

Financial Results for the 3Q of the Fiscal Year Ending Mar. 2025

H2O RETAILING CORPORATION

Feb. 5, 2025



Point

Results

- Consolidated results achieved record highs for gross sales, operating profit, ordinary profit, and profit, driven by the strong performance in Department Store Business.
- In Department Store Business, gross sales and operating profit continued to increase due to steady domestic sales and strong growth in inbound sales.
- In Supermarket Business, gross sales and operating profit increased due to existing store sales at supermarkets exceeding the previous year.

Forecast

- Full-year forecast slightly revised consolidated gross sales and segments.
- Operating profit, ordinary profit and profit remain unchanged (In 4Q, extraordinary losses such as impairment losses on non-current assets will be recorded).

Results for 1-3Q of FY2025

(100 million JPY)

YoY

| | | |
|------------------|-------|-----------------|
| Gross sales | 8,740 | +723 +9.0% |
| Operating profit | 289 | +67 +30.4% |
| Profit | 374 | +197 +110.7% |

Forecast for FY2025

(100 million JPY)

YoY

Vs. Forecast (Announced in Nov.)

| | | | |
|------------------|--------|---------------|--------------|
| Gross sales | 11,570 | +831 +7.7% | +20 +0.2% |
| Operating profit | 310 | +48 +18.4% | — |
| Profit | 300 | +81 +37.0% | — |

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Note

- Figures in 100 million JPY in this documents are rounded to the nearest 100 million JPY.
- Gross Sales in this document are reclassified on the standard before the application of "Accounting Standard for Revenue Recognition".
- Due to the review of head office expense starting in FY2025, head office expense rearranged from nonoperating expenses to SG&A, reflected in operating profit in each segment and subsidiaries. No change in consolidated operating profit.
- Profit attribute to owners of the parent is shown as Profit.
- '1Q' shows the figures for the first quarter, and '1-2Q,' '1-3Q,' '3-4Q,' and '1-4Q' show the cumulative figures for the respective periods.

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Consolidated Results

- Gross sales, operating profit, ordinary profit, and profit all reached record highs, driven by Department Store Business.
- Operating profit increased in all segments, making steady progress toward achieving full-year forecast.

(100 million JPY)

| | 1-3Q (Apr. – Dec.) | | | | 3Q (Oct. – Dec.) | | | |
|------------------|--------------------|------------|------------|------------|------------------|--------|------------|------------|
| | FY2024 | FY2025 | YoY change | YoY amount | FY2024 | FY2025 | YoY change | YoY amount |
| Gross sales | 8,016 | 8,740 | +9.0% | +723 | 2,965 | 3,155 | +6.4% | +191 |
| Net sales | 4,955 | 5,149 | +3.9% | +194 | 1,769 | 1,836 | +3.8% | +67 |
| Operating profit | 222 | 289 | +30.4% | +67 | 123 | 139 | +13.2% | +16 |
| Ordinary profit | 239 | 300 | +25.4% | +61 | 133 | 140 | +6.0% | +8 |
| Profit | 178 | <u>374</u> | +110.7% | +197 | 115 | 104 | ▲9.6% | ▲11 |

Including gain on sale of investment securities and step acquisitions recorded as 1Q

Results by Segment - Gross Sales and Operating Profit

(100 million JPY)

| Consolidated Gross sales | |
|---------------------------------|-------|
| FY2025 1-3Q | 8,740 |
| YoY change | +9.0% |
| YoY amount | +723 |

| | | 1-3Q | | |
|--|-------------------|--------|--------|------------|
| | | FY2024 | FY2025 | YoY change |
| | Department Stores | 4,247 | 4,816 | +13.4% |
| | Supermarket | 3,236 | 3,242 | +0.2% |
| | Shopping Center | 244 | 247 | +1.2% |
| | Other | 290 | 435 | +50.1% |

