



# Financial Results Briefing for the Second Quarter of Fiscal Year Ending February 2024

October 10, 2023

**Welcia Holdings Co., Ltd.**

Stock Code 3141, Tokyo Stock Exchange  
Prime Market



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# 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.

# Overview of FY2024 2Q

- Sales reached the planned level, but profits fell short. In the 2Q period, progress was made on an improving trend.
- Both sales and profit increased substantially, for subsidy income was recorded as non-operating income in the previous year.

## 1. Outline of Financial Results

(Unit: million yen/%)

	Actual results	Projections	Difference	Achievement rate	Y/Y
Net sales	611,017	612,220	-1,202	99.8	108.6
(Dispensing pharmacy sales)	126,268	124,335	1,933	101.6	114.6
Operating income	24,735	25,740	-1,004	96.1	103.1
Ordinary income	26,797	28,030	-1,232	95.6	95.8
Net income attributable to owners of parent	16,233	16,700	-466	97.2	95.0

## 2. Indicators

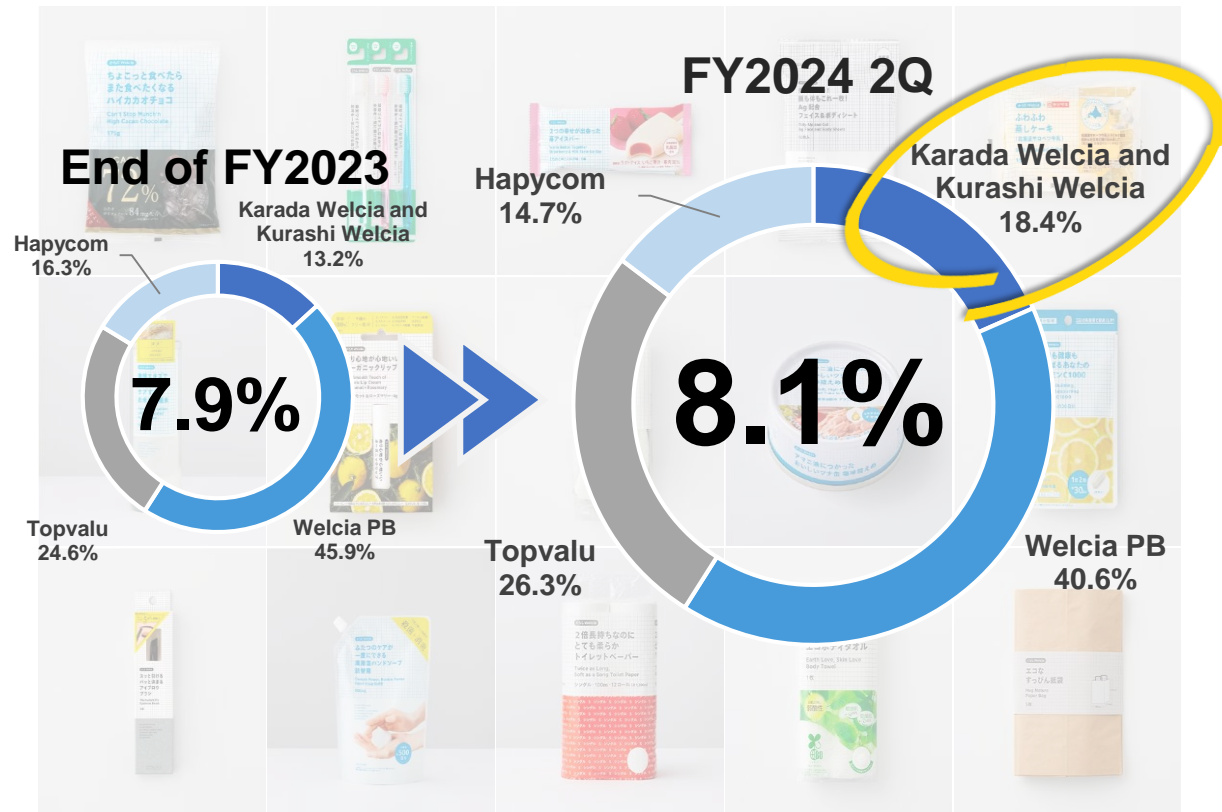
(Unit: %/store)

	Actual results	Projections	Difference
Existing-stores' sales growth rate	3.9	3.8	0.1
(Products)	2.4	2.8	-0.4
(Dispensing)	9.4	7.8	1.6
Store openings (including overseas)	56	58	-2
Store closures (including overseas)	18	27	-9
Number of stores as of the end of the term (including overseas)	2,801	2,794	7
No. of stores with dispensing pharmacy	2,070	2,100	-30
Ratio of stores with dispensing pharmacy	75.5	76.9	-1.4
Renovation (full renovation)	40	64	-24



- **PB** sales in the first half of the year were up **119%** year on year.
- **Karada Welcia and Kurashi Welcia's** sales composition ratio in PB increased by 5.2% from the end of FY2023.
- Sales as of the end of August 2023: **231** SKUs (end of FY2023: 162 SKUs)

