



# **Financial Results Briefing for the Fiscal Year Ended February 2023**

April 10, 2023

**Welcia Holdings Co., Ltd.**

Stock Code 3141, Tokyo Stock Exchange  
Prime Market

1. Outline of Financial Results		
▶ Overview of FY2023	.....	4
▶ Results for FY2023 (achievement rates)	.....	5
▶ Results for FY2023 (cumulative YoY change)	.....	6
▶ Results for FY2023 (quarterly YoY change)	.....	7
▶ Breakdown of financial results by company for FY2023	.....	9
▶ Monthly sales growth rate (in Japan)	.....	11
▶ Composition ratio of sales by category	.....	12
▶ Gross profit margin by category	.....	14
▶ SG&A expenses composition ratio	.....	16
▶ Results in the dispensing sector (in Japan)	.....	18
▶ Promoting stores with dispensing pharmacy	.....	19
▶ Number of employees	.....	20
▶ Store openings and closures	.....	21
▶ Efforts for FY2023	.....	22
▶ Introduction of WAON POINT service at Welcia Group stores	.....	23
2. Earnings Forecast for FY2024		
▶ Indicator assumptions and priority measures for FY2024 forecasts	.....	25
▶ Full-year earnings forecasts	.....	26
▶ Full-year earnings forecasts by company	.....	27
▶ Planned store openings and closures	.....	28
3. Medium-Term Management Plan		
▶ Summary of the previous Medium-Term Management Plan (February 2021 to February 2023)	.....	30
▶ Vision for 2030 and New Medium-Term Management Plan (February 2024 to February 2026)	.....	32



# 1 Outline of Financial Results

- Made Kokumin Co., Ltd. and Kabushiki Kaisha French 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.
- Made FUKUYAKUHIN CO., LTD. into a subsidiary through the acquisition of shares, effective December 1, 2022.

1. Outline of Financial Results		Actual results	Projections	Difference
<b>Net sales</b>		1,144,278 million yen	1,110,000 million yen	34,278 million yen
<b>Ordinary income</b>		52,149 million yen	51,600 million yen	549 million yen
<b>Net income attributable to owners of parent</b>		27,030 million yen	28,400 million yen	-1,369 million yen
2. Indicators		Actual results	Projections	Difference
<b>Existing-stores sales growth rate</b>	*Existing-stores sales growth rates are compared with those before the adoption of the revenue recognition standard.	3.8%	3.4%	0.4%
<b>(Products)</b>		3.0%	2.1%	0.9%
<b>(Dispensing)</b>		7.1%	9.0%	-1.9%
<b>Store openings (in Japan)</b>		139 stores	128 stores	11 stores
<b>Store closures (in Japan)</b>		36 stores	25 stores	11 stores
<b>M&amp;A</b>		191 stores	0 stores	191 stores
<b>Number of stores as of the end of the term (in Japan)</b>		2,751 stores	2,560 stores	191 stores
<b>Dispensing pharmacy sales (in Japan)</b>		228,106 million yen	220,800 million yen	7,306 million yen
<b>Composition ratio of dispensing sales</b>		19.9%	19.9%	0.0%
<b>Number of stores with dispensing pharmacy (in Japan)</b>	* Change from the previous term-end: 180 stores	2,019 stores	1,975 stores	44 stores
<b>Ratio of stores with dispensing pharmacy (in Japan)</b>		74.7%	78.7%	-4.0%
<b>Renovation (full renovation)</b>		57 stores	85 stores	-28 stores
<b>Number of stores open 24 hours</b>		284 stores	-	-
3. Others		Actual results		
<b>Composition ratio of PB products</b>		6.3% (Breakdown: Hapycorn 15.9%, Topvalu 23.9%, Welcia PB 57.5%, others 2.7%)		
<b>Number of stores with Welcafe</b>		436 stores	-	-

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

# Results for FY2023 (achievement rates)



- Sales achieved the target due to a significant increase in related demand as a result of an increase in the number of people infected with COVID-19 and the consolidation of Kokumin and FUKUYAKUHIN.
- Operating income and net income were below the targets due to expenses associated with the consolidation of Kokumin and companywide increases in utility costs.
- Provision for loss on guarantees of Employee Stock Ownership ESOP Trust 1,110 million yen recorded as extraordinary loss.

(Unit: million yen)

(Ratios of net sales indicated in parentheses) (%)	Actual results	Projections		
			Difference	Achievement rate (%)
<b>Net sales</b>	<b>1,144,278</b> (100.0)	1,110,000 (100.0)	34,278	103.1
<b>Gross operating profit</b>	<b>349,254</b> (30.5)	338,700 (30.5)	10,554	103.1
<b>SG&amp;A expenses</b>	<b>303,619</b> (26.5)	291,700 (26.3)	11,919	104.1
<b>Operating income</b>	<b>45,635</b> (4.0)	47,000 (4.2)	-1,364	97.1
<b>Ordinary income</b>	<b>52,149</b> (4.6)	51,600 (4.6)	549	101.0
<b>Net income attributable to owners of parent</b>	<b>27,030</b> (2.4)	28,400 (2.6)	-1,369	95.2

# Results for FY2023 (cumulative YoY change)



- Both sales and income increased due to a significant increase in related demand as a result of an increase in the number of people infected with COVID-19, the consolidation of Pupule Himawari, Kokumin and FUKUYAKUHIN, and the control of SG&A expenses centered on labor costs, which absorbed the rise in 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 (%)	
<b>Net sales</b>	<b>1,144,278</b> (100.0)	1,025,947 (100.0)	111.5	1,166,584 (100.0)	113.7 (100.0)	-22,306
<b>Gross operating profit</b>	<b>349,254</b> (30.5)	320,944 (31.3)	108.8	366,341 (31.4)	114.1 (31.3)	-17,086
<b>SG&amp;A expenses</b>	<b>303,619</b> (26.5)	277,925 (27.1)	109.2	320,713 (27.5)	115.4 (27.1)	-17,093
<b>Operating income</b>	<b>45,635</b> (4.0)	43,018 (4.2)	106.1	45,627 (3.9)	106.1 (4.2)	7
<b>Ordinary income</b>	<b>52,149</b> (4.6)	47,590 (4.6)	109.6	52,141 (4.5)	109.6 (4.6)	7
<b>Net income attributable to owners of parent</b>	<b>27,030</b> (2.4)	26,453 (2.6)	102.2	27,022 (2.3)	102.2 (2.6)	7

# Results for FY2023 (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 (%)
<b>Net sales</b>	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)
<b>Gross operating profit</b>	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)
<b>SG&amp;A expenses</b>	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)
<b>Operating income</b>	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)
<b>Ordinary income</b>	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)
<b>Net income attributable to owners of parent</b>	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)
<b>Remarks</b>	<b>2022</b> March Complete lifting of semi-emergency COVID-19 measures (on March 21) Free PCR and antigen testing April Pollen season peak Revisions to medical service fees and NHI drug prices May Increased outings during the national holidays				<b>2022</b> June Made Kokumin and French subsidiaries Later half of the month: Record heat wave July The 7th wave of COVID-19 infections August Negotiations after revisions to NHI drug prices reached agreement Unrestricted summer vacation			
	<b>2021</b> March Declaration of state of emergency / Pollen season peak April NHI drug price 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)				<b>2021</b> 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 (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 (%)		Y/Y (%)	Ref. Estimated based on the former standard	Y/Y (%)
<b>Net sales</b>	283,234 ( 100.0)	114.2 ( 100.0)	288,605 ( 100.0)	116.3 ( 100.0)	298,291 ( 100.0)	110.7 ( 100.0)	304,014 ( 100.0)	112.8 ( 100.0)
<b>Gross operating profit</b>	84,626 ( 29.9)	111.6 ( 30.6)	88,734 ( 30.7)	117.1 ( 30.6)	94,003 ( 31.5)	107.6 ( 32.4)	98,404 ( 32.4)	112.7 ( 32.4)
<b>SG&amp;A expenses</b>	77,146 ( 27.3)	112.3 ( 27.7)	81,253 ( 28.1)	118.2 ( 27.7)	79,836 ( 26.8)	107.7 ( 27.5)	84,237 ( 27.7)	113.6 ( 27.5)
<b>Operating income</b>	7,479 ( 2.6)	105.6 ( 2.9)	7,480 ( 2.6)	105.7 ( 2.9)	14,167 ( 4.7)	107.3 ( 4.9)	14,166 ( 4.7)	107.3 ( 4.9)
<b>Ordinary income</b>	8,593 ( 3.0)	110.2 ( 3.1)	8,594 ( 3.0)	110.2 ( 3.1)	15,581 ( 5.2)	106.4 ( 5.4)	15,580 ( 5.1)	106.4 ( 5.4)
<b>Net income attributable to owners of parent</b>	4,048 ( 1.4)	86.5 ( 1.9)	4,049 ( 1.4)	86.5 ( 1.9)	5,893 ( 2.0)	94.4 ( 2.3)	5,892 ( 1.9)	94.4 ( 2.3)
<b>Remarks</b>	<b>2022</b> 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				<b>2022-2023</b> December Made FUKUYAKUHIN a subsidiary The 8th wave of COVID-19 infections Increase in foreign visitors to Japan January The number of COVID-19 cases gradually declined after peaking at the beginning of the year February Early pollen dispersal en masse			
	<b>2021</b> 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				<b>2021-2022</b> 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 (1)



- Welcia Yakkyoku: It increased sales and profits due to a significant increase in related demand as a result of an increase in the number of people infected with COVID-19 and the control of SG & A expenses centered on labor costs.
- Kokumin: Operating results showed signs of improvement due to the effects of the integration although one-time expenses were incurred for the integration of POS systems, etc.
- Pupule Himawari: The gross profit margin improved mainly due to the review of its product policy.