(100 million JPY)

| | | 3Q | | |
|--|--|--------|--------|------------|
| | | FY2024 | FY2025 | YoY change |
| | | 1,655 | 1,766 | +6.7% |
| | | 1,127 | 1,130 | +0.3% |
| | | 86 | 87 | +1.2% |
| | | 96 | 172 | +78.5% |

| Consolidated Operating profit | |
|--------------------------------------|--------|
| FY2025 1-3Q | 289 |
| YoY change | +30.4% |
| YoY amount | +67 |

| | | FY2024 | FY2025 | YoY amount |
|--|--------------------------|--------|--------|------------|
| | Department Stores | 153 | 233 | +80 |
| | Supermarket | 66 | 69 | +3 |
| | Shopping Center | 26 | 34 | +8 |
| | Other | 14 | 36 | +22 |
| | Consolidation adjustment | ▲37 | ▲82 | ▲45 |

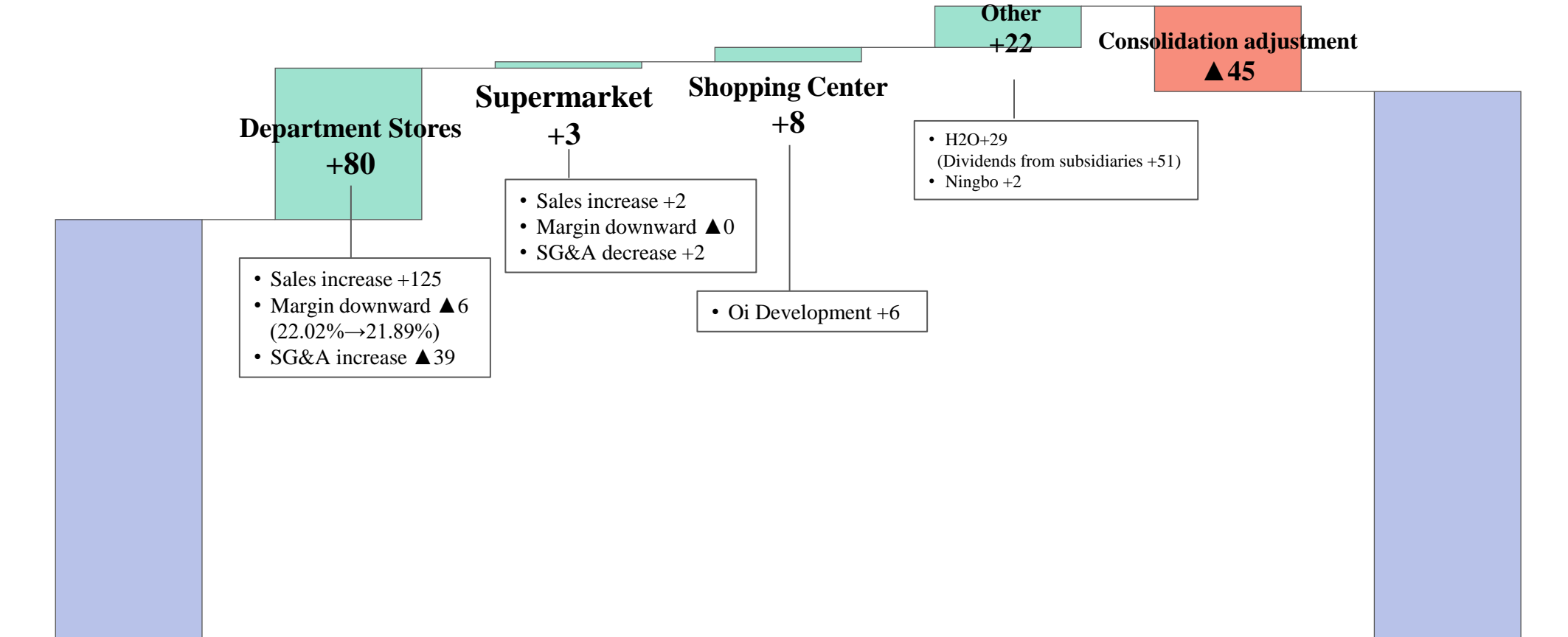
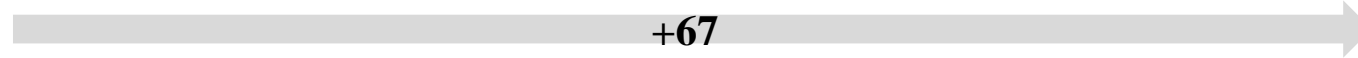
| | | FY2024 | FY2025 | YoY amount |
|--|--|--------|--------|------------|
| | | 90 | 107 | +17 |
| | | 29 | 32 | +3 |
| | | 10 | 12 | +2 |
| | | 1 | ▲12 | ▲13 |
| | | ▲7 | ▲0 | +7 |

