Financial Results
FY2018

H2O RETAILING CORPORATION

May 14,2019

1．Consolidated Financial Results

Overview

(millions of yen)

	Mar. 31, 2017	Mar. 31, 2018	Mar. 31, 2019				
	Amount	Amount	Amount	YoY	Inc./Dec.	versus forecast	Inc./Dec.
Department Store	427,644	446,225	451,840	1.3%	+ 5,614	0.6%	+ 2,764
Kobe/ Takatsuki	-	23,379	42,767	82.9%	+ 19,388	-2.0%	- 887
Supermarket	409,454	386,552	367,580	-4.9%	- 18,972	-2.8%	- 10,716
Shopping Center	9,970	10,367	8,736	-15.7%	- 1,631	-6.6%	- 619
Other	54,151	55,346	55,948	1.1%	+ 601	-1.2%	- 668
Net Sales	901,221	921,871	926,872	0.5%	+ 5,001	-1.1%	- 10,127
Department Store	15,993	18,020	17,582	-2.4%	- 437	11.3%	+ 1,782
Kobe/ Takatsuki	-	603	301	-50.1%	- 302	-24.7%	- 98
Supermarket	3,977	1,104	-438	-	- 1,543	-	- 1,988
Shopping Center	5,038	4,985	4,281	-14.1%	- 703	9.8%	+ 381
Other	2,863	3,098	5,030	62.4%	+ 1,932	-3.6%	- 186
consolidation adjustment	-5,330	-5,047	-6,335	-	- 1,288	-	- 268
Operating Profit	22,542	22,765	20,422	-10.3%	- 2,343	-1.8%	- 377
Ordinary Profit	21,725	24,272	21,376	-11.9%	- 2,896	-0.6%	- 123
Extraordinary income	4,561	5,243	895	-82.9%	- 4,347		
Extraordinary losses	6,281	6,296	14,221	125.9%	+ 7,925		
Profit	14,298	14,636	2,162	-85.2%	- 12,474	-78.4%	- 7,837

※ Net sales refer to sales to external customers.

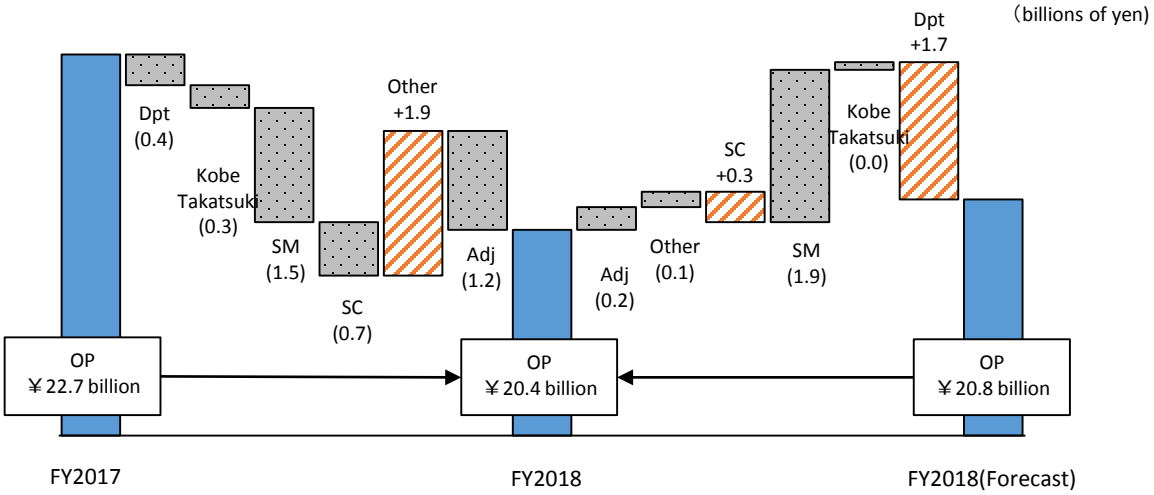
▶Sales

Sales increased by 0.5% YOY. Sales in urban department stores including Hankyu Main Store remained strong. Kobe/Takatsuki Business which has no track record in sales of first half of last fiscal year contributed to YOY increase in sales.

