



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

January 9, 2024

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 3Q

- Due to a reactionary decline in demand for testing kits and other COVID-19-related products, profit did not meet the plan and was also below the year-on-year level.

1. Outline of Financial Results

(Unit: million yen/%)

	Actual results	Projections	Difference	Achievement rate	Y/Y
Net sales	910,460	915,955	-5,494	99.4	107.6
(Dispensing pharmacy sales)	190,191	188,522	1,669	100.9	113.2
Operating income	31,105	33,292	-2,186	93.4	98.8
Ordinary income	34,295	36,727	-2,431	93.4	93.8
Net income attributable to owners of parent	20,382	21,767	-1,384	93.6	96.4

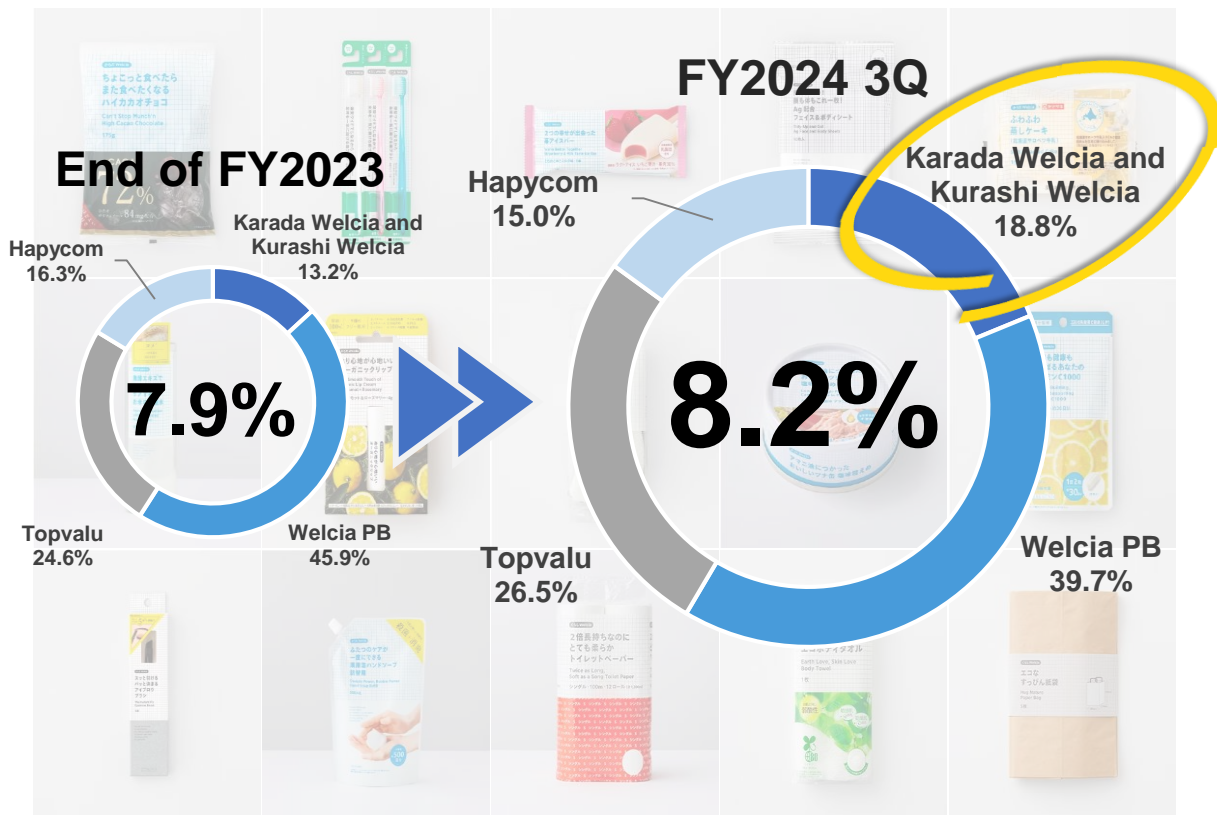
2. Indicators

(Unit: %/store)

	Actual results	Projections	Difference
Existing-stores' sales growth rate	3.8	4.0	-0.2
(Products)	2.3	2.9	-0.6
(Dispensing)	9.3	8.4	0.9
Store openings (including overseas)	84	94	-10
Store closures (including overseas)	34	36	-2
Number of stores as of the end of the term (including overseas)	2,813	2,821	-8
No. of stores with dispensing pharmacy	2,113	2,163	-50
Ratio of stores with dispensing pharmacy	76.8	78.5	-1.7
Renovation (full renovation)	68	90	-22

