

H2O Retailing Corporation
Supplementary information
to Financial Results
of the Fiscal Year
Ended March 31, 2023

May 11, 2023

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I. Consolidated Financial Results of FY2023

1. Consolidated statements of income

< Overview of financial results >

(millions of yen)

	Mar. 31, 2021	Mar. 31, 2022	Amount	Mar. 31, 2023			
	Amount	Amount		YoY	Inc./Dec.	versus forecast	Inc./Dec.
Department Store	347,768	385,095	491,838	27.7%	106,743	1.2%	5,838
Supermarket	292,754	327,205	416,139	27.2%	88,934	0.3%	1,139
Shopping Center	65,024	42,879	35,574	(17.0)%	(7,304)	(5.1)%	(1,925)
Other	33,651	32,928	36,169	9.8%	3,240	(12.8)%	(5,330)
Gross Sales	739,198	788,108	979,723	24.3%	191,614	(0.0)%	(276)
Net Sales	739,198	518,447	628,089	21.1%	109,641	(1.9)%	(11,910)
Department Store	(1,903)	939	10,299	-	9,360	39.0%	2,889
Supermarket	4,086	5,326	5,469	2.7%	143	(14.7)%	(940)
Shopping Center	(757)	391	1,808	361.8%	1,416	10.9%	178
Other	(1,516)	(3,409)	(3,100)	-	309	-	649
consolidation adjustment	(4,347)	(2,506)	(3,089)	-	(582)	-	(389)
Operating Profit	(4,438)	740	11,388	-	10,647	26.5%	2,388
Ordinary Profit	(2,907)	2,346	13,004	454.3%	10,658	30.0%	3,004
Extraordinary income	3,049	27,032	17,563	(35.0)%	(9,469)		
Extraordinary losses	24,172	13,792	9,422	(31.7)%	(4,370)		
Profit	(24,791)	9,872	16,382	65.9%	6,509	48.9%	5,382

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

* After the business integration with Kansai Super Market Ltd. in December 2021, Supermarket business newly 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 included in the previous year's results for the fourth quarter.

< Selling, general and administrative expenses >

(millions of yen)

	Mar. 31, 2021	Mar. 31, 2022	Mar. 31, 2023		
	Amount	Amount	Amount	YoY	Inc./Dec.
Personnel expenses	81,634	84,120	95,014	13.0%	10,894
Rent expenses	36,365	40,468	47,521	17.4%	7,053
Advertising expenses	5,810	7,126	9,066	27.2%	1,940
Depreciation	16,959	16,615	18,436	11.0%	1,821
Business consignment expenses	18,036	19,266	21,119	9.6%	1,852
Sales commission	11,403	6,019	8,779	45.9%	2,760
Transportation costs	14,405	14,114	17,003	20.5%	2,889
Others	31,726	30,208	37,116	22.9%	6,908
Total	216,342	217,939	254,059	16.6%	36,119

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

< Non-operating Income and Expenses >

(millions of yen)

	Mar. 31,	Mar. 31,	Mar. 31,		
	2021	2022	2023	YoY	Inc./Dec.
	Amount	Amount	Amount		
Non-operating income	5,062	5,068	4,262	(15.9)%	(805)
Interest income	371	533	541	1.6%	8
Dividend income	1,418	1,062	1,116	5.0%	53
Gain on debt settlement	1,862	1,105	913	(17.4)%	(192)
Foreign exchange gains	401	1,530	873	(42.9)%	(656)
Other	1,008	835	818	(2.1)%	(17)
Non-operating expenses	3,530	3,462	2,646	(23.6)%	(816)
Interest expenses	848	940	962	2.4%	22
Loss on provision for redemption of gift certificates	1,068	729	701	(3.8)%	(28)
Share of loss of entities accounted for using equity method	561	901	281	(68.8)%	(619)
Other	1,052	891	700	(21.4)%	(190)

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

< Extraordinary Income and Losses >

(millions of yen)

