

# 1Q of FY2021 Presentation Materials



H2O RETAILING CORPORATION

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# 1. Consolidated Financial Results

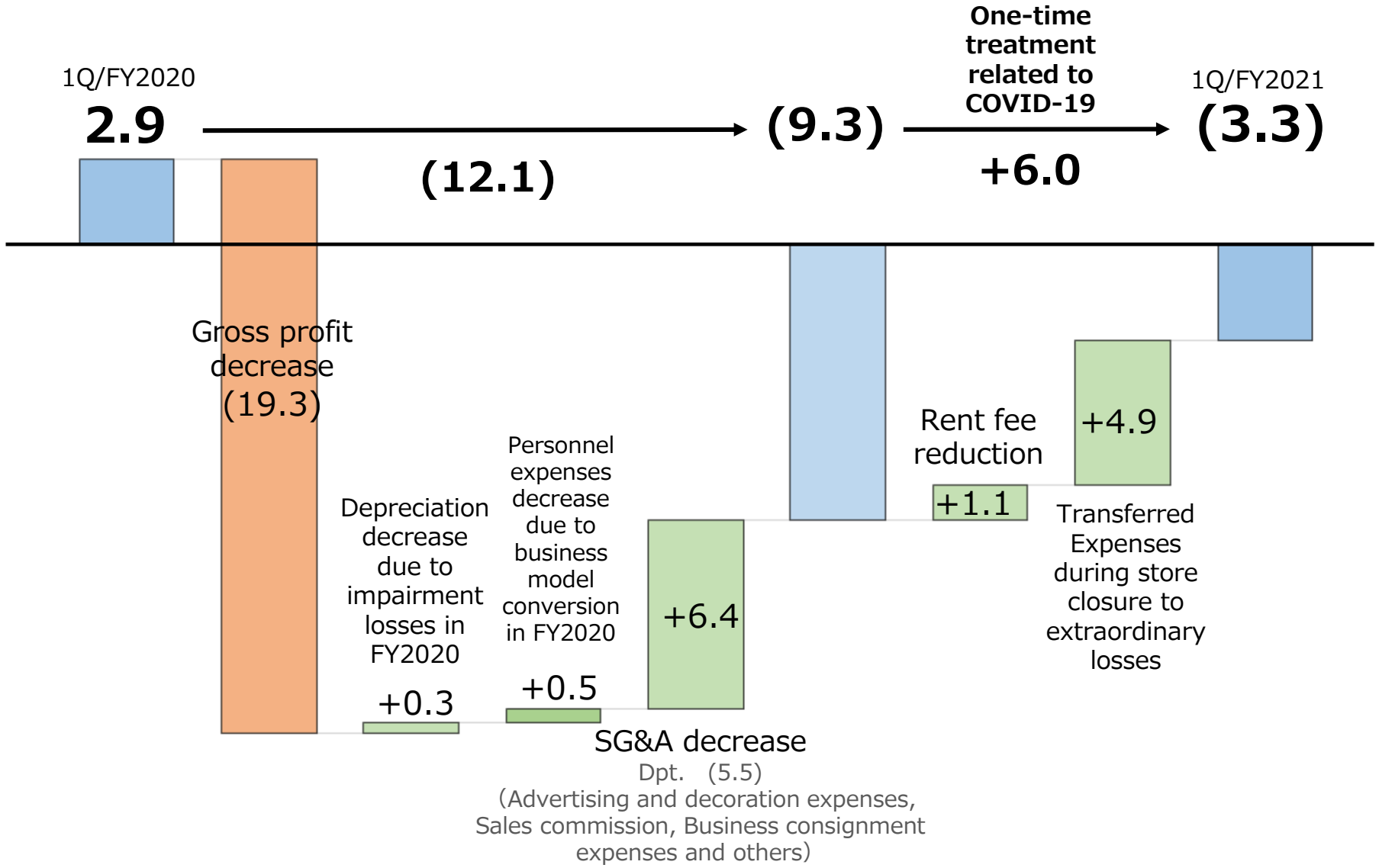
- ▶ Sales decreased mainly in department store business due to the temporary closure of stores and voluntary restraint of going out
- ▶ Extraordinary losses of ¥4.9 billion associated with COVID-19  
(Personnel expenses:¥3.0 billion, Rent expenses and depreciation:¥1.7 billion, Others:¥0.2 billion)