- **PB sales** continued to grow at **117%** year on year. In particular, the popularity of **Karada Welcia** and **Kurashi Welcia** in cosmetics, food, and household goods is increasing, contributing to sales growth.
- **Karada Welcia** and **Kurashi Welcia** SKUs as of the end of November 2023: **270 SKUs** (end of FY2023 : 162SKUs)

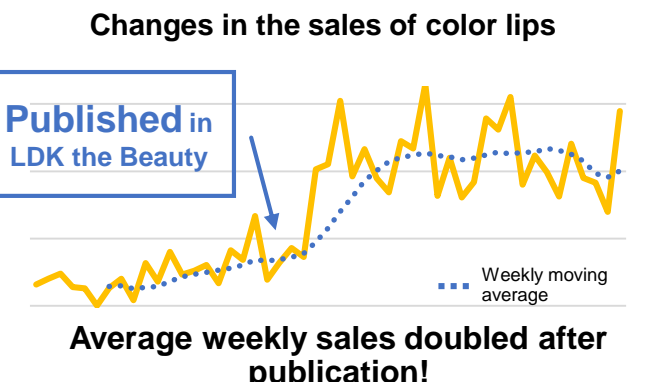
Composition ratio of sales of PB products



Topics



- Karada Welcia and Kurashi Welcia Winner of the **best buy of the year** in the review magazine **LDK**, etc.!!
- **LDK the Beauty** Best cosmetics for the year 2023 3 SKUs and others

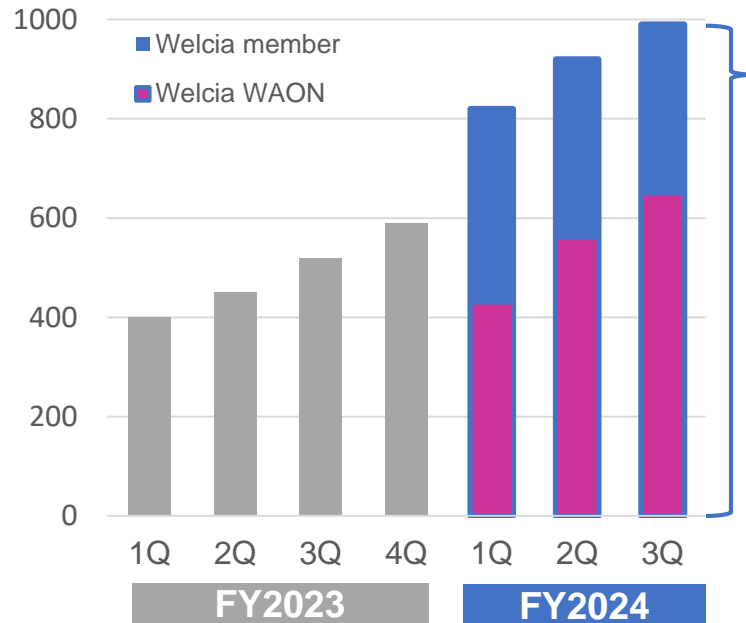


Status after the introduction of Welcia membership and WAON POINT service

- The **Welcia membership**, which started in July 2021, has grown to about **9.9 million**.
- The number of registered Welcia member **WAON POINT** card is about **6.5 million**.

Changes in the number of Welcia members

Unit: 10 thousand people



What is a Welcia member?

Those who are existing T-POINT members and have registered as a Welcia member

What is a Welcia member WAON POINT card registrant?

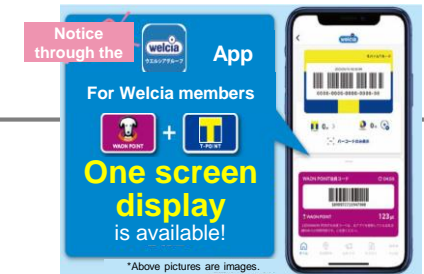
Those who are Welcia members and have linked with the WAON POINT card

Expanding use of WAON POINT services and ID usage

ID utilization

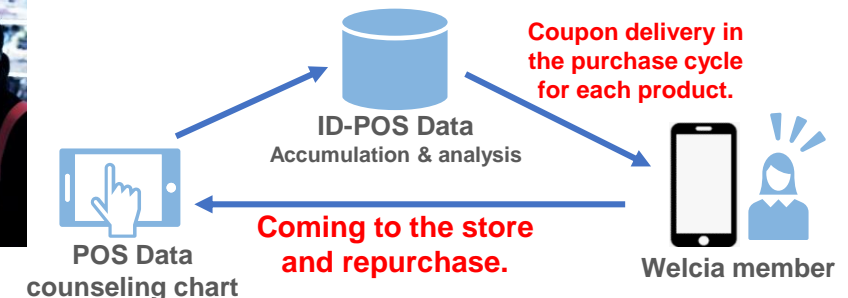
- ✓ In this term, we used repeat sales promotion* to encourage the continued use of annual enhanced products in cosmetics. Delivered to about 10,000 people during the 3Q period.