▶Operating Profit and Ordinary Profit

Both Operating Profit and Ordinary Profit decreased due to struggling of Supermarket Business, promoting of redevelopment project in Shopping Center Business, rebuilding of Hanshin Umeda Main Store and etc.

(billions of yen)



(Department store Business)
Sales increased by 1.3% YoY although the business was affected by natural disasters such as Osaka Earthquake and Typhoons. Sales of both inbound and Japanese remained strong in Hankyu Umeda Main store. Operating Profit decreased by ¥0.4billion due to increasing in depreciation accompanying the opening of Hanshin Umeda Main Store Wing 1. Operating Profit exceeded ¥1.7 billion versus forecast because Hanshin Umeda Main Store was stronger-than-expected 6.5% rise in sales.

(Kobe/Takatsuki Business)
Sogo Kobe store and Seibu Takatsuki store (acquired in October, 2017) had been operated with no change of store brands and service, resulting in almost in line with expectations. The company will restructure the business and transfer both stores to Hankyu Hanshin Department Stores, Inc. as of October 1, 2019, and rename them “Kobe Hankyu” and “Takatsuki Hankyu”

(Supermarket Business)
Sales and profit decreased from the previous year and expectation. Izumiya Co., Ltd. decreased by 6.3% YoY in sales, and by ¥1.6 billion in profit. This is because of the upfront cost of store rebuilding and struggling sales of existing GMS stores. Hankyu Oasis Co., Ltd. decreased by 3.6% YoY in sales, by ¥0.1 billion in profit. Existing stores straggled with the effect of warm winter and low market price of fresh products. Closure of unprofitable stores also affected the sales.

(Shopping Center Business)
Sales and Profit decreased mainly because of Centre Limited Liability Company. It operates SELCY the shopping center. Withdrawal of tenants in SELCY increased because of on-going redevelopment project.

(Other)
Operating Profit in H2O RETAILING Corporation was up compared to previous year because dividends received from subsidiaries increased. Hankyu Hanshin Department stores Tomonokai, Inc. was up in profit because it had cost arising from changes in a way of customer service providing in previous year.

▶ Profit attributable to owners of parent
The company recorded extraordinary losses of ¥14.2 billion. The company recorded Loss on closing of stores and others of ¥7.2 billion because of redevelopment of SELCY and closure of Izumiya stores. Also the company recorded Impairment losses of ¥2.5 billion on unprofitable stores of Izumiya and Hankyu Oasis, Loss on disaster of ¥1.4 billion. For this Loss on disaster, the company recorded ¥0.8 billion as Insurance income. As a result of the above-mentioned factors, Profit attributable to owners of parent decreased by 85.2% YoY, to ¥2.1 billion.

(millions of yen)

	Amount	Main contents
Extraordinary income	895	(previous FY : 5,243)
Insurance income	895	Insuarance for loss on disaster
Extraordinary losses	14,221	(previous FY : 6,296)
Loss on closing of stores and others	7,228	Redevelopment of SELCY 3,728 Store closures of Izumiya stores for rebuilding 1,836 A store Closure of Izumiya Ushiku store 1,185
Impairment losses	2,592	Hankyu Oasis, Izumiya
Loss on disaster	1,402	earthquake, typhoon
Loss on retirement of non-current assets	1,266	Hankyu Hanshin Department Stores, Izumiya
Outplacement expenses	672	Hankyu Hanshin Department Stores
Loss on transfer of business	546	Appareal and sports business of Be-U
Expenses for opening new stores	514	Hanshin Umeda Main Store

2. Consolidated Balance Sheet

(millions of yen)

