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## Consolidated Financial Results for the Fiscal Year Ended February 28, 2025 [Japanese GAAP]



April 11, 2025

Company name: WELCIA HOLDINGS CO., LTD.

Stock exchange listing: Tokyo Stock Exchange

Code number: 3141

URL: <https://www.welcia.co.jp/>

Representative: Hideaki Kirisawa, Representative Director, President and Chief Operating Officer

Contact: Takamune Shibazaki, Director, Executive Officer and Chief Financial Officer

Phone: +81-3-5207-5878

Scheduled date of general shareholders' meeting: May 27, 2025

Scheduled date of commencing dividend payments: May 12, 2025

Scheduled date of filing securities report: May 28, 2025

Availability of supplementary briefing material on annual financial results: Available

Schedule of annual financial results briefing session: Scheduled (for institutional investors)

(Amounts of less than one million yen are rounded down.)

### 1. Consolidated Financial Results for the Fiscal Year Ended February 28, 2025 (March 1, 2024 - February 28, 2025)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
February 28, 2025	1,285,005	5.6	36,409	(15.8)	40,837	(14.5)	14,958	(43.5)
February 29, 2024	1,217,339	6.4	43,231	(5.3)	47,756	(8.4)	26,451	(2.1)

(Note) Comprehensive income: Fiscal year ended February 28, 2025: ¥14,684 million [(44.7)%]

Fiscal year ended February 29, 2024: ¥26,534 million [(4.7)%]

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
Fiscal year ended	Yen	Yen	%	%	%
February 28, 2025	72.23	72.18	6.2	7.2	2.8
February 29, 2024	127.83	127.75	11.4	8.8	3.6

(Reference) Equity in earnings of affiliated companies:

Fiscal year ended February 28, 2025: ¥(447) million

Fiscal year ended February 29, 2024: ¥(293) million

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of February 28, 2025	579,985	254,486	42.8	1,197.11
As of February 29, 2024	551,860	244,367	43.0	1,149.88

(Reference) Equity: As of February 28, 2025: ¥248,500 million

As of February 29, 2024: ¥237,553 million

### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at year-end
Fiscal year ended February 28, 2025	Million yen 47,845	Million yen (22,736)	Million yen (20,774)	Million yen 34,404
February 29, 2024	46,529	(22,028)	(26,812)	30,065

### 2. Dividends

	Annual dividends					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended February 29, 2024	Yen –	Yen 17.00	Yen –	Yen 17.00	Yen 34.00	Million yen 7,127	% 26.6	% 3.1
Fiscal year ended February 28, 2025	–	18.00	–	18.00	36.00	7,549	49.8	3.1
Fiscal year ending February 28, 2026 (Forecast)	–	18.00	–	–	–		–	

(Note) The year-end dividend forecast for the fiscal year ending February 28, 2026 is not provided as the Company plans to integrate its operations with TSURUHA Holdings Inc. and is scheduled to be delisted on November 27, 2025.

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending February 28, 2026 (March 1, 2025 - February 28, 2026)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ending August 31, 2025	685,100	8.6	20,500	8.6	22,700	8.6	12,500	6.7	60.22

(Note) The full-year financial results forecast for the fiscal year ending February 28, 2026 is not provided as the Company plans to integrate its operations with TSURUHA Holdings Inc. and is scheduled to be delisted on November 27, 2025.



**(Reference) Summary of Non-consolidated Financial Results****Non-consolidated Financial Results for the Fiscal Year Ended February 28, 2025 (March 1, 2024 - February 28, 2025)****(1) Non-consolidated Operating Results** (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
February 28, 2025	14,823	13.5	9,548	2.9	9,499	2.9	8,286	(7.9)
February 29, 2024	13,057	12.3	9,279	5.8	9,234	5.6	8,996	26.4

Fiscal year ended	Net income per share	Diluted net income per share
	Yen	Yen
February 28, 2025	40.01	39.98
February 29, 2024	43.48	43.45

**(2) Non-consolidated Financial Position**

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
February 28, 2025	164,697	80,571	48.9	387.59
February 29, 2024	146,386	76,828	52.4	371.12

(Reference) Equity: As of February 28, 2025: ¥80,456 million

As of February 29, 2024: ¥76,669 million

\* These consolidated financial results are outside the scope of audit by certified public accountants or an audit firm.

\* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements provided herein are based on information available to the Company and certain assumptions deemed reasonable, and the Company does not promise the achievement of those forecasts. Actual results may differ significantly from these forecasts due to a wide range of factors. For the assumptions underlying the forecasts and the notes on the use of the forecasts, please refer to “1. Overview of Operating Results, etc., (4) Future Outlook” on page 5 of the attached document.

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## 1. Overview of Operating Results, etc.

### (1) Overview of Operating Results for the Fiscal Year under Review

During the fiscal year ended February 28, 2025 (March 1, 2024 to February 28, 2025), consumer spending made a minor recovery due to such factors as improvements in the employment and income situation, and an increase in the number of foreign visitors to Japan. However, this did not result in a full-scale economic recovery, as real wage growth remained stagnant. On the other hand, the outlook for the Japanese economy remains uncertain due to such factors as rising prices, trade and other policy trends in the U.S., and trends in conflict areas around the world.

In the drugstore industry, the primary area of the Group's business, competition is intensifying due to such factors as the competition for new store sites with competitors including those from other industries, major players expanding their scales of business through mergers and acquisitions, and the expansion of customer services involving players from across different industrial sectors and business formats.

Under such circumstances, the Group strove to provide products and services in response to customer needs. In the sales of goods, the Group focused on the development and expanded sales of its PB products and the operation of its point service despite a decrease in sales caused by the discontinuation of cigarette sales. In the dispensing division, the number of prescriptions handled increased due primarily to an increase in the number of stores with dispensing pharmacies (2,282 stores as of February 28, 2025). As a result, sales of goods and dispensing services at existing stores remained solid compared with the previous year.

With the WAON POINT service introduced in the previous fiscal year, the Group has been able to increase the number of Welcia members, the Group's point members, to 13.80 million. The Group will continue to step up its measures to attract customers through improvement in the penetration rate of its point card and app. The Group continued to focus on the product development of its PB products with an emphasis on improving their functions, quality, and eco-friendly features and made efforts to expand the sales of Karada Welcia and Kurashi Welcia. The private-label lineup included 390 products at the end of the fiscal year under review.

In March 2024, the Group acquired all shares of Xchange Inc., an information systems company, to make it a wholly-owned subsidiary. In June, the Group made Towoshiya Pharmacy CO., LTD., which operates 21 stores in its home ground Nagano Prefecture, a wholly-owned subsidiary, and in September, WELCIA YAKKYOKU CO., LTD. absorbed Towoshiya Pharmacy. In the same month, the Group acquired all shares of Welpark Co., Ltd., which operates 144 stores in Tokyo and three other prefectures in the Kanto area. Then in October, the Group acquired all shares of WELCIA PARTNERS Co, inc. (formerly Tepco Partners Co., Ltd.), which operates the nursing care business in the Tokyo metropolitan area, making both companies wholly-owned subsidiaries.

As part of its vision of 2030, the Group aims to become the "No.1 health station in the community" and to this end, it discontinued the sale of cigarettes, except in certain stores within facilities. The Welcia Group is committed to fulfilling its role in providing local communities with an infrastructure that offers safety and peace of mind through activities such as the Welcafe local collaborative community space, which won the GOOD DESIGN AWARD 2024, and the "Uetan-go" mobile sales vehicles, which also won the award.

As for store openings and closures, the Group as a whole opened 78 stores and closed 55 stores, for a total of 3,013 stores Group-wide as of February 28, 2025.

As a result of the above, the consolidated operating results for the fiscal year ended February 28, 2025 were ¥1,285,005 million in net sales, ¥36,409 million in operating income, ¥40,837 million in ordinary income, and ¥14,958 million in net income attributable to owners of parent.

(Unit: No. of Stores)

	No. of stores as of February 29, 2024	New stores increased by making subsidiaries	Increase/decrease due to merger	Openings	Closures	No. of stores as of February 28, 2025
WELCIA YAKKYOKU (Note 1)	2,199	–	21	53	30	2,243
Kokumin	158	–	–	7	6	159
Pupule Himawari	133	–	–	3	2	134
Welpark (Note 2)	–	144	–	–	1	143
Marudai Sakurai Pharmacy	102	–	–	6	6	102
Shimizu Yakuhin	71	–	–	2	–	73
Marue Wellness Stores	57	–	–	3	4	56
FUKUYAKUHIN	25	–	–	–	2	23
Yodoya	25	–	–	1	–	26
French	2	–	–	–	–	2
Towoshiya Pharmacy (Note 1)	–	21	(21)	–	–	–
MASAYA	40	–	–	3	3	40
Total in Japan	2,812	165	–	78	54	3,001
WELCIA SINGAPORE	13	–	–	–	1	12
Total	2,825	165	–	78	55	3,013