Results by Segment - Factors of Increase / Decrease in operating profit (YoY)

(100 million JPY)

FY2024
1-3Q
222

FY2025
1-3Q
289



Results by Segment - Department Store Business (1/3)

- Domestic sales remained steady (+3% YoY) and inbound sales grew strong (+90% YoY) continuously. Significant increases in gross sales and operating profit.
- Despite an increase in sales-related expenses, SG&A were within forecast.

(100 million JPY)

| | 1-3Q | | | 3Q | | |
|------------------|--------|--------|--------|--------|--------|-------|
| | FY2024 | FY2025 | YoY | FY2024 | FY2025 | YoY |
| Gross sales | 4,247 | 4,816 | +13.4% | 1,655 | 1,766 | +6.7% |
| Net sales | 1,328 | 1,463 | +10.2% | 514 | 542 | +5.4% |
| Gross profit | 935 | 1,054 | +119 | 365 | 390 | +25 |
| SG&A | 782 | 822 | +39 | 275 | 283 | +8 |
| Operating profit | 153 | 233 | +80 | 90 | 107 | +17 |

| | FY2025 1-3Q | YoY change |
|---------------------|----------------|-------------|
| Urban store | 4,222 | +16% |
| Hankyu Main Store | 2,779 | +21% |
| Hakata Hankyu | 523 | +16% |
| Suburban stores | 742 | +0% |
| Total stores | 4,965 | +13% |

(100 million JPY)

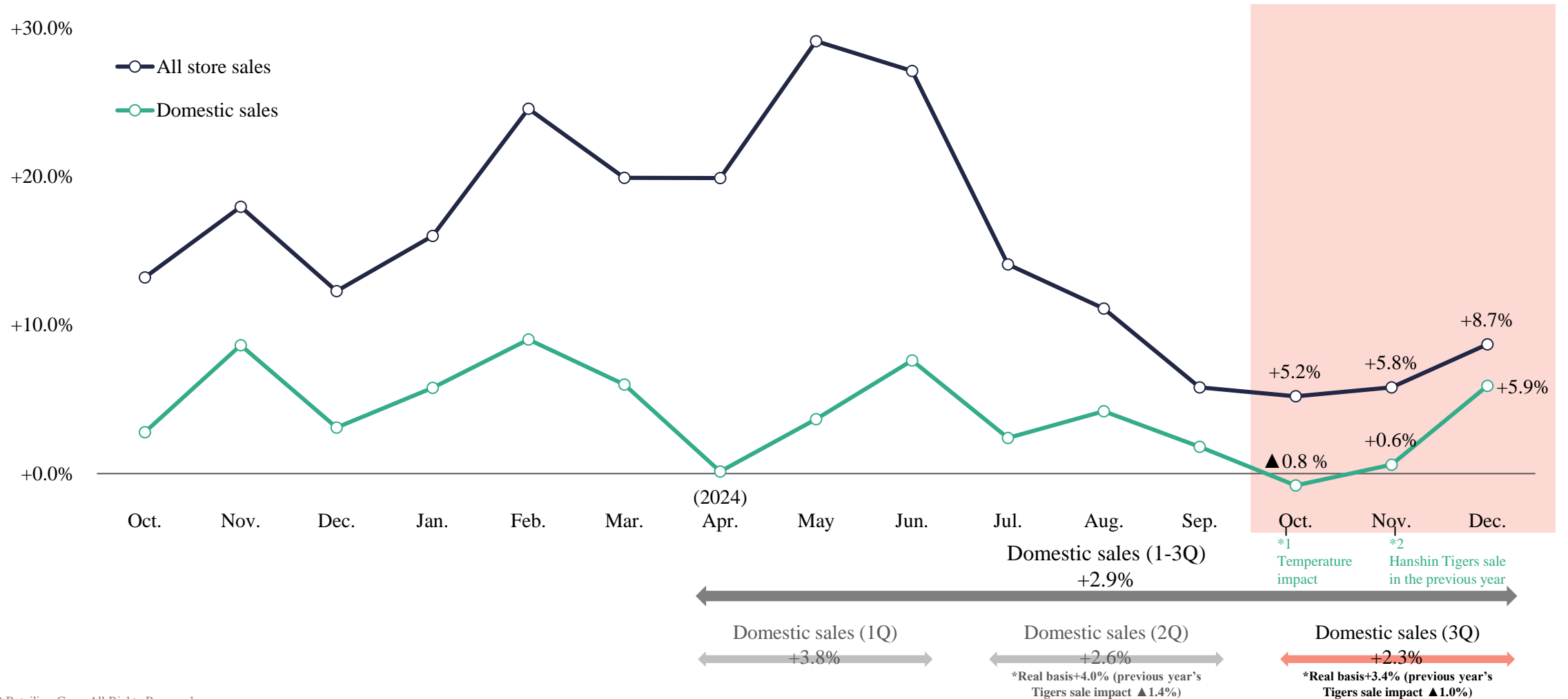
| Breakdown of YoY amount in SG&A | |
|---------------------------------|-----|
| Sales related expenses* | +26 |
| Bonuses, etc. | +18 |
| Utilities expenses | ▲3 |

