

**Consolidated Financial Statements for the Second Quarter
of the Fiscal Year Ending March 31, 2020**
(Japanese accounting standards)

October 31, 2019

Corporate Name : H2O Retailing Corporation
 Securities Code : 8242 (First Section of the Tokyo Stock Exchange)
 URL : <http://www.h2o-retailing.co.jp/>
 Representative : Atsushi Suzuki, President and Representative Director
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 Scheduled date of filing of the quarterly financial report : November 12, 2019
 Scheduled date of dividend payment : November 29, 2019
 Preparation of supplementary materials : Yes
 Briefing session on quarterly financial results : Yes (for institutional investors and analysts)

(Figures are rounded down to the nearest million yen.)

1. Consolidated Business Results for the Second Quarter of the Fiscal Year ending March 31, 2020
(From April 1, 2019 to September 30, 2019)

(1) Consolidated operating results (Cumulative total) (Percentages indicate year-on-year changes.)

	Net Sales		Operating Profit		Ordinary Profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2Q of FY2020	450,710	1.4	6,320	3.6	6,574	1.9	1,463	950.0
2Q of FY2019	444,408	2.9	6,100	(12.6)	6,449	(23.2)	139	(97.6)

Note : Comprehensive income 2Q of FY2020 2,696 million yen, —%, 2Q of FY2019 13 million yen, (99.9) %

	Net Income per Share	Net Income per Share(Diluted)
	Yen	Yen
2Q of FY2020	11.84	11.76
2Q of FY2019	1.13	1.12

(2) Consolidated financial position

	Total Assets	Net Assets	Owner's Equity Ratio
	Millions of yen	Millions of yen	%
2Q of FY2020	655,281	279,877	42.5
FY2019	663,335	279,603	42.0

Reference : Owner's equity 2Q of FY2020 278,619 million yen , FY2019 278,364 million yen

2. Dividends

	Annual Dividends				
	First Quarter	Second Quarter	Third Quarter	Fiscal Year-End	Total
	Yen	Yen	Yen	Yen	Yen
FY2019	-	20.00	-	20.00	40.00
FY2020	-	20.00	-	-	-
FY2020(Forecast)	-	-	-	20.00	40.00

Note : Revision to recently disclosed dividend forecast : No

3. Forecast of Consolidated Business Results for the Fiscal Year ending March 31, 2020
(From April 1, 2019 to March 31, 2020)

(Percentages indicate year-on-year changes.)

	Net Sales		Operating Profit		Ordinary Income		Profit attributable to owners of parent		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full Year	939,200	1.3	18,000	(11.9)	18,200	(14.9)	7,000	223.7	56.63

Note : Revision to recently disclosed consolidated business results forecast : Yes

These financial statements have been prepared for reference only in accordance with accounting principles and practices generally accepted in Japan.

Notes

- (1) Changes in significant subsidiaries during the period
(changes in specified subsidiaries resulting in the change in scope of consolidation) : No
- (2) Adoption of special accounting methods for preparing quarterly consolidated financial statements : No
- (3) Changes in accounting policies, changes in accounting estimates or restatements
- (a) Changes in accounting policies due to changes in consolidated accounting standards : No
 - (b) Changes other than (a) : No
 - (c) Changes in accounting estimates : No
 - (d) Restatements due to correction : No
- (4) Number of shares issued and outstanding (common stock)
- (a) Number of shares issued at the end of the period (including treasury stock)

2Q of FY2020	125,201,396 shares
FY2019	125,201,396 shares
 - (b) Number of shares of treasury stock at the end of the period

2Q of FY2020	1,585,375 shares
FY2019	1,609,297 shares
 - (c) Average number of shares during the period

2Q of FY2020	123,609,468 shares
2Q of FY2019	123,505,328 shares

Note : These consolidated financial results are outside the scope of audit by certified public accountants or auditing firms.

Note : Explanation regarding appropriate use of forecast

The above-mentioned forecast is based on the information available to the company at present,
and including a potential risk and uncertainty. Actual achievements may differ from these forecasts due to many factors.