Owing to the distribution of coupons to new buyers after a certain period of time from the purchase date, the CVR was as high as 10% or more in some cases.



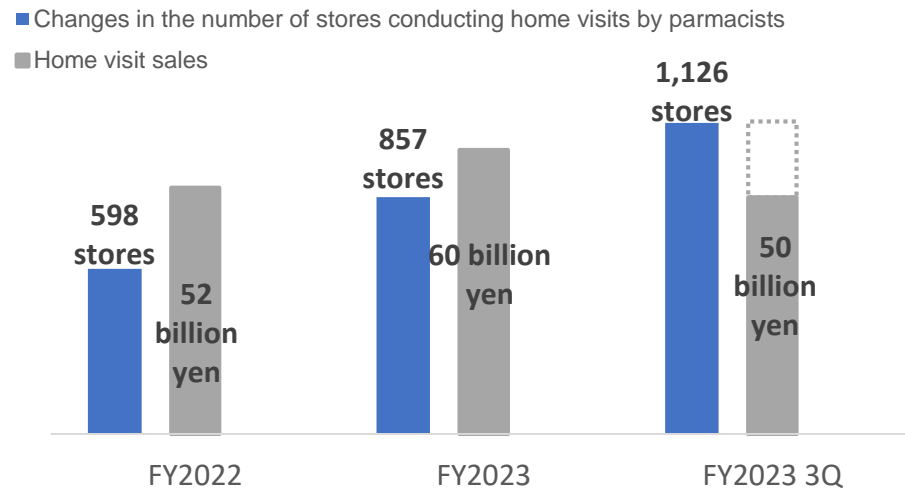
▲ Increase the presentation and utilization rates of WAON POINT cards by improving usability.

*Image of repeat sales illustration.



- By the end of November 2023, **home visits by pharmacists** were conducted at **1,126 stores**.
- Target **1,200 stores** this term.

Number of stores that conducted home visits by pharmacists



✓ The number of stores conducting home visits has doubled since the end of FY2022.

Improvement of service awareness

指定居宅療養
管理指導事業所



- Increase awareness of home visits with in-store posters. **The number of inquiries also increased.**
- Expansion of pharmacist training programs. Ongoing training at the time of joining the Company and on-the-job training at home visits of patients.

Relaxation of rules regarding personal appearance

- From December 1, 2023, we adopted new rules for personal appearance to respect individual values and diversity.
- Under the new rules, standards on dress and hairstyle, etc. are greatly relaxed to encourage employees to work.



Purpose of introducing the new rules

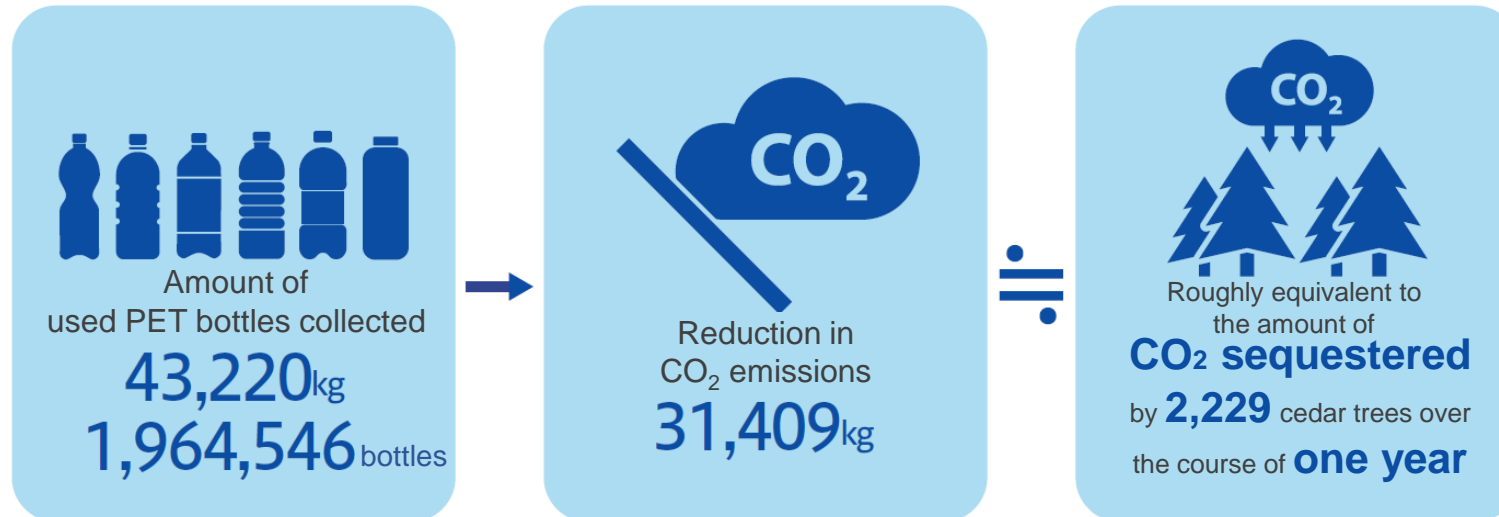
- To be an opportunity for each person to think on their own initiative.
- As the working environment improves, **the motivation to work** improves and communication becomes more active.
- To be a company that attracts people who can create new value in an environment where they can play an active role **in their own way**.

