[Translation]

Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2027

[Japanese accounting standards]

Aug. 4, 2026

Company name: H2O RETAILING CORPORATION Listing Tokyo Stock Exchange
Securities code: 8242 URL https://www.h2o-retailing.co.jp/en
Representative Title: President and Representative Director (Name) ARAKI Naoya
Contact Title: 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 Fiscal Year Ending Mar. 31, 2027
(From Apr. 1, 2026 to Jun. 30, 2026)

(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 FYE2027	164,541	0.5	7,278	32.2	8,068	31.4	10,265	157.9
1Q of FYE2026	163,644	1.1	5,504	△40.6	6,141	△39.8	3,980	△85.0

(Note) Comprehensive income 1Q of FYE 2027 △481 Millions of JPY (- %) 1Q of FYE 2026 8,538 Millions of JPY (△36.5%)

	Earnings per share	Earnings per share (Diluted)
	JPY	JPY
1Q of FYE2027	89.75	88.94
1Q of FYE2026	32.89	32.60

(2) Consolidated financial position

	Total assets	Net assets	Owner’s equity ratio
	Millions of JPY	Millions of JPY	%
1Q of FYE2027	680,482	318,192	44.4
FYE2026	714,709	325,440	43.4

(Reference) Shareholders' equity 1Q of FYE 2027 302,033 Millions of JPY FYE2026 309,941 Millions of JPY

2. Dividends

	Annual dividends				
	First quarter	Second quarter	Third quarter	Fiscal year end	Total
	JPY	JPY	JPY	JPY	JPY
FYE2026	-	22.00	-	24.00	46.00
FYE2027	-				
FYE2027 (Forecast)		24.00	-	24.00	48.00

(Note) Revision to recently disclosed dividends forecast : None

3. Consolidated Forecasts for the Fiscal Year Ending Mar. 31, 2027 (From Apr. 1, 2026 to Mar. 31, 2027)

(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	342,500	2.8	10,000	△15.6	10,500	△15.4	13,500	95.4	117.39
Full year	712,000	4.7	32,500	0.4	33,000	△4.4	23,000	△23.2	199.99

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

(Note 2) Consolidated gross sales, which is equivalent to net sales excluding the effects of changes in "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other standards, amounted to 586,500 million JPY (up 5.6% year on year) for the half year and to 1,245,000 million JPY (up 7.1% year on year) for the full year.

* Notes

(1) Significant changes in the scope of consolidation during the period : Yes

Inclusion — company (Company name) Excluded 1company (Company name) KANSAI SUPER MARKET LTD.

(Note) Effective Apr. 1, 2026, the Company completed an absorption-type merger in which its consolidated subsidiary, Izumiya・Hankyu Oasis Co., Ltd., became the surviving company, and another of its consolidated subsidiaries, KANSAI SUPER MARKET LTD., became the dissolved company. Concurrently on the same date, the surviving company changed its trade name to KANSAI FOOD MARKET LTD. In connection with the above, the entity named KANSAI FOOD MARKET LTD., which was a consolidated subsidiary of the Company as of Mar. 31, 2026, changed its trade name to JUSO FOOD MARKET LTD. on Apr. 1, 2026.

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

(3) Changes in accounting policies, changes in accounting estimates, and 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 FYE2027	125,201,396shares	FYE2026	125,201,396shares
(ii) Number of treasury shares at the end of the period	1Q of FYE2027	11,725,144shares	FYE2026	10,197,971shares
(iii) Average number of shares during the period	1Q of FYE2027	114,383,182shares	1Q of FYE2026	121,035,893shares

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

* 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. 2027 (FY2026)" and the "Presentation Materials of Financial Results for the First Quarter of the FYE Mar. 2027 (FY2026), which were disclosed in TDnet today.

1. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of JPY)

	FYE2026 (As of Mar. 31, 2026)	1Q of FYE2027 (As of Jun. 30, 2026)
Assets		
Current assets		
Cash and deposits	57,812	42,156
Accounts receivable - trade	72,295	74,147
Merchandise and finished goods	20,373	21,090
Work in process	84	158
Raw materials and supplies	664	738
Accounts receivable - other	12,914	13,046
Other	5,390	5,964
Allowance for doubtful accounts	△373	△417
Total current assets	169,163	156,885
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	142,691	142,299
Machinery, equipment and vehicles, net	2,826	2,805
Land	149,907	149,916
Construction in progress	817	799
Other, net	9,915	9,940
Total property, plant and equipment	306,159	305,761
Intangible assets		
Software	18,866	19,566
Software in progress	6,392	5,484
Goodwill	6,205	6,092
Other	15,799	16,035
Total intangible assets	47,263	47,179
Investments and other assets		
Investment securities	94,786	75,781
Long-term loans receivable	4,408	4,388
Guarantee deposits	68,213	68,212
Retirement benefit asset	9,320	9,087
Deferred tax assets	16,693	14,654
Other	1,672	1,518
Allowance for doubtful accounts	△2,972	△2,986
Total investments and other assets	192,122	170,656
Total non-current assets	545,546	523,596
Total assets	714,709	680,482