1. Consolidated Financial Results

(millions of yen)

	Sep. 30, 2017	Sep. 30, 2018	Sep. 30, 2019				
	Amount	Amount	Amount	YoY	Inc./Dec.	versus forecast	Inc./Dec.
Department Store	206,487	209,159	218,445	4.4%	9,286	0.9%	2,018
Kobe/Takatsuki	-	19,831	21,224	7.0%	1,393	(0.4)%	(79)
Department Store Total	206,487	228,990	239,670	4.7%	10,680	0.8%	1,939
Supermarket	193,807	183,911	178,035	(3.2)%	(5,876)	(6.2)%	(11,748)
Shopping Center	5,678	4,569	4,152	(9.1)%	(416)	(10.8)%	(504)
Other	26,026	26,937	28,851	7.1%	1,914	9.2%	2,424
Net Sales	432,000	444,408	450,710	1.4%	6,301	(1.7)%	(7,889)
Department Store	6,136	5,762	6,549	13.7%	786	9.2%	549
Kobe/Takatsuki	-	(142)	(192)	-	(49)	-	(112)
Department Store Total	6,136	5,619	6,356	13.1%	737	7.4%	436
Supermarket	(1,077)	(1,008)	(1,701)	-	(692)	-	(1,031)
Shopping Center	2,790	2,299	2,176	(5.3)%	(122)	1.2%	26
Other	2,612	3,773	3,264	(13.5)%	(508)	30.6%	764
consolidation adjustment	(3,483)	(4,583)	(3,776)	-	807	-	73
Operating Profit	6,978	6,100	6,320	3.6%	219	4.5%	270
Ordinary Profit	8,393	6,449	6,574	1.9%	125	2.7%	174
Extraordinary income	3,128	267	857	219.9%	589		
Extraordinary losses	1,547	4,317	2,630	(39.1)%	(1,687)		
Profit	5,739	139	1,463	950.0%	1,324	(58.2)%	(2,036)

※Net sales refer to sales to external customers.

※Kobe/Takatsuki business segment has been integrated into Department store business segment since FY2020 because businesses of Sogo Kobe store and Seibu Takatsuki store were transferred to Hankyu Hanshin Department Stores Inc. from H2O Asset Management Co., Ltd. on October 1, 2019, and these stores were rebranded to “Kobe Hankyu” and “Takatsuki Hankyu”.

▶Sales

Consolidated sales increased by 1.4% YOY despite the sales decrease of Supermarket business due to operating area shrinkage concerning model conversion and unstable weather. This is because sales of Department store business increased since sales from inbound and Japanese customers performed well and we had fewer natural disasters compared with last year. A last-minute surge in demand before consumption tax hike in September also contributed to the sales.

▶Operating Profit and Ordinary Profit

Operating profit increased by 3.6% YOY, Ordinary Profit increased 1.9% YOY due to the growth in Department store business. Both operating profit and ordinary profit exceeded expectations because Department store business and other business performed well compared to the forecast.

(Department store Business)

Kobe/Takatsuki business segment has been integrated into Department store business segment since FY2020 because businesses of Sogo Kobe store and Seibu Takatsuki store were transferred to Hankyu Hanshin Department Stores Inc. from H2O Asset Management Co., Ltd. on October 1, 2019, and these stores were rebranded to “Kobe Hankyu” and “Takatsuki Hankyu”.

Sales in Hankyu Main store increased by 8.5% YOY. Sales from both inbound and Japanese customers remained strong, and sales increased since we had successive natural disasters last year. A last-minute surge in demand before consumption tax hike in September also contributed to the sales increase. Sales in Hanshin Umeda Main store decreased by 4.2% because of the negative repercussion after the opening boom of Wing I last year. Sales of Kobe/Takatsuki business increased YOY owing to the refurbishment of the food floor which was implemented in advance of rebranding in October.

As a result, Sales in Department store business increased by 4.7% YOY, Operating profit raised by ¥0.7 billion YOY.

(Supermarket Business)

Sales and profit decreased from the previous year.

In Izumiya Co., Ltd., business performance decreased by 1.5% YOY in sales, and by ¥0.6 billion in profit. Although new opening stores of Izumiya contributed to the sales, shrinkage of the amount of sales space concerning the model conversion, and unstable weather have impacted negatively on the sales.

Despite Hankyu Oasis Co., Ltd. promoted the review of pricing policy and cost- reduction, sales decreased by 5.3% YOY, operating profit decreased by ¥0.1 billion.

(Shopping Center Business)

Sales decreased mainly because of Centre Limited Liability Company. It operates SELCY the shopping center. The number of tenants in SELCY decreased due to the on-going redevelopment project. Operating profit also decreased because Hankyu Shopping Center Development Co., Ltd. recorded construction expenses associated with the expansion of Qanat Rakuho the shopping center.