	Mar. 31, 2018	Mar. 31, 2019	Inc./Dec.
Cash and deposits	67,150	55,229	- 11,921
Accounts receivable-trade	46,939	49,886	+ 2,946
Inventory	35,295	33,920	- 1,375
Total current assets	160,167	150,003	- 10,163
Total non-current assets	499,415	513,331	+ 13,916
Total assets	659,582	663,335	+ 3,752
Accounts payable-trade	62,794	59,732	- 3,062
Loans payable and bonds	149,493	164,920	+ 15,426
Total liabilities	378,774	383,731	+ 4,956
Shareholders' equity	242,390	239,755	- 2,634
Total net assets	280,807	279,603	- 1,204
Total liabilities and net assets	659,582	663,335	+ 3,752

Non-current assets rose ¥13.9 billion because of ¥32.0 billion increases in Capital investment on rebuilding of Hanshin Umeda Main Store, expanding floor space of Qanat Rakuhoku, renovations of Izumiya stores and etc., ¥17.3 billion decreases of depreciation.

Centre Limited Liability Company(Fiscal Year-End is 31st of December) repaid loans from financial institutions of ¥20.0 billion as of January, 2019. Above deal is not reflected to consolidated Balance Sheet as it refers to financial statement as of 31st of December, so included in Cash on hand and in banks and Current portion of long-term loans payable, each of ¥20.0 billion.

"Partial Amendments to the Accounting Standard for Tax Effect Accounting" (ASBJ No.28; February 16, 2018), etc. have been applied from the beginning of the first quarter of the fiscal year ending March 31, 2019, and results for the fiscal year ended March 31, 2018 are those after retrospective application.

3. Capital Investment

(millions of yen)

	Amount	Major contents
Department Store	10,866	Rebuilding of Hanshin Umeda Main Store
Kobe/Takatsuki	665	
Supermarket	9,048	New stores opening of Hankyu Oasis, Rebuilding of Izumiya stores
Shopping Center	6,727	Rebuilding of Izumiya stores
Other	4,857	Software development
consolidation adjustment	-125	
Total	32,039	

In Department store Business, the company made capital investments in opening of Hanshin Umeda Main Store Wing 1 which was rebuilt as of July, 2018, renovation of Hankyu Men's Tokyo as of March, 2019 and etc.

In Supermarket Business, the company made capital investments in rebuilding of Izumiya stores and expanding floor space of Qanat Rakuhoku.

In Other Business, the company made capital investments in system integration for Supermarket Business.

4. Consolidated Cash Flow Statements

(millions of yen)

	Mar. 31, 2017	Mar. 31, 2018	Mar. 31, 2019
Cash flows from operating activities	38,742	32,739	15,392
Income before income taxes	20,005	23,219	8,050
Depreciation	15,857	16,223	17,399
Decrease (increase) in notes and accounts receivable - trade	3,196	-2,248	-3,017
Increase (decrease) in notes and accounts payable - trade	-3,033	833	-2,249
Income taxes paid	-8,266	-5,721	-7,304
Cash flows from investing activities	-25,325	-35,492	-36,682
Purchase of property, plant and equipment	-23,983	-19,197	-30,289
Purchase of intangible assets	-3,340	-4,009	-3,713
Payments for transfer of business (export)	-	-14,536	-
Proceeds from sales of property, plant and equipment	5,827	3,259	1,412
Cash flows from financing activities	21,703	-13,812	9,581
Proceeds from long-term loans payable	38,000	30,150	20,040
Proceeds from issuance of bonds	-	-	9,946
Repayments of long-term loans payable	-10,777	-29,578	-22,624
Cash dividends paid	-4,628	-4,938	-4,941
Total	35,120	-16,565	-11,707
Cash and cash equivalents	83,462	67,150	55,229

Indicators related to cash flows

	15/03	16/03	17/03	18/03	19/03
Equity ratio	39.8%	42.3%	41.2%	42.4%	42.0%
Equity ratio based on market price	44.3%	40.3%	34.6%	36.4%	28.7%
Interest-bearing debt to cash flow ratio	6.2x	5.6x	4.3x	4.9x	11.3x
Interest coverage ratio	20.1x	19.8x	36.1x	32.5x	21.1x

