FY2022
Presentation Materials

H2O RETAILING CORPORATION

Topics

I. Consolidated Financial Results

II. Forecast of FY2023

Ⅲ. Progress of Mid-term management plan

Copyright © H2O Retailing Corp. All Rights Reserved.

I. Consolidated Financial Results

1. Consolidated Financial Results

2. Results by segment

3. Department store business

4. Supermarket business

5. Extraordinary income and losses

6. Capital Investment

Copyright © H2O Retailing Corp. All Rights Reserved.

I-1. Consolidated Financial Results

- ▶ Sales and OP increased due to sales growth in the department store business despite the impact of COVID-19 throughout the fiscal year and contribution of newly consolidated Kansai Super Market in 4Q.
- ▶ Sales, operating profit, and ordinary profit exceeded the forecasts
- ▶ Profit increased due to gains on bargain purchase and on sales of real estate and investment securities
  Earnings fell short of the forecast due to losses on store closures and impairment losses at some stores.

(billions of yen)	1-3Q		4Q		1-4Q		
	Amount	YoY	Amount	YoY	Amount	YoY	Versus forecast (Feb.)
Gross sales	567.1	2.8% 15.6	221.0	17.8% 33.3	788.1	6.6% 48.9	0.4% 3.1
Net Sales	371.3	–	147.1	—	518.4	—	3.4
Operating Profit	0.7	1.7	0.0	3.5	0.7	5.2	1.7
Ordinary Profit	2.0	2.1	0.3	3.1	2.3	5.3	1.8
Extraordinary income Extraordinary losses	22.6 8.8		4.5 5.0		27.0 13.8		
Profit	12.9	21.0	(3.1)	13.6	9.9	34.7	(1.1)

Copyright © H2O Retailing Corp. All Rights Reserved.

I-2. Results by segment

- ▶ Dpt. : Return to the black in OP for the full year due to sales recovery in 3Q and March, 2022 and ongoing cost reduction
- ▶ SM : Both sales and OP increased due to continued demand for eating at home and new consolidation of Kansai Super Market from 4Q
- ▶ SC : Profit increased and returned to the black due to promotion of conversion of Izumiya stores into shopping centers and improvement of hotel occupancy rates and cost efficiency

(billions of yen)	Gross sales			Operating profit		
	Amount	YoY	Versus forecast (Feb.)	Amount	YoY	Versus forecast (Feb.)
Department store	385.1	10.7%	0.3%	0.9	2.8	0.7
Supermarket	327.2 Kansai Super Market 31.5	11.8%	0.6%	5.3 Kansai Super Market 1.4	1.2	0.3
Shopping center	42.9	(34.1)%	(1.4)%	0.4	1.1	0.4
Other	32.9	(2.1)%	1.9%	(3.4)	(1.9)	0.2
Consolidation adjustment				(2.5)	1.8	0.1
Total	788.1	6.6%	0.4%	0.7	5.2	1.7

*Segmentation has been changed [results for the previous year have been reclassified]
*Kansai Super Market : former Kansai Super Market consolidated (including Kansai Super Premium Co., Ltd.)

Copyright © H2O Retailing Corp. All Rights Reserved.

I-3. Department store business

▶ Full-year OP returned to the black as sales recovered during the composure period of COVID-19 infection pandemic.
▶ In 4Q, Rapid expansion of COVID-19 pushed down sales, but sales recovery after the peak outbreak (in March) brought OP back into the black following 3Q
▶ Increased in SG&A due to reduction in rent exemption and increase in both advertising and sales commissions associated with reopening of business
▶ While sales were in line with forecasts, OP exceeded expectations due to cost containment.
* Amount reclassified to extraordinary loss : ¥3.8bn. [¥4.3bn. in FY2021]

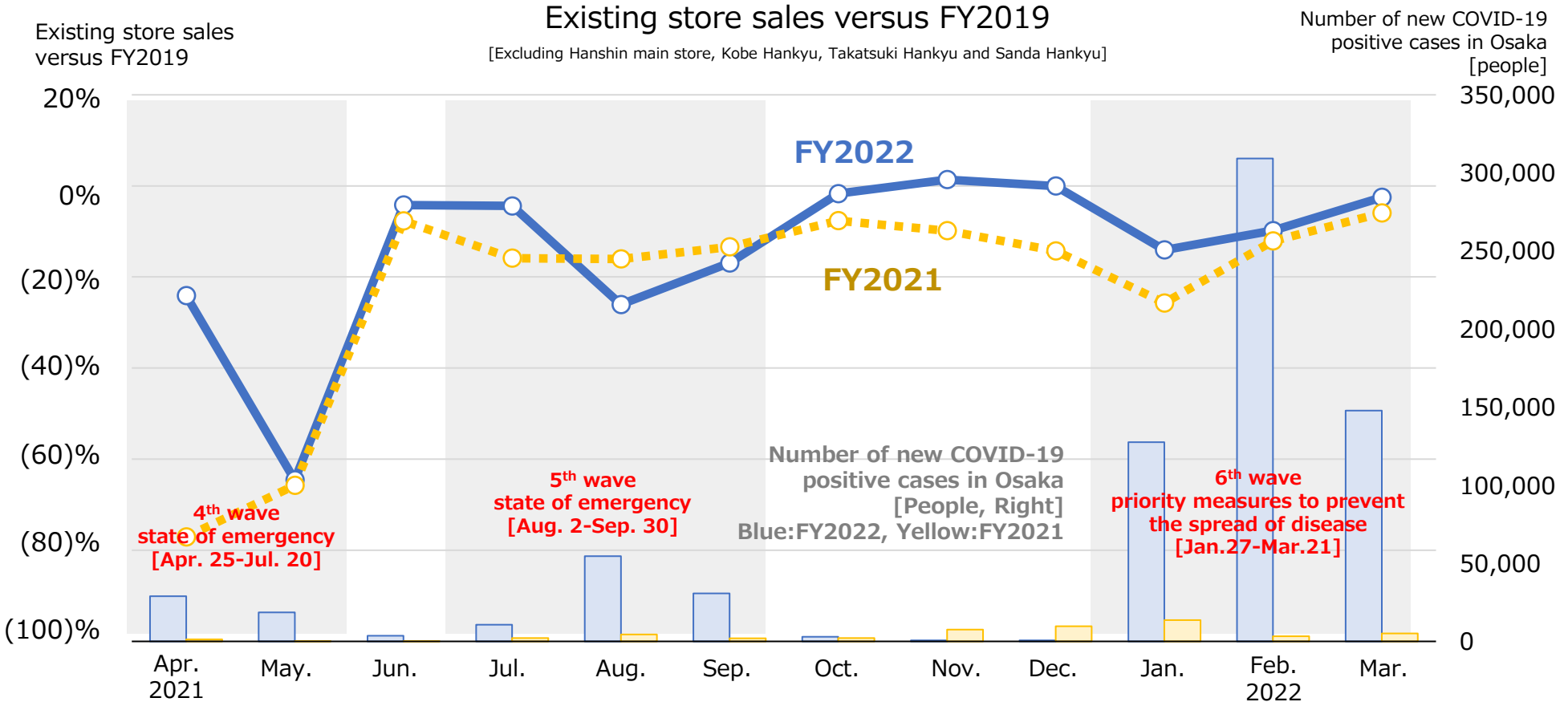
Hankyu Hanshin Department Stores, Inc.

(billions of yen)	1-3Q		4Q		FY2022		
	Amount	YoY	Amount	YoY	Amount	YoY	Versus forecast
Sales	280.6	11.8% 29.7	101.7	7.7% 7.3	382.2	10.7% 37.0	0.1% 0.5
Gross profit	63.9	6.2	22.5	1.8	86.4	8.0	
Gross profit / Gross Sales	22.76%	(0.22)%	22.16%	0.18%	22.60%	(0.11)%	
Other operating revenue	2.3	0.2	0.8	0.0	3.1	0.2	
SG & A	65.2	4.5	23.2	0.7	88.4	5.2	
Operating profit	1.0	1.9	0.1	1.1	1.1	2.9	0.9

Copyright © H2O Retailing Corp. All Rights Reserved.

I-3. Department store business

▶ Sales pushed down by store closure and business restrictions due to 4th wave (April-May), 5th wave (July-September), and 6th wave (January-March) of COVID-19 infections
▶ Domestic sales during the composure period of COVID-19 infection pandemic remained at the same level as in FY19 before COVID-19 and the tax hike
▶ In April 2022, further improvement from March due in part to increased outing opportunities



Copyright © H2O Retailing Corp. All Rights Reserved.

