

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

February 6, 2023

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)

	Dec. 31, 2020 Amount	Dec. 31, 2021 Amount	Amount	Dec. 31, 2022	
				YoY	Inc./Dec.
Department Store	252,727	282,457	365,102	29.3%	82,645
Supermarket	223,367	225,860	315,565	39.7%	89,705
Shopping Center	51,366	34,748	27,494	(20.9)%	(7,254)
Other	24,108	24,083	26,623	10.5%	2,540
Gross Sales	551,568	567,149	734,786	29.6%	167,636
Net Sales	551,568	371,303	474,896	27.9%	103,592
Department Store	(963)	1,060	7,854	640.7%	6,794
Supermarket	4,466	3,926	4,555	16.0%	628
Shopping Center	(102)	380	1,681	341.3%	1,300
Other	(571)	(2,618)	(2,318)	-	300
consolidation adjustment	(3,837)	(2,029)	(2,291)	-	(262)
Operating Profit	(1,008)	720	9,481	-	8,760
Ordinary Profit	(101)	2,012	11,642	478.5%	9,630
Extraordinary income	3,010	22,578	8,857	(60.8)%	(13,720)
Extraordinary losses	12,797	8,791	3,906	(55.6)%	(4,885)
Profit	(8,109)	12,937	10,957	(15.3)%	(1,979)

* 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 third quarter of the current fiscal year.

< Selling, general and administrative expenses >

(millions of yen)

	Dec. 31, 2020 Amount	Dec. 31, 2021 Amount	Amount	Dec. 31, 2022	
				YoY	Inc./Dec.
Personnel expenses	60,813	60,963	70,916	16.3%	9,953
Rent expenses	26,617	28,804	35,465	23.1%	6,661
Advertising expenses	3,798	4,892	6,467	32.2%	1,574
Depreciation	12,393	11,790	13,658	15.8%	1,867
Business consignment expenses	13,096	14,099	15,831	12.3%	1,732
Sales commission	9,103	4,065	6,632	63.2%	2,567
Transportation costs	11,336	11,159	13,263	18.9%	2,103
Others	22,632	22,227	28,474	28.1%	6,246
Total	159,791	158,003	190,710	20.7%	32,707

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

< Non-operating Income and Expenses >

(millions of yen)

	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2022		
	Amount	Amount	Amount	YoY	Inc./Dec.
Non-operating income	3,984	3,823	4,217	10.3%	393
Interest income	262	387	414	6.9%	26
Dividend income	1,405	1,061	1,114	5.0%	52
Gain on adjustment of accounts payable	1,440	740	715	(3.3)%	(24)
Foreign exchange gains	173	997	1,342	34.6%	344
Other	701	635	629	(1.0)%	(6)
Non-operating expenses	3,077	2,531	2,055	(18.8)%	(475)
Interest expenses	616	708	734	3.6%	25
Loss on provision for redemption of gift certificates	1,182	594	576	(3.1)%	(18)
Share of loss of entities accounted for using equity method	496	648	300	(53.7)%	(347)
Other	782	579	444	(23.3)%	(135)

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

< Extraordinary Income and Losses >

(millions of yen)

	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2022	Main contents
	Amount	Amount	Amount	
Extraordinary income	3,010	22,578	8,857	
Gain on sale of non-current assets			4,974	Selling former head office
Gain on sale of investment securities			3,819	Selling Takashimaya shares
Subsidy income			63	Compensation payment for store closing
Extraordinary losses	12,797	8,791	3,906	
Loss on store closings			1,405	H2O Shopping Center Development
Loss on retirement of non-current assets			1,085	Hankyu Hanshin Department Stores
Loss related to COVID-19			405	Hankyu Hanshin Department Stores
Head office relocation expenses			323	H2O Retailing Hankyu Hanshin Department Stores
Loss on valuation of investment securities			303	
Loss on withdrawal of system development			279	H2O Retailing
Expenses for opening new stores			102	Hanshin Umeda Main Store

2. Consolidated Balance Sheet

(millions of yen)

	Dec. 31, 2021 Amount	Mar. 31, 2022 Amount	Dec. 31, 2022 Amount
Cash and deposits	59,484	34,724	65,474
Notes and accounts receivable-trade	76,658	59,906	83,365
Inventory	25,337	22,639	23,541
Total current assets	173,508	129,725	184,554
Property, plant and equipment	294,711	301,245	309,059
Intangible assets	16,536	16,443	18,217
Investments and other assets	210,455	207,143	202,514
Total non-current assets	521,704	524,832	529,792
Total assets	695,212	654,558	714,346

(millions of yen)

	Dec. 31, 2021 Amount	Mar. 31, 2022 Amount	Dec. 31, 2022 Amount
Notes and accounts payable-trade	80,010	56,839	92,043
Loans payable and bonds	184,250	175,382	179,353
Total liabilities	432,347	393,620	446,254
Shareholders' equity	205,657	202,030	200,762
Total net assets	262,865	260,938	268,092
Total liabilities and net assets	695,212	654,558	714,346

3. Capital Investment

(millions of yen)

	Dec. 31, 2022 Amount	Main contents
Department Store	9,169	Renovation of Kobe Hankyu
Supermarket	3,713	New stores opening of Hankyu Oasis Renovation of Izumiya stores
Shopping Center	820	
Other	11,758	Purchase of land and buildings of H2O Retailing
consolidation adjustment	(93)	
Total	25,368	

