

H2O Retailing Corporation
Supplementary information
to Financial Results
for the First Quarter of the Fiscal Year
Ending March 31, 2023

August 4, 2022

I. Consolidated Financial Results

1. Consolidated statements of income
 - Overview of financial results
 - Selling, general and administrative expenses
 - Non-operating Income and Expenses
 - Extraordinary Income and Losses
2. Consolidated Balance Sheet
3. Capital Investment

II. Non-consolidated results

1. Hankyu Hanshin Department Stores, Inc.
2. Izumiya Co., Ltd.
3. Hankyu Oasis Co., Ltd.
4. Kansai Super Market Ltd.

I. Consolidated Financial Results

1. Consolidated statements of income

< Overview of financial results >

(millions of yen)

	Jun. 30, 2020	Jun. 30, 2021	Jun. 30, 2022		
	Amount	Amount	Amount	YoY	Inc./Dec.
Department Store	48,408	66,697	108,678	62.9%	41,980
Supermarket	73,148	73,346	101,308	38.1%	27,962
Shopping Center	17,073	13,025	9,120	(30.0)%	(3,904)
Other	7,274	8,110	8,812	8.7%	702
Gross Sales	145,904	161,179	227,919	41.4%	66,740
Net Sales	145,904	114,285	149,352	30.7%	35,067
Department Store	(2,945)	(1,846)	1,224	-	3,070
Supermarket	1,482	1,335	426	(68.1)%	(909)
Shopping Center	(107)	23	596	-	572
Other	526	(1,090)	(769)	-	320
consolidation adjustment	(2,250)	(466)	(812)	-	(346)
Operating Profit	(3,293)	(2,044)	664	-	2,708
Ordinary Profit	(2,996)	(949)	1,867	-	2,817
Extraordinary income	-	15,541	49	(99.7)%	(15,492)
Extraordinary losses	5,246	4,218	740	(82.4)%	(3,477)
Profit	(6,111)	6,277	651	(89.6)%	(5,626)

* The Company has applied "Accounting Standard for Revenue Recognition" from the beginning of 1Q, FY2022.

* Supermarket business includes the results of three companies, Kansai Food Market Ltd., Kansai Super Market Ltd. and Kansai Super Premium Co., Ltd.
The above three companies were not included in the first quarter results of FY2021 and FY2022.

< Selling, general and administrative expenses >

(millions of yen)

	Jun. 30, 2020	Jun. 30, 2021	Jun. 30, 2022		
	Amount	Amount	Amount	YoY	Inc./Dec.
Personnel expenses	18,396	19,275	23,646	22.7%	4,371
Rent expenses	7,064	8,468	11,791	39.2%	3,323
Advertising expenses	706	1,254	1,964	56.7%	710
Depreciation	3,658	3,536	4,368	23.5%	831
Business consignment expenses	4,605	4,389	5,295	20.7%	906
Sales commission	2,309	1,111	2,080	87.2%	969
Transportation costs	3,474	3,372	3,100	(8.1)%	(271)
Others	6,804	7,037	8,632	22.7%	1,594
Total	47,020	48,445	60,880	25.7%	12,435

* The Company has applied "Accounting Standard for Revenue Recognition" from the beginning of 1Q, FY2022.

< Non-operating Income and Expenses >

(millions of yen)

	Jun. 30,	Jun. 30,	Jun. 30,		
	2020	2021	2022	YoY	Inc./Dec.
	Amount	Amount	Amount		
Non-operating income	1,629	1,827	1,904	4.2%	77
Interest income	89	118	140	17.7%	21
Dividend income	852	593	627	5.6%	33
Gain on adjustment of accounts payable	516	261	206	(21.0)%	(54)
Foreign exchange gains	-	679	739	8.8%	59
Other	170	174	191	10.1%	17
Non-operating expenses	1,332	733	701	(4.3)%	(31)
Interest expenses	195	236	245	3.7%	8
Loss on provision for redemption of gift certificates	433	210	162	(22.5)%	(47)
Share of loss of entities accounted for using equity method	363	156	114	(27.1)%	(42)
Other	340	129	178	37.9%	49

* The Company has applied "Accounting Standard for Revenue Recognition" from the beginning of 1Q, FY2022.