I-4. Supermarket Business

▶ SM : Sales and OP increase
＜Izumiya＞Sales increased and OP decreased
Good sales in SM and decline in profitability due to the transfer of the supercenter food division
＜Hankyu Oasis＞Sales decrease and OP increased
Increase due to margin improvement (review of pricing policy and growth of side dishes)
＜Kansai Super Market＞Newly consolidated (consolidated only for 4Q)
Existing store sales exceeded the previous year due to good sales at remodeled stores
▶ Profit recovery in food manufacturing due to rising demand for side dishes at food supermarkets

(billions of yen)	Sales	YoY	OP	YoY
SM	315.2	11.9%	5.8	1.1
Izumiya, Hankyu Oasis, Qanat	283.7	0.7%	4.4	(0.3)
Kansai Super Market *	31.5	—	1.4	—
Food Manufacturing	33.9	(2.0)%	(0.5)	0.4

*Kansai Super Market Ltd. (from 1 January, 2022 to 31 January, 2022)
Kansai Super Market Ltd. (from 1 February, 2022 to 31 March, 2022)
Kansai Super Premium Co., Ltd. (from 1 January, 2022 to 31 March, 2022)

Copyright © H2O Retailing Corp. All Rights Reserved.

I-5. Extraordinary income and losses

▶ Promote sales of real estate and investment securities as part of efforts to improve asset efficiency in the mid-term management plan
▶ Gain on bargain purchase of ¥3.4bn. and loss on valuation of shares acquired in FY2017 of ¥1.8bn. related to management integration with Kansai Super Market
▶ Impairment losses did not include large assets and decreased significantly from the previous year

		Amount	Major contents
Extraordinary income	Gain on sales of non-current assets	¥13.6bn.	real estate for rent Nakatsu, Osaka ¥4.7bn. Oyodo, Osaka ¥3.9bn.
	Gain on sales of investment securities	¥6.5bn.	Policy holding shares [Toho, financial institutions]
	Gain on bargain purchase	¥3.4bn.	Management integration with Kansai Super Market
	Subsidy income	¥3.0bn. [YoY 0.3]	Employment adjustment subsidies ¥1.6bn. Cooperative payments for store closure ¥1.4bn.
Extraordinary losses	Loss related to COVID-19	¥4.3bn. [YoY(1.1)]	Hankyu Hanshin Department Store ¥3.8bn.
	Loss on closing of stores and others	¥2.5bn.	Rebuilding of CELCY H2O Shopping Center Development
	Impairment losses	¥1.9bn.	H2O Shopping Center Development Hankyu Bakery
	Loss on step acquisitions	¥1.8bn.	loss on valuation of shares acquired in FY2017

Copyright © H2O Retailing Corp. All Rights Reserved.

I-6. Capital Investment

▶ In accordance with the mid-term management plan, reduce ordinary renewal investments and invest aggressively in high-priority projects
▶ Stores and major facilities … Rebuilding of Hanshin Umeda main store, SM opening and renovation
▶ IT/DX investment … Infrastructure building such as POS, information infrastructure renewal, and next-generation IT concept. Part of this will be done in the next fiscal year or later.

(billions of yen)	Amount	Versus forecast	Major contents *Factors of difference from forecast
Department store	15.6	(2.7)	Rebuilding of Hanshin Umeda main store ¥13.1bn. *IT investment implementation timing gap ¥1.8bn.
Supermarket	3.8	(1.0)	New store opening of Hankyu Oasis, Renovation of Izuimya store *Reduction due to examination of investment details
Shopping center	1.8	(0.8)	H2O Shopping Center Development Conversion of Izumiya stores into shopping center *Reduction due to examination of investment details
Other	4.0	(0.3)	IT/DX investment of whole group *IT investment implementation timing gap ¥0.7bn.
Total	25.2	(4.8)	

* After adjustment

Copyright © H2O Retailing Corp. All Rights Reserved.

II. Forecast of FY2023

▶ Increase in sales due to the grand opening of Hanshin Umeda main store and the consolidation of Kansai Super Market
▶ Increase in OP mainly in department store business and supermarket business
▶ Decrease in profit due to lower sales of investment securities and real estate than in FY2022

(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)

Copyright © H2O Retailing Corp. All Rights Reserved.

II. Forecasts of FY2023 by segment

▶ Dept. : Sales and OP increase due to recovery in domestic sales and a contribution from the grand opening of Hanshin Umeda main store
▶ SM : Full-year contribution from the consolidation of Kansai Super Market, as well as increased profits in Izumiya
▶ SC : Decrease in sales due to the scale down of H2O shopping center development, but expect an increase in OP due to the improvement of hotel occupancy rates

(billions of yen)	Gross sales		OP	
	Amount	YoY	Amount	YoY
Department store	484.0	25.7%	6.0	5.1
Supermarket	432.3	32.1%	8.2	2.8
	Kansai Super Market 99.9		Kansai Super Market 1.8	
Shopping center	39.1	(8.8)%	0.5	0.1
Other	44.6	35.3%	(3.8)	(0.4)
Consolidation adjustment			(2.9)	(0.4)
Total	1,000.0	26.9%	8.0	7.2

Copyright © H2O Retailing Corp. All Rights Reserved.

II. Forecast of FY2023 - Capital Investment

▶ In accordance with the mid-term management plan, reduce ordinary renewal investments and invest aggressively in high-priority projects
▶ Stores and major facilities … Remodel of Kobe Hankyu and Takatsuki Hankyu, acquisition of new logistics center for department stores, SM renovation
▶ IT/DX investment … In addition to infrastructure building, promote investments in OMO, work environment improvement, etc.

(billions of yen)	Amount	Major contents
Department store	12.7	Kobe Hankyu remodel ¥5.6bn. , Takatsuki Hankyu remodel ¥0.8bn. Rebuilding of Hanshin Umeda main store ¥1.8bn.
Supermarket	6.4	Renovation and maintenance of SM [Izumiya ¥1.6bn., Hankyu Oasis ¥1.8bn., Kansai Super Market ¥1.7bn.]
Shopping Center	2.1	H2O Shopping Center Development Renovation and maintenance of shopping center
Other	20.8	Land and building of logistics center [In operation in FY21, to be acquired in FY22] ¥6.4bn. Groupwide IT/DX investment [infrastructure building and work environment improvement] ¥11.0bn.
Total	42.0	

Copyright © H2O Retailing Corp. All Rights Reserved.

Ⅲ. Progress of Mid-term management plan

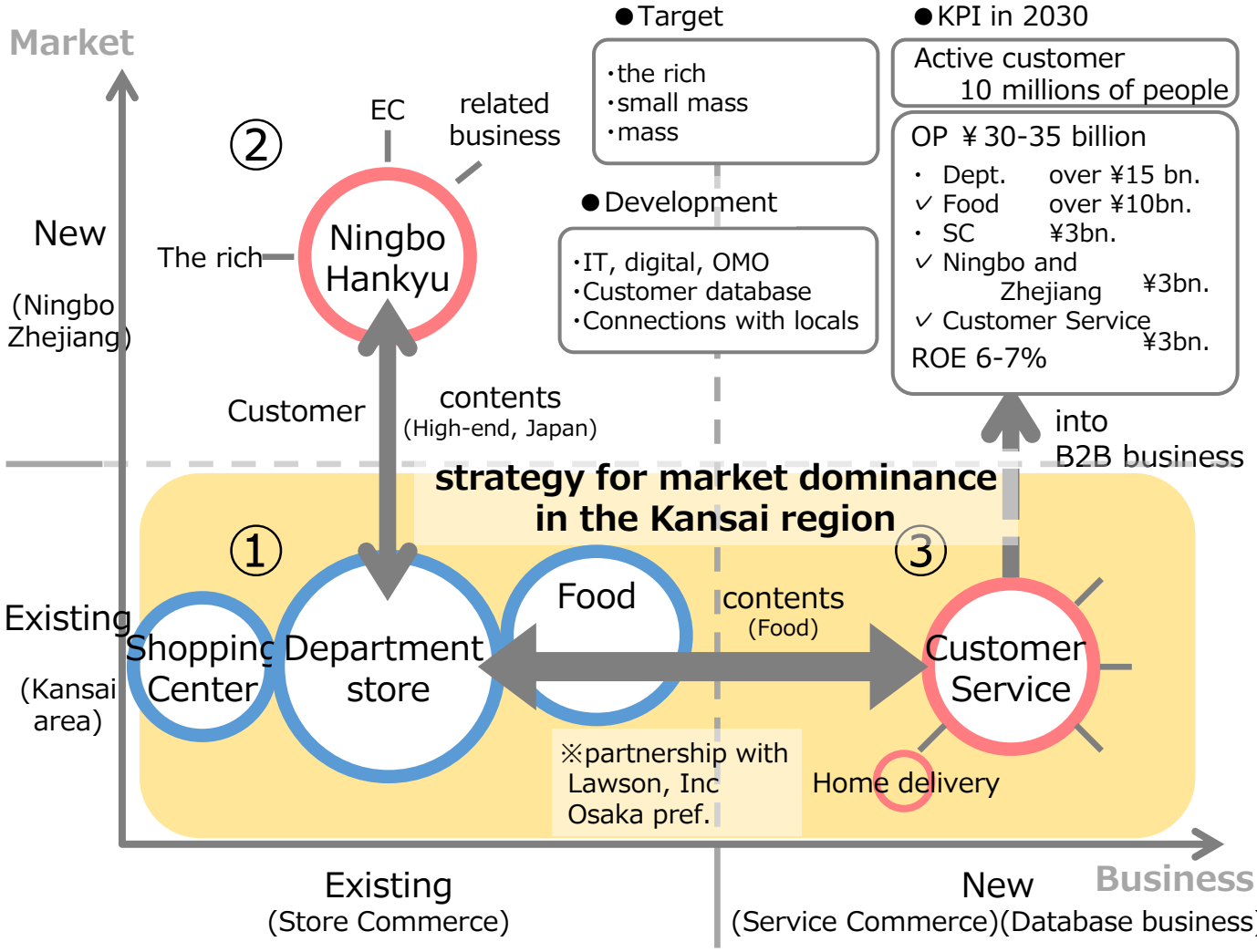
1. Long-term business plan for 2030
   Position of mid-term management plan for 2030
2. Review of mid-term business plan in FY2022
3. Making Supermarket business as second core
4. Key initiatives and Progress
5. Initiatives of new online customer service business
6. Sustainability Management
7. Summary

