Presentation Materials to Financial Results for the First Quarter of the FYE Mar. 2027（FY2026）

Period: Apr. 1, 2026 - Jun. 30, 2026

H2O RETAILING CORPORATION
Aug 4, 2026

Digest

Result for 1Q of FY2026

- The Department Store Business drove the consolidated results overall, thanks to the effect of renovations at the Hankyu Main Store and increased demand for high-end merchandise. Operating profit exceeded the forecast.

(JPY 100M)

	Gross Sales	Operating Profit	Profit
	2,907	73	103
YoY	+174	+18	+63

Forecasts for FY 2026 （No revision to the initial forecast）

- Due to ongoing uncertainty and potential downside risks in the business environment ― such as the situation in the Middle East, the transition from the current tax-free system to an airport-based refund system, consumers holding off on purchases ahead of the consumption tax cut ― the full-year forecasts and annual dividends forecast remain unchanged from initial forecasts.

(JPY 100M)

	Gross Sales	Operating Profit	Profit
	12,450	325	230
YoY	+826	+1	▲70

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Consolidated Results

- Gross sales and operating profit increased, driven by strong performance in the Department Store Business.
- Operating profit exceeded forecast, led primarily by the Department Store Business and the Shopping