Reviews from employees

- Dressing up increased my motivation for work.
- Communication increased with customer comments such as “You have changed your hair color.”
- Rather, I have become more responsible for customer services to not to receive complaints about my hair color from customers.

- In our environmental policy, we are working to reduce plastic consumption as a materiality.
- Since 2020, we have been promoting the **Bottle To Bottle** initiative, in which PET bottles are collected at stores and recycled into PET bottles. Collected at **526 stores**. *As of November 2023
- Target at the end of February 2026: **1,500 sites** totaling **75 tons**

CO₂ emissions reduction results achieved to date (September 1, 2021 – August 31, 2023)



A collection box at a store



- Clean and washed PET bottles to the collection box.



Results for FY2024 3Q achievement rates

- In response to a reactionary decline 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
Net sales	910,460	100.0	915,955	100.0	-5,494	99.4
Gross operating profit	274,757	30.2	280,761	30.7	-6,003	97.9
SG&A expenses	243,652	26.8	247,469	27.1	-3,816	98.5
Operating income	31,105	3.4	33,292	3.6	-2,186	93.4
Ordinary income	34,295	3.8	36,727	4.0	-2,431	93.4
Net income attributable to owners of parent	20,382	2.2	21,767	2.4	-1,384	93.6

Results for FY2024 3Q year-on-year change

- Sales increased and profit decreased due to a reactionary decline in COVID-19-related demand.
- Ordinary income was 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	910,460	100.0	845,986	100.0	64,473	107.6
Gross operating profit	274,757	30.2	255,251	30.2	19,506	107.6
SG&A expenses	243,652	26.8	223,783	26.5	19,869	108.9
Operating income	31,105	3.4	31,468	3.7	-362	98.8
Ordinary income	34,295	3.8	36,568	4.3	-2,272	93.8
Net income attributable to owners of parent	20,382	2.2	21,136	2.5	-753	96.4
EBITDA	49,012		48,303		708	101.5

*EBITDA = operating income + depreciation + goodwill amortization

Results for FY2024 3Q year-on-year change (reference)



Reference

Excluding Kokumin, French, FUKUYAKUHIN, and amortization of goodwill

(Unit: million yen/%)

	Actual results		Actual results for the same period of the previous year			
		Composition ratio		Composition ratio	Change	Y/Y
Net sales	870,553	100.0	825,400	100.0	45,153	105.5
Gross operating profit	262,316	30.1	248,751	30.1	13,564	105.5
SG&A expenses	230,706	26.5	216,275	26.2	14,430	106.7
Operating income	31,610	3.6	32,476	3.9	-866	97.3
Ordinary income	34,689	4.0	37,452	4.5	-2,763	92.6
Net income attributable to owners of parent	20,828	2.4	22,068	2.7	-1,240	94.4

Results for FY2024 (quarterly YoY change)

- The 3Q ended with a decrease in operating income despite an increased sales owing largely to the impact of the eighth wave of COVID-19 of the previous year.

(Unit: million yen/%)