(Other)

Hankyu Freds Co., Ltd. and asnas Co., Ltd have became consolidated subsidiaries since this fiscal year and contributed to the sales increase. Oi Development Co., Ltd which operates a business hotel, Hankyu Kensou Co., Ltd. which delivers store construction and interior design of commercial facilities and others increased in profit. However, operating profit in H2O RETAILING Corporation was down compared to the previous year because dividends received from subsidiaries decreased, and it resulted in decreased operating profit in Other business.

▶ Profit attributable to owners of parent

The company recorded extraordinary profits of ¥0.8 billion associated with the gain from sales of property of Izumiya Izumisano and others. In terms of extraordinary losses, the company recorded ¥2.6 billion in total, including loss on sales of non-current assets on Izumiya’s closed store of ¥0.8 billion, Loss on liquidation of business of ¥0.7 billion concerning withdrawal from unprofitable businesses in subsidiaries.

As a result, Profit attribute to owners of parent increased by ¥1.3 billion YOY, to ¥1.4 billion.

Major extraordinary income and losses

(millions of yen)

Main Contents	Amount	Subjects in Consolidated Statements of Income
Extraordinary income	857	(previous 2Q : 267)
Izumiya Izumisano: Sales of land and property	839	Gain on sales of non-current assets
Extraordinary losses	2,630	(previous 2Q : 4,317)
Izumiya Daito: Sales of land and property	863	Loss on sales of non-current assets
Hankyu Kitchen Yell Kyushu: Liquidation of business	407	Loss on liquidation of business
With system: transfer of business	241	Loss on liquidation of business
SELCY: Rebuilding	194	Loss on closing of stores and others
Sogo Kobe: sign board removal cost	127	Loss on retirement of non-current assets

2. Consolidated Balance Sheet

(millions of yen)

	Sep. 30, 2018	Mar. 31, 2019	Sep. 30, 2019
Cash and deposits	30,821	55,229	34,291
Notes and accounts receivable-trade	43,531	49,886	52,816
Inventory	33,965	33,920	32,836
Total current assets	119,033	150,003	132,596
Total non-current assets	508,585	513,331	522,684
Total assets	627,619	663,335	655,281
Notes and accounts payable-trade	56,124	59,732	58,165
Loans payable and bonds	142,749	164,920	155,946
Total liabilities	349,205	383,731	375,403
Shareholders' equity	240,171	239,755	238,777
Total net assets	278,414	279,603	279,877
Total liabilities and net assets	627,619	663,335	655,281

3. Capital Investment

(millions of yen)

	Amount	Major contents
Department Store	3,040	Hankyu Umeda Main store, Hankyu Men's Tokyo, Kobe Hankyu
Supermarket	3,443	Rebuilding of Izumiya stores, New stores opening of Hankyu Oasis
Shopping Center	5,153	Rebuilding of Izumiya stores, Expansion of Qanat Rakuhoku
Other	3,938	Software development
consolidation adjustment	(44)	
Total	15,531	

4. Consolidated Cash Flow Statements

(millions of yen)

	Sep. 30, 2017	Sep. 30, 2018	Sep. 30, 2019
Cash flows from operating activities	12,060	(1,075)	5,978
Income before income taxes	9,974	2,399	4,801
Depreciation	7,827	8,384	8,700
Decrease (increase) in trade receivables	2,369	3,341	(3,064)
Increase (decrease) in trade payables	(3,686)	(6,140)	(1,272)
Income taxes paid	(3,935)	(6,115)	(3,374)
Cash flows from investing activities	(7,813)	(25,544)	(17,453)
Purchase of property, plant and equipment	(9,483)	(20,594)	(14,522)
Purchase of intangible assets	(2,456)	(2,100)	(3,808)
Payments for acquisition of businesses	-	-	(648)
Proceeds from sales of property, plant and equipment	2,677	1,060	3,538
Cash flows from financing activities	(9,675)	(9,639)	(9,244)
Net increase (decrease) in short-term borrowings	(2,000)	-	11,000
Repayments of long-term borrowings	(4,876)	(6,749)	(20,137)
Payments of lease obligations	(426)	(418)	(475)
Dividends paid	(2,469)	(2,469)	(2,471)
Total	(5,428)	(36,259)	(20,720)
Cash and cash equivalents	78,263	30,821	34,291

5. Forecast of FY2020

Consolidated

(millions of yen)