< Extraordinary Income and Losses >

(millions of yen)

	Jun. 30,	Jun. 30,	Jun. 30,	Main contents
	2020	2021	2022	
	Amount	Amount	Amount	
Extraordinary income	-	15,541	49	
Subsidy income			49	Compensation payment for store closing
Extraordinary losses	5,246	4,218	740	
Loss on retirement of noncurrent assets			482	Hankyu Hanshin Department Stores
Loss related to COVID-19			146	Hankyu Hanshin Department Stores
Expenses for opening new stores			107	Hanshin Umeda Main Store
Loss on store closing			4	Heart Dining

2. Consolidated Balance Sheet

(millions of yen)

	Jun. 30, 2021 Amount	Mar. 31, 2022 Amount	Jun. 30, 2022 Amount
Cash and deposits	47,418	34,724	33,166
Notes and accounts receivable-trade	50,408	59,906	63,517
Inventory	24,192	22,639	22,930
Total current assets	132,786	129,725	130,534
Property, plant and equipment	257,989	301,245	308,299
Intangible assets	16,170	16,443	16,511
Investments and other assets	201,203	207,143	211,478
Total non-current assets	475,363	524,832	536,290
Total assets	608,150	654,558	666,825

(millions of yen)

	Jun. 30, 2021 Amount	Mar. 31, 2022 Amount	Jun. 30, 2022 Amount
Notes and accounts payable-trade	42,700	56,839	53,360
Loans payable and bonds	188,323	175,382	186,065
Total liabilities	377,408	393,620	402,146
Shareholders' equity	198,095	202,030	201,028
Total net assets	230,741	260,938	264,678
Total liabilities and net assets	608,150	654,558	666,825

3. Capital Investment

(millions of yen)

	Jun. 30, 2022 Amount	Main contents
Department Store	2,797	Hankyu Umeda Main Store Rebuilding of Hanshin Umeda Main Store
Supermarket	1,408	New stores opening of Hankyu Oasis Renovation of Izumiya stores
Shopping Center	137	
Other	7,847	Purchase of land and buildings of H2O Retailing Corporation
consolidation adjustment	(45)	
Total	12,146	

II. Non-consolidated results

1. Hankyu Hanshin Department Stores, Inc.

< Overview of financial results >

(millions of yen)			
	Amount	YoY	Inc./Dec.
Gross Sales	108,047	63.3%	41,870
Gross Profit	24,416	63.2%	9,456
Gross profit/ Gross Sales	22.60%	-	(0.01)pt
Other operating revenue	788	15.1%	103
SG & A	23,998	37.4%	6,532
SG & A/ Gross Sales	22.21%	-	(4.18)pt
Operating profit	1,206	-	3,027
Operating profit/ Gross Sales	1.12%	-	-

* Non-consolidated results shown above are reclassified on the basis before the application of "Accounting Standards for Revenue Recognition".

<Business results by stores>

(millions of yen, thousands of people)				
	Sales	YoY	Number of customers	YoY
Hankyu Main Store *1	57,238	84.4%	7,901	86.6%
Hanshin Umeda Main Store *2	12,612	178.2%	7,204	189.7%
Senri Hankyu	3,148	24.0%	987	15.1%
Takatsuki Hankyu	5,100	41.7%	1,983	26.4%
Kawanishi Hankyu	2,889	16.7%	1,179	19.6%
Takarazuka Hankyu *3	1,726	13.1%	-	-
Nishinomiya Hankyu	5,546	31.8%	2,798	40.2%
Sanda Hankyu *3*4	0	(100.0)%	-	-
Kobe Hankyu	6,943	20.9%	3,286	50.0%
Hakata Hankyu	10,862	29.2%	5,110	32.3%
Hankyu Men's Tokyo	2,586	55.9%	461	114.8%
Oi Hankyu Food Hall	1,013	(2.5)%	1,170	7.2%
Tsuzuki Hankyu	714	(2.9)%	522	(2.8)%
Amagasaki Hanshin *3	653	5.8%	-	-
Hanshin Nishinomiya	953	1.3%	915	6.4%
Hanshin Mikage	115	16.0%	1,132	6.7%
Total of branch stores	42,255	25.1%	19,548	28.4%
Total stores *5	112,107	61.6%	34,654	57.9%

