

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

November 2, 2022

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**I. Consolidated Financial Results**

1. Consolidated statements of income

< Overview of financial results >

(millions of yen)

	Sep. 30, 2020 Amount	Sep. 30, 2021 Amount	Amount	Sep. 30, 2022			
				YoY	Inc./Dec.	versus forecast	Inc./Dec.
Department Store	138,187	154,306	220,475	42.9%	66,168	1.0%	2,213
Supermarket	147,600	149,228	205,832	37.9%	56,604	(4.5)%	(9,633)
Shopping Center	34,075	24,560	17,497	(28.8)%	(7,063)	(11.2)%	(2,196)
Other	15,750	15,976	17,740	11.0%	1,763	(13.8)%	(2,837)
Gross Sales	335,614	344,072	461,546	34.1%	117,473	(2.6)%	(12,453)
Net Sales	335,614	237,020	304,425	28.4%	67,405	(4.9)%	(15,574)
Department Store	(3,456)	(4,075)	1,626	-	5,701	-	2,764
Supermarket	2,852	2,396	1,643	(31.4)%	(753)	(46.4)%	(1,425)
Shopping Center	(669)	(6)	867	-	873	-	972
Other	(721)	(2,348)	(1,563)	-	784	-	25
consolidation adjustment	(2,409)	(1,114)	(1,458)	-	(344)	-	(223)
Operating Profit	(4,405)	(5,148)	1,114	-	6,262	-	2,114
Ordinary Profit	(4,400)	(4,189)	2,835	-	7,024	-	4,335
Extraordinary income	2,394	19,886	5,029	(74.7)%	(14,856)		
Extraordinary losses	11,468	4,809	3,144	(34.6)%	(1,664)		
Profit	(10,102)	8,085	2,790	(65.5)%	(5,295)	-	2,790

\* 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 previous year's results for the second quarter of the current fiscal year.

< Selling, general and administrative expenses >

(millions of yen)

	Sep. 30, 2020 Amount	Sep. 30, 2021 Amount	Sep. 30, 2022		
			Amount	YoY	Inc./Dec.
Personnel expenses	39,490	40,127	47,013	17.2%	6,886
Rent expenses	16,578	18,260	23,468	28.5%	5,207
Advertising expenses	2,007	2,937	4,169	41.9%	1,231
Depreciation	7,875	7,590	8,932	17.7%	1,342
Business consignment expenses	8,570	9,409	10,502	11.6%	1,092
Sales commission	5,378	2,474	4,212	70.2%	1,737
Transportation costs	7,343	7,131	8,491	19.1%	1,359
Others	14,863	15,042	18,630	23.9%	3,588
Total	102,108	102,973	125,419	21.8%	22,446

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

< Non-operating Income and Expenses >

(millions of yen)

	Sep. 30, 2020	Sep. 30, 2021	Sep. 30, 2022		
	Amount	Amount	Amount	YoY	Inc./Dec.
Non-operating income	2,274	2,588	3,088	19.3%	500
Interest income	147	249	277	11.6%	28
Dividend income	864	593	629	6.1%	35
Gain on adjustment of accounts payable	886	453	421	(7.0)%	(31)
Foreign exchange gains	-	890	1,357	52.5%	467
Other	376	402	401	(0.0)%	(0)
Non-operating expenses	2,269	1,629	1,367	(16.0)%	(261)
Interest expenses	392	475	492	3.7%	17
Loss on provision for redemption of gift certificates	733	362	339	(6.3)%	(22)
Share of loss of entities accounted for using equity method	492	483	225	(53.4)%	(258)
Other	651	307	310	1.0%	2

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

< Extraordinary Income and Losses >

(millions of yen)

	Sep. 30, 2020	Sep. 30, 2021	Sep. 30, 2022	Main contents
	Amount	Amount	Amount	
Extraordinary income	2,394	19,886	5,029	
Gain on sale of non-current assets			4,973	Selling former head office
Subsidy income			55	Compensation payment for store closing
Extraordinary losses	11,468	4,809	3,144	
Loss on store closings			1,400	H2O Shopping Center Development
Loss on retirement of non-current assets			707	Hankyu Hanshin Department Stores
Loss related to COVID-19			380	Hankyu Hanshin Department Stores
Loss on withdrawal of system development			279	H2O Retailing Corporation
Head office relocation expenses			273	H2O Retailing Corporation Hankyu Hanshin Department Stores
Expenses for opening new stores			102	Hanshin Umeda Main Store

2. Consolidated Balance Sheet

(millions of yen)