Upper: Amount Lower: 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
Net sales	298,267	30,550	111.4	312,750	17,714	106.0	299,442	16,208	105.7			
	100.0		100.0	100.0		100.0	100.0		100.0			
Gross operating profit	87,809	9,378	112.0	97,983	5,790	106.3	88,964	4,338	105.1			
	29.4		29.3	31.3		31.2	29.7		29.9			
SG&A expenses	80,427	9,709	113.7	80,629	4,711	106.2	82,594	5,448	107.1			
	26.9		26.4	25.8		25.7	27.6		27.3			
Operating income	7,381	-331	95.7	17,353	1,078	106.6	6,370	-1,109	85.2			
	2.5		2.9	5.5		5.5	2.1		2.6			
Ordinary income	8,524	-1,971	81.2	18,272	794	104.5	7,498	-1,095	87.3			
	2.9		3.9	5.8		5.9	2.5		3.0			
Net income attributable to owners of parent	5,126	-1,195	81.1	11,107	340	103.2	4,149	100	102.5			
	1.7		2.4	3.6		3.6	1.4		1.4			
Major events	2023 Mar.: Introduction of WAON POINT service April: NHI drug prices revision May: Reclassification of COVID-19 as Class 5 infectious diseases			2023 July: Seasonal products are doing well in the scorching heat Aug.: Negotiations concluded after the NHI drug prices revision			2023 Sept.: Continued unusually hot weather Oct.: The end of full public funding for COVID-19 drugs			2023-2024		
	2022 March: Complete lifting of semi-emergency COVID-19 measures (on March 21) Free PCR and antigen testing April: Revisions to medical service fee and dispensing fee May: Increased outings during the national holidays			2022 June: Made Kokumin and French subsidiaries Later half of the month: Record heat wave July: Seventh wave of COVID-19 Aug.: Negotiations concluded after the NHI drug prices revision Unrestricted summer vacation			2022 Sept.: Immigration restrictions eased Oct.: 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 Nov.: Eighth wave of COVID-19			2022-2023 Dec.: Made FUKUYAKUHIN a subsidiary Increase in foreign visitors to Japan The number of COVID-19 cases gradually declined after peaking at the beginning of the year Feb.: Early mass dispersal of pollen		

Breakdown of financial results by company for FY2024 3Q

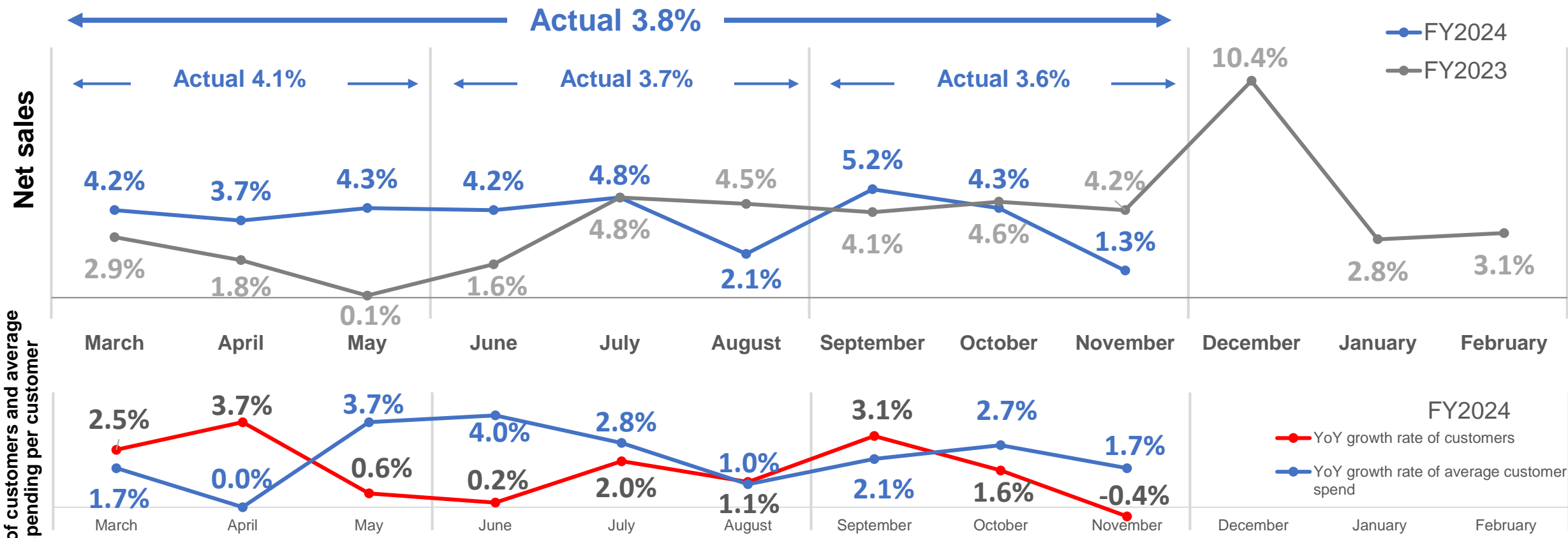


- Pupule Himawari was affected by the membership transition period due to the point service switching in November. We are planning to change logistics and suppliers in March 2024, and will promote the use of Group synergies.
- Kokumin's sales of OTC products and cosmetics were strong due to an increase in inflow of people into urban areas. Further profits improved.