III. Non-consolidated results

1. Hankyu Hanshin Department Stores, Inc.

< Overview of financial results >

(millions of yen)			
	Amount	YoY	Inc./Dec.
Gross Sales	363,054	29.4%	82,476
Gross Profit	81,764	28.0%	17,908
Gross profit/ Gross Sales	22.52%	-	(0.24)pt
Other operating revenue	2,479	5.9%	138
SG & A	76,483	17.3%	11,253
SG & A/ Net Sales	21.07%	-	(2.18)pt
Operating profit	7,760	-	6,793
Operating profit/ Gross Sales	2.14%	520.4%	0.02pt

* 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	194,903	33.3%	25,809	39.6%
Hanshin Umeda Main Store *2	40,204	104.3%	21,517	113.2%
Senri Hankyu	10,433	5.4%	2,714	(6.7)%
Takatsuki Hankyu	16,413	18.6%	6,200	12.6%
Kawanishi Hankyu	9,662	4.5%	3,690	9.6%
Takarazuka Hankyu *3	5,142	(3.2)%	-	-
Nishinomiya Hankyu	18,016	10.4%	8,714	13.1%
Kobe Hankyu	24,249	11.3%	10,964	25.0%
Hakata Hankyu	36,743	19.9%	16,910	21.4%
Hankyu Men's Tokyo	8,916	25.4%	1,486	56.9%
Oi Hankyu Food Hall	3,366	(2.4)%	3,643	6.0%
Tsuzuki Hankyu	2,413	(1.7)%	1,629	(2.5)%
Amagasaki Hanshin *3	2,290	2.3%	-	-
Hanshin Nishinomiya	3,097	(2.9)%	2,824	1.5%
Hanshin Mikage	396	3.4%	3,404	0.5%
Total of branch stores	141,141	11.8%	62,182	14.3%
Total stores *4	376,249	28.8%	109,509	32.0%

*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 including sales in tenants etc. (13,194 millions of yen)

< Gross Sales of each category >

(millions of yen)			
	Sales	YoY	Share
Men's clothing	27,649	28.3%	7.3%
Women's clothing	42,456	28.4%	11.3%
Children's clothing	6,385	17.3%	1.7%
Other clothing	6,562	15.9%	1.7%
Clothing	83,053	26.4%	22.1%
Accessories, bags and others	76,847	41.8%	20.4%
Household merchandise	9,636	24.3%	2.6%
Foods	109,514	18.0%	29.1%
Restaurants & cafes	8,512	97.1%	2.3%
General merchandise	73,366	36.1%	19.5%
Service	1,394	35.1%	0.4%
Other	13,925	11.6%	3.7%
Total *	376,249	28.8%	100.0%

* including sales in tenants etc. (13,194 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%

	October	November	December
Hankyu Main Store *	22.8%	11.4%	9.0%
Hanshin Umeda Main Store	62.8%	49.1%	29.9%
Branch Stores	8.4%	3.7%	7.4%
Total stores	20.1%	11.1%	10.2%

* including Hankyu Men's Osaka

2. Izumiya Co., Ltd.

< Overview of financial results >

(millions of yen)			
	Amount	YoY	Inc./Dec.
Gross Sales	104,426	(1.1)%	(1,122)
Gross Profit	27,145	(1.9)%	(514)
Gross profit/ Gross Sales	26.00%	-	(0.21)pt
Other operating revenue	7,041	(10.5)%	(821)
SG & A	32,564	(2.0)%	(661)
SG & A/ Net Sales	31.18%	-	(0.30)pt
Operating profit	1,622	(29.4)%	(674)
Operating profit/ Gross Sales	1.55%	-	(0.62)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	±0

< 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)%

	October	November	December
Existing stores	(1.3)%	0.2%	1.2%

3. Hankyu Oasis Co., Ltd.

< Overview of financial results >

(millions of yen)			
	Amount	YoY	Inc./Dec.
Gross Sales	79,793	(5.0)%	(4,204)
Gross Profit	22,051	(4.8)%	(1,121)
Gross profit/ Gross Sales	27.64%	-	0.05pt
Other operating revenue	5,523	1.6%	86
SG & A	26,400	(1.8)%	(478)
SG & A/ Net Sales	33.09%	-	1.09pt
Operating profit	1,173	(32.1)%	(556)
Operating profit/ Gross Sales	1.47%	-	(0.59)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)%
	October	November	December			
Existing stores	(4.8)%	(1.3)%	(0.2)%			

4.Kansai Super Market Ltd.

< Overview of financial results >

(millions of yen)			
	Amount	YoY	Inc./Dec.
Gross Sales	96,132	(1.7)%	(1,672)
Gross Profit	25,602	(0.3)%	(71)
Gross profit/ Gross Sales	26.63%	-	0.38pt
Other operating revenue	1,527	1.1%	16
SG & A	25,100	(2.8)%	(720)
SG & A/ Net Sales	26.11%	-	(0.29)pt
Operating profit	2,030	48.8%	665
Operating profit/ Gross Sales	2.11%	-	0.72pt

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

*2 Consolidated results shown above 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)%

	October	November	December
Existing stores	2.1%	(1.1)%	4.2%