Copyright © H2O Retailing Corp. All Rights Reserved.

Ⅲ-1. Long-term business plan for 2030

July 28, 2021
Mid-term business plan

▶ to become a "Communication Retailer"
Develop direct communication with customers and deepen relationship



〈 Approach Strategies〉

① Rebuild existing businesses

- Rebuild Department store business
- Make Food business as second core

② Challenges for new market

- Success of Ningbo Hankyu business
- Expand business into Ningbo and Zhejiang prefecture（the rich、EC）
  (working together with Hankyu Main store)

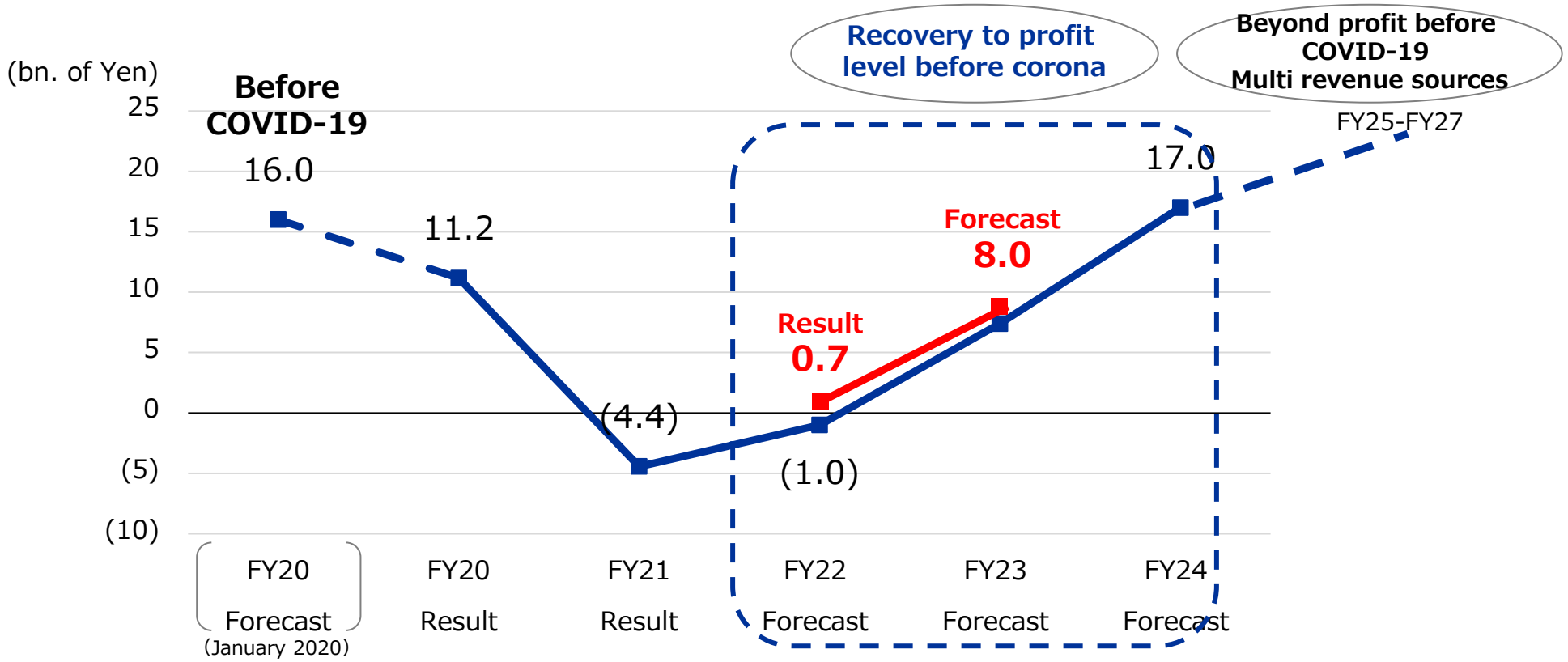
③ Challenges for new business model

(1) Kansai region × Online × Service
- Service contents development
- Digital and Real stores
- Networking with alliance members

(2) Develop B2B business
Build and utilize customer database platform

Copyright © H2O Retailing Corp. All Rights Reserved.

Ⅲ-1. Position of mid-term management plan for 2030



Key Initiatives for FY2022-2024

- Rebuild Department store business ➡ **Restructure cost proportion & promote OMO business style**
- Make Food business as second core ➡ **Restructure SM business, Integrate manufacturing and Sales**
  Strengthen business capabilities through alliances
- Business development for future growth ➡ **Promote Ningbo and related business**
  ➡ **Online customer service business**
- Digitization

Copyright © H2O Retailing Corp. All Rights Reserved.

Ⅲ-2. Review of mid-term business plan in FY2022

(bn. of Yen)		FY22 Forecast	FY22 Results
Department Store	Sales	390.0	385.1
	OP	0.5	0.9
Supermarket	Sales	297.0	327.2
	OP	4.5	5.3
Shopping Center	Sales	40.0	42.9
	OP	(0.5)	0.4
Other	Sales	38.0	32.9
	OP	(3.0)	(3.4)
Total	Sales	765.0	788.1
	OP	(1.0)	0.7

	FY22 Forecast	FY22 Results
Operating Profit (OP)	(1.0)	0.7
Ordinary Profit	(2.0)	2.3
ROE	2.2%	4.2%
ROIC	(0.2)%	0.1%

- Groundwork for cost reduction to all, accompanying business reorganization and asset sales.
- Improve profitability of Supermarket business segment by subsidiaries Kansai Super Market, Integration of business operation and business transforming Izumiya and Hankyu Oasis.
- Continue to working on the investment for the future such as renovation of department store, IT and digitalization in order to build IT infrastructure and grow
- Improve profitability in department store business due to number of COVID-19 patients declining.

Copyright © H2O Retailing Corp. All Rights Reserved.

Ⅲ-2. Review of mid-term business plan in FY2022
- Large-scale investment project -

Hanshin Umeda Main Store

"Department store that brings happiness to daily life"

- brushed and powered up food contents
- Empathetic contents toward small-mass market
- OMO business style store
  Making fan communities which discover new attractive contents

- Opened April 2022. food sales and dine category attract visitor and shopper. Visitor 2.6 x , Sales 2.4 x (vs LY)
- strengthening fun creating action such as empathetic contents in food category. Resolving visitor and shoppers of fashion and lifestyle category in the middle level of building.
- Advance opening of office level and expecting visitor and new customer.

Ningbo Hankyu

"Department-mall", the first model of hybrid of Department store and SC in P.R.China

4 strength
①high-end/edged fashion
②high-quality/enjoyable food contents
③experience and entertainment
④cool-Japan contents

- Far surpassing the mid-term plan sales goal of CNY 3bn in initial year.
- Finding favor of luxury brand items, food and dine category and event prom. by affluent youngster.
- Additional improvement plan in progress in order to be a symbolized store in area of East and South Zhejiang.