	Mar. 31,	Mar. 31,	Mar. 31,	Main contents
	2021	2022	2023	
	Amount	Amount	Amount	
Extraordinary income	3,049	27,032	17,563	
Gain on sale of non-current assets			13,543	Selling logistics center, former head office
Gain on sale of investment securities			3,819	Selling Takashimaya shares
Gain on gift certificates settlement			134	Izumiya
Subsidy income			66	Compensation payment for store closing
Extraordinary losses	24,172	13,792	9,422	
Impairment losses			3,877	H2O Retailing
Loss on store closings			1,699	H2O Shopping Center Development
Loss on retirement of non-current assets			1,600	Hankyu Hanshin Department Stores
Temporary expenses associated with reforms of human resource systems			798	Hankyu Oasis Izumiya
Loss related to COVID-19			415	H2O Retailing Hankyu Hanshin Department Stores
Head office relocation expenses			324	H2O Retailing Hankyu Hanshin Department Stores
Loss on sale of investment securities			324	
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)

	Mar. 31, 2021 Amount	Mar. 31, 2022 Amount	Mar. 31, 2023 Amount
Cash and deposits	49,991	34,724	58,670
Notes and accounts receivable-trade	54,385	59,906	68,572
Inventory	23,339	22,639	21,234
Total current assets	139,291	129,725	161,408
Property, plant and equipment	261,386	301,245	303,253
Intangible assets	16,729	16,443	19,764
Investments and other assets	208,538	207,143	201,997
Total non-current assets	486,653	524,832	525,015
Total assets	625,945	654,558	686,423

(millions of yen)

	Mar. 31, 2021 Amount	Mar. 31, 2022 Amount	Mar. 31, 2023 Amount
Notes and accounts payable-trade	48,996	56,839	63,674
Loans payable and bonds	188,547	175,382	179,267
Total liabilities	396,667	393,620	413,608
Shareholders' equity	192,763	202,030	206,213
Total net assets	229,277	260,938	272,814
Total liabilities and net assets	625,945	654,558	686,423

3. Consolidated Cash Flow Statements

(millions of yen)

	Mar. 31, 2021	Mar. 31, 2022	Mar. 31, 2023
Cash flows from operating activities	12,755	6,465	30,295
Profit (loss) before income taxes	(24,030)	15,586	21,146
Depreciation	18,141	17,902	19,159
Impairment losses	14,771	1,881	3,877
Loss (gain) on sale of investment securities	(0)	(6,485)	(3,495)
Loss (gain) on sale of non-current assets	(56)	(13,624)	(13,511)
Decrease (increase) in trade receivables	(10,365)	(3,420)	(8,655)
Decrease (increase) in inventories	6,248	2,992	1,234
Increase (decrease) in trade payables	5,326	(4,705)	6,807
Income taxes paid	(1,858)	(2,228)	(4,237)
Cash flows from investing activities	(20,761)	(5,203)	5,782
Purchase of property, plant and equipment	(13,952)	(26,304)	(23,925)
Proceeds from sale of property, plant and equipment	1,429	19,771	13,896
Purchase of intangible assets	(4,087)	(3,874)	(6,788)
Proceeds from sale of investment securities	-	9,386	16,828
Long-term loan advances	(4,402)	(4,011)	-
Cash flows from financing activities	31,859	(28,578)	(12,549)
Proceeds from long-term borrowings	70,000	32,000	5,000
Repayments of long-term borrowings	(18,175)	(46,840)	(1,181)
Purchase of treasury shares	(1)	(473)	(8,855)
Dividends paid	(4,018)	(3,093)	(3,080)
Total	23,853	(27,316)	23,528
Cash and cash equivalents	49,991	33,174	57,020

4. Capital Investment

(millions of yen)

	Mar. 31, 2023 Amount	Main contents
Department Store	10,468	Renovation of Kobe Hankyu
Supermarket	4,942	New stores opening of Hankyu Oasis Renovation of Izumiya stores
Shopping Center	1,096	Renovation of H2O Shopping Center Development stores
Other	14,758	Purchase of land and buildings of H2O Retailing
consolidation adjustment	(105)	
Total	31,160	

