



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

July 7, 2022

Welcia Holdings Co., Ltd.

Stock Code 3141, Tokyo Stock Exchange Prime Market

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1 Outline of Financial Results

- 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.

| 1. Outline of Financial Results | | Actual results | Projections | Difference |
|--|--|--|---------------------|--------------------|
| Net sales | | 267,716 million yen | 272,300 million yen | -4,583 million yen |
| Ordinary income | | 10,495 million yen | 10,760 million yen | -264 million yen |
| Net income attributable to owners of parent | | 6,321 million yen | 6,500 million yen | -178 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. | 1.5% | 3.2% | -1.7% |
| (Products) | | -0.1% | 2.2% | -2.3% |
| (Dispensing) | | 7.4% | 7.0% | 0.4% |
| Store openings (in Japan) | | 40 stores | 37 stores | 3 stores |
| Store closures (in Japan) | | 4 stores | 5 stores | -1 store |
| Number of stores as of the end of the term (in Japan) | | 2,493 stores | 2,489 stores | 4 stores |
| Dispensing pharmacy sales (in Japan) | | 53,857 million yen | 53,800 million yen | 57 million yen |
| Composition ratio of dispensing sales | | 20.1% | 19.8% | 0.3% |
| Number of stores with dispensing pharmacy (in Japan) | Change from the previous term-end: 20 stores | 1,859 stores | 1,874 stores | -15 stores |
| Ratio of stores with dispensing pharmacy (in Japan) | | 76.0% | 76.7% | -0.7% |
| Renovation (full renovation) | | 18 stores | 24 stores | -6 stores |
| Number of stores open 24 hours | | 263 stores | – | – |
| 3. Others | | Actual results | | |
| Composition ratio of PB products | | 5.8% (Breakdown: Hapycom 17.1%, Top value 25.9%, Welcia PB 56.9%, others 0.1%) | | |
| Number of stores with Welcafe | | 399 stores | – | – |

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

Results for FY2023 1Q (achievement rates)



Net sales

Reactionary decline in the demand for nesting in the previous year was larger than expected, resulting in negative sales from the plan.

Regarding the sales of dispensing, despite the revisions to dispensing fees and NHI drug prices, the number of prescriptions increased owing to the normalization of outpatient visits due to improved flow of people and increases in the number of stores with dispensing pharmacy, resulting in achieving the plan.

Gross operating profit

Gross operating profit was lower than planned due to unachieved sales plan.

Gross profit margin was at the planned level due to an improvement in product sales, despite the revision to dispensing fees.

SG&A expenses

As a result of the continuation of the effects of measures to optimize personnel costs and other factors, SG&A expenses incurred were within the plan.

(Unit: million yen)

| (Ratios of net sales indicated in parentheses) | Actual results | Projections | | |
|--|---------------------------|--------------------|------------|------------------|
| | | | Difference | Achievement rate |
| Net sales | 267,716 (100.0) | 272,300 (100.0) | -4,583 | 98.3 |
| Gross operating profit | 78,431 (29.3) | 79,660 (29.3) | -1,228 | 98.5 |
| SG&A expenses | 70,717 (26.4) | 71,410 (26.3) | -692 | 99.0 |
| Operating income | 7,713 (2.9) | 8,250 (3.0) | -536 | 93.5 |
| Ordinary income | 10,495 (3.9) | 10,760 (4.0) | -264 | 97.5 |
| Net income attributable to owners of parent | 6,321 (2.4) | 6,500 (2.4) | -178 | 97.3 |

Results for FY2023 1Q (year-on-year change)



| | |
|-------------------------------|--|
| Net sales | Sales increased due to the effects of management integration (with Pupule Himawari), active opening of stores, and an increase in the number of stores with dispensing pharmacy. Regarding the sales of dispensing, the number of prescriptions increased owing to the normalization of outpatient visits due to improved flow of people and increases in the number of stores with dispensing pharmacy despite the revisions to dispensing fees and NHI drug prices. |
| Gross operating profit | Recovery trend in OTC products and cosmetics. |
| SG&A expenses | Increase in utility costs and the acquisition of Pupre Himawari as a subsidiary. |
| Operating income | 105.9% Y/Y |
| Ordinary income | Subsidies for capital investment related to COVID-19 recorded as non-operating income (Unit: million yen) |

| (Ratios of net sales indicated in parentheses) | Actual results | Actual results for the same period of the previous year | | [Reference estimated based on the former standard] | | Difference from the estimate based on the old standard |
|--|--------------------|---|-------|--|-------|--|
| | | | Y/Y | | Y/Y | |
| Net sales | 267,716 (100.0) | 248,861 (100.0) | 107.6 | 273,177 (100.0) | 109.8 | -5,461 |
| Gross operating profit | 78,431 (29.3) | 74,618 (30.0) | 105.1 | 82,622 (30.2) | 110.7 | -4,190 |
| SG&A expenses | 70,717 (26.4) | 67,336 (27.1) | 105.0 | 74,936 (27.4) | 111.3 | -4,218 |
| Operating income | 7,713 (2.9) | 7,282 (2.9) | 105.9 | 7,685 (2.8) | 105.5 | 28 |
| Ordinary income | 10,495 (3.9) | 8,851 (3.6) | 118.6 | 10,467 (3.8) | 118.3 | 28 |
| Net income attributable to owners of parent | 6,321 (2.4) | 5,307 (2.1) | 119.1 | 6,293 (2.3) | 118.6 | 28 |

Reclassification effects

In-house points granted changed from a provision for point cards to deferred revenue.