## Composition ratio of sales of PB products



## Product development that reflects customer feedback

- Call for customer voice through the website of **Karada Welcia and Kurashi Welcia**

**We want to create “quality items” together with our customers by reflecting their voices.**



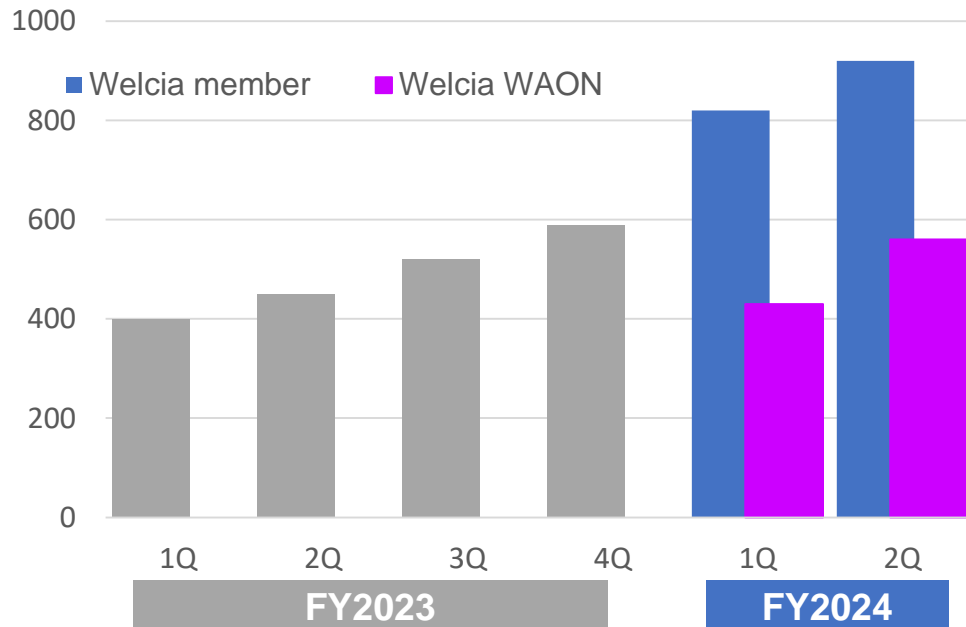
- **The first body cream** was released in September 2023. \*Left photo
- It also reflects the following **special points** from customers' voices:
  - (1) Non-sticky feeling of use
  - (2) Expressing fragrance with essential oils
  - (3) Adopting a pump container  
→ Reflect customer needs in usability as well as ingredients.

# Status after the introduction of Welcia membership and WAON POINT service

- The Welcia membership, which started in July 2021, has grown to **about 9.2 million** people.
- The number of users of the WAON POINT service is increasing steadily. In addition, the number of registered Welcia member **WAON POINT** cards is about **5.6 million**.

## Changes in the number of Welcia members

Unit: 10 thousand people



- With the introduction of the WAON POINT service, the number of Welcia members increased significantly, and increased steadily thereafter.
- The use of the membership customer appreciation day on the 20th also increased month after month.
- Launched sales promotion utilizing purchase histories of cosmetics.
- The number of new customers from the WAON economic zone are expected to reach 1.9 million this fiscal year.
- At the same time, measures such as analysis and sales promotion using ID data will be promoted to expand the effectiveness.

- In March 2023, the **Welcia drug support system** (Pocket Musubi\*) was introduced at all dispensing pharmacy of Welcia yakkyoku in order to enhance follow-up on patient medication.

\*Pocket Musubi is a convenient tool that connects pharmacies and patients using LINE Mini App.

## Purpose and benefit of implementation



- **Improvement of convenience and customer experience** when patients use pharmacies

→ With the familiar tool, patients can receive medication follow-ups and consult with staff about their problems.

- **Increasing customer contacts** leads to **acquiring repeat customers**

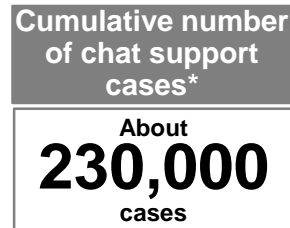
→ As a primary care pharmacy, it is possible to respond closely to patients.

## Main app functions and users

- **Prescription pre-send** (patients can receive their medication without waiting)
- **Check-in function** (to let patients know when the medicine is ready)
- **Medication follow-up** (chat for help with medication problems)