(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 (%)				
<b>Net sales</b>	1,144,278 ( 100.0)	111.5 ( 100.0)	1,166,584 ( 100.0)	113.7 ( 100.0)	971,031 ( 100.0)	104.7 ( 100.0)	989,802 ( 100.0)	106.7 ( 100.0)	31,250 ( 100.0)	31,114 ( 100.0)	49,030 ( 100.0)	50,058 ( 100.0)
<b>Gross operating profit</b>	349,254 ( 30.5)	108.8 ( 31.3)	366,341 ( 31.4)	114.1 ( 31.3)	300,137 ( 30.9)	102.6 ( 31.5)	314,477 ( 31.8)	107.5 ( 31.5)	10,019 ( 32.1)	9,840 ( 31.6)	12,007 ( 24.5)	13,035 ( 26.0)
<b>SG&amp;A expenses</b>	303,619 ( 26.5)	109.2 ( 27.1)	320,713 ( 27.5)	115.4 ( 27.1)	254,514 ( 26.2)	101.9 ( 26.9)	268,855 ( 27.2)	107.6 ( 26.9)	10,099 ( 32.4)	9,920 ( 31.9)	11,789 ( 24.1)	12,838 ( 25.6)
<b>Operating income</b>	45,635 ( 4.0)	106.1 ( 4.2)	45,627 ( 3.9)	106.1 ( 4.2)	45,622 ( 4.7)	107.0 ( 4.6)	45,622 ( 4.6)	107.0 ( 4.6)	-79 (-)	-79 (-)	218 ( 0.4)	197 ( 0.4)
<b>Ordinary income</b>	52,149 ( 4.6)	109.6 ( 4.6)	52,141 ( 4.5)	109.6 ( 4.6)	51,203 ( 5.3)	109.0 ( 5.1)	51,203 ( 5.2)	109.0 ( 5.1)	82 ( 0.3)	82 ( 0.3)	941 ( 1.9)	920 ( 1.8)
<b>Net income attributable to owners of parent</b>	27,030 ( 2.4)	102.2 ( 2.6)	27,022 ( 2.3)	102.2 ( 2.6)	29,322 ( 3.0)	108.9 ( 2.9)	29,322 ( 3.0)	108.9 ( 2.9)	263 ( 0.8)	263 ( 0.8)	381 ( 0.8)	360 ( 0.7)

# Breakdown of financial results by company for FY2023 (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		Ref. Estimated based on the former standard	
				Y/Y (%)				Y/Y (%)				Y/Y (%)		
<b>Net sales</b>	30,521 ( 100.0)	105.0 ( 100.0)	31,531 ( 100.0)	108.5 ( 100.0)	24,474 ( 100.0)	107.3 ( 100.0)	24,922 ( 100.0)	109.2 ( 100.0)	13,872 ( 100.0)	101.5 ( 100.0)	14,184 ( 100.0)	103.8 ( 100.0)	– 24,097	– 24,969
<b>Gross operating profit</b>	8,244 ( 27.0)	101.5 ( 28.0)	8,938 ( 28.3)	110.0 ( 28.0)	7,429 ( 30.4)	104.6 ( 31.1)	7,764 ( 31.2)	109.3 ( 31.1)	4,374 ( 31.5)	100.0 ( 32.0)	4,585 ( 32.3)	104.9 ( 32.0)	– 7,041	– 7,699
<b>SG&amp;A expenses</b>	7,039 ( 23.1)	100.4 ( 24.2)	7,732 ( 24.5)	110.3 ( 24.2)	6,424 ( 26.3)	104.1 ( 27.0)	6,759 ( 27.2)	109.5 ( 27.0)	4,028 ( 29.0)	101.5 ( 29.0)	4,238 ( 29.9)	106.8 ( 29.0)	2,872 6,850	2,872 7,495
<b>Operating income</b>	1,205 ( 3.9)	108.3 ( 3.8)	1,205 ( 3.8)	108.3 ( 3.8)	1,004 ( 4.1)	108.4 ( 4.1)	1,004 ( 4.0)	108.4 ( 4.1)	346 ( 2.5)	85.4 ( 3.0)	346 ( 2.4)	85.4 ( 3.0)	-2,872 190	-2,872 203
<b>Ordinary income</b>	1,311 ( 4.3)	107.6 ( 4.2)	1,311 ( 4.2)	107.6 ( 4.2)	1,162 ( 4.7)	112.7 ( 4.5)	1,162 ( 4.7)	112.7 ( 4.5)	416 ( 3.0)	90.3 ( 3.4)	416 ( 2.9)	90.3 ( 3.4)	-2,872 -95	-2,872 -82
<b>Net income attributable to owners of parent</b>	883 ( 2.9)	113.3 ( 2.7)	883 ( 2.8)	113.3 ( 2.7)	726 ( 3.0)	111.4 ( 2.9)	726 ( 2.9)	111.4 ( 2.9)	262 ( 1.9)	38.9 ( 4.9)	262 ( 1.8)	38.9 ( 4.9)	-2,872 -1,935	-2,872 -1,922

# Monthly sales growth rate (in Japan)



\*Monthly sales growth rates are compared in figures before the adoption of the revenue recognition standard until the end of February 2023.

- Sales of products grew associated with an increase in the number of people infected with COVID-19, in December 2022 demand increased due to the eighth wave of COVID-19 infections.
- Sales of dispensing grew due to an increase in the number of prescriptions accepted, mainly due to an increase in the number of stores with dispensing pharmacy, despite revision of dispensing fees and NHI drug prices.

(Unit: %)

		2022										2023	
		March	April	May	June	July	August	September	October	November	December	January	February
Existing Stores	Welcia Yakkyoku	2.7	1.6	0.0	1.4	4.7	4.3	4.1	4.6	3.9	11.0	3.1	3.5
	Shimizu Yakuhin	1.7	5.2	1.0	3.6	4.8	5.6	6.3	8.6	4.8	13.4	6.7	4.9
	Marudai Sakurai Pharmacy	5.3	3.3	1.8	1.4	7.7	6.7	4.8	4.9	10.3	9.6	1.1	1.8
	MASAYA	14.5	11.5	3.8	15.4	7.4	10.2	8.8	-9.6	16.8	1.6	16.4	8.3
	Kanamitsu Yakuhin	2.8	5.6	-4.2									
	YODOYA	5.6	5.5	1.6	4.1	6.6	9.9	5.6	4.7	9.1	10.7	7.0	4.5
	Marue Drug	2.8	0.7	-0.2	0.0	1.2	2.0	2.4	0.5	0.3	6.9	-6.2	-4.3
	Pupule Himawari										1.6	-3.3	-1.5
Group total	Net sales	2.9	1.8	0.1	1.6	4.8	4.5	4.1	4.6	4.2	10.4	2.8	3.1
	(Products)	0.6	1.0	-1.6	0.4	4.8	3.5	3.1	4.2	3.6	11.5	1.8	0.9
	(Dispensing)	9.0	4.9	8.3	6.3	4.8	8.5	8.3	6.3	6.3	5.9	7.0	9.5
	No. of customers	-0.3	-0.6	-0.7	0.4	2.4	1.8	2.4	1.7	1.8	6.3	2.5	2.0
	Average spending per customer	3.2	2.4	0.8	1.2	2.4	2.7	1.7	2.9	2.4	4.1	0.3	1.1
All stores	Group total	10.4	10.3	8.5	13.5	17.1	16.4	16.0	16.4	15.7	18.0	9.6	10.1
	No. of customers	9.0	9.1	8.9	14.5	16.8	15.8	16.1	15.4	15.2	15.2	10.9	11.4
	Average spending per customer	1.4	1.2	-0.4	-1.0	0.3	0.6	-0.1	1.0	0.5	2.8	-1.3	-1.3

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

\* Pupule Himawari became an existing store in December 2022.