- (Notes) 1. In June 2024, the Company acquired shares in Towoshiya Pharmacy and made it a wholly-owned subsidiary, and in September 2024, WELCIA YAKKYOKU absorbed Towoshiya Pharmacy.  
2. In September 2024, the Company acquired shares in Welpark and made it a wholly-owned subsidiary.  
3. Of the number of stores as of February 28, 2025, 1,979 stores of WELCIA YAKKYOKU, 76 stores of Kokumin, 39 stores of Pupule Himawari, 48 stores of Marudai Sakurai Pharmacy, 51 stores of Shimizu Yakuhin, 34 stores of Marue Wellness Stores, 11 stores of FUKUYAKUHIN, 14 stores of Yodoya, and 30 stores of Welpark, or a total of 2,282 stores have dispensing pharmacies.

Sales by category

(Unit: Million yen)

Category	For the fiscal year ended February 29, 2024	For the fiscal year ended February 28, 2025	Year-on-year change (%)
OTC products	231,841	233,255	100.6
Cosmetics	191,032	203,007	106.3
Household goods	167,269	178,053	106.4
Food products	275,422	299,514	108.7
Others	93,629	87,653	93.6
Total sales of goods other than dispensing	959,195	1,001,484	104.4
Dispensing	256,889	282,548	110.0
Subtotal	1,216,084	1,284,033	105.6
Commission income	1,254	972	77.5
Total	1,217,339	1,285,005	105.6

## (2) Overview of Financial Position for the Fiscal Year under Review

### (Assets)

Current assets increased by ¥21,289 million compared to the end of the previous fiscal year to ¥280,890 million. This was primarily due to increases of ¥11,918 million in merchandise, ¥5,179 million in accounts receivable – trade, and ¥4,477 million in cash and deposits.

Noncurrent assets increased by ¥6,835 million compared to the end of the previous fiscal year to ¥299,094 million. This was primarily due to increases of ¥3,524 million in goodwill, ¥2,346 million in guarantee deposits, and ¥3,639 million in deferred tax assets, despite decreases of ¥416 million in buildings and structures, net and ¥2,931 million in leased assets, net.

As a result, total assets as of February 28, 2025 increased by ¥28,125 million compared to the end of the previous fiscal year to ¥579,985 million.

### (Liabilities)

Current liabilities increased by ¥14,135 million compared to the end of the previous fiscal year to ¥236,616 million. This was primarily due to increases of ¥8,893 million in accounts payable – trade, ¥1,999 million in short-term loans payable, ¥1,510 million in accounts payable – other, and ¥1,113 million in income taxes payable.

Noncurrent liabilities increased by ¥3,870 million compared to the end of the previous fiscal year to ¥88,882 million. This was primarily due to an increase of ¥7,352 million in asset retirement obligations, despite a decrease of ¥3,382 million in long-term loans payable.

As a result, total liabilities as of February 28, 2025 increased by ¥18,005 million compared to the end of the previous fiscal year to ¥325,498 million.

### (Net assets)

Net assets as of February 28, 2025 increased by ¥10,119 million compared to the end of the previous fiscal year to ¥254,486 million. This was primarily due to the recording of net income attributable to owners of parent of ¥14,958 million, despite a decrease of ¥7,338 million in retained earnings due to dividends of surplus.

As a result, equity ratio decreased by 0.2 percentage points to 42.8%.

## (3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents (hereinafter referred to as “cash”) as of February 28, 2025 increased by ¥4,339 million compared to the end of the previous fiscal year to ¥34,404 million.

The status and factors of cash flows in each activity in the fiscal year ended February 28, 2025 are as follows.

### (Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥47,845 million.

This was mainly attributable to inflow factors of depreciation of ¥22,461 million and impairment loss of ¥13,127 million, both of which are non-cash expenses, and to outflow factors of an increase in trade receivables of ¥1,970 million, an increase in inventories of ¥4,883 million, and income taxes paid of ¥13,866 million, against net income before income taxes of ¥26,277 million.

