



Financial Results Briefing for the Third Quarter of Fiscal Year Ending February 2023

January 12, 2023

Welcia Holdings Co., Ltd.

Stock Code 3141, Tokyo Stock Exchange
Prime Market

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1 Outline of Financial Results

- Made Pupule Himawari a subsidiary through the acquisition of shares, effective December 1, 2021.
- The Group adopted the Accounting Standard for Revenue Recognition from the beginning of fiscal year ending February 2023.
- Made Kokumin Co., Ltd. and French Co., Ltd. wholly owned subsidiaries through the acquisition of shares, effective June 1, 2022.
- Welcia Yakkyoku, a consolidated subsidiary and the surviving company, absorbed Kanamitsu Yakuhin, effective June 1, 2022.

The results of Welcia Yakkyoku for the same period of the previous year are calculated together with those of Kanamitsu Yakuhin.

| 1. Outline of Financial Results | | Actual results | Projections | Difference |
|--|---|--|---------------------|--------------------|
| Net sales | | 845,986 million yen | 829,200 million yen | 16,786 million yen |
| Ordinary income | | 36,568 million yen | 36,940 million yen | -371 million yen |
| Net income attributable to owners of parent | | 21,136 million yen | 22,570 million yen | -1,433 million yen |
| 2. Indicators | | Actual results | Projections | Difference |
| Existing-stores sales growth rate | * Existing-stores sales growth rates are compared with those before the adoption of the revenue recognition standard. | 3.2% | 3.5% | -0.3% |
| (Products) | | 2.2% | 2.3% | -0.1% |
| (Dispensing) | | 7.0% | 8.3% | -1.3% |
| Store openings (in Japan) | | 111 stores | 111 stores | 0 stores |
| Store closures (in Japan) | | 29 stores | 24 stores | 5 stores |
| M&A | | 165 stores | 0 stores | 165 stores |
| Number of stores as of the end of the term (in Japan) | | 2,704 stores | 2,544 stores | 160 stores |
| Dispensing pharmacy sales (in Japan) | | 168,019 million yen | 163,150 million yen | 4,869 million yen |
| Composition ratio of dispensing sales | | 19.9% | 19.7% | 0.2% |
| Number of stores with dispensing pharmacy (in Japan) | * Change from the previous term-end: 138 stores | 1,977 stores | 1,978 stores | -1 store |
| Ratio of stores with dispensing pharmacy (in Japan) | | 74.4% | 79.3% | -4.9% |
| Renovation (full renovation) | | 50 stores | 75 stores | -25 stores |
| Number of stores open 24 hours | | 281 stores | — | — |
| 3. Others | | Actual results | | |
| Composition ratio of PB products | | 6.2% (Breakdown: Hapycom 16.3%, Topvalu 24.8%, Welcia PB 56.0%, others 2.9%) | | |
| Number of stores with Welcafe | | 428 stores | — | — |

*The ratio of stores with dispensing pharmacy is calculated excluding the number of cosmetics stores.

Results for FY2023 3Q (achievement rates)



- Operating income and ordinary income fall short due to upfront costs associated with the acquisition of Kokumin and French as consolidated subsidiaries and the rise in utilities costs, despite the increase in OTC products sales due to the increase in the number of COVID-19 cases.
- Provision for loss on guarantees of Employee Stock Ownership ESOP Trust 1,120 million yen recorded as extraordinary loss.

(Unit: million yen)

| (Ratios of net sales indicated in parentheses (%)) | Actual results | Projections | | |
|--|---------------------------|--------------------|------------|----------------------|
| | | | Difference | Achievement rate (%) |
| Net sales | 845,986 (100.0) | 829,200 (100.0) | 16,786 | 102.0 |
| Gross operating profit | 255,251 (30.2) | 249,460 (30.1) | 5,791 | 102.3 |
| SG&A expenses | 223,783 (26.5) | 216,470 (26.1) | 7,313 | 103.4 |
| Operating income | 31,468 (3.7) | 32,990 (4.0) | -1,521 | 95.4 |
| Ordinary income | 36,568 (4.3) | 36,940 (4.5) | -371 | 99.0 |
| Net income attributable to owners of parent | 21,136 (2.5) | 22,570 (2.7) | -1,433 | 93.6 |

Results for FY2023 3Q (cumulative YoY change)



- Double-digit revenue growth due to the consolidation of Pupule Himawari, Kokumin, and French and the growth of OTC products due to the increase in the number of COVID-19 cases.
- Profit increased due to higher sales and control of SG&A expenses, offset by higher utilities costs.

(Unit: million yen)

| (Ratios of net sales indicated in parentheses (%)) | Actual results | Actual results for the same period of the previous year | | Ref. Estimated based on the former standard | | Difference related to revenue recognition |
|--|---------------------------|---|---------|---|------------------|---|
| | | | Y/Y (%) | | Y/Y (%) | |
| Net sales | 845,986 (100.0) | 756,403 (100.0) | 111.8 | 862,570 (100.0) | 114.0 (100.0) | -16,583 |
| Gross operating profit | 255,251 (30.2) | 233,620 (30.9) | 109.3 | 267,936 (31.1) | 114.7 (30.9) | -12,685 |
| SG&A expenses | 223,783 (26.5) | 203,804 (27.0) | 109.8 | 236,475 (27.5) | 116.0 (27.0) | -12,692 |
| Operating income | 31,468 (3.7) | 29,815 (3.9) | 105.5 | 31,461 (3.6) | 105.5 (3.9) | 6 |
| Ordinary income | 36,568 (4.3) | 32,943 (4.4) | 111.0 | 36,561 (4.2) | 111.0 (4.4) | 6 |
| Net income attributable to owners of parent | 21,136 (2.5) | 20,208 (2.7) | 104.6 | 21,129 (2.5) | 104.6 (2.7) | 6 |

Results for FY2023 3Q (quarterly YoY change) (1)



(Unit: million yen)

| (Ratios of net sales indicated in parentheses) (%) | 1Q | | | | 2Q | | | |
|--|---|------------------|---|------------------|--|------------------|---|------------------|
| | | Y/Y (%) | Ref. Estimated based on the former standard | | Y/Y (%) | Y/Y (%) | Ref. Estimated based on the former standard | |
| | | | | Y/Y (%) | | | | Y/Y (%) |
| Net sales | 267,716 (100.0) | 107.6 (100.0) | 273,177 (100.0) | 109.8 (100.0) | 295,035 (100.0) | 113.7 (100.0) | 300,787 (100.0) | 115.9 (100.0) |
| Gross operating profit | 78,431 (29.3) | 105.1 (30.0) | 82,622 (30.2) | 110.7 (30.0) | 92,193 (31.2) | 110.8 (32.1) | 96,580 (32.1) | 116.1 (32.1) |
| SG&A expenses | 70,717 (26.4) | 105.0 (27.1) | 74,936 (27.4) | 111.3 (27.1) | 75,918 (25.7) | 112.1 (26.1) | 80,284 (26.7) | 118.5 (26.1) |
| Operating income | 7,713 (2.9) | 105.9 (2.9) | 7,685 (2.8) | 105.5 (2.9) | 16,274 (5.5) | 105.3 (6.0) | 16,295 (5.4) | 105.4 (6.0) |
| Ordinary income | 10,495 (3.9) | 118.6 (3.6) | 10,467 (3.8) | 118.3 (3.6) | 17,478 (5.9) | 107.3 (6.3) | 17,499 (5.8) | 107.4 (6.3) |
| Net income attributable to owners of parent | 6,321 (2.4) | 119.1 (2.1) | 6,293 (2.3) | 118.6 (2.1) | 10,766 (3.6) | 105.4 (3.9) | 10,787 (3.6) | 105.6 (3.9) |
| Remarks | 2022 March: Complete lifting of semi-emergency COVID-19 measures (on March 21) Free PCR and antigen testing April: Pollen peak month shifted to April Revisions to medical service fees and NHI drug prices May: Increased outings during the national holidays | | | | 2022 June: Made Kokumin and French subsidiaries Later half of the month: Record heat wave July: Seventh wave of COVID-19 August: Negotiations concluded after the NHI drug prices revision Unrestricted summer vacation | | | |
| | 2021 March: Declaration of state of emergency / Pollen season peak April: NHI drug prices revision Emergency or semi-emergency COVID-19 measures May: Emergency or semi-emergency COVID-19 measures, the 4th wave of the infection The beginning of the rainy season earlier than usual (from Amami to Tokai) | | | | 2021 June: Emergency or semi-emergency COVID-19 measures were extended until the end of September July: Strong sales of seasonable products after the end of the rainy season / Olympic Games August: Olympic and Paralympic Games / Negotiations concluded after the NHI drug price revision / Unfavorable weather The 5th wave of COVID-19 infections | | | |

