

# Presentation Materials of Financial Results for the first quarter of the FYE Mar. 2026 (FY2025)

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2025.4.1-6.30

H2O RETAILING CORPORATION

Aug. 1, 2025



## Results

- Consolidated operating profit decreased by 40% YoY, mainly due to decrease of operating profit in Department Store Business.
- Department Store Business decreased sales and operating profits. In addition to a decrease in gross profit due to the reactionary decline from the sharp increase in inbound sales in the previous year and the closure of sales areas due to store renovations, an increase in selling, general and administrative expenses, such as system costs, also had an impact.
- In Supermarket Business, sales and operating profit increased due to continued strong sales at supermarkets.

## Forecast

- Although the business environment for Department Store Business remains uncertain, consolidated operating profit is progressing as expected at this point.  
There are no revision to the first-half and full-year earnings forecasts.

### Result for 1Q of FY2025

(100 million of JPY)

YoY

Gross sales	2,733	▲ 31 ▲ 1%
Operating profit	55	▲ 38 ▲ 41%
Profit	40	▲ 225 ▲ 85%

### Forecast for FY2025 (No revision since announced on May. 13, 2025)

(100 million of JPY)

YoY

Gross sales	11,680	+84 +1%
Operating profit	300	▲ 48 ▲ 14%
Profit	180	▲ 168 ▲ 48%

## 1 Results for 1Q of FY2025

## 2 Forecast for FY2025

## 3 Appendix

### Note

- Figures in this document are rounded to the nearest 100 million of JPY when presented in 100 million of JPY.
- Gross Sales in this document are reclassified on the standard before the application of "Accounting Standard for Revenue Recognition".
- The goodwill amount for Ningbo Development and Ningbo Hankyu, which were newly consolidated in first quarter of the fiscal year ending Mar. 2025, was revised from estimated values to final values in fourth quarter of the same fiscal year.  
Consequently, the previous year's goodwill amortization amount was revised based on the final values and recorded accordingly.
- Profit attribute to owners of the parent is shown as Profit.
- "1Q" refers to first quarter; "1-2Q" "1-3Q" "3-4Q" and "1-4Q" refer to the cumulative figures for the respective periods.

# Topics

1 Results for 1Q of FY2025

2 Forecast for FY2025

3 Appendix

# Consolidated Results












- Department Store Business decreased sales and operating profits. In addition to a decrease in gross profit due to the reactionary decline from the sharp increase in inbound sales in the previous year and the closure of sales areas due to store renovations, an increase in selling, general and administrative expenses, such as system costs, also had an impact. Consolidated operating profit decreased by 40% YoY.
- Profit decreased significantly due to the impact of extraordinary gains recorded in first quarter of the previous fiscal year (gains on sales of investment securities, gains on step acquisitions of subsidiaries, etc.).