### (Cash flows from investing activities)

Net cash used in investing activities amounted to ¥22,736 million.

This was mainly due to an outflow of ¥10,613 million for purchase of property, plant and equipment, an outflow of ¥7,007 million for purchase of shares in subsidiaries resulting in change in scope of consolidation, and an outflow of ¥3,473 million for payments of leasehold deposits.

### (Cash flows from financing activities)

Net cash used in financing activities amounted to ¥20,774 million.

This was mainly due to ¥8,000 million in proceeds from long-term loans payable, ¥7,337 million in



dividends paid, ¥12,986 million in repayments of long-term loans payable, and ¥11,104 million in repayments of finance lease obligations.

#### (4) Future Outlook

The drugstore industry, the primary area of the Group's business, has seen continued expansion in scale due to the opening of new stores by major players in the same industry, and an intensification in competition across industries and business formats.

In addition, the rise in consumer prices, including those for food products, in response to the weak yen and soaring import prices, has further strengthened the tendency of consumers to economize. In the long term, Japan's declining birthrate and aging population will also bring us face to face with the necessity of actively improving the treatment of employees to address labor shortages as well as changes in consumer needs due to a growing elderly population.

Recognizing that these severe changes in the business environment offer opportunities for growth, the Company formulated its new strategic policy, Welcia 2.0. Under the corporate philosophy "To promote higher quality of life and healthy lifestyles for our customers," Welcia 2.0 focuses on Product, Medical care, and Region strategies, as well as digital transformation to support these three strategies, with the goal of becoming the "No.1 health station in the community" by 2030.

In the next fiscal year, under the basic policy of Welcia 2.0, the Company will promote the remodeling of stores to suit each region, the establishment of more stores with dispensing pharmacies, and the enhancement of product lines, customer services and counseling services to enhance the competitiveness of its stores. The Company will also work on the development of private brand products that are unique and have a story to tell, as well as the development of new store formats such as food-intensive stores and mobile stores. Furthermore, the Company will work on the expansion of its business domain by enhancing health-related services provided by registered dietitians and other specialists, and the strengthening of its nursing care business.

At its Board of Directors meeting held on April 11, 2025, the Company resolved to conduct a share exchange (hereinafter referred to as the "Share Exchange"), with TSURUHA Holdings Inc. (hereinafter referred to as "Tsuruha HD") as the wholly-owning parent company resulting from the share exchange and the Company as the wholly-owned subsidiary company resulting from the share exchange, as part of the business integration between Tsuruha HD and the Company (hereinafter referred to as the "Business Integration"). The Share Exchange is subject to the approval of the share exchange agreement by a resolution of the ordinary general meeting of shareholders of Tsuruha HD to be held on May 26, 2025, and by a resolution of the annual general meeting of shareholders of the Company to be held on May 27, 2025. The Share Exchange is expected to become effective on December 1, 2025, subject to the satisfaction of the conditions set forth in the share exchange agreement, including obtaining the clearances, permits and approvals under applicable laws and regulations (including the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade) required for the implementation of the Business Integration. The Company's common shares are scheduled to be delisted on November 27, 2025, and therefore, the full-year financial results forecast and year-end dividend forecast for the fiscal year ending February 28, 2026 are not provided.

Based on the above, in its consolidated financial results forecasts for the six months ending August 31, 2025, the Company projects net sales of ¥685,100 million, operating income of ¥20,500 million, ordinary income of ¥22,700 million, and net income attributable to owners of parent of ¥12,500 million.

#### (5) Basic Policy for the Distribution of Profit and the Dividend Payout for the Current and Next Fiscal Years

In terms of dividends for the distribution of profits, the Company takes its financial position, profit levels, payout ratios, and other factors into comprehensive consideration, while also ensuring that cash is secured for re-investment and the stable continuation of dividends. In accordance with this policy, the Company plans to issue year-end dividends of ¥18.00 per share for the year ended February 28, 2025. As the Company also issued interim dividends of ¥18.00 per share of common stock, annual dividends are expected to be ¥36.00 per share.

The Company also plans to issue interim dividends of ¥18.00 per share of common stock for the fiscal year

ending February 28, 2026.

The Company's policy for internal reserves is to allocate them to the equipment fund for the opening of new stores, the refurbishment of existing stores, and other initiatives to further enhance profitability.