Results for FY2023 3Q (quarterly YoY change) (2)



(Unit: million yen)

| (Ratios of net sales indicated in parentheses) (%) | 3Q | | | | 4Q | | | |
|--|--|-------------------|---|-------------------|---|---------|---|---------|
| | | Y/Y (%) | Ref. Estimated based on the former standard | | | Y/Y (%) | Ref. Estimated based on the former standard | |
| | | | | Y/Y (%) | | | | Y/Y (%) |
| Net sales | 283,234 (100.0) | 114.2 (100.0) | 288,605 (100.0) | 116.3 (100.0) | | | | |
| Gross operating profit | 84,626 (29.9) | 111.6 (30.6) | 88,734 (30.7) | 117.1 (30.6) | | | | |
| SG&A expenses | 77,146 (27.3) | 112.3 (27.7) | 81,253 (28.1) | 118.2 (27.7) | | | | |
| Operating income | 7,479 (2.6) | 105.6 (2.9) | 7,480 (2.6) | 105.7 (2.9) | | | | |
| Ordinary income | 8,593 (3.0) | 110.2 (3.1) | 8,594 (3.0) | 110.2 (3.1) | | | | |
| Net income attributable to owners of parent | 4,048 (1.4) | 86.5 (1.9) | 4,049 (1.4) | 86.5 (1.9) | | | | |
| Remarks | 2022 September: Immigration restrictions eased October: Nationwide travel support started Increase in the prices of the highest number of products in Japan in FY2022 The 150 yen level temporarily as the yen's depreciation accelerates | | | | | | | |
| | 2021 September: Emergency or semi-emergency COVID-19 measures October: Complete lifting of emergency or semi-emergency COVID-19 measures Increase in tobacco tax November: 70% of population received two doses of vaccine Spread of Omicron variant of COVID-19 | | | | 2021-2022 December: Made Pupule Himawari a subsidiary Vaccine testing package fixing promotion project and general testing project at the time of the spread of infection (free PCR and antigen testing) The 6th wave of COVID-19 infections January: Semi-emergency COVID-19 measures, free PCR and antigen testing February: Semi-emergency COVID-19 measures, free PCR and antigen testing | | | |

Breakdown of financial results by company for FY2023 3Q (1)



- Welcia Yakkyoku: Increased revenue and profit due to higher sales of OTC products as a result of increased demand for antigen test kits and control of SG&A expenses.
- Kokumin: SG&A expenses increased mainly due to expenses related to POS system integration, etc., on the other hand, gross profit showed an improvement trend.
- Pupule Himawari: The gross profit margin improved and operating profit remained in the black mainly due to the review of its product policy and other factors.

(Unit: million yen)

| (Ratios of net sales indicated in parentheses (%)) | Welcia HD (consolidated) | | | | Welcia Yakkyoku | | | | Kokumin | | Pupule Himawari | |
|--|--------------------------|-------------------|---|-------------------|---------------------|-------------------|---|-------------------|---|---|--------------------|---|
| | | Y/Y (%) | Ref. Estimated based on the former standard | | Y/Y (%) | Y/Y (%) | Ref. Estimated based on the former standard | | Ref. Estimated based on the former standard | Ref. Estimated based on the former standard | | Ref. Estimated based on the former standard |
| | | | | Y/Y (%) | | | | Y/Y (%) | | | | |
| Net sales | 845,986 (100.0) | 111.8 (100.0) | 862,570 (100.0) | 114.0 (100.0) | 720,378 (100.0) | 104.1 (100.0) | 734,215 (100.0) | 106.1 (100.0) | 20,374 (100.0) | 20,471 (100.0) | 37,005 (100.0) | 37,777 (100.0) |
| Gross operating profit | 255,251 (30.2) | 109.3 (30.9) | 267,936 (31.1) | 114.7 (30.9) | 220,272 (30.6) | 102.6 (31.0) | 230,761 (31.4) | 107.4 (31.0) | 6,428 (31.6) | 6,482 (31.7) | 8,820 (23.8) | 9,591 (25.4) |
| SG&A expenses | 223,783 (26.5) | 109.8 (27.0) | 236,475 (27.5) | 116.0 (27.0) | 188,369 (26.2) | 101.7 (26.7) | 198,858 (27.1) | 107.4 (26.7) | 6,770 (33.3) | 6,822 (33.4) | 8,790 (23.7) | 9,580 (25.4) |
| Operating income | 31,468 (3.7) | 105.5 (3.9) | 31,461 (3.6) | 105.5 (3.9) | 31,903 (4.4) | 108.0 (4.3) | 31,903 (4.3) | 108.0 (4.3) | -342 (-) | -339 (-) | 29 (0.1) | 10 (0.0) |
| Ordinary income | 36,568 (4.3) | 111.0 (4.4) | 36,561 (4.2) | 111.0 (4.4) | 36,260 (5.0) | 111.3 (4.7) | 36,260 (4.9) | 111.3 (4.7) | -219 (-) | -216 (-) | 609 (1.6) | 591 (1.6) |
| Net income attributable to owners of parent | 21,136 (2.5) | 104.6 (2.7) | 21,129 (2.5) | 104.6 (2.7) | 22,975 (3.2) | 112.2 (3.0) | 22,975 (3.1) | 112.2 (3.0) | -265 (-) | -263 (-) | 446 (1.2) | 427 (1.1) |

Breakdown of financial results by company for FY2023 3Q (2)



(Unit: million yen)

| (Ratios of net sales indicated in parentheses) | Marudai Sakurai Pharmacy | | | | Shimizu Yakuhin | | | | Marue Drug | | | | Goodwill and others | |
|--|--------------------------|------------------|---|------------------|-------------------|------------------|---|------------------|-------------------|------------------|---|------------------|---------------------|--|
| | | Y/Y (%) | Ref. Estimated based on the former standard | Y/Y (%) | | Y/Y (%) | Ref. Estimated based on the former standard | Y/Y (%) | | Y/Y (%) | Ref. Estimated based on the former standard | Y/Y (%) | | Ref. Estimate d based on the former standard |
| Net sales | 22,836 (100.0) | 105.4 (100.0) | 23,568 (100.0) | 108.8 (100.0) | 18,118 (100.0) | 106.4 (100.0) | 18,447 (100.0) | 108.4 (100.0) | 10,244 (100.0) | 101.7 (100.0) | 10,432 (100.0) | 103.6 (100.0) | – 17,028 | – 17,656 |
| Gross operating profit | 6,126 (26.8) | 102.4 (27.6) | 6,633 (28.1) | 110.8 (27.6) | 5,444 (30.1) | 104.3 (30.6) | 5,688 (30.8) | 109.0 (30.6) | 3,199 (31.2) | 101.2 (31.4) | 3,349 (32.1) | 105.9 (31.4) | – 4,960 | – 5,428 |
| SG&A expenses | 5,193 (22.7) | 101.4 (23.6) | 5,701 (24.1) | 111.3 (23.6) | 4,668 (25.8) | 103.9 (26.4) | 4,912 (26.6) | 109.3 (26.4) | 2,983 (29.1) | 101.6 (29.2) | 3,133 (30.0) | 106.8 (29.2) | 2,077 4,930 | 2,077 5,389 |
| Operating income | 932 (4.1) | 108.3 (4.0) | 932 (4.0) | 108.3 (4.0) | 776 (4.3) | 107.4 (4.2) | 776 (4.2) | 107.4 (4.2) | 215 (2.1) | 95.5 (2.2) | 215 (2.1) | 95.5 (2.2) | -2,077 30 | -2,077 39 |
| Ordinary income | 1,012 (4.4) | 106.9 (4.4) | 1,012 (4.3) | 106.9 (4.4) | 896 (4.9) | 113.1 (4.7) | 896 (4.9) | 113.1 (4.7) | 271 (2.7) | 99.9 (2.7) | 271 (2.6) | 99.9 (2.7) | -2,077 -186 | -2,077 -176 |
| Net income attributable to owners of parent | 645 (2.8) | 104.8 (2.8) | 645 (2.7) | 104.8 (2.8) | 605 (3.3) | 117.2 (3.0) | 605 (3.3) | 117.2 (3.0) | 174 (1.7) | 82.2 (2.1) | 174 (1.7) | 82.2 (2.1) | -2,077 -1,367 | -2,077 -1,357 |

Monthly sales growth rate (in Japan)

*Monthly sales growth rates are compared with those before the adoption of the revenue recognition standard.