	Sep. 30, 2021 Amount	Mar. 31, 2022 Amount	Sep. 30, 2022 Amount
Cash and deposits	52,597	34,724	31,012
Notes and accounts receivable-trade	47,793	59,906	60,495
Inventory	22,359	22,639	22,004
Total current assets	132,477	129,725	124,057
Property, plant and equipment	255,992	301,245	308,956
Intangible assets	15,671	16,443	17,130
Investments and other assets	215,970	207,143	223,087
Total non-current assets	487,634	524,832	549,175
Total assets	620,111	654,558	673,233

(millions of yen)

	Sep. 30, 2021 Amount	Mar. 31, 2022 Amount	Sep. 30, 2022 Amount
Notes and accounts payable-trade	39,777	56,839	54,547
Loans payable and bonds	188,307	175,382	181,729
Total liabilities	378,579	393,620	398,619
Shareholders' equity	199,903	202,030	203,100
Total net assets	241,532	260,938	274,613
Total liabilities and net assets	620,111	654,558	673,233

3. Capital Investment

(millions of yen)

	Sep. 30, 2022 Amount	Main contents
Department Store	6,518	Renovation of Kobe Hankyu
Supermarket	2,373	New stores opening of Hankyu Oasis Renovation of Izumiya stores
Shopping Center	598	
Other	9,574	Purchase of land and buildings of H2O Retailing Corporation
consolidation adjustment	(81)	
Total	18,982	

**II. Forecast of FY2023**

1. Forecast of consolidated financial results

(millions of yen)

	1-2Q		3-4Q		FY2023	
	Amount	YOY	Forecast	YOY	Forecast	YOY
Department Store	220,475	42.9%	265,524	15.1%	486,000	26.2%
Supermarket	205,832	37.9%	209,167	17.5%	415,000	26.8%
Shopping Center	17,497	(28.8)%	20,002	9.2%	37,500	(12.5)%
Other	17,740	11.0%	23,759	40.2%	41,500	26.0%
Gross Sales	461,546	34.1%	518,453	16.8%	980,000	24.3%
Net Sales	304,425	28.4%	335,574	19.2%	640,000	23.4%
Department Store	1,626	-	5,783	15.3%	7,410	689.1%
Supermarket	1,643	(31.4)%	4,766	62.7%	6,410	20.3%
Shopping Center	867	-	762	91.5%	1,630	316.4%
Other	(1,563)	-	(2,186)	-	(3,750)	-
consolidation adjustment	(1,458)	-	(1,241)	-	(2,700)	-
Operating Profit	1,114	-	7,885	33.9%	9,000	-
Ordinary Profit	2,835	-	7,164	9.6%	10,000	326.2%
Profit	2,790	(65.5)%	8,209	359.6%	11,000	11.4%

### III. Non-consolidated results

#### 1. Hankyu Hanshin Department Stores, Inc.

< Overview of financial results >

(millions of yen)					
	Amount	YoY	Inc./Dec.	versus forecast	Inc./Dec.
Gross Sales	219,207	43.1%	66,046	1.2%	2,507
Gross Profit	49,180	42.4%	14,633		
Gross profit/ Gross Sales	22.44%	-	(0.12)pt		
Other operating revenue	1,549	5.1%	75	(0.8)%	(12)
SG & A	49,162	22.5%	9,029		
SG & A/ Net Sales	22.43%	-	(3.78)pt		
Operating profit	1,566	-	5,679	-	2,652
Operating profit/ Gross Sales	0.71%	-	-	-	-

\* 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, square meters)					
	Sales	YoY	Number of customers	YoY	Sales area
Hankyu Main Store *1	117,208	50.9%	16,032	63.2%	98,418
Hanshin Umeda Main Store *2	24,772	176.0%	13,918	197.8%	53,422
Senri Hankyu	6,357	11.3%	1,839	(0.0)%	13,902
Takatsuki Hankyu	9,940	22.8%	3,870	13.5%	38,638
Kawanishi Hankyu	5,922	8.7%	2,360	13.7%	15,528
Takarazuka Hankyu *3	3,166	(3.2)%	-	-	6,148
Nishinomiya Hankyu	11,160	17.1%	5,652	21.3%	25,099
Kobe Hankyu	14,285	11.8%	6,813	36.8%	42,944
Hakata Hankyu	21,839	26.8%	10,439	30.8%	41,835
Hankyu Men's Tokyo	5,133	35.1%	920	88.0%	11,378
Oi Hankyu Food Hall	2,086	(3.0)%	2,364	7.2%	2,042
Tsuzuki Hankyu	1,483	(2.3)%	1,057	(1.9)%	1,917
Amagasaki Hanshin *3	1,415	2.2%	-	-	2,855
Hanshin Nishinomiya	1,946	(2.1)%	1,843	3.1%	4,998
Hanshin Mikage	247	8.9%	2,255	2.2%	804
Total of branch stores	84,986	15.5%	39,416	20.5%	208,088
Total stores *4	226,967	41.7%	69,367	46.9%	359,928