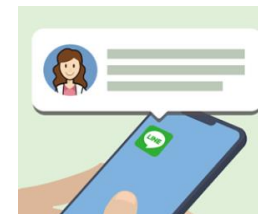


From March to August 2023



From March to August 2023

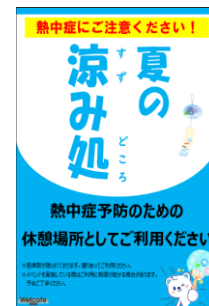
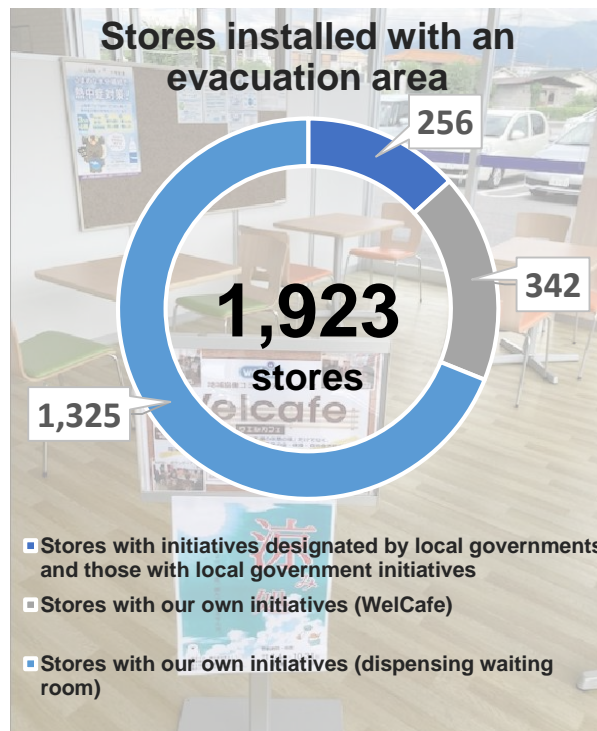
\*Number of questions answered in medication follow-ups



# Initiatives for community health stations

- In cooperation with local governments, **cooling shelters** and **evacuation areas** were established to prevent heatstroke. Implementing measures against heatstroke, we encourage local residents to use them as evacuation and rest areas.
- Regarding **AEDs** that have been installed in stores, regional training sessions were also held, contributing to emergency relief efforts.

## Status of stores installed with an evacuation area



## Cooling shelter

- Designated heat evacuation facilities, which area designated by the mayor of a municipality to be open to the public when a heat stroke special warning is issued.

- In 2023, the country experienced unprecedented heat, and from July to August, about 70,000 people were transported by ambulance due to heatstroke. The figure rose to more than 160% from the same period last year.  
\*Source: the Ministry of Internal Affairs and Communications press release.
- **As a health station**, we will strengthen our efforts to support local people.

## AED installation and dissemination activities



▲AED training session held at Aeon Cheers Club Welcia Shizuoka

- Welcia is working to support relief activities and serve as a base for social infrastructure, and has installed AEDs at almost all its stores.  
\*The number of domestic installations is about 600,000 (source: Fire Department's white paper)
- We provide opportunities for not only our employees but also local residents to experience the support relief activities.





# Results for FY2024 2Q achievement rates

- In response to a reactionary drop in COVID-19-related demand, measures such as expanding PB products and strengthening counseling were continued, but gross profit fell short of the plan. SG&A expenses were within the plan, but profit fell short of the plan.

(Unit: million yen/%)

	Actual results		Projections			
		Composition ratio		Composition ratio	Difference	Achievement rate
<b>Net sales</b>	611,017	100.0	612,220	100.0	-1,202	99.8
<b>Gross operating profit</b>	185,792	30.4	188,830	30.8	-3,037	98.4
<b>SG&amp;A expenses</b>	161,057	26.4	163,090	26.6	-2,032	98.8
<b>Operating income</b>	24,735	4.0	25,740	4.2	-1,004	96.1
<b>Ordinary income</b>	26,797	4.4	28,030	4.6	-1,232	95.6
<b>Net income attributable to owners of parent</b>	16,233	2.7	16,700	2.7	-466	97.2

# Results for FY2024 2Q year-on-year change

- Both sales and profit increased at the operating income level owing to the improved performance at Kokumin and Pupule Himawari.
- Ordinary income and net income were largely affected by subsidies income in the previous year.

(Unit: million yen/%)

	Actual results		Actual results for the same period of the previous year			
		Composition ratio		Composition ratio	Change	Y/Y
Net sales	611,017	100.0	562,752	100.0	48,265	108.6
Gross operating profit	185,792	30.4	170,624	30.3	15,168	108.9
SG&A expenses	161,057	26.4	146,636	26.0	14,421	109.8
Operating income	24,735	4.0	23,988	4.3	747	103.1
Ordinary income	26,797	4.4	27,974	5.0	-1,176	95.8
Net income attributable to owners of parent	16,233	2.7	17,088	3.0	-854	95.0
EBITDA	36,607		34,971		1,635	104.7

\*EBITDA = operating income + depreciation + goodwill amortization

# Results for FY2024 2Q year-on-year change (reference)



## Reference

Excluding Kokumin, French and FUKUYAKUHIN and amortization of goodwill, etc.

(Unit: million yen/%)

	Actual results		Actual results for the same period of the previous year			
		Composition ratio		Composition ratio	Change	Y/Y
<b>Net sales</b>	584,253	100.0	552,267	100.0	31,985	105.8
<b>Gross operating profit</b>	177,448	30.4	167,299	30.3	10,149	106.1
<b>SG&amp;A expenses</b>	152,418	26.1	142,585	25.8	9,833	106.9
<b>Operating income</b>	25,030	4.3	24,713	4.5	316	101.3
<b>Ordinary income</b>	27,033	4.6	28,643	5.2	-1,609	94.4
<b>Net income attributable to owners of parent</b>	16,480	2.8	17,784	3.2	-1,303	92.7

# Results for FY2024 (quarterly YoY change)

- In the 2Q period, sales and profit increased, exceeding the high hurdle caused by the seventh wave of COVID-19 in the previous year. Progress with improvement trend.