- Products: Sales increased mainly owing to the increased demand for OTC products despite the consumer awareness of the need to protect their livelihoods increased due to price hikes.
- Dispensing: The number of prescriptions increased mainly owing to the increased number of stores with dispensing pharmacy, despite the revisions to dispensing fees and NHI drug prices.

(Unit: %)

| | | 2021 | 2022 | | | | | | | | | | | | |
|-----------------|--------------------------|-----------|---------|----------|-------|-------|------|------|------|--------|-----------|---------|----------|----------|------|
| | | December | January | February | March | April | May | June | July | August | September | October | November | December | |
| Existing Stores | Welcia Yakkyoku | 1.4 | 7.4 | 3.0 | 2.7 | 1.6 | 0.0 | 1.4 | 4.7 | 4.3 | 4.1 | 4.6 | 3.9 | 11.0 | |
| | Shimizu Yakuhin | 2.2 | 8.4 | 9.4 | 1.7 | 5.2 | 1.0 | 3.6 | 4.8 | 5.6 | 6.3 | 8.6 | 4.8 | 13.4 | |
| | Marudai Sakurai Pharmacy | -0.8 | 5.5 | 9.0 | 5.3 | 3.3 | 1.8 | 1.4 | 7.7 | 6.7 | 4.8 | 4.9 | 10.3 | 9.6 | |
| | MASAYA | 7.9 | 8.3 | -8.6 | 14.5 | 11.5 | 3.8 | 15.4 | 7.4 | 10.2 | 8.8 | -9.6 | 16.8 | 1.6 | |
| | Kanamitsu Yakuhin | 6.0 | 24.1 | -0.6 | 2.8 | 5.6 | -4.2 | | | | | | | | |
| | YODOYA | -2.7 | 6.0 | 1.1 | 5.6 | 5.5 | 1.6 | 4.1 | 6.6 | 9.9 | 5.6 | 4.7 | 9.1 | 10.7 | |
| | Marue Drug | -0.5 | 11.8 | 8.4 | 2.8 | 0.7 | -0.2 | 0.0 | 1.2 | 2.0 | 2.4 | 0.5 | 0.3 | 6.9 | |
| | Pupule Himawari | | | | | | | | | | | | | 1.6 | |
| Group total | Net sales | 1.3 | 7.5 | 3.4 | 2.9 | 1.8 | 0.1 | 1.6 | 4.8 | 4.5 | 4.1 | 4.6 | 4.2 | 10.4 | |
| | (Products) | -1.2 | 6.5 | 2.3 | 0.6 | 1.0 | -1.6 | 0.4 | 4.8 | 3.5 | 3.1 | 4.2 | 3.6 | 11.5 | |
| | (Dispensing) | 11.8 | 11.5 | 6.4 | 9.0 | 4.9 | 8.3 | 6.3 | 4.8 | 8.5 | 8.3 | 6.3 | 6.3 | 5.9 | |
| | No. of customers | -1.0 | 3.9 | 0.5 | -0.3 | -0.6 | -0.7 | 0.4 | 2.4 | 1.8 | 2.4 | 1.7 | 1.8 | 6.3 | |
| | Sales per customer | 2.3 | 3.6 | 2.9 | 3.2 | 2.4 | 0.8 | 1.2 | 2.4 | 2.7 | 1.7 | 2.9 | 2.4 | 4.1 | |
| All stores | Group total | Net sales | 10.0 | 16.6 | 11.5 | 10.4 | 10.3 | 8.5 | 13.5 | 17.1 | 16.4 | 16.0 | 16.4 | 15.7 | 18.0 |
| | No. of customers | 8.9 | 14.5 | 10.1 | 9.0 | 9.1 | 8.9 | 14.5 | 16.8 | 15.8 | 16.1 | 15.4 | 15.2 | 15.2 | |
| | Sales per customer | 1.1 | 2.1 | 1.4 | 1.4 | 1.2 | -0.4 | -1.0 | 0.3 | 0.6 | -0.1 | 1.0 | 0.5 | 2.8 | |

* Kokumin and French have been included in the calculation of monthly sales growth rate of all stores since June 2022. However, since the stores of the companies are regarded as new stores, they are not included in the calculation of monthly sales growth rate of existing stores.

* Pupule Himawari became an existing store in December 2022.

Composition ratio of sales by category (1)



- OTC products: Demand for antigen test kits, combination cold remedies, antipyretic analgesics, and other products expanded.
- Cosmetics: Improving trend of makeup-related products due to increased opportunities for going out.
- Dispensing: Sales of dispensing drugs increased owing to the increased number of prescriptions due to the increase number of stores with dispensing pharmacy, despite the revisions to dispensing fees and NHI drug prices.

(Unit: million yen)

| (Ratios of net sales indicated in parentheses (%)) | Welcia HD (consolidated) | | | | Welcia Yakkyoku | | | | Kokumin | | Pupule Himawari | |
|--|--------------------------|---|---|------------------|--------------------|---|---|---|---|-------------------|-------------------|-------------------|
| | Y/Y (%) | Ref. Estimated based on the former standard | | Y/Y (%) | Y/Y (%) | Ref. Estimated based on the former standard | | Ref. Estimated based on the former standard | Ref. Estimated based on the former standard | | | |
| | | Y/Y (%) | Ref. Estimated based on the former standard | | | Y/Y (%) | Ref. Estimated based on the former standard | | | | | |
| OTC products | 171,344 (20.3) | 114.2 (19.8) | 175,335 (20.3) | 116.9 (19.8) | 145,086 (20.1) | 106.0 (19.8) | 148,592 (20.2) | 108.6 (19.8) | 5,253 (25.8) | 5,264 (25.7) | 7,160 (19.3) | 7,328 (19.4) |
| Cosmetics | 132,276 (15.6) | 112.0 (15.6) | 135,412 (15.7) | 114.7 (15.6) | 105,426 (14.6) | 101.7 (15.0) | 107,804 (14.7) | 104.0 (15.0) | 5,324 (26.1) | 5,359 (26.2) | 6,554 (17.7) | 6,710 (17.8) |
| Household goods | 116,908 (13.8) | 106.7 (14.5) | 120,624 (14.0) | 110.1 (14.5) | 99,800 (13.9) | 99.9 (14.4) | 102,920 (14.0) | 103.1 (14.4) | 1,399 (6.9) | 1,438 (7.0) | 5,943 (16.1) | 6,083 (16.1) |
| Food products | 187,918 (22.2) | 110.2 (22.6) | 192,863 (22.4) | 113.1 (22.6) | 161,263 (22.4) | 102.9 (22.7) | 165,402 (22.5) | 105.5 (22.7) | 722 (3.5) | 725 (3.5) | 11,372 (30.7) | 11,619 (30.8) |
| Others | 68,617 (8.1) | 113.0 (8.0) | 70,079 (8.1) | 115.4 (8.0) | 55,752 (7.8) | 103.8 (7.7) | 56,945 (7.8) | 106.0 (7.7) | 396 (2.0) | 414 (2.1) | 4,318 (11.7) | 4,464 (11.7) |
| Total sales of products | 677,063 (80.0) | 111.2 (80.5) | 694,314 (80.5) | 114.0 (80.5) | 567,330 (78.8) | 103.0 (79.6) | 581,666 (79.2) | 105.6 (79.6) | 13,097 (64.3) | 13,202 (64.5) | 35,349 (95.5) | 36,205 (95.8) |
| Dispensing | 168,019 (19.9) | 114.0 (19.5) | 168,255 (19.5) | 114.1 (19.5) | 152,325 (21.1) | 107.7 (20.4) | 152,549 (20.8) | 107.8 (20.4) | 7,266 (35.7) | 7,269 (35.5) | 1,571 (4.2) | 1,571 (4.2) |
| Subtotal | 845,082 (99.9) | 111.7 (100.0) | | | 719,655 (99.9) | 104.0 (100.0) | | | 20,364 (100.0) | | 36,920 (99.7) | |
| Commission income | 904 (0.1) | — (—) | | | 722 (0.1) | — (—) | | | 10 (0.0) | | 85 (0.3) | |
| Total | 845,986 (100.0) | 111.8 (100.0) | 862,570 (100.0) | 114.0 (100.0) | 720,378 (100.0) | 104.1 (100.0) | 734,215 (100.0) | 106.1 (100.0) | 20,374 (100.0) | 20,471 (100.0) | 37,005 (100.0) | 37,777 (100.0) |