	1Q/2Q		3Q/4Q		FY2019	
	Amount	YOY	Forecast	YOY	Forecast	YOY
Department Store	239,670	4.7%	263,066	(1.0)%	502,737	1.6%
Supermarket	178,035	(3.2)%	184,391	0.4%	362,426	(1.4)%
Shopping Center	4,152	(9.1)%	5,170	24.1%	9,323	6.7%
Other	28,851	7.1%	35,861	23.6%	64,713	15.7%
Net Sales	450,710	1.4%	488,489	1.2%	939,200	1.3%
Department Store	6,356	13.1%	9,163	(25.3)%	15,520	(13.2)%
Supermarket	(1,701)	-	691	21.3%	(1,010)	-
Shopping Center	2,176	(5.3)%	2,083	5.1%	4,260	(0.5)%
Other	3,264	(13.5)%	1,145	(8.9)%	4,410	(12.3)%
consolidation adjustment	(3,776)	-	(1,403)	-	(5,179)	-
Operating Profit	6,320	3.6%	11,680	(18.4)%	18,000	(11.9)%
Ordinary Profit	6,574	1.9%	11,625	(22.1)%	18,200	(14.9)%
Profit	1,463	950.0%	5,537	173.7%	7,000	223.7%

※Net sales refer to sales to external customers.

Department store Business: expecting a decrease in profit in 3・4Q of FY2020 due to the cost increase associated with up-front investment on a major renovation of Hankyu Umeda Main store and launch of Kobe Hankyu and Takatsuki Hankyu, and the sales decline after the tax hike.

Supermarket business: expecting growth both in sales and profit in 3・4Q of FY2020 owing to the contribution of new-opening stores and the improvement of the operational efficiency of food manufacturing subsidiaries.

As a result, as the company expected initially, the company is expecting increase in sales and profit attributable to owners of parent, decrease in operating profit and ordinary profit.

Capital Investment

(millions of yen)

	1Q/2Q	3Q/4Q	FY2020
	Amount	Forecast	Forecast
Department Store	3,040	4,678	7,718
Supermarket	3,443	1,956	5,399
Shopping Center	5,153	3,709	8,863
Other	3,938	5,627	9,566
consolidation adjustment	(44)	-	(44)
Total	15,531	15,972	31,503

The company intends to make capital investments on renovation of Hankyu Umeda Main Store and other stores in metropolitan area, start-up of Kobe Hankyu and Takatsuki Hankyu with some renovation and system architecture to integrate with Hankyu Hanshin Department stores Inc., expanding floor space of Qanat Rakuoku, system integration for Supermarket business, system development to respond to deducted tax rate related to foods, etc., in FY2020.

Hankyu Hanshin Department stores, Inc.

Forecast of Hankyu Hanshin Department stores, Inc.

(millions of yen)

	1Q/2Q		3Q/4Q		FY2020	
	Amount	YoY	Forecast	YoY	Forecast	YoY
Net Sales	218,344	4.4%	261,531	7.8%	479,875	6.2%
Operating Profit	6,634	14.4%	9,080	(22.8)%	15,714	(10.5)%

※including results of Kobe Hankyu and Takatsuki Hankyu from 3Q

Forecast of FY2020 (Gross sales)

(millions of yen)

	1Q/2Q		3Q/4Q		FY2020	
	Amount	YoY	Forecast	YoY	Forecast	YoY
Hankyu Main Store ※1	124,293	8.5%	137,439	0.9%	261,733	4.4%
Hanshin Umeda Main Store	23,789	(4.2)%	25,513	(3.9)%	49,302	(4.1)%
Senri Hankyu	7,443	(0.4)%	8,259	(3.1)%	15,702	(1.9)%
Takatsuki Hankyu ※2	-	-	10,326	-	10,326	-
Kawanishi Hankyu	7,301	(1.0)%	7,895	(4.9)%	15,196	(3.1)%
Takarazuka Hankyu	3,622	0.6%	3,845	(3.0)%	7,467	(1.3)%
Nishinomiya Hankyu	12,329	4.0%	13,896	0.0%	26,225	1.9%
Sanda Hankyu	644	1.4%	737	(2.6)%	1,381	(0.8)%
Kobe Hankyu ※2	-	-	19,140	-	19,140	-
Hakata Hankyu	24,662	2.4%	27,102	(1.6)%	51,764	0.3%
Hankyu Men's Tokyo	6,179	(6.5)%	7,930	4.2%	14,109	(0.8)%
Oi Hankyu Food Hall	2,143	1.0%	2,357	(1.6)%	4,500	(0.4)%
Tsuzuki Hankyu	2,149	(1.8)%	2,237	(13.5)%	4,386	(8.2)%
Amagasaki Hanshin	1,395	1.0%	1,574	(0.3)%	2,969	0.3%
Hanshin Nishinomiya	2,139	0.7%	2,335	(4.1)%	4,474	(1.8)%
Hanshin Mikage	250	(0.6)%	269	(3.7)%	519	(2.2)%
Total of branch stores	70,261	0.8%	107,902	35.1%	178,163	19.1%
Total stores	218,344	4.4%	270,854	11.6%	489,199	8.3%

※1. including Hankyu Men's Osaka

※2. Operating from October 5, 2019. Total of sales including sales in department stores and tenants

Izumiya Co., Ltd.