# Composition ratio of sales by category (1)



- Sales increased for OTC products such as antigen test kits due to an increased in the number of people infected with COVID-19 and general cold drugs.
- In cosmetics, makeup products are picking up as restrictions on activities are easing.
- Sales of food products increased through strategic sales promotion as a countermeasure against pullback in consumer spending due to price increases.
- Sales of dispensing increased owing to the increased number of prescriptions due to the increased number of stores with dispensing pharmacy, despite decreases in the basic dispensing fees and drug fees associated with the revision of 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		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					
<b>OTC products</b>	233,558 ( 20.4)	115.2 ( 19.8)	238,733 ( 20.5)	117.8 ( 19.8)	196,668 ( 20.3)	107.5 ( 19.7)	201,245 ( 20.3)	110.0 ( 19.7)	8,440 ( 27.0)	8,400 ( 27.0)	9,485 ( 19.3)	9,710 ( 19.4)
<b>Cosmetics</b>	176,608 ( 15.4)	110.7 ( 15.6)	180,682 ( 15.5)	113.2 ( 15.6)	139,988 ( 14.4)	101.3 ( 14.9)	143,178 ( 14.5)	103.7 ( 14.9)	7,923 ( 25.4)	7,818 ( 25.1)	8,616 ( 17.6)	8,824 ( 17.6)
<b>Household goods</b>	158,615 ( 13.9)	105.8 ( 14.6)	163,687 ( 14.0)	109.2 ( 14.6)	135,024 ( 13.9)	100.3 ( 14.5)	139,313 ( 14.1)	103.5 ( 14.5)	2,232 ( 7.1)	2,252 ( 7.2)	7,986 ( 16.3)	8,175 ( 16.3)
<b>Food products</b>	253,863 ( 22.2)	109.8 ( 22.5)	260,689 ( 22.3)	112.7 ( 22.5)	217,879 ( 22.4)	104.4 ( 22.5)	223,553 ( 22.6)	107.2 ( 22.5)	1,169 ( 3.7)	1,164 ( 3.7)	14,971 ( 30.5)	15,297 ( 30.6)
<b>Others</b>	92,232 ( 8.1)	110.7 ( 8.1)	94,379 ( 8.1)	113.3 ( 8.1)	74,868 ( 7.7)	103.5 ( 7.9)	76,647 ( 7.7)	106.0 ( 7.9)	609 ( 2.0)	630 ( 2.1)	5,725 ( 11.7)	5,922 ( 11.8)
<b>Total sales of products</b>	914,878 ( 80.0)	110.7 ( 80.6)	938,172 ( 80.4)	113.5 ( 80.6)	764,430 ( 78.7)	103.8 ( 79.5)	783,938 ( 79.2)	106.4 ( 79.5)	20,376 ( 65.2)	20,265 ( 65.1)	46,785 ( 95.4)	47,930 ( 95.7)
<b>Dispensing</b>	228,106 ( 19.9)	114.5 ( 19.4)	228,411 ( 19.6)	114.7 ( 19.4)	205,561 ( 21.2)	107.7 ( 20.5)	205,863 ( 20.8)	107.9 ( 20.5)	10,858 ( 34.7)	10,849 ( 34.9)	2,128 ( 4.3)	2,128 ( 4.3)
<b>Subtotal</b>	1,142,984 ( 99.9)	111.4 ( 100.0)			969,991 ( 99.9)	104.6 ( 100.0)			31,234 ( 99.9)		48,914 ( 99.7)	
<b>Commission income</b>	1,293 ( 0.1)	— (—)			1,039 ( 0.1)	— (—)			15 ( 0.1)		116 ( 0.3)	
<b>Total</b>	1,144,278 ( 100.0)	111.5 ( 100.0)	1,166,584 ( 100.0)	113.7 ( 100.0)	971,031 ( 100.0)	104.7 ( 100.0)	989,802 ( 100.0)	106.7 ( 100.0)	31,250 ( 100.0)	31,114 ( 100.0)	49,030 ( 100.0)	50,058 ( 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			
	Sales	Y/Y (%)	Ref. Estimated based on the former standard		Sales	Y/Y (%)	Ref. Estimated based on the former standard		Sales	Y/Y (%)	Ref. Estimated based on the former standard	
			2022	Y/Y (%)			2022	Y/Y (%)			2022	Y/Y (%)
<b>OTC products</b>	6,645 ( 21.8)	107.9 ( 21.2)	6,819 ( 21.6)	110.7 ( 21.2)	5,650 ( 23.1)	104.2 ( 23.8)	5,756 ( 23.1)	106.2 ( 23.8)	3,800 ( 27.4)	98.3 ( 28.3)	3,880 ( 27.4)	100.4 ( 28.3)
<b>Cosmetics</b>	4,660 ( 15.3)	101.1 ( 15.9)	4,801 ( 15.2)	104.2 ( 15.9)	4,136 ( 16.9)	103.1 ( 17.6)	4,216 ( 16.9)	105.1 ( 17.6)	2,639 ( 19.0)	95.7 ( 20.2)	2,701 ( 19.0)	98.0 ( 20.2)
<b>Household goods</b>	5,209 ( 17.1)	103.5 ( 17.3)	5,396 ( 17.1)	107.2 ( 17.3)	4,025 ( 16.4)	100.9 ( 17.5)	4,188 ( 16.8)	105.0 ( 17.5)	2,299 ( 16.6)	96.9 ( 17.4)	2,354 ( 16.6)	99.2 ( 17.4)
<b>Food products</b>	8,279 ( 27.1)	103.8 ( 27.4)	8,738 ( 27.7)	109.6 ( 27.4)	5,199 ( 21.2)	112.2 ( 20.3)	5,286 ( 21.2)	114.1 ( 20.3)	2,348 ( 16.9)	104.0 ( 16.5)	2,463 ( 17.4)	109.1 ( 16.5)
<b>Others</b>	3,323 ( 10.8)	104.5 ( 11.0)	3,404 ( 10.9)	107.0 ( 11.0)	1,596 ( 6.6)	105.5 ( 6.6)	1,630 ( 6.6)	107.7 ( 6.6)	524 ( 3.8)	114.0 ( 3.3)	538 ( 3.8)	117.1 ( 3.3)
<b>Total sales of products</b>	28,118 ( 92.1)	104.3 ( 92.8)	29,160 ( 92.5)	108.2 ( 92.8)	20,609 ( 84.2)	105.3 ( 85.8)	21,077 ( 84.6)	107.7 ( 85.8)	11,612 ( 83.7)	99.1 ( 85.7)	11,937 ( 84.2)	101.9 ( 85.7)
<b>Dispensing</b>	2,367 ( 7.8)	112.5 ( 7.2)	2,370 ( 7.5)	112.7 ( 7.2)	3,840 ( 15.7)	118.2 ( 14.2)	3,845 ( 15.4)	118.3 ( 14.2)	2,243 ( 16.2)	115.3 ( 14.3)	2,246 ( 15.8)	115.4 ( 14.3)
<b>Subtotal</b>	30,485 ( 99.9)	104.9 ( 100.0)			24,449 ( 99.9)	107.1 ( 100.0)			13,856 ( 99.9)	101.4 ( 100.0)		
<b>Commission income</b>	36 ( 0.1)	— (—)			25 ( 0.1)	— (—)			15 ( 0.1)	— (—)		
<b>Total</b>	30,521 ( 100.0)	105.0 ( 100.0)	31,531 ( 100.0)	108.5 ( 100.0)	24,474 ( 100.0)	107.3 ( 100.0)	24,922 ( 100.0)	109.2 ( 100.0)	13,872 ( 100.0)	101.5 ( 100.0)	14,184 ( 100.0)	103.8 ( 100.0)

# Gross profit margin by category (1)



- Sales increased for OTC products such as antigen test kits due to an increased in the number of people infected with COVID-19 and general cold drugs.
- Gross profit margin of food products decreased from the previous year through strengthened sales promotion as a result of countermeasure against pullback in consumer spending due to price increases.
- Gros profit margin of 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	
			Change form the previous term	Ref. Estimated based on the former standard		Change form the previous term	Ref. Estimated based on the former standard		Ref. Estimated based on the former standard	Ref. Estimated based on the former standard			
					Change form the previous term			Change form the previous term					
	<b>OTC products</b>	40.6	-0.4	41.4	0.4	40.8	-0.3	41.5	0.4	37.8	37.5	39.9	41.3
	<b>Cosmetics</b>	32.9	-1.6	34.4	-0.1	33.0	-1.4	34.5	0.1	30.6	29.7	31.2	32.8
	<b>Household goods</b>	28.3	-0.7	29.5	0.5	28.7	-0.6	29.9	0.6	29.2	28.4	25.0	26.7
	<b>Food products</b>	18.5	-1.8	19.8	-0.5	19.0	-1.6	20.3	-0.3	22.8	22.4	12.2	14.1
	<b>Others</b>	16.1	-0.3	18.0	1.6	15.9	-0.6	17.8	1.3	30.7	31.2	14.9	17.8
	<b>Total sales of products</b>	28.4	-0.9	29.6	0.3	28.6	-0.9	29.8	0.3	33.0	32.4	23.8	25.7
	<b>Dispensing</b>	38.7	-0.8	38.8	-0.7	39.2	-0.4	39.3	-0.3	30.2	30.2	34.6	34.6
	<b>Subtotal</b>	30.4	-0.9			30.8	-0.7			32.0		24.3	
	<b>Commission income</b>	100.0	—			100.0	—			100.0		100.0	
	<b>Total</b>	30.5	-0.8	31.4	0.1	30.9	-0.6	31.8	0.3	32.1	31.6	24.5	26.0