(Unit: million yen/%)

Upper row: Amount Lower row: Composition ratio	1Q			2Q			3Q			4Q		
	Actual results	Change	Y/Y	Actual results	Change	Y/Y	Actual results	Change	Y/Y	Actual results	Change	Y/Y
<b>Net sales</b>	298,267	30,550	111.4	312,750	17,714	106.0						
	100.0	–	100.0	100.0	–	100.0						
<b>Gross operating profit</b>	87,809	9,378	112.0	97,983	5,790	106.3						
	29.4	–	29.3	31.3	–	31.2						
<b>SG&amp;A expenses</b>	80,427	9,709	113.7	80,629	4,711	106.2						
	26.9	–	26.4	25.8	–	25.7						
<b>Operating income</b>	7,381	-331	95.7	17,353	1,078	106.6						
	2.5	–	2.9	5.5	–	5.5						
<b>Ordinary income</b>	8,524	-1,971	81.2	18,272	794	104.5						
	2.9	–	3.9	5.8	–	5.9						
<b>Net income attributable to owners of parent</b>	5,126	-1,195	81.1	11,107	340	103.2						
	1.7	–	2.4	3.6	–	3.6						
<b>Major events</b>	<b>2023</b> March Introduction of WAON POINT service April NHI drug price revision May Reclassification of COVID-19 as Class 5 infectious diseases			<b>2023</b> July Seasonal products are doing well in the scorching heat. August Negotiations after revisions to NHI drug prices reached agreement			<b>2023</b>			<b>2023 – 2024</b>		
	<b>2022</b> March Complete lifting of semi-emergency COVID-19 measures (on March 21) Free PCR and antigen testing April 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 Seventh wave of COVID-19 August Negotiations after revisions to NHI drug prices reached agreement Unrestricted summer vacation			<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 Eighth wave of COVID-19 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		



# Breakdown of financial results by company for FY2024 2Q

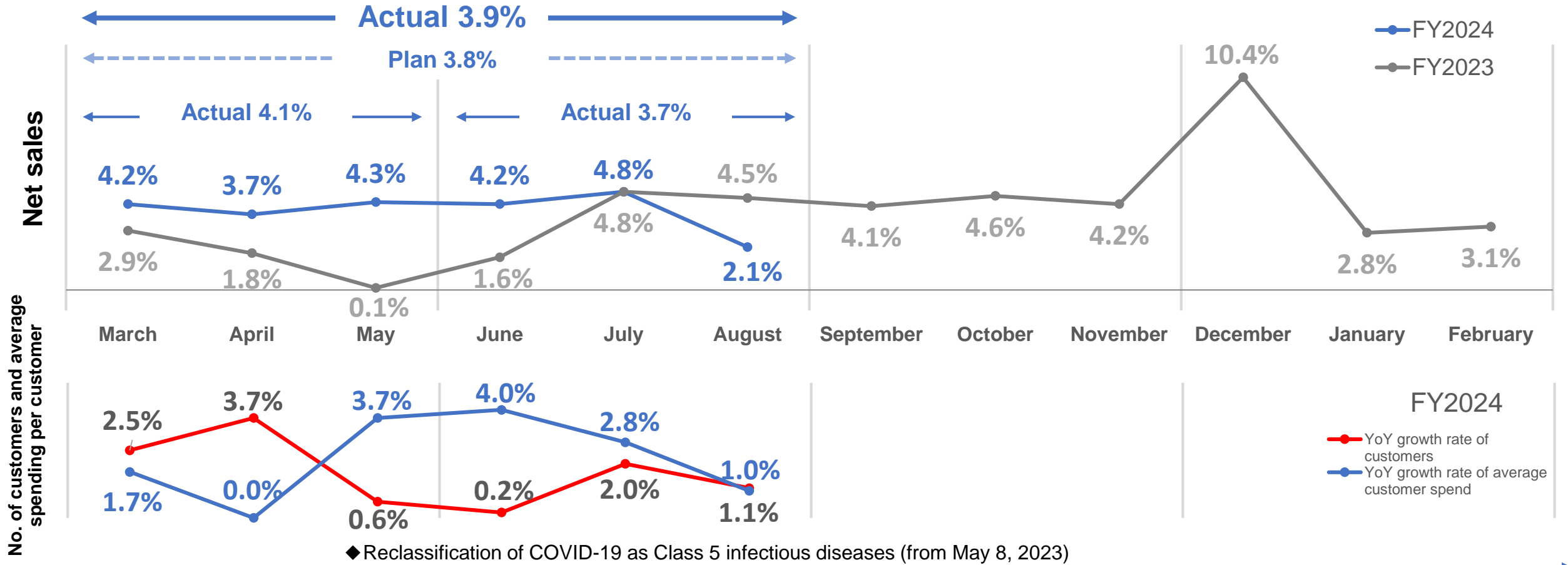


- Pupule Himawari's gross profit margin improved due to changes in product policies and other factors, resulting in an operating surplus. (YoY change in operating income: +284 million yen)
- Sales of OTC products and cosmetics were strong due to an increase in inflow of people into urban areas. Profitability continues to improve.