## 2. Basic Approach Concerning Selection of Accounting Standards

The Group has adopted Japanese GAAP for its accounting standards in consideration of comparability of consolidated financial statements across periods and among companies. With regard to applying International Financial Reporting Standards (IFRS), the Company's policy is to respond appropriately after consideration of the situation in Japan and overseas.

### 3. Consolidated Financial Statements and Principal Notes

#### (1) Consolidated Balance Sheets

(Million yen)

	As of February 29, 2024	As of February 28, 2025
<b>Assets</b>		
Current assets		
Cash and deposits	30,533	35,011
Accounts receivable	63,197	68,376
Merchandise	137,092	149,011
Other	28,809	28,523
Allowance for doubtful accounts	(31)	(32)
Total current assets	259,601	280,890
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	221,807	244,395
Accumulated depreciation	(113,874)	(136,047)
Buildings and structures, net	107,932	108,348
Land	20,632	20,805
Leased assets	93,135	97,728
Accumulated depreciation	(44,725)	(52,251)
Leased assets, net	48,409	45,477
Other	32,474	38,447
Accumulated depreciation	(25,825)	(32,321)
Other, net	6,649	6,125
Total property, plant and equipment	183,623	180,756
Intangible assets		
Goodwill	32,547	36,072
Other	6,388	6,946
Total intangible assets	38,936	43,018
Investments and other assets		
Investment securities	1,208	956
Long-term loans receivable	34	24
Guarantee deposits	48,764	51,110
Deferred tax assets	17,532	21,171
Other	2,239	2,182
Allowance for doubtful accounts	(80)	(125)
Total investments and other assets	69,698	75,319
Total noncurrent assets	292,258	299,094
Total assets	551,860	579,985

(Million yen)

	As of February 29, 2024	As of February 28, 2025
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	159,865	168,758
Short-term loans payable	13,015	15,015
Lease obligations	10,200	10,446
Accounts payable - other	14,016	15,527
Income taxes payable	5,737	6,850
Provision for bonuses	5,617	5,063
Provision for bonuses for directors (and other officers)	65	22
Contract liabilities	66	758
Provision for loss on store closings	–	819
Other	13,894	13,355
Total current liabilities	222,481	236,616
Noncurrent liabilities		
Long-term loans payable	27,386	24,004
Lease obligations	32,098	31,784
Asset retirement obligations	13,048	20,401
Retirement benefits-related liabilities	8,207	8,917
Deferred tax liabilities	470	602
Allowance for executive stock benefit	885	767
Other	2,914	2,404
Total noncurrent liabilities	85,011	88,882
<b>Total liabilities</b>	<b>307,492</b>	<b>325,498</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	7,748	7,792
Capital surplus	51,682	51,878
Retained earnings	186,099	193,719
Treasury stock	(8,942)	(6,191)
Total shareholders' equity	236,587	247,199
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	452	329
Foreign currency translation adjustment	198	202
Accumulated adjustment related to retirement benefits	314	768
Total accumulated other comprehensive income	965	1,301
Subscription rights to shares	158	114
Non-controlling interests	6,654	5,871
<b>Total net assets</b>	<b>244,367</b>	<b>254,486</b>
<b>Total liabilities and net assets</b>	<b>551,860</b>	<b>579,985</b>

(2) Consolidated Statements of Income and Comprehensive Income  
Consolidated Statements of Income

(Million yen)

	For the fiscal year ended February 29, 2024	For the fiscal year ended February 28, 2025
Net sales	1,217,339	1,285,005
Cost of sales	847,231	894,648
Gross profit	370,107	390,356
Selling, general and administrative expenses		
Advertising expenses	5,955	6,868
Salaries	132,465	142,874
Bonuses	5,800	5,638
Provision for bonuses	5,582	4,938
Provision for share awards for directors (and other officers)	104	103
Retirement benefit expenses	2,097	2,175
Rent expenses on real estate	56,624	59,817
Depreciation	20,490	22,152
Commission expenses	25,588	31,001
Rent expenses	757	739
Amortization of goodwill	3,584	3,787
Other	67,825	73,848
Total selling, general and administrative expenses	326,875	353,947
Operating income	43,231	36,409
Non-operating income		
Interest income	15	17
Dividend income	11	10
Rental income from real estate	1,578	1,604
Gain on receipt of donated noncurrent assets	161	154
Commission income	428	416
Subsidy income	43	689
Sponsorship money income	929	912
Other	2,830	2,329
Total non-operating income	5,999	6,134
Non-operating expenses		
Interest expenses	723	785
Share of loss of entities accounted for using equity method	293	447
Rent cost of real estate	360	303
Other	96	170
Total non-operating expenses	1,474	1,706
Ordinary income	47,756	40,837