(billions of yen)	Amount	YOY	
Sales	145.9	(71.2)	(32.8)%
Operating Profit	(3.3)	(6.1)	—
Ordinary Profit	(3.0)	(6.5)	—
Extraordinary income	0.0		
Extraordinary losses	5.2		
Profit	(6.1)	(7.7)	—

# 1. Consolidated Financial Results — Factors affecting OP



billions of yen



## 2. Results by segment

- ▶ Izumiya split affected SM business and SC business  
Sales ¥19.5 billion, OP ¥1.0 billion

(billions of yen)	Sales		OP	
	Amount	YOY	Amount	YOY
Department store	48.4	(65.1) (57.4)%	(2.9)	(5.8)
Supermarket	70.2	(17.8) (20.2)%	1.5	+2.3
			3 companies of SM +2.7 Food manufacturing and other (0.4)	
Shopping center	16.7	+14.6 683.8%	0.1	(1.1)
Other	10.7	(2.9) (21.4)%	0.0	(2.9)
consolidation adjustment			(1.9)	+1.3
Consolidated	142.8	(74.3) (34.2)%	(3.3)	(6.1)

### 3. Department store business

- ▶ Sales decrease owing to temporary store closure and stay home orders  
YOY change of sales April:(79.4)% May:(68.7)% June:(22.1)%
- ▶ SG&A, mainly personnel expenses, rent expenses and sales commission, decreased  
losses related to COVID-19 of ¥4.1 billion (personnel expenses of ¥2.4 billion, rent expenses and depreciation of ¥1.6 billion and others)

Hankyu Hanshin Department stores Inc. + Kobe/Takatsuki business

(billions of yen)	Amount	YOY	
Net Sales	48.1	(64.8)	(57.4)%
Gross Profit	11.0	(16.3)	(59.6)%
Gross Profit margin	22.96%	(1.22)%	
Other operating revenue	0.5	(0.3)	(34.5)%
SG & A	14.3	(10.9)	(43.2)%
Operating profit	(2.8)	(5.6)	—

### 3 . Department store business

- ▶After the declaration of state of emergency, the company had closed stores 43~51days except food halls
- ▶continued shortening opening hours, refraining from holding events

	Closure period	1 Q YOY
Hankyu Main store Hanshin Main store Kobe Hankyu	April 8 <sup>th</sup> -May 20 <sup>th</sup> , May 23 <sup>rd</sup> , May 24 <sup>th</sup> ※Food halls were open (only weekdays)	(61.5)% (63.8)% —
Hankyu Men's Tokyo	April 8 <sup>th</sup> -May 28 <sup>th</sup>	(67.5)%
Hakata Hankyu	April 8 <sup>th</sup> -May 20 <sup>th</sup> ※Food hall was open (weekdays from May 13 <sup>th</sup> )	(69.1)%
Other branch stores	April 8 <sup>th</sup> -May 20 <sup>th</sup> ※Food halls were open	(35.3)%

# 3. Department store business

▶ Metropolitan stores : Sales of both food and fashion products struggled due to a decline in customer visits.