(Unit: million yen/%)

Upper row: Amount Lower row: Composition ratio	Welcia HD (consolidated)		Welcia Yakkyoku		Pupule Himawari		Kokumin	Marudai Sakurai Pharmacy		Shimizu Yakuhin		Marue Drug	
		Y/Y		Y/Y		Y/Y			Y/Y		Y/Y		Y/Y
<b>Net sales</b>	611,017	108.6	510,708	105.8	25,181	100.3	23,076	16,172	105.5	13,626	112.6	7,175	104.3
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<b>Gross operating profit</b>	185,792	108.9	156,935	105.7	6,424	110.2	7,229	4,375	105.5	4,135	112.8	2,257	104.9
	30.4	30.3	30.7	30.8	25.5	23.2	31.3	27.1	27.1	30.3	30.3	31.5	31.3
<b>SG&amp;A expenses</b>	161,057	109.8	133,260	107.0	6,224	105.2	6,927	3,608	105.5	3,335	109.1	2,134	108.4
	26.4	26.0	26.1	25.8	24.7	23.5	30.0	22.4	22.4	24.4	25.3	29.8	28.6
<b>Operating income</b>	24,735	103.1	23,675	98.8	200	—	301	767	105.7	799	131.2	122	67.2
	4.0	4.3	4.6	5.0	0.8	—	1.3	4.7	4.7	5.9	5.0	1.7	2.7
<b>Ordinary income</b>	26,797	95.8	25,675	93.5	402	118.5	354	815	103.6	862	122.2	148	65.7
	4.4	5.0	5.0	5.7	1.6	1.4	1.5	5.0	5.1	6.3	5.8	2.1	3.3
<b>Net income attributable to owners of parent</b>	16,233	95.0	16,154	91.8	259	95.2	370	513	102.7	577	120.0	91	61.6
	2.7	3.0	3.2	3.6	1.0	1.1	1.6	3.2	3.3	4.2	4.0	1.3	2.2

# Existing stores' monthly sales growth rate (in Japan)



FY2024

Increase in demand for cold-related products (increased awareness of self-care)  
Strong sales of hey fever-related products

Increase in COVID-19 cases as inflow of people recovers  
Seasonal products are doing well in the scorching heat.

FY2023

Complete lifting of semi-emergency COVID-19 measures  
Strong sales of hey fever-related products

Declining demand for COVID-19-related products

Seventh wave of COVID-19  
Strong sales of seasonal products

Increase in demand for OTC products

Raised the prices of the largest products

Eighth wave of COVID-19  
Soaring demand for OTC products (continued demand growth)

# Composition ratio of sales by category

- OTC products sales were 102.3% year on year affected by the seventh COVID-19 wave in July and August last year.
- Sales of cosmetics continued to grow due to increased opportunities to go out. Food sales increased due to price hikes.
- Dispensing pharmacy sales increased to 114.6% due to an increase in the number of prescriptions to the promotion of stores with dispensing pharmacy.

(Unit: million yen/%)

(Unit: million yen/%)

Upper row: Amount Lower row: Composition ratio	Welcia HD (consolidated)		Welcia Yakkyoku		Pupule Himawari		Kokumin	
		Y/Y		Y/Y		Y/Y		
<b>OTC products</b>	118,432	102.3	97,236	98.3	4,797	97.9	6,049	
	19.4	20.6	19.0	20.5	19.1	19.5	26.2	
<b>Cosmetics</b>	97,710	110.6	75,862	106.5	4,424	98.9	6,069	
	16.0	15.7	14.9	14.8	17.6	17.8	26.3	
<b>Household goods</b>	82,261	106.3	69,552	105.0	3,960	97.4	1,571	
	13.5	13.8	13.6	13.7	15.7	16.2	6.8	
<b>Food products</b>	137,684	110.2	117,738	109.7	7,845	102.6	1,058	
	22.5	22.2	23.1	22.2	31.2	30.5	4.6	
<b>Others</b>	47,943	105.5	38,088	103.0	2,925	99.7	786	
	7.8	8.0	7.4	7.7	11.5	11.7	3.4	
<b>Total sales of products</b>	484,032	107.1	398,476	104.7	23,953	99.7	15,536	
	79.2	80.3	78.0	78.9	95.1	95.7	67.3	
<b>Dispensing</b>	126,268	114.6	111,665	110.1	1,176	114.0	7,530	
	20.7	19.6	21.9	21.0	4.7	4.1	32.6	
<b>Subtotal</b>	610,301	108.6	510,142	105.8	25,129	100.3	23,066	
	99.9	99.9	99.9	99.9	99.8	99.8	99.9	
<b>Commission income</b>	716	118.6	566	116.6	51	91.5	10	
	0.1	0.1	0.1	0.1	0.2	0.2	0.1	
<b>Total</b>	611,017	108.6	510,708	105.8	25,181	100.3	23,076	
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	