Composition ratio of sales by category (2)



(Unit: million yen)

| (Ratios of net sales indicated in parentheses (%)) | Marudai Sakurai Pharmacy | | | | Shimizu Yakuhin | | | | Marue Drug | | | |
|--|--------------------------|------------------|---|------------------|-------------------|------------------|---|------------------|-------------------|------------------|---|------------------|
| | | Y/Y (%) | Ref. Estimated based on the former standard | | Y/Y (%) | Y/Y (%) | Ref. Estimated based on the former standard | | Y/Y (%) | Y/Y (%) | Ref. Estimated based on the former standard | |
| | | | | Y/Y (%) | | | | Y/Y (%) | | | | Y/Y (%) |
| OTC products | 5,060 (22.2) | 109.6 (21.3) | 5,193 (22.0) | 112.5 (21.3) | 4,207 (23.2) | 103.0 (24.0) | 4,287 (23.2) | 104.9 (24.0) | 2,824 (27.6) | 98.3 (28.5) | 2,883 (27.6) | 100.3 (28.5) |
| Cosmetics | 3,519 (15.4) | 101.9 (15.9) | 3,623 (15.4) | 104.9 (15.9) | 3,139 (17.3) | 103.8 (17.8) | 3,199 (17.3) | 105.8 (17.8) | 1,962 (19.2) | 96.4 (20.2) | 2,005 (19.2) | 98.6 (20.2) |
| Household goods | 3,885 (17.0) | 104.0 (17.2) | 4,022 (17.1) | 107.7 (17.2) | 2,975 (16.4) | 100.9 (17.3) | 3,093 (16.8) | 104.9 (17.3) | 1,694 (16.5) | 97.2 (17.3) | 1,732 (16.6) | 99.5 (17.3) |
| Food products | 6,138 (26.9) | 103.1 (27.5) | 6,461 (27.4) | 108.5 (27.5) | 3,801 (21.0) | 110.6 (20.2) | 3,863 (20.9) | 112.4 (20.2) | 1,717 (16.8) | 103.3 (16.5) | 1,762 (16.9) | 106.0 (16.5) |
| Others | 2,462 (10.7) | 104.7 (10.9) | 2,520 (10.7) | 107.2 (10.9) | 1,180 (6.6) | 105.4 (6.5) | 1,203 (6.6) | 107.5 (6.5) | 380 (3.7) | 115.4 (3.4) | 389 (3.8) | 118.2 (3.4) |
| Total sales of products | 21,066 (92.2) | 104.8 (92.8) | 21,822 (92.6) | 108.5 (92.8) | 15,304 (84.5) | 104.7 (85.8) | 15,648 (84.8) | 107.1 (85.8) | 8,579 (83.8) | 99.2 (85.9) | 8,773 (84.1) | 101.5 (85.9) |
| Dispensing | 1,743 (7.6) | 112.5 (7.2) | 1,746 (7.4) | 112.7 (7.2) | 2,795 (15.4) | 116.0 (14.2) | 2,799 (15.2) | 116.2 (14.2) | 1,656 (16.2) | 116.3 (14.1) | 1,658 (15.9) | 116.4 (14.1) |
| Subtotal | 22,810 (99.8) | 105.3 (100.0) | | | 18,100 (99.9) | 106.3 (100.0) | | | 10,236 (100.0) | 101.7 (100.0) | | |
| Commission income | 26 (0.2) | — (—) | | | 18 (0.1) | — (—) | | | 8 (0.0) | — (—) | | |
| Total | 22,836 (100.0) | 105.4 (100.0) | 23,568 (100.0) | 108.8 (100.0) | 18,118 (100.0) | 106.4 (100.0) | 18,447 (100.0) | 108.4 (100.0) | 10,244 (100.0) | 101.7 (100.0) | 10,432 (100.0) | 103.6 (100.0) |

Gross profit margin by category (1)



- OTC products: Increased due to expanded demand for antigen test kits, combination cold remedies, antipyretic analgesics, and other products.
- Food products: Declined mainly owing to the strategic sales promotions as a countermeasure against customers' conservative buying of food due to price increases.
- Dispensing: Decreased from the previous year due to the effect of the revisions to dispensing fees and NHI drug prices.

(Unit: %)

| | | Welcia HD (consolidated) | | | | Welcia Yakkyoku | | | | Kokumin | | Pupule Himawari | |
|--|--------------------------------|--------------------------|---|------------|------------|-----------------|---|------------|------------|---|---|-----------------|------|
| | | Y/Y change | Ref. Estimated based on the former standard | Y/Y change | Y/Y change | Y/Y change | Ref. Estimated based on the former standard | Y/Y change | Y/Y change | Ref. Estimated based on the former standard | Ref. Estimated based on the former standard | | |
| | | | | | | | | | | | | | |
| | OTC products | 40.1 | -0.3 | 40.9 | 0.5 | 40.3 | -0.2 | 41.0 | 0.5 | 36.9 | 37.0 | 40.4 | 41.7 |
| | Cosmetics | 32.7 | -1.5 | 34.3 | 0.1 | 32.8 | -1.3 | 34.3 | 0.2 | 29.8 | 30.3 | 31.2 | 32.8 |
| | Household goods | 27.7 | -0.7 | 28.9 | 0.5 | 28.1 | -0.5 | 29.3 | 0.7 | 28.9 | 28.6 | 21.8 | 23.6 |
| | Food products | 18.3 | -1.8 | 19.5 | -0.6 | 18.8 | -1.5 | 20.0 | -0.3 | 23.5 | 23.6 | 11.5 | 13.4 |
| | Others | 16.3 | 1.2 | 18.1 | 3.0 | 16.1 | 1.1 | 17.9 | 2.9 | 30.1 | 30.4 | 15.2 | 17.9 |
| | Total sales of products | 28.0 | -0.8 | 29.3 | 0.5 | 28.3 | -0.6 | 29.5 | 0.6 | 32.2 | 32.4 | 23.2 | 25.0 |
| | Dispensing | 38.4 | -0.9 | 38.4 | -0.9 | 38.8 | -0.6 | 38.9 | -0.5 | 30.3 | 30.3 | 34.4 | 34.4 |
| | Subtotal | 30.1 | -0.8 | | | 30.5 | -0.5 | | | 31.5 | | 23.7 | |
| | Commission income | 100.0 | — | | | 100.0 | — | | | 100.0 | | 100.0 | |
| | Total | 30.2 | -0.7 | 31.1 | 0.2 | 30.6 | -0.4 | 31.4 | 0.4 | 31.6 | 31.7 | 23.8 | 25.4 |

Gross profit margin by category (2)



