



May 12, 2026

[Translation]

To whom it may concern

Corporate Name: H2O RETAILING CORPORATION

Representative: ARAKI Naoya

President and Representative Director

(Securities Code: 8242

Prime Market of the Tokyo Stock Exchange)

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Progress of “Measures to Achieve Management Conscious of Cost of Capital and Stock Price”

The Company hereby announces that its Board of Directors, at a meeting held today, analyzed the current status of the “Measures to Achieve Management Conscious of Cost of Capital and Stock Price” announced on May 15, 2024, and resolved to update the contents for improvement.

Please refer to the Progress of “Measures to Achieve Management Conscious of Cost of Capital and Stock Price” in the attached document for details.

End

Progress of “Measures to Achieve Management Conscious of Cost of Capital and Stock Price”

H2O RETAILING CORPORATION

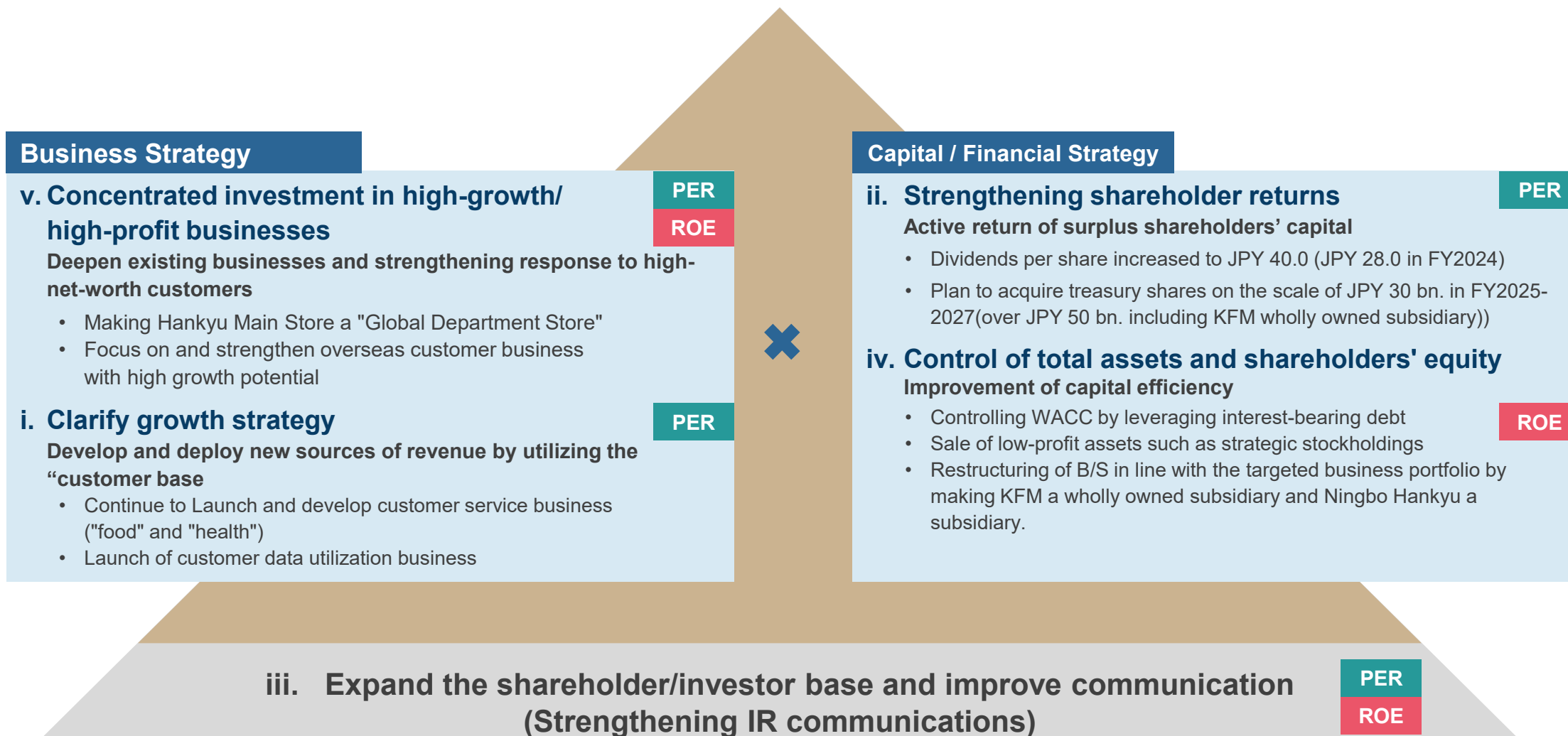
May 12, 2026



Direction of Initiatives to Increase Corporate Value and Shareholder Value

[Disclosed in May 2024]