Reference	Excluding Kokumin, French, and FUKUYAKUHIN	
	Upper row: Amount Lower row: Composition ratio	Welcia HD (consolidated) Y/Y
<b>OTC products</b>	111,114	98.3
	19.0	20.5
<b>Cosmetics</b>	90,983	106.4
	15.6	15.5
<b>Household goods</b>	80,221	104.6
	13.7	13.9
<b>Food products</b>	136,293	109.4
	23.3	22.6
<b>Others</b>	46,948	103.7
	8.1	8.1
<b>Total sales of products</b>	465,562	104.6
	79.7	80.6
<b>Dispensing</b>	117,986	110.7
	20.2	19.3
<b>Subtotal</b>	583,548	105.8
	99.9	99.9
<b>Commission income</b>	704	117.7
	0.1	0.1
<b>Total</b>	584,253	105.8
	100.0	100.0

# Gross profit margin by category

- In OTC products, sales of combination cold remedies and seasonal products increased, despite a decline in demand for test kits and masks due to the impacts of the seventh COVID-19 wave last year.
- In dispensing, the gross profit margin declined due to the end of transitional measures to add to the regional support system and the revision to NHI drug prices.

(Unit: %)

		Welcia HD (consolidated)		Welcia Yakkyoku		Pupule Himawari		Kokumin
			Y/Y change		Y/Y change		Y/Y change	
	<b>OTC products</b>	40.4	0.2	40.6	0.2	41.7	3.0	38.2
	<b>Cosmetics</b>	33.3	0.4	33.4	0.3	33.4	4.0	30.5
	<b>Household goods</b>	28.8	0.9	29.1	0.7	25.0	3.7	28.9
	<b>Food products</b>	19.1	0.5	19.5	0.4	14.0	1.6	21.3
	<b>Others</b>	15.0	-1.1	14.3	-1.7	14.3	0.7	28.0
	<b>Total sales of products</b>	28.4	0.1	28.5	-0.1	25.0	2.4	32.6
	<b>Dispensing</b>	37.7	-0.7	38.4	-0.3	33.2	-1.0	28.7
	<b>Subtotal</b>	30.3	0.1	30.7	0.0	25.4	2.3	31.3
	<b>Commission income</b>	100.0	—	100.0	—	100.0	—	100.0
	<b>Total</b>	30.4	0.1	30.7	-0.1	25.5	2.3	31.3

(Unit: %)

Reference		Excluding Kokumin, French, and FUKUYAKUJIN	
		Welcia HD (consolidated)	
			Y/Y change
	<b>OTC products</b>	40.6	0.3
	<b>Cosmetics</b>	33.5	0.5
	<b>Household goods</b>	28.8	0.9
	<b>Food products</b>	19.1	0.5
	<b>Others</b>	14.7	-1.3
	<b>Total sales of products</b>	28.3	0.1
	<b>Dispensing</b>	38.3	-0.3
	<b>Subtotal</b>	30.3	0.1
	<b>Commission income</b>	100.0	—
	<b>Total</b>	30.4	0.1



# SG&A expenses

- Advertising expenses increased due to promotional expenses associated with the introduction of the WAON POINT service.
- Utility costs continued to increase. (+0.1 p, 115% YoY)

							(Unit: million yen/%)	
							Reference	
							Excluding Kokumin, French, and FUKUYAKUHIN	
Upper row: Amount Lower row: Composition ratio	Welcia HD (consolidated)		Welcia Yakkyoku		Pupule Himawari		Kokumin	
		Y/Y		Y/Y		Y/Y		Y/Y
<b>Labor costs</b>	83,883	109.4	70,170	106.5	2,997	103.5	3,242	
	13.7	13.6	13.7	13.7	11.9	11.5	14.1	
<b>Advertising expenses</b>	2,810	116.4	1,876	111.5	150	107.7	106	
	0.5	0.4	0.4	0.3	0.6	0.6	0.5	
<b>Rent</b>	28,072	111.6	22,787	107.5	1,121	99.3	2,101	
	4.6	4.5	4.5	4.4	4.5	4.5	9.1	
<b>Others</b>	46,291	109.1	38,426	107.4	1,955	111.6	1,476	
	7.6	7.5	7.5	7.4	7.7	6.9	6.3	
<b>Total</b>	161,057	109.8	133,260	107.0	6,224	105.2	6,927	
	26.4	26.0	26.1	25.8	24.7	23.5	30.0	

		(Unit: million yen/%)	
		Reference	
		Excluding Kokumin, French, and FUKUYAKUHIN	
Upper row: Amount Lower row: Composition ratio	Welcia HD (consolidated)		
		Y/Y	
<b>Labor costs</b>	80,099	106.6	
	13.7	13.6	
<b>Advertising expenses</b>	2,678	113.5	
	0.5	0.4	
<b>Rent</b>	25,771	107.1	
	4.4	4.4	
<b>Others</b>	43,868	106.9	
	7.5	7.4	
<b>Total</b>	152,418	106.9	
	26.1	25.8	

# Results in the dispensing sector

- Sales increased due to consolidation of Kokumin and an increase in the number of prescriptions to the promotion of stores with dispensing pharmacy.
- The gross profit margin declined due to the end of transitional measures to add to the regional support system and the revision to NHI drug prices.