Points granted (by other companies) changed from being recorded as SG&A expenses to being deducted from net sales.

Consignment sales changed from gross amount to net amount.

| | |
|--|--------|
| Net sales | -5,461 |
| • In-house points | - 354 |
| • Points by other companies | -3,836 |
| • Sales purchases on consignment, etc. | -1,270 |
| Cost of sales | -1,270 |
| • Sales purchases on consignment, etc. | -1,270 |
| Gross operating profit | -4,190 |
| SG&A expenses | -4,218 |
| • In-house points | - 382 |
| • Points by other companies | -3,836 |

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



Welcia Yakkyoku

The sales of dispensing increased owing to the normalization of outpatient visits and increases in the number of stores with dispensing pharmacy despite the revisions to NHI drug prices and dispensing fees. Sales of food products and household goods grew at a low level as a result of the reactionary decline from the previous year's nesting demand.

Pupule Himawari

Decrease in gross profit margin due to the revision to NHI drug prices and dispensing fees.

| (Ratios of net sales indicated in parentheses) | Welcia HD (Consolidated) | | | | Welcia Yakkyoku | | | | Pupule Himawari | | Marudai Sakurai Pharmacy | | | |
|--|--------------------------|--|--------------------|------------------|---------------------|--|---------------------|-------------------|--|--------------------|--|-------------------|-------------------|-------------------|
| | Y/Y (%) | [Reference estimated based on the former standard] | | Y/Y (%) | Y/Y (%) | [Reference estimated based on the former standard] | | Y/Y (%) | [Reference estimated based on the former standard] | Y/Y (%) | [Reference estimated based on the former standard] | | Y/Y (%) | |
| | | Y/Y (%) | Y/Y (%) | | | Y/Y (%) | Y/Y (%) | | | | Y/Y (%) | Y/Y (%) | | |
| Net sales | 267,716 (100.0) | 107.6 (100.0) | 273,177 (100.0) | 109.8 (100.0) | 232,687 (100.0) | 102.5 (100.0) | 237,288 (100.0) | 104.5 (100.0) | 12,396 (100.0) | 12,660 (100.0) | 7,258 (100.0) | 103.5 (100.0) | 7,487 (100.0) | 106.8 (100.0) |
| Gross operating profit | 78,431 (29.3) | 105.1 (30.0) | 82,622 (30.2) | 110.7 (30.0) | 69,071 (29.7) | 101.1 (30.1) | 72,552 (30.6) | 106.2 (30.1) | 2,901 (23.4) | 3,166 (25.0) | 1,886 (26.0) | 99.4 (27.1) | 2,051 (27.4) | 108.1 (27.1) |
| SG&A expenses | 70,717 (26.4) | 105.0 (27.1) | 74,936 (27.4) | 111.3 (27.1) | 61,446 (26.4) | 100.8 (26.9) | 64,927 (27.4) | 106.5 (26.9) | 2,948 (23.8) | 3,220 (25.4) | 1,694 (23.4) | 101.3 (23.9) | 1,859 (24.8) | 111.2 (23.9) |
| Operating income | 7,713 (2.9) | 105.9 (2.9) | 7,685 (2.8) | 105.5 (2.9) | 7,625 (3.3) | 103.4 (3.2) | 7,625 (3.2) | 103.4 (3.2) | -47 (-) | -54 (-) | 191 (2.6) | 85.3 (3.2) | 191 (2.6) | 85.3 (3.2) |
| Ordinary income | 10,495 (3.9) | 118.6 (3.6) | 10,467 (3.8) | 118.3 (3.6) | 10,206 (4.4) | 114.9 (3.9) | 10,206 (4.3) | 114.9 (3.9) | 51 (0.4) | 44 (0.3) | 238 (3.3) | 91.0 (3.7) | 238 (3.2) | 91.0 (3.7) |
| Net income attributable to owners of parent | 6,321 (2.4) | 119.1 (2.1) | 6,293 (2.3) | 118.6 (2.1) | 6,322 (2.7) | 114.8 (2.4) | 6,322 (2.7) | 114.8 (2.4) | 101 (0.8) | 94 (0.7) | 155 (2.1) | 91.5 (2.4) | 155 (2.1) | 91.5 (2.4) |

Breakdown of financial results by company for FY2023 1Q (2)