5. Number of employees

	As of March,2022		As of March,2023	
Department Store	4,104	(859)	3,884	(851)
Supermarket	3,910	(12,885)	3,772	(11,408)
Shopping Center	622	(1,410)	609	(1,197)
Other	1,220	(1,737)	1,220	(1,791)
Total	9,856	(16,891)	9,485	(15,247)

* The number of employees is the operational staff basis (excluding employees seconded to other company, and including employees seconded from other company and executive officers).

* () shows the average number of temporary employees.

II. Forecast of FY2024

1. Forecast of consolidated financial results

(millions of yen)

	1-2Q		3-4Q		FY2024	
	Forecast	YOY	Forecast	YOY	Forecast	YOY
Department Store	249,646	13.2%	295,354	8.8%	545,000	10.8%
Supermarket	211,095	2.6%	210,905	0.3%	422,000	1.4%
Shopping Center	17,920	2.4%	19,080	5.5%	37,000	4.0%
Other	17,339	(2.3)%	18,661	1.3%	36,000	(0.5)%
Gross Sales	496,000	7.5%	544,000	5.0%	1,040,000	6.2%
Net Sales	322,000	5.8%	353,000	9.1%	675,000	7.5%
Department Store	2,079	27.8%	10,231	18.0%	12,310	19.5%
Supermarket	4,545	176.6%	3,844	0.5%	8,389	53.4%
Shopping Center	1,121	29.3%	1,256	33.5%	2,377	31.5%
Other	(69)	-	(1,500)	-	(1,569)	-
consolidation adjustment	(2,876)	-	(1,631)	-	(4,507)	-
Operating Profit	4,800	330.9%	12,200	18.7%	17,000	49.3%
Ordinary Profit	4,500	58.7%	12,000	18.0%	16,500	26.9%
Profit	500	(82.1)%	7,500	(44.8)%	8,000	(51.2)%

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

2. Forecast of capital investment

(millions of yen)

	Forecast	Major contents
Department Store	8,814	Remodel of Kobe Hankyu and Takatsuki Hankyu, Hankyu Umeda Main Store
Supermarket	8,153	New center of Food Delivery Business Store renovation of each Supermarket company
Shopping Center	2,145	Renovation of H2O Shopping Center Development stores
Other	15,759	Software renewal of merchandise and operational system , POS restructuring Consolidation of Supermarket business head office
Total	34,870	

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	489,385	27.9%	106,696	1.3%	6,385
Gross Profit	109,404	26.6%	23,015		
Gross profit/ Gross Sales	22.36%	-	(0.22)pt		
Other operating revenue	3,407	9.3%	289	(10.3)%	(392)
SG & A	102,483	15.9%	14,058		
SG & A/ Net Sales	20.94%	-	(2.16)pt		
Operating profit	10,328	853.5%	9,245	37.7%	2,828
Operating profit/ Gross Sales	2.11%	-	0.02pt	-	0.56pt

* 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	261,077	30.1%	35,651	39.4%	98,418
Hanshin Umeda Main Store	55,343	95.6%	29,165	100.9%	52,996
Senri Hankyu	13,749	4.6%	3,612	(7.0)%	13,902
Takatsuki Hankyu	21,858	18.2%	8,414	13.7%	38,638
Kawanishi Hankyu	12,749	4.0%	4,982	9.0%	15,521
Takarazuka Hankyu *2	6,762	(3.7)%	-	-	6,148
Nishinomiya Hankyu	24,241	9.5%	11,738	11.1%	25,099
Kobe Hankyu	33,209	16.2%	14,900	23.8%	42,910
Hakata Hankyu	50,563	22.1%	23,232	24.1%	41,835
Hankyu Men's Tokyo	12,016	24.2%	2,007	56.0%	11,378
Oi Hankyu Food Hall	4,466	(1.5)%	4,915	6.1%	2,042
Tsuzuki Hankyu	3,209	(1.7)%	2,182	(2.3)%	1,917
Amagasaki Hanshin *2	3,045	2.5%	-	-	2,855
Hanshin Nishinomiya	4,126	(3.1)%	3,841	0.9%	4,998
Hanshin Mikage	517	1.7%	4,476	(0.1)%	804
Total of branch stores	190,515	12.9%	84,304	14.5%	208,047
Total stores *3	506,936	27.5%	149,121	31.1%	359,461