*Sales related expenses: Sales commissions, rent

Results by Segment - Department Store Business (2/3)

- Domestic sales remained steady (*3Q real basis +3.4% YoY), despite the impact of temperature*1 and the impact of the Hanshin Tigers sale*2 in the previous year.
- Domestic sales growth is expected to slow in 4Q due to the impact of remodeling and a reduction in the number of business days.

All store sales trends (YoY)

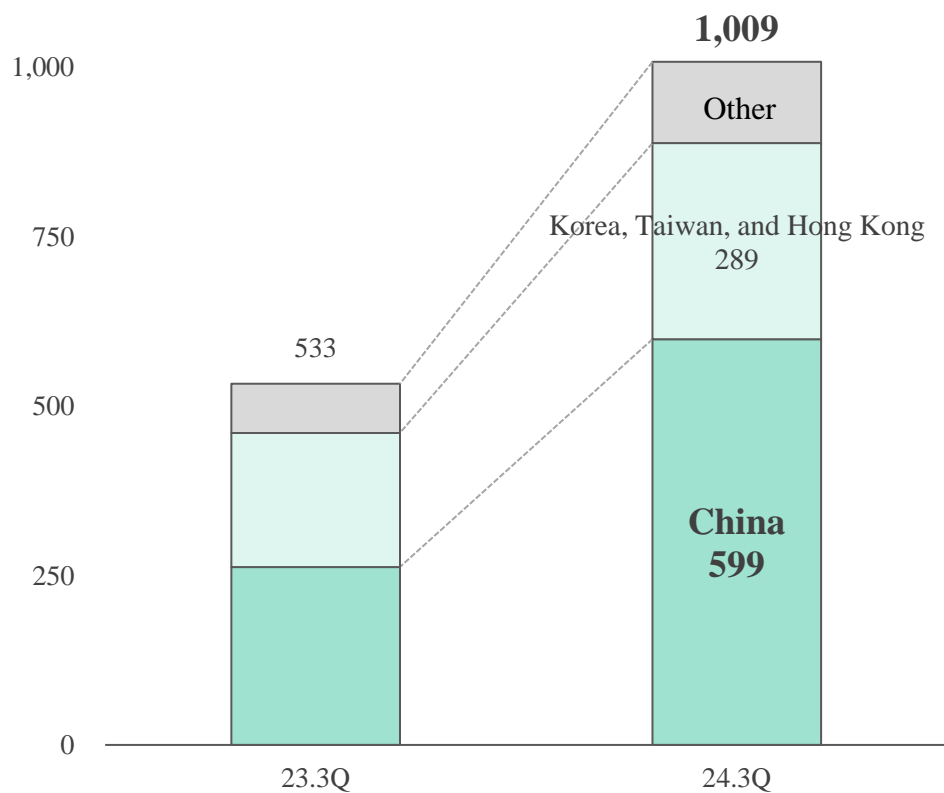


Results by Segment - Department Store Business (3/3)

- Inbound sales recovered month by month toward the end of the year after the strong yen impact in 2Q, and exceeded the full-year results of the previous year in the cumulative 3Q.
- Despite an increase in store closed days in Jan., sales per day remained strong at 380 million JPY, and inbound sales are expected to reach 130 bn. JPY for the full year.