# Gross profit margin by category (2)



(Unit: %)

		Marudai Sakurai Pharmacy				Shimizu Yakuhin				Marue Drug			
			Change form the previous term	Ref. Estimated based on the former standard	Change form the previous term		Change form the previous term	Ref. Estimated based on the former standard	Change form the previous term		Change form the previous term	Ref. Estimated based on the former standard	Change form the previous term
	<b>OTC products</b>	40.5	-1.7	41.8	-0.4	43.7	2.7	44.3	3.3	39.1	0.2	39.9	1.0
	<b>Cosmetics</b>	31.6	-1.4	33.6	0.6	32.6	-1.7	33.9	-0.4	33.2	-1.1	34.8	0.5
	<b>Household goods</b>	25.4	-0.8	27.2	1.0	25.3	-2.8	26.2	-1.9	27.3	-0.3	28.5	0.9
	<b>Food products</b>	16.5	-0.9	17.9	0.5	18.1	-1.7	19.3	-0.5	17.8	-1.4	18.7	-0.5
	<b>Others</b>	12.3	-1.8	14.4	0.3	13.6	-1.5	15.5	0.4	17.0	-2.3	19.2	-0.1
	<b>Total sales of products</b>	25.8	-1.2	27.4	0.4	29.1	-0.9	30.1	0.1	30.1	-0.9	31.2	0.2
	<b>Dispensing</b>	39.8	-0.5	39.9	-0.4	36.7	-1.2	36.8	-1.1	38.4	0.1	38.5	0.2
	<b>Subtotal</b>	26.9	-1.1			30.3	-0.8			31.5	-0.5		
	<b>Commission income</b>	100.0	-			100.0	-			100.0	-		
	<b>Total</b>	27.0	-1.0	28.3	0.3	30.4	-0.7	31.2	0.1	31.5	-0.5	32.3	0.3



# SG&A expenses composition ratio (1)



- Increased due to the consolidation of Pupule Himawari, Kokumin, and FUKUYAKUHIN.
- In labor costs continue to benefit from man-hour control measures, particularly at Welcia Yakkyoku.
- For others, utility costs rose sharply due to a rise in unit prices (utilities: 156% year-on-year).

(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 (%)	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	Ref. Estimated based on the former standard	Ref. Estimated based on the former standard		
											Y/Y (%)	Ref. Estimated based on the former standard
<b>Labor costs</b>	157,795 ( 13.8)	111.5 ( 13.8)	157,795 ( 13.5)	111.5 ( 13.8)	133,900 ( 13.8)	104.8 ( 13.8)	133,900 ( 13.5)	104.8 ( 13.8)	4,570 ( 14.6)	4,570 ( 14.7)	5,725 ( 11.7)	5,725 ( 11.4)
<b>Advertising expenses</b>	5,077 ( 0.4)	24.6 ( 2.0)	22,170 ( 1.9)	107.6 ( 2.0)	3,669 ( 0.4)	20.9 ( 1.9)	18,009 ( 1.8)	102.7 ( 1.9)	164 ( 0.5)	-14 ( -)	259 ( 0.5)	1,308 ( 2.6)
<b>Rent</b>	52,483 ( 4.6)	119.8 ( 4.3)	52,483 ( 4.5)	119.8 ( 4.3)	43,319 ( 4.5)	108.6 ( 4.3)	43,319 ( 4.4)	108.6 ( 4.3)	3,156 ( 10.1)	3,156 ( 10.1)	2,267 ( 4.6)	2,267 ( 4.5)
<b>Others</b>	88,262 ( 7.7)	122.6 ( 7.0)	88,262 ( 7.6)	122.6 ( 7.0)	73,624 ( 7.5)	113.9 ( 6.9)	73,624 ( 7.5)	113.9 ( 6.9)	2,207 ( 7.2)	2,207 ( 7.1)	3,536 ( 7.3)	3,536 ( 7.1)
<b>Total</b>	303,619 ( 26.5)	109.2 ( 27.1)	320,713 ( 27.5)	115.4 ( 27.1)	254,514 ( 26.2)	101.9 ( 26.9)	268,855 ( 27.2)	107.6 ( 26.9)	10,099 ( 32.4)	9,920 ( 31.9)	11,789 ( 24.1)	12,838 ( 25.6)

# 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 (%)
<b>Labor costs</b>	3,733 ( 12.2)	110.9 ( 11.6)	3,733 ( 11.8)	110.9 ( 11.6)	3,495 ( 14.3)	106.6 ( 14.4)	3,495 ( 14.0)	106.6 ( 14.4)	2,298 ( 16.6)	104.1 ( 16.2)	2,298 ( 16.2)	104.1 ( 16.2)
<b>Advertising expenses</b>	213 ( 0.7)	24.3 ( 3.0)	907 ( 2.9)	103.2 ( 3.0)	95 ( 0.4)	22.7 ( 1.8)	429 ( 1.7)	102.2 ( 1.8)	130 ( 0.9)	37.5 ( 2.6)	341 ( 2.4)	97.9 ( 2.6)
<b>Rent</b>	828 ( 2.7)	104.5 ( 2.7)	828 ( 2.6)	104.5 ( 2.7)	1,166 ( 4.8)	105.7 ( 4.8)	1,166 ( 4.7)	105.7 ( 4.8)	586 ( 4.2)	102.2 ( 4.2)	586 ( 4.1)	102.2 ( 4.2)
<b>Others</b>	2,264 ( 7.5)	114.7 ( 6.9)	2,264 ( 7.2)	114.7 ( 6.9)	1,668 ( 6.8)	121.7 ( 6.0)	1,668 ( 6.8)	121.7 ( 6.0)	1,011 ( 7.3)	121.1 ( 6.0)	1,011 ( 7.2)	121.1 ( 6.0)
<b>Total</b>	7,039 ( 23.1)	100.4 ( 24.2)	7,732 ( 24.5)	110.3 ( 24.2)	6,424 ( 26.3)	104.1 ( 27.0)	6,759 ( 27.2)	109.5 ( 27.0)	4,028 ( 29.0)	101.5 ( 29.0)	4,238 ( 29.9)	106.8 ( 29.0)

# 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, Kokumin and FUKUYAKUHIN (increased in existing stores)

	FY2020		FY2021		FY2022		FY2023	
		Year-on-year change		Year-on-year change		Year-on-year change		Year-on-year change
<b>Dispensing pharmacy sales (million yen)</b>	155,452	119.8%	174,169	112.0%	199,208	114.4%	228,106	114.5%
<b>No. of prescriptions (in the thousands)</b>	15,789	116.6%	16,102	102.0%	18,895	117.3%	21,644	114.6%
<b>Prescription unit price (yen)</b>	9,845	102.7%	10,816	109.9%	10,543	97.5%	10,539	100.0%
<b>Gross profit margin (%)</b>	38.7	0.6	38.8	0.1	39.5	0.7	38.7	-0.8
<b>No. of stores with dispensing pharmacy (stores)</b>	1,437	153	1,638	201	1,839	201	2,019	180
<b>Ratio of stores with dispensing pharmacy (%)</b>	73.1	3.3	75.6	2.5	76.2	0.6	74.7	-1.5

\*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.

# Promoting stores with dispensing pharmacy



- The number of stores with dispensing pharmacy increased by 180 from the end of the previous year.