Copyright © H2O Retailing Corp. All Rights Reserved.

Ⅲ-3. Making Supermarket business as second core

Improve profitability of Supermarket business segment by Kansai Super Market as a new subsidiary, Integration of business operation and business transforming in Izumiya and Hankyu Oasis

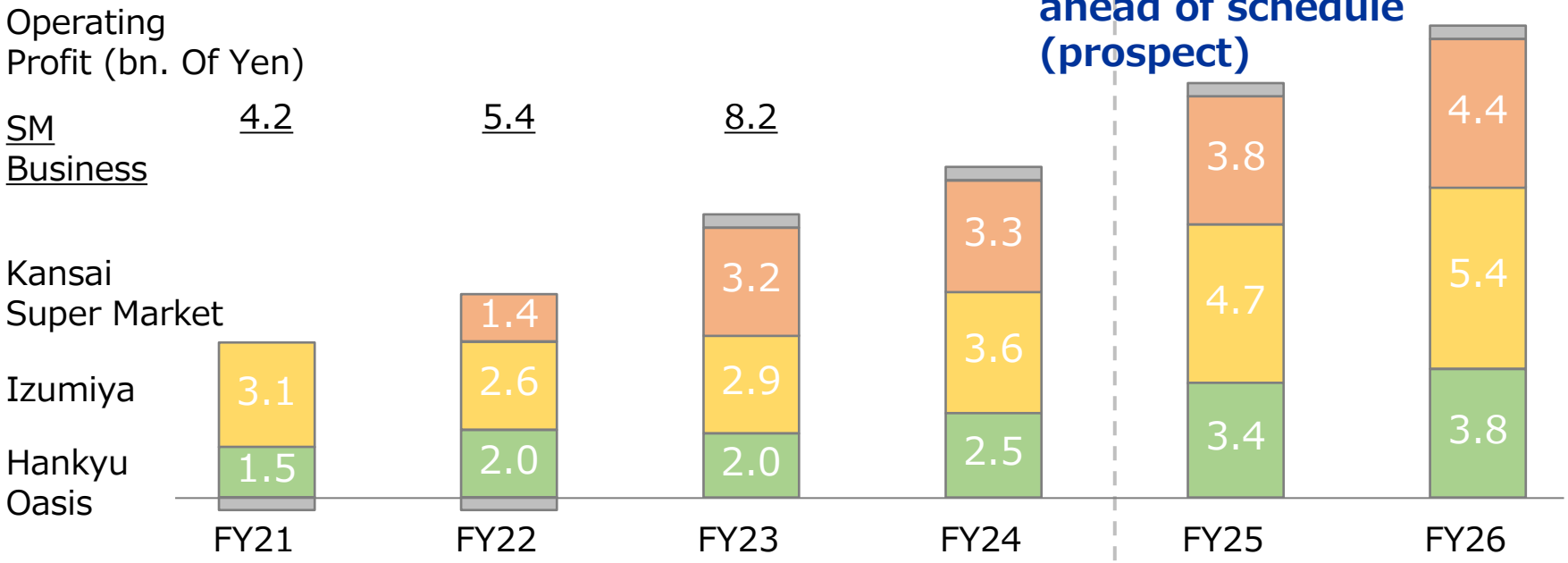
Complete business base

Managing each company in SM business like one company. Strongly promoting standardization and reform of operations by company-wide. Transforming line of business by local market and needs.

Creating synergy

Stores, Merchandise and Marketing, Central kitchen producing deli products, Central food processing factory, Logistics, Systems, Operation and Organization

Achieve OP ¥10bn ahead of schedule (prospect)



Copyright © H2O Retailing Corp. All Rights Reserved.

Ⅲ-4. Key initiatives and Progress
- Supermarket business -

➤ Taking opportunity of integrating operations in supermarket business, promoting transformation of salesforce and operation of Supermarket by company-wide

- Launch trial location depending on store scale and location needs.
  Practical exam. of efficiency of store operation, sales plan, merchandising, promotion.
  Expand across all supermarket stores in group.
- Managing Supermarket business like one company, merging strategy faculty into one.
  Aggregation of headquarters (ex. HR, Accounting, Merchandising, Promotion…), create supporting unit, merge IT system/functions and re-designing area group efficiently.
- Consider and clarify the roles of manufacturing companies in group.
  Strength SPA prosses, Support by production to improve profitability of supermarket.

➤ Creating new value and efficiency by IT and Digitalization

- Realizing communication using LINE mini application ⇒ Increasing number of touchpoint.
- Rollout Semi-self checkout, demo experiments of AI image recognition shopping carts
  Continuing to collecting data and additional experiment of use.

➤ Strengthen business capabilities through alliances

- Basic agreement with MANDAI CO.,LTD ⇒ Buying and promotion in deliberation is ongoing.
- Alliance agreement with Lawson, Inc. ⇒ Considering supply deli product to Lawson.

➤ Create and implement of synergies along with Kansai Supermarket

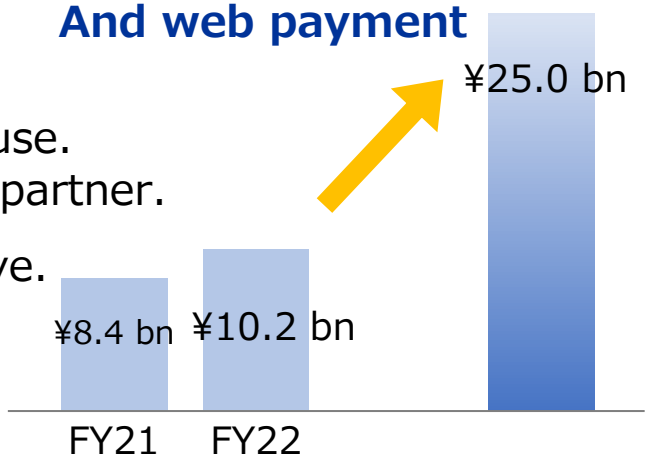
Copyright © H2O Retailing Corp. All Rights Reserved.

Ⅲ-4. Key initiatives and Progress
- Reconstruction of Department store business -

➤ Established of OMO (Online Merges with Offline) business style

- Achieving measurable result in original content.
  such as Sustainable action campaign, in-store farmers market and Marché
  ⇒ Formulating continuous relationship with customer.
- Increasing of Web contents and E-commerce sales and use.
  ⇒ Business supporting system and co-working with our partner.
- Re-editing releasing media from the customer perspective.
  ⇒ Redevelop and expand media, customer circulation

Triple sales of E-Comerce And web payment



➤ Opening of new logistics center

- Improve logistic efficiency and store-stock operation by controlling centrally
  ⇒ Relocation completed in summer 2022 which makes logistic operation streamlining

➤ Cost reorganization

- Reduce cost by redesign operation and decrease outsourcing, redefine action plan to reduce advertising cost, business trip expenses, and overtime work.
- Reducing conventional duties and labor saving by using digital data, 40% in progress of RPA (Robotic Process Automation)

➡ Result of Reduction FY21 ¥2.3bn (As plan) ¥2.6bn (versus LY), ¥8.8bn (versus FY19)
(Excluding profit and loss regarding Covid-19, shutdown impact, sales-linked expenses and irregular items)

Copyright © H2O Retailing Corp. All Rights Reserved.

Ⅲ-4. Key initiatives and Progress
- Remodel of Department store business -

Kobe Hankyu

To be a attractive department store located in Station square, CBD Area in Kobe, we collaborate with local people, products, and companies.

- Enforcement and expansion of merchandising of special days what customer demand of department store and creating high-sensitivity contents grasping market and trend nowadays.
- Founding new category “Kobe Style” which presenting life style to Kobe local.
- Offering and strengthening wonder and new discover.

Plan: Renewal starts Summer 2022 , Grand open Fall 2023 (as plan) Est. Inv. : ¥8.0 bn

Takatsuki Hankyu

-Rebrand as “Takatsuki Hankyu Square” Fall 2023, To be a No.1 familiar Department mall rooted in Takatsuki community and creating stable revenue sources by hybrid and efficient operation of department-mall business -

Department-mall introducing Takatsuki Lifestyle with “Fashionable“, “Enjoyable” and “Convenient”

- Creating 3 different types of world which adopt to local market.
- Expand and improve such as enticement of large retailer or lifestyle store
- Reinforcing our strong points as department stores
  - Presenting fun, happy experience by events
  - Collaboration with local community

Plan: Renewal starts Spring 2022 , Grand open Fall 2023 (as plan) Est. Inv. : ¥2.3 bn

Copyright © H2O Retailing Corp. All Rights Reserved.

