

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

July 28,2021

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. Forecast of FY2022

1. Forecast of consolidated financial results
2. Forecast of capital Investment

III. Non-consolidated results

1. Hankyu Hanshin Department Stores, Inc.
2. Izumiya Co., Ltd.
3. Hankyu Oasis Co., Ltd.

**I. Consolidated Financial Results**

1. Consolidated statements of income

< Overview of financial results >

(millions of yen)

	June. 30, 2019	June. 30, 2020	June. 30, 2021		
	Amount	Amount	Amount	YoY	Inc./Dec.
Department Store	113,518	48,408	66,697	37.8%	18,289
Supermarket	87,971	73,148	73,346	0.3%	197
Shopping Center	2,129	17,073	13,025	(23.7)%	(4,047)
Other	13,505	7,274	8,110	11.5%	835
Gross Sales	217,124	145,904	161,179	10.5%	15,275
Net Sales	217,124	145,904	114,285	-	-
Department Store	2,872	(2,945)	(1,846)	-	1,098
Supermarket	(803)	1,482	1,335	(9.9)%	(147)
Shopping Center	1,160	(107)	23	-	130
Other	2,893	526	(1,090)	-	(1,616)
consolidation adjustment	(3,268)	(2,250)	(466)	-	1,784
Operating Profit	2,854	(3,293)	(2,044)	-	1,249
Ordinary Profit	3,511	(2,996)	(949)	-	2,046
Extraordinary income	-	-	15,541	-	15,541
Extraordinary losses	254	5,246	4,218	(19.6)%	(1,027)
Profit	1,569	(6,111)	6,277	-	12,388

\* 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 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)

	June. 30,	June. 30,	June. 30,		
	2019	2020	2021	YoY	Inc./Dec.
	Amount	Amount	Amount		
Personnel expenses	23,690	18,396	19,275	4.8%	878
Rent expenses	9,876	7,064	8,468	19.9%	1,404
Advertising expenses	2,976	706	1,254	77.4%	547
Depreciation	4,040	3,658	3,536	(3.3)%	(121)
Business consignment expenses	4,912	4,605	4,389	(4.7)%	(216)
Sales commission	3,113	2,309	1,111	(51.9)%	(1,197)
Transportation costs	3,571	3,474	3,372	(3.0)%	(102)
Others	7,979	6,804	7,037	3.4%	233
Total	60,162	47,020	48,445	3.0%	1,424

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

< Non-operating Income and Expenses >

(millions of yen)

	June. 30,	June. 30,	June. 30,		
	2019	2020	2021	YoY	Inc./Dec.
	Amount	Amount	Amount		
Non-operating income	1,642	1,629	1,827	12.2%	198
Interest income	30	89	118	33.2%	29
Foreign exchange gains	68	-	679	-	679
Dividend income	724	852	593	(30.4)%	(258)
Gain on adjustment of accounts payable	433	516	261	(49.4)%	(255)
Other	385	170	174	1.9%	3

Non-operating expenses	985	1,332	733	(45.0)%	(599)
Interest expenses	183	195	236	21.4%	41
Loss on provision for redemption of gift certificates	348	433	210	(51.5)%	(223)
Share of loss of entities accounted for using equity method	66	363	156	(56.9)%	(206)
Other	386	340	129	(61.9)%	(210)

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

< Extraordinary Income and Losses >

(millions of yen)

	June. 30,	June. 30,	June. 30,	Main contents
	2019	2020	2021	
	Amount	Amount	Amount	
Extraordinary income	-	-	15,541	
Gain on sale of non-current assets			8,881	Selling real estate holdings
Gain on sale of investment securities			6,485	Selling strategic shareholdings
Subsidy income			174	Subsidies for employment adjustment
Extraordinary losses	254	5,246	4,218	
Loss related to COVID-19			3,753	Hankyu Hanshin Department stores
Loss on closing of stores and others			270	Izumiya
Loss on retirement of noncurrent assets			194	

2. Consolidated Balance Sheet

(millions of yen)

	Jun. 30, 2020 Amount	Mar. 31, 2021 Amount	June. 30, 2021 Amount
Cash and deposits	27,347	49,991	47,418
Notes and accounts receivable-trade	48,351	54,385	50,408
Inventory	29,110	23,339	24,192
Total current assets	117,253	139,291	132,786
Property, plant and equipment	271,203	261,386	257,989
Intangible assets	19,431	16,729	16,170
Investments and other assets	193,778	208,538	201,203
Total non-current assets	484,413	486,653	475,363
Total assets	601,666	625,945	608,150

(millions of yen)

	Jun. 30, 2020 Amount	Mar. 31, 2021 Amount	June. 30, 2021 Amount
Notes and accounts payable-trade	42,349	48,996	42,700
Loans payable and bonds	174,547	188,547	188,323
Total liabilities	361,001	396,667	377,408
Shareholders' equity	212,890	192,763	198,095
Total net assets	240,664	229,277	230,741
Total liabilities and net assets	601,666	625,945	608,150

3. Capital Investment

(millions of yen)