	Welcia HD (consolidated)		Welcia Yakkyoku		Kokumin	Pupule Himawari	Marudai Sakurai Pharmacy		Shimizu Yakuhin		Marue Drug	
	FY2022	FY2023	FY2022	FY2023	FY2023	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022	FY2023
<b>Dispensing pharmacy sales (million yen)</b>	199,208	228,106	190,847	205,561	10,858	2,128	2,103	2,367	3,249	3,840	1,946	2,243
<b>No. of prescriptions (in the thousands)</b>	18,895	21,644	18,079	19,904	605	178	235	275	303	369	164	192
<b>Prescription unit price (yen)</b>	10,543	10,539	10,556	10,327	17,939	11,932	8,922	8,601	10,709	10,405	11,858	11,684

<b>No. of stores with dispensing pharmacy (stores)</b>	1,839	2,019	1,714	1,818	48	20	36	42	41	45	22	27
<b>Ratio of stores with dispensing pharmacy (%)</b>	76.2	74.7	84.0	85.1	30.8	14.9	39.1	43.8	63.1	66.2	37.9	45.0
<b>No. of stores as of end of the fiscal year (stores)</b>	2,413	2,703	2,041	2,136	156	134	92	96	65	68	58	60

\*The ratio of stores with dispensing pharmacy is calculated excluding the number of cosmetics stores. The number of stores at the end of the period shown above excludes 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 FUKUYAKUHHIN 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						
<b>No. of employees (persons)</b>	14,865	1,571	11,490	735	658	509	357	352
<b>No. of temporary employees (based on 8h/employee)</b>	25,477	997	22,051	563	1,034	697	543	92

<b>No. of pharmacists (enrollment)</b>	7,706	907	6,894	386	63	89	133	96
<b>No. of registered sales clerks (enrollment)</b>	18,586	1,919	15,056	717	962	684	493	359
<b>No. of pharmacists per store (persons in Japan)</b>	2.85	0.03	3.23	2.47	0.47	0.93	1.96	1.60
<b>No. of registered sales clerks per store (persons in Japan)</b>	6.88	-0.03	7.05	4.60	7.18	7.13	7.25	5.98

\*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): 139 (vs. planned: 11 stores)

● Number of operating months (in Japan) Actual 997 months (vs planned: 57 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 February 2023
						Projections	Actual results	Projections	Actual results	
By company	Welcia Yakkyoku (NARCIS)	2,023 (8)	1	26	105 (1)	116 (1)	22 (—)	21 (—)	2,145 (9)	
	Marudai Sakurai Pharmacy	92	—	—	6	4	1	—	96	
	Shimizu Yakuhin	65	—	—	6	5	1	2	68	
	Marue Drug	58	—	—	3	4	1	2	60	
	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	
	FUKUYAKUHIN	—	25	—	—	1	—	1	25	
By area	Hokkaido	—	7	—	—	—	—	—	7	
	Tohoku	184	1	—	10	7	2	1	191	
	Kanto	1,115	54	—	31	40	8	9	1,200	
	Chubu	527	1	—	31	26	7	3	551	
	Kinki	399	86	—	34	41	7	17	509	
	Chugoku	161	2	—	15	11	1	4	170	
	Shikoku	68	—	—	4	6	—	—	74	
	Kyushu and Okinawa	3	40	—	3	8	—	2	49	
In Japan	2,457	191	—	128	139	25	36	2,751		
Overseas	11	—	—	1	1	—	—	12		
Consolidated	2,468	191	—	129	140	25	36	2,763		

## **(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 180 stores from the previous term-end, and the number of stores opened on Saturdays increased by 154 stores over the same period  
Operating the online qualification verification system in 1,772 stores and drug pick up lockers in 259 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 162 SKUs as of the end of February 2023
- 4) Strengthening the format: Continuing experiments in the “food” category in Hokuriku, Kyushu, and Makuhari
- 5) Introduction of WAON POINT service at Welcia Group stores

## **(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) Created a handbook outlining in-store customer service for an LGBTQ+ friendly shopping environment.



**On Tuesday, March 28, 2023**, WAON POINT service will be introduced at approx. 2,500 Welcia Group stores nationwide.

\* Handled differently in some stores.

## *Purpose of introduction*

- Enhance customers convenience
- Utilize both points for further enhancement of services at Welcia Group
- Expand economic zones through group synergies

**Welcia members** can accumulate both **T-POINT** and **WAON POINT**.

\*As of the end of February 2023, there were **approximately 5.9 million Welcia members**.



T-POINT

Approximately  
**70** million users  
annually



WAON POINT

Approximately  
**82** million  
registered users



## 2 Earnings Forecast for FY2024

- Made Kokumin Co., Ltd. and Kabushiki Kaisha French 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.
- Made FUKUYAKUHIN CO., LTD. into a subsidiary through the acquisition of shares, effective December 1, 2022.

## 1. Projections

▶ Net sales	1,230 billion yen	(Y/Y change: 107.5%)
▶ Ordinary income	52.5 billion yen	(Y/Y change: 100.7%)
▶ Net income attributable to owners of parent	28.0 billion yen	(Y/Y change: 103.6%)

## 2. Indicators

▶ Existing-stores sales growth rate	3.9%	
(Products)	2.6%	
(Dispensing)	8.9%	
▶ Openings	122 stores	(in Japan: 116; overseas: 6)
▶ Closures	38 stores	(in Japan: 36; overseas: 2)
▶ No. of stores as of end of the fiscal year	2,847 stores	(in Japan: 2,831; overseas: 16)
▶ Dispensing pharmacy sales (in Japan)	254.8 billion yen	(Y/Y change: 111.7%)
▶ Number of stores with dispensing pharmacy (in Japan)	2,182 stores	(Ratio of stores with dispensing 78.5%)

## 3. Priority measures

▶ Opening new pharmacies(in Japan)	166 stores
▶ Renovation (full renovation)	101 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.

# Full-year earnings forecasts



(Unit: million yen)

	1H		2H		Full-year		
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio	Y/Y
<b>Net sales</b>	612,220	100.0%	617,780	100.0%	1,230,000	100.0%	107.5%
<b>(Ratio of stores with dispensing pharmacy)</b>	124,335	20.3%	130,465	21.1%	254,800	20.7%	111.7%
<b>Gross operating profit</b>	188,830	30.8%	192,980	31.2%	381,810	31.0%	109.3%
<b>SG&amp;A expenses</b>	163,090	26.6%	170,720	27.6%	333,810	27.1%	109.9%
<b>Operating income</b>	25,740	4.2%	22,260	3.6%	48,000	3.9%	105.2%
<b>Ordinary income</b>	28,030	4.6%	24,470	4.0%	52,500	4.3%	100.7%
<b>Net income attributable to owners of parent</b>	16,700	2.7%	11,300	1.8%	28,000	2.3%	103.6%
<b>Existing-store sales growth rate</b>	3.8%		3.9%		3.9%		

# Full-year earnings forecasts by company



(Unit: million yen)

(Ratios of net sales indicated in parentheses)	Welcia HD (consolidated)		Welcia Yakkyoku		Kokumin	Pupule Himawari		Marudai Sakurai Pharmacy		Shimizu Yakuhin		Goodwill and others
		Y/Y		Y/Y			Y/Y		Y/Y		Y/Y	
<b>Net sales</b>	1,230,000 (100.0)	107.5 (100.0)	1,029,694 (100.0)	106.0 (100.0)	45,462 (100.0)	50,552 (100.0)	103.1 (100.0)	32,419 (100.0)	106.2 (100.0)	26,260 (100.0)	107.3 (100.0)	– 45,612
<b>Gross operating profit</b>	381,810 (31.0)	109.3 (30.5)	323,333 (31.4)	107.7 (30.9)	14,681 (32.3)	13,546 (26.8)	112.8 (24.5)	8,837 (27.3)	107.2 (27.0)	8,020 (30.5)	107.9 (30.4)	– 13,392
<b>SG&amp;A expenses</b>	333,810 (27.1)	109.9 (26.5)	276,118 (26.8)	108.5 (26.2)	14,298 (31.5)	13,038 (25.8)	110.6 (24.1)	7,541 (23.3)	107.1 (23.1)	6,898 (26.2)	107.4 (26.3)	3,227 12,689
<b>Operating income</b>	48,000 (3.9)	105.2 (4.0)	47,215 (4.6)	103.5 (4.7)	383 (0.8)	508 (1.0)	232.2 (0.4)	1,296 (4.0)	107.5 (3.9)	1,122 (4.3)	111.7 (4.1)	-3,227 703
<b>Ordinary income</b>	52,500 (4.3)	100.7 (4.6)	51,509 (5.0)	100.6 (5.3)	473 (1.0)	921 (1.8)	97.8 (1.9)	1,378 (4.3)	105.1 (4.3)	1,222 (4.7)	105.1 (4.7)	-3,227 224
<b>Net income attributable to owners of parent</b>	28,000 (2.3)	103.6 (2.4)	29,525 (2.9)	100.7 (3.0)	290 (0.6)	521 (1.0)	136.6 (0.8)	890 (2.7)	100.8 (2.9)	736 (2.8)	101.5 (3.0)	-3,227 -736

# Planned store openings and closures



(Unit: No. of Stores)

