

## AIN HD Announces Acquisition of Interior Goods and Sundries Retailer—No Immediate Impact on Rating

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on the acquisition of shares of Francfranc Corporation by AIN HOLDINGS INC. (security code: 9627).

- (1) On July 3, 2024, AIN HOLDINGS INC. (the "Company") announced that it would acquire all shares of Francfranc Corporation (FJP). FJP operates an interior goods and sundries retail sales business centering on its main brand "Francfranc," whose main customers are women in their 20s and 30s. On the other hand, the Company operates the cosmetics and drugstore "AINZ & TULPE" as its retail business, and has been expanding the new store openings in recent years. While the two brands have a high affinity in terms of areas where they operate stores, target customer segments, and values, their main product categories are different, and the Company believes that the acquisition will generate synergies.
- (2) The acquisition price of FJP shares is approximately 50 billion yen, making the acquisition one of the largest M&A transactions the Company has undertaken in the past, and it is expected to place a certain burden on its financial position. However, the impact will be limited in light of the Company's sound financial position, with equity capital of 135.3 billion yen and equity ratio of 54.3% as of the end of the fiscal year ended April 2024. In addition, the Company is expected to generate stable cash flow on the back of its solid performance. Therefore, JCR has determined that there is no need to immediately review the rating. JCR views this transaction as in line with its strategy to grow the retail business into a core business. JCR will focus on the financial improvement after the acquisition and the synergy generation with FJP.

Akihisa Motonishi, Masaki Abe

### <Reference>

Issuer: AIN HOLDINGS INC.

Long-term Issuer Rating: A      Outlook: Stable

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