

H2O Retailing Corporation  
Supplementary information  
to Financial Results  
for the Second Quarter of the Fiscal Year  
Ending March 31,2022

November 5,2021

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**I. Consolidated Financial Results**

1. Consolidated statements of income

< Overview of financial results >

(millions of yen)

	September. 30, 2019 Amount	Semptember. 30, 2020 Amount	September. 30, 2021				
			Amount	YoY	Inc./Dec.	versus forecast Inc./Dec.	
Department Store	239,670	138,187	154,306	11.7%	16,119	(2.3)%	(3,693)
Supermarket	178,035	147,600	149,228	1.1%	1,627	2.2%	3,228
Shopping Center	4,152	34,075	24,560	(27.9)%	(9,515)	2.3%	560
Other	28,851	15,750	15,976	1.4%	226	(6.0)%	(1,023)
Gross Sales	450,710	335,614	344,072	2.5%	8,458	(0.3)%	(927)
Net Sales	450,710	335,614	237,020	(29.4)%	(98,594)	(1.2)%	(2,979)
Department Store	6,356	(3,456)	(4,075)	-	(618)	-	(175)
Supermarket	(1,701)	2,852	2,396	(16.0)%	(456)	41.0%	696
Shopping Center	2,176	(669)	(6)	-	662	-	393
Other	3,264	(721)	(2,348)	-	(1,626)	-	(1,348)
consolidation adjustment	(3,776)	(2,409)	(1,114)	-	1,295	-	485
Operating Profit	6,320	(4,405)	(5,148)	-	(743)	-	51
Ordinary Profit	6,574	(4,400)	(4,189)	-	211	-	1,060
Extraordinary income	857	2,394	19,886	730.5%	17,491		
Extraordinary losses	2,630	11,468	4,809	(58.1)%	(6,658)		
Profit	1,463	(10,102)	8,085	-	18,188	165.1%	5,035

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

YoY comparison in net sales is not shown due to the significant impact on net sales.

Consolidated gross sales, which is equivalent to net sales up to FY2021, are shown above.

\* Hankyu Kitchen Yell Kansai, Inc., EveryD.com, Inc. and Hankyu Sennan Green Farm, which were previously included in Other Business segment, were transferred to Supermarket Business segment, and Oi Development Co., Ltd, which was also included in Other business segment, was transferred to Shopping Center Business segment. Business results in 1Q, FY2021 are reclassified d into the new reporting segments.

Business results in 1Q, FY2020 are not reclassified into the new reporting segments.

< Selling, general and administrative expenses >

(millions of yen)

	September. 30,	September. 30,	September. 30,		
	2019	2020	2021	YoY	Inc./Dec.
	Amount	Amount	Amount		
Personnel expenses	47,302	39,490	40,127	1.6%	636
Rent expenses	19,964	16,578	18,260	10.1%	1,681
Advertising expenses	6,240	2,007	2,937	46.3%	930
Depreciation	8,237	7,875	7,590	(3.6)%	(284)
Business consignment expenses	9,956	8,570	9,409	9.8%	839
Sales commission	6,350	5,378	2,474	(54.0)%	(2,903)
Transportation costs	7,672	7,343	7,131	(2.9)%	(211)
Others	16,958	14,863	15,042	1.2%	178
Total	122,683	102,108	102,973	0.8%	865

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

< Non-operating Income and Expenses >

(millions of yen)

	September. 30,	September. 30,	September. 30,		
	2019	2020	2021	YoY	Inc./Dec.
	Amount	Amount	Amount		
Non-operating income	2,083	2,274	2,588	13.8%	314
Interest income	78	147	249	69.4%	101
Dividend income	735	864	593	(31.3)%	(270)
Gain on adjustment of accounts payable	737	886	453	(48.9)%	(433)
Foreign exchange gains	-	-	890	-	890
Other	531	376	402	6.8%	25
Non-operating expenses	1,829	2,269	1,629	(28.2)%	(640)
Interest expenses	381	392	475	21.1%	82
Loss on provision for redemption of gift certificates	581	733	362	(50.6)%	(371)
Share of loss of entities accounted for using equity method	134	492	483	(1.7)%	(8)
Other	732	651	307	(52.8)%	(343)

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

< Extraordinary Income and Losses >

(millions of yen)