		Actual number at the beginning of the term	Openings	Closures	Estimated number at the end of the term	
By company	Welcia Yakkyoku (NARCIS)	2,145 (9)	85	21	2,209 (9)	
	Marudai Sakurai Pharmacy	96	6	0	102	
	Shimizu Yakuhin	68	6	0	74	
	Marue Drug	60	3	5	58	
	YODOYA	25	1	0	26	
	MASAYA	39	3	0	42	
	Pupule Himawari	134	2	1	135	
	Kokumin	156	9	8	157	
	French	3	0	1	2	
	FUKUYAKUHIN	25	1	0	26	
	By area	Hokkaido	7	0	2	5
		Tohoku	191	10	1	200
		Kanto	1,200	36	15	1,221
		Chubu	551	22	6	567
		Kinki	509	35	10	534
		Chugoku	170	7	2	175
		Shikoku	74	2	0	76
		Kyushu and Okinawa	49	4	0	53
	In Japan	2,751	116	36	2,831	
Overseas	12	6	2	16		
Consolidated	2,763	122	38	2,847		
(In Japan)	No. of stores with dispensing pharmacy	2,019	166	3	2,182	
	Ratio of stores with dispensing pharmacy	74.7%			78.5%	

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



# **3 Medium-Term Management Plan**



## Summary

- Japan's first drugstore to achieve annual sales of 1 trillion yen
- While the Company grew in size, there is yet room for improvement in profitability

Management indicators		Previous Medium-Term Management Plan	Results for Fiscal 2023	Achievement rate
	Net sales	1,080 billion yen	1,144 billion yen	106.0%
	Ordinary income ratio	5.0%	4.6%	-0.4%
	Dividend payout ratio	20% or more	24.7%	Achieved

Store openings	Dispensing	Stores	Products
<p><b>Active store openings</b></p> <p>120 stores in FY2021</p> <p>142 stores in FY2022</p> <p>143 stores in FY2023</p> <p><b>M&amp;A</b></p> <p>Total 428 stores</p>	<p><b>Promoting stores with dispensing pharmacy</b></p> <p><b>Strengthen initiatives for community collaboration and interpersonal work</b></p> <p><b>Ratio of stores with dispensing pharmacy: 74.7%</b></p> <p>* Total domestic HD excluding cosmetic stores</p>	<p><b>Using digital technology to enhance the operational efficiency of store business</b></p> <p>Automatic ordering system (70% of total)</p> <p>Work management system</p> <p>Introduction of digital tools</p>	<p><b>Karada and Kurashi Welcia was launched in June 2021.</b></p> <p><b>Below the target number of SKU</b></p>

- Higher raw materials and higher electricity costs (energy costs) than expected; business environment drastically changed due to living with COVID-19
- Increasing trend of aging and declining population continues to affect the foundation of business
- While assessing the impact of megatrends, we aim to capitalize on opportunities and address challenges early.

Trends	Social changes	Impact on business	Issues to consider
Rising costs of raw materials and utilities due to the weak yen and soaring import prices	<ul style="list-style-type: none"> <li>• Two types of consumption behavior: low-cost-oriented and quality-oriented</li> </ul>	<ul style="list-style-type: none"> <li>• Well-defined sales strategy</li> <li>• PB development strategy</li> <li>• Appealing added value other than product value</li> </ul>	<ul style="list-style-type: none"> <li>• Products</li> <li>• Counseling</li> <li>• Store strategy</li> </ul>
	<ul style="list-style-type: none"> <li>• Widening gap between domestic and foreign prices</li> </ul>	<ul style="list-style-type: none"> <li>• Expected growth in inbound consumption</li> </ul>	<ul style="list-style-type: none"> <li>• Responding to changes in travelers' preferences</li> <li>• Consideration of EC and overseas expansion</li> </ul>
Normalization of living with COVID-19	<ul style="list-style-type: none"> <li>• Growing needs for contactless services</li> <li>• Shortage of medical personnel</li> </ul>	<ul style="list-style-type: none"> <li>• Responding to online services</li> <li>• Shift from doctors to pharmacists</li> <li>• Shortage of pharmacists and other human resources</li> </ul>	<ul style="list-style-type: none"> <li>• Sophisticated dispensing operations</li> <li>• More efficient dispensing operations</li> </ul>
	<ul style="list-style-type: none"> <li>• Aging employees</li> </ul>	<ul style="list-style-type: none"> <li>• Decrease in store employees and increase in labor costs</li> </ul>	<ul style="list-style-type: none"> <li>• More efficient store operations</li> </ul>
Aging and depopulating society	<ul style="list-style-type: none"> <li>• Changes in consumer trends</li> </ul>	<ul style="list-style-type: none"> <li>• Stores are required to change for one-stop shopping, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Consideration of new business types and services</li> </ul>

## Vision for 2030


# No. 1 health station in the community

## Sales target: 3 trillion yen, No. 1 drugstore in ASEAN

What is the health station?

A place of community that supports local customers for a beautiful, pleasant and healthy lives. And to be a trusted professional that provide services for "pre-symptomatic disease, prevention, treatment, and nursing."

## Numerical targets of the new medium-term management

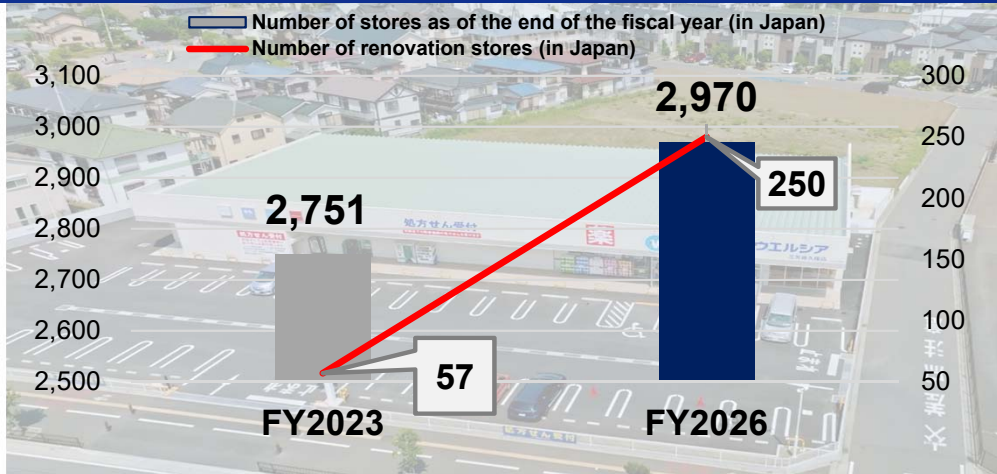
	FY2023		FY2026
Consolidated net sales	1,144 billion yen		1,500 billion yen
Ordinary income ratio	4.6%		5.0%
ROE	12.7%		15.0% or more
EBITDA growth rate (3-year average)	8.8% (FY2021-FY2023)		Double-digit growth (FY2024-FY2026)

\*EBITDA = operating income + depreciation + goodwill amortization

1	<b>Evolving and deepening existing businesses</b>	<ul style="list-style-type: none"> <li>• Enhance the competitiveness through new store openings, renovations, etc.</li> <li>• Strengthen counseling and product proposal skills</li> <li>• Promote establishing stores with pharmacy and respond to increasing sophistication of dispensing operations</li> <li>• Develop unique private brand products having a story</li> <li>• Develop new store formats for food-intensive stores, small urban stores, and mobile sales</li> <li>• Active expansion of nursing care business</li> <li>• Expand business areas through initiatives for the health services business</li> </ul>
2	<b>Promoting M &amp; A and pursuing group synergies</b>	<ul style="list-style-type: none"> <li>• Promote M &amp; A in peripheral business areas in addition to drugstore business</li> <li>• Improve subsidiary earnings through mutual utilization of common group functions and the expansion of group synergies by promoting the Welcia models</li> </ul>
3	<b>Responding to digitalization</b>	<ul style="list-style-type: none"> <li>• Develop digitally enabled customer services</li> <li>• Labor saving and efficiency improvement in store and headquarters operations</li> </ul>
4	<b>Expansion of overseas operations</b>	<ul style="list-style-type: none"> <li>• Welcia-BHG (Singapore) will open more stores and improve its earnings</li> <li>• Advance into other areas of ASEAN region</li> </ul>
5	<b>Sophistication of organizational and business management</b>	<ul style="list-style-type: none"> <li>• Optimization of cross-group headquarters organization</li> </ul>



## Store conditions



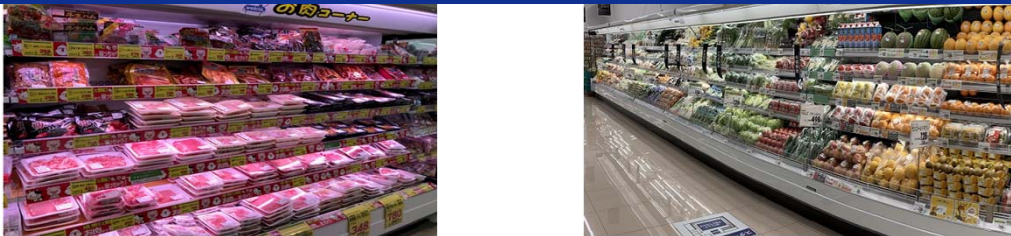
\*Each planned figure is in the existing business excluding M & A

## PB\* composition ratio of product sales

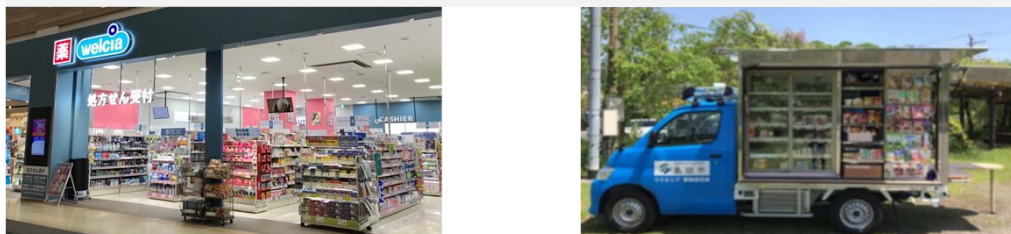
\*Welcia PB (Karada and Kurashi Welcia, etc.) / Topvalu/Hapycom, etc.



