

H2O RETAILING CORPORATION
Supplementary Information
to Financial Results
for the Third Quarter of the Fiscal Year
Ending March 31, 2024

Feb. 2, 2024

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I. Consolidated Financial Results

I. Consolidated statements of income

< Overview of financial results >

(Millions of yen)

	Dec. 31, 2021	Dec. 31, 2022	Amount	Dec. 31, 2023	
	Amount	Amount		YoY	Inc./ Dec.
Department Store	282,457	365,102	424,663	116.3%	+ 59,561
Supermarket	225,860	315,565	323,633	102.6%	+ 8,067
Shopping Center	34,748	27,494	24,384	88.7%	△ 3,109
Other	24,083	26,623	28,958	108.8%	+ 2,334
Gross sales	567,149	734,786	801,639	109.1%	+ 66,853
Net sales	371,303	474,896	495,464	104.3%	+ 20,568
Department Store	1,060	7,854	16,755	213.3%	+ 8,901
Supermarket	3,926	4,555	7,218	158.5%	+ 2,663
Shopping Center	380	1,681	2,928	174.2%	+ 1,247
Other	△ 2,618	△ 2,318	1,419	-	+ 3,737
Consolidation adjustment	△ 2,029	△ 2,291	△ 6,137	-	△ 3,845
Operating profit	720	9,481	22,184	234.0%	+ 12,703
Ordinary profit	2,012	11,642	23,919	205.4%	+ 12,276
Extraordinary income	22,578	8,857	4,421	49.9%	△ 4,436
Extraordinary losses	8,791	3,906	2,718	69.6%	△ 1,187
Profit	12,937	10,957	17,772	162.2%	+ 6,814

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

< Selling, general and administrative expenses >

(Millions of yen)

	Dec. 31, 2021	Dec. 31, 2022	Amount	Dec. 31, 2023	
	Amount	Amount		YoY	Inc./ Dec.
Personnel expenses	60,963	70,916	71,115	100.3%	+ 199
Rent expenses	28,804	35,465	36,326	102.4%	+ 860
Advertising expenses	4,892	6,467	6,892	106.6%	+ 424
Depreciation	11,790	13,658	14,214	104.1%	+ 556
Business consignment expenses	14,099	15,831	16,338	103.2%	+ 506
Sales commission	4,065	6,632	8,152	122.9%	+ 1,520
Transportation costs	11,159	13,263	12,895	97.2%	△ 367
Other	22,227	28,474	27,716	97.3%	△ 757
Total	158,003	190,710	193,652	101.5%	+ 2,942

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

< Non-operating Income and Expenses >

(Millions of yen)

	Dec. 31, 2021 Amount	Dec. 31, 2022 Amount	Amount	Dec. 31, 2023	
				YoY	Inc./ Dec.
Non-operating income	3,823	4,217	3,562	84.5%	△ 654
Interest income	387	414	234	56.5%	△ 180
Dividend income	1,061	1,114	1,049	94.2%	△ 64
Gain on debt settlement	740	715	680	95.1%	△ 35
Foreign exchange gains	997	1,342	266	19.9%	△ 1,076
Share of profit of entities accounted for using equity method	-	-	469	-	+ 469
Other	635	629	862	137.0%	+ 232
Non-operating expenses	2,531	2,055	1,828	88.9%	△ 227
Interest expenses	708	734	666	90.7%	△ 68
Loss on provision for redemption of gift certificates	594	576	549	95.3%	△ 26
Share of loss of entities accounted for using equity method	648	300	-	-	△ 300
Other	579	444	612	137.8%	+ 168

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

< Extraordinary Income and Losses >

(Millions of yen)

	Dec. 31, 2021 Amount	Dec. 31, 2022 Amount	Dec. 31, 2023 Amount
Extraordinary income	22,578	8,857	4,421
Gain on sale of non-current assets			4,421
Extraordinary losses	8,791	3,906	2,718
Loss on retirement of non-current assets			2,095
Office relocation expenses			295
Impairment losses			166
Loss on store closings			161

2. Consolidated Balance sheet

(Millions of yen)

	Dec. 31, 2022	Mar. 31, 2023	Dec. 31, 2023
Cash and deposits	65,474	58,670	62,953
Notes and accounts receivable - trade	83,365	68,572	89,472
Inventories	23,541	21,234	22,797
Total current assets	184,554	161,408	191,371
Property, plant and equipment	309,059	303,253	301,335
Intangible assets	18,217	19,764	25,688
Investments and other assets	202,514	201,997	200,754
Total non-current assets	529,792	525,015	527,777
Total assets	714,346	686,423	719,149
Notes and accounts payable - trade	92,043	63,674	93,064
Loans payable and bonds	179,353	179,267	168,930
Total liabilities	446,254	413,608	431,593
Shareholders' equity	200,762	206,213	219,044
Total net assets	268,092	272,814	287,555
Total liabilities and net assets	714,346	686,423	719,149