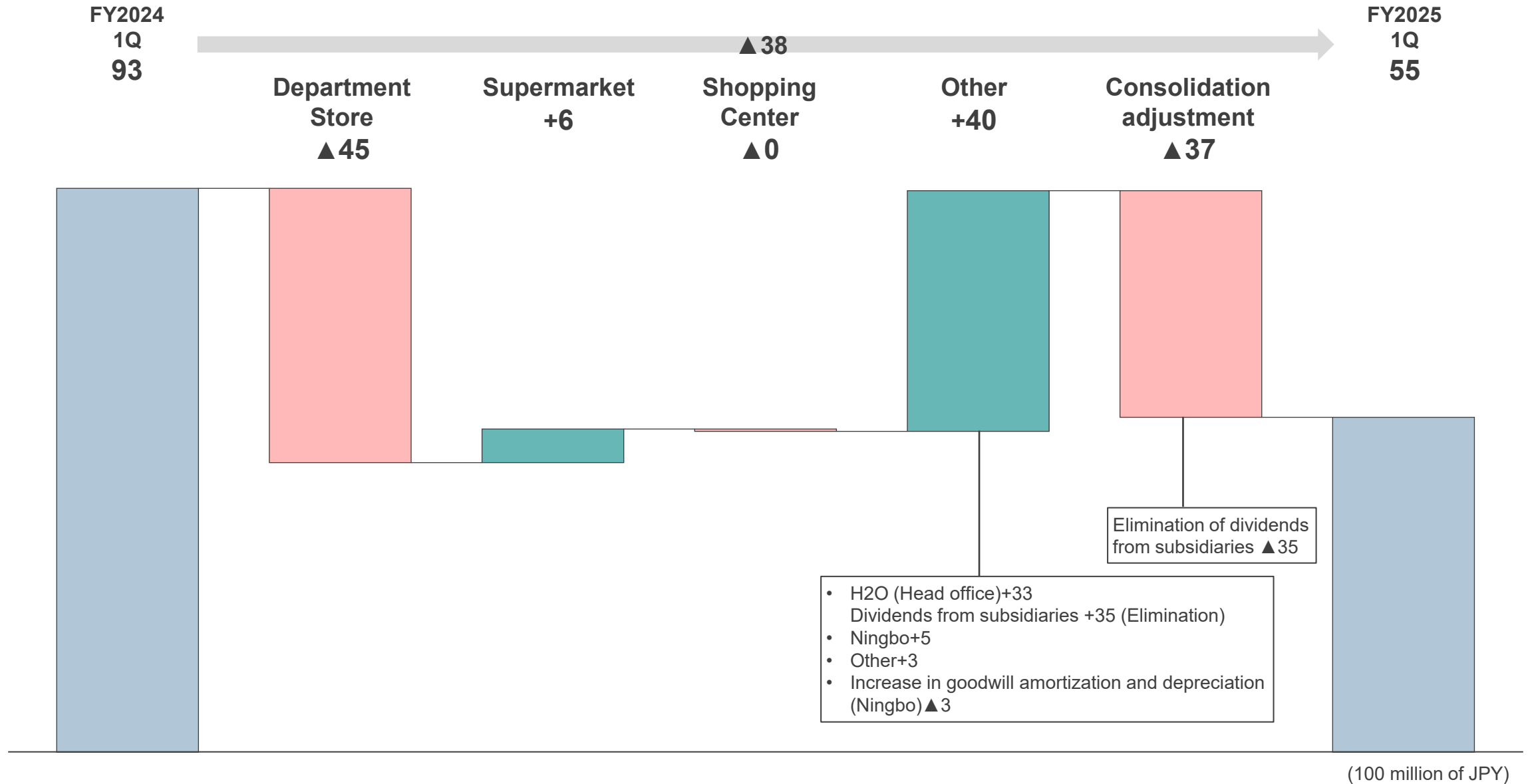
	(100 million of JPY)			
	FY2024 1Q	FY2025 1Q	YoY Change	YoY amount
Gross sales	2,764	2,733	▲1.1%	▲31
Net sales	1,619	1,636	+1.1%	+17
Operating profit	93	55	▲40.6%	▲38
Ordinary profit	102	61	▲39.8%	▲41
Profit	265	40	▲85.0%	▲225

FY2024 1Q: Extraordinary income 24.8 bn. of JPY

## Results by Segment

		(100 million of JPY)			
		FY2024 1Q	FY2025 1Q	YoY Change	YoY amount
	Department Stores	1,554	1,393	▲10.3%	▲160
	Supermarket	1,034	1,064	+2.9%	+30
	Shopping Center	82	75	▲8.4%	▲7
	Other	94	200	+113.3%	+106
Gross sales		2,764	2,733	▲1.1%	▲31
	Department Stores	80	35	▲56.6%	▲45
	Supermarket	15	21	+35.7%	+6
	Shopping Center	13	13	▲2.9%	▲0
	Other	66	105	+60.1%	+40
	Consolidation adjustment	▲82	▲119	—	▲37
Operating profit		93	55	▲40.6%	▲38