Forecast of FY2020

(millions of yen)

	1Q/2Q		3Q/4Q		Total	
	Amount	YoY	Forecast	YoY	Forecast	YoY
Net Sales	106,924	(1.5)%	109,013	(0.7)%	215,938	(1.1)%
Operating profit	(1,591)	-	(199)	-	(1,791)	-

Hankyu Oasis Co., Ltd.

Forecast of FY2020

(millions of yen)

	1Q/2Q		3Q/4Q		Total	
	Amount	YoY	Forecast	YoY	Forecast	YoY
Net Sales	53,958	(5.3)%	56,268	1.2%	110,226	(2.1)%
Operating profit	(237)	-	395	(32.4)%	157	(65.3)%

6. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY2019 (as of March 31, 2019)	2Q of FY2020 (as of September 30, 2019)
Assets		
Current assets		
Cash and deposits	55,229	34,291
Notes and accounts receivable -trade	49,886	52,816
Merchandise goods and finished goods	31,600	30,393
Work in progress	329	796
Raw materials and supplies	1,990	1,646
Notes and accounts receivable -others	6,778	7,351
Other	4,643	5,735
Allowance for doubtful accounts	(454)	(434)
Total current assets	150,003	132,596
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	115,608	124,616
Machinery, equipment and vehicles, net	3,420	3,361
Land	147,281	144,553
Construction in progress	7,666	6,208
Other, net	10,882	11,402
Total property, plant and equipment	284,860	290,142
Intangible assets		
Goodwill	4,076	3,873
Other	14,685	16,078
Total intangible assets	18,762	19,952
Investments and other assets		
Investment securities	121,149	124,297
Long-term loans receivable	4,571	6,077
Guarantee deposits	72,290	71,807
Retirement benefit asset	-	90
Deferred tax assets	11,942	11,156
Other	2,683	2,102
Allowance for doubtful accounts	(2,928)	(2,942)
Total investments and other assets	209,709	212,589
Total non-current assets	513,331	522,684
Total Assets	663,335	655,281

	(Millions of yen)	
	FY2019	2Q of FY2020
	(as of March 31, 2019)	(as of September 30, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	59,732	58,165
Short-term borrowings	8,000	19,000
Current portion of long-term borrowings	20,201	400
Accounts payable - other	19,655	17,626
Lease obligations	749	956
Income taxes payable	4,151	2,846
Gift certificates	29,676	27,422
Provision for bonuses	5,018	4,722
Provision for bonuses for directors (and other officers)	156	99
Provision for loss on store closing	967	464
Provision for point card certificates	1,823	2,227
Asset retirement obligations	68	66
Other	23,888	25,387
Total current liabilities	174,092	159,387
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term borrowings	116,718	116,546
Deferred tax liabilities	26,152	27,217
Deferred tax liabilities related to land revaluation	266	266
Provision for retirement benefits for directors (and other officers)	221	196
Provision for redemption of gift certificates	4,020	4,147
Retirement benefit liability	16,827	15,681
Long-term accounts payable - other	621	571
Lease obligations	8,686	14,324
Long-term guarantee deposited	9,820	10,020
Asset retirement obligations	2,755	3,896
Other	3,548	3,146
Total non-current liabilities	209,639	216,016
Total Liabilities	383,731	375,403
Net Assets		
Shareholders' equity		
Share capital	17,796	17,796
Capital surplus	92,675	92,660
Retained earnings	132,278	131,270
Treasury shares	(2,995)	(2,950)
Total shareholders' equity	239,755	238,777
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	42,864	44,226
Revaluation reserve for land	124	124
Foreign currency translation adjustments	(788)	(1,138)
Remeasurements of defined benefit plans	(3,591)	(3,371)
Total accumulated other comprehensive income	38,608	39,841
Share acquisition rights	1,235	1,254
Non-controlling interests	4	4
Total net assets	279,603	279,877
Total Liabilities and Net Assets	663,335	655,281

(2) Consolidated Statements of Income (Second Quarter)

(Millions of yen)