\*1 including Hankyu Men's Osaka

\*2 Hanshin Umeda Main Store: Rebuilt and reopened on April 8, 2022

\*3 not counting the number of customers

\*4 including sales in tenants etc. (7,759 millions of yen)

< Gross Sales of each category >

(millions of yen)			
	Sales	YoY	Share
Men's clothing	15,448	44.6%	6.8%
Women's clothing	24,752	44.2%	10.9%
Children's clothing	3,821	27.5%	1.7%
Other clothing	4,011	32.2%	1.8%
Clothing	48,034	41.8%	21.2%
Accessories, bags and others	47,362	60.5%	20.9%
Household merchandise	5,977	36.9%	2.6%
Foods	64,945	24.9%	28.6%
Restaurants & cafes	5,439	189.4%	2.4%
General merchandise	46,098	51.8%	20.3%
Service	897	45.7%	0.4%
Other	8,212	8.1%	3.6%
Total *	226,967	41.7%	100.0%

\* including sales in tenants etc. (7,759 millions of yen)

< Monthly Sales >

	April	May	June	July	August	September
Hankyu Main Store *	56.0%	497.0%	19.9%	10.7%	52.6%	35.4%
Hanshin Umeda Main Store	142.4%	407.5%	114.8%	74.2%	396.2%	249.2%
Branch Stores	13.5%	64.6%	9.7%	(1.1)%	11.7%	14.6%
Total stores	42.0%	198.6%	21.5%	9.9%	42.5%	36.1%

< Forecast of FY2023 >

(millions of yen)

	1-2Q		3-4Q		FY2023	
	Amount	YoY	Forecast	YoY	Forecast	YoY
Gross Sales	219,207	43.1%	263,792	15.2%	483,000	26.4%
Other operating revenue	1,549	5.1%	2,250	36.9%	3,800	21.9%
Operating profit	1,566	-	5,933	14.2%	7,500	592.3%

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

< Gross sales forecast by stores >

(millions of yen)

	1-2Q		3-4Q		FY2023	
	Amount	YoY	Forecast	YoY	Forecast	YoY
Hankyu Main Store *1	117,208	50.9%	136,384	10.9%	253,593	26.4%
Hanshin Umeda Main Store *2	24,772	176.0%	35,227	82.4%	60,000	112.1%
Senri Hankyu	6,357	11.3%	7,491	0.8%	13,849	5.4%
Takatsuki Hankyu	9,940	22.8%	11,962	15.0%	21,903	18.4%
Kawanishi Hankyu	5,922	8.7%	6,644	(2.4)%	12,567	2.5%
Takarazuka Hankyu	3,166	(3.2)%	3,759	0.2%	6,926	(1.4)%
Nishinomiya Hankyu	11,160	17.1%	12,783	1.4%	23,944	8.2%
Kobe Hankyu	14,285	11.8%	20,353	28.9%	34,639	21.2%
Hakata Hankyu	21,839	26.8%	25,601	5.8%	47,441	14.5%
Hankyu Men's Tokyo	5,133	35.1%	6,259	6.6%	11,393	17.8%
Oi Hankyu Food Hall	2,086	(3.0)%	2,356	(1.1)%	4,443	(2.0)%
Tsuzuki Hankyu	1,483	(2.3)%	1,710	(2.1)%	3,194	(2.2)%
Amagasaki Hanshin	1,415	2.2%	1,602	1.0%	3,018	1.6%
Hanshin Nishinomiya	1,946	(2.1)%	2,123	(6.5)%	4,070	(4.5)%
Hanshin Mikage	247	8.9%	287	2.0%	535	5.1%
Total of branch stores	84,986	15.5%	102,935	8.2%	187,922	11.4%
Total stores *3	226,967	41.7%	274,547	15.6%	501,515	26.1%

\*1 including Hankyu Men's Osaka

\*2 Hanshin Umeda Main Store: Rebuilt and reopened on April 8, 2022

\*3 including sales in tenants etc.



