DX) to improve convenience for patients. This includes making its prescriptions sending service more accessible for customers by enabling access through the official AIN Pharmacy app, Anytime AIN Pharmacy and the official AIN Pharmacy LINE account.

During the first three months of the fiscal year, the average prescription price rose due to an increase in high-cost prescriptions. The number of prescriptions also increased, reflecting higher service levels related to improvements in the capabilities of primary care pharmacists and pharmacies and reduced waiting times.

During the same period, the Group opened 12 new dispensing pharmacies, including those acquired through M&A deals, and sold eight, resulting in a total of 1,235.

(Cosmetic and drug store business)

In the cosmetic and drug store business, the Group operates the chain of AINZ & TULPE cosmetics and drug stores, which are clearly differentiated from other retailers with their unique product offerings centered on cosmetics and exclusive and advance sales of Asian cosmetics brands.

During the first three months of the fiscal year, the number of customers at existing stores and stores opened in the previous fiscal year remained firm, and unit prices increased due to growth in sales of Asian cosmetics and high-priced cosmetics, maintaining the trend from the previous fiscal year. The Group will continue to closely monitor buying trends, reinforce the merchandise lineup and create attractive retail environments.

During the same period, the Group opened two stores and closed one, resulting in a total of 82 stores.

Also, as notified in a press release on July 3, 2024, “Notice Regarding Acquisition of Shares of Francfranc Corporation (Conversion to Subsidiary),” Francfranc Corporation (“Francfranc”), a retailer of interior goods and sundries, joined the Group in August. Going forward, the Group plans to leverage the respective strengths of AINZ & TULPE and Francfranc to expand the business and further increase the Group’s corporate value.

(2) Overview of quarterly financial position

The balance of total assets at the end of the first quarter declined ¥1,270 million from the end of the previous fiscal year to ¥248,139 million, mainly reflecting decreases for accounts receivable – trade and accounts receivable – other.

The balance of liabilities decreased ¥213 million to ¥113,784 million.

The balance of short-term and long-term borrowings declined ¥828 million to ¥5,865 million, primarily reflecting the repayment of borrowings.

Total net assets decreased ¥1,057 million to ¥134,354 million and the shareholders’ equity ratio declined 0.2 of a percentage point to 54.1%.

(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, 2025, which were announced on June 6, 2024. For more details, please refer to today’s release (September 4, 2024), “Notice of Upward Revisions to Consolidated Financial Forecasts.”

2. Quarterly consolidated financial statements and major notes

(1) Quarterly consolidated balance sheet

(Million yen)

	Fiscal year ended April 30, 2024 (As of April 30, 2024)	Three months ended July 31, 2024 (As of July 31, 2024)
Assets		
Current assets		
Cash and deposits	48,611	49,404
Accounts receivable - trade	15,852	13,886
Merchandise	24,299	25,980
Supplies	345	349
Short-term loans receivable	144	323
Accounts receivable - other	16,000	12,861
Other	5,490	6,555
Allowance for doubtful accounts	(1)	(1)
Total current assets	110,743	109,359
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	27,122	27,625
Land	10,207	10,158
Other, net	6,121	6,312
Total property, plant and equipment	43,450	44,096
Intangible assets		
Goodwill	44,066	43,020
Other	7,176	7,359
Total intangible assets	51,242	50,380
Investments and other assets		
Investment securities	3,345	3,515
Deferred tax assets	6,403	6,214
Leasehold and guarantee deposits	25,186	25,474
Other	9,315	9,357
Allowance for doubtful accounts	(276)	(258)
Total investments and other assets	43,973	44,303
Total non-current assets	138,666	138,780
Total assets	249,409	248,139

(Million yen)

	Fiscal year ended April 30, 2024 (As of April 30, 2024)	Three months ended July 31, 2024 (As of July 31, 2024)
Liabilities		
Current liabilities		
Accounts payable - trade	65,506	70,484
Short-term borrowings	3,467	3,385
Income taxes payable	4,532	1,498
Deposits received	19,063	19,580
Provision for bonuses	3,394	2,439
Provision for bonuses for directors	19	11
Contract liabilities	465	460
Other	6,784	5,748
Total current liabilities	103,232	103,608
Non-current liabilities		
Long-term borrowings	3,227	2,479
Retirement benefit liability	4,662	4,760
Other	2,876	2,936
Total non-current liabilities	10,765	10,176
Total liabilities	113,998	113,784
Net assets		
Shareholders’ equity		
Share capital	21,894	21,894
Capital surplus	20,131	20,131
Retained earnings	95,257	94,073
Treasury shares	(2,436)	(2,334)
Total shareholders’ equity	134,847	133,765
Accumulated other comprehensive income (loss)		
Valuation difference on available-for-sale securities	234	283
Remeasurements of defined benefit plans	225	206
Total accumulated other comprehensive income	459	490
Non-controlling interests	104	98
Total net assets	135,411	134,354
Total liabilities and net assets	249,409	248,139