	September. 30,	September. 30,	September. 30,	Main contents
	2019	2020	2021	
	Amount	Amount	Amount	
Extraordinary income	857	2394	19,886	
Gain on sale of non-current assets			11,109	Selling real estate holdings
Gain on sale of investment securities			6,485	Selling policy-holding stocks
Subsidy income			2,291	Subsidies for employment adjustment
Extraordinary losses	2,630	11,468	4,809	
Loss related to COVID-19			3,941	Hankyu Hanshin Department stores
Loss on retirement of noncurrent assets			532	Izumiya
Loss on closing of stores and others			335	Hankyu Hanshin Department stores H2O Shopping Center Development

2. Consolidated Balance Sheet

(millions of yen)

	September. 30, 2019 Amount	Mar. 31, 2021 Amount	September. 30, 2021 Amount
Cash and deposits	27,410	49,991	52,597
Notes and accounts receivable-trade	46,162	54,385	47,793
Inventory	25,891	23,339	22,359
Total current assets	110,830	139,291	132,477
Property, plant and equipment	266,557	261,386	255,992
Intangible assets	18,818	16,729	15,671
Investments and other assets	199,703	208,538	215,970
Total non-current assets	485,079	486,653	487,634
Total assets	595,909	625,945	620,111

(millions of yen)

	September. 30, 2019 Amount	Mar. 31, 2021 Amount	September. 30, 2021 Amount
Notes and accounts payable-trade	41,551	48,996	39,777
Loans payable and bonds	169,980	188,547	188,307
Total liabilities	355,598	396,667	378,579
Shareholders' equity	208,903	192,763	199,903
Total net assets	240,311	229,277	241,532
Total liabilities and net assets	595,909	625,945	620,111

3. Consolidated Cash Flow Statements

(millions of yen)

	September. 30, 2019	September. 30, 2020	September. 30, 2021
Cash flows from operating activities	5,978	(2,796)	(3,005)
Profit (loss) before income taxes	4,801	(13,474)	10,887
Depreciation	8,700	8,695	8,486
Impairment losses	11	5,810	-
Loss (gain) on sale of investment securities	-	(0)	(6,485)
Loss (gain) on sale of non-current assets	23	0	(11,108)
Decrease (increase) in trade receivables	(3,064)	(2,148)	6,605
Decrease (increase) in inventories	1,401	3,689	994
Increase (decrease) in trade payables	(1,272)	(2,099)	(9,253)
Income taxes paid	(3,374)	(1,157)	(1,521)
Cash flows from investing activities	(17,453)	(10,936)	9,159
Purchase of property, plant and equipment	(14,522)	(7,140)	(11,456)
Proceeds from sale of property, plant and equipment	3,538	77	14,863
Purchase of intangible assets	(3,808)	(2,282)	(1,145)
Proceeds from sales and redemption of short-term and long-term investment securities	-	-	9,386
Long-term loan advances	(1,622)	(1,376)	(2,533)
Cash flows from financing activities	(9,244)	15,325	(3,989)
Net increase (decrease) in short-term borrowings	11,000	18,500	-
Repayments of long-term borrowings	(20,137)	(237)	(244)
Dividends paid	(2,471)	(2,472)	(1,546)
Total	(20,720)	1,592	2,164
Cash and cash equivalents	34,291	27,410	52,597

4. Capital Investment

(millions of yen)

	September. 30, 2021	Major contents
Department Store	2,194	Rebuilding of Hanshin Umeda Main Store
Supermarket	1,533	New stores opening of Hankyu Oasis
Shopping Center	1,052	H2O Shopping Center Development
Other	1,286	IT investment
consolidation adjustment	(206)	
<b>Total</b>	<b>5,860</b>	

**II. 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	153,161	11.7%	16,097	(2.4)%	(3,711)
Gross Profit	34,546	10.6%	3,298		
Gross profit/ Gross Sales	22.56%	-	(0.24)pt		
Other operating revenue	1,473	10.8%	143		
SG & A	40,132	11.6%	4,176		
SG & A/ Net Sales	26.20%	-	(0.03)pt		
Operating profit	(4,112)	-	(734)	-	(276)
Operating profit/ Gross Sales	-	-	-	-	