(Unit: million yen/%)

Upper: Amount Lower: 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
Net sales	910,460	107.6	761,702	105.6	36,640	99.0	34,511	24,112	105.6	20,438	112.8	10,730	104.7
	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
Gross operating profit	274,757	107.6	232,266	105.3	9,326	105.7	10,828	6,472	105.6	6,137	112.7	3,336	104.3
	30.2	30.2	30.5	30.6	25.5	23.8	31.4	26.8	26.8	30.0	30.1	31.1	31.2
SG&A expenses	243,652	108.9	201,906	107.0	9,310	105.9	10,386	5,488	105.7	5,095	109.2	3,229	108.2
	26.8	26.5	26.5	26.2	25.5	23.7	30.1	22.7	22.7	24.9	25.8	30.1	29.1
Operating income	31,105	98.8	30,359	95.2	15	53.6	442	983	105.5	1,041	134.1	107	49.8
	3.4	3.7	4.0	4.4	0.0	0.1	1.3	4.1	4.1	5.1	4.3	1.0	2.1
Ordinary income	34,295	93.8	33,375	92.0	322	52.8	538	1,046	103.4	1,124	125.5	140	51.9
	3.8	4.3	4.4	5.0	0.9	1.6	1.6	4.3	4.4	5.5	4.9	1.3	2.7
Net income attributable to owners of parent	20,382	96.4	20,848	90.7	206	46.3	511	649	100.6	749	123.7	70	40.5
	2.2	2.5	2.7	3.2	0.6	1.2	1.5	2.7	2.8	3.7	3.3	0.7	1.7

Existing stores' monthly sales growth rate (in Japan)



◆ Reclassification of COVID-19 as Class 5 infectious diseases (from May 8, 2023)

	March	April	May	June	July	August	September	October	November	December	January	February
FY2024	Increase in demand for cold-related products (increased awareness of self-care)			Increase in COVID-19 cases as inflow of people recovers			Seasonal products are doing well in the scorching heat.					
	Strong sales of hey fever-related products			Seasonal products are doing well in the scorching heat.			Slow growth of seasonal goods due to lingering heat and mild winter					
FY2023	Complete lifting of semi-emergency COVID-19 measures			Seventh wave of COVID-19			Raised the prices of the largest number of products			Eighth wave of COVID-19		
	Strong sales of hey fever-related products		Declining demand for COVID-19-related products		Strong sales of seasonal products		Increase in demand for OTC products		Soaring demand for OTC products (continued demand growth)			

Composition ratio of sales by category

- Sales of products increased as cosmetics demand recovered or food unit prices rose, while sales of OTC products slowed due to a reactionary decline in COVID-19-related demand last year.
- Dispensing pharmacy sales increased to 113.2% due to an increase in the number of prescriptions to the promotion of stores with dispensing pharmacy.

(Unit: million yen/%)

(Unit: million yen/%)

Upper: Amount Lower: Composition ratio	Welcia HD (consolidated)		Welcia Yakkyoku		Pupule Himawari		Kokumin	
		Y/Y		Y/Y		Y/Y		Y/Y
OTC products	174,427	101.8	143,312	98.6	6,871	96.0	9,015	
	19.2	20.3	18.8	20.1	18.8	19.3	26.1	
Cosmetics	144,600	109.3	112,317	106.4	6,407	97.7	9,061	
	15.9	15.6	14.7	14.6	17.5	17.7	26.3	
Household goods	124,136	106.2	105,088	105.2	5,773	97.1	2,402	
	13.6	13.8	13.8	13.8	15.8	16.1	7.0	
Food products	205,509	109.4	175,999	109.0	11,380	100.1	1,610	
	22.6	22.2	23.1	22.4	31.1	30.7	4.7	
Others	70,599	102.9	55,998	100.4	4,296	99.5	1,179	
	7.7	8.1	7.4	7.8	11.6	11.7	3.3	
Total sales of products	719,274	106.2	592,716	104.4	34,728	98.2	23,268	
	79.0	80.0	77.8	78.7	94.8	95.5	67.4	
Dispensing	190,191	113.2	168,210	110.1	1,835	116.8	11,227	
	20.9	19.9	22.1	21.2	5.0	4.2	32.5	
Subtotal	909,465	107.6	760,926	105.6	36,564	99.0	34,495	
	99.9	99.9	99.9	99.9	99.8	99.7	99.9	
Commission income	994	110.0	775	107.2	76	89.6	15	
	0.1	0.1	0.1	0.1	0.2	0.3	0.1	
Total	910,460	107.6	761,702	105.6	36,640	99.0	34,511	
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	

Reference		Excluding Kokumin, French, and FUKUYAKUHIN	
Upper: Amount Lower: Composition ratio	Welcia HD (consolidated)		
		Y/Y	
OTC products	163,582	98.5	
	18.8	20.1	
Cosmetics	134,585	106.1	
	15.5	15.4	
Household goods	121,043	104.8	
	13.9	14.0	
Food products	203,413	108.7	
	23.4	22.7	
Others	69,111	101.3	
	7.9	8.2	
Total sales of products	691,736	104.2	
	79.5	80.4	
Dispensing	177,840	110.6	
	20.4	19.5	
Subtotal	869,576	105.5	
	99.9	99.9	
Commission income	977	109.3	
	0.1	0.1	
Total	870,553	105.5	
	100.0	100.0	