(Unit: %)

| | | Marudai Sakurai Pharmacy | | | | Shimizu Yakuhin | | | | Marue Drug | | | |
|--|--------------------------------|--------------------------|---|------|------------|-----------------|---|------|------------|------------|---|------|-----|
| | | Y/Y change | Ref. Estimated based on the former standard | | Y/Y change | Y/Y change | Ref. Estimated based on the former standard | | Y/Y change | Y/Y change | Ref. Estimated based on the former standard | | |
| | | | | | | | | | | | | | |
| | OTC products | 40.4 | -0.7 | 41.7 | 0.6 | 39.9 | -0.5 | 40.6 | 0.2 | 38.5 | 0.1 | 39.3 | 0.9 |
| | Cosmetics | 31.3 | -1.5 | 33.2 | 0.4 | 32.6 | -1.3 | 33.8 | -0.1 | 33.0 | -0.8 | 34.5 | 0.7 |
| | Household goods | 24.7 | -1.3 | 26.5 | 0.5 | 28.8 | 1.2 | 29.5 | 1.9 | 26.7 | -0.2 | 28.0 | 1.1 |
| | Food products | 16.2 | -1.3 | 17.6 | 0.1 | 18.1 | -1.5 | 19.3 | -0.3 | 17.5 | -1.1 | 18.6 | 0.0 |
| | Others | 12.5 | -1.2 | 14.5 | 0.8 | 14.1 | 0.4 | 15.8 | 2.1 | 18.0 | 1.6 | 20.1 | 3.7 |
| | Total sales of products | 25.7 | -1.0 | 27.2 | 0.5 | 28.8 | -0.7 | 29.8 | 0.3 | 29.8 | -0.6 | 30.9 | 0.5 |
| | Dispensing | 39.7 | -0.4 | 39.8 | -0.3 | 36.3 | -1.3 | 36.4 | -1.2 | 38.2 | 0.4 | 38.3 | 0.5 |
| | Subtotal | 26.7 | -0.9 | | | 30.0 | -0.6 | | | 31.2 | -0.2 | | |
| | Commission income | 100.0 | - | | | 100.0 | - | | | 100.0 | - | | |
| | Total | 26.8 | -0.8 | 28.1 | 0.5 | 30.1 | -0.5 | 30.8 | 0.2 | 31.2 | -0.2 | 32.1 | 0.7 |

SG&A expenses composition ratio (1)



- Increase due to the consolidation of Pupule Himawari, Kokumin, and French
- Labor costs continue to benefit from man-hour control measures
- In others, the utilities costs have risen significantly due to higher unit prices.

(Unit: million yen)

| (Ratios of net sales indicated in parentheses (%)) | Welcia HD (consolidated) | | | | Welcia Yakkyoku | | | | Kokumin | | Pupule Himawari | |
|--|--------------------------|-----------------|---|-----------------|-------------------|-----------------|---|-----------------|---|---|-----------------|-----------------|
| | | Y/Y (%) | Ref. Estimated based on the former standard | | Y/Y (%) | Y/Y (%) | Ref. Estimated based on the former standard | | Ref. Estimated based on the former standard | Ref. Estimated based on the former standard | | |
| | | | | Y/Y (%) | | | | Y/Y (%) | | | | |
| Labor costs | 116,615 (13.8) | 111.9 (13.8) | 116,615 (13.5) | 111.9 (13.8) | 99,367 (13.8) | 104.6 (13.7) | 99,367 (13.5) | 104.6 (13.7) | 3,016 (14.8) | 3,016 (14.7) | 4,286 (11.6) | 4,286 (11.3) |
| Advertising expenses | 3,633 (0.4) | 24.3 (2.0) | 16,325 (1.9) | 109.4 (2.0) | 2,564 (0.4) | 20.0 (1.9) | 13,054 (1.8) | 101.7 (1.9) | 121 (0.6) | 173 (0.8) | 188 (0.5) | 978 (2.6) |
| Rent | 38,665 (4.6) | 120.2 (4.3) | 38,665 (4.5) | 120.2 (4.3) | 32,112 (4.5) | 108.5 (4.3) | 32,112 (4.4) | 108.5 (4.3) | 2,121 (10.4) | 2,121 (10.4) | 1,695 (4.6) | 1,695 (4.5) |
| Others | 64,868 (7.7) | 123.6 (6.9) | 64,868 (7.6) | 123.6 (6.9) | 54,324 (7.5) | 113.8 (6.8) | 54,324 (7.4) | 113.8 (6.8) | 1,510 (7.5) | 1,510 (7.5) | 2,620 (7.0) | 2,620 (7.0) |
| Total | 223,783 (26.5) | 109.8 (27.0) | 236,475 (27.5) | 116.0 (27.0) | 188,369 (26.2) | 101.7 (26.7) | 198,858 (27.1) | 107.4 (26.7) | 6,770 (33.3) | 6,822 (33.4) | 8,790 (23.7) | 9,580 (25.4) |

SG&A expenses composition ratio (2)



(Unit: million yen)

| (Ratios of net sales indicated in parentheses (%)) | Marudai Sakurai Pharmacy | | | | Shimizu Yakuhin | | | | Marue Drug | | | |
|--|--------------------------|-----------------|---|-----------------|-----------------|-----------------|---|-----------------|-----------------|-----------------|---|-----------------|
| | | Y/Y (%) | Ref. Estimated based on the former standard | | | Y/Y (%) | Ref. Estimated based on the former standard | | | Y/Y (%) | Ref. Estimated based on the former standard | |
| | | | | Y/Y (%) | | | | Y/Y (%) | | | | Y/Y (%) |
| Labor costs | 2,800 (12.3) | 111.6 (11.6) | 2,800 (11.9) | 111.6 (11.6) | 2,547 (14.1) | 105.7 (14.2) | 2,547 (13.8) | 105.7 (14.2) | 1,722 (16.8) | 104.1 (16.4) | 1,722 (16.5) | 104.1 (16.4) |
| Advertising expenses | 163 (0.7) | 26.2 (2.9) | 670 (2.8) | 107.4 (2.9) | 66 (0.4) | 21.4 (1.8) | 310 (1.7) | 100.4 (1.8) | 87 (0.9) | 35.3 (2.5) | 237 (2.3) | 96.2 (2.5) |
| Rent | 619 (2.7) | 104.8 (2.7) | 619 (2.6) | 104.8 (2.7) | 870 (4.8) | 106.6 (4.8) | 870 (4.7) | 106.6 (4.8) | 434 (4.2) | 101.6 (4.2) | 434 (4.2) | 101.6 (4.2) |
| Others | 1,609 (7.0) | 115.2 (6.4) | 1,609 (6.8) | 115.2 (6.4) | 1,183 (6.5) | 123.5 (5.6) | 1,183 (6.4) | 123.5 (5.6) | 738 (7.2) | 121.9 (6.1) | 738 (7.0) | 121.9 (6.1) |
| Total | 5,193 (22.7) | 101.4 (23.6) | 5,701 (24.1) | 111.3 (23.6) | 4,668 (25.8) | 103.9 (26.4) | 4,912 (26.6) | 109.3 (26.4) | 2,983 (29.1) | 101.6 (29.2) | 3,133 (30.0) | 106.8 (29.2) |

Results in the dispensing sector (in Japan)



- Revenue growth due to the consolidation of Kokumin, and the increase in the number of stores with dispensing pharmacy
- Decrease in gross profit margin due to revisions to dispensing fees in April 2022
- The ratio of stores with dispensing pharmacy decreased due to the consolidation of Pupule Himawari and Kokumin (increased in existing stores)

| | FY2020 3Q | | FY2021 3Q | | FY2022 3Q | | FY2023 3Q | |
|--|-----------|-------------------|-----------|-------------------|-----------|-------------------|-----------|-------------------|
| | | Y/Y Y/Y change | | Y/Y Y/Y change | | Y/Y Y/Y change | | Y/Y Y/Y change |
| Dispensing pharmacy sales (Million yen) | 114,036 | 119.7% | 128,054 | 112.3% | 147,415 | 115.1% | 168,019 | 114.0% |
| No. of prescriptions (in the thousands) | 11,638 | 117.2% | 11,858 | 101.9% | 14,137 | 119.2% | 16,039 | 113.5% |
| Prescription unit price (yen) | 9,798 | 102.1% | 10,799 | 110.2% | 10,428 | 96.6% | 10,475 | 100.5% |
| Gross profit margin (%) | 37.5 | -0.3 | 38.3 | 0.8 | 39.3 | 1.0 | 38.4 | -0.9 |
| No. of stores with dispensing pharmacy (stores) | 1,388 | 147 | 1,590 | 202 | 1,792 | 202 | 1,977 | 185 |
| Ratio of stores with dispensing pharmacy (%) | 71.1 | 1.9 | 74.0 | 2.9 | 79.4 | 5.4 | 74.4 | -5.0 |

*The ratio of stores with dispensing pharmacy is calculated excluding the number of cosmetics stores.