	FY2021 2Q		FY2022 2Q		FY2023 2Q		FY2024 2Q	
		Y/Y change		Y/Y change		Y/Y change		Y/Y change
Dispensing pharmacy sales (million yen)	84,048	111.9%	97,680	116.2%	110,203	112.8%	126,268	114.6%
No. of prescriptions (in the thousands)	7,635	99.5%	9,373	122.8%	10,557	112.6%	12,285	116.4%
Prescription unit price (yen)	11,008	112.4%	10,421	94.7%	10,439	100.2%	10,278	98.5%
Gross profit margin (%)	38.1	-0.5	39.4	1.3	38.4	-1.0	37.7	-0.7
No. of stores with dispensing pharmacy (stores)	1,506	161	1,742	236	1,943	201	2,070	127
Ratio of stores with dispensing pharmacy (%)	71.4	1.8	78.0	6.6	73.5	-4.5	75.5	2.0
Major revisions of medical service fees, etc.	—		✓ Changed to annual revision to NHI drug prices		✓ Revision of basic dispensing fees for more than 300 chain stores		✓ End of transitional measures to provide additional fees by the community support system	

\*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 ended February 2023.

# Results in the dispensing sector by company

- The number of stores with dispensing facilities increased by 51 this fiscal year.

	Welcia HD (consolidated)		Welcia Yakkyoku		Pupule Himawari		Kokumin	Marudai Sakurai Pharmacy		Shimizu Yakuhin		Marue Drug	
	FY2023 2Q	FY2024 2Q	FY2023 2Q	FY2024 2Q	FY2023 2Q	FY2024 2Q	FY2024 2Q	FY2023 2Q	FY2024 2Q	FY2023 2Q	FY2024 2Q	FY2023 2Q	FY2024 2Q
Dispensing pharmacy sales (million yen)	110,203	126,268	101,385	111,665	1,031	1,176	7,530	1,151	1,374	1,829	2,334	1,090	1,251
No. of prescriptions (in the thousands)	10,557	12,285	9,786	11,175	85	103	429	133	157	177	221	93	111
Prescription unit price (yen)	10,439	10,278	10,360	9,992	12,078	11,388	17,553	8,623	8,705	10,289	10,530	11,693	11,199

No. of stores with dispensing pharmacy (stores)	1,943	2,070	1,762	1,852	20	26	54	39	42	43	46	23	29
Ratio of stores with dispensing pharmacy (%)	73.5	75.5	83.9	85.4	14.9	19.4	34.4	41.1	42.4	64.2	65.7	39.7	49.2

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

# Number of employees

- 924 new graduates (438 pharmacists and 486 career-track employees) employed in April 2023

	FY2023				FY2024			
	End of 1Q	End of 2Q	End of 3Q	Estimated number at the end of the term	End of 1Q	End of 2Q	End of 3Q	Estimated number at the end of the term
<b>No. of employees (persons)</b>	14,241	14,934	14,813	14,865	15,648	15,494		
<b>No. of temporary employees (based on 8h/employee)</b>	24,139	25,484	25,611	25,477	25,541	26,423		

<b>No. of pharmacists (enrollment)</b>	7,287	7,710	7,656	7,706	8,151	8,150		
<b>No. of pharmacists per store (persons)</b>	2.98	2.92	2.88	2.85	2.99	2.97		
<b>No. of registered sales clerks (enrollment)</b>	16,930	17,660	17,581	18,586	18,546	18,444		
<b>No. of registered sales clerks per store (persons)</b>	6.92	6.68	6.62	6.88	6.79	6.73		

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



# Store openings and closures

(Unit: No. of stores)

		End of FY2023	Openings		Closures		End of August 2023
			Projections	Actual results	Projections	Actual results	
By company	Welcia Yakkyoku	2,145	45	42	16	10	2,177
	Marudai Sakurai Pharmacy	96	3	3	–	–	99
	Shimizu Yakuhin	68	1	2	–	–	70
	Marue Drug	60	2	2	4	3	59
	YODOYA	25	–	–	–	–	25
	MASAYA	39	1	1	–	–	40
	Pupule Himawari	134	–	–	1	–	134
	Kokumin	156	2	3	4	2	157
	French	3	–	–	–	–	3
	FUKUYAKUHIN	25	1	1	–	–	26
	<b>In Japan</b>	<b>2,751</b>	<b>55</b>	<b>54</b>	<b>25</b>	<b>15</b>	<b>2,790</b>
	<b>Overseas</b>	<b>12</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>11</b>
	<b>Consolidated</b>	<b>2,763</b>	<b>58</b>	<b>56</b>	<b>27</b>	<b>18</b>	<b>2,801</b>
By area	Hokkaido	7	–	1	1	–	8
	Tohoku	191	6	6	1	–	197
	Kanto	1,200	14	14	10	8	1,206
	Chubu	551	15	14	6	4	561
	Kinki	509	13	11	5	3	517
	Chugoku	170	2	3	2	–	173
	Shikoku	74	1	1	–	–	75
	Kyushu and Okinawa	49	4	4	–	–	53
	<b>In Japan</b>	<b>2,751</b>	<b>55</b>	<b>54</b>	<b>25</b>	<b>15</b>	<b>2,790</b>

## 2. Earnings Forecast for FY2024

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- 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.