| Ratios of net sales indicated in parentheses) | Shimizu Yakuhin | | | | Marue Drug | | | | Good will Others | |
|---|-------------------|-------------------|--|-------------------|-------------------|-------------------|--|-------------------|--|--------------|
| | | Y/Y (%) | [Reference estimated based on the former standard] | | Y/Y (%) | Y/Y (%) | [Reference estimated based on the former standard] | | [Reference estimated based on the former standard] | |
| | | | | Y/Y (%) | | | | Y/Y (%) | | |
| Net sales | 5,833 (100.0) | 104.3 (100.0) | 5,939 (100.0) | 106.1 (100.0) | 3,350 (100.0) | 100.4 (100.0) | 3,408 (100.0) | 102.1 (100.0) | – 6,189 | – 6,392 |
| Gross operating profit | 1,717 (29.4) | 102.8 (29.9) | 1,798 (30.3) | 107.6 (29.9) | 1,024 (30.6) | 100.8 (30.4) | 1,074 (31.5) | 105.8 (30.4) | – 1,830 | – 1,978 |
| SG&A expenses | 1,495 (25.6) | 100.2 (26.7) | 1,576 (26.6) | 105.7 (26.7) | 972 (29.1) | 98.5 (29.6) | 1,023 (30.0) | 103.6 (29.6) | 475 1,684 | 475 1,853 |
| Operating income | 221 (3.8) | 124.2 (3.2) | 221 (3.7) | 124.2 (3.2) | 51 (1.5) | 184.4 (0.8) | 51 (1.5) | 184.4 (0.8) | -475 146 | -475 125 |
| Ordinary income | 294 (5.0) | 140.1 (3.8) | 294 (5.0) | 140.1 (3.8) | 78 (2.3) | 164.9 (1.4) | 78 (2.3) | 164.9 (1.4) | -475 102 | -475 81 |
| Net income attributable to owners of parent | 192 (3.3) | 140.4 (2.4) | 192 (3.2) | 140.4 (2.4) | 50 (1.5) | 125.8 (1.2) | 50 (1.5) | 125.8 (1.2) | -475 -25 | -475 -46 |

Monthly sales growth rate (in Japan)

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



Sales of products

Decline in demand for household goods and food as a result of the reactionary decline from the previous year's nesting demand.

Dispensing

The number of prescriptions increased owing to the normalization of outpatient visits due to improved flow of people and other factors, despite the revisions to dispensing fees and NHI drug prices.

(Unit: %)

| | | 2021 | | | | | | | 2022 | | | | |
|-----------------|--------------------------|------|-------|--------|-----------|---------|----------|----------|---------|----------|-------|-------|------|
| | | June | July | August | September | October | November | December | January | February | March | April | May |
| Existing Stores | Welcia Yakkyoku | 2.5 | 4.2 | 0.7 | 2.5 | 2.7 | 3.0 | 1.4 | 7.4 | 3.0 | 2.7 | 1.6 | 0.0 |
| | Shimizu Yakuhin | 6.3 | 8.8 | 3.6 | 3.3 | 5.0 | 4.2 | 2.2 | 8.4 | 9.4 | 1.7 | 5.2 | 1.0 |
| | Marudai Sakurai Pharmacy | 3.2 | 2.0 | -0.3 | 0.6 | 1.2 | -2.6 | -0.8 | 5.5 | 9.0 | 5.3 | 3.3 | 1.8 |
| | MASAYA | -7.8 | -15.0 | 0.6 | -2.5 | 2.9 | -5.1 | 7.9 | 8.3 | -8.6 | 14.5 | 11.5 | 3.8 |
| | Kanamitsu Yakuhin | 11.1 | 13.6 | 6.1 | 8.2 | 8.0 | 10.3 | 6.0 | 24.1 | -0.6 | 2.8 | 5.6 | -4.2 |
| | YODOYA | -8.4 | 3.5 | -4.0 | -1.8 | 4.6 | 0.6 | -2.7 | 6.0 | 1.1 | 5.6 | 5.5 | 1.6 |
| | Marue Drug | -7.7 | -1.8 | -1.3 | 0.4 | 2.0 | 1.4 | -0.5 | 11.8 | 8.4 | 2.8 | 0.7 | -0.2 |
| Group total | Net sales | 2.3 | 4.1 | 0.7 | 2.3 | 2.7 | 2.8 | 1.3 | 7.5 | 3.4 | 2.9 | 1.8 | 0.1 |
| | (Products) | -0.3 | 2.4 | -1.9 | -0.2 | 1.8 | -0.1 | -1.2 | 6.5 | 2.3 | 0.6 | 1.0 | -1.6 |
| | (Dispensing) | 14.6 | 11.5 | 13.6 | 13.8 | 6.3 | 15.8 | 11.8 | 11.5 | 6.4 | 9.0 | 4.9 | 8.3 |
| | No. of customers | -1.4 | 1.6 | -4.2 | -1.3 | 1.7 | 0.3 | -1.0 | 3.9 | 0.5 | -0.3 | -0.6 | -0.7 |
| | Sales per customer | 3.7 | 2.5 | 4.9 | 3.6 | 1.0 | 2.5 | 2.3 | 3.6 | 2.9 | 3.2 | 2.4 | 0.8 |
| All stores | Group total | 6.2 | 8.0 | 4.4 | 6.1 | 6.2 | 6.2 | 10.0 | 16.6 | 11.5 | 10.4 | 10.3 | 8.5 |
| | No. of customers | 3.2 | 6.2 | 0.0 | 3.2 | 6.1 | 4.4 | 8.9 | 14.5 | 10.1 | 9.0 | 9.1 | 8.9 |
| | Sales per customer | 3.0 | 1.8 | 4.4 | 2.9 | 0.1 | 1.8 | 1.1 | 2.1 | 1.4 | 1.4 | 1.2 | -0.4 |

Pupule Himawari has included in the calculation of monthly sales growth rate of all stores since December 2021. However, since the stores of the company are regarded as new stores, they are not included in the calculation of monthly sales growth rate of existing stores.