Inbound sales by region (1-3Q)

(100 million JPY)



Inbound sales trends (by Q)

(100 million JPY)



Results by Segment - Supermarket Business

- In supermarket, the unit price per item increased moderately, while the number of items purchased stabilized. The number of customers remained steady, and existing store sales exceeded the previous year. By location, suburban stores with intense price competition struggled, while those nearby station locations performed well.
- In food manufacturing and home delivery, sales declined due to the termination of operations of unprofitable subsidiaries, but operating profit increased and overall segment sales and operating profit increased.

(100 million JPY)

(100 million JPY)

| Gross sales | |
|-------------|-------|
| FY2025 1-3Q | 3,242 |
| YoY change | +0.2% |
| YoY amount | +6 |

| | 1-3Q | | | 3Q | | |
|--------------------------------------|--------|--------|------------|--------|--------|------------|
| | FY2024 | FY2025 | YoY change | FY2024 | FY2025 | YoY change |
| Izumiya · Hankyu Oasis | 2,028 | 2,024 | ▲0.2% | 707 | 706 | ▲0.2% |
| Kansai Super Market | 1,009 | 1,015 | +0.6% | 348 | 352 | +1.2% |
| Food manufacturing and home delivery | 311 | 302 | ▲3.1% | 111 | 110 | ▲1.0% |

| Operating profit | |
|------------------|-------|
| FY2025 1-3Q | 69 |
| YoY change | +4.9% |
| YoY amount | +3 |

| | FY2024 | FY2025 | YoY amount | FY2024 | FY2025 | YoY amount |
|--------------------------------------|------------------------|--------|------------|--------|--------|------------|
| | Izumiya · Hankyu Oasis | 45 | 47 | +3 | 19 | 22 |
| Kansai Super Market | 29 | 28 | ▲2 | 11 | 11 | +0 |
| Food manufacturing and home delivery | ▲6 | ▲4 | +1 | 0 | 0 | +0 |

Results by Segment - Shopping Center Business

- Oi Development, which operates a business hotel (Ours Inn Hankyu), led the segment with an increase in sales and operating profit. Ours Inn Hankyu has maintained an occupancy rate of over 95% since the 3Q of the previous year, and the unit price per room has continued to increase (+20% YoY).

(100 million JPY)

| Gross sales | |
|-------------|-------|
| FY2025 1-3Q | 247 |
| YoY change | +1.2% |
| YoY amount | +3 |

| Operating profit | |
|------------------|--------|
| FY2025 1-3Q | 34 |
| YoY change | +29.0% |
| YoY amount | +8 |

(100 million JPY)

| | 1-3Q | | | 3Q | | |
|-----------------------|--------|--------|------------|--------|--------|------------|
| | FY2024 | FY2025 | YoY change | FY2024 | FY2025 | YoY change |
| Oi Development | 47 | 55 | +17.6% | 17 | 20 | +17.7% |
| H2O SC Development | 191 | 182 | ▲5.0% | 67 | 64 | ▲4.3% |
| Hankyu SC Development | 34 | 37 | +6.9% | 12 | 12 | +5.0% |

| | FY2024 | FY2025 | YoY amount | FY2024 | FY2025 | YoY amount |
|-----------------------|----------------|--------|------------|--------|--------|------------|
| | Oi Development | 19 | 26 | +6 | 7 | 10 |
| H2O SC Development | 6 | 4 | ▲2 | 3 | 2 | ▲1 |
| Hankyu SC Development | 3 | 5 | +2 | 1 | 2 | +0 |

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Consolidated Forecast for FY2025

- Consolidated gross sales and segments forecast are slightly revised
Operating profit in Department Store is expected to decrease in 4Q period due to the impact of remodeling.
 - Impact of Hanshin Umeda Main Store and Kawanishi Hankyu remodeling
- Operating profit, ordinary profit and profit remain unchanged (In 4Q, extraordinary losses such as impairment losses on non-current assets will be recorded).
- Annual dividend is planned to be 40 JPY per share, up 12 JPY from the previous fiscal year, as forecasted at the beginning of the fiscal year.