Equity ratio: Equity / Total Assets
Equity ratio based on market price : Market Capitalization / Total Assets
Interest-bearing debt to cash flow ratio : Interest-bearing debt / Operating Cash flows
Interest coverage ratio : Operating Cash flows / Interest payment
※1 These indicators are calculated based on figures from our consolidated financial statement.
※2 Market capitalization is calculated as the share price at period-end multiplied by the number of shares outstanding at period-end (excluding treasury stock).
※3 Operating cash flows are the cash flows from operating activities as indicated in the consolidated cash flow statement. Interest-bearing debt is all liabilities reflected on the consolidated balance sheets that are subject to interest payments. Further, regarding interest payments, the amount of interest expenses paid in consolidated statements of cash flows is used.
※4 “Partial Amendments to the Accounting Standard for Tax Effect Accounting” (ASBJ No.28; February 16, 2018), etc. have been applied from the beginning of the first quarter of the fiscal year ending March 31, 2019, and results for previous terms are those after retrospective application.

5. Forecast of FY2019

Consolidated

(millions of yen)

		1Q/2Q		3Q/4Q		FY2019	
		Forecast	YoY	Forecast	YoY	Forecast	YoY
	Department Store	216,426	3.5%	242,155	-0.2%	458,582	1.5%
	Kobe/ Takatsuki	21,304	7.4%	21,404	-6.7%	42,708	-0.1%
	Supermarket	189,784	3.2%	189,391	3.1%	379,175	3.2%
	Shopping Center	4,657	1.9%	5,196	24.7%	9,853	12.8%
	Other	26,427	-1.9%	30,552	5.3%	56,979	1.8%
Net Sales		458,600	3.2%	488,700	1.3%	947,300	2.2%
	Department Store	6,000	4.1%	10,450	-11.6%	16,450	-6.4%
	Kobe/ Takatsuki	-80	-	-800	-	-880	-
	Supermarket	-670	-	1,070	87.6%	400	-
	Shopping Center	2,150	-6.5%	2,200	11.0%	4,350	1.6%
	Other	2,500	-33.8%	900	-28.4%	3,400	-32.4%
	consolidation adjustment	-3,850	-	-1,470	-	-5,320	-
Operating Profit		6,050	-0.8%	12,350	-13.8%	18,400	-9.9%
Ordinary Profit		6,400	-0.8%	12,100	-18.9%	18,500	-13.5%
Profit		3,500	2411.2%	4,200	107.6%	7,700	256.1%

※ Net sales refer to sales to external customers.
※Sogo Kobe and Seibu Takatsuki will be transferred to Hankyu Hanshin Department Stores Inc. as of October , 2019

▶ Sales and Operating Profit

Department store Business: expecting increase in sales because of Hankyu Umeda Main Store, however, decrease in profit due to anticipated economic slowdown after consumption tax hike and upfront expenditure on major renovation of Hankyu Umeda Main Store.

Kobe/Takatsuki Business: anticipating profit decline due to increase in temporary expenditure for rebranding of Sogo Kobe and Seibu Takatsuki to “Kobe Hankyu” and “Takatsuki Hankyu”.

Supermarket Business: expecting growth both in sales and profit, rebuilt Izumiya stores and Hankyu Oasis new stores will contribute to it.

▶ Ordinary Profit

Anticipating to record Share of loss of entities accounted for using equity method of Ningbo Hankyu (Fiscal Year- End is 31st of December) which is located in China and scheduled to be opened in Autumn 2019.

▶ Profit attributable to owners of parent

Expecting growth because of decrease in Loss on closing of stores and others which recorded in FY2018.

Capital Investment

(millions of yen)

	Amount	Major contents
Department Store	5,259	Renovation of Hankyu Main Store, Hankyu Men's Osaka, Hankyu Men's Tokyo and Hakata Hankyu
Kobe/Takatsuki	2,441	Renovation of Kobe Hankyu and Takatsuki Hankyu
Supermarket	5,633	New stores opening of Hankyu Oasis, Rebuilding of Izumiya stores
Shopping Center	7,125	Rebuilding of Izumiya stores, Expanding floor space of Qanat Rakuhoku
Other	9,406	Software development
Total	29,865	

The company anticipate making capital investments in renovation of Hankyu Umeda Main Store, start-up of Kobe Hankyu and Takatsuki Hankyu with some renovation and software development to integrate in Hankyu Hanshin Department Stores Inc., expanding floor space of Qanat Rakuhoku, system integration for Supermarket Business, system development to respond to deducted tax rate related to foods and etc.