*The Group adopted the Accounting Standard for Revenue Recognition from the beginning of fiscal year ending February 2023.

Promotion of drug stores with dispensing pharmacy



- The number of stores with dispensing pharmacy increased by 185 over one year from the end of the same period of the previous year.

| | Welcia HD (consolidated) | | Welcia Yakkyoku | | Kokumin | Pupule Himawari | Marudai Sakurai Pharmacy | | Shimizu Yakuhin | | Marue Drug | |
|--|-----------------------------|-----------|-----------------|-----------|-----------|--------------------|-----------------------------|-----------|-----------------|-----------|------------|-----------|
| | FY2022 3Q | FY2023 3Q | FY2022 3Q | FY2023 3Q | FY2023 3Q | FY2023 3Q | FY2022 3Q | FY2023 3Q | FY2022 3Q | FY2023 3Q | FY2022 3Q | FY2023 3Q |
| Dispensing pharmacy sales (Million yen) | 147,415 | 168,019 | 141,488 | 152,325 | 7,266 | 1,571 | 1,549 | 1,743 | 2,409 | 2,795 | 1,424 | 1,656 |
| No. of prescriptions (in the thousands) | 14,137 | 16,039 | 13,542 | 14,804 | 407 | 131 | 174 | 204 | 227 | 271 | 121 | 142 |
| Prescription unit price (yen) | 10,428 | 10,475 | 10,447 | 10,289 | 17,837 | 11,922 | 8,880 | 8,543 | 10,611 | 10,297 | 11,690 | 11,659 |
| No. of stores with dispensing pharmacy (stores) | 1,792 | 1,977 | 1,692 | 1,792 | 46 | 20 | 33 | 42 | 38 | 42 | 21 | 25 |
| Ratio of stores with dispensing pharmacy (%) | 79.4 | 74.4 | 83.6 | 84.6 | 29.5 | 14.9 | 36.7 | 44.2 | 60.3 | 63.6 | 36.8 | 42.4 |
| No. of stores as of end of the fiscal year (stores) | 2,258 | 2,656 | 2,024 | 2,118 | 156 | 134 | 90 | 95 | 63 | 66 | 57 | 59 |

*The ratio of stores with dispensing pharmacy is calculated excluding the number of cosmetics stores.

*The Group adopted the Accounting Standard for Revenue Recognition from the beginning of fiscal year ending February 2023.

- Increase due to the acquisition of Kokumin and French as consolidated subsidiaries
889 new graduates (420 pharmacists and 469 career-track employees employed in April 2022)

| | Welcia HD (consolidated) | | Welcia Yakkyoku | Kokumin | Pupule Himawari | Marudai Sakurai Pharmacy | Shimizu Yakuhin | Marue Drug |
|--|--------------------------|-----------------------------------|-----------------|---------|-----------------|--------------------------|-----------------|------------|
| | | Change from the previous term-end | | | | | | |
| No. of employees (Person) | 14,813 | 1,519 | 11,562 | 739 | 659 | 457 | 349 | 351 |
| No. of temporary employees (based on 8h/employee) | 25,611 | 1,131 | 22,253 | 559 | 1,009 | 709 | 548 | 93 |

| | | | | | | | | |
|--|--------|-------|--------|------|------|------|------|------|
| No. of pharmacists (enrollment) | 7,656 | 857 | 6,880 | 393 | 59 | 87 | 123 | 93 |
| No. of registered sales clerks (enrollment) | 17,581 | 914 | 14,272 | 697 | 974 | 631 | 485 | 332 |
| No. of pharmacists per store (persons in Japan) | 2.88 | 0.06 | 3.25 | 2.52 | 0.44 | 0.92 | 1.86 | 1.58 |
| No. of registered sales clerks per store (persons in Japan) | 6.62 | -0.29 | 6.74 | 4.47 | 7.27 | 6.64 | 7.35 | 5.63 |

*The numbers of pharmacists and registered sales clerks, registered sales clerks per store are calculated by excluding cosmetics stores.

Store openings and closures



- Number of stores opened (in Japan): 111 (vs. planned: 0 stores)
- Number of operating months (in Japan) Actual 591 months (vs planned: 27 months)

(Unit: No. of stores)

| | | End of Feb. 2022 | Increase/ decrease resulting from subsidiaries or business transfer | Increase/ decrease resulting from M&A | Openings | | Closures | | End of November 2022 |
|---------------------|-----------------------------|---------------------|--|--|-------------|----------------|-------------|----------------|----------------------------|
| | | | | | Projections | Actual results | Projections | Actual results | |
| By company | Welcia Yakkyoku (NARCIS) | 2,023 (8) | — | 26 | 90 (1) | 94 (1) | 21 (—) | 16 (—) | 2,127 (9) |
| | Marudai Sakurai Pharmacy | 92 | — | — | 6 | 3 | 1 | — | 95 |
| | Shimizu Yakuhin | 65 | — | — | 4 | 3 | 1 | 2 | 66 |
| | Marue Drug | 58 | — | — | 3 | 2 | 1 | 1 | 59 |
| | YODOYA | 25 | — | — | — | — | — | — | 25 |
| | Kanamitsu Yakuhin | 26 | — | -26 | — | — | — | — | — |
| | MASAYA | 36 | — | — | 4 | 3 | — | — | 39 |
| | Pupule Himawari | 132 | — | — | 4 | 3 | — | 1 | 134 |
| | Kokumin | — | 162 | — | — | 3 | — | 9 | 156 |
| | French | — | 3 | — | — | — | — | — | 3 |
| By area | Hokkaido | — | 7 | — | — | — | — | — | 7 |
| | Tohoku | 184 | 1 | — | 8 | 6 | 2 | 1 | 190 |
| | Kanto | 1,115 | 54 | — | 26 | 29 | 8 | 8 | 1,190 |
| | Chubu | 527 | 1 | — | 25 | 19 | 7 | 3 | 544 |
| | Kinki | 399 | 86 | — | 31 | 36 | 6 | 15 | 506 |
| | Chugoku | 161 | 2 | — | 15 | 11 | 1 | 2 | 172 |
| | Shikoku | 68 | — | — | 3 | 5 | — | — | 73 |
| | Kyushu | 3 | 14 | — | 3 | 5 | — | — | 22 |
| In Japan | 2,457 | 165 | — | 111 | 111 | 24 | 29 | 2,704 | |
| Overseas | 11 | — | — | 1 | 1 | — | — | 12 | |
| Consolidated | 2,468 | 165 | — | 112 | 112 | 24 | 29 | 2,716 | |

(1) Pursuing expertise and strengthening marketing capabilities

- 1) Promoting the establishment of stores with dispensing pharmacy—The number of stores with dispensing pharmacy increased by 138 stores from the previous term-end, and the number of stores opened on Saturdays increased by 124 stores over the same period
Operating the online qualification verification system in 1,740 stores and drug pick up lockers in 192 stores
- 2) Active participation in the free PCR test business, etc. and continued sales of antigen test kits
- 3) Development and expanded sales of PB products at Karada Welcia and Kurashi Welcia: Total 120 SKUs as of the end of November 2022
- 4) Strengthening the format: Continuing experiments in the “food” category in Hokuriku, Kyushu, and Makuhari

(2) Thorough efforts to improve store operational efficiency and improvement of profitability

- 1) Deep cultivation of man-hour control through utilization of work management systems and visualization of shifts
- 2) Strengthening counseling for OTC products and cosmetics using digital tools

(3) Promoting sustainability management

- 1) Reduction of environmental impact through the Bottle-to-Bottle recycling of PET bottles and conversion of cutlery materials
- 2) Implementation of the Eco-activities Points program, in which points are earned by shopping of products targeted for energy conservation and CO2 reduction

i-Chart

Support tools such as full service and product suggestions at the beauty counter, also available for the ledger function

- This will lead to the counseling and continuous visits through skin diagnosis, etc.
- Promote sales for members and encourage repeat purchases.