(100 million JPY)

| | FY2024 1-4Q Actual (a) | FY2025 1-4Q forecast Announced on Nov. 6 (b) | FY2025 1-4Q forecast Announced on Feb. 5 (c) | | | FY2024 4Q Actual (d) | FY2025 4Q forecast (e) | |
|------------------|---------------------------------|--|--|----------|-------|-------------------------------|---------------------------------|----------|
| | | | | (c vs a) | (c-b) | | | (e vs d) |
| Gross sales | 10,739 | 11,550 | 11,570 | +7.7% | +20 | 2,722 | 2,830 | +4.0% |
| Net sales | 6,574 | 6,820 | 6,820 | +3.7% | — | 1,619 | 1,671 | +3.2% |
| Operating profit | 262 | 310 | 310 | +48 | — | 40 | 21 | ▲ 19 |
| Ordinary profit | 279 | 320 | 320 | +41 | — | 40 | 20 | ▲ 19 |
| Profit | 219 | 300 | 300 | +81 | — | 41 | ▲ 74 | ▲ 116 |

Forecast for FY2025 - by Segment

(100 million JPY)

| Consolidated Gross sales | |
|---------------------------------|--------|
| Forecast for FY2025 | 11,570 |
| YoY change | +7.7% |
| YoY amount | +831 |

| | FY2024 1-4Q Actual | FY2025 1-4Q forecast Announced on Nov. 6 | FY2025 1-4Q forecast Announced on Feb. 5 | | |
|-------------------|--------------------|--|--|--------|-------|
| | (a) | (b) | (c) | (c/a) | (c-b) |
| Department Stores | 5,771 | 6,285 | 6,315 | +9.4% | +30 |
| Supermarket | 4,256 | 4,300 | 4,290 | +0.8% | ▲10 |
| Shopping Center | 321 | 327 | 327 | +2.0% | — |
| Other | 390 | 638 | 638 | +63.3% | — |

(100 million JPY)

| FY2024 4Q Actual | FY2025 4Q forecast | |
|------------------|--------------------|---------|
| (d) | (e) | (e/d) |
| 1,525 | 1,499 | ▲1.7% |
| 1,020 | 1,048 | +2.7% |
| 77 | 80 | +4.6% |
| 101 | 203 | +101.2% |

| Consolidated Operating profit | |
|--------------------------------------|--------|
| Forecast for FY2025 | 310 |
| YoY change | +18.4% |
| YoY amount | +48 |

| | FY2024 1-4Q Actual | FY2025 1-4Q forecast Announced on Nov. 6 | FY2025 1-4Q forecast Announced on Feb. 5 | | |
|--------------------------|--------------------|--|--|-------|-------|
| | (a) | (b) | (c) | (c-a) | (c-b) |
| Department Stores | 196 | 261 | 270 | +74 | +9 |
| Supermarket | 71 | 94 | 88 | +17 | ▲6 |
| Shopping Center | 32 | 38 | 38 | +6 | — |
| Other | ▲0 | 2 | 2 | +2 | — |
| Consolidation adjustment | ▲37 | ▲85 | ▲88 | ▲50 | ▲3 |

| FY2024 4Q Actual | FY2025 4Q forecast | |
|------------------|--------------------|-------|
| (d) | (e) | (e-d) |
| 44 | 37 | ▲6 |
| 5 | 19 | +14 |
| 6 | 5 | ▲2 |
| ▲14 | ▲34 | ▲20 |
| ▲0 | ▲6 | ▲5 |