\* 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	77,661	14.1%	9,826	(1.1)%	98,761
Hanshin Umeda Main Store	8,976	(20.6)%	4,674	(25.6)%	27,811
Senri Hankyu	5,712	4.1%	1,839	1.5%	13,902
Takatsuki Hankyu *2	8,098	1.7%	3,409	1.5%	38,638
Kawanishi Hankyu	5,450	1.7%	2,076	1.8%	15,528
Takarazuka Hankyu *4	3,271	8.4%	-	-	6,148
Nishinomiya Hankyu	9,528	10.4%	4,661	6.8%	25,099
Sanda Hankyu *3*4	433	6.1%	-	-	2,100
Kobe Hankyu *2	12,783	12.3%	4,979	(0.3)%	42,361
Hakata Hankyu	17,226	39.8%	7,982	37.9%	41,835
Hankyu Men's Tokyo	3,799	17.8%	489	28.6%	11,378
Oi Hankyu Food Hall	2,150	(1.3)%	2,205	1.5%	2,042
Tsuzuki Hankyu	1,518	11.3%	1,077	11.6%	1,917
Amagasaki Hanshin *4	1,384	7.1%	-	-	2,855
Hanshin Nishinomiya	1,989	4.7%	1,788	2.5%	4,998
Hanshin Mikage	227	8.5%	2,207	11.5%	804
Total of branch stores	73,573	13.6%	32,717	10.5%	209,605
Total stores	160,211	11.2%	47,218	3.0%	336,177

\*1 including Hankyu Men's Osaka

\*2 Total of sales including sales in department stores and tenants ( 7,050 millions of yen).

\*3 Sanda Hankyu:Closed on August1,2021

\*4 not counting the number of customers

< Gross Sales of each category >

	(millions of yen)		
	Sales	YoY	Share
Men's clothing	10,680	5.6%	6.7%
Women's clothing	17,167	10.1%	10.7%
Children's clothing	2,996	4.1%	1.9%
Other clothing	3,033	3.2%	1.9%
Clothing	33,878	7.4%	21.1%
Accessories, bags and others	29,507	19.2%	18.4%
Household merchandise	4,367	19.8%	2.7%
Foods	51,997	6.7%	32.5%
Restaurants & cafes	1,879	0.7%	1.2%
General merchandise	30,366	19.1%	19.0%
Service	616	11.3%	0.4%
Other	7,598	0.8%	4.7%
Total	160,211	11.2%	100.0%

\* Total of sales including sales in department stores and tenants ( 7,050 millions of yen).

< Monthly Sales >

	April	May	June	July	August	September
Hankyu Main Store *	322.9%	(34.3)%	8.6%	18.8%	(13.7)%	(3.2)%
Hanshin Umeda Main Store	151.9%	(21.1)%	(17.6)%	(14.3)%	(68.2)%	(42.2)%
Branch Stores	158.6%	32.3%	(0.9)%	6.8%	(8.6)%	(5.1)%
Total stores	213.6%	1.3%	2.5%	11.0%	(15.6)%	(6.9)%

\* including Hankyu Men's Osaka

2. Izumiya Co., Ltd.

< Overview of financial results >

	(millions of yen)				
	Amount	YoY	Inc./Dec.	versus forecast	Inc./Dec.
Gross Sales	69,127	3.2%	2,111	0.1%	96
Gross Profit	18,141	3.1%	554		
Gross profit/ Gross Sales	26.24%	-	(0.00)pt		
Other operating revenue	5,368	(9.1)%	(536)		
SG & A	21,981	2.2%	482		
SG & A/ Net Sales	31.80%	-	(0.28)pt		
Operating profit	1,528	(23.3)%	(464)	11.1%	153
Operating profit/ Gross Sales	2.21%	-	(0.76)pt	-	0.22pt

\* 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	2

< Opening and closing stores >

Opening	-
Closing	Kamishinjo(Osaka)

< Monthly Sales >

	April	May	June	July	August	September	1Q/2Q
Existing stores	(7.1)%	(0.6)%	0.7%	(0.8)%	(5.7)%	(0.4)%	(2.4)%



3. Hankyu Oasis Co., Ltd.

< Overview of financial results >

	(millions of yen)				
	Amount	YoY	Inc./Dec.	versus forecast	Inc./Dec.
Gross Sales	56,111	0.3%	161	1.3%	702
Gross Profit	15,479	2.9%	437		
Gross profit/ Gross Sales	27.59%	-	0.70pt		
Other operating revenue	3,614	0.9%	30		
SG & A	17,937	2.6%	450		
SG & A/ Net Sales	31.97%	-	0.71pt		
Operating profit	1,156	1.6%	17	11.1%	116
Operating profit/ Gross Sales	2.06%	-	0.03pt	-	0.18pt

\* 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	(2)

< Opening and closing stores >

Opening	Kobe-Sannomiya(Hyogo)
Closing	Hirakata-Deguchi(Osaka),Abiko(Osaka)

< Monthly Sales >

	April	May	June	July	August	September	1Q/2Q
Existing stores	(5.8)%	0.7%	6.3%	2.3%	1.9%	2.4%	1.2%