# Results by Segment- Factors of Increase / Decrease in Operating Profit (YoY)



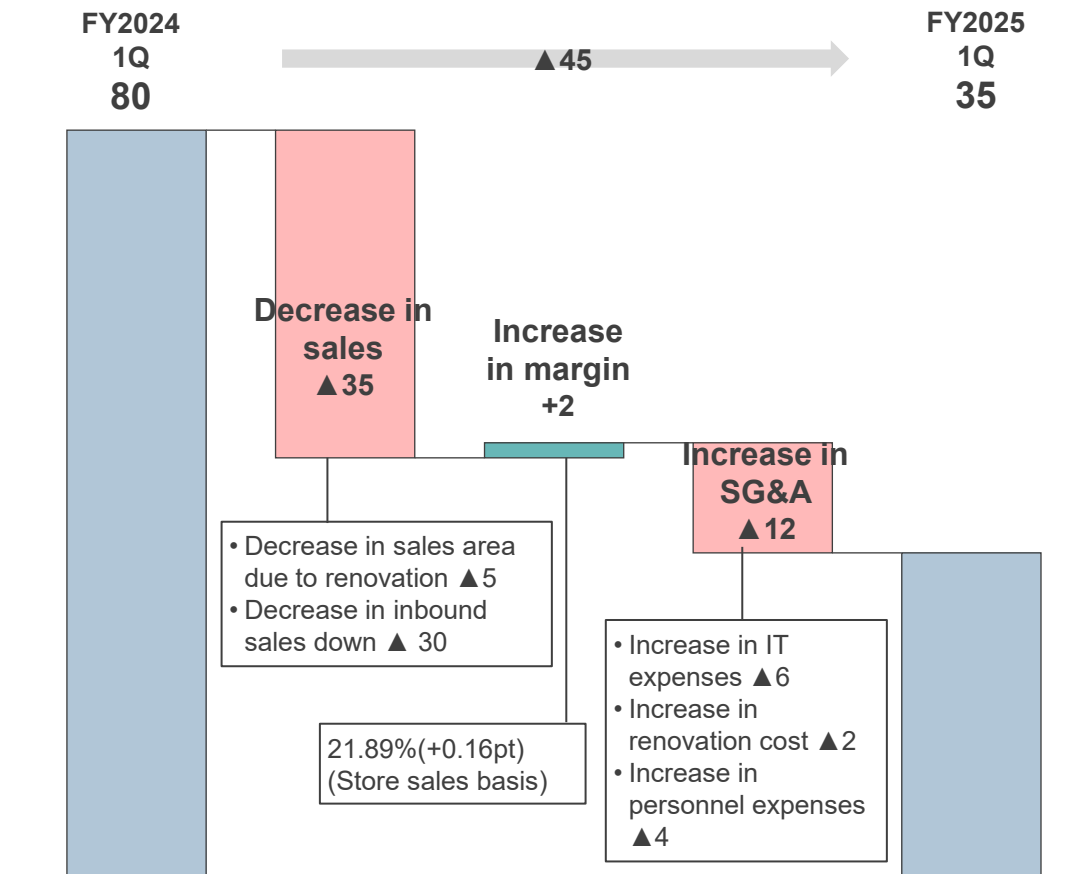
# Results by Segment-Department Store Business (1/3)

- Domestic sales remained steady, but inbound sales declined significantly from the strong performance of the previous year.
- Operating profit decreased by 57% YoY due to increased expenses that were not recorded in the previous year.

(100 million of JPY)

	FY2024 1Q	FY2025 1Q	YoY Change	YoY amount
Gross sales	1,554	1,393	▲10.3%	▲160
Net sales	457	417	▲8.9%	▲41
Gross profit	338	305	▲9.8%	▲33
SG&A expenses	259	270	+4.6%	+12
Operating profit	80	35	▲56.6%	▲45

## Factors of Increase / Decrease in Operating Profit (YoY)



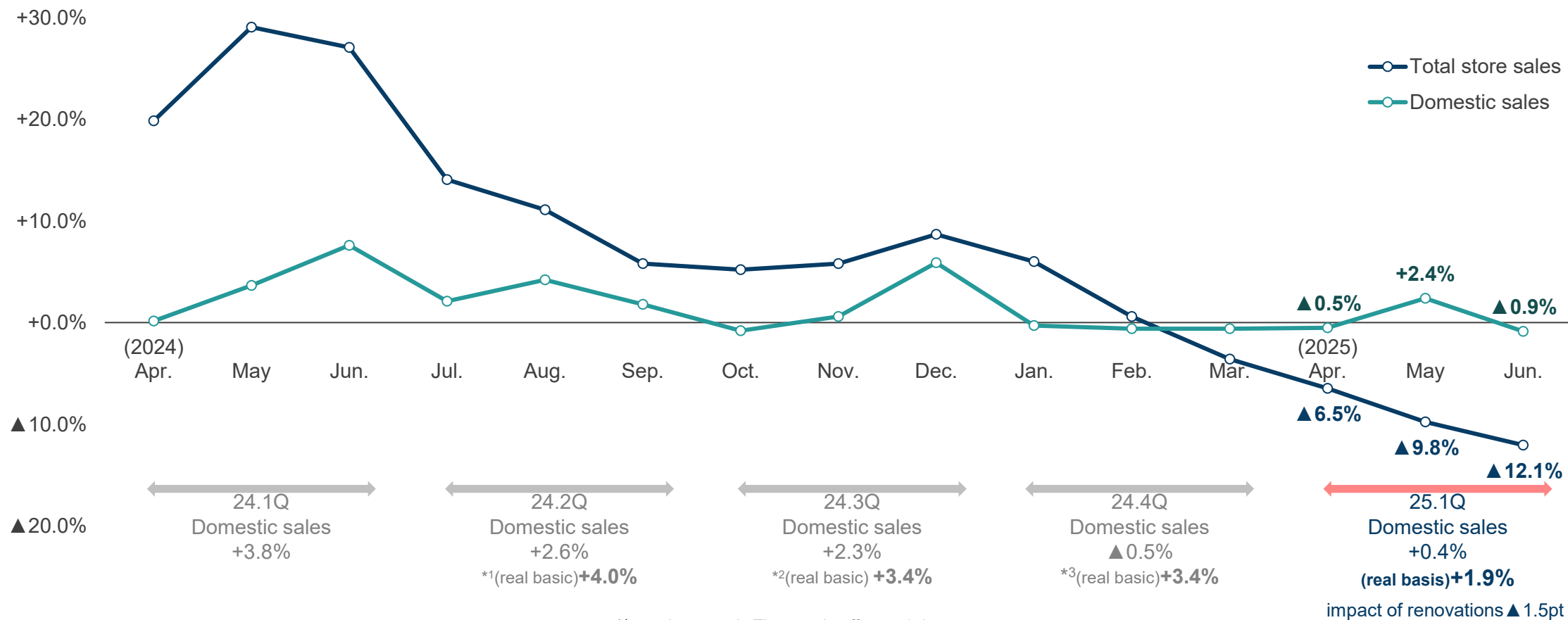
(100 million of JPY)