Composition ratio of sales by category(1)



| | |
|------------------------|--|
| OTC products | Growth in hay fever-related products, as well as antipyretic analgesics and other products associated with vaccinations, also contributed. |
| Cosmetics | Improving trend of make-up related products due to increased opportunities for going out, and growth of UV related products, etc. |
| Household goods | Reactionary decline in demand for nesting and sanitary goods in the previous year. |
| Food products | Reactionary decline in demand for nesting in the previous year. |
| Others | Although there was a reactionary decline in nesting demand for alcoholic beverages, fees for free PCR tests increased. |

(Unit: million yen)

| (Ratios of net sales indicated in parentheses (%)) | Welcia HD (Consolidated) | | | | Welcia Yakkyoku | | | | Pupule Himawari | | Marudai Sakurai Pharmacy | | | |
|--|--------------------------|--|--------------------|------------------|--------------------|--|--------------------|------------------|--|-------------------|--|------------------|------------------|------------------|
| | Y/Y (%) | [Reference estimated based on the former standard] | | Y/Y (%) | Y/Y (%) | [Reference estimated based on the former standard] | | Y/Y (%) | [Reference estimated based on the former standard] | Y/Y (%) | [Reference estimated based on the former standard] | | | |
| | | Y/Y (%) | Y/Y (%) | | | Y/Y (%) | Y/Y (%) | | | | Y/Y (%) | Y/Y (%) | | |
| OTC products | 52,555 (19.6) | 106.9 (19.8) | 53,958 (19.8) | 109.8 (19.8) | 45,682 (19.6) | 102.2 (19.7) | 46,926 (19.8) | 105.0 (19.7) | 2,370 (19.1) | 2,426 (19.2) | 1,569 (21.6) | 106.5 (21.0) | 1,615 (21.6) | 109.6 (21.0) |
| Cosmetics | 41,497 (15.5) | 106.7 (15.6) | 42,534 (15.6) | 109.3 (15.6) | 34,286 (14.7) | 100.6 (15.0) | 35,093 (14.8) | 102.9 (15.0) | 2,204 (17.8) | 2,257 (17.8) | 1,133 (15.6) | 101.0 (16.0) | 1,167 (15.6) | 104.1 (16.0) |
| Household goods | 37,061 (13.8) | 104.6 (14.2) | 38,207 (14.0) | 107.8 (14.2) | 31,875 (13.7) | 98.9 (14.2) | 32,843 (13.8) | 101.9 (14.2) | 2,005 (16.2) | 2,052 (16.2) | 1,206 (16.6) | 102.6 (16.8) | 1,248 (16.7) | 106.2 (16.8) |
| Food products | 60,401 (22.6) | 107.8 (22.5) | 61,992 (22.7) | 110.6 (22.5) | 51,861 (22.3) | 100.9 (22.6) | 53,195 (22.4) | 103.5 (22.6) | 3,787 (30.6) | 3,874 (30.6) | 1,970 (27.1) | 100.9 (27.9) | 2,065 (27.6) | 105.7 (27.9) |
| Others | 22,048 (8.3) | 109.0 (8.2) | 22,547 (8.2) | 111.5 (8.2) | 17,965 (7.8) | 100.7 (7.9) | 18,377 (7.8) | 103.0 (7.9) | 1,490 (12.0) | 1,540 (12.2) | 799 (11.1) | 103.0 (11.0) | 818 (10.9) | 105.4 (11.0) |
| Total sales of products | 213,564 (79.8) | 106.9 (80.3) | 219,241 (80.3) | 109.8 (80.3) | 181,670 (78.1) | 100.8 (79.4) | 186,436 (78.6) | 103.4 (79.4) | 11,858 (95.7) | 12,151 (96.0) | 6,680 (92.0) | 102.8 (92.7) | 6,916 (92.4) | 106.4 (92.7) |
| Dispensing | 53,857 (20.1) | 109.7 (19.7) | 53,936 (19.7) | 109.8 (19.7) | 50,776 (21.8) | 108.5 (20.6) | 50,852 (21.4) | 108.6 (20.6) | 508 (4.1) | 508 (4.0) | 570 (7.9) | 111.7 (7.3) | 571 (7.6) | 111.9 (7.3) |
| Subtotal | 267,421 (99.9) | 107.5 (100.0) | | | 232,447 (99.9) | 102.4 (100.0) | | | 12,367 (99.8) | | 7,250 (99.9) | 103.4 (100.0) | | |
| Commission income | 295 (0.1) | — (—) | | | 239 (0.1) | — (—) | | | 29 (0.2) | | 8 (0.1) | — (—) | | |
| Total | 267,716 (100.0) | 107.6 (100.0) | 273,177 (100.0) | 109.8 (100.0) | 232,687 (100.0) | 102.5 (100.0) | 237,288 (100.0) | 104.5 (100.0) | 12,396 (100.0) | 12,660 (100.0) | 7,258 (100.0) | 103.5 (100.0) | 7,487 (100.0) | 106.8 (100.0) |

Composition ratio of sales by category(2)

