



[Translation]

Consolidated Financial Statements **for the first quarter of the Fiscal Year Ending Mar. 31, 2026**

[Japanese accounting standards]

Aug. 1, 2025

Company name: H2O RETAILING CORPORATION Listing Tokyo Stock Exchange
 Securities code: 8242 URL <https://www.h2o-retailing.co.jp/en>
 Representative President and Representative Director (Name) ARAKI Naoya
 Contact Executive Officer (Name) YOSHIMATSU Hiroyuki (TEL) +81-6-6365-8120
 Scheduled date of dividend payment —
 Preparation of supplementary materials : Yes
 Briefing session on financial results: : Yes (For institutional investors and analysts)

(Figures are rounded down to the nearest millions of JPY.)

1. Consolidated Financial Results for the first quarter of the Fiscal Year Ending Mar. 31, 2026 (From Apr. 1, 2025 to Jun. 30, 2025)

(1) Consolidated Operating Results (Cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of JPY	%	Millions of JPY	%	Millions of JPY	%	Millions of JPY	%
1Q of FYE2026	163,644	1.1	5,504	△40.6	6,141	△39.8	3,980	△85.0
1Q of FYE2025	161,895	4.6	9,266	94.7	10,198	96.4	26,464	685.0

(NOTE) Comprehensive income 1Q of FYE2026 8,538 Millions of JPY (△36.5%) 1Q of FYE2025 13,443 Millions of JPY (29.1%)

	Earnings per share	Earnings per share (Diluted)
	JPY	JPY
1Q of FYE2026	32.89	32.60
1Q of FYE2025	243.37	239.28

(2) Consolidated financial positions

	Total assets	Net assets	Owner's equity ratio
	Millions of JPY	Millions of JPY	%
1Q of FYE2026	707,780	313,192	42.3
FYE2025	730,499	313,420	41.0

(Reference) Equity 1Q of FYE2026 299,213 Millions of JPY FYE2025 299,257 Millions of JPY

2. Dividends

	Annual dividends				
	First quarter	Second quarter	Third quarter	Fiscal Year End	Total
	JPY	JPY	JPY	JPY	JPY
FYE2025	—	20.00	—	22.00	42.00
FYE2026	—				
FYE2026 (Forecast)		22.00	—	22.00	44.00

(NOTE) Revision to recently disclosed dividends forecast : None

3. Consolidated Forecasts for the Fiscal Year Ending Mar. 31, 2026 (From Apr. 1, 2025 to Mar. 31, 2026)

(Percentages indicate year-on-year changes for the full fiscal year and for the quarter.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings Per share
	Millions of JPY	%	Millions of JPY	%	Millions of JPY	%	Millions of JPY	%	JPY
Half year	334,000	0.8	11,000	△26.7	11,600	△27.2	6,300	△76.7	51.55
Full year	690,000	1.2	30,000	△13.9	31,000	△13.7	18,000	△48.3	147.28

(Note 1) Revision to recently disclosed consolidated business results forecast : None

(Note 2) The Company has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the first quarter of FYE2022. Consolidated gross sales, which is equivalent to net sales up to FYE2021 excluding the effects of changes in accounting policies, amounted to 560,000 million of JPY (up 0.3% year on year) for the first half and 1,168,000 million JPY (up 0.7% year on year) for the full year.

Notes

(1) Significant changes in the scope of consolidation during the period : None

Inclusion — Company (Company name) Exclusion — Company (Company name)

(2) Adoption of specific accounting method for preparing quarterly consolidated financial statements : None

(3) Changes in accounting policies, changes in accounting estimates or restatements

(i) Changes in accounting policies due to changes in consolidated accounting standards : None

(ii) Changes in accounting policies other than (i) : None

(iii) Changes in accounting estimates : None

(iv) Restatement of revisions : None

(4) Number of issued shares (common shares)

(i) Number of issued shares at the end of the period (including treasury shares)	1Q of FYE2026	125,201,396 Shares	FYE2025	125,201,396 Shares
(ii) Number of treasury shares at the end of the period	1Q of FYE2026	6,070,544 Shares	FYE2025	2,982,764 Shares
(iii) Average number of shares during the period (cumulative from the beginning of the fiscal year)	1Q of FYE2026	121,035,893 Shares	1Q of FYE2025	108,744,203 Shares

* Review of the accompanying quarterly consolidated financial statements by certified : None
public accountants or an audit corporation

* Explanations and other special notes concerning the appropriate use of business performance forecasts

(Caution regarding forward-looking statements)

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and on certain assumptions deemed to be reasonable, and do not constitute guarantees by the Company of future performance. Actual results may differ materially from the forecast depending on a range of factors.