	June. 30, 2021	Major contents
Department Store	418	
Supermarket	875	New stores opening of Hankyu Oasis
Shopping Center	598	H2O Shopping Center Development
Other	461	IT investment
Total	2,353	

## II. Forecast of FY2022

### 1. Forecast of consolidated financial results

(millions of yen)

	1Q/2Q		3Q/4Q		FY2022	
	Forecast	YOY	Forecast	YOY	Forecast	YOY
Department Store	158,000	14.3%	232,000	10.7%	390,000	12.1%
Supermarket	146,000	(1.1)%	151,000	4.0%	297,000	1.5%
Shopping Center	24,000	(29.6)%	16,000	(48.3)%	40,000	(38.5)%
Other	17,000	7.9%	21,000	17.3%	38,000	12.9%
Gross Sales	345,000	102.8%	420,000	4.1%	765,000	3.5%
Net Sales	240,000	-	260,000	-	500,000	-
Department Store	(3,900)	-	4,400	183.4%	500	-
Supermarket	1,700	(40.4)%	2,800	126.8%	4,500	10.1%
Shopping Center	(400)	-	(100)	-	(500)	-
Other	(1,000)	-	(2,000)	-	(3,000)	-
consolidation adjustment	(1,600)	-	(900)	-	(2,500)	-
Operating Profit	(5,200)	-	4,200	-	(1,000)	-
Ordinary Profit	(5,250)	-	3,250	117.7%	(2,000)	-
Profit	3,050	-	1,950	-	5,000	-

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\* 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 of FY2021 are reclassified d into the new reporting segments.  
Business results of FY2020 are not reclassified into the new reporting segments.

### 2. Forecast of capital Investment

(millions of yen)

	Forecast	Major contents
Department Store	19,736	Rebuilding of Hanshin Umeda Main Store
Supermarket	4,868	Renovetion of Izumiya stores, New stores opening of Hankyu Oasis
Shopping Center	2,540	H2O Shopping Center Development
Other	4,318	IT investment
Consolidation adjustment	(1,462)	
Total	30,000	

### III. Non-consolidated results

#### 1. Hankyu Hanshin Department Stores, Inc.

< Overview of financial results >

(millions of yen)

	Amount	YoY	Inc./Dec.
Gross Sales	66,176	37.9%	18,184
Gross Profit	14,960	36.1%	3,970
Gross profit/ Gross Sales	22.61%	-	(0.29)pt
Other operating revenue	685	30.5%	160
SG & A	17,465	21.7%	3,115
SG & A/ Net Sales	26.39%	-	(3.51)pt
Operating profit	(1,820)	-	1,015
Operating profit/ Gross Sales	-	-	-

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

< Gross Sales by stores, Number of customers >

(millions of yen, thousands of people)

	Sales	YoY	Number of customers	YoY
Hankyu Main Store *1	31,047	38.6%	4,233	23.5%
Hanshin Umeda Main Store	4,533	12.1%	2,486	10.1%
Senri Hankyu	2,538	12.2%	857	3.0%
Takatsuki Hankyu *2	3,599	10.5%	1,568	12.7%
Kawanishi Hankyu	2,475	15.7%	986	19.5%
Takarazuka Hankyu *3	1,526	17.2%	-	-
Nishinomiya Hankyu	4,207	31.8%	1,996	24.3%
Sanda Hankyu *3	201	92.4%	-	-
Kobe Hankyu *2	5,742	44.9%	2,191	31.0%
Hakata Hankyu	8,404	121.3%	3,861	120.0%
Hankyu Men's Tokyo	1,658	66.6%	214	120.9%
Oi Hankyu Food Hall	1,039	(1.7)%	1,092	4.7%
Tsuzuki Hankyu	735	18.7%	538	19.6%
Amagasaki Hanshin *3	617	9.9%	-	-
Hanshin Nishinomiya	940	6.6%	860	9.4%
Hanshin Mikage	99	20.0%	1,061	26.4%
Total of branch stores	33,788	39.5%	15,229	34.8%
Total stores	69,368	36.9%	21,950	29.2%

\*1 including Hankyu Men's Osaka

\*2 Total of sales including sales in department stores and tenants ( 3,192 millions of yen).

\*3 not counting the number of customers

< Gross Sales of each category >

(millions of yen)

	Sales	YoY	Share
Men's clothing	4,622	27.2%	6.7%
Women's clothing	7,644	42.0%	11.0%
Children's clothing	1,367	26.7%	2.0%
Other clothing	1,275	26.8%	1.8%
Clothing	14,911	34.3%	21.5%
Accessories, bags and others	12,441	57.2%	17.9%
Household merchandise	1,720	42.5%	2.5%
Foods	22,764	26.1%	32.8%
Restaurants & cafes	750	51.5%	1.1%
General merchandise	13,052	47.4%	18.8%
Service	266	55.2%	0.4%
Other	3,461	20.7%	5.0%
Total	69,368	36.9%	100.0%

\* Total of sales including sales in department stores and tenants ( 3,192 millions of yen).