Ⅲ-4. Key initiatives and Progress
- Relocation and strengthening group head office functions -

➤ Digitalization of accounting and facilitation e-apploval system

－Business environment considering telework and BCP －

- Reduction of labor of communication, reducing forms.
  ⇒ Roll out to subsidiaries companywide.
- Digitalization of all company-internal contract, applications, etc., and install e-contract system.

➤ Launch value creation and flexible workstyle starting from head office relocation (August 2022)

－Value Creation－

- Creating ABW environment and fostering communication and serendipity between colleagues.
- Making open collaboration environment with both internal and external in H2O Group.
  - Library, Café, Events -

－ Business efficiency－

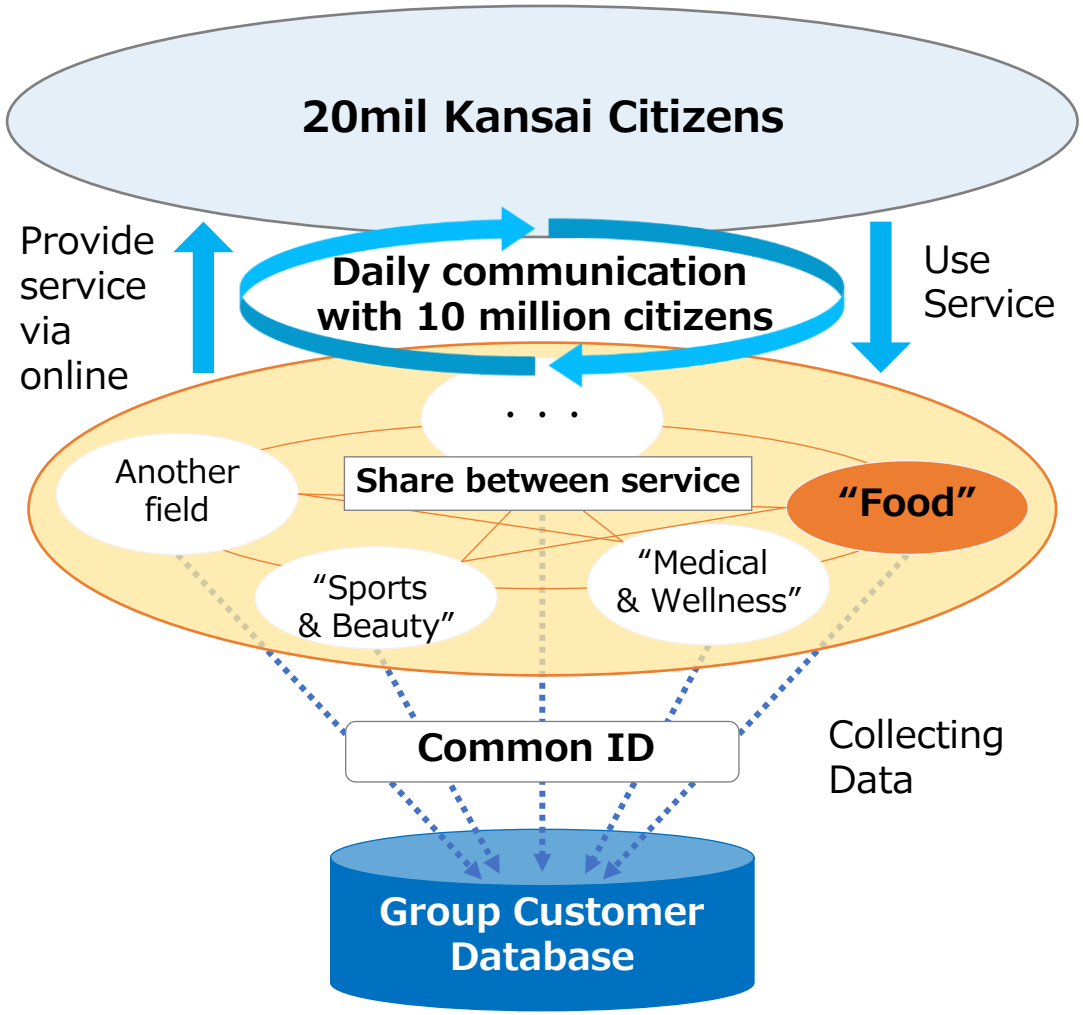
- To make full use of the head office feature. Such as face express entry, room reservation, reception, hoteling, location service using beacon device.
- Endeavoring paperless and installing PBX system.
- Promoting telework with IT device, network and security

➡ Reduce 40% of total volume of workspace due to consolidating office to Umeda Area.

Copyright © H2O Retailing Corp. All Rights Reserved.

Ⅲ-5. Initiatives of new online customer service business

To create good relationships with a great number of Kansai Citizens, developing fascinating smartphone application with different field. By connecting a variety of particular service Digitally, both user and H2O have positive influence and impact.



Demand from Kansai Citizens
Intellectual capital we had archived from our business
We determine the first project in the "food".

"Enjoy Oishii (Tasty) experience in Kansai"

Introducing the multi "Food" service via online

Theme with potential needs
Starting trial initially from FY23

Create competitive strength what existing competitor haven't achieved yet by meeting with customer's needs and offering variety of functions.

Copyright © H2O Retailing Corp. All Rights Reserved.

Ⅲ-6. Sustainability Management
- Fundamental policy and subject -

Starting in April 2021, centered on as the "materiality" of the group and promote initiatives.

- Three priority subject based on "contribution to local communities“.
- Two basic subject for Relationship-building with our stakeholders.



Copyright © H2O Retailing Corp. All Rights Reserved.

Ⅲ-6. Sustainability Management
- Information disclosure and announcing mid to long-term business goals -

➤ Establish mid to long-term business goals（Integrated Report 2021）

- Switch to renewable energy sources for power consumption at our major stores.
  GHG emission reduction rate 30% (compared to 2019) 48% (compared to 2013)
  Net zero by 2050
- Food Recycling Rate
  2030: 70%　(2023: 60%)　For the 3 main companies
- Establish goal and KPIs of reducing plastic material and promoting diversity.
  （November 2022 ）

➤ Information disclosure

- Releasing the Group's awareness of climate-related issues, organizational structure, climate-related risks, greenhouse gas emissions, and efforts to reduce emissions.

➡ Received B rank CDP2021（March 2022）

- Correspond to TCFD, releasing and open all reports November 2022 (as schedule)