2. Izumiya Co., Ltd.

< Overview of financial results >

(millions of yen)

	Amount	YoY	Inc./Dec.	versus forecast	Inc./Dec.
Gross Sales	67,926	(1.7)%	(1,200)	(2.4)%	(1,680)
Gross Profit	17,635	(2.8)%	(506)		
Gross profit/ Gross Sales	25.96%	-	(0.28)pt		
Other operating revenue	4,653	(13.3)%	(715)	(9.0)%	(458)
SG & A	21,844	(0.6)%	(137)		
SG & A/ Net Sales	32.16%	-	0.36pt		
Operating profit	444	(70.9)%	(1,084)	(50.6)%	(455)
Operating profit/ Gross Sales	0.65%	-	(1.56)pt	(49.4)%	(0.64)pt

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

< Numbers of stores >

Total	76
YoY difference	1

< Opening and closing stores >

Opening	-
Closing	-

< Monthly Sales >

	April	May	June	July	August	September
Existing stores	(3.4)%	(6.0)%	(6.5)%	(3.1)%	(6.0)%	(5.6)%

< Forecast of FY2023 >

(millions of yen)

	1-2Q		3-4Q		FY2023	
	Amount	YoY	Forecast	YoY	Forecast	YoY
Gross Sales	67,926	(1.7)%	70,377	0.7%	138,304	(0.5)%
Other operating revenue	4,653	(13.3)%	4,642	(4.7)%	9,295	(9.2)%
Operating profit	444	(70.9)%	1,905	83.7%	2,350	(8.4)%

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

3. Hankyu Oasis Co., Ltd.

< Overview of financial results >

(millions of yen)

	Amount	YoY	Inc./Dec.	versus forecast	Inc./Dec.
Gross Sales	51,947	(7.4)%	(4,164)	(6.3)%	(3,493)
Gross Profit	14,421	(6.8)%	(1,057)		
Gross profit/ Gross Sales	27.76%	-	0.18pt		
Other operating revenue	3,640	0.7%	25	(2.6)%	(97)
SG & A	17,624	(1.7)%	(312)		
SG & A/ Net Sales	33.93%	-	1.96pt		
Operating profit	437	(62.2)%	(719)	(37.5)%	(262)
Operating profit/ Gross Sales	0.84%	-	(1.22)pt	(33.3)%	(0.42)pt

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

< Numbers of stores >

Total	77
YoY difference	1

< Opening and closing stores >

Opening	Suita-SST(Osaka)
Closing	-

< Monthly Sales >

	April	May	June	July	August	September
Existing stores	(8.1)%	(9.9)%	(12.0)%	(7.3)%	(8.9)%	(7.9)%

< Forecast of FY2023 >

(millions of yen)

	1-2Q		3-4Q		FY2023	
	Amount	YoY	Forecast	YoY	Forecast	YoY
Gross Sales	51,947	(7.4)%	54,386	1.8%	106,333	(2.9)%
Other operating revenue	3,640	0.7%	3,726	5.6%	7,366	3.1%
Operating profit	437	(62.2)%	1,162	32.9%	1,600	(21.2)%

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

4.Kansai Super Market Ltd.

< Overview of financial results >

(millions of yen)

	Amount	YoY	Inc./Dec.	versus forecast	Inc./Dec.
Gross Sales	62,897	(3.5)%	(2,287)	(3.3)%	(2,178)
Gross Profit	16,764	(3.1)%	(540)		
Gross profit/ Gross Sales	26.65%	-	0.11pt		
Other operating revenue	1,017	1.3%	12	(0.8)%	(8)
SG & A	16,661	(2.1)%	(350)		
SG & A/ Net Sales	26.49%	-	0.39pt		
Operating profit	1,120	(13.6)%	(176)	(20.0)%	(279)
Operating profit/ Gross Sales	1.78%	-	(0.21)pt	(17.2)%	(0.37)pt

\*1 The operating results of Kansai Supermarket Ltd. are consolidated with KSP Co., Ltd.

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

< Numbers of stores >

Total	64
YoY difference	±0

< Opening and closing stores >

Opening	-
Closing	-

< Monthly Sales >

	April	May	June	July	August	September
Existing stores	(1.7)%	(3.5)%	(6.0)%	(0.9)%	(5.2)%	(3.6)%

< Forecast of FY2023 >

(millions of yen)

	1-2Q		3-4Q		FY2023	
	Amount	YoY	Forecast	YoY	Forecast	YoY
Gross Sales	62,897	(3.5)%	63,765	0.2%	126,662	(1.7)%
Other operating revenue	1,017	1.3%	1,020	0.7%	2,037	1.0%
Operating profit	1,120	(13.6)%	1,679	16.7%	2,800	2.3%

\*1 The operating results of Kansai Supermarket Ltd. are consolidated with KSP Co., Ltd.

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