# Indicator assumptions and priority measures for FY2024 forecasts

## 1. Projections

Net sales	1,230.0 billion yen	Y/Y	107.5%
Operating income	48.0 billion yen	Y/Y	105.2%
Ordinary income	52.5 billion yen	Y/Y	100.7%
Net income attributable to owners of parent	28.0 billion yen	Y/Y	103.6%

## 2. Indicator assumptions

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	254.8 billion yen	Y/Y	111.7%	
No. of stores with dispensing pharmacy	2,182 stores	Ratio of stores with dispensing pharmacy	78.5%	

## 3. Priority measures

Opening new pharmacies	166 stores		
Renovation (full renovation)	101 stores	Actual results for the same period of the previous year	57 stores

# Full-year earnings forecasts



(Unit: million yen/%)

	1H			2H			Full-year		
	Amount	Composition ratio	Y/Y	Amount	Composition ratio	Y/Y	Amount	Composition ratio	Y/Y
<b>Net sales</b>	612,220	100.0	108.8	617,780	100.0	106.2	1,230,000	100.0	107.5
<b>(Dispensing pharmacy sales)</b>	124,335	20.3	112.8	130,465	21.1	110.7	254,800	20.7	111.7
<b>Gross operating profit</b>	188,830	30.8	110.7	192,980	31.2	108.0	381,810	31.0	109.3
<b>SG&amp;A expenses</b>	163,090	26.6	111.2	170,720	27.6	108.8	333,810	27.1	109.9
<b>Operating income</b>	25,740	4.2	107.3	22,260	3.6	102.8	48,000	3.9	105.2
<b>Ordinary income</b>	28,030	4.6	100.2	24,470	4.0	101.2	52,500	4.3	100.7
<b>Net income attributable to owners of parent</b>	16,700	2.7	97.7	11,300	1.8	113.7	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/%)

Upper row: Amount Lower row: Composition ratio	Welcia HD (consolidated)		Welcia Yakkyoku		Kokumin	Pupule Himawari		Marudai Sakurai Pharmacy		Shimizu Yakuhin		Marue Drug	
		Y/Y		Y/Y			Y/Y		Y/Y		Y/Y		Y/Y
<b>Net sales</b>	1,230,000	107.5	1,029,694	106.0	45,462	50,552	103.1	32,419	106.2	26,260	107.3	14,599	105.2
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<b>Gross operating profit</b>	381,810	109.3	323,333	107.7	14,681	13,546	112.8	8,837	107.2	8,020	107.9	4,679	107.0
	31.0	30.5	31.4	30.9	32.3	26.8	24.5	27.3	27.0	30.5	30.4	32.1	31.5
<b>SG&amp;A expenses</b>	333,810	109.9	276,118	108.5	14,298	13,038	110.6	7,541	107.1	6,898	107.4	4,293	106.6
	27.1	26.5	26.8	26.2	31.5	25.8	24.1	23.3	23.1	26.2	26.3	29.4	29.0
<b>Operating income</b>	48,000	105.2	47,215	103.5	383	508	232.2	1,296	107.5	1,122	111.7	386	111.3
	3.9	4.0	4.6	4.7	0.8	1.0	0.4	4.0	3.9	4.3	4.1	2.6	2.5
<b>Ordinary income</b>	52,500	100.7	51,509	100.6	473	921	97.8	1,378	105.1	1,222	105.1	447	107.3
	4.3	4.6	5.0	5.3	1.0	1.8	1.9	4.3	4.3	4.7	4.7	3.1	3.0
<b>Net income attributable to owners of parent</b>	28,000	103.6	29,525	100.7	290	521	136.6	890	100.8	736	101.5	296	113.3
	2.3	2.4	2.9	3.0	0.6	1.0	0.8	2.7	2.9	2.8	3.0	2.0	1.9

# 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	2,145	85	21	2,209
	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
	FUKUYAKUHI	25	1	0	26
	In Japan	2,751	116	36	2,831
	Overseas	12	6	2	16
	<b>Consolidated</b>	<b>2,763</b>	<b>122</b>	<b>38</b>	<b>2,847</b>
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
	<b>In Japan</b>	<b>2,751</b>	<b>116</b>	<b>36</b>	<b>2,831</b>
<b>Stores with dispensing pharmacy</b>		<b>2,019</b>	<b>166</b>	<b>3</b>	<b>2,182</b>
<b>Ratio of stores with dispensing pharmacy</b>		<b>74.7%</b>			<b>78.5%</b>

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