(Million yen)

	For the fiscal year ended February 29, 2024	For the fiscal year ended February 28, 2025
Extraordinary income		
Gain on sale of noncurrent assets	15	8
Gain on sale of investment securities	29	80
Compensation income	151	66
Total extraordinary income	197	154
Extraordinary loss		
Loss on sale of noncurrent assets	–	3
Loss on retirement of noncurrent assets	263	219
Impairment loss	7,136	13,127
Provision for loss on store closings	–	819
Other	220	544
Total extraordinary losses	7,620	14,714
Net income before income taxes	40,333	26,277
Income taxes - current	15,544	14,314
Income taxes - deferred	(1,548)	(2,375)
Total income taxes	13,996	11,938
Net income	26,337	14,338
Loss attributable to non-controlling interests	(114)	(619)
Net income attributable to owners of parent	26,451	14,958

## Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended February 29, 2024	For the fiscal year ended February 28, 2025
Net income	26,337	14,338
Other comprehensive income		
Valuation difference on available-for-sale securities	77	(123)
Foreign currency translation adjustment	117	7
Remeasurements of defined benefit plans	2	461
Total other comprehensive income	197	345
Comprehensive income	26,534	14,684
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	26,574	15,292
Comprehensive income attributable to non-controlling interests	(40)	(608)

## (3) Consolidated Statements of Changes in Equity

Fiscal year ended February 29, 2024 (from March 1, 2023 to February 29, 2024)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	7,747	51,681	166,566	(1,084)	224,909
Changes during period					
Issuance of new shares	1	1			2
Dividends of surplus			(6,918)		(6,918)
Net income attributable to owners of parent			26,451		26,451
Purchase of treasury stock				(9,699)	(9,699)
Disposal of treasury stock				1,841	1,841
Net changes in items other than shareholders' equity					
Total changes during period	1	1	19,533	(7,858)	11,677
Balance at end of period	7,748	51,682	186,099	(8,942)	236,587

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Accumulated adjustment related to retirement benefits	Total accumulated other comprehensive income			
Balance at beginning of period	373	139	327	840	161	6,472	232,384
Changes during period							
Issuance of new shares							2
Dividends of surplus							(6,918)
Net income attributable to owners of parent							26,451
Purchase of treasury stock							(9,699)
Disposal of treasury stock							1,841
Net changes in items other than shareholders' equity	78	59	(12)	125	(2)	182	304
Total changes during period	78	59	(12)	125	(2)	182	11,982
Balance at end of period	452	198	314	965	158	6,654	244,367



Fiscal year ended February 28, 2025 (from March 1, 2024 to February 28, 2025)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	7,748	51,682	186,099	(8,942)	236,587
Changes during period					
Issuance of new shares	44	44			88
Dividends of surplus			(7,338)		(7,338)
Net income attributable to owners of parent			14,958		14,958
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		(0)		2,752	2,752
Change in ownership interest of parent due to transactions with non-controlling interests		152			152
Net changes in items other than shareholders' equity					
Total changes during period	44	196	7,619	2,751	10,611
Balance at end of period	7,792	51,878	193,719	(6,191)	247,199

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Accumulated adjustment related to retirement benefits	Total accumulated other comprehensive income			
Balance at beginning of period	452	198	314	965	158	6,654	244,367
Changes during period							
Issuance of new shares							88
Dividends of surplus							(7,338)
Net income attributable to owners of parent							14,958
Purchase of treasury stock							(0)
Disposal of treasury stock							2,752
Change in ownership interest of parent due to transactions with non-controlling interests							152
Net changes in items other than shareholders' equity	(122)	3	454	335	(44)	(783)	(492)
Total changes during period	(122)	3	454	335	(44)	(783)	10,119
Balance at end of period	329	202	768	1,301	114	5,871	254,486