Gross profit margin by category

- Gross profit improved for household goods and food due to rising unit prices, and for cosmetics due to recovering demand. OTC products sales rose slightly due to a reactionary decline in COVID-19-related demand 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	
OTC products	40.2	0.1	40.4	0.1	41.5	1.1	37.8
Cosmetics	32.9	0.2	33.1	0.3	33.0	1.8	30.6
Household goods	28.2	0.5	28.6	0.5	24.6	2.8	28.7
Food products	18.9	0.6	19.3	0.5	14.1	2.6	22.0
Others	15.0	-1.3	14.3	-1.8	14.6	-0.6	31.6
Total sales of products	28.1	0.1	28.2	-0.1	24.8	1.6	32.6
Dispensing	37.6	-0.8	38.3	-0.5	34.4	0.0	28.6
Subtotal	30.1	0.0	30.4	-0.1	25.3	1.6	31.3
Commission income	100.0	—	100.0	—	100.0	—	100.0
Total	30.2	0.0	30.5	-0.1	25.5	1.7	31.4

(Unit: %)

Reference	Excluding Kokumin, French, and FUKUYAKUHIN	
	Welcia HD (consolidated)	
		Y/Y change
OTC products	40.4	0.2
Cosmetics	33.1	0.3
Household goods	28.2	0.5
Food products	18.9	0.7
Others	14.7	-1.6
Total sales of products	28.0	0.0
Dispensing	38.2	-0.5
Subtotal	30.1	0.0
Commission income	100.0	—
Total	30.1	0.0

SG&A expenses

- Advertising expenses increased due to promotional expenses associated with the introduction of the WAON POINT service.
- The growth rate of utility costs was reduced through efforts such as fuel adjustment costs that reduced unit costs and bulk procurement of electricity by the Aeon Group. (+0.0 p, 107.9% YoY)

(Unit: million yen/%)

(Unit: million yen/%)

Upper: Amount Lower: Composition ratio	Welcia HD (consolidated)		Welcia Yakkyoku		Pupule Himawari		Kokumin
		Y/Y		Y/Y		Y/Y	
Labor costs	127,047	108.9	106,410	106.8	4,418	103.1	4,839
	14.0	13.8	14.0	13.8	12.1	11.6	14.0
Advertising expenses	4,259	117.2	2,914	113.4	255	135.5	170
	0.5	0.4	0.4	0.4	0.7	0.5	0.5
Rent	42,198	109.1	34,283	106.6	1,685	99.4	3,134
	4.6	4.6	4.5	4.5	4.6	4.6	9.1
Others	70,147	108.1	58,298	107.1	2,952	112.6	2,241
	7.7	7.7	7.6	7.5	8.1	7.0	6.5
Total	243,652	108.9	201,906	107.0	9,310	105.9	10,386
	26.8	26.5	26.5	26.2	25.5	23.7	30.1

Reference	Excluding Kokumin, French, and FUKUYAKUHIN	
Upper: Amount Lower: Composition ratio	Welcia HD (consolidated)	
		Y/Y
Labor costs	121,403	106.9
	13.9	13.8
Advertising expenses	4,048	115.3
	0.5	0.4
Rent	38,774	106.2
	4.5	4.4
Others	66,479	106.1
	7.6	7.6
Total	230,706	106.7
	26.5	26.2

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 3Q		FY2022 3Q		FY2023 3Q		FY2024 3Q	
		Y/Y Y/Y change		Y/Y Y/Y change		Y/Y Y/Y change		Y/Y Y/Y change
Dispensing pharmacy sales (Million yen)	128,054	112.3%	147,415	115.1%	168,019	114.0%	190,191	113.2%
No. of prescriptions (in the thousands)	11,858	101.9%	14,137	119.2%	16,039	113.5%	18,543	115.6%
Prescription unit price (yen)	10,799	110.2%	10,428	96.6%	10,475	100.5%	10,256	97.9%
Gross profit margin (%)	38.3	0.8	39.3	1.0	38.4	-0.9	37.6	▲ 0.8
No. of stores with dispensing pharmacy (stores)	1,590	202	1,792	202	1,977	185	2,113	136
Ratio of stores with dispensing pharmacy (%)	74.0	2.9	79.4	5.4	74.4	-5.0	76.8	2.4
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 ending February 2023.