*1 including Hankyu Men's Osaka

*2 Hanshin Umeda Main Store: Rebuilt and reopened on April 6, 2022

*3 not counting the number of customers

*4 Sanda Hankyu: Closed on August 1, 2021

*5 including sales in tenants etc. (4,059 millions of yen)

< Gross Sales of each category >

	(millions of yen)		
	Sales	YoY	Share
Men's clothing	8,057	74.3%	7.2%
Women's clothing	12,958	69.5%	11.6%
Children's clothing	1,918	40.3%	1.7%
Other clothing	2,108	65.3%	1.9%
Clothing	25,043	68.0%	22.3%
Accessories, bags and others	23,878	91.9%	21.3%
Household merchandise	2,934	70.5%	2.6%
Foods	30,180	32.6%	26.9%
Restaurants & cafes	2,774	269.5%	2.5%
General merchandise	22,528	72.6%	20.1%
Service	424	59.1%	0.4%
Other	4,342	25.5%	3.9%
Total *	112,107	61.6%	100.0%

* including sales in tenants etc. (4,059 millions of yen)

< Monthly Sales >

	April	May	June
Hankyu Main Store *	56.0%	497.0%	19.9%
Hanshin Umeda Main Store	142.4%	407.5%	114.8%
Branch Stores	13.5%	64.6%	9.7%
Total stores	42.0%	198.6%	21.5%

* including Hankyu Men's Osaka

2. Izumiya Co., Ltd.

< Overview of financial results >

(millions of yen)			
	Amount	YoY	Inc./Dec.
Gross Sales	33,224	(0.8)%	(274)
Gross Profit	8,628	(2.1)%	(187)
Gross profit/ Gross Sales	25.97%	-	(0.35)pt
Other operating revenue	2,285	(16.8)%	(462)
SG & A	10,775	(0.7)%	(71)
SG & A/ Gross Sales	32.43%	-	0.05pt
Operating profit	139	(80.6)%	(578)
Operating profit/ Gross Sales	0.42%	-	(1.72)pt

* Non-consolidated results shown above are reclassified on the basis before the application of "Accounting Standards for Revenue Recognition".

< Number of stores >

Total	76
YoY difference	1

< Opening and closing stores >

Opening	-
Closing	-

< Monthly Sales >

	April	May	June
Existing stores	(3.4)%	(6.0)%	(6.5)%

3. Hankyu Oasis Co., Ltd.

< Overview of financial results >

(millions of yen)			
	Amount	YoY	Inc./Dec.
Gross Sales	25,416	(8.8)%	(2,446)
Gross Profit	7,015	(7.9)%	(605)
Gross profit/ Gross Sales	27.60%	-	0.25pt
Other operating revenue	1,795	(0.1)%	(2)
SG & A	8,733	(1.0)%	(83)
SG & A/ Gross Sales	34.36%	-	2.72pt
Operating profit	76	(87.2)%	(523)
Operating profit/ Gross Sales	0.30%	-	(1.85)pt

* Non-consolidated results shown above are reclassified on the basis before the application of "Accounting Standards for Revenue Recognition".

< Number of stores >

Total	77
YoY difference	1

< Opening and closing stores >

Opening	Suita-SST(Osaka)
Closing	-

< Monthly Sales >

	April	May	June
Existing stores	(8.1)%	(9.9)%	(12.0)%

4. Kansai Super Market Ltd.

< Overview of financial results >

(millions of yen)			
	Amount	YoY	Inc./Dec.
Gross Sales	31,264	(3.7)%	(1,217)
Gross Profit	7,272	(3.5)%	(261)
Gross profit/ Gross Sales	23.26%	-	0.07pt
Other operating revenue	507	0.5%	2
SG & A	7,361	(0.3)%	(18)
SG & A/ Gross Sales	23.55%	-	0.83pt
Operating profit	418	(36.5)%	(240)
Operating profit/ Gross Sales	1.34%	-	(0.69)pt

*1 The operating results of Kansai Supermarket Ltd. are consolidated with Kansai Super Premium Co., Ltd.

*2 Consolidated results shown above are reclassified on the basis before the application of "Accounting Standards for Revenue Recognition"

< Number of stores >

Total	64
YoY difference	±0

< Opening and closing stores >

Opening	-
Closing	-

< Monthly Sales >

	April	May	June
Existing stores	(1.7)%	(3.5)%	(6.0)%