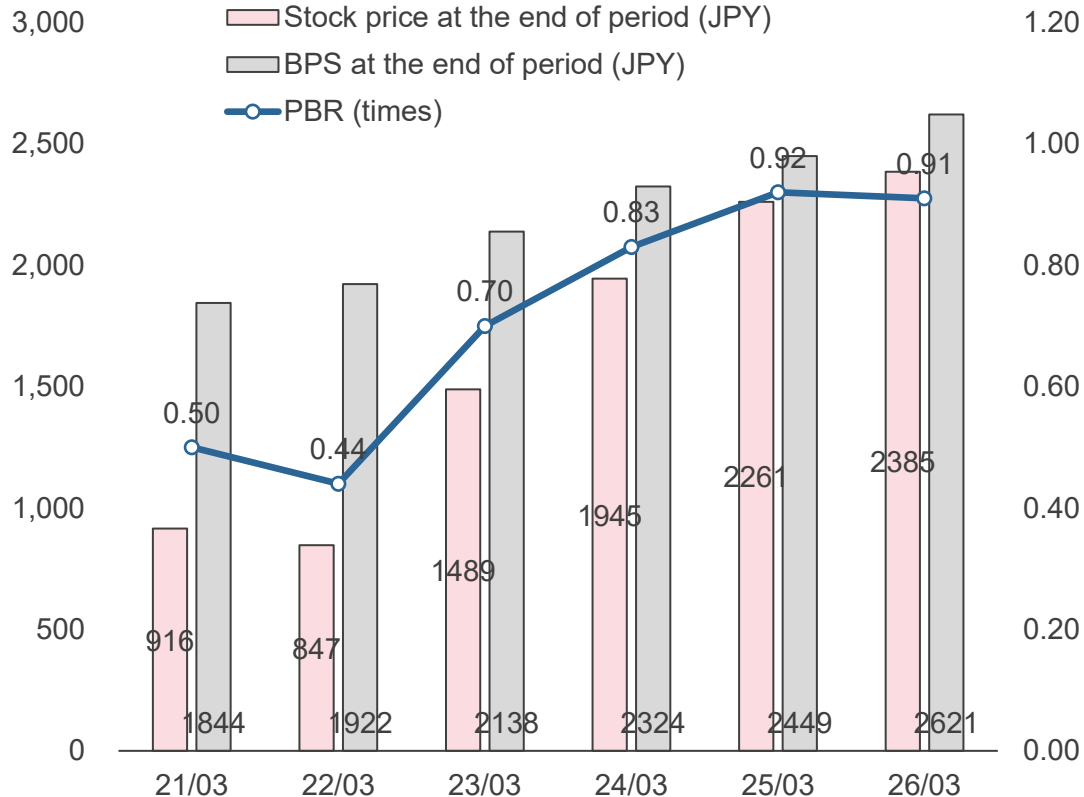
- ▶ By executing the business strategy and actively advancing the capital and financial strategies implemented since FY2024, the Company aims to achieve a PBR of 1.0 as soon as possible and sustain this level on a long-term basis.