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Consolidated Results trends

(100 million JPY)

| | FY2024 | | | | FY2025 | | | | | | | | |
|-------------------------|--------|-------|-------|-------|--------|--------|-------|-------|-------|-------|----|--|--|
| | 1Q | 2Q | 3Q | 4Q | 1Q | | | 2Q | | | 3Q | | |
| | | | | | | YoY | | YoY | | YoY | | | |
| Gross sales | 2,447 | 2,605 | 2,965 | 2,722 | 2,764 | +13.0% | 2,821 | +8.3% | 3,155 | +6.4% | | | |
| Net sales | 1,548 | 1,637 | 1,769 | 1,619 | 1,619 | +4.6% | 1,694 | +3.4% | 1,836 | +3.8% | | | |
| Operating profit | 48 | 51 | 123 | 40 | 93 | +45 | 57 | +6 | 139 | +16 | | | |
| Ordinary profit | 52 | 55 | 133 | 40 | 102 | +50 | 57 | +3 | 140 | +8 | | | |
| Profit | 34 | 29 | 115 | 41 | 265 | +231 | 6 | ▲23 | 104 | ▲11 | | | |

Results by Segment trends

(100 million JPY)

| | FY2024 | | | | FY2025 | | | | | |
|--------------------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | YoY | 2Q | YoY | 3Q | YoY |
| Department Stores | 1,235 | 1,356 | 1,655 | 1,525 | 1,554 | +25.8% | 1,496 | +10.3% | 1,766 | +6.7% |
| Supermarket | 1,031 | 1,078 | 1,127 | 1,020 | 1,034 | +0.3% | 1,078 | ▲0.0% | 1,130 | +0.3% |
| Shopping Center | 81 | 77 | 86 | 77 | 82 | +1.8% | 78 | +0.5% | 87 | +1.2% |
| Other | 100 | 93 | 96 | 101 | 94 | ▲6.3% | 169 | +81.2% | 172 | +78.5% |
| Gross sales | 2,447 | 2,605 | 2,965 | 2,722 | 2,764 | +13.0% | 2,821 | +8.3% | 3,155 | +6.4% |
| Department Stores | 29 | 34 | 90 | 44 | 80 | +50 | 47 | +13 | 107 | +17 |
| Supermarket | 16 | 21 | 29 | 5 | 15 | ▲1 | 21 | +1 | 32 | +3 |
| Shopping Center | 9 | 7 | 10 | 6 | 13 | +4 | 8 | +1 | 12 | +2 |
| Other | 22 | ▲8 | 1 | ▲14 | 66 | +44 | ▲18 | ▲10 | ▲12 | ▲13 |
| Consolidation adjustment | ▲29 | ▲1 | ▲7 | ▲0 | ▲82 | ▲53 | ▲0 | +1 | ▲0 | +7 |
| Operating profit | 48 | 51 | 123 | 40 | 93 | +45 | 57 | +6 | 139 | +16 |

Department Store - Results for 1-3Q of FY2025

(100 million JPY)

| | FY2024 1Q | | | FY2025 1Q | | | FY2024 2Q | | | FY2025 2Q | | | FY2024 3Q | | | FY2025 3Q | | |
|------------------|-----------|-------|--------|-----------|-------|--------|-----------|-------|-------|-----------|--|-----|-----------|--|-----|-----------|--|-----|
| | | | YoY | | | YoY | | | YoY | | | YoY | | | YoY | | | YoY |
| Gross sales | 1,235 | 1,554 | +25.8% | 1,356 | 1,496 | +10.3% | 1,655 | 1,766 | +6.7% | | | | | | | | | |
| Net sales | 383 | 457 | +19.6% | 431 | 463 | +7.4% | 514 | 542 | +5.4% | | | | | | | | | |
| Gross profit | 274 | 338 | +64 | 297 | 327 | +30 | 365 | 390 | +25 | | | | | | | | | |
| SG&A | 244 | 259 | +14 | 263 | 280 | +17 | 275 | 283 | +8 | | | | | | | | | |
| Operating profit | 29 | 80 | +50 | 34 | 47 | +13 | 90 | 107 | +17 | | | | | | | | | |

Non-consolidated Results - Hankyu Hanshin Department Store Inc. (before the application of “Accounting Standard for Revenue Recognition”)