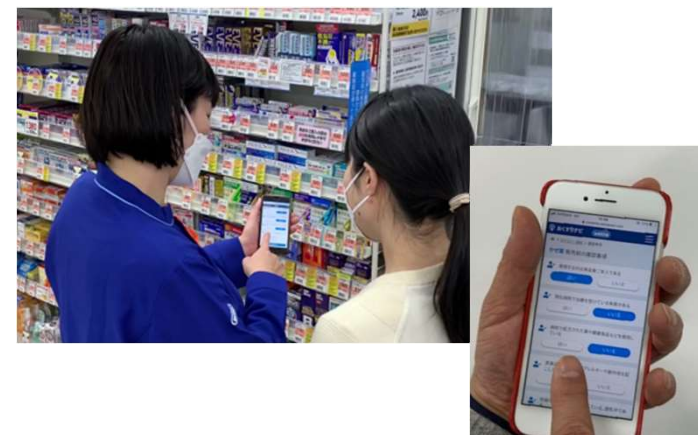


* Introduced at Welcia Yakkyoku and Shimizu Yakuhin, and Yodoya.

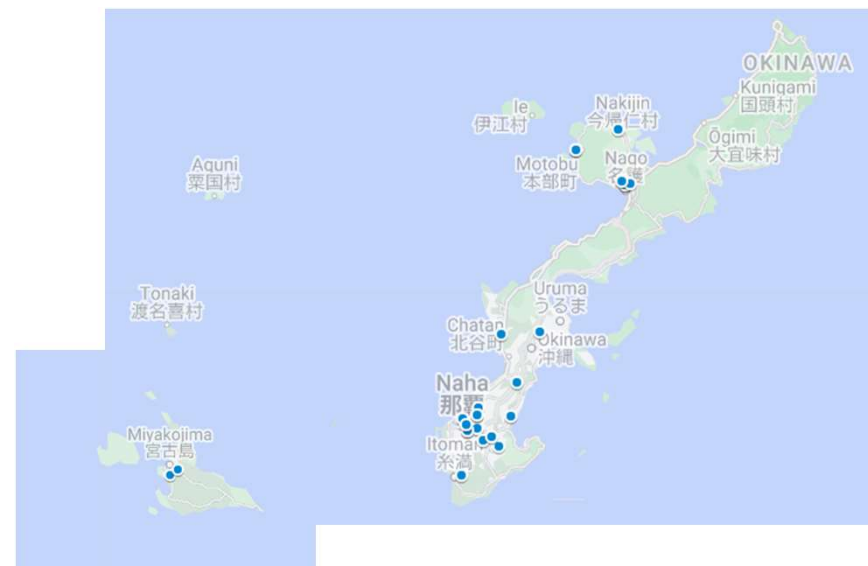
Meds Navigation

A web tool to support registered sales clerks for customer service and product selection

- Developed at Welcia Yakkyoku in the second half as a customer support tool for OTC products.
- This will lead to the strengthening of health care counseling.



We made Fukuyakuhin Co., Ltd. a subsidiary through the acquisition of shares, effective December 1, 2022.



Future integration process

1. Basic and POS systems have been installed
2. Changes have been made to the distribution system
3. Aggressive promotion of opening of stores with dispensing pharmacy
4. Introduction of PB products

25 stores in Okinawa Prefecture
(including 9 stores with
dispensing pharmacy)

2 Earnings Forecast for FY2023

- Made Pupule Himawari into a subsidiary through the acquisition of shares, effective December 1, 2021.
- The Group adopted the Accounting Standard for Revenue Recognition from the beginning of fiscal year ending February 2023.
- Welcia Yakkyoku, a consolidated subsidiary and the surviving company, absorbed Kanamitsu Yakuhin, effective June 1, 2022. The plan and results of the previous fiscal year of Kanamitsu Yakuhin after June 1, 2022 are included in that of Welcia Yakkyoku described in this section.

1. Projections

| | | |
|---|-------------------|----------------------|
| ▶ Net sales | 1,110 billion yen | (Y/Y change: 108.2%) |
| ▶ Ordinary income | 51.6 billion yen | (Y/Y change: 108.4%) |
| ▶ Net income attributable to owners of parent | 28.4 billion yen | (Y/Y change: 107.4%) |

2. Indicators

| | | |
|--|-------------------|--|
| ▶ Existing-stores sales growth rate | 3.4% | *Existing-stores sales growth rates are compared with those before the adoption of the revenue recognition standard. |
| (Goods) | 2.1% | |
| (Dispensing) | 9.0% | |
| ▶ Openings | 129 stores | (in Japan: 128; overseas: 1) |
| ▶ Closures | 25 stores | (in Japan: 25; overseas: 0) |
| ▶ No. of stores as of end of the fiscal year | 2,572 stores | (in Japan: 2,560; overseas: 12) |
| ▶ Dispensing pharmacy sales (in Japan) | 220.8 billion yen | (Y/Y change: 110.8%) |
| ▶ Number of stores with dispensing pharmacy (in Japan) | 1,975 stores | (Ratio of stores with dispensing 78.7%) |

3. Priority measures

| | | |
|--------------------------------|------------|------------------------------|
| ▶ Opening new pharmacies | 152 stores | (in Japan: 152; overseas: 0) |
| ▶ Renovation (full renovation) | 85 stores | |

* The ratio of stores with dispensing pharmacy is calculated excluding the number of cosmetics stores from the number of stores at the end of the term.

(1) Pursuing expertise and strengthening marketing capabilities

- 1) Strengthening regional responses through the area office system and area operations (marketing, dispensing and cosmetics)
- 2) Promoting stores with dispensing pharmacy
- 3) Developing and expanding sales of PB products
- 4) Format enhancements

(2) Thorough efforts to improve store operational efficiency and improvement of profitability

- 1) Optimization of man-hours (pursuing man-hour sales)
- 2) Strengthening regional cooperation and interpersonal operations (mechanization, utilization of dispensing operations, and enhancement of specialized education)
- 3) Promotion of DX

(3) Promoting sustainability management

- 1) Promoting “the corporate philosophy and the realization of a sustainable society” through our core business

Full-year earnings forecasts



(Unit: million yen)

| | Results for Fiscal 2022 | | Fiscal 2023 Forecast | | | [Reference] Estimated based on the former standard Fiscal 2023 Forecast | | |
|--|-------------------------|-------------------|----------------------|-------------------|--------|---|-------------------|--------|
| | Amount | Composition ratio | Amount | Composition ratio | Y/Y | Amount | Composition ratio | Y/Y |
| Net sales | 1,025,947 | 100.0% | 1,110,000 | 100.0% | 108.2% | 1,131,000 | 100.0% | 110.2% |
| (Ratio of stores with dispensing pharmacy) | 199,208 | 19.4% | 220,800 | 19.9% | 110.8% | 220,800 | 19.5% | 110.8% |
| Gross operating profit | 320,944 | 31.3% | 338,700 | 30.5% | 105.5% | 355,600 | 31.4% | 110.8% |
| SG&A expenses | 277,925 | 27.1% | 291,700 | 26.3% | 105.0% | 308,600 | 27.2% | 111.0% |
| Operating income | 43,018 | 4.2% | 47,000 | 4.2% | 109.3% | 47,000 | 4.2% | 109.3% |
| Ordinary income | 47,590 | 4.6% | 51,600 | 4.6% | 108.4% | 51,600 | 4.6% | 108.4% |
| Net income attributable to owners of parent | 26,453 | 2.6% | 28,400 | 2.6% | 107.4% | 28,400 | 2.5% | 107.4% |
| Existing-store sales growth rate | | | | | | | | 3.4% |

* Quarterly plans are stated in the "Supplementary material about the settlement of accounts" attached hereto.