(Millions of JPY)

	FYE2026 (As of Mar. 31, 2026)	1Q of FYE2027 (As of Jun. 30, 2026)
Liabilities		
Current liabilities		
Accounts payable - trade	75,684	68,340
Current portion of long-term borrowings	17,250	17,250
Lease liabilities	699	704
Accounts payable - other	33,284	25,246
Income taxes payable	4,532	2,016
Gift certificates	8,171	8,144
Advances received	36,893	41,466
Provision for bonuses	7,540	4,234
Provision for bonuses for directors	166	72
Provision for loss on store closings	96	44
Asset retirement obligations	518	287
Other	16,727	15,604
Total current liabilities	201,563	183,413
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term borrowings	106,845	106,688
Long-term accounts payable - other	988	1,182
Lease liabilities	8,210	8,028
Deferred tax liabilities	33,744	25,708
Deferred tax liabilities for land revaluation	325	325
Provision for retirement benefits for directors	184	129
Provision for redemption of gift certificates	3,482	3,516
Long-term guarantee deposits	11,478	11,280
Retirement benefit liability	8,574	8,131
Asset retirement obligations	3,431	3,486
Other	437	395
Total non-current liabilities	187,704	178,876
Total liabilities	389,268	362,289
Net assets		
Shareholders' equity		
Share capital	17,796	17,796
Capital surplus	80,607	80,557
Retained earnings	180,245	187,751
Treasury shares	△20,269	△24,137
Total shareholders' equity	258,380	261,968
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	46,743	34,157
Revaluation reserve for land	668	668
Foreign currency translation adjustment	2,742	4,097
Remeasurements of defined benefit plans	1,405	1,140
Total accumulated other comprehensive income	51,560	40,065
Share acquisition rights	1,449	1,360
Non-controlling interests	14,049	14,798
Total net assets	325,440	318,192
Total liabilities and net assets	714,709	680,482

(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 FYE2026 (From Apr. 1, 2025 to Jun. 30, 2025)	1Q of FYE2027 (From Apr. 1, 2026 to Jun. 30, 2026)
Net sales	163,644	164,541
Cost of sales	90,423	88,268
Gross profit	73,221	76,273
Selling, general and administrative expenses	67,716	68,995
Operating profit	5,504	7,278
Non-operating income		
Interest income	50	44
Dividend income	686	822
Share of profit of entities accounted for using equity method	119	145
Foreign exchange gains	-	47
Gain on debt settlement	193	225
Other	256	101
Total non-operating income	1,306	1,386
Non-operating expenses		
Interest expenses	203	276
Provision for redemption of gift certificates	163	191
Foreign exchange losses	161	-
Other	141	127
Total non-operating expenses	669	596
Ordinary profit	6,141	8,068
Extraordinary income		
Gain on sale of investment securities	-	5,162
Gain on sale of non-current assets	90	-
Subsidy income	933	-
Total extraordinary income	1,023	5,162
Extraordinary losses		
Loss on retirement of non-current assets	636	1,103
Loss on termination of retirement benefit plan	-	196
Loss on store closings	261	-
Total extraordinary losses	898	1,299
Profit before income taxes	6,267	11,930
Income taxes - current	615	1,561
Income taxes - deferred	1,218	△170
Total income taxes	1,834	1,391
Profit	4,432	10,539
Profit attributable to non-controlling interests	452	274
Profit attributable to owners of parent	3,980	10,265

Quarterly Consolidated Statements of Comprehensive Income

1Q consolidated accumulated accounting period

(Millions of JPY)

	1Q of FYE2026 (From Apr. 1, 2025 to Jun. 30, 2025)	1Q of FYE2027 (From Apr. 1, 2026 to Jun. 30, 2026)
Profit	4,432	10,539
Other comprehensive income		
Valuation difference on available-for-sale securities	6,661	△12,585
Foreign currency translation adjustment	△2,551	1,828
Remeasurements of defined benefit plans, net of tax	41	△265
Share of other comprehensive income of entities accounted for using equity method	△45	1
Total other comprehensive income	4,106	△11,021
Comprehensive income	8,538	△481
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,724	△1,230
Comprehensive income attributable to non-controlling interests	△185	749