

Kansai Food Market Ltd.
Supplementary information
to Financial Results
for the Third Quarter of the Fiscal Year
Ending March 31, 2022

February 9, 2022

Scheme of business integration between H2O Retailing Corp.
and Kansai Super Market Ltd.

Reflection to Consolidated Financial results

Forecast of FY2022

Non-consolidated results

- Izumiya Co., Ltd.
- Hankyu Oasis Co., Ltd.
- (References) Kansai Super Market Business

Scheme of business integration between H2O Retailing Corp. and Kansai Super Market Ltd.

Due to the share exchange on December 15, 2021, Izumiya Co., Ltd. and Hankyu Oasis Co., Ltd. became wholly owned subsidiaries of Kansai Super Market Ltd. And H2O Retailing Corp. became the parent company of Kansai Super Market Ltd.

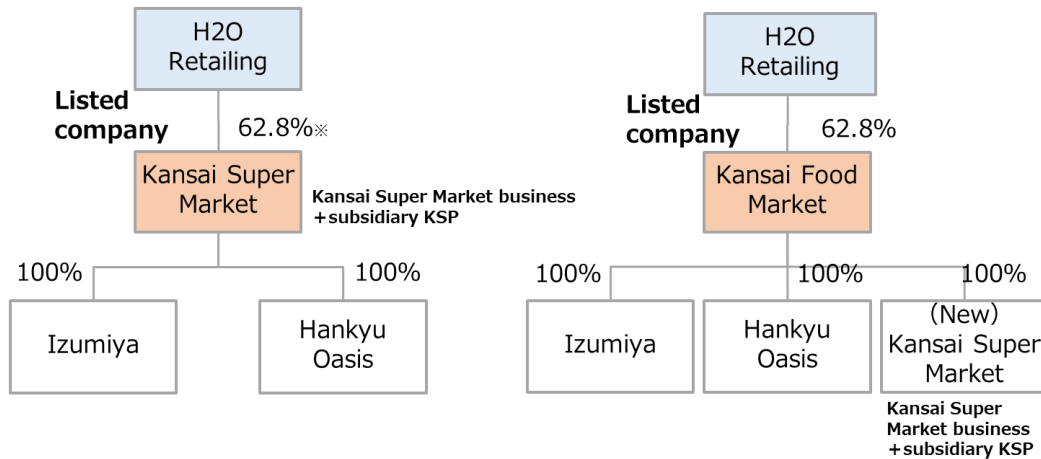
As of February 1, 2022, Kansai Super Market Ltd. changed its name to Kansai Food Market Ltd. Kansai Food Market Ltd. is an intermediate holding company with four subsidiaries, Izumiya Co., Ltd., Hankyu Oasis Co., Ltd., and new Kansai Super Market Ltd. (including its subsidiary Kansai Super Premium Co., Ltd.), which operates Kansai Super Market business.

Dec.15,2021

Share exchange of Kansai Super Market with Izumiya and Hankyu Oasis

Feb.1,2022

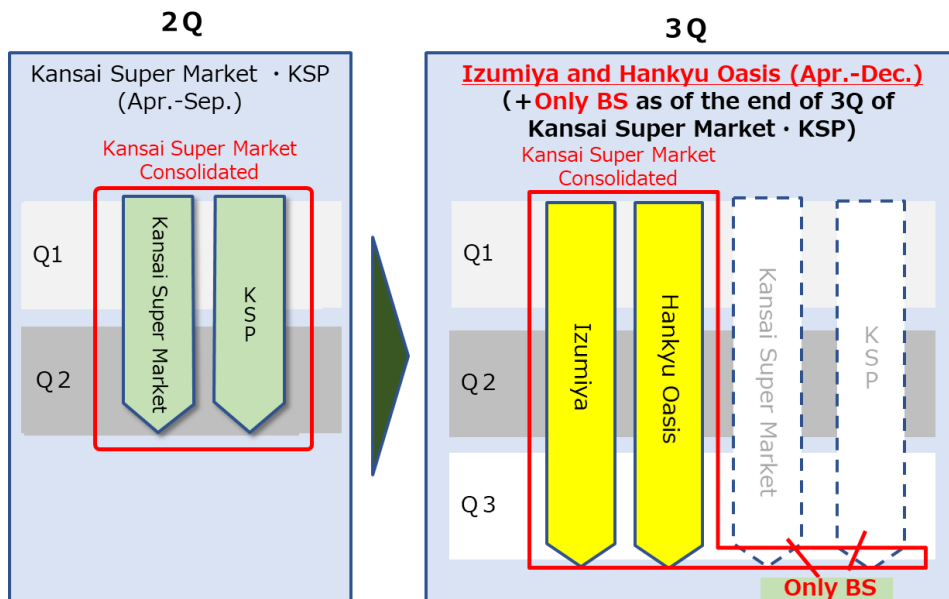
Intermediate holding company with split New Kansai Super Market as a wholly owned subsidiary together with Izumiya and Hankyu Oasis.