(2) Quarterly consolidated statements of income and comprehensive income

Quarterly consolidated statement of income

(Million yen)

	Three months ended July 31, 2023 (May 1, 2023 to July 31, 2023)	Three months ended July 31, 2024 (May 1, 2024 to July 31, 2024)
Net sales	94,654	103,603
Cost of sales	81,455	90,671
Gross profit	13,199	12,931
Selling, general and administrative expenses	9,588	10,174
Operating profit	3,610	2,757
Non-operating income		
Interest income	11	9
Dividend income	18	18
Commission income	2	2
Rental income from real estate	79	79
Outsourcing service income	56	87
Subsidy income	42	8
Other	138	138
Total non-operating income	350	343
Non-operating expenses		
Interest expenses	8	5
Loss on sale of receivables	26	51
Rental expenses on real estate	38	23
Other	5	49
Total non-operating expenses	79	130
Ordinary profit	3,881	2,969
Extraordinary income		
Gain on sale of non-current assets	274	0
Gain on sale of businesses	–	527
Other	3	0
Total extraordinary income	277	528
Extraordinary losses		
Loss on sale and retirement of non-current assets	71	7
Impairment losses	139	65
Loss on valuation of investment securities	–	43
Other	6	0
Total extraordinary losses	216	116
Profit before income taxes	3,942	3,381
Income taxes	1,805	1,744
Profit	2,136	1,636
Loss attributable to non-controlling interests	(3)	(5)
Profit attributable to owners of parent	2,140	1,642

Quarterly consolidated statement of comprehensive income

(Million yen)

	Three months ended July 31, 2023 (May 1, 2023 to July 31, 2023)	Three months ended July 31, 2024 (May 1, 2024 to July 31, 2024)
Profit	2,136	1,636
Other comprehensive income		
Valuation difference on available-for-sale securities	50	48
Remeasurements of defined benefit plans, net of tax	(7)	(18)
Total other comprehensive income (loss)	42	30
Comprehensive income	2,179	1,667
Comprehensive income attributable to owners of parent	2,183	1,673
Comprehensive income attributable to non-controlling interests	(3)	(5)

(3) Notes on quarterly consolidated financial statements

(Notes on changes in accounting policies)

(Application of Accounting Standard for Corporate Tax, Inhabitant Tax and Enterprise Tax, etc.)

The Company applied the "Accounting Standard for Corporate Tax, Inhabitant Tax and Enterprise Tax, etc." (ASBJ Statement No. 27, October 28, 2022) from the beginning of the first quarter of the current fiscal year.

The application of the standard has no impact on the Company's quarterly consolidated financial statements.

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

To calculate tax expenses, the effective tax rate on profit 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 profit before income taxes for the quarterly period.

(Segment information, etc.)

Ⅰ Three months ended July 31, 2023 (May 1, 2023 to July 31, 2023)

1. Net sales and income (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	84,405	7,412	2,835	94,654	―	94,654
(2) Intersegment sales	―	―	12	12	(12)	―
Total sales	84,405	7,412	2,848	94,666	(12)	94,654
Segment profit (loss)	5,429	710	(5)	6,134	(2,252)	3,881

Notes: 1. The adjustment of ¥(2,252) million to segment profit (loss) includes ¥2,587 million in corporate expenses, ¥(323) million in (income) loss that is not allocated to reportable segments, and ¥(11) 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 Three months ended July 31, 2024 (May 1, 2024 to July 31, 2024)

1. Net sales and income (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	91,866	8,947	2,789	103,603	―	103,603
(2) Intersegment sales	―	―	12	12	(12)	―
Total sales	91,866	8,947	2,801	103,615	(12)	103,603
Segment profit (loss)	4,245	1,016	20	5,282	(2,313)	2,969

Notes: 1. The adjustment of ¥(2,313) million to segment profit (loss) includes ¥2,592 million in corporate expenses, ¥(274) million in (income) loss that is not allocated to reportable segments, and ¥(4) 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.

(Notes on significant changes in the amount of shareholders' equity)
There are no applicable matters to be reported.

(Notes on the premise of a going concern)
There are no applicable matters to be reported.

(Notes to quarterly consolidated statement of cash flows)
A quarterly consolidated statement of cash flows has not been prepared for the first quarter of the current fiscal year. Depreciation (including amortization related to intangible fixed assets excluding goodwill) and amortization of goodwill for the first quarter of the fiscal year under review are as follows.