(Unit: million yen)

| (Ratios of net sales indicated in parentheses) (%) | Shimizu Yakuhin | | | | Marue Drug | | | |
|---|------------------|------------------|--|------------------|------------------|------------------|--|------------------|
| | | Y/Y (%) | [Reference estimated based on the former standard] | | | Y/Y (%) | [Reference estimated based on the former standard] | |
| | | | | Y/Y (%) | | | | Y/Y (%) |
| OTC products | 1,339 (23.0) | 99.6 (24.0) | 1,366 (23.0) | 101.6 (24.0) | 918 (27.4) | 95.6 (28.8) | 934 (27.4) | 97.2 (28.8) |
| Cosmetics | 1,026 (17.6) | 103.4 (17.8) | 1,047 (17.6) | 105.4 (17.8) | 654 (19.5) | 96.0 (20.4) | 669 (19.6) | 98.2 (20.4) |
| Household goods | 957 (16.4) | 100.0 (17.1) | 991 (16.7) | 103.5 (17.1) | 552 (16.5) | 97.1 (17.1) | 564 (16.6) | 99.1 (17.1) |
| Food products | 1,197 (20.5) | 106.9 (20.0) | 1,218 (20.5) | 108.7 (20.0) | 562 (16.8) | 101.7 (16.6) | 576 (16.9) | 104.3 (16.6) |
| Others | 383 (6.6) | 102.7 (6.7) | 391 (6.6) | 104.8 (6.7) | 115 (3.5) | 107.1 (3.1) | 118 (3.5) | 110.1 (3.1) |
| Total sales of products | 4,905 (84.1) | 102.4 (85.6) | 5,014 (84.4) | 104.7 (85.6) | 2,802 (83.7) | 97.6 (86.0) | 2,862 (84.0) | 99.7 (86.0) |
| Dispensing | 923 (15.8) | 114.6 (14.4) | 924 (15.6) | 114.7 (14.4) | 545 (16.2) | 117.1 (14.0) | 545 (16.0) | 117.2 (14.0) |
| Subtotal | 5,828 (99.9) | 104.2 (100.0) | | | 3,348 (99.9) | 100.3 (100.0) | | |
| Commission income | 5 (0.1) | - (-) | | | 2 (0.1) | - (-) | | |
| Total | 5,833 (100.0) | 104.3 (100.0) | 5,939 (100.0) | 106.1 (100.0) | 3,350 (100.0) | 100.4 (100.0) | 3,408 (100.0) | 102.1 (100.0) |

Gross profit margin by category(1)



Sales of products

Although sales of food declined from the previous year owing to the reactionary decline from the special nesting demand in the previous year, sales of products increased by 0.5 points from the previous year owing to the implementation of free PCR tests for OTC products, antipyretic analgesics associated with vaccinations, favorable sales of pollen products, and the factors.

Dispensing

Although the number of prescriptions increased owing to the normalization of outpatient visits, the gross profit margin decreased by 0.6 points from the previous year due to the effect of the reduction of basic dispensing fees and the stricter and revised requirements for additional fees resulting from the revisions to the NHI drug prices and dispensing fees.

(Unit: %)

| | Welcia HD (Consolidated) | | | | Welcia Yakkyoku | | | | Pupule Himawari | | Marudai Sakurai Pharmacy | | | |
|-------------------------|--------------------------|------------|--|------------|-----------------|------------|--|------------|-----------------|--|--------------------------|------------|--|------------|
| | | Y/Y change | [Reference estimated based on the former standard] | Y/Y change | | Y/Y change | [Reference estimated based on the former standard] | Y/Y change | | [Reference estimated based on the former standard] | | Y/Y change | [Reference estimated based on the former standard] | Y/Y change |
| OTC products | 40.2 | 0.2 | 40.9 | 0.9 | 40.3 | 0.2 | 41.0 | 0.9 | 38.2 | 39.7 | 39.9 | 0.1 | 41.2 | 1.4 |
| Cosmetics | 32.5 | - 1.3 | 34.2 | 0.4 | 32.5 | - 1.1 | 34.0 | 0.4 | 30.5 | 32.2 | 31.0 | - 1.8 | 33.0 | 0.2 |
| Household goods | 26.0 | - 1.1 | 27.3 | 0.2 | 26.4 | - 0.9 | 27.7 | 0.4 | 21.5 | 23.3 | 23.1 | - 1.7 | 25.0 | 0.2 |
| Food products | 18.7 | - 1.3 | 20.0 | 0.0 | 19.2 | - 1.0 | 20.5 | 0.3 | 13.3 | 15.3 | 16.2 | - 1.7 | 17.7 | - 0.2 |
| Others | 15.3 | - 0.1 | 17.2 | 1.8 | 15.2 | 0.0 | 17.1 | 1.9 | 13.4 | 16.2 | 12.3 | - 1.7 | 14.3 | 0.3 |
| Total sales of products | 27.6 | - 0.8 | 28.9 | 0.5 | 27.9 | - 0.6 | 29.1 | 0.6 | 22.9 | 24.8 | 25.0 | - 1.2 | 26.7 | 0.5 |
| Dispensing | 35.7 | - 0.7 | 35.8 | - 0.6 | 35.8 | - 0.5 | 35.9 | -0.4 | 30.7 | 30.7 | 35.9 | - 1.5 | 36.0 | - 1.4 |
| Subtotal | 29.2 | - 0.8 | | | 29.6 | - 0.5 | | | 23.2 | | 25.9 | - 1.2 | | |
| Commission income | 100.0 | - | | | 100.0 | - | | | 100.0 | | 100.0 | - | | |
| Total | 29.3 | - | 30.2 | 0.2 | 29.7 | - | 30.6 | 0.5 | 23.4 | 25.0 | 26.0 | - | 27.4 | 0.3 |

Gross profit margin by category(2)