Results in the dispensing sector by company

- The number of stores with dispensing facilities increased by 94 this fiscal year.

	Welcia HD (consolidated)		Welcia Yakkyoku		Pupule Himawari		Kokumin	Marudai Sakurai Pharmacy		Shimizu Yakuhin		Marue Drug	
	FY2023 3Q	FY2024 3Q	FY2023 3Q	FY2024 3Q	FY2023 3Q	FY2024 3Q	FY2024 3Q	FY2023 3Q	FY2024 3Q	FY2023 3Q	FY2024 3Q	FY2023 3Q	FY2024 3Q
Dispensing pharmacy sales (Million yen)	168,019	190,191	152,806	168,210	1,571	1,835	11,227	1,743	2,080	2,795	3,522	1,656	1,903
No. of prescriptions (in the thousands)	16,039	18,543	14,804	16,865	131	160	643	204	236	271	335	142	170
Prescription unit price (yen)	10,475	10,256	10,322	9,974	11,922	11,407	17,441	8,543	8,787	10,297	10,504	11,659	11,183
No. of stores with dispensing pharmacy (stores)	1,977	2,113	1,792	1,885	20	27	60	42	44	42	47	25	29
Ratio of stores with dispensing pharmacy (%)	74.4	76.8	84.6	86.4	14.9	20.3	38.7	44.2	43.6	63.6	67.1	42.4	50.0

*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	End of the fiscal year	End of 1Q	End of 2Q	End of 3Q	End of the fiscal year
No. of employees (Person)	14,241	14,934	14,813	14,865	15,648	15,494	15,355	
No. of temporary employees (based on 8h/employee)	24,139	25,484	25,611	25,477	25,541	26,423	26,597	

No. of pharmacists (enrollment)	7,287	7,710	7,656	7,706	8,151	8,150	8,128	
No. of pharmacists per store (Person)	2.98	2.92	2.88	2.85	2.99	2.97	2.95	
No. of registered sales clerks (enrollment)	16,930	17,660	17,581	18,586	18,546	18,444	18,296	
No. of registered sales clerks per store (Person)	6.92	6.68	6.62	6.88	6.79	6.73	6.65	

*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 Feb. 2023	Openings		Closures		End of November 2023
			Projections	Actual results	Projections	Actual results	
By company	Welcia Yakkyoku	2,145	67	64	20	18	2,191
	Marudai Sakurai Pharmacy	96	6	5	–	–	101
	Shimizu Yakuhin	68	3	3	–	1	70
	Marue Drug	60	3	3	5	5	58
	YODOYA	25	1	–	–	–	25
	MASAYA	39	2	1	–	–	40
	Pupule Himawari	134	1	–	1	1	133
	Kokumin	156	6	3	8	4	155
	French	3	–	–	–	1	2
	FUKUYAKUHIN	25	1	1	–	1	25
In Japan		2,751	90	80	34	31	2,800
Overseas		12	4	4	2	3	13
Consolidated		2,763	94	84	36	34	2,813

By area	Hokkaido	7	–	1	1	1	7
	Tohoku	191	9	9	2	–	200
	Kanto	1,200	25	24	14	15	1,209
	Chubu	551	20	19	6	8	562
	Kinki	509	26	17	9	5	521
	Chugoku	170	4	3	2	1	172
	Shikoku	74	2	1	–	–	75
	Kyushu and Okinawa	49	4	6	–	1	54
In Japan		2,751	90	80	34	31	2,800

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.

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
Net sales	612,220	100.0	108.8	617,780	100.0	106.2	1,230,000	100.0	107.5
(Dispensing pharmacy sales)	124,335	20.3	112.8	130,465	21.1	110.7	254,800	20.7	111.7
Gross operating profit	188,830	30.8	110.7	192,980	31.2	108.0	381,810	31.0	109.3
SG&A expenses	163,090	26.6	111.2	170,720	27.6	108.8	333,810	27.1	109.9
Operating income	25,740	4.2	107.3	22,260	3.6	102.8	48,000	3.9	105.2
Ordinary income	28,030	4.6	100.2	24,470	4.0	101.2	52,500	4.3	100.7
Net income attributable to owners of parent	16,700	2.7	97.7	11,300	1.8	113.7	28,000	2.3	103.6
Existing-store sales growth rate	3.8			3.9			3.9		

Full-year earnings forecasts by company



(Unit: million yen/%)

Upper: Amount Lower: 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
Net sales	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
Gross operating profit	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
SG&A expenses	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
Operating income	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
Ordinary income	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
Net income attributable to owners of parent	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
	FUKUYAKUHIN	25	1	0	26
In Japan		2,751	116	36	2,831
Overseas		12	6	2	16
Consolidated		2,763	122	38	2,847

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

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.

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.
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