Full-year earnings forecasts (1H/2H)



(Unit: million yen)

| | 1H | | [Reference] Estimated based on the former standard 1H | | | 2H | | [Reference] Estimated based on the former standard 2H | | |
|--|---------|-------------------|---|-------------------|--------|---------|-------------------|---|-------------------|--------|
| | Amount | Composition ratio | Amount | Composition ratio | Y/Y | Amount | Composition ratio | Amount | Composition ratio | Y/Y |
| Net sales | 555,800 | 100.0% | 566,500 | 100.0% | 111.5% | 554,200 | 100.0% | 564,500 | 100.0% | 109.1% |
| (Ratio of stores with dispensing pharmacy) | 107,850 | 19.4% | 107,850 | 19.0% | 110.4% | 112,950 | 20.4% | 112,950 | 20.0% | 111.2% |
| Gross operating profit | 168,240 | 30.3% | 176,840 | 31.2% | 112.1% | 170,460 | 30.8% | 178,760 | 31.7% | 109.6% |
| SG&A expenses | 142,880 | 25.7% | 151,480 | 26.7% | 112.1% | 148,820 | 26.9% | 157,120 | 27.9% | 110.0% |
| Operating income | 25,360 | 4.6% | 25,360 | 4.5% | 111.5% | 21,640 | 3.9% | 21,640 | 3.8% | 106.7% |
| Ordinary income | 28,540 | 5.1% | 28,540 | 5.0% | 113.5% | 23,060 | 4.2% | 23,060 | 4.1% | 102.7% |
| Net income attributable to owners of parent | 17,560 | 3.2% | 17,560 | 3.1% | 113.1% | 10,840 | 2.0% | 10,840 | 1.9% | 99.2% |
| Existing-store sales growth rate | | | | | 3.2% | | | | | 3.7% |

* Quarterly plans are stated in the "Supplementary material about the settlement of accounts" attached hereto.

Full-year earnings forecasts by company (1)



(Unit: million yen)

| (Ratios of net sales indicated in parentheses) | Welcia HD (consolidated) | | | Welcia Yakkyoku | | | Pupule Himawari | Marudai Sakurai Pharmacy | | | |
|--|--------------------------|---|--------------------|---------------------|---|--------------------|--------------------|--------------------------|--------------------|---|--------|
| | Amount | [Reference] Estimated based on the former standard | | Amount | [Reference] Estimated based on the former standard | | | Amount | Amount | [Reference] Estimated based on the former standard | |
| | | Amount | Y/Y | | Amount | Amount | | | | Y/Y | Amount |
| Net sales | 1,110,000 (100.0%) | 1,131,000 (100.0%) | 110.2% (100.0%) | 972,385 (100.0%) | 988,526 (100.0%) | 106.6% (100.0%) | 48,931 (100.0%) | 29,983 (100.0%) | 30,769 (100.0%) | 105.9% (100.0%) | |
| Gross operating profit | 338,700 (30.5%) | 355,600 (31.4%) | 110.8% (31.3%) | 301,049 (31.0%) | 315,134 (31.9%) | 107.8% (31.5%) | 12,123 (24.8%) | 7,981 (26.6%) | 8,660 (28.1%) | 106.6% (28.0%) | |
| SG&A expenses | 291,700 (26.3%) | 308,600 (27.2%) | 111.0% (27.1%) | 255,225 (26.3%) | 269,310 (27.3%) | 107.8% (26.9%) | 11,620 (23.8%) | 6,779 (22.6%) | 7,458 (24.2%) | 106.3% (24.2%) | |
| Operating income | 47,000 (4.2%) | 47,000 (4.2%) | 109.3% (4.2%) | 45,824 (4.7%) | 45,824 (4.6%) | 107.4% (4.6%) | 502 (1.0%) | 1,202 (4.0%) | 1,202 (3.9%) | 108.0% (3.8%) | |
| Ordinary income | 51,600 (4.6%) | 51,600 (4.6%) | 108.4% (4.6%) | 50,298 (5.2%) | 50,298 (5.1%) | 107.1% (5.1%) | 515 (1.1%) | 1,258 (4.2%) | 1,258 (4.1%) | 103.2% (4.2%) | |
| Net income attributable to owners of parent | 28,400 (2.6%) | 28,400 (2.5%) | 107.4% (2.6%) | 28,720 (3.0%) | 28,720 (2.9%) | 106.6% (2.9%) | 301 (0.6%) | 792 (2.6%) | 792 (2.6%) | 101.6% (2.7%) | |

Full-year earnings forecasts by company (2)



(Unit: million yen)

| (Ratios of net sales indicated in parentheses) | Shimizu Yakuhin | | | Marue Drug | | | Goodwill and others |
|--|--------------------|---|--------------------|--------------------|---|--------------------|---------------------|
| | Amount | [Reference] Estimated based on the former standard | | Amount | [Reference] Estimated based on the former standard | | |
| | | Amount | Y/Y | | Amount | Amount | |
| Net sales | 24,243 (100.0%) | 24,600 (100.0%) | 107.8% (100.0%) | 14,017 (100.0%) | 14,218 (100.0%) | 104.1% (100.0%) | — 20,440 |
| Gross operating profit | 7,356 (30.3%) | 7,702 (31.3%) | 108.5% (31.1%) | 4,337 (30.9%) | 4,538 (31.9%) | 103.8% (32.0%) | — 5,853 |
| SG&A expenses | 6,331 (26.1%) | 6,677 (27.1%) | 108.2% (27.0%) | 3,905 (27.8%) | 4,106 (28.9%) | 103.5% (29.0%) | 1,903 5,936 |
| Operating income | 1,025 (4.2%) | 1,025 (4.2%) | 110.5% (4.1%) | 431 (3.1%) | 431 (3.0%) | 106.3% (3.0%) | -1,903 -83 |
| Ordinary income | 1,153 (4.8%) | 1,153 (4.7%) | 111.8% (4.5%) | 470 (3.4%) | 470 (3.3%) | 102.0% (3.4%) | -1,903 -192 |
| Net income attributable to owners of parent | 660 (2.7%) | 660 (2.7%) | 101.3% (2.9%) | 300 (2.1%) | 300 (2.1%) | 44.6% (4.9%) | -1,903 -472 |

Planned store openings and closures



(Unit: No. of Stores)

| | | Actual number at the beginning of the term | Increase/decrease resulting from M&A | Openings | Closures | Estimated number at the end of the term | |
|------------|--|--|--------------------------------------|------------|------------|---|--------------|
| | By company | Welcia Yakkyoku (NARCIS) | 2,023 (8) | 26 | 105 (1) | 22 | 2,132 (9) |
| | | Marudai Sakurai Pharmacy | 92 | — | 6 | 1 | 97 |
| | | Shimizu Yakuhin | 65 | — | 6 | 1 | 70 |
| | | Marue Drug | 58 | — | 3 | 1 | 60 |
| | | YODOYA | 25 | — | — | — | 25 |
| | | Kanamitsu Yakuhin | 26 | -26 | — | — | — |
| | | MASAYA | 36 | — | 4 | — | 40 |
| | | Pupule Himawari | 132 | — | 4 | — | 136 |
| | By area | Tohoku | 184 | — | 10 | 2 | 192 |
| | | Kanto | 1,115 | — | 31 | 8 | 1,138 |
| | | Chubu | 527 | — | 31 | 7 | 551 |
| | | Kinki | 399 | — | 34 | 7 | 426 |
| | | Chugoku | 161 | — | 15 | 1 | 175 |
| | | Shikoku | 68 | — | 4 | — | 72 |
| | | Kyushu | 3 | — | 3 | — | 6 |
| | In Japan | 2,457 | — | 128 | 25 | 2,560 | |
| | Overseas | 11 | — | 1 | — | 12 | |
| | Consolidated | 2,468 | — | 129 | 25 | 2,572 | |
| (In Japan) | No. of stores with dispensing pharmacy | 1,839 | | 152 | 16 | 1,975 | |
| | Ratio of stores with dispensing pharmacy | 76.2% | | | | 78.7% | |

* The ratio of stores with dispensing pharmacy is calculated excluding the number of cosmetics stores (MASAYA stores, and NARCIS stores operated by Welcia Yakkyoku)

This material is prepared to provide investors with information on the management and financial conditions of Welcia Holdings Co., Ltd. for the purpose of helping them deepen their understanding of the Company.

Please understand and acknowledge the following points before referring to this material:

- The results contained in this material have not been audited by an auditing firm.
- Earnings forecasts and other forward-looking statements found in this material are based on assumptions the Company made with every effort possible at the time of preparation.
- Please understand that actual results may differ from any forecasts and expectations contained in this material.
- All investment decisions should be made solely at the discretion of investors themselves.
- The greatest care is taken to ensure that all information contained in this material is accurate. However, please be aware that there may be discrepancies and errors due to unavoidable reasons.