	2Q of FY2019 (From April 1, 2018 to September 30, 2018)	2Q of FY2020 (From April 1, 2019 to September 30, 2019)
Net sales	444,408	450,710
Cost of sales	316,149	321,706
Gross profit	128,259	129,004
Selling, general and administrative expenses	122,158	122,683
Operating profit	6,100	6,320
Non-operating income		
Interest income	45	78
Dividend income	780	735
Gain on adjustment of accounts payable	713	737
Other	452	531
Total non-operating income	1,992	2,083
Non-operating expenses		
Interest expenses	451	381
Loss on provision for redemption of gift certificates	561	581
Other	630	866
Total non-operating expenses	1,643	1,829
Ordinary profit	6,449	6,574
Extraordinary income		
Gain on sales of non-current assets	-	840
Gain on bargain purchase	-	17
Insurance claim income	267	-
Total extraordinary income	267	857
Extraordinary losses		
Loss on sales of non-current assets	-	863
Loss on liquidation of business	545	764
Loss on retirement of non-current assets	595	622
Loss on closing of stores and others	1,039	367
Impairment losses	305	11
Outplacement expenses	673	-
Loss on disaster	665	-
Expenses for opening new stores	493	-
Total extraordinary losses	4,317	2,630
Profit before income taxes	2,399	4,801
Income taxes - current	772	2,192
Income taxes - deferred	1,487	1,145
Total income taxes	2,259	3,337
Profit	139	1,463
Profit attributable to non-controlling interests	0	0
Profit attributable to owners of parent	139	1,463

(3) Consolidated Cash Flow Statements

(Millions of yen)

	2Q of FY2019 (From April 1, 2018 to September 30, 2018)	2Q of FY2020 (From April 1, 2019 to September 30, 2019)
Cash flows from operating activities		
Income before income taxes	2,399	4,801
Depreciation	8,384	8,700
Impairment losses	305	11
Loss on store closing and others	66	40
Amortisation of goodwill	285	294
Increase (decrease) in allowance for doubtful accounts	162	(5)
Increase (decrease) in provision for bonuses	(211)	(299)
Increase (decrease) in provision for bonuses for directors (and other officers)	(59)	(57)
Increase (decrease) in retirement benefit liability	(995)	(1,134)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(18)	(19)
Increase(decrease) in provision for redemption of gift certificates	170	127
Increase(decrease) in provision for loss on store closing and others	(73)	(503)
Increase(decrease) in provision for point card certificates	468	405
Interest and dividend income	(825)	(814)
Interest expense	451	381
Insurance claim income	-	(19)
Loss on disaster	-	2
Share of loss (profit) of entities accounted for using equity method	177	134
Loss (gain) on sales of non-current assets	-	23
Loss on retirement of non-current assets	31	267
Loss on liquidation of business	545	740
Decrease (increase) in trade receivables	3,341	(3,064)
Decrease (increase) in inventories	929	1,401
Increase (decrease) in trade payables	(6,140)	(1,272)
Increase (decrease) in accrued consumption taxes	(335)	154
Increase (decrease) in gift certificates	(3,668)	(2,248)
Increase (decrease) in advances received	25	2,559
Other, net	(769)	(1,623)
Sub total	4,645	8,983
Interest and dividend income received	851	772
Interest paid	(457)	(373)
Income taxes paid	(6,115)	(3,374)
Proceeds from insurance income	-	19
Payments associated with disaster loss	-	(49)
Net cash provided by (used in) operating activities	(1,075)	5,978

(Millions of yen)

	2Q of FY2019 (From April 1, 2018 to September 30, 2018)	2Q of FY2020 (From April 1, 2019 to September 30, 2019)
Cash flows from investing activities		
Purchase of property, plant and equipment	(20,594)	(14,522)
Proceeds from sales of property, plant and equipment	1,060	3,538
Purchase of intangible assets	(2,100)	(3,808)
Proceeds from sales of intangible assets	-	0
Payments for asset retirement obligations	(306)	(80)
Purchases of investment securities	(18)	(1,166)
Proceeds from sales and redemption of short-term and long-term investment securities	0	-
Long-term loan advances	(145)	(1,622)
Collection of long-term loans receivable	52	95
Payments for guarantee deposits	(5,937)	(458)
Proceeds from refund of guarantee deposits	2,490	1,242
Payments from sale of businesses	(45)	-
Payments for acquisition of businesses	-	(648)
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	-	(23)
Other, net	-	1
Net cash provided by (used in) investing activities	(25,544)	(17,453)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-	11,000
Proceeds from long-term borrowings	-	98
Repayments of long-term borrowings	(6,749)	(20,137)
Proceeds from sales of treasury shares	0	0
Purchase of treasury shares	(1)	(1)
Dividends paid	(2,469)	(2,471)
Repayments of lease obligations	(418)	(475)
Proceeds from sale and leaseback transactions	-	2,742
Net cash provided by (used in) financing activities	(9,639)	(9,244)
Effect of exchange rate change on cash and cash equivalents	(69)	(217)
Net increase(decrease) in cash and cash equivalents	(36,329)	(20,938)
Cash and cash equivalents at beginning of year	67,150	55,229
Cash and cash equivalents	30,821	34,291