## (4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended February 29, 2024	For the fiscal year ended February 28, 2025
<b>Cash flows from operating activities</b>		
Net income before income taxes	40,333	26,277
Depreciation	20,808	22,461
Impairment loss	7,136	13,127
Amortization of goodwill	3,584	3,787
Increase (decrease) in allowance for doubtful accounts	(28)	30
Increase (decrease) in provision for bonuses	256	(945)
Increase (decrease) in retirement benefits-related liabilities	686	668
Increase (decrease) in allowance for executive stock benefit	104	(118)
Increase (decrease) in provision for bonuses for directors (and other officers)	(29)	(43)
Increase (decrease) in provision for loss on store closings	–	819
Interest and dividend income	(26)	(28)
Interest expenses	723	785
Loss (gain) on sale of investment securities	(19)	(80)
Rent expenses offset by construction assistance fund receivables	1,233	1,299
Loss on retirement of noncurrent assets	263	219
Gain on receipt of donated noncurrent assets	(161)	(154)
Decrease (increase) in trade receivables	(8,905)	(1,970)
Decrease (increase) in inventories	(8,416)	(4,883)
Increase (decrease) in trade payables	6,646	(778)
Increase (decrease) in accounts payable - other	1,747	460
Increase (decrease) in accrued consumption taxes	1,918	462
Other, net	(899)	341
Subtotal	66,953	61,737
Interest and dividends received	26	28
Interest paid	(715)	(805)
Income taxes paid	(21,392)	(13,866)
Income taxes refund	1,657	752
Net cash provided by (used in) operating activities	46,529	47,845
<b>Cash flows from investing activities</b>		
Payments into time deposits	(708)	(713)
Proceeds from withdrawal of time deposits	786	796
Purchase of property, plant and equipment	(14,874)	(10,613)
Proceeds from sale of property, plant and equipment	15	57
Purchase of intangible assets	(3,484)	(1,879)
Purchase of shares of subsidiaries	–	(50)
Purchase of shares of subsidiaries and associates	–	(392)
Payments into subsidiaries and affiliates	(10,000)	(5,000)
Collection of deposit in subsidiaries and affiliates	10,000	5,000
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(7,007)
Payments of leasehold deposits	(3,924)	(3,473)
Proceeds from refund of leasehold deposits	541	898
Other, net	(380)	(360)
Net cash provided by (used in) investing activities	(22,028)	(22,736)

(Million yen)

	For the fiscal year ended February 29, 2024	For the fiscal year ended February 28, 2025
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(170)	(19)
Proceeds from long-term loans payable	9,843	8,000
Repayments of long-term loans payable	(11,057)	(12,986)
Redemption of bonds	–	(99)
Proceeds from issuance of shares	0	41
Dividends paid	(6,912)	(7,337)
Repayments of finance lease obligations	(10,950)	(11,104)
Proceeds from sale of treasury shares	1,841	2,755
Purchase of treasury shares	(9,699)	(0)
Proceeds from share issuance to non-controlling shareholders	293	–
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(22)
Net cash provided by (used in) financing activities	(26,812)	(20,774)
Effect of exchange rate change on cash and cash equivalents	68	5
Net increase (decrease) in cash and cash equivalents	(2,242)	4,339
Cash and cash equivalents at beginning of period	32,307	30,065
Cash and cash equivalents at end of period	30,065	34,404

## (5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Changes in accounting estimates)

(Change in estimate of asset retirement obligations)

In the fiscal year under review, the Company changed its estimate of restoration costs to be incurred when vacating retail properties under real estate lease contracts, based on new information, including the latest actual construction results. As a result, ¥5,845 million was added to asset retirement obligations compared to the previous estimate for the fiscal year under review.

Due to this change, operating income and ordinary income decreased by ¥910 million, and net income before income taxes decreased by ¥1,910 million.

(Segment information, etc.)

[Segment information]

Segment information is omitted as the Company has only one segment, namely retail business centered on OTC products, dispensing, cosmetics, etc.