(Unit: %)

| | Shimizu Yakuhin | | | | Marue Drug | | | |
|-------------------------|-----------------|------------|--|------------|------------|------------|--|------------|
| | | Y/Y change | [Reference estimated based on the former standard] | Y/Y change | | Y/Y change | [Reference estimated based on the former standard] | Y/Y change |
| OTC products | 40.1 | 0.1 | 40.8 | 0.8 | 38.9 | 1.5 | 39.8 | 2.4 |
| Cosmetics | 32.9 | - 0.4 | 34.3 | 1.0 | 32.6 | - 0.4 | 34.1 | 1.1 |
| Household goods | 27.0 | 0.7 | 27.9 | 1.6 | 25.4 | 0.4 | 26.7 | 1.7 |
| Food products | 18.5 | - 1.0 | 19.7 | 0.2 | 18.2 | - 0.2 | 19.4 | 1.0 |
| Others | 13.0 | - 1.0 | 14.7 | 0.7 | 14.5 | - 1.2 | 16.6 | 0.9 |
| Total sales of products | 28.6 | - 0.4 | 29.7 | 0.7 | 29.6 | 0.2 | 30.8 | 1.4 |
| Dispensing | 33.2 | - 1.6 | 33.3 | - 1.5 | 35.2 | - 1.4 | 35.3 | - 1.3 |
| Subtotal | 29.4 | - 0.5 | | | 30.5 | 0.1 | | |
| Commission income | 100.0 | - | | | 100.0 | - | | |
| Total | 29.4 | - | 30.3 | 0.4 | 30.6 | - | 31.5 | 1.1 |

SG&A expenses composition ratio(1)



Labor costs Continuation of the effects of personnel cost optimization measures from the previous year

Rent Due to increased number of stores associated with opening new stores

Others Increased utility costs
Depreciation costs (increased new stores and facilities responding to COVID-19 infection)

(Unit: million yen)

| (Ratios of net sales indicated in parentheses) (%) | Welcia HD (Consolidated) | | | | Welcia Yakkyoku | | | | Pupule Himawari | | Marudai Sakurai Pharmacy | | | |
|--|--------------------------|-----------------|--|-----------------|------------------|-----------------|--|-----------------|--|-----------------|--------------------------|--|-----------------|-----------------|
| | | Y/Y (%) | [Reference estimated based on the former standard] | Y/Y (%) | | Y/Y (%) | [Reference estimated based on the former standard] | Y/Y (%) | [Reference estimated based on the former standard] | | Y/Y (%) | [Reference estimated based on the former standard] | Y/Y (%) | |
| Labor costs | 37,479 (14.0) | 107.5 (14.0) | 37,479 (13.7) | 107.5 (14.0) | 32,642 (14.0) | 103.4 (13.9) | 32,642 (13.8) | 103.4 (13.9) | 1,480 (11.9) | 1,480 (11.7) | 911 (12.6) | 109.5 (11.9) | 911 (12.2) | 109.5 (11.9) |
| Advertising expenses | 1,158 (0.4) | 24.0 (1.9) | 5,377 (2.0) | 111.4 (1.9) | 889 (0.4) | 21.2% (1.8) | 4,370 (1.8) | 104.4 (1.8) | 75 (0.6) | 347 (2.7) | 44 (0.6) | 22.4 (2.8) | 210 (2.8) | 105.2 (2.8) |
| Rent | 11,938 (4.5) | 113.6 (4.2) | 11,938 (4.4) | 113.6 (4.2) | 10,439 (4.5) | 108.4 (4.2) | 10,439 (4.4) | 108.4 (4.2) | 561 (4.5) | 561 (4.4) | 201 (2.8) | 102.4 (2.8) | 201 (2.7) | 102.4 (2.8) |
| O t h e r s | 20,142 (7.5) | 117.5 (7.0) | 20,142 (7.3) | 117.5 (7.0) | 17,474 (7.5) | 112.4 (7.0) | 17,474 (7.4) | 112.4 (7.0) | 831 (6.8) | 831 (6.6) | 536 (7.4) | 121.1 (6.4) | 536 (7.1) | 121.1 (6.4) |
| Total | 70,717 (26.4) | 105.0 (27.1) | 74,936 (27.4) | 111.3 (27.1) | 61,446 (26.4) | 100.8 (26.9) | 64,927 (27.4) | 106.5 (26.9) | 2,948 (23.8) | 3,220 (25.4) | 1,694 (23.4) | 101.3 (23.9) | 1,859 (24.8) | 111.2 (23.9) |

SG&A expenses composition ratio(2)



(Unit: million yen)

| (Ratios of net sales indicated in parentheses) (%) | Shimizu Yakuhin | | | | Marue Drug | | | |
|--|-----------------|-----------------|---|-----------------|---------------|-----------------|---|-----------------|
| | | Y/Y (%) | Reference estimated based on the former standard] | Y/Y (%) | | Y/Y (%) | Reference estimated based on the former standard] | Y/Y (%) |
| Labor costs | 811 (13.9) | 99.2 (14.6) | 811 (13.7) | 99.2 (14.6) | 575 (17.2) | 101.6 (17.0) | 575 (16.9) | 101.6 (17.0) |
| Advertising expenses | 22 (0.4) | 21.4 (1.8) | 103 (1.7) | 100.3 (1.8) | 26 (0.8) | 33.1 (2.4) | 77 (2.3) | 96.2 (2.4) |
| Rent | 290 (5.0) | 108.4 (4.8) | 290 (4.9) | 108.4 (4.8) | 145 (4.3) | 100.3 (4.3) | 145 (4.3) | 100.3 (4.3) |
| Others | 371 (6.3) | 122.3 (5.5) | 371 (6.3) | 122.3 (5.5) | 225 (6.8) | 114.9 (5.9) | 225 (6.5) | 114.9 (5.9) |
| Total | 1,495 (25.6) | 100.2 (26.7) | 1,576 (26.6) | 105.7 (26.7) | 972 (29.1) | 98.5 (29.6) | 1,023 (30.0) | 103.6 (29.6) |