(million JPY)

| | FY2024 1Q | FY2025 1Q | YoY | FY 2024 2Q | FY2025 2Q | YoY | FY 2024 3Q | FY2025 3Q | YoY | FY 2024 1-3Q | FY2025 1-3Q | YoY |
|---|--------------|--------------|---------|---------------|--------------|---------|---------------|--------------|---------|-----------------|----------------|---------|
| Gross sales | 122,734 | 154,535 | +25.9% | 134,745 | 148,700 | +10.4% | 164,620 | 175,652 | +6.7% | 422,100 | 478,888 | +13.5% |
| Gross profit | 27,599 | 34,116 | +6,517 | 29,805 | 32,854 | +3,049 | 36,888 | 39,462 | +2,573 | 94,293 | 106,433 | +12,140 |
| Gross profit / Gross sales | 22.49% | 22.08% | ▲0.41pt | 22.12% | 22.09% | ▲0.03pt | 22.41% | 22.47% | +0.06pt | 22.34% | 22.23% | ▲0.11pt |
| Other operating revenue | 967 | 1,035 | +68 | 1,000 | 1,054 | +53 | 1,063 | 1,131 | +67 | 3,032 | 3,221 | +189 |
| SG&A | 25,634 | 27,174 | +1,540 | 27,473 | 29,311 | +1,838 | 28,995 | 29,917 | +921 | 82,103 | 86,403 | +4,299 |
| SG & A / Gross sales | 20.89% | 17.58% | ▲3.30pt | 20.39% | 19.71% | ▲0.68pt | 17.61% | 17.03% | ▲0.58pt | 19.45% | 18.04% | ▲1.41pt |
| Operating profit | 2,932 | 7,977 | +5,045 | 3,332 | 4,597 | +1,264 | 8,956 | 10,676 | +1,719 | 15,222 | 23,252 | +8,030 |
| Operating profit / Gross sales | 2.39% | 5.16% | +2.77pt | 2.47% | 3.09% | +0.62pt | 5.44% | 6.08% | +0.64pt | 3.61% | 4.86% | +1.25pt |

Non-operating income / expenses and Extraordinary income / losses

(100 million JPY)

| | FY2024 1-3Q | FY2025 1-3Q | YoY amount | Major items |
|--|----------------|----------------|---------------|--|
| Operating profit | 222 | 289 | +67 | |
| Non-operating income / expenses | 17 | 11 | ▲7 | <ul style="list-style-type: none"> • Increase in dividends received +5 • Increase in share of profit of entities accounted for using equity method +1 • Decrease in interest income ▲1 • Decrease in foreign exchange gains ▲2 • Increase in expenses related to purchase of shares of subsidiaries ▲7 |
| Ordinary profit | 239 | 300 | +61 | |
| Extraordinary income / losses | 17 | 235 | +218 | <ul style="list-style-type: none"> • Increase in gain on sales of investment security +142 • Increase in gain on step acquisitions +80 • Increase in sales of a shares of subsidiaries +17 • Decrease in loss on retirement of non-current assets +16 • Decrease in gain of sales of non-current assets ▲17 • Increase in outplacement assistance expenses ▲22 |
| Income before income taxes | 256 | 535 | +279 | |
| Income taxes, non-controlling interests | 78 | 161 | +82 | |
| Profit | 178 | 374 | +197 | |

Capital Investment and Depreciation

Capital Investment

(100 million JPY)

| | FY2024 1-3Q Actual | FY2025 1-3Q Actual | Major items | FY2025 1-4Q Forecast |
|---------------------------|--------------------------|--------------------------|--|----------------------------|
| Department Stores | 65 | 31 | Hankyu Main Store renovation | 53 |
| Supermarket | 49 | 47 | Store investment of supermarkets | 85 |
| Shopping Center | 15 | 13 | Renovation of SC stores and renovation of business hotel | 23 |
| Other | 121 | 111 | | 163 |
| IT・DX | 103 | 83 | POS and data-infrastructure development | 101 |
| Ningbo | — | 23 | Ningbo Hankyu Remodeling | 51 |
| Consolidated Total | 249 | 197 | | 324 |

Depreciation

(100 million JPY)

| | FY2024 1-3Q | FY2024 1-4Q | FY2025 1-3Q | YoY amount |
|---------------------------|----------------|----------------|----------------|------------|
| Consolidated Total | 147 | 200 | 165 | +17 |

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