1. Overview of financial results

This report is presented in the "Supplementary Information to Financial Results for the first quarter of the FYE Mar. 2026 (FY2025)" and the "Presentation Materials of Financial Results for the first quarter of the FYE Mar. 2026 (FY2025)," which were disclosed in TDnet today.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of JPY)

	FYE2025 (As of Mar. 31, 2025)	1Q of FYE2026 (As of Jun. 30, 2025)
Assets		
Current assets		
Cash and deposits	55,590	31,473
Accounts receivable - trade	74,782	68,073
Merchandise and finished goods	19,693	20,705
Work in process	36	182
Raw materials and supplies	681	686
Accounts receivable - other	14,351	15,207
Other	4,773	5,815
Allowance for doubtful accounts	△393	△496
Total current assets	169,516	141,647
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	148,781	146,971
Machinery, equipment and vehicles, net	2,738	2,744
Land	155,593	155,518
Construction in progress	1,216	767
Other, net	10,516	10,452
Total property, plant and equipment	318,847	316,454
Intangible assets		
Software	17,675	21,116
Software in progress	7,466	4,074
Goodwill	7,234	6,612
Other	16,003	15,489
Total intangible assets	48,379	47,292
Investments and other assets		
Investment securities	97,048	106,814
Long-term loans receivable	4,790	4,705
Guarantee deposits	68,731	68,661
Retirement benefit asset	8,513	8,667
Deferred tax assets	15,798	14,566
Other	2,261	2,310
Allowance for doubtful accounts	△3,387	△3,340
Total investments and other assets	193,756	202,385
Total non-current assets	560,983	566,132
Total assets	730,499	707,780

(Millions of JPY)

	FYE2025 (As of Mar. 31, 2025)	1Q of FYE2026 (As of Jun. 30, 2025)
Liabilities		
Current liabilities		
Accounts payable - trade	72,488	64,538
Short-term borrowings	-	2,000
Current portion of long-term borrowings	46,369	46,290
Lease liabilities	681	684
Accounts payable - other	36,872	24,790
Income taxes payable	8,567	1,121
Gift certificates	8,461	8,560
Advances received	34,944	40,261
Provision for bonuses	7,025	4,133
Provision for bonuses for directors	206	65
Provision for loss on store closings	909	437
Asset retirement obligations	225	269
Other	17,024	16,411
Total current liabilities	233,775	209,566
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term borrowings	98,242	97,615
Long-term accounts payable - other	1,700	1,712
Lease liabilities	8,892	8,727
Deferred tax liabilities	35,146	38,090
Deferred tax liabilities for land revaluation	325	325
Provision for retirement benefits for directors	190	189
Provision for redemption of gift certificates	3,440	3,440
Long-term guarantee deposited	11,530	11,512
Net defined benefit liability	10,030	9,593
Asset retirement obligations	3,415	3,440
Other	387	372
Total non-current liabilities	183,303	185,021
Total liabilities	417,079	394,587
Net assets		
Shareholders' equity		
Share capital	17,796	17,796
Capital surplus	80,635	80,631
Retained earnings	155,564	156,855
Treasury shares	△5,546	△11,622
Total shareholders' equity	248,449	243,662
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	47,606	54,268
Revaluation reserve for land	668	668
Foreign currency translation adjustment	1,415	△544
Remeasurements of defined benefit plans	1,116	1,158
Total accumulated other comprehensive income	50,807	55,551
Share acquisition rights	1,462	1,464
Non-controlling interests	12,700	12,514
Total net assets	313,420	313,192
Total liabilities and net assets	730,499	707,780

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income

Quarterly Consolidated statement of income

1Q consolidated cumulative accounting period

(Millions of JPY)

	1Q of FYE2025 (From Apr. 1, 2024 to Jun. 30, 2024)	1Q of FYE2026 (From Apr. 1, 2025 to Jun. 30, 2025)
Net sales	161,895	163,644
Cost of sales	88,712	90,423
Gross profit	73,182	73,221
Selling, general and administrative expenses	63,916	67,716
Operating profit	9,266	5,504
Non-operating income		
Interest income	59	50
Dividend income	1,027	686
Share of profit of entities accounted for using equity method	188	119
Foreign exchange gains	192	-
Gain on debt settlement	162	193
Other	378	256
Total non-operating income	2,007	1,306
Non-operating expenses		
Interest expenses	214	203
Provision for redemption of gift certificates	137	163
Foreign exchange losses	-	161
Expenses related to acquisition of share of subsidiaries	534	-
Other	188	141
Total non-operating expenses	1,075	669
Ordinary profit	10,198	6,141
Extraordinary income		
Subsidy income	-	933
Gain on sale of non-current assets	2,591	90
Gain on step acquisitions	7,984	-
Gain on sale of investment securities	14,232	-
Total extraordinary income	24,807	1,023
Extraordinary losses		
Loss on retirement of non-current assets	179	636
Loss on store closings	-	261
Total extraordinary losses	179	898
Profit before income taxes	34,826	6,267
Income taxes - current	6,925	615
Income taxes - deferred	684	1,218
Total Income taxes	7,610	1,834
Profit	27,216	4,432
Profit attributable to non-controlling interests	751	452
Profit attributable to owners of parent	26,464	3,980

Quarterly Consolidated Statements of Comprehensive Income

1Q consolidated accumulated accounting period

(Millions of JPY)

	1Q of FYE2025 (From Apr. 1, 2024 to Jun. 30, 2024)	1Q of FYE2026 (From Apr. 1, 2025 to Jun. 30, 2025)
Profit	27,216	4,432
Other comprehensive income		
Valuation difference on available-for-sale securities	△11,396	6,661
Foreign currency translation adjustment	△1,296	△2,551
Remeasurements of defined benefit plans, net of tax	64	41
Share of other comprehensive income of entities accounted for using equity method	△1,144	△45
Total other comprehensive income	△13,773	4,106
Quarterly comprehensive income	13,443	8,538
Comprehensive income attributable to		
Quarterly Comprehensive income attributable to owners of parent	13,085	8,724
Quarterly Comprehensive income attributable to non-controlling interests	357	△185