Reflection to Consolidated Financial results

Until 2Q, consolidated results include Kansai Super Market Ltd. and Kansai Super Premium Co., Ltd. For 3Q, consolidated results include Izumiya Co., Ltd. and Hankyu Oasis Co., Ltd. (Apr.-Dec.) due to reverse acquisition occurred by share exchange. The results of Kansai Super Market Ltd. and Kansai Super Premium Co., Ltd. are not included, only the BS as of 3Q is consolidated.

Therefore, since the scope of consolidation of 3Q is significantly different from 2Q, YoY comparisons of consolidated results are meaningless. The following pages provide financial result YoY comparisons of the results of each of Izumiya Co., Ltd., Hankyu Oasis Co., Ltd. and Kansai Super Market business. (Company name described as of the end of 3Q)



※ Company name as of the end of 3Q

Supplementary information to Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2022

Forecast of FY2022

As for the consolidated results for the full fiscal year, as mentioned above, consolidated results of 3Q include results of Izumiya Co., Ltd. and Hankyu Oasis Co., Ltd. Consolidated results of 4Q include results of 5 companies, the Company, Izumiya Co., Ltd., Hankyu Oasis Co., Ltd., Kansai Super Market Ltd. which changed its company name from KS Company Split Preparation Co., Ltd. on February 1, 2022 and Kansai Super Premium Co., Ltd.

For reference, total results of each companies for the full year are shown below.

(billions of yen)		1 - 3 Q		Forecast of 4Q		Forecast of FY 2022 (KFM consolidated)		FY 2022 (Non-consolidated Total)	
		Amount	YoY	Amount	YoY	Amount	YoY	Amount	Announced on Oct. 15, 2021
Izumiya	Gross Sales	105.5	4.1%	33.2	5.1%	138.8	4.3%	148.9 ^{※2}	150.5
	Operating profit	2.3	(0.7)	0.1	+0	2.4	(0.6)	2.4	2.8
Hankyu Oasis	Gross Sales	84.0	(0.6)%	25.8	(1.8)%	109.8	(0.9)%	109.8	110.8
	Operating profit	1.7	+0	0.2	+0.3	1.9	+0.4	1.9	1.7
Kansai Super Market Business ^{※1}	Gross Sales	97.8	(0.0)%	31.3	0.4%	31.3	0.4%	129.1	129.2
	Operating profit	1.2	(1.4)	1.4	+1.4	1.4	+1.4	2.6	2.8
KFM (Feb.-Mar.)	Operating Profit	Not consolidated				Only 4Q			
		Consolidated	—	(0.4)	—	(0.4)	—	(0.4)	—
Total	Gross Sales	192.8 ^{※2}		96.3 ^{※2}		289.1 ^{※2}		387.8	390.5
	Operating Profit	4.0		1.3		5.3		6.5	7.3
	Ordinary Profit	3.4		1.0		4.4			
	Profit	2.9		4.9		7.8			

Gap in forecast of OP ¥(0.8)bn.
Integration related expense ¥(0.5)bn.
Increasing tax on SG&A ¥(0.1)bn.
Struggles at SuC Izumiya etc. ¥(0.2)bn.

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

※1. Kansai Super Market Business : former consolidation of Kansai Super Market (including KSP)

※2. Sales included other operating revenue

Non-consolidated results

· Izumiya Co., Ltd.