Results in the dispensing sector (in Japan)



Overview

The number of prescriptions increased owing to the normalization of outpatient visits due to improved flow of people and other factors, despite the revisions to dispensing fees and NHI drug prices.

| | FY2020 1Q | | FY2021 1Q | | FY2022 1Q | | FY2023 1Q | |
|---|-----------|--------|-----------|--------|-----------|--------|-----------|--------|
| | | Y/Y | | Y/Y | | Y/Y | | Y/Y |
| Dispensing pharmacy sales (million yen) | 37,372 | 117.0% | 42,072 | 112.6% | 49,102 | 116.7% | 53,857 | 109.7% |
| No. of prescriptions (thousands) | 3,834 | 116.0% | 3,703 | 96.6% | 4,678 | 126.3% | 5,156 | 110.2% |
| Prescription unit price (yen) | 9,747 | 100.9% | 11,361 | 116.6% | 10,495 | 92.4% | 10,445 | 99.5% |
| Gross profit margin (%) | 38.6 | 3.8 | 34.5 | - 4.1 | 36.4 | 1.9 | 35.7 | - 0.7 |
| No. of stores with dispensing pharmacy (stores) | 1,300 | 117 | 1,447 | 147 | 1,684 | 237 | 1,859 | 175 |
| Ratio of stores with dispensing pharmacy (%) | 69.5 | 1.8 | 72.0 | 2.5 | 76.3 | 4.3 | 76.0 | - 0.3 |

* *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 by company



Overview

The number of stores with dispensing pharmacy increased by 175 over one year from the end of the same period of the previous year.

| | Welcia HD (Consolidated) | | Welcia Yakkyoku | | Pupule Himawari | Marudai Sakurai Pharmacy | | Shimizu Yakuhin | | Marue Drug | |
|---|-----------------------------|-----------|-----------------|-----------|--------------------|-----------------------------|-----------|-----------------|-----------|------------|-----------|
| | FY2022 1Q | FY2023 1Q | FY2022 1Q | FY2023 1Q | FY2023 1Q | FY2022 1Q | FY2023 1Q | FY2022 1Q | FY2023 1Q | FY2022 1Q | FY2023 1Q |
| Dispensing pharmacy sales (million yen) | 49,102 | 53,857 | 46,816 | 50,776 | 508 | 510 | 570 | 806 | 923 | 465 | 545 |
| No. of prescriptions (thousands) | 4,678 | 5,156 | 4,441 | 4,849 | 41 | 56 | 65 | 74 | 87 | 40 | 46 |
| Prescription unit price (yen) | 10,495 | 10,445 | 10,542 | 10,471 | 12,364 | 8,975 | 8,664 | 10,770 | 10,568 | 11,615 | 11,753 |
| No. of stores with dispensing pharmacy (stores) | 1,684 | 1,859 | 1,579 | 1,712 | 19 | 31 | 37 | 35 | 40 | 17 | 22 |
| Ratio of stores with dispensing pharmacy (%) | 76.3 | 76.0 | 81.1 | 83.5 | 14.4 | 34.8 | 39.8 | 56.5 | 62.5 | 29.8 | 38.6 |
| No. of stores as of end of the fiscal year (stores) | 2,249 | 2,493 | 1,953 | 2,059 | 132 | 89 | 93 | 62 | 64 | 57 | 57 |

*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.

概要

889 new graduates (420 pharmacists and 469 career-track employees employed in April 2022)

| | Welcia HD (consolidated) | | Welcia Yakkyoku | Pupule Himawari | Marudai Sakurai Pharmacy | Shimizu Yakuhin | Marue Drug |
|---|--------------------------|-----------------------------------|-----------------|-----------------|--------------------------|-----------------|------------|
| | | Change from the previous term-end | | | | | |
| No. of employees (persons) | 14,241 | 947 | 11,577 | 701 | 455 | 350 | 360 |
| No. of temporary employees (based on 8h/employee) | 24,139 | - 341 | 21,308 | 1,082 | 656 | 514 | 89 |

| | | | | | | | |
|---|--------|------|--------|-------|------|------|------|
| No. of pharmacists (enrollment) | 7,287 | 488 | 6,877 | 62 | 84 | 113 | 88 |
| No. of registered sales clerks (enrollment) | 16,930 | 263 | 14,255 | 1,001 | 578 | 475 | 333 |
| No. of pharmacists per store (persons in Japan) | 2.98 | 0.16 | 3.35 | 0.47 | 0.90 | 1.77 | 1.54 |
| No. of registered sales clerks per store (persons in Japan) | 6.92 | 0.01 | 6.95 | 7.58 | 6.22 | 7.42 | 5.84 |