## Strengthening the competitiveness of existing stores and development of new formats



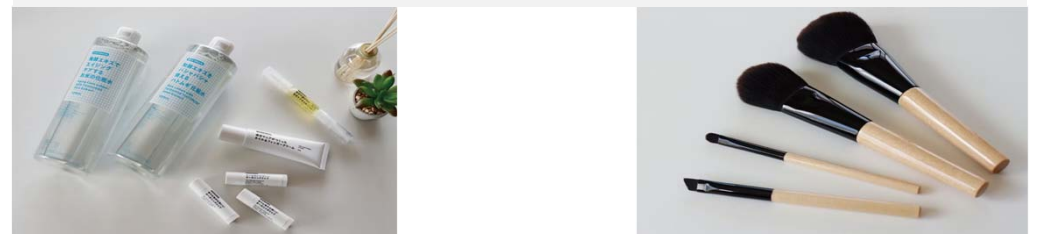
Stores that cater to local needs such as provision of four fresh foods



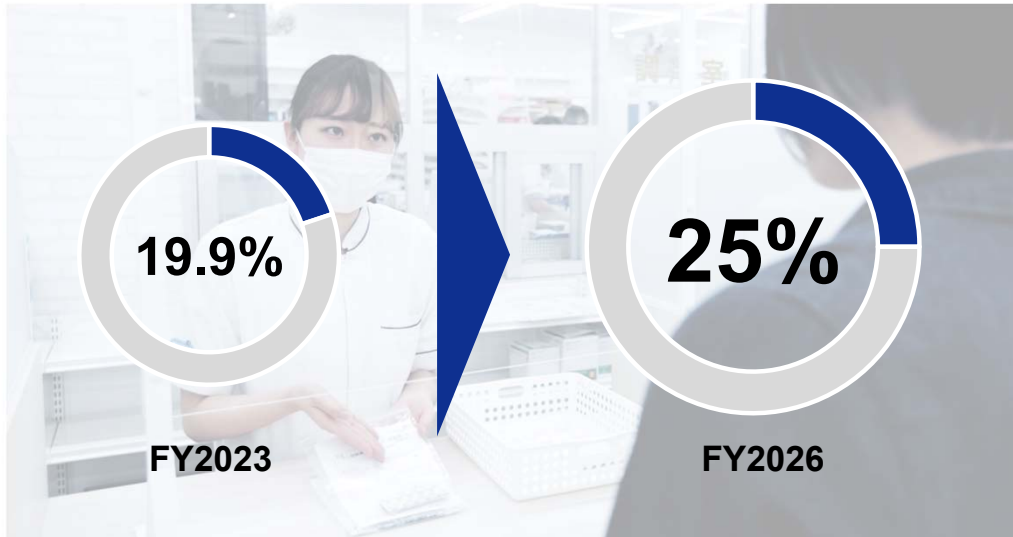
## Further expansion of Karada Welcia and Kurashi Welcia



Development of products with high added value

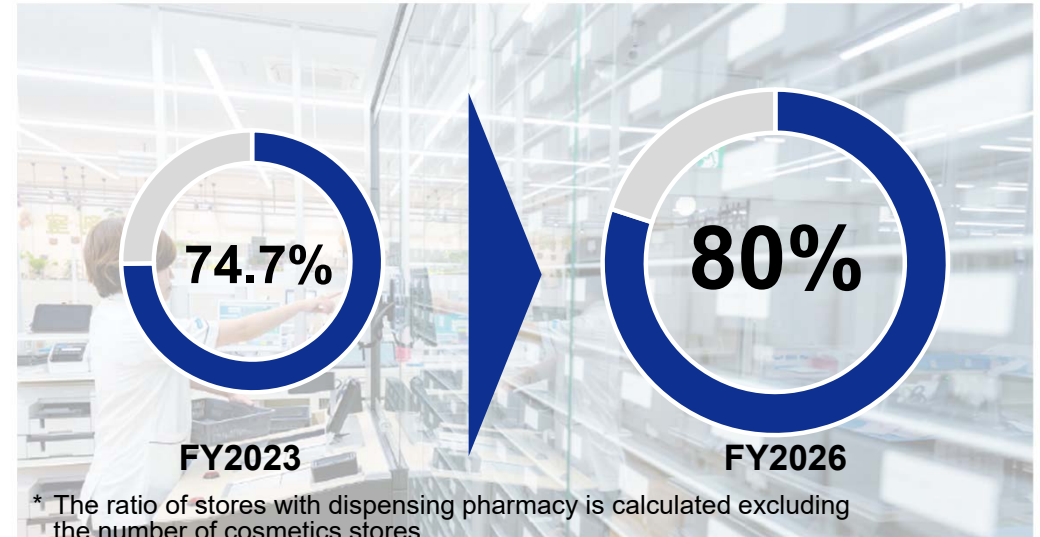


## Composition ratio of dispensing sales



\*Each planned figure is in the existing business excluding M & A

## Ratio of stores with dispensing pharmacy



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

## Responding to the sophistication of dispensing operations

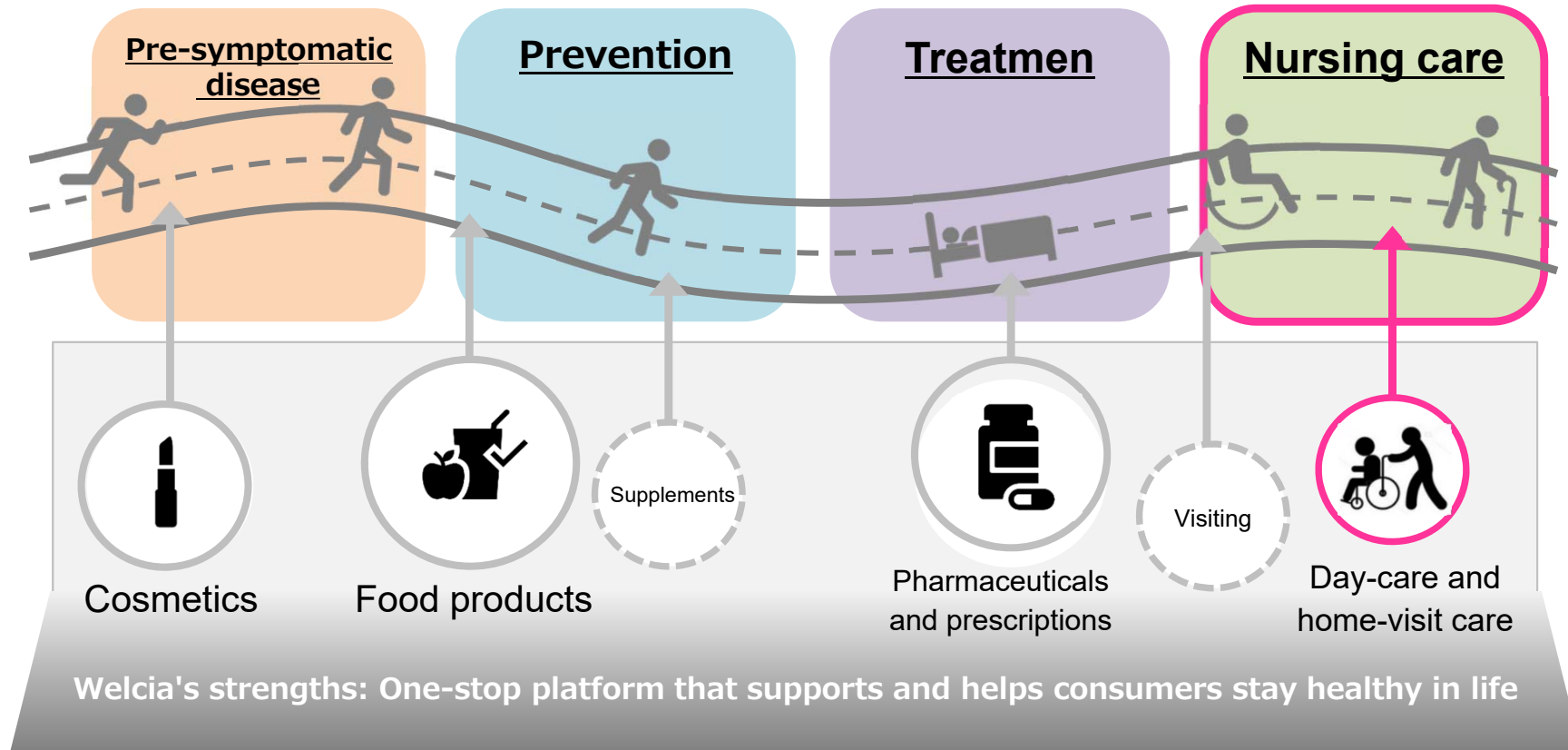


- Strengthening professional training
- Development of pharmacists needed in regional medical services