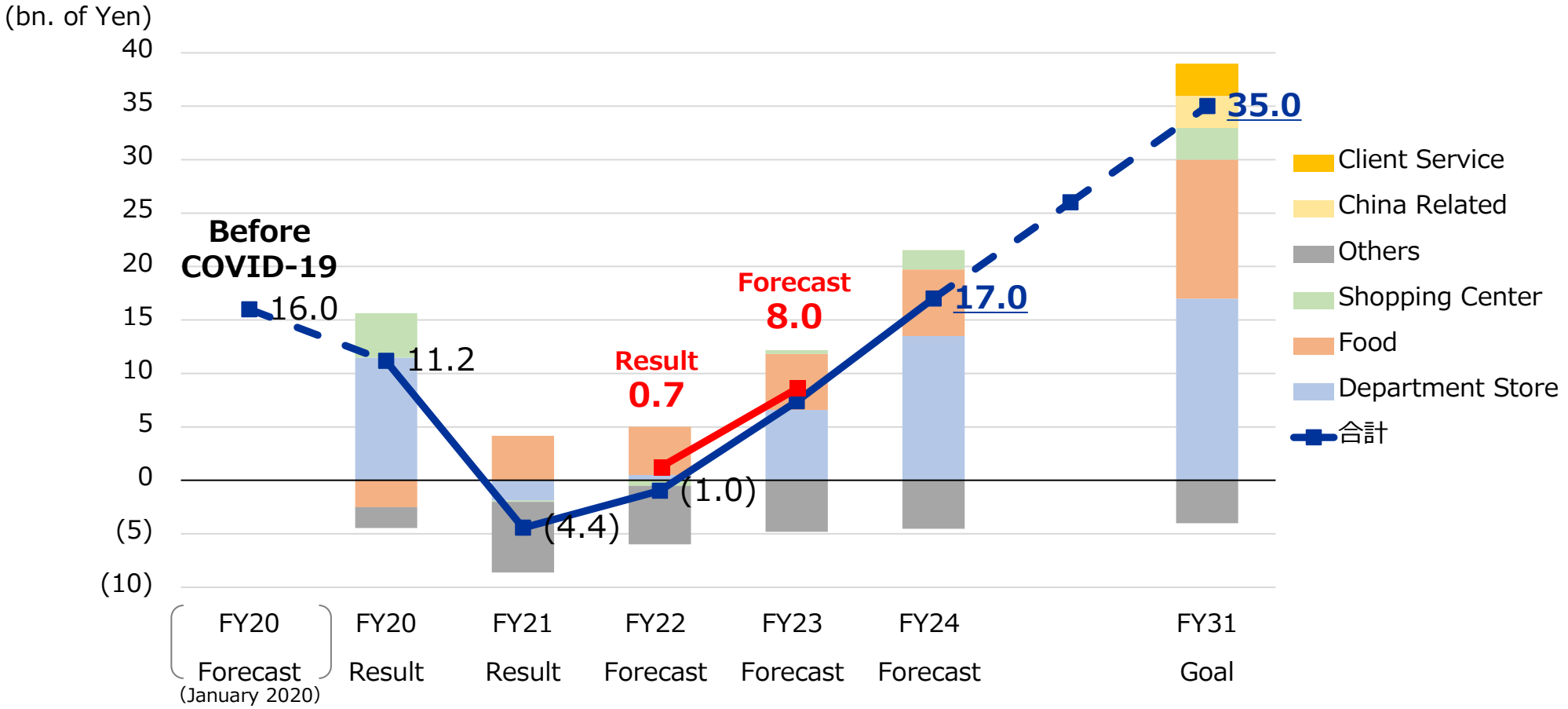
➤ Social contribution program

- Remarkable invigorating project of public park in which we are selected as Entrusted operator of Senri-chou Park, Osaka
- Collaboration and initiative with local residence and business
  Hand-in-hand garden with local, parent Support, Supporting start up business in store project
- Creating opportunities to supporting community beyond the boundaries of the group companies such as Volunteer Time-off (Department store business)

Copyright © H2O Retailing Corp. All Rights Reserved.

Ⅲ-7. Summary

➤ **Recovery to operating profit level before COVID-19 in FY2024.**
➤ **Aiming for 30 to 35 billion yen in operating profit in FY2031.**



In order to foster organic growth and value across to the entire Group, we will focus on sustainable management and mid-term goals based on Long-term Business plan for 2030.

Copyright © H2O Retailing Corp. All Rights Reserved.

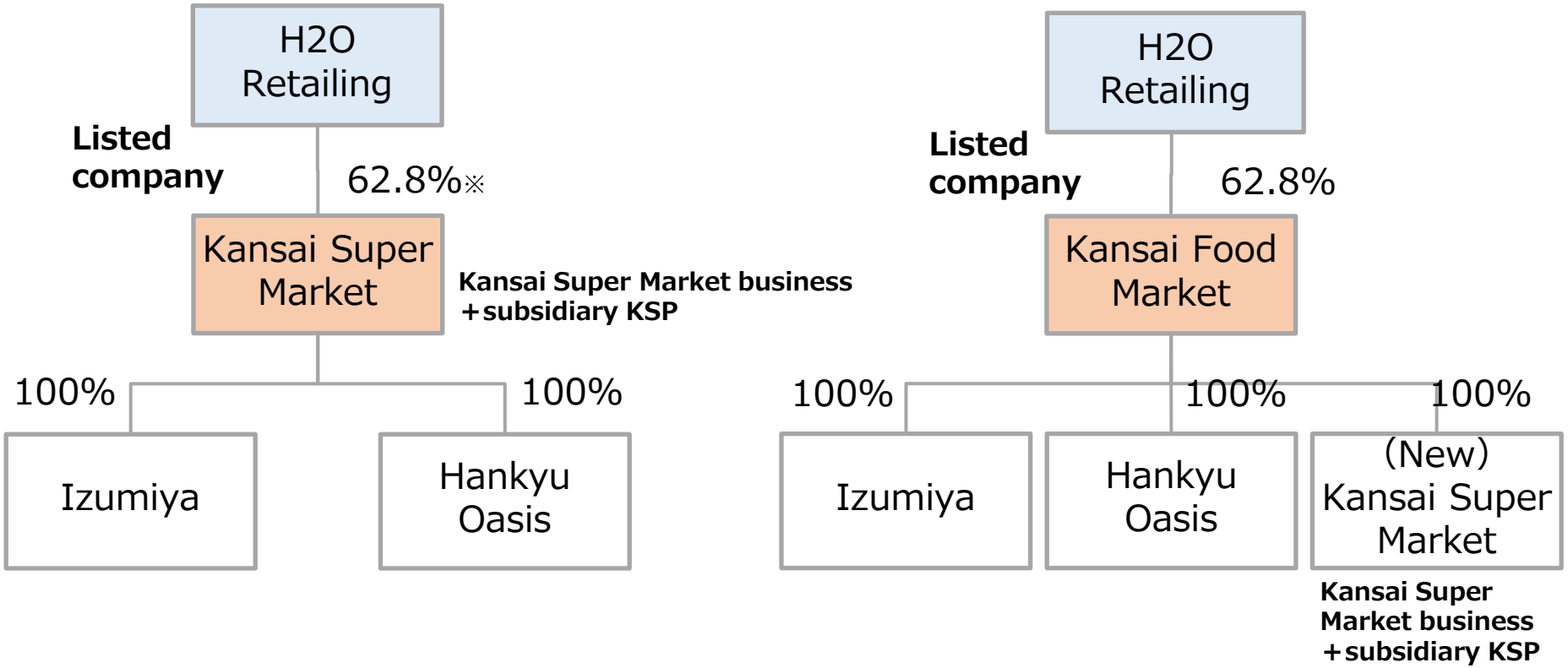
(Ref.) Management Integration with Kansai Super Market

Dec.15,2021

Share exchange of Kansai Super Market with Izumiya and Hankyu Oasis

Feb.1,2022

Intermediate holding company with split New Kansai Super Market as a wholly owned subsidiary together with Izumiya and Hankyu Oasis.



※As of management integration, voting rights ratio of H2O is 62.8%. Treasury stock of Kansai Food Market increased due to purchase requested from dissenting shareholders in connection with the share exchange.

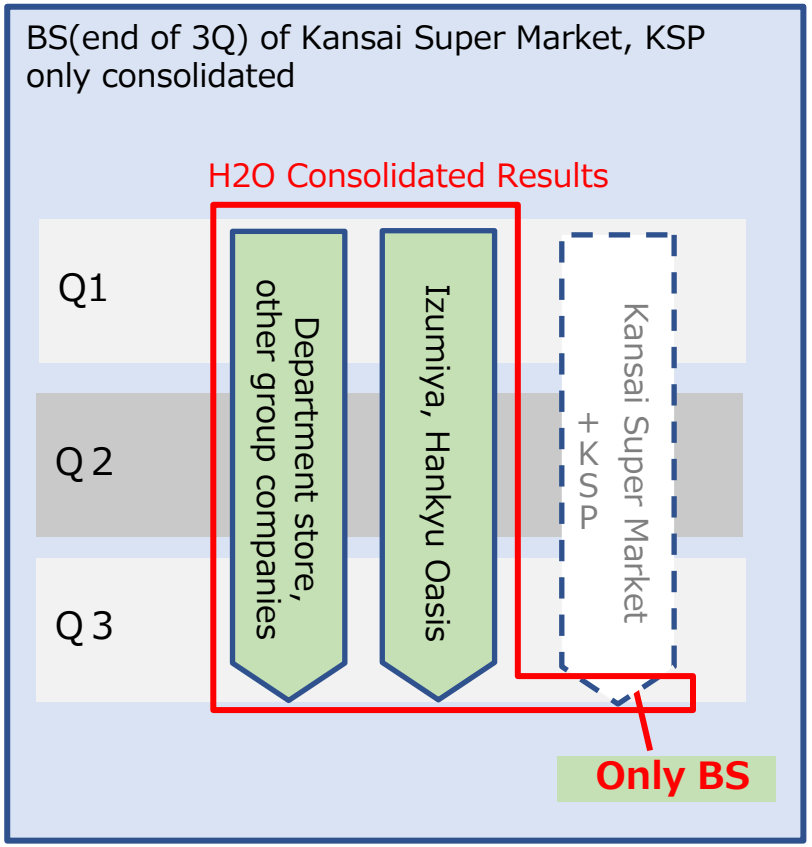
Copyright © H2O Retailing Corp. All Rights Reserved.

(Ref.) Scope of H2O Retailing's consolidated results

As of end of 3Q, only BS of Kansai Super Market and KSP is included in consolidated results.
For 4Q, consolidated results include the results (Jan.-Mar.) of Kansai Food Market, Kansai Super Market, and Kansai Super Premium(KSP). Profit reflecting the share of voting rights (62.8% as of 4Q) in Kansai Food Market and its subsidiaries (Jan.-Mar.).