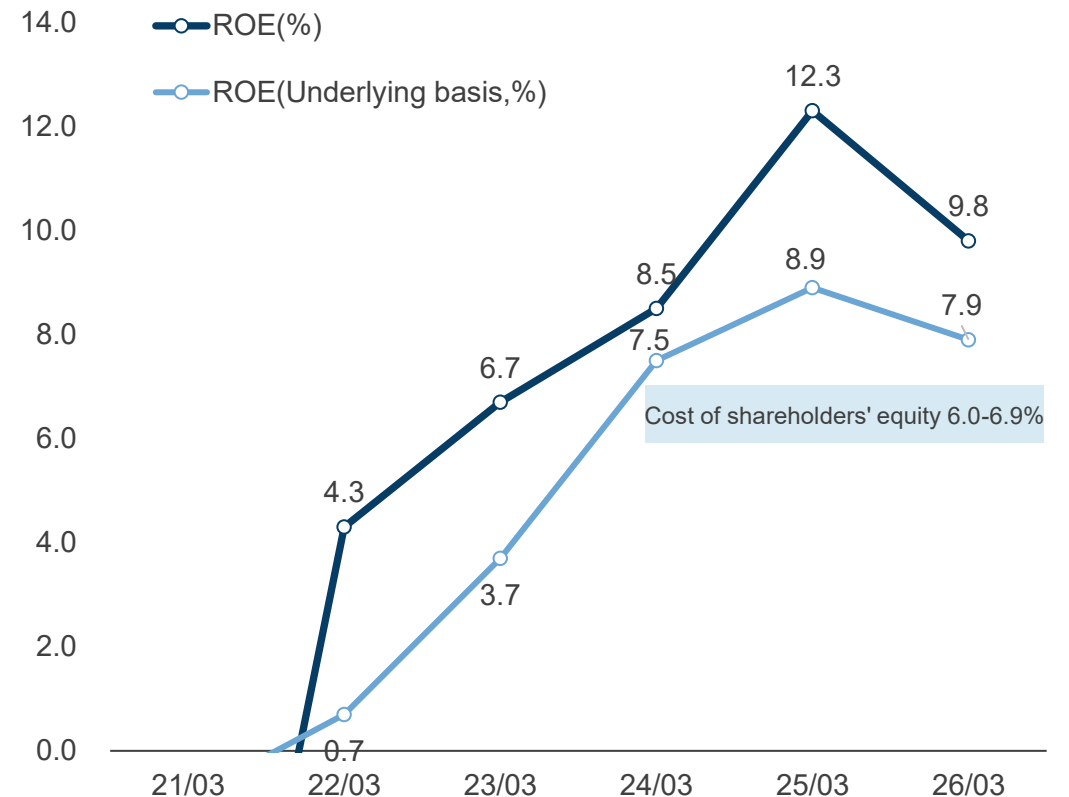
Analysis of Current Status and Direction of Initiatives

- ▶ While the Nikkei Stock Average is rising, the company's PBR currently stands at around 0.9 times; the PER remains a challenge in achieving our target of 1.2 times or higher.
- ▶ The Company will continue to improve ROE and work to improve our PER by implementing growth strategy, enhancing shareholder returns, and strengthening investor relations.

Trends of Stock Price and PBR



Trends of ROE and cost of shareholders' equity



* Underlying ROE is calculated excluding extraordinary gains

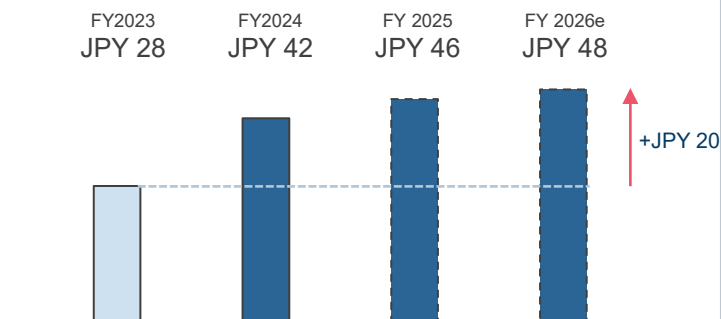
Initiatives to Improve Capital Efficiency and Market Valuation (FY2024-2026)

Capital / Financial Strategy

Dividends

Annual dividend per share for FY 2026

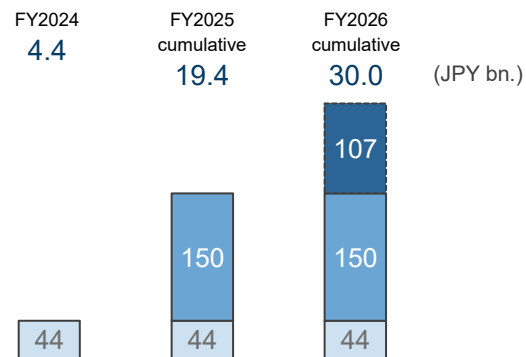
JPY 48 (+JPY 20 from FY 2023)