# Results by Segment-Department Store Business (2/3)

- All store sales declined by 9.5% YoY due to a reactionary decline in inbound sales, which had risen sharply in first quarter of the previous year, and the impact of reduced sales areas due to renovation work (Hanshin Umeda Main Store, Kawanishi Hankyu Square, and Hankyu Main Store).
- Domestic sales remained steady, increasing 1.9% YoY on a real basis (excluding the impact of renovations), progressing generally as expected.

## Sales trends (All stores /All stores domestic)



\*1 previous year's Tigers sale effect ▲1.4pt

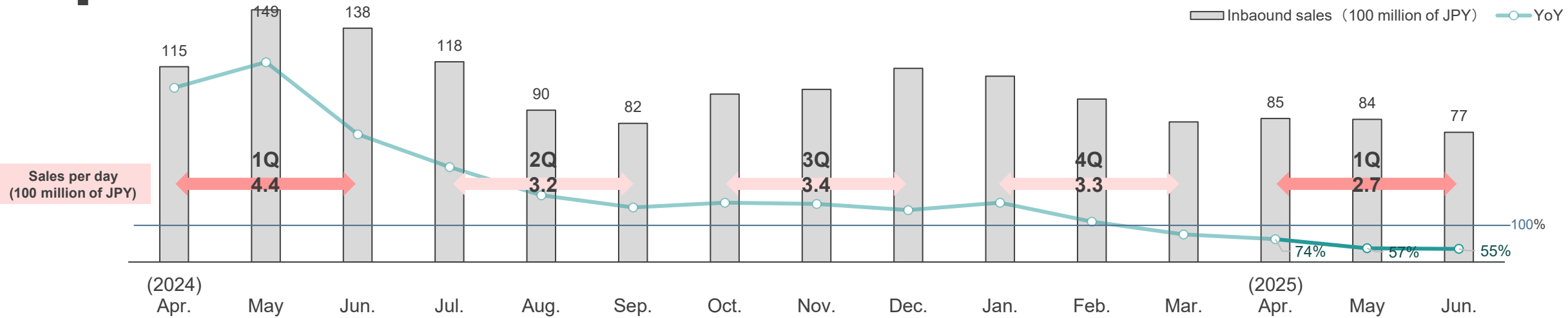
\*2 previous year's Tigers sale effect ▲1.0pt

\*3 renovation impact ▲2.3pt, business days ▲1.7pt

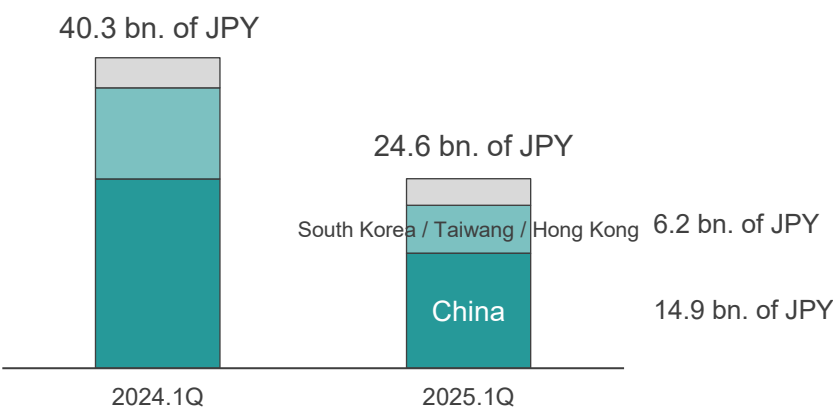
# Results by Segment-Department Store Business (3/3)-Inbound Sales

