

# 1Q of FY2023 Presentation Materials



H2O RETAILING CORPORATION

I . Consolidated Financial Results

II . Forecast of FY2023

- 1 . Consolidated Financial Results
- 2 . Results by segment
- 3 . Department store business
- 4 . Supermarket business

# I – 1 . Consolidated Financial Results

- ▶ Sales increased significantly as the impact of COVID-19 expansion eased
- ▶ Operating profit returned to the black due to sales recovery
- ▶ Profit decreased due to the absence of extraordinary income recorded in the previous fiscal year, such as gains on sales of non-current assets.

(billions of yen)	1 Q	
	Amount	YoY
Gross Sales	227.9	41.4% 66.7
Net Sales	149.4	35.1
Operating profit	0.7	2.7
Ordinary profit	1.9	2.8
Extraordinary income Extraordinary loss	0.0 0.7	
Profit	0.7	

# I – 2 . Results by segment

- ▶ Department store business returned to the black due to significant sales recovery
- ▶ Supermarket business : Sales increased from newly consolidated Kansai Supermarket.  
Profit decreased due as a downturn after last year's increase in demand for eating at home.
- ▶ Shopping center business : Profit increased due to cost reduction in H2OSC Development and improved occupancy rate in hotel (Oi Development)

(billions of yen)	Gross Sales			Operating Profit	
	Amount	YoY	Inc./Dec.	Amount	Inc./Dec.
Department store	108.7	62.9%	42.0	1.2	3.1
Supermarket	101.3	38.1%	28.0	0.4	(0.9)
Shopping Center	9.1	(30.0)%	(3.9)	0.6	(0.6)
Other	8.8	8.7%	0.7	(0.8)	0.3
Consolidation adjustment				(0.8)	(0.3)
Consolidated	227.9	41.4%	66.7	0.7	2.7

# I – 3 . Department store business

- ▶ Sales increased significantly due to the easing of the impact of COVI-19 infection and increased opportunities to go out without major restrictions on activities (store operations were restricted for about one and a half months in the previous year).
- ▶ Increase in SG&A expenses due to decrease in amount transferred to extraordinary loss compared with the previous fiscal year (3.4 billion yen) and opening of Hanshin Umeda Main Store
- ▶ Operating profit returned to the black as the increase in gross profit due to higher sales exceeded the increase in SG&A expenses

Hankyu Hanshin Department stores

(billions of yen)	1 Q	
	Amount	YoY
Gross Sales	108.0	63.3% 41.9
Gross profit	24.4	9.5
Gross profit / Gross Sales	22.60%	(0.01)%
Other operating revenue	0.8	0.1
SG & A	24.0	6.5
Operating profit	1.2	3.0



Domestic sales versus FY2019

Total of existing store sales	5%
Hankyu main store	13%



decrease in amount transferred to extraordinary loss	3.4
Increase in rent and utility cost (ex. Hanshin Umeda main store)	1.2
Increase in sales-linked expenses	1.2

# I – 4 . Supermarket business

- ▶ Supermarket : Sales increased and profit decreased
  - Sales increased from newly consolidated Kansai Supermarket.
  - Existing store sales decreased due to a significant downturn after the increase in demand for eating at home during the previous year.
  - SG&A expenses were under control due to efforts to improve efficiency through integrated operations despite factors increasing costs such as utility costs hike.
- ▶ Food manufacturing (Hankyu Delica i, etc.): Profit increased due to recovery in wholesale sales to food supermarkets and specialty store sales

(billions of yen)	Gross sales		OP	
	Gross sales	YoY	OP	YoY
SM	98.2	39.2%	0.5	(0.8)
<div> <div>Izumiya, Hankyu Oasis, Qanat</div> <div>Kansai Super Market</div> </div>	66.9	(5.1)%	0.1	(1.2)
	31.3	—	0.4	—
Food Manufacturing	8.2	0.2%	(0.1)	0.1

	Existing stores sales	Number of customers	Average amount of customer spend
Izumiya	(5.6)%	(4.2)%	(1.5)%
Hankyu Oasis	(10.0)%	(6.4)%	(3.8)%
Kansai Super Market	(3.7)%	(2.8)%	(1.0)%

## II . Forecast of FY2023

- Forecast of FY2023 unchanged due to high uncertainty although results of 1Q slightly exceeded forecast.
  - Re-expansion of COVID-19
  - Increase in purchase prices due to yen depreciation and raw material price hikes
  - Increased costs for utilities, transportation, etc.

(billions of yen)	1-2Q		3-4Q		FY2023	
	Forecast	YoY	Forecast	YoY	Forecast	YoY
Gross sales	474.0	37.8% 129.9	526.0	18.5% 81.9	1,000.0	26.9% 211.9
Net sales	320.0	35.0%	340.0	20.8%	660.0	27.3%
Operating Profit	(1.0)	4.1	9.0	3.1	8.0	7.2
Ordinary Profit	(1.5)	2.7	8.5	1.9	7.0	4.6
Profit	0.0	(8.1)	8.0	6.2	8.0	(1.9)



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