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

Store openings and closures



**Store openings
(in Japan)**

Actual 40 stores (vs. planned : 3 stores)

**Number of working
months (in Japan)**

Actual 83 months (vs. planned: 4 months)

(Unit: No. of stores)

| | | | End of Feb. 2022 | Increase/ decrease resulting from subsidiaries or business transfer | Increase/dec rease resulting from M&A | Openings | | Closures | | End of May 2022 |
|--------------|-----------------------------|--------------|---------------------|--|--|-------------|----------------|-------------|----------------|--------------------|
| | | | | | | Projections | Actual results | Projections | Actual results | |
| By company | Welcia Yakkyoku (NARCIS) | 2,023 (8) | – | – | 34 (1) | 38 (1) | 4 (–) | 2 (–) | 2,059 (9) | |
| | Marudai Sakurai Pharmacy | 92 | – | – | 2 | 1 | – | – | 93 | |
| | Shimizu Yakuhin | 65 | – | – | – | – | – | 1 | 64 | |
| | Marue Drug | 58 | – | – | – | – | 1 | 1 | 57 | |
| | YODOYA | 25 | – | – | – | – | – | – | 25 | |
| | Kanamitsu Yakuhin | 26 | – | – | – | – | – | – | 26 | |
| | MASAYA | 36 | – | – | 1 | 1 | – | – | 37 | |
| | Pupule Himawari | 132 | – | – | – | – | – | – | 132 | |
| By area | Tohoku | 184 | – | – | 2 | 1 | – | – | 185 | |
| | Kanto | 1,115 | – | – | 7 | 8 | 1 | 1 | 1,122 | |
| | Chubu | 527 | – | – | 9 | 9 | 4 | 2 | 534 | |
| | Kinki | 399 | – | – | 12 | 14 | – | 1 | 412 | |
| | Chugoku | 161 | – | – | 4 | 4 | – | – | 165 | |
| | Shikoku | 68 | – | – | – | – | – | – | 68 | |
| | Kyushu | 3 | – | – | 3 | 4 | – | – | 7 | |
| In Japan | 2,457 | – | – | 37 | 40 | 5 | 4 | 2,493 | | |
| Overseas | 11 | – | – | 1 | 1 | – | – | 12 | | |
| Consolidated | 2,468 | – | – | 38 | 41 | 5 | 4 | 2,505 | | |

(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 20 stores from the previous term-end, and the number of stores opened on Saturdays increased by 10 stores over the same period
Operating the online qualification verification system in 1,687 stores and drug pick up lockers in 64 stores
- 2) Developing and expanding sales of PB products
Karada Welcia and Kurashi Welcia: Total 75 SKUs as of the end of May 2022
- 3) Opening of food strengthening stores that take advantage of AEON Group synergies

(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) Welcia Academy (Dispensing Training Center) established to develop human resources to support local medical care
- 3) Expanding "Ouchi Welcia" to the Tokyo and Kanagawa areas to provide new purchasing convenience

(3) Promoting sustainability management

- 1) Identifying and promoting materiality in accordance with the Basic Sustainability Policy
- 2) In March 2022, recognized as a "2022 Certified Health and Productivity Management Outstanding Organization (Large Enterprise Category)"

We made Kokumin Co., Ltd. and Kabushiki Kaisha French into subsidiaries through the acquisition of shares, effective June 1, 2022.

(Unit : stores)

| by company | By area | No. of stores | No. of stores with dispensing pharmacy |
|---------------|----------|---------------|--|
| Kokumin | Hokkaido | 6 | 1 |
| | Tohoku | 1 | 0 |
| | Kanto | 54 | 16 |
| | Chubu | 1 | 0 |
| | Kiniki | 84 | 25 |
| | Chugoku | 2 | 0 |
| | Kyushu | 14 | 4 |
| Kokumin Total | | 162 | 46 |
| French | Hokkaido | 1 | 0 |
| | Kiniki | 2 | 0 |
| French Total | | 3 | 0 |
| Total | | 165 | 46 |



Initiatives to improve profits

- (1) Active promotion of new dispensary openings
- (2) Introduction of T-point cards
- (3) Integration of suppliers
- (4) Introduction of core system and POS system



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 | 1,110.0 billion yen | (Y/Y 108.2%) |
| ▶ Ordinary income | 51.6 billion yen | (Y/Y 108.4%) |
| ▶ Net income attributable to owners of parent | 28.4 billion yen | (Y/Y 107.4%) |

2. Indicators

| | | |
|--|-------------------|---|
| ▶ Existing-stores sales growth rate | 3.4% | |
| (Products) | 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 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 | |

(1) Pursuing expertise and strengthening marketing capabilities

- (i) Strengthening regional responses through the area office system and area operations (marketing, dispensing and cosmetics)
- (ii) Promoting stores with dispensing pharmacy
- (iii) Developing and expanding sales of PB products
- (iv) Format enhancements

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

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

(3) Promoting sustainability management

- (i) 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 | | | Good will Others |
|--|--------------------|---|--------------------|--------------------|---|--------------------|---------------------|
| | Amount | [Reference] Estimated based on the former standard | | Amount | [Reference] Estimated based on the former standard | | |
| | | Amount | Y/Y | | Amount | Y/Y | |
| 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 subsidiaries or business transfer | 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 numbers of pharmacists and registered sales clerks, registered sales clerks per store are calculated by excluding cosmetics stores.

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.