■ Inbound sales decreased by 40% YoY. Average spend per customer declined due to a reactionary effect from the sharp increase in sales in Apr.-Jun. of the previous year, which was driven by last-minute purchases before luxury brand price hiking and yen depreciation).

## Inbound sales trends



## Inbound sales by region



	(YoY:%)		
	Sales	Number of customers	Average spend per customer
China	▲ 39%	+3%	▲ 41%
South Korea Taiwan Hong Kong	▲ 48%	▲ 22%	▲ 33%
Others	▲ 10%	+17%	▲ 23%
Total	▲ 39%	▲ 7%	▲ 35%

- Number of customers  
South Korea saw a significant decline, but overall remained at the previous year's level at ▲ 7%.
- Average spend per customer  
There was a significant YoY decline compared to the sharp rise in 1Q of the previous year (last-minute purchase before luxury brand price hiking and yen depreciation).
- Sales by customers  
While general tourist sales fell by 50%, VIP sales fell by only 10%, limiting the decline.

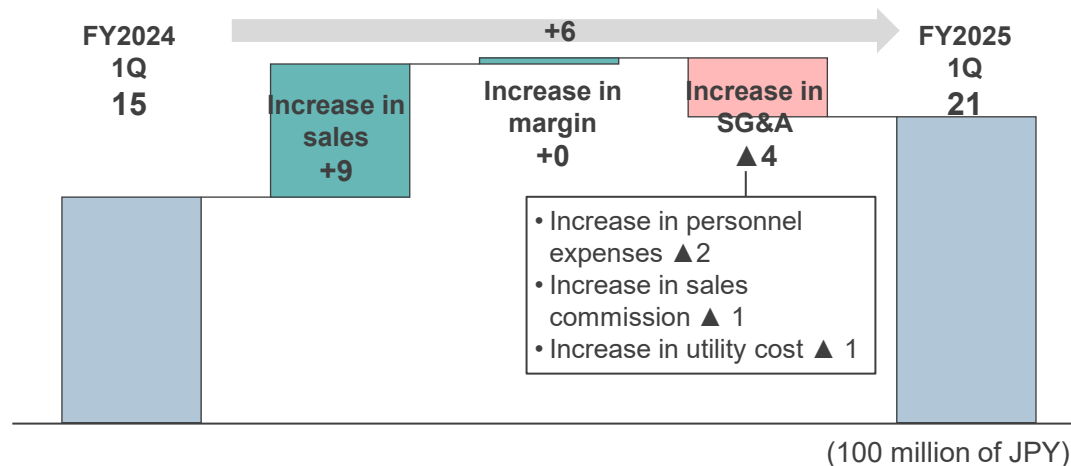
# Result by Segment-Supermarket Business

- Existing store sales at supermarkets remained strong, increasing 3.4% YoY. Increases in selling, general, and administrative expenses, including personnel expenses, were offset by higher gross profit due to increased sales, resulting in higher operating profit.

(100 million of JPY)

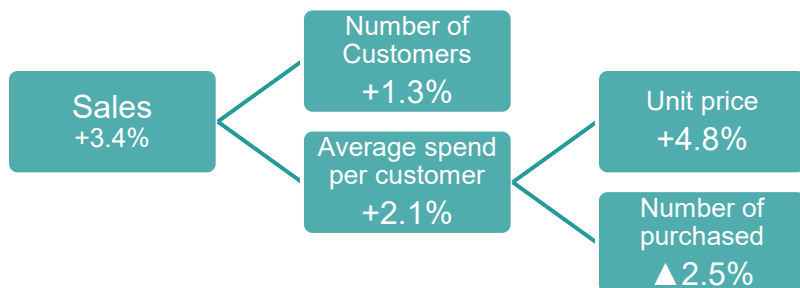
	FY2024 1Q	FY2025 1Q	YoY Change	YoY amount
Gross sales	1,034	1,064	+2.9%	+30
Operating profit	15	21	+35.7%	+6

## Factors of Increase / Decrease in Operating Profit (YoY)



## Existing store sales at supermarkets (YoY change)

- In addition to the continuous hiking in prices, the price of rice has also risen, causing the unit price of each item to rise.