Acquisition of Own Shares

Steadily implementing the three-year cumulative target of

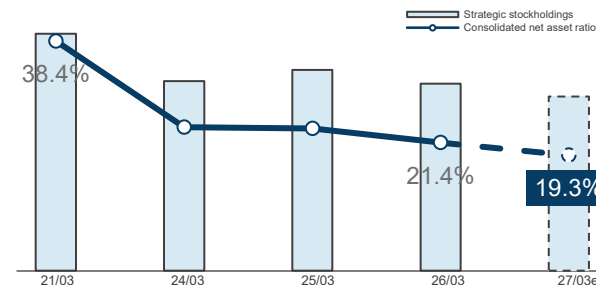
JPY 30.0 bn



Scaling back strategic stockholdings

Through reduction of strategic stockholdings, holding ratio* will be **20% or less**

* Estimated value of strategic stockholdings, including unlisted shares, as of the end of FY2026 / Net assets



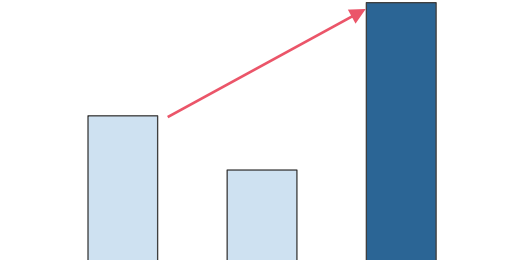
Business Strategy

Renovations at the Hankyu Main Store

Remodel of the Hankyu Main Store Completed

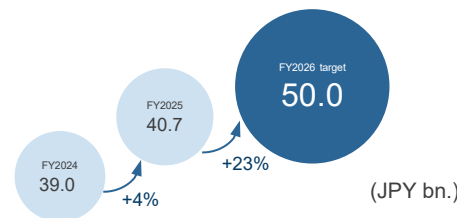
FY2026 sales target
JPY 400.0 bn.
(+JPY 35.0 bn. compared to FY2024)

FY2024: JPY 365.3 bn.
FY2026 target: JPY 400.0 bn.



Overseas Customer Business

Steady growth driven by VIP acquisition



Ningbo Hankyu subsidiary earnings have stabilized

Ningbo Hankyu operating profit
JPY 1.4 bn. (FY2025)

Renovations and area development supporting expansion.

High-Net-Worth Customers Business

Strengthening connections with top customers



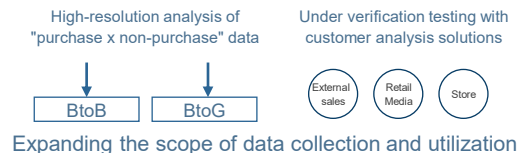
Response to next level affluent customer needs

Specialized Organization × Content Development × Customer Development

Moving forward with the development of post-LUX content and services

Customer Data Utilization Business

Positive response in BtoB and BtoG



Regional Vitality Creation Business

Leveraging competitive advantages to balance social and financial value.



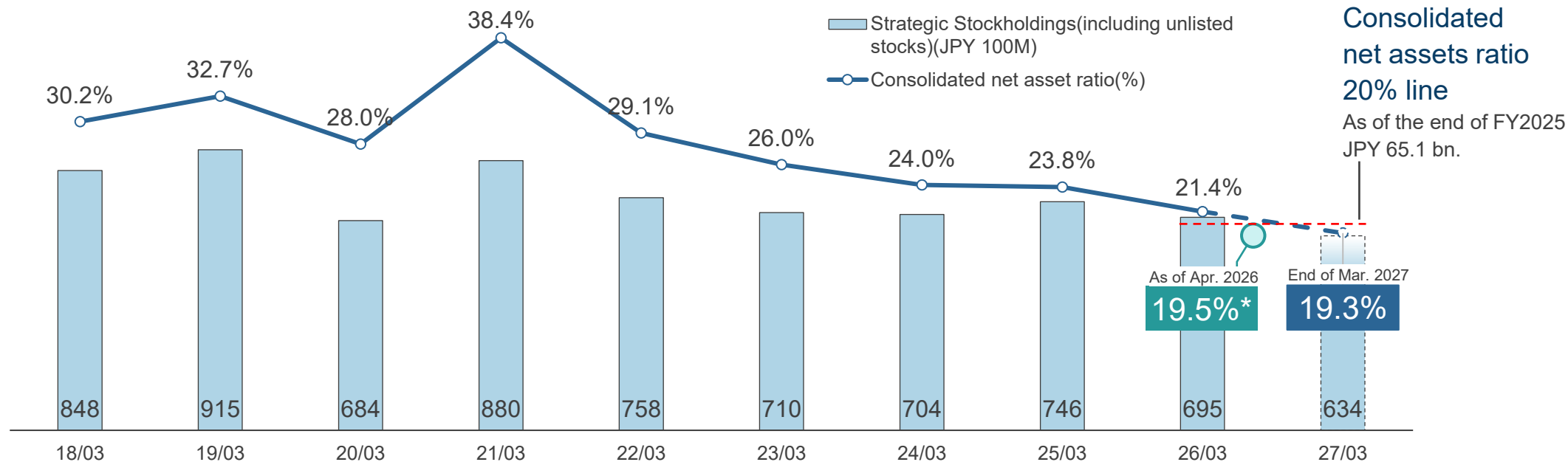
Going forward, expanding our service areas and developing new services to establish a revenue model