7. Supplementary Information

Consolidated

Selling, general and administrative expenses

(millions of yen)

	Amount	YoY	Inc./Dec.
Personnel expenses	47,302	(0.5)%	(253)
Rent expenses	19,964	1.4%	277
Advertising and decoration expenses	6,240	(11.0)%	(774)
Depreciation and amortisation	8,237	4.3%	337
Business consignment expenses	9,956	3.9%	376
Sales commission	6,350	5.7%	342
Transportation costs	7,672	0.8%	57
Others	16,958	1.0%	161
Total	122,683	0.4%	524

Non-operating Income and Expenses

(millions of yen)

	Amount	YoY	Inc./Dec.
Non-operating income	2,083	4.6%	91
Interest income	78	73.4%	33
Dividend income	735	(5.7)%	(44)
Gain on adjustment of accounts payable	737	3.3%	23
Other	531	17.4%	79

(millions of yen)

	Amount	YoY	Inc./Dec.
Non-operating expenses	1,829	11.3%	185
Interest expenses	381	(15.6)%	(70)
Loss on provision for redemption of gift certificates	581	3.6%	20
Other	866	37.4%	235

Extraordinary Income and Losses

(millions of yen)

	Amount	Main contents
Extraordinary income	857	(previous 2Q : 267)
Gain on sales of non-current assets	840	Izumiya Izumisano
Gain on bargain purchase	17	Acquisition of asnas Co., Ltd.
Extraordinary losses	2,630	(previous 2Q : 4,317)
Loss on sales of non-current assets	863	Izumiya Daito
Loss on liquidation of business	764	Liquidation of business of Kitchen Yell Kyushu, Transfer of business of With System
Loss on retirement of non-current assets	622	Department store business, Izumiya
Loss on closing of stores and others	367	SELCY rebuilding, Izumiya store conversion
Impairment losses	11	

Hankyu Hanshin Department Stores, Inc.

Overview

(millions of yen)

	Amount	YoY	Inc./Dec.	versus forecast	Inc./Dec.
Net Sales	218,344	4.4%	9,253	1.0%	2,194
Gross Profit	52,315	3.0%	1,544		
Gross profit/ Net Sales	23.96%	-	(0.32)pt		
Other operating revenue	316	12.8%	35		
SG & A	45,996	1.6%	745		
SG & A/ Net Sales	21.07%	-	(0.58)pt		
Operating profit	6,634	14.4%	834	10.6%	634
Operating profit/ Net Sales	3.04%	-	0.26pt	-	0.26pt

- ▶In Hankyu Main store, inbound sales increased by 14%, and the sales composition ratio reached 14%
- ▶In Hanshin Umeda main store, sales decreased because sales in the previous year was good before and after opening Wing I in June, 2018.
- ▶SG&A increased such as depreciation and sales commission.

Sales by stores, Number of customers and Sales area

Sales, Number of customers (millions of yen, thousands of people, square meters)

	Sales	YoY	Number of customers	YoY	Sales area
Hankyu Main Store ※1	124,293	8.5%	23,723	(2.2)%	98,733
Hanshin Umeda Main Store	23,789	(4.2)%	15,482	(7.5)%	27,811
Senri Hankyu	7,443	(0.4)%	2,397	0.8%	13,902
Kawanishi Hankyu	7,301	(1.0)%	2,929	0.1%	15,528
Takarazuka Hankyu	3,622	0.6%	※2 -	-	6,148
Nishinomiya Hankyu	12,329	4.0%	6,607	2.5%	25,099
Sanda Hankyu	644	1.4%	※2 -	-	2,100
Hakata Hankyu	24,662	2.4%	13,626	(0.9)%	41,835
Hankyu Men's Tokyo	6,179	(6.5)%	1,307	11.0%	11,425
Oi Hankyu Food Hall	2,143	1.0%	2,652	(1.2)%	2,042
Tsuzuki Hankyu	2,149	(1.8)%	1,791	(1.2)%	6,736
Amagasaki Hanshin	1,395	1.0%	※2 -	-	2,855
Hanshin Nishinomiya	2,139	0.7%	2,158	8.5%	4,998
Hanshin Mikage	250	(0.6)%	2,435	(0.1)%	804
Total of branch stores	70,261	0.8%	35,905	0.8%	133,471
Total stores	218,344	4.4%	75,112	(2.0)%	260,016