## New store format of supermarkets

- Each of the two new store format that launched in April 2025 is exceeding its budget by more than 10%.

### Value-appeal type (A type)



### Price-appeal type (C type)



# Result by Segment-Shopping Center Business

- Decrease in segment sales due to sale of subsidiaries. Oi Development, which operates hotel, increased operating profit due to higher average price per room, despite the impact of room renovation work.

	(100 million of JPY)			
	FY2024 1Q	FY2025 1Q	YoY Change	YoY amount
Gross sales	82	75	▲8.4%	▲7
Operating profit	13	13	▲2.9%	▲0

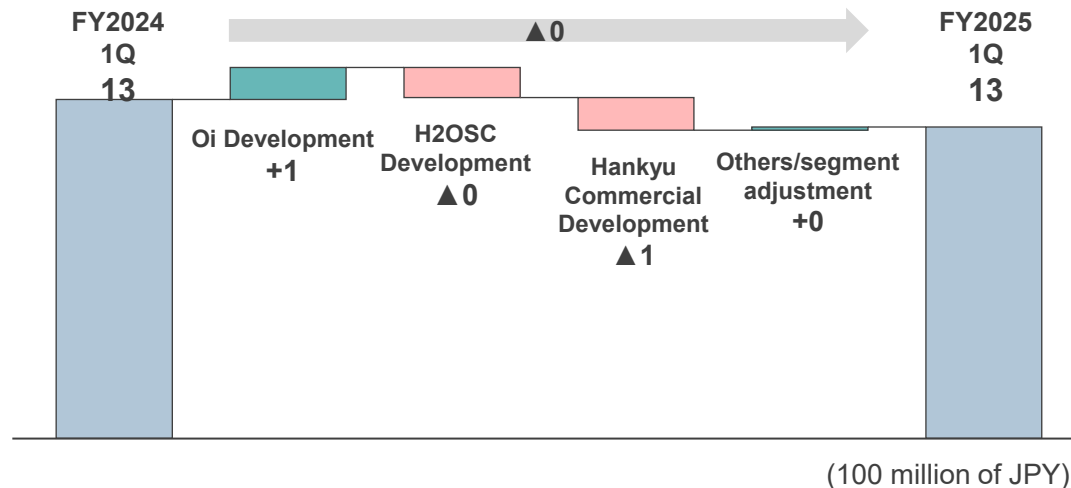
## Oi Development (Ours Inn Hankyu) Business Conditions

- Average Daily Rate (ADR) increased more than expected.
- Renovation of guest rooms started in Apr, and the occupancy rate decreased from the previous year.

ADR  
Approx.  
+20%  
(YoY)

Occupancy  
rate  
87%

## Factors of Increase / Decrease in Operating Profit (YoY)



## Business conditions and initiatives in shopping center

- H2O Commercial Development struggles with clothing sales due to high temperatures, but food trucks at Osaka-Kansai Expo sales well.
- Hankyu Commercial Development is performing well, with stable tenant sales and a boost from inbound sales.



Food truck (at Osaka-Kansai Expo)

# Topics

1 Results for 1Q of FY2025

2 Forecast for FY2025

3 Appendix

**\*No revision since announced on May. 13, 2025.**

Forecast for FY2025-Consolidated Forecast



(100 million of JPY)

	1-2Q Forecast			3-4Q Forecast			1-4Q Forecast		
		1H of FY2024	YoY		2H of FY2024	YoY		FY2024	YoY
Gross sales	5,600	5,585	+0.3% +15	6,080	6,012	+1.1% +68	11,680	11,596	+0.7% +84
Net sales	3,340	3,313	+0.8% +27	3,560	3,505	+1.6% +55	6,900	6,818	+1.2% +82
Operating profit	110	150	▲26.7% ▲40	190	198	▲4.2% ▲8	300	348	▲13.9% ▲48
Ordinary profit	116	159	▲27.2% ▲43	194	200	▲2.9% ▲6	310	359	▲13.7% ▲49
Profit	63	271	▲76.7% ▲208	117	78	+50.9% +39	180	348	▲48.3% ▲168

\*No revision since announced on May. 13, 2025.