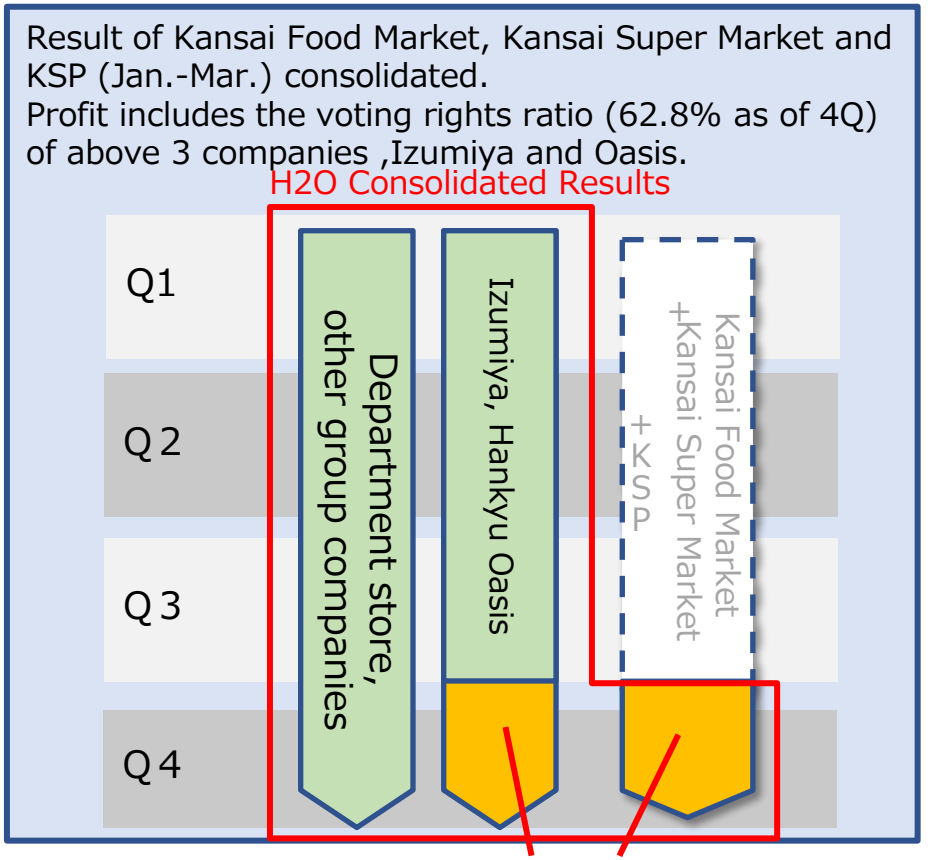
3Q

BS(end of 3Q) of Kansai Super Market, KSP only consolidated



4Q

Result of Kansai Food Market, Kansai Super Market and KSP (Jan.-Mar.) consolidated.
Profit includes the voting rights ratio (62.8% as of 4Q) of above 3 companies ,Izumiya and Oasis.



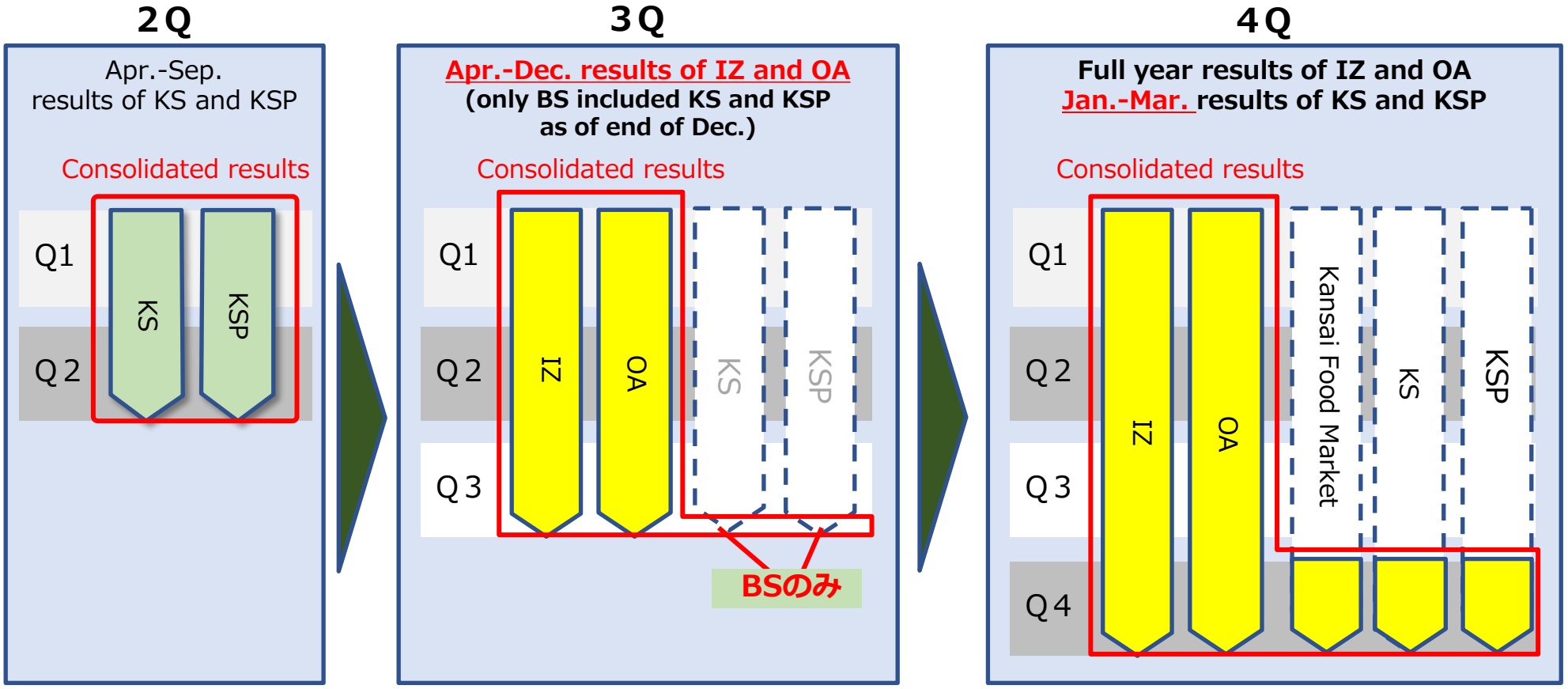
*Company name as of the end of accounting period

Profit includes the voting rights ratio (62.8% at the end of 4Q) of above 3 companies, Izumiya and Hankyu Oasis.

Copyright © H2O Retailing Corp. All Rights Reserved.

(Ref.) Scope of Kansai Food Market's consolidated results

Until 2Q,consolidated results including Kansai Super Market and KSP.
For 3Q,consolidated results including the April-December results of Izumiya (IZ) and Hankyu Oasis (OA) due to reverse acquisition occurred by share exchange. Only BS included in consolidated results as of end of 3Q of Kansai Super Market (KS) and Kansai Super Premium (KSP).
For 4Q, consolidated results including the full-year results of Izumiya and Hankyu Oasis, and the January-March results of Kansai Food Market, Kansai Super Market, and Kansai Super Premium.