< Monthly Sales >

	April	May	June
Hankyu Main Store *	322.9%	(34.3)%	8.6%
Hanshin Umeda Main Store	151.9%	(21.1)%	(17.6)%
Branch Stores	158.6%	32.3%	(0.9)%
Total stores	213.6%	1.3%	2.5%

\* including Hankyu Men's Osaka

< Forecast of FY2022 >

(millions of yen)

	1Q/2Q		3Q/4Q		FY2022	
	Forecast	YoY	Forecast	YoY	Forecast	YoY
Gross Sales	156,872	14.5%	230,266	10.6%	387,139	12.1%
Operating profit	(3,835)	-	4,437	193.5%	601	-

\* 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)

	1Q/2Q		3Q/4Q		FY2022	
	Forecast	YoY	Forecast	YoY	Forecast	YoY
Hankyu Main Store *1	79,726	17.2%	119,344	11.5%	199,070	13.7%
Hanshin Umeda Main Store	9,034	(20.1)%	30,502	84.9%	39,537	42.2%
Senri Hankyu	5,826	6.2%	6,542	(11.1)%	12,369	(3.7)%
Takatsuki Hankyu *2	8,090	1.6%	9,380	(10.3)%	17,471	(5.1)%
Kawanishi Hankyu	5,524	3.1%	6,299	(8.6)%	11,823	(3.5)%
Takarazuka Hankyu	3,143	4.2%	3,340	(10.2)%	6,483	(3.7)%
Nishinomiya Hankyu	9,859	14.2%	11,494	(6.9)%	21,353	1.8%
Sanda Hankyu *3	448	9.9%	0	(100.0)%	448	(57.7)%
Kobe Hankyu *2	13,137	15.5%	14,971	(12.4)%	28,109	(1.3)%
Hakata Hankyu	18,420	49.5%	23,360	7.8%	41,781	22.9%
Hankyu Men's Tokyo	4,205	30.4%	5,653	3.4%	9,859	13.4%
Oi Hankyu Food Hall	2,046	(6.1)%	2,102	(12.8)%	4,148	(9.6)%
Tsuzuki Hankyu	1,379	1.1%	1,538	(9.8)%	2,918	(4.9)%
Amagasaki Hanshin	1,280	(1.0)%	1,369	(11.8)%	2,649	(6.9)%
Hanshin Nishinomiya	1,875	(1.3)%	1,923	(14.2)%	3,799	(8.3)%
Hanshin Mikage	224	6.8%	256	(4.4)%	480	0.5%
Total of branch stores	75,462	16.5%	88,233	(6.0)%	163,696	3.2%
Total stores	164,223	14.0%	238,080	9.5%	402,304	11.3%

\*1 including Hankyu Men's Osaka

\*2 Total of sales including sales in department stores and tenants ( 15,164 millions of yen).

\*3 Sanda Hankyu is scheduled to be closed on 1st, August 2021.



2. Izumiya Co., Ltd.

< Overview of financial results >

(millions of yen)

	Amount	YoY	Inc./Dec.
Gross Sales	33,498	1.5%	481
Gross Profit	8,816	0.8%	66
Gross profit/ Gross Sales	26.32%	-	(0.18)pt
Other operating revenue	2,748	(6.4)%	(189)
SG & A	10,846	1.5%	160
SG & A/ Net Sales	32.38%	-	0.01pt
Operating profit	717	(28.3)%	(283)
Operating profit/ Gross Sales	2.14%	-	(0.89)pt

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

< Numbers of stores >

Total	75
YoY difference	-

< Opening and closing stores >

Opening	-
Closing	-

< Monthly Sales >

	April	May	June	1Q
Existing stores	(7.1)%	(0.6)%	0.7%	(2.5)%

< Forecast of FY2022 >

(millions of yen)

	1Q/2Q		3Q/4Q		FY2022	
	Forecast	YoY	Forecast	YoY	Forecast	YoY
Gross Sales	69,030	3.0%	73,223	11.0%	142,254	6.9%
Operating profit	1,375	(31.0)%	1,300	18.0%	2,675	(13.6)%

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

3. Hankyu Oasis Co., Ltd.

< Overview of financial results >

(millions of yen)

	Amount	YoY	Inc./Dec.
Gross Sales	27,863	0.2%	61
Gross Profit	7,620	2.8%	205
Gross profit/ Gross Sales	27.35%	-	0.68pt
Other operating revenue	1,797	0.4%	7
SG & A	8,817	2.5%	216
SG & A/ Net Sales	31.65%	-	0.71pt
Operating profit	600	(0.6)%	(3)
Operating profit/ Gross Sales	2.16%	-	(0.02)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	(2)

< Opening and closing stores >

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

< Monthly Sales >

	April	May	June	1Q
Existing stores	(5.8)%	0.7%	6.3%	0.3%

< Forecast of FY2022 >

(millions of yen)

	1Q/2Q		3Q/4Q		FY2022	
	Forecast	YoY	Forecast	YoY	Forecast	YoY
Gross Sales	55,409	(1.0)%	55,446	1.2%	110,855	0.1%
Operating profit	1,040	(8.6)%	946	151.2%	1,987	31.1%

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