Scaling Back Strategic Stockholdings to a Level below 20% of net assets

- ▶ The Company has been steadily reducing its strategic shareholdings, including the sale of TOHO shares in April 2026, and will continue these reduction efforts.
- ▶ Following this latest sale, the ratio of strategic shareholdings to consolidated net assets is expected to fall below 20% by the end of Mar. 2027.

Progress in Reducing Strategic Shareholdings

	18/03	19/03	20/03	21/03	22/03	23/03	24/03	25/03	26/03	27/03 forecast
Number of listed stocks	16	16	15	15	7	5	4	4	4	4
Sale amount (JPY bn.)	0	—	37	—	94	168	0	174	149	58



Shareholder Returns

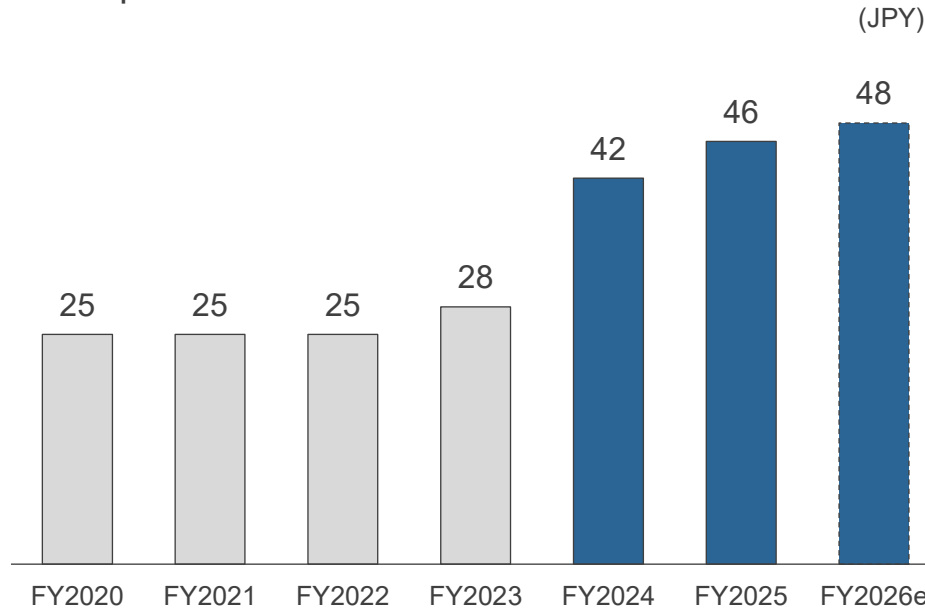
Shareholder Return Policy (FY2024-2026)

In principle, the Company will pay out dividends based on a DOE of over 1.8% and will flexibly return profits to shareholders in accordance with business performance.