II. Forecast of FY2024

1. Forecast of consolidated financial results

(Millions of yen)

	1-2Q		3-4Q		FY2024	
	Amount	YoY	Forecast	YoY	Forecast	YoY
Department Store	259,140	117.5%	306,159	112.8%	565,300	114.9%
Supermarket	210,904	102.5%	210,905	100.3%	421,810	101.4%
Shopping Center	15,807	90.3%	19,082	105.6%	34,890	98.1%
Other	19,336	109.0%	18,663	101.3%	38,000	105.1%
Gross sales	505,189	109.5%	554,810	107.1%	1,060,000	108.2%
Net sales	318,543	104.6%	364,456	112.6%	683,000	108.7%
Department Store	7,039	432.9%	12,960	149.4%	20,000	194.2%
Supermarket	4,123	250.9%	3,843	100.5%	7,967	145.7%
Shopping Center	1,792	206.7%	1,255	133.5%	3,048	168.6%
Other	1,318	-	△ 1,499	-	△ 181	-
Consolidation adjustment	△ 4,376	-	△ 1,957	-	△ 6,334	-
Operating profit	9,897	888.4%	14,602	142.1%	24,500	215.1%
Ordinary profit	10,664	376.1%	15,335	150.8%	26,000	199.9%
Profit	6,294	225.6%	11,705	86.1%	18,000	109.9%

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

III. Non-consolidated results

1. Hankyu Hanshin Department Stores, Inc.

< Overview of financial results >

(Millions of yen)

	Amount	YoY	Inc./Dec.
Gross sales	422,100	116.3%	+ 59,045
Gross profit	94,293	115.3%	+ 12,529
(Gross profit / Gross Sales)	22.34%	-	△0.18pt
Other operating revenue	3,032	122.3%	+ 552
SG & A	80,631	105.4%	+ 4,147
(SG & A / Gross Sales)	19.10%	-	△1.96pt
Operating profit	16,694	215.1%	+ 8,934
Operating profit / Gross Sales	3.96%	-	+ 1.82pt

* 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)

	Amount	YoY	Number of customers	YoY
Hankyu Main Store *1	229,808	117.9%	31,205	120.9%
Hanshin Umeda Main Store	48,907	121.6%	25,238	117.3%
Senri Hankyu	10,798	103.5%	2,722	98.0%
Takatsuki Hankyu Square	17,918	109.2%	6,975	112.5%
Kawanishi Hankyu	9,689	100.3%	3,857	104.3%
Takarazuka Hankyu *2	5,189	100.9%	-	-
Nishinomiya Hankyu	18,484	102.6%	8,802	101.0%
Kobe Hankyu	29,980	123.6%	12,244	111.7%
Hakata Hankyu	45,184	123.0%	20,572	121.7%
Hankyu Men's Tokyo	10,119	113.5%	1,684	113.3%
Oi Hankyu Food Hall	3,450	102.5%	3,750	102.9%
Tsuzuki Hankyu	2,412	100.0%	1,569	96.3%
Amagasaki Hanshin *2	2,349	102.5%	-	-
Hanshin Nishinomiya	3,199	103.3%	2,885	102.2%
Hanshin Mikage	411	103.8%	3,554	104.4%
Total of branch stores	159,188	112.8%	68,619	110.2%
Total stores*3	437,905	116.4%	125,062	114.1%

*1. including Hankyu Men's Osaka

*2. not counting the number of customers

*3. including sales in tenants (¥15,805 million)

< Gross Sales of each category >

(Millions of yen)

	Amount	YoY	Share
Men's clothing	31,242	113.0%	7.1%
Women's clothing	47,528	111.9%	10.9%
Children's clothing	7,001	109.6%	1.6%
Other clothing	7,579	115.5%	1.7%
Clothing	93,351	112.4%	21.3%
Accessories, bags and others	100,990	131.4%	23.1%
Household merchandise	10,571	109.7%	2.4%
Foods	117,133	107.0%	26.7%
Restaurants & cafes	10,122	118.9%	2.3%
General merchandise	86,968	118.5%	19.9%
Service	1,935	138.8%	0.4%
Other	16,832	120.9%	3.8%
Total *	437,905	116.4%	100.0%

* including sales in tenants (¥15,805 million)