< Overview of financial results >

(millions of yen)			
	Amount	YoY	Inc./Dec.
Gross Sales	105,548	4.1%	4,120
Gross Profit	27,660	4.2%	1,108
Gross profit/ Gross Sales	26.21%	-	0.03pt
Other operating revenue	7,862	(11.6)%	(1,027)
SG & A	33,226	2.4%	782
SG & A/ Net Sales	31.48%	-	(0.51)pt
Operating profit	2,296	(23.4)%	(701)
Operating profit/ Gross Sales	2.18%	-	(0.78)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	-
Closing	Kamishinjo (Osaka), Mozu (Osaka)

< Monthly Sales >

	April	May	June	July	August	September
Existing stores	(7.1)%	(0.6)%	0.7%	(0.8)%	(5.7)%	(0.4)%

	October	November	December	1-3Q
Existing stores	(0.5)%	(5.0)%	(5.0)%	(2.8)%

< Forecast of FY2022 >

(millions of yen)						
	1-3Q		4Q		FY2022	
	Amount	YoY	Forecast	YoY	Forecast	YoY
Gross Sales	105,548	4.1%	33,203	5.1%	138,752	4.3%
Operating profit	2,296	(23.4)%	113	16.3%	2,410	(22.1)%

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

•Hankyu Oasis Co., Ltd.

< Overview of financial results >

(millions of yen)			
	Amount	YoY	Inc./Dec.
Gross Sales	83,997	(0.6)%	(517)
Gross Profit	23,172	2.4%	543
Gross profit/ Gross Sales	27.59%	-	0.81pt
Other operating revenue	5,436	0.8%	43
SG & A	26,879	2.0%	539
SG & A/ Net Sales	32.00%	-	0.83pt
Operating profit	1,730	2.8%	47
Operating profit/ Gross Sales	2.06%	-	0.07pt

* 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	(1)

< Opening and closing stores >

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

< Monthly Sales >

	April	May	June	July	August	September
Existing stores	(5.8)%	0.7%	6.3%	2.3%	1.9%	2.4%

	October	November	December	1-3Q
Existing stores	1.5%	(0.9)%	(5.6)%	0.1%

< Forecast of FY2022 >

(millions of yen)						
	1-3Q		4Q		FY2022	
	Amount	YoY	Forecast	YoY	Forecast	YoY
Gross Sales	83,997	(0.6)%	25,783	(1.8)%	109,781	(0.9)%
Operating profit	1,730	2.8%	162	-	1,892	24.9%

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

(References) Kansai Super Market Business

< Overview of financial results >

(millions of yen)			
	Amount	YoY	Inc./Dec.
Gross Sales	97,805	(0.0)%	(36)
Gross Profit	22,785	(4.5)%	(1,068)
Gross profit/ Gross Sales	23.30%	-	(1.08)pt
Other operating revenue	1,511	2.5%	36
SG & A	23,065	1.8%	413
SG & A/ Net Sales	23.58%	-	0.43pt
Operating profit	1,231	(54.0)%	(1,445)
Operating profit/ Gross Sales	1.26%	-	(1.48)pt

* Consolidated results of Kansai Super Market Ltd. which changed its name to Kansai Food Market Ltd. on February 1, 2022 and Kansai Super Premium Co., Ltd..

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

* Gross profit was temporarily reduced by 378 million yen due to the review of accounting procedures based on estimates. No impact on full-year results.

< Numbers of stores >

Total	64
YoY difference	±0

< Opening and closing stores >

Opening	-
Closing	-

< Monthly Sales >

	April	May	June	July	August	September
Existing stores	(4.4)%	5.2%	5.9%	(0.9)%	0.0%	(0.2)%

	October	November	December	1-3Q
Existing stores	(0.8)%	(0.4)%	(3.2)%	0.0%

< Forecast of FY2022 >

(millions of yen)						
	1-3Q		4Q		FY2022	
	Amount	YoY	Forecast	YoY	Forecast	YoY
Gross Sales	97,805	(0.0)%	31,253	0.4%	129,059	0.1%
Operating profit	1,231	(54.0)%	1,436	2560.9%	2,668	(2.3)%

*1 Kansai Super Market business for the full year was affected by a change in the company responsible for the supermarket business during the period.

Consolidated results of following three companies shown below are reclassified on the basis before the application of "Accounting Standards for Revenue Recognition"

Kansai Super Market Ltd. (from 1 April, 2021 to 31 January, 2022) Note1

Kansai Super Market Ltd. (from 1 February, 2022 to 31 March, 2022) Note2

Kansai Super Premium Co., Ltd. (from 1 April, 2021 to 31 March, 2022)

Note1: Kansai Food Market Ltd. (the company name changed on 1 February, 2022)

Note2: changed its name of company from KS Company Split Preparation Co., Ltd.

*2 Sales and operating profit are 129,059 million yen and 2,231 million yen, including result of Kansai Food Market Ltd. (February-March 2022) which is separated by the company split .

SG & A increased by about 600 million yen due to temporal expenses and an increase in Size-based Business Tax associated with the business integration.