Hankyu Hanshin Department stores, Inc.

	1Q/2Q		3Q/4Q		FY2019	
	Forecast	YoY	Forecast	YoY	Forecast	YoY
Hankyu Main Store ※1	121,925	6.4%	136,891	0.5%	258,816	3.2%
Hanshin Umeda Main Store	22,961	-7.6%	25,313	-4.6%	48,275	-6.0%
Senri Hankyu	7,660	2.5%	8,316	-2.4%	15,976	-0.1%
Kawanishi Hankyu	7,299	-1.1%	7,903	-4.8%	15,203	-3.1%
Takarazuka Hankyu	3,503	-2.7%	3,782	-4.5%	7,286	-3.7%
Nishinomiya Hankyu	12,021	1.4%	13,532	-2.6%	25,553	-0.8%
Sanda Hankyu	613	-3.4%	686	-9.2%	1,300	-6.5%
Hakata Hankyu	25,120	4.4%	27,859	1.1%	52,980	2.6%
Hankyu Men's Tokyo	6,932	4.9%	8,518	11.9%	15,450	8.7%
Oi Hankyu Food Hall	2,093	-1.4%	2,309	-3.6%	4,403	-2.5%
Tsuzuki Hankyu	2,192	0.1%	2,503	-3.2%	4,695	-1.7%
Amagasaki Hanshin	1,454	5.2%	1,603	1.5%	3,057	3.2%
Hanshin Nishinomiya	2,118	-0.3%	2,374	-2.5%	4,492	-1.4%
Hanshin Mikage	251	-0.1%	271	-2.9%	523	-1.6%
Total of branch stores	71,262	2.2%	79,662	-0.3%	150,924	0.9%
Sales of total stores	216,149	3.4%	241,867	-0.3%	458,017	1.4%
Operating profit	6,000	3.4%	10,450	-11.1%	16,450	-6.3%

※1. including Hankyu Men's Osaka

Izumiya Co., Ltd.

(millions of yen)

	1Q/2Q		3Q/4Q		Total	
	forecast	YoY	Forecast	YoY	Forecast	YoY
Net Sales	111,638	2.9%	110,395	0.6%	222,033	1.7%
Operating Profit	-840	-	13	-	-827	-

Hankyu Oasis Co., Ltd.

(millions of yen)

	1Q/2Q		3Q/4Q		Total	
	Forecast	YoY	Forecast	YoY	Forecast	YoY
Net Sales	57,702	1.3%	58,137	4.6%	115,839	2.9%
Operating Profit	-28	-	521	-10.9%	492	8.2%

6. Management Policy

Basic management policy

The basic philosophy of our group companies is to remain indispensable to the local communities through our activities of providing a model of lifestyle to local residents, and the company is proceeding with strategy for dominance in the Kansai area. The company is working on diversifying its retail business in order to make stronger connections with customers in the Kansai area.

Mid- to long-term business plan and Challenges to be Addressed

The Japanese retail market is shrinking as a result of population aging, lower birthrates and population decline. In general, lots of companies with less competitiveness will not be able to continue their business, and just a few companies will be able to grow in this shrinking market. The company is proceeding with GP10 long-term business plan focused on sustainable growth of market share. The company positions Department store business and Supermarket business as its core, and will continue to strengthen these businesses, since these have value which only bricks and mortar stores are able to provide and will be needed by society continuously.

The company's core businesses target daily life usage and opposite- extraordinary life usage. In addition to its core, the company aims to build an alliance network with other retailing companies in other business sectors in order to have connections with whole customer's lifestyle. This alliance network will attract more customers, therefore, it will contribute to expand the company's profit by expanding the market share.