< Monthly Sales >

	Apr.	May	Jun.	Jul.	Aug.	Sep.
Hankyu Main Store *	116.6%	113.3%	118.8%	115.9%	125.9%	126.1%
Hanshin Umeda Main Store	99.7%	117.1%	107.9%	118.0%	133.5%	158.3%
Total of branch stores	112.3%	115.6%	109.6%	114.9%	118.4%	116.3%
Total stores	112.9%	114.5%	114.1%	115.8%	123.8%	126.3%

	Oct.	Nov.	Dec.
Hankyu Main Store *	116.7%	116.1%	115.1%
Hanshin Umeda Main Store	104.4%	150.0%	111.9%
Total of branch stores	110.8%	112.0%	108.5%
Total stores	113.2%	118.0%	112.3%

* Including Hankyu Men's Osaka

<Forecast of FY2024>

(Millions of yen)

	1-2Q		3-4Q		FY2024	
	Amount	YoY	Forecast	YoY	Forecast	YoY
Gross sales	257,479	117.5%	304,609	112.7%	562,089	114.9%
Other operating revenue	1,968	127.1%	2,057	110.8%	4,026	118.2%
Operating profit	7,004	447.0%	13,161	150.2%	20,166	195.2%

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

2. Izumiya・Hankyu Oasis Co., Ltd.

< Overview of financial results >

(Millions of yen)

	Amount	YoY	Inc./ Dec.
Gross sales	189,079	102.6%	+ 4,859
Gross profit	50,771	103.2%	+ 1,574
(Gross profit / Gross Sales)	26.85%	-	+0.15pt
Other operating revenue	13,767	109.6%	+ 1,203
SG & A	59,595	101.1%	+ 631
(SG & A / Gross Sales)	31.52%	-	Δ0.49pt
Operating profit	4,942	176.8%	+ 2,146
Operating profit / Gross Sales	2.61%	-	+ 1.10pt

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

< Number of stores >

	Total	YoY difference
Izumiya	75	Δ 1
Hankyu Oasis	77	±0

< Opening and closing stores >

Opening	-
Closing	-

< Monthly Sales >

	Apr.	May	Jun.	Jul.	Aug.	Sep.
Existing stores	102.6%	103.3%	104.4%	102.9%	104.9%	105.6%

	Oct.	Nov.	Dec.
Existing stores	104.5%	106.8%	101.3%

< Forecast of FY2024 >

(Millions of yen)

	1-2Q		3-4Q		FY2024	
	Amount	YoY	Forecast	YoY	Forecast	YoY
Gross sales	122,918	102.5%	123,661	100.8%	246,580	101.7%
Other operating revenue	9,189	110.8%	8,165	99.9%	17,355	105.4%
Operating profit	2,834	321.4%	2,239	92.0%	5,074	153.1%

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

3.Kansai Super Market Ltd.

< Overview of financial results >

(Millions of yen)

	Amount	YoY	Inc./ Dec.
Gross sales	99,392	103.4%	+ 3,259
Gross profit	26,197	104.9%	+ 1,219
(Gross profit / Gross Sales)	26.36%	-	+0.37pt
Other operating revenue	1,529	100.1%	+ 2
SG & A	24,495	100.1%	+ 19
(SG & A / Gross Sales)	24.64%	-	Δ0.82pt
Operating profit	3,232	159.2%	+ 1,202
Operating profit / Gross Sales	3.25%	-	+ 1.14pt

*1. Financial results of Kansai Super Market Ltd. are consolidated with KSP Co., Ltd.

Consolidated results shown above are reclassified on the basis before the application of "Accounting Standards for Revenue Recognition".

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

< Number of stores >

	Total	YoY difference
Kansai Super Market	63	Δ1

< Opening and closing stores >

Opening	-
Closing	-

< Monthly Sales >

	Apr.	May	Jun.	Jul.	Aug.	Sep.
Existing stores	102.6%	103.1%	105.6%	107.7%	103.5%	105.1%

	Oct.	Nov.	Dec.
Existing stores	106.2%	103.0%	102.9%

< Forecast of FY2024 >

(Millions of yen)

	1-2Q		3-4Q		FY2024	
	Amount	YoY	Forecast	YoY	Forecast	YoY
Gross sales	65,146	103.6%	64,888	100.4%	130,035	102.0%
Other operating revenue	1,014	99.8%	1,015	99.8%	2,030	99.8%
Operating profit	2,020	183.5%	1,729	96.9%	3,750	129.9%

*1. Financial results of Kansai Super Market Ltd. are consolidated with KSP Co., Ltd.

Consolidated results shown above are reclassified on the basis before the application of "Accounting Standards for Revenue Recognition".