- Speedy response to diverse needs such as going online
- Promotion of mechanization and computerization to improve the work efficiency for objects



- Expand nursing care and other health services businesses to make health stations a reality



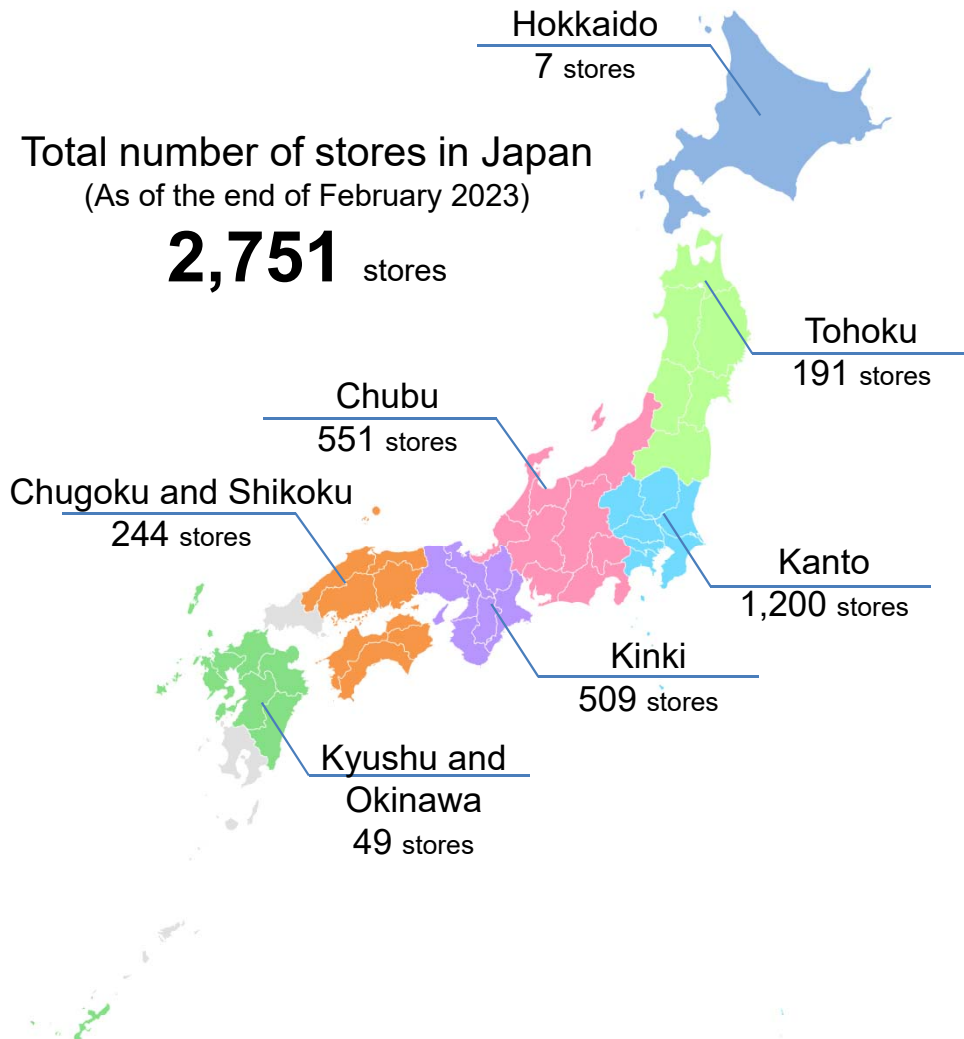
**Discontinue sales of tobacco products at all stores by the fiscal year ending February 2026 in order to realize the No. 1 health station in the region**





## Promotion of M & A

Promote M & A in peripheral business areas in addition to drugstore business

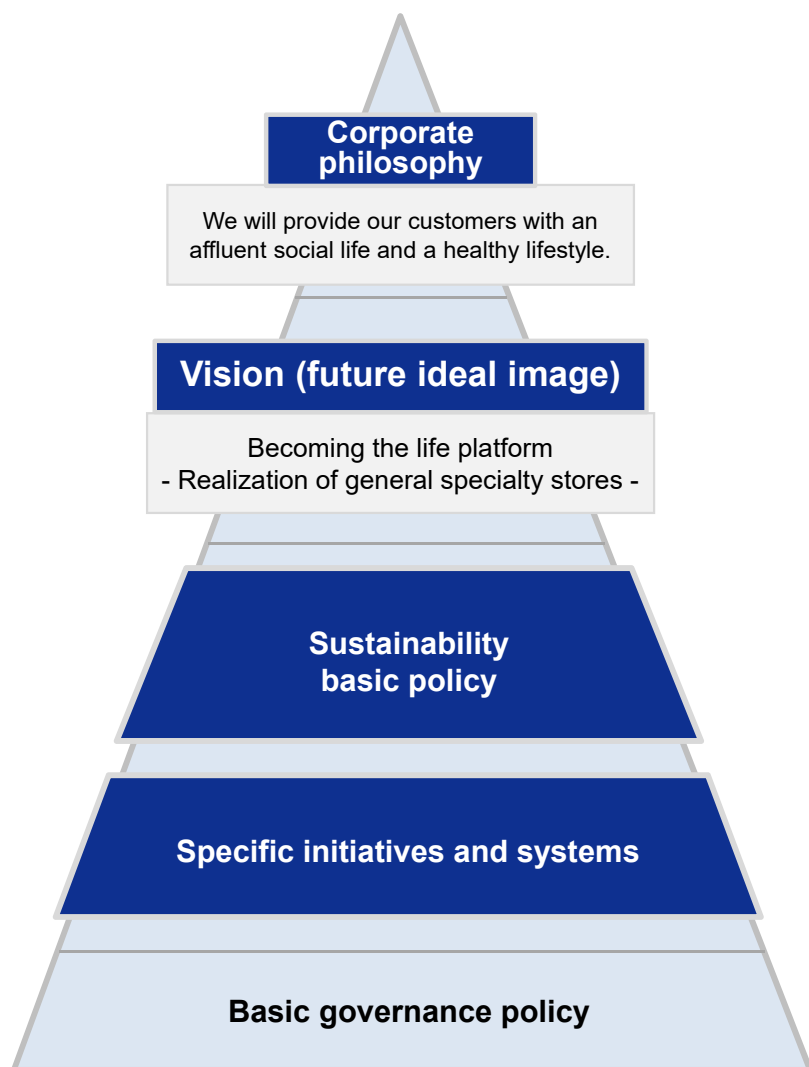


## Business expansion in the ASEAN region

In addition to local products, we will provide more directly imported products from Japan and expand the Japanese version of drugstores in the future.



We believe that sustainability management is the essence of management for the Company, where we will create a sustainable society that achieves an affluent social and healthy life in society by working together with all our stakeholders, namely customers, employees, shareholders, investors, government administrators, and business partners.



Main Materiality	Target items	FY2023	FY2026
Reducing plastic use	Collection center for collection of used plastic bottles	439 stores	<b>1,500 stores</b>
Promotion of switching to renewable energy	Stores with solar panels	119 stores	<b>420 stores</b>
Promotion of women to managerial positions	Ratio of female managers	16.3%	30%
	Ratio of female general managers	15.4%	30%
Enhancing human capital through upskilling and career education	Annual training hours per person	14.8h (Welcia Yakkyoku)	<b>10% increase from the previous year</b>
Creating a sustainable network	Stores with Welcafe	436 stores	<b>700 stores</b>
Contribution to regional infrastructure functions	Ratio of stores with dispensing pharmacy	74.7%	<b>80%</b>
	Stores open 24 hours	284 stores	<b>400 stores</b>
Development of new business lines leading to health promotion	Health app membership	740,000 members	<b>4 million members</b>

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.