Basic policy concerning profit distribution

The company is aiming to become one of the leading companies in the Kansai area by making strong connections with customers amid the market shrinkage. Since establishing business ecosystem which has connections with customers' whole lifestyle will take some time, the company has to continue to work on its business plan steadily. As a result, the company will be able to gain one and only competitive advantaged system. Temporary reduction in efficiency would be anticipated because of increasing assets ahead of profit growth through business restructuring, redevelopment and business integration, however, the company aims to sustain the growth of efficiency by raising profit levels brought from these activities. Furthermore, the company is working on ROE-conscious management by providing returns to shareholders commensurate with the level of profits.

7. Supplementary Information
Consolidated

Selling, general and administrative expenses

(millions of yen)

	Amount	YoY	Inc./Dec.
Personnel expenses	94,804	-1.2%	- 1,125
Rent expenses	39,306	2.9%	+ 1,095
Advertising and decoration expenses	14,483	1.5%	+ 216
Depreciation and amortisation	16,422	7.7%	+ 1,170
Business consignment expenses	19,593	2.7%	+ 507
Sales commission	12,323	-6.8%	- 906
Transportation costs	15,451	6.6%	+ 955
Others	33,428	1.3%	+ 440
Total	245,813	1.0%	+ 2,354

▶Increase by 5.6 billion yen in Kobe/Takatsuki Business

Non-operating Income and Expenses

(millions of yen)

	Amount	YoY	Inc./Dec.
Non-operating income	3,887	-13.8%	- 620
Interest income	80	-59.5%	- 118
Dividend income	1,326	7.8%	+ 95
Gain on adjustment of accounts payable	1,429	13.8%	+ 173
Foreign exchange gains	-	-	- 485
Other	1,051	-21.3%	- 285
Non-operating expenses	2,932	-2.3%	- 67
Interest expenses	728	-27.4%	- 275
Loss on provision for redemption of gift certificates	1,066	16.7%	+ 152
Other	1,137	5.0%	+ 54

Extraordinary Income and Losses

(millions of yen)

	Amount	Main contents
Extraordinary income	895	(previous FY : 5,243)
Insurance income	895	Insuarance for loss on disaster
Extraordinary losses	14,221	(previous FY : 6,296)
Loss on closing of stores and others	7,228	Redevelopment of SELCY 3,728 Store closures of Izumiya stores for rebuilding 1,836 A store Closure of Izumiya Ushiku store 1,185
Impairment losses	2,592	Hankyu Oasis, Izumiya
Loss on disaster	1,402	earthquake, typhoon
Loss on retirement of non-current assets	1,266	Hankyu Hanshin Department Stores, Izumiya
Outplacement expenses	672	Hankyu Hanshin Department Stores
Loss on transfer of business	546	Appareal and sports business of Be-U
Expenses for opening new stores	514	Hanshin Umeda Main Store

Number of employees

	FY2017		FY2018	
Department Store	2,938	(1,792)	2,875	(1,738)
Kobe/Takatsuki	320	(443)	305	(456)
Supermarket	3,576	(11,495)	3,524	(10,610)
Shopping Center	347	(1,097)	353	(1,012)
Other	1,687	(2,965)	1,736	(2,812)
Total	8,868	(17,792)	8,793	(16,628)

※1. The number of employees is the operational staff basis (excluding employees seconded to other company, and including employees seconded from other company and operating officers).

※2. ( ) means the average number of temporary employees.

Hankyu Hanshin Department Stores, Inc.