*1. including Hankyu Men's Osaka

*2. not counting the number of customers

*3. including sales in tenants etc. (17,551 millions of yen)

< Gross Sales of each category >

(millions of yen)			
	Sales	YoY	Share
Men's clothing	37,299	26.5%	7.4%
Women's clothing	57,472	27.2%	11.3%
Children's clothing	8,633	17.2%	1.7%
Other clothing	8,463	11.6%	1.7%
Clothing	111,868	24.8%	22.1%
Accessories, bags and others	106,305	39.0%	21.0%
Household merchandise	12,586	19.9%	2.5%
Foods	146,814	18.5%	29.0%
Restaurants & cafes	11,538	83.5%	2.3%
General merchandise	96,979	32.4%	19.1%
Service	1,982	36.8%	0.4%
Other	18,862	16.6%	3.7%
Total *	506,936	27.5%	100.0%

* including sales in tenants etc. (17,551 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	January	February	March
Hankyu Main Store *	22.8%	11.4%	9.0%	20.8%	31.0%	14.8%
Hanshin Umeda Main Store	62.8%	49.1%	29.9%	70.1%	76.1%	79.9%
Branch Stores	8.4%	3.7%	7.4%	13.6%	22.2%	14.7%
Total stores	20.1%	11.1%	10.2%	21.5%	31.0%	20.7%

* including Hankyu Men's Osaka

< Forecast of FY2024 >

(millions of yen)

	1-2Q		3-4Q		FY2024	
	Forecast	YoY	Forecast	YoY	Forecast	YoY
Gross Sales	247,822	13.1%	293,316	8.7%	541,138	10.7%
Other operating revenue	1,841	18.8%	2,055	10.6%	3,896	14.4%
Operating profit	2,129	35.9%	10,280	17.3%	12,409	20.1%

* 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		FY2024	
	Forecast	YoY	Forecast	YoY	Forecast	YoY
Hankyu Main Store *1	130,452	11.3%	154,260	7.2%	284,712	9.1%
Hanshin Umeda Main Store	31,582	27.5%	37,250	21.8%	68,832	24.4%
Senri Hankyu	6,479	1.9%	7,307	(1.1)%	13,786	0.3%
Takatsuki Hankyu	10,181	2.4%	12,319	3.4%	22,500	2.9%
Kawanishi Hankyu	5,988	1.1%	6,841	0.2%	12,829	0.6%
Takarazuka Hankyu	3,412	7.8%	3,871	7.6%	7,283	7.7%
Nishinomiya Hankyu	11,388	2.0%	13,103	0.2%	24,491	1.0%
Kobe Hankyu	19,025	33.2%	24,984	32.0%	44,009	32.5%
Hakata Hankyu	25,870	18.5%	29,611	3.1%	55,481	9.7%
Hankyu Men's Tokyo	6,121	19.2%	7,103	3.2%	13,224	10.1%
Oi Hankyu Food Hall	2,106	0.9%	2,368	(0.5)%	4,474	0.2%
Tsuzuki Hankyu	1,506	1.5%	1,748	1.3%	3,254	1.4%
Amagasaki Hanshin	1,416	0.0%	1,616	(0.9)%	3,032	(0.5)%
Hanshin Nishinomiya	1,950	0.2%	2,175	(0.2)%	4,125	(0.0)%
Hanshin Mikage	246	(0.7)%	276	2.3%	522	0.9%
Total of branch stores	95,688	12.6%	113,322	7.4%	209,010	9.7%
Total stores *2	257,722	13.6%	304,832	8.9%	562,554	11.0%