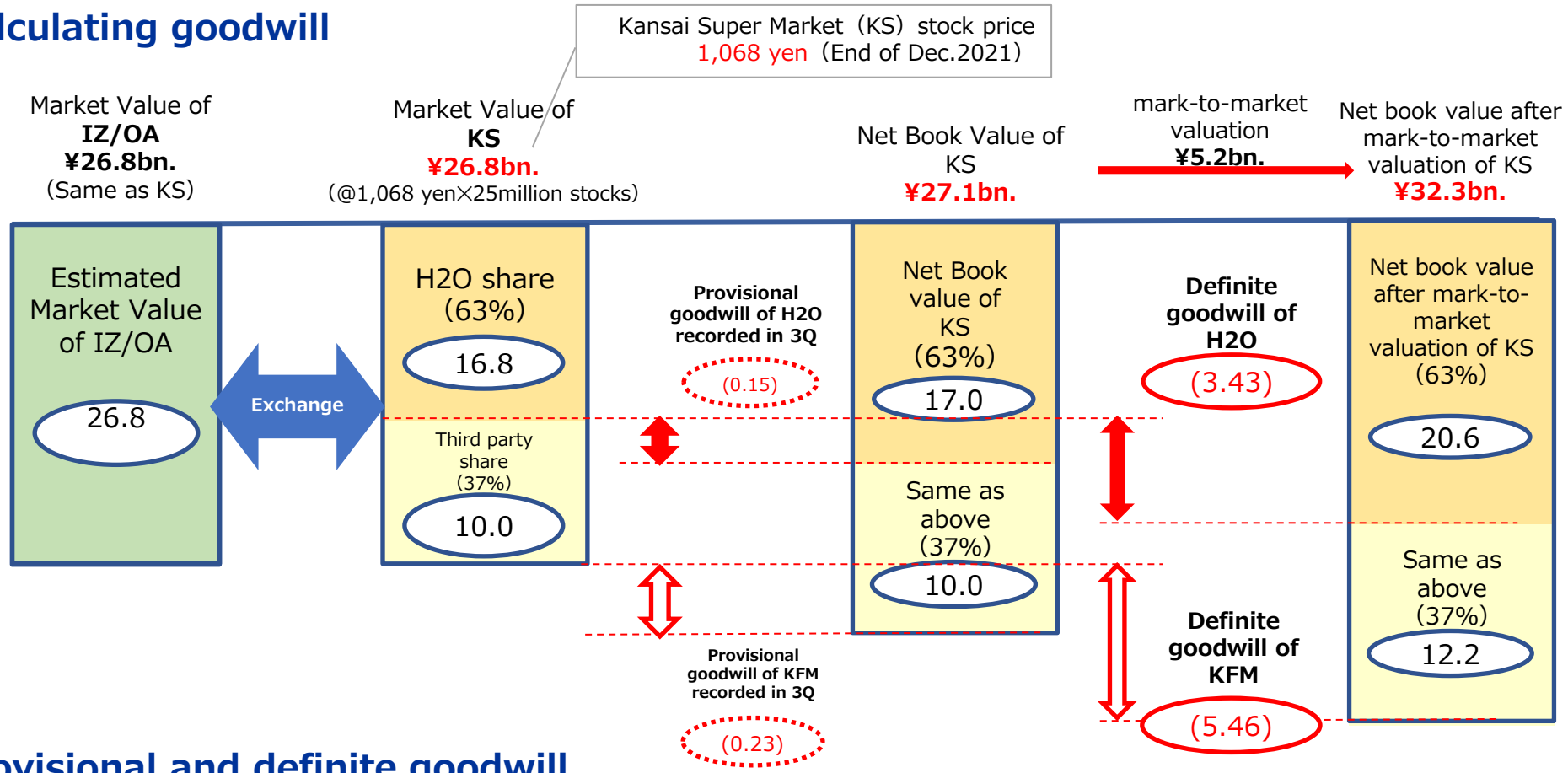


*Company name as of the end of 3Q

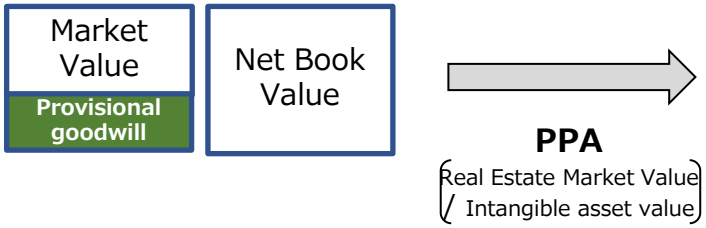
Copyright © H2O Retailing Corp. All Rights Reserved.

(Ref.) Calculating goodwill for management integration

Calculating goodwill



Provisional and definite goodwill



・Due to PPA※, book value changed by valuation gains, amount of provisional goodwill will be revised.
Revising provisional goodwill
(within a year from management integration)

※Purchase Price Allocation

Copyright © H2O Retailing Corp. All Rights Reserved.

(Ref.) Consolidated Result of KFM

▶ Sales were in line with each company's forecast due to good sales at SM stores as a result of continued demand for eating at home.
▶ SG&A expenses lower than forecast at each company, and operating profit at Izumiya and Hankyu Oasis exceeded forecast.

(billions of yen)		Results of 1Q-3Q Amount	Results of 1Q-3Q YoY	Results of 4Q Amount	Results of 4Q YoY	Results of FY2022 Amount	Results of FY2022 YoY	Results of FY2022 Versus forecast (Feb.)
Izumiya	Sales	113.4	2.8%	35.8	4.4%	149.2	3.2%	0.2%
	OP	2.3	(0.7)	0.3	0.2	2.6	(0.5)	0.2
Hankyu Oasis	Sales	89.4	(0.5)%	27.2	(2.5)%	116.7	(1.0)%	(0.2)%
	OP	1.7	0.0	0.3	0.5	2.0	0.5	0.1
Kansai Super Market *	Sales	99.3	0.0%	31.5	(0.2)%	31.5	(0.2)%	(0.8)%
	OP	1.2	(1.4)	1.4	1.3	1.4	1.3	(0.0)
KFM and consolidation adjustment (Feb.-Mar.)	OP	—		(0.2)	—	(0.2)	—	0.3
Total	Gross Sales	202.8	—	94.6	—	297.5	—	0.0%
	OP	4.0		1.8		5.8		0.5

Not consolidated
Consolidated
Only 4Q

Note. Non-consolidated results are reclassified on the basis before the application of "Accounting Standards for Revenue Recognition".
Sales included other operating revenue.
*Kansai Super Market : former consolidation of Kansai Super Market （including KSP）

Copyright © H2O Retailing Corp. All Rights Reserved.

(Ref.) Forecast of FY2023 of KFM

▶ Profit increase in Izumiya due to sales increase and SG&A cost reduction; Hankyu Oasis expects profit to remain flat YoY
▶ Profit increase in Kansai Super Market due to improvement in gross profit margin

(billions of yen)		Forecast of 1-2Q Amount	Forecast of 1-2Q YoY	Forecast of 3Q-4Q Amount	Forecast of 3Q-4Q YoY	Forecast of FY2023 Amount	Forecast of FY2023 YoY
Izumiya	Sales	74.7	0.3%	75.5	1.0%	150.2	0.7%
	OP	0.9	(0.6)	2.0	1.0	2.9	0.3
Hankyu Oasis	Sales	59.2	(0.9)%	59.1	3.7%	118.3	1.3%
	OP	0.7	(0.5)	1.3	0.4	2.0	(0.0)
Kansai Super Market *1	Sales	66.1	(0.1)%	65.4	1.1%	131.5	0.5%
	OP	1.4	0.2	1.8	0.4	3.2	0.6
KFM and consolidation adjustment (Feb.-Mar.)	OP	0.0	—	(0.1)	—	(0.1)	0.1
Total *2	Gross Sales	200.0	(0.2)%	200.0	1.8%	400.0	0.8%
	OP	3.0	(0.9)	5.0	1.8	8.0	1.0

Note. Non-consolidated results are reclassified on the basis before the application of "Accounting Standards for Revenue Recognition".
Sales included other operating revenue.
*1 consolidation of Kansai Super Market and KSP
*2 Year-on-year change and year-on-year difference from the previous year's results for each company

Copyright © H2O Retailing Corp. All Rights Reserved.

(Ref.) Result of Kansai Food Market subsidiaries (1-4Q)

(billions of yen)	Izumiya		Hankyu Oasis		Kansai Super Market *	
	Amount	YoY [Same store sales]	Amount	YoY [Same store sales]	Amount	YoY [Same store sales]
Sales	139.0	4.5% [(2.7)%]	109.5	(1.1)% [(0.5)%]	128.8	(0.1)% [0.1%]
Gross Profit	36.6	1.5	30.3	0.4	30.5	(0.9)
Gross profit / Gross Sales	26.35%	(0.05)%	27.67%	0.69%	23.71%	(0.65)%
Other operating revenue	10.2	(1.4)	7.1	(0.0)	2.0	0.0
SG & A	44.3	0.6	35.4	(0.0)	29.9	(0.7)
Operating profit	2.6	(0.5)	2.0	0.5	2.6	(0.1)

Note. Non-consolidated results are reclassified on the basis before the application of "Accounting Standards for Revenue Recognition".
*Kansai Super Market : former consolidation of Kansai Super Market （including KS P）

Copyright © H2O Retailing Corp. All Rights Reserved.



The information contained in this material reflects judgments made by H2O Retailing at the time of preparing this material, and no guarantees are provided concerning the accuracy of the information. The information is also subject to change without prior notice.
H2O and the information providers assume no responsibility for any damage arising from the use of the information.
Also, H2O holds the copyright on this material, and accordingly, any duplication, reprinting or similar act beyond the scope of personal use or any other use permitted by the Copyright Law is prohibited without the prior consent of H2O.

Copyright © H2O Retailing Corp. All Rights Reserved.