Overview

(millions of yen)

	Amount	YoY	Inc./Dec.	versus forecast	Inc./Dec.
Net Sales	451,708	1.3%	+ 5,637	0.7%	+ 2,944
Gross Profit	109,408	0.5%	+ 527		
Gross profit/ Net Sales	24.22%	-	-0.19pt		
Other operating revenue	565	- 18.0%	- 123		
SG & A	92,416	1.2%	+ 1,079		
SG & A/ Net Sales	20.46%	-	-0.02pt		
Operating profit	17,557	- 3.7%	- 675	10.9%	+ 1,719
Operating profit/ Net Sales	3.89%	-	-0.20pt	-	+0.36pt

▶Hankyu Umeda Main Store
Inbound sales increased by 16%, and sales composition ratio reached 12%. Inbound sales contributed to 40% of sales increase and Japanese sales contributed to 60% of sales increase.
▶Hanshin Umeda Main Store
Rebuilt Wing 1 has opened as of June, 2018. Although sales area decreased about 20%, sales exceeded the expectation.
▶Increase in expenditure due to increase in depreciation of Hanshin Umeda Main Store, logistics cost and etc.

Sales by stores, Number of customers and Sales area

(millions of yen, thousands of people,square meters)

	Sales	YoY	Number of customers	YoY	Sales area
Hankyu Main Store ※1	250,747	4.3%	50,297	-0.5%	98,733
Hanshin Umeda Main Store	51,383	-7.5%	32,955	17.6%	27,811
Senri Hankyu	15,999	-1.7%	4,898	-1.5%	13,902
Kawanishi Hankyu	15,682	-2.1%	6,061	-3.1%	15,528
Takarazuka Hankyu	7,565	-1.5%	※2 -	-	6,148
Nishinomiya Hankyu	25,748	-0.3%	13,483	1.4%	25,099
Sanda Hankyu	1,391	-2.2%	※2 -	-	2,143
Hakata Hankyu	51,624	8.9%	27,843	1.2%	41,835
Hankyu Men's Tokyo	14,218	-1.1%	2,568	-0.3%	11,445
Oi Hankyu Food Hall	4,518	-1.3%	5,506	-2.4%	2,042
Tsuzuki Hankyu	4,776	-1.2%	3,811	-0.4%	6,736
Amagasaki Hanshin	2,962	1.7%	※2 -	-	2,855
Hanshin Nishinomiya	4,558	0.2%	4,458	9.4%	4,998
Hanshin Mikage	531	-1.4%	4,881	-0.4%	804
Total of branch stores	149,576	-0.4%	73,512	-2.1%	133,534
Total stores	451,708	1.3%	156,766	2.0%	260,078
Exsiting stores ※3	451,708	2.1%	156,766	3.4%	

※1. including Hankyu Men's Osaka
※2. not counting the number of customers
※3. not including Sakai Kitahanada Hankyu(closed on July 31, 2017)

Sales of each category

(millions of yen)

	Sales	YoY	Share
Men's clothing	41,304	2.3%	9.1%
Women's clothing	63,980	-3.0%	14.2%
Children's clothing	9,960	-4.6%	2.2%
Other clothing	11,340	-8.2%	2.5%
Clothing	126,585	-2.0%	28.0%
Accessories, bags and others	85,834	3.8%	19.0%
Household merchandise	13,351	-2.6%	3.0%
Foods	128,492	-1.7%	28.4%
Restaurants & cafes	9,805	5.6%	2.2%
General merchandise	84,023	9.0%	18.6%
Service	2,177	15.1%	0.5%
Other	1,438	-5.3%	0.3%
Total	451,708	1.3%	100.0%

Monthly Sales

	April	May	June	July	August	September
Hankyu Main Store ※1	10.8%	7.8%	4.5%	0.0%	8.7%	0.6%
Hanshin Umeda Main Store	6.8%	-16.6%	15.1%	-12.4%	-3.9%	-16.0%
Total of branch stores	-1.5%	-6.7%	-1.7%	-10.5%	7.0%	5.7%
Total	6.0%	-0.5%	3.6%	-5.2%	6.6%	-0.2%
Existing stores ※2	8.0%	2.3%	6.4%	-2.0%	-	-
Total (not including Hanshin Umeda Main Store)	-	-	-	-	8.0%	2.4%

	October	November	December	January	February	March
Hankyu Main Store ※1	6.8%	0.0%	7.2%	-0.4%	4.7%	3.6%
Hanshin Umeda Main Store	-6.8%	-11.2%	-8.3%	-16.6%	-3.1%	-10.1%
Total of branch stores	6.6%	1.5%	2.7%	-1.8%	-2.8%	-0.1%
Total	5.0%	-0.8%	3.9%	-2.8%	1.2%	0.7%
Existing stores ※2	-	-	-	-	-	-
Total (not including Hanshin Umeda Main Store)	6.7%	0.6%	5.5%	-1.0%	1.9%	2.2%

※1. including Hankyu Men's Osaka

※2. not including Sakai Kitahanada Hankyu(closed on July 31, 2017)

Izumiya Co., Ltd.