*1 including Hankyu Men's Osaka

*2 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	137,318	(1.2)%	(1,690)	(0.7)%	(985)
Gross Profit	36,111	(1.4)%	(511)		
Gross profit/ Gross Sales	26.30%	-	(0.05)pt		
Other operating revenue	9,179	(10.3)%	(1,059)	(1.3)%	(116)
SG & A	43,259	(2.3)%	(1,036)		
SG & A/ Net Sales	31.50%	-	(0.36)pt		
Operating profit	2,031	(20.8)%	(534)	(13.5)%	(318)
Operating profit/ Gross Sales	1.48%	-	(0.37)pt	-	(0.22)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	January	February	March
Existing stores	(1.3)%	0.2%	1.2%	(1.5)%	(1.9)%	0.8%

< Forecast of FY2024 (Izumiya・Hankyu Oasis) >

(millions of yen)						
	1-2Q		3-4Q		FY2024	
	Forecast	YoY	Forecast	YoY	Forecast	YoY
Gross Sales	125,186	4.4%	123,292	0.5%	248,478	2.4%
Other operating revenue	8,362	0.8%	8,170	(0.1)%	16,532	0.4%
Operating profit	3,380	283.2%	2,235	(8.1)%	5,615	69.4%

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

* Forecast of FY2024 are disclosed as Izumiya・Hankyu Oasis Co.,Ltd. following the merger of Izumiya Co., Ltd. and Hankyu Oasis Co., Ltd. on April 1, 2023.

3. Hankyu Oasis Co., Ltd.

< Overview of financial results >

(millions of yen)					
	Amount	YoY	Inc./Dec.	versus forecast	Inc./Dec.
Gross Sales	105,220	(3.9)%	(4,319)	(1.0)%	(1,112)
Gross Profit	29,157	(3.8)%	(1,147)		
Gross profit/ Gross Sales	27.71%	-	0.05pt		
Other operating revenue	7,289	2.0%	146	(1.0)%	(76)
SG & A	35,164	(0.7)%	(253)		
SG & A/ Net Sales	33.42%	-	1.09pt		
Operating profit	1,283	(36.8)%	(748)	(19.8)%	(316)
Operating profit/ Gross Sales	1.22%	-	(0.63)pt	-	(0.29)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	January	February	March
Existing stores	(4.8)%	(1.3)%	(0.2)%	(0.4)%	(5.0)%	(2.1)%

4.Kansai Super Market Ltd.

< Overview of financial results >

(millions of yen)					
	Amount	YoY	Inc./Dec.	versus forecast	Inc./Dec.
Gross Sales	127,545	(1.0)%	(1,301)	0.7%	883
Gross Profit	33,368	(2.9)%	(1,005)		
Gross profit/ Gross Sales	26.16%	-	(0.52)pt		
Other operating revenue	2,033	(1.1)%	(22)	(0.2)%	(3)
SG & A	32,516	(4.3)%	(1,448)		
SG & A/ Net Sales	25.49%	-	(0.87)pt		
Operating profit	2,885	17.1%	420	3.1%	85
Operating profit/ Gross Sales	2.26%	-	0.35pt	-	0.05pt

*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"

*3. Due to the partial revision of accounting classifications following the business integration, YoY change based on the same accounting standards is shown.

< 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	January	February	March
Existing stores	2.1%	(1.1)%	4.2%	2.0%	0.5%	1.0%

< Forecast of FY2024 >

(millions of yen)						
	1-2Q		3-4Q		FY2024	
	Forecast	YoY	Forecast	YoY	Forecast	YoY
Gross Sales	64,074	1.9%	64,888	0.4%	128,962	1.1%
Other operating revenue	1,012	(0.5)%	1,016	(0.1)%	2,028	(0.3)%
Operating profit	1,570	42.6%	1,730	(3.1)%	3,300	14.3%

*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"