※1. including Hankyu Men's Osaka

※2. not counting the number of customers

Sales of each category

(millions of yen)

	Sales	YoY	Share
Men's clothing	18,443	4.5%	8.4%
Women's clothing	29,214	0.5%	13.4%
Children's clothing	4,737	1.7%	2.2%
Other clothing	5,342	(2.9)%	2.4%
Clothing	57,738	1.5%	26.4%
Accessories, bags and others	43,983	8.4%	20.1%
Household merchandise	6,720	(0.4)%	3.1%
Foods	58,629	0.8%	26.9%
Restaurants & cafes	4,978	1.1%	2.3%
General merchandise	45,022	12.4%	20.6%
Service	1,252	17.4%	0.6%
Other	19	(97.2)%	0.0%
Total	218,344	4.4%	100.0%

Monthly Sales

	April	May	June	July	August	September
Hankyu Main Store ※1	4.6%	0.4%	7.6%	3.8%	6.7%	29.5%
Hanshin Umeda Main Store	(15.1)%	0.5%	(20.9)%	(4.1)%	(3.6)%	21.7%
Total of branch stores	1.2%	(0.3)%	2.0%	(2.1)%	(2.2)%	7.2%
Total	1.0%	0.2%	1.8%	1.0%	2.5%	21.3%
Total (not including Hanshin Umeda Main Store)	3.4%	0.1%	5.4%	-	-	-

※1. including Hankyu Men's Osaka

Izumiya Co., Ltd.

Overview

(millions of yen)

	Amount	YoY	Inc./Dec.	versus forecast	Inc./Dec.
Net Sales	106,924	(1.5)%	(1,581)	(4.2)%	(4,713)
Gross Profit	27,633	(4.1)%	(1,190)		
Gross profit/ Net Sales	25.84%	-	(0.72)pt		
Other operating revenue	7,377	0.6%	43		
SG & A	36,602	(1.4)%	(520)		
SG & A/ Net Sales	34.23%	-	0.02pt		
Operating profit	(1,591)	-	(626)	-	(750)
Operating profit/ Net Sales	-	-	-	-	-

Sales of existing stores

	YoY
Foods	(5.8)%
Clothing	(4.7)%
Household goods	(1.7)%
Total	(5.0)%

Numbers of stores

	Number of stores
Total	85
YoY difference	2

Opening and closing stores

Opening	Izumi Fuchu (Osaka), Shin-Chujo (Osaka)
Closing	Higashi-Neyagawa (Osaka), Izumisano (Osaka)

Monthly Sales

(YOY)

	April	May	June	July	August	September
Total	(3.6)%	(0.5)%	(0.4)%	(9.6)%	(2.1)%	1.1%
Existing stores	(5.4)%	(2.8)%	(3.5)%	(12.1)%	(4.3)%	(0.8)%

Hankyu Oasis Co., Ltd.

Overview

	(millions of yen)				
	Amount	YoY	Inc./Dec.	versus forecast	Inc./Dec.
Net Sales	53,958	(5.3)%	(3,027)	(6.5)%	(3,743)
Gross Profit	14,104	(1.8)%	(255)		
Gross profit/ Net Sales	26.14%	-	0.94pt		
Other operating revenue	3,424	1.6%	52		
SG & A	17,766	(0.5)%	(95)		
SG & A/ Net Sales	32.93%	-	1.58pt		
Operating profit	(237)	-	(107)	-	(208)
Operating profit/ Net Sales	-	-	-	-	-

Sales of existing stores		Number of stores	
		YoY	Number of stores
Total	(6.0)%	Total	77
		YoY difference	1
		(excluding Ibaraki Higashi Nara which is temporary closed)	

Opening and closing stores

Opening	Fukushima Fukumarudori 57 (Osaka), Kisera Kawanishi (Hyogo)
Closing	Yamashita (Hyogo)

Monthly Sales

	(YOY)					
	April	May	June	July	August	September
Total	(5.6)%	(6.4)%	(5.3)%	(7.3)%	(4.4)%	(2.8)%
Existing stores	(3.0)%	(5.1)%	(5.9)%	(8.4)%	(7.8)%	(6.0)%