Overview

(millions of yen)

	Amount	YoY	Inc./Dec.	versus forecast	Inc./Dec.
Net Sales	218,278	-6.3%	- 14,586	-2.8%	- 6,214
Gross Profit	58,176	-5.9%	- 3,636		
Gross profit/ Net Sales	26.65%	-	+0.11pt		
Other operating revenue	14,725	0.0%			
SG & A	74,129	-2.6%	- 1,998		
SG & A/ Net Sales	33.96%	-	+1.27pt		
Operating profit	- 1,226	-	- 1,638	-	- 1,502
Operating profit/ Net Sales	-	-	-	-	-

Sales of existing stores

	YoY
Foods	-3.8%
Clothing	-7.7%
Household goods	-10.8%
Total	-5.5%

Numbers of stores

	Number of stores
Total	85
YoY difference	+ 2

Opening and closing stores

Opening	Kishinosato (Osaka), Suminodo(Osaka), Shonai(Osaka), Fushimi(Kyoto)
Closing	Daitoh (Osaka), Shonai(Osaka)

▶Sales of existing stores decreased by ¥14.4 billion due to the struggle of apparel and household goods and decreasing number of customers.

Monthly Sales

(YOY)

	April	May	June	July	August	September
Total	-11.2%	-11.2%	-6.6%	-6.1%	-7.2%	-4.2%
Existing stores	-7.0%	-8.4%	-3.7%	-3.5%	-4.9%	-1.2%

	October	November	December	January	February	March
Total	-5.9%	-5.7%	-4.6%	-5.4%	-5.2%	-5.9%
Existing stores	-5.4%	-6.1%	-6.1%	-6.8%	-6.6%	-6.4%

Hankyu Oasis Co., Ltd.

Overview

(millions of yen)

	Amount	YoY	Inc./Dec.	versus forecast	Inc./Dec.
Net Sales	112,592	-3.6%	- 4,205	-2.1%	- 2,408
Gross Profit	28,956	-3.7%	- 1,102		
Gross profit/ Net Sales	25.72%	-	-0.02pt		
Other operating revenue	6,687	-4.6%	- 320		
SG & A	35,187	-3.5%	- 1,276		
SG & A/ Net Sales	31.25%	-	+0.03pt		
Operating profit	455	-24.4%	- 146	-27%	- 168
Operating profit/ Net Sales	0.40%	-	△0.11pt	-	△0.14pt

Sales of existing stores

	YoY
Total	-1.7%

Number of stores

	Number of stores
Total	76
YoY difference	- 2

(excluding Ibaraki Higashi Nara which is temporary closed)

Opening and closing stores

Opening	Kitchen & Market Lucua Osaka (Osaka) Nakanoshima (Osaka) Shinmachi(Osaka)
Closing	Fushimi (Kyoto) ※ Qanat Co., Ltd. acquired business Shinpoin(Osaka), Minami-Ibaraki(Osaka), Imazato(Osaka)

▶Existing store sales decreased by ¥1.8billion, since it was affected by low market price of fresh products and warm winter.

Monthly Sales

(YOY)

	April	May	June	July	August	September
Total	-2.6%	-3.6%	-2.4%	-3.8%	-3.2%	-3.0%
Existing stores	-4.5%	-3.3%	-0.6%	0.3%	1.0%	1.2%

	October	November	December	January	February	March
Total	-2.2%	-4.0%	-4.4%	-5.7%	-5.6%	-3.0%
Existing stores	0.2%	-2.2%	-2.5%	-4.0%	-3.8%	-2.9%