	Three months ended July 31, 2023 (May 1, 2023 to July 31, 2023)	Three months ended July 31, 2024 (May 1, 2024 to July 31, 2024)
Depreciation	¥1,414 million	¥1,697 million
Amortization of goodwill	1,086	1,123

(Additional information)
(Transactions for delivering the Company's own shares to employees etc. through trusts)
The Company conducts transactions to deliver its own shares through a trust to an employee stock ownership plan to enhance the welfare of employees and provide incentives to increase the Company's corporate value.
1. Transaction summary
The Company has introduced the " Stock-Based Benefit Trust (Employee Shareholders Association Purchase Type) (the Plan) from April 2024.
With the introduction of the Plan, the Company, as the Trustor, entered into a Stock-Based Benefit Trust (Employee Shareholders Association Purchase Type) Agreement (the "Trust Agreement"; the trust established pursuant to the Trust Agreement is referred to as the "Trust") with Mizuho Trust & Banking Co., Ltd. (the "Trustee"). Additionally, the Trustee entered into a re-trust agreement with Custody Bank of Japan, Ltd. regarding the management of securities and other trust assets by Custody Bank of Japan, Ltd. as the subtrustee.
Custody Bank of Japan, Ltd. will make a single collective acquisition of the Company's shares in advance equivalent to the number of shares anticipated to be purchased by the AIN HOLDINGS Employee Shareholders Association (the "Shareholders Association") over the next five years, transferring them to the Trust Account E, and sell the Company's shares thereafter when purchases of the shares are made by the Shareholders Association. If an amount equivalent to the gains on sales of shares is accumulated in the trust assets of the Trust via the sale of the Company's shares up until the time of the Trust's termination, this cash shall be distributed as residual assets to the members of the Shareholders Association (employees) who satisfy the beneficiary eligibility requirements.
In addition, since the Company provides a guarantee when the Trustee takes out a loan in order for the Trust Account E to acquire the Company's shares, in a case in which the Trustee has an outstanding loan balance equal to the loss on the sale of shares as of the time of Trust's termination due to a drop in the Company's share price or other reasons, the Company will pay off the outstanding loan balance pursuant to the guarantee agreements.

2. Company's shares held in the trust
The Company's shares held in the trust are recorded as treasury shares under net assets at the acquisition cost (excluding the amount of incidental expenses). In the fiscal year ended April 30, 2024, the book value and number of these

treasury shares amounted to ¥1,844 million and 333 thousand shares, respectively. And in the first quarter of the fiscal year ending April 30, 2025, the book value and number of these treasury shares amounted to ¥1,741 million and 315 thousand shares, respectively.

3. Book value of loans recorded under the gross amount method
Fiscal year ended April 30, 2024 ¥1,845 million
First quarter of the fiscal year ending April 30, 2025: ¥1,845 million

(Material subsequent events)

(Business combination through acquisition)

At a meeting of the Board of Directors on July 3, 2024, the Company approved the acquisition of shares in Francfranc Corporation (Head office: Minato-ku, Tokyo; “Francfranc”) to make it a subsidiary. A share purchase agreement was concluded on the same day. On August 20, 2024, the Company acquired all shares of Francfranc, making it a subsidiary. In addition, on August 21, 2024, the Company concluded an absorption-type split agreement with an effective date of October 1, 2024. Under the agreement, the interior goods and sundries retail sales business of Francfranc, a wholly owned subsidiary of the Company, will be split off and assumed by AIN PHARMACIEZ INC., also a wholly owned subsidiary of the Company.

(1) Overview of business combination

(i) Name and business of acquired company

Name: Francfranc Corporation
Business: Planning, development and sales of interior goods and sundries

(ii) Main reasons for business combination

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

In the cosmetic and drug store business, the Company operates the chain of AINZ & TULPE cosmetic and drug stores. AINZ & TULPE aims to be a unique and comprehensive beauty retailer that satisfies customer needs with an always-fresh lineup of cosmetic and beauty products through stores offering 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 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 152 stores in Japan, nine stores overseas (as of July 3, 2024) 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. The Company envisages the following synergies.

(a) Cross merchandising

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

(b) Strategic store development

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

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

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

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

(iii) Date of business combination

August 20, 2024

(iv) Legal form of business combination
Acquisition of shares
(v) Name of company after acquisition
No change
(vi) Share of voting rights acquired
100%
(vii) Main basis for determining company has been acquired
Cash payment for shares in the company

(2) Breakdown of acquisition cost and payments

Consideration for acquisition	Cash	¥49,976 million
Acquisition cost		¥49,976 million

Advisory fees, etc. are not included as they have not yet been determined. The acquisition price for dilutive shares is included.

(3) Details and amounts of significant acquisition-related expenses
Not finalized at this time

(4) Amount and reasons for goodwill, amortization method and amortization period
Not finalized at this time

(5) Amounts and breakdown of significant assets acquired and liabilities assumed on the date of business combination
Not finalized at this time

(Significant borrowings)

At a meeting of the Board of Directors on August 15, 2024, the Company approved a resolution to borrow funds to partially finance the acquisition of Francfranc Corporation. Details are as follows.

(1) Lenders	The Hokkaido Bank, Ltd., North Pacific Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, The Norinchukin Bank, MUFG Bank, Ltd.
(2) Loan amount	¥32,000 million
(3) Loan date	August 19, 2024
(4) Loan interest rate	Fixed interest rate
(5) Loan period	Seven years
(6) Repayment method	Equal repayment of principal every three months
(7) Collateral / guarantee	None