# Forecast for FY2025-Forecast by Segment

(100 million of JPY)

		1-2Q Forecast	1H of FY2024	YoY	3-4Q Forecast	2H of FY2024	YoY	1-4Q Forecast	FY2024	YoY
	Department Stores	2,900	3,050	▲4.9% ▲150	3,265	3,300	▲1.0% ▲35	6,165	6,350	▲2.9% ▲185
	Supermarket	2,165	2,112	+2.5% +53	2,235	2,174	+2.8% +61	4,400	4,285	+2.7% +115
	Shopping Center	150	160	▲6.2% ▲10	155	158	▲1.7% ▲3	305	318	▲4.0% ▲13
	Other	385	263	+46.5% +122	425	381	+11.6% +44	810	644	+25.8% +166
Gross sales		5,600	5,585	+0.3% +15	6,080	6,012	+1.1% +68	11,680	11,596	+0.7% +84
	Department Stores	92	126	▲27.1% ▲34	148	156	▲5.3% ▲8	240	282	▲15.0% ▲42
	Supermarket	38	37	+3.1% +1	57	53	+8.4% +4	95	89	+6.2% +6
	Shopping Center	17	21	▲19.8% ▲4	16	18	▲11.1% ▲2	33	39	▲15.8% ▲6
	Other	81	48	+70.5% +33	▲31	▲26	— ▲5	50	22	+127.5% +28
	Consolidation adjustment	▲118	▲82	— ▲36	—	▲3	— +3	▲118	▲85	— ▲33
Operating profit		110	150	▲26.7% ▲40	190	198	▲4.2% ▲8	300	348	▲13.9% ▲48

\*No revision since announced on May. 13, 2025.

# Appendix

1 Results for 1Q of FY2025

2 Forecast for FY2025

3 Appendix












## Consolidated results trends

(100 million of JPY)

	FY2024				FY2025	
	1Q	2Q	3Q	4Q	1Q	YoY
Gross sales	2,764	2,821	3,155	2,857	2,733	▲ 1.1%
Net sales	1,619	1,694	1,836	1,669	1,636	+1.1%
Operating profit	93	57	139	59	55	▲ 38
Ordinary profit	102	57	140	59	61	▲ 41
Profit	265	6	104	▲ 26	40	▲ 225

## Results trends by Segment

(100 million of JPY)

		FY2024				FY2025	
		1Q	2Q	3Q	4Q	1Q	YoY
	Department Store	1,554	1,496	1,766	1,533	1,393	▲10.3%
	Supermarket	1,034	1,078	1,130	1,043	1,064	+2.9%
	Shopping Center	82	78	87	71	75	▲8.4%
	Other	94	169	172	209	200	+113.3%
<b>Gross sales</b>		<b>2,764</b>	<b>2,821</b>	<b>3,155</b>	<b>2,857</b>	<b>2,733</b>	<b>▲1.1%</b>
	Department Store	80	47	107	50	35	▲45
	Supermarket	15	21	32	20	21	+6
	Shopping Center	13	8	12	6	13	▲0
	Other	66	▲18	▲12	▲14	105	+40
	Consolidation adjustment	▲82	▲0	▲0	▲3	▲119	▲37
<b>Operating profit</b>		<b>93</b>	<b>57</b>	<b>139</b>	<b>59</b>	<b>55</b>	<b>▲38</b>

# Department Store Business-Results trends



(100 million of JPY)

	FY2024				FY2025	
	1Q	2Q	3Q	4Q	1Q	YoY
Gross sales	1,554	1,496	1,766	1,533	1,393	▲10.3%
Net sales	457	463	542	459	417	▲8.9%
Gross profit	338	327	390	330	305	▲33
SG&A expenses	259	280	283	281	270	+12
Operating profit	80	47	107	50	35	▲45

# Non-operating Income / Expenses and Extraordinary Income / Losses

(100 million of JPY)

	FY2024 1Q	FY2025 1Q	YoY change	Major items
Operating profit	93	55	▲38	
<b>Non-operating income / expenses</b>	<b>9</b>	<b>6</b>	<b>▲3</b>	<ul style="list-style-type: none"> <li>• Decrease in expenses related to acquisition of shares of subsidiaries +5</li> <li>• Decrease in dividends income ▲3</li> <li>• Decrease in foreign exchange gain ▲2</li> <li>• Increase in foreign exchange loss ▲2</li> <li>• Decrease in share of profit of entities accounted for using equity method ▲1</li> </ul>
Ordinary profit	102	61	▲41	
<b>Extraordinary income / losses</b>	<b>246</b>	<b>1</b>	<b>▲245</b>	<ul style="list-style-type: none"> <li>• Increase in subsidies income +9</li> <li>• Decrease in gain on sales of investment security ▲142</li> <li>• Decrease in gain on step acquisitions ▲80</li> <li>• Decrease in gain on sales of non-current assets ▲25</li> <li>• Increase in loss on retirement of non-current assets ▲5</li> <li>• Increase in loss on store closings ▲3</li> </ul>
Income before income taxes	348	63	▲286	
<b>Income taxes, non- controlling interests</b>	<b>84</b>	<b>23</b>	<b>▲61</b>	
Profit	265	40	▲225	