(Per share information)

	Fiscal year ended Feb. 29, 2024 (Mar. 1, 2023 – Feb. 29, 2024)	Fiscal year ended Feb. 28, 2025 (Mar. 1, 2024 – Feb. 28, 2025)
Net assets per share	¥1,149.88	¥1,197.11
Net income per share	¥127.83	¥72.33
Diluted net income per share	¥127.75	¥72.18

(Notes) 1. The number of shares of the Company held in the Stock Benefit Trust (Employee Stock Ownership Association Purchase-type; February 29, 2024: 2,543,500 shares; February 28, 2025: 1,702,100 shares) and the number of shares of the Company held in the Directors' Remuneration BIP Trust (February 29, 2024: 507,819 shares; February 28, 2025: 417,743 shares) were included in the total number of treasury stock at the end of the year. The number of shares of the Company held in the Employees' Stock Ownership ESOP Trust, the Stock Benefit Trust (Employee Stock Ownership Association Purchase-type), and the Directors' Remuneration BIP Trust was included in the number of treasury stock, which was to be deducted from the calculation of the average number of shares outstanding during the year (February 29, 2024: 2,720,427 shares; February 28, 2025: 2,596,471 shares).

2. The basis for calculation of net income per share and diluted net income per share is as follows.

Category	Fiscal year ended Feb. 29, 2024 (Mar. 1, 2023 – Feb. 29, 2024)	Fiscal year ended Feb. 28, 2025 (Mar. 1, 2024 – Feb. 28, 2025)
Net income per share		
Net income attributable to owners of parent (Million yen)	26,451	14,958
Amount not attributable to common shareholders (Million yen)	–	–
Net income attributable to owners of parent relating to common shares (Million yen)	26,451	14,958
Average number of common shares outstanding during the fiscal year (Thousand shares)	206,921	207,091
Diluted net income per share		
Adjustment for net income attributable to owners of parent (Million yen)	–	–
(of which, interest paid after adjustment for income taxes) (Million yen)	–	–
Increase in number of common shares (Thousand shares)	139	155
(of which, share acquisition rights) (Thousand shares)	(139)	(155)
Overview of residual shares not included in the calculation of diluted net income per share due to their non-dilutive effect	–	

(Significant subsequent events)

(Conclusion of the final agreement on the Capital and Business Alliance Agreement)

At its Board of Directors meeting held on April 11, 2025, the Company resolved to enter into a final agreement concerning the capital and business alliance (hereinafter referred to as the “Capital and Business Alliance Final Agreement”) among AEON CO., LTD. (hereinafter referred to as “AEON”), TSURUHA Holdings Inc. (hereinafter referred to as “Tsuruha HD”) and the Company (hereinafter referred to as the “Capital and Business Alliance”), which includes the business integration between Tsuruha HD and the Company (hereinafter referred to as the “Business Integration”). On the same day, AEON, Tsuruha HD and the Company entered into the Capital and Business Alliance Final Agreement.

For details on the Capital and Business Alliance and the Capital and Business Alliance Final Agreement, please refer to the “Notice Regarding the Conclusion of the Final Agreement on the Capital and Business Alliance among AEON CO., LTD., TSURUHA Holdings Inc., and WELCIA HOLDINGS CO., LTD.” released by AEON, Tsuruha HD, and the Company on April 11, 2025.

(Conclusion of the Share Exchange Agreement)

At its Board of Directors meeting held on April 11, 2025, the Company resolved to execute a share exchange (hereinafter referred to as the “Share Exchange”), with Tsuruha HD as the wholly-owning parent company resulting from the share exchange and the Company as the wholly-owned subsidiary company resulting from the share exchange, as part of the Business Integration. On the same day, the Company and Tsuruha HD entered into a share exchange agreement (hereinafter referred to as the “Share Exchange Agreement”).

The Share Exchange is subject to the approval of the Share Exchange Agreement by a resolution of the ordinary general meeting of shareholders of Tsuruha HD to be held on May 26, 2025, and by a resolution of the annual general meeting of shareholders of the Company to be held on May 27, 2025. The Share Exchange is expected to become effective on December 1, 2025, subject to the satisfaction of the conditions set forth in the Share Exchange Agreement, including obtaining the clearances, permits and approvals under applicable laws and regulations (including the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade) required for the implementation of the Business Integration. Prior to the effective date of the Share Exchange, our common shares are scheduled to be delisted from the Prime Market of the Tokyo Stock Exchange on November 27, 2025, with the last trading date set for November 26, 2025.

For details on the Business Integration and the Share Exchange, please refer to the “Notice Regarding the Conclusion of the Share Exchange Agreement for the Business Integration between TSURUHA Holdings Inc. and WELCIA HOLDINGS CO., LTD.” released by Tsuruha HD and the Company on April 11, 2025.