Dividends: Increased to JPY 40.0 per share (FY2024 target at the time of Mid-Term Management Plan announcement)

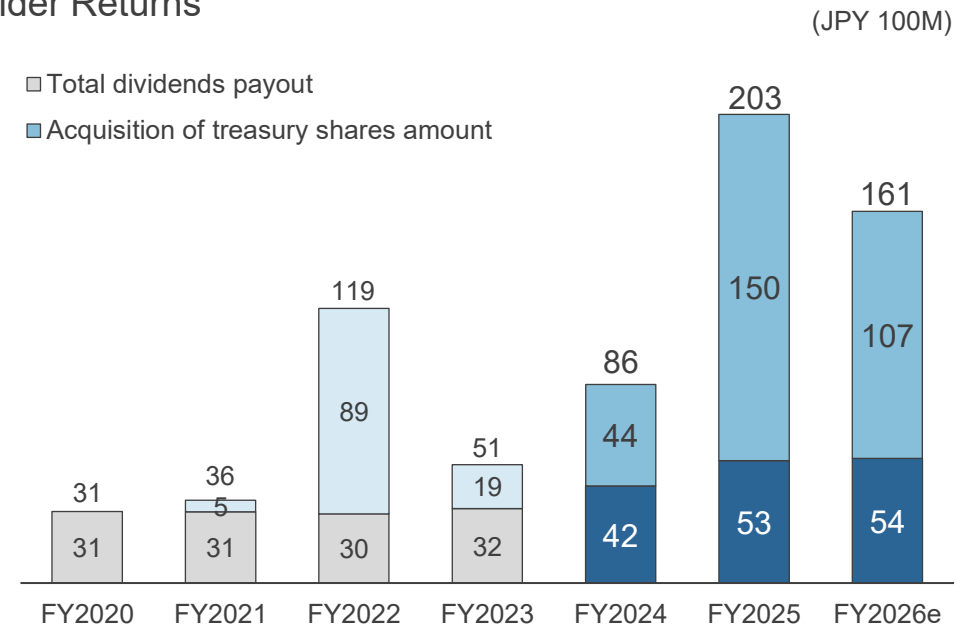
Acquisition of own shares: Scale of JPY 30.0 bn. in 3 years (equivalent to a total payout ratio of 60% or more over 3 years)

Dividends per share



Dividend payout ratio	—	31%	18%	15%	14%	18%	24%
DOE*	1.9%	1.6%	1.5%	1.2%	1.8%	2.1%	2.1%

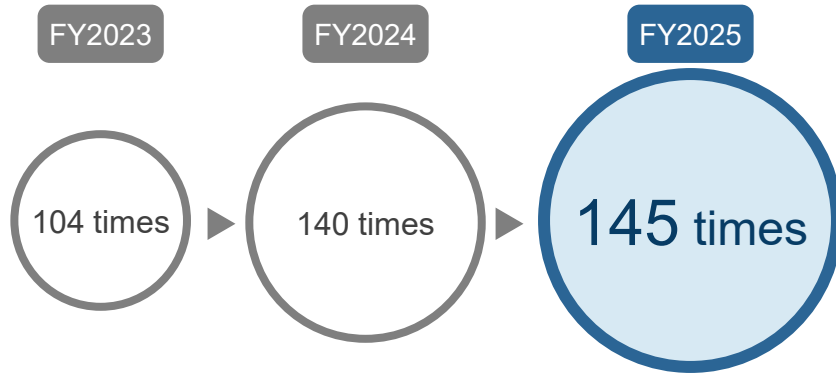
Shareholder Returns



Total payout ratio	—	36%	73%	22%	25%	68%	70%
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Dialogue with Shareholders and Investors

Results of Dialogue with investors (Number of 1-on-1 Meeting)



IR Activities

		FY2023	FY2024	FY2025
Domestic institutional investors	IR Day	1 times	1 times	1 times
Overseas institutional investors	Overseas IR physical roadshows	1 times	1 times	1 times
Individual investors	Briefings for individual investors	—	1 times	2 times
	Shareholder events	—	—	2 times
Group employees	Briefings for employees	3 times	4 times	6 times

Enhancement of Shareholder Benefits

Update of Supermarket Benefit Program

S-Point reward program based on purchase amounts at supermarket stores will be introduced starting in FY2026.

Rewards based on shareholding status
3-7%

Improving shareholder convenience and increasing store sales

Expansion of Long-Term Holding Benefits

Relaxing long-term holding criteria and introducing long-term holding benefits

- Long-term holding standards
 - Both the number of shares held and the holding period have been relaxed
- Long-term holding benefits
 - Increased S points reward program rate on purchases
 - S Point reward

Buying additional shares and holding them long-term

Initiatives for Individual Investors



Shareholder events



Briefings for individual shareholders

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