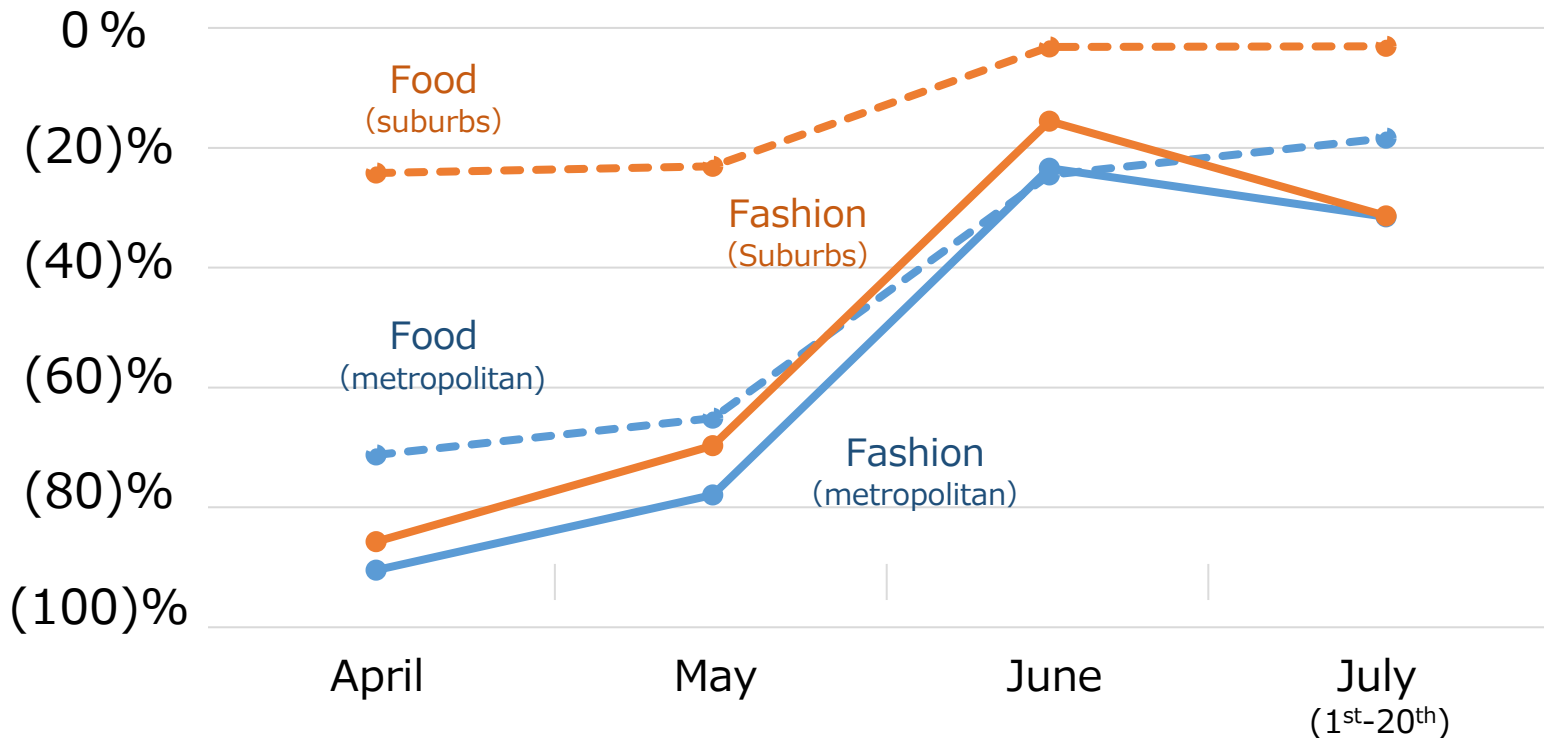
Pent-up demand and an early clearance contributed to sales in June.

Domestic sales (16)% YOY, inbound sales (90)% YOY.

▶ Suburban stores : Sales decline were smaller than those in metropolitan stores.

▶ Recovery of sales slowed down, affected by re-expansion of COVID-19 and an early clearance started in June which normally starts in July

YOY summary of item-specific, area-specific existing store performance





# 4. Supermarket business

▶ OP in supermarket companies significantly rose by the sales growth due to the high demand for eating at home, and effect of Izumiya restructuring.

Food manufacturing companies struggled owing to the demand decrease of a ready-to-eat meal and the closure of wholesale merchants.

- Izumiya : Actual OP growth excluding the effect of restructuring ¥0.7 billion

- OP increase led by grocery sales increase ¥0.3 billion
  - decrease in personnel expenses due to restructuring in FY2020 ¥0.35 billion
  - decrease in depreciation due to impairment losses in FY2020 ¥0.06 billion

- Oasis : OP growth ¥0.8 billion

- OP increase led by sales increase ¥0.65 billion
  - decrease in depreciation due to impairment losses in FY2020 ¥0.13 billion

(billions of yen)	Izumiya			Hankyu Oasis		
	Amount	YOY [existing stores]		Amount	YOY [existing stores]	
Operating revenue	36.0	(20.5) Effect of restructuring (19.5)	(36.3)% [4.2%]	29.6	+1.3	4.4% [2.7%]
OP	1.0	+1.7 Effect of restructuring +1.0	-	0.6	+0.8	-



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