# Capital Investment and Depreciation

## Capital Investment

(100 million of JPY)

	FY2024 1Q	FY2025 1Q	Major items	FY2025 Forecast
Department Store	13	30	Hankyu Main Store / Hanshin Umeda Main Store / Kawanishi Hankyu Square renovation	144
Supermarket	21	10	New store openings and store renovations of supermarkets	63
Shopping Center	6	3	Renovation of shopping center stores	26
Other	33	22	System investments of H2O Retailing	161
IT・DX	32	20		123
Ningbo	—	0		14
Total	68	64		395

## Depreciation

(100 million of JPY)

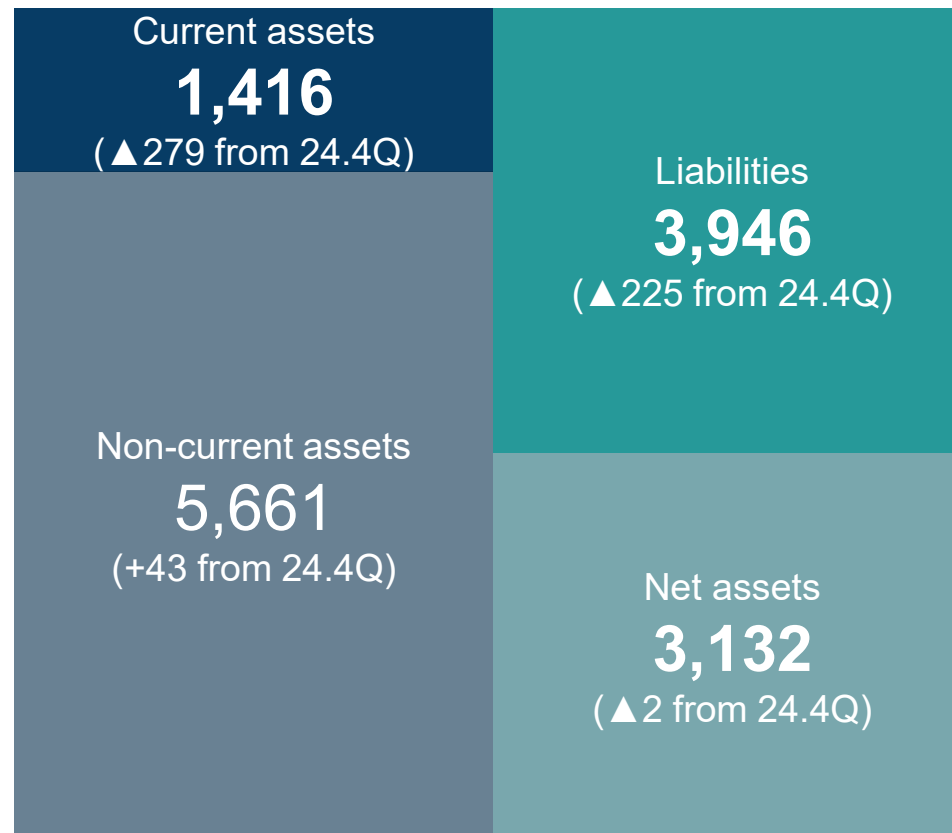
	FY2024 1Q	FY2024 1-4Q	FY2025 1Q	YoY change amount
Consolidated Total	48	235	61	+13

# Consolidated B/S

- Non-current assets increased due to an increase in unrealized gains on investment securities, and treasury shares increased due to the purchase of treasury shares since May.

(100 million of JPY)

**Total assets 7,078** (▲227 from 24.4Q)



## Major changes

- Decrease in cash and deposits ▲241

## Major changes

- Increase in investment securities +102
- Decrease in property, plant and equipment ▲ 24
- Decrease in intangible assets ▲ 11
- Decrease in deferred tax assets ▲12

## Major changes

- Decrease in accounts payable - trade ▲80
- Decrease in accounts payable - other ▲ 121
- Decrease in provision for bonus ▲29
- Increase in deferred tax liabilities +29

## Major changes

- Increase in retained earnings +13
- Increase in treasury shares ▲61
- Increase in total accumulated other comprehensive income +47

**Equity ratio 42%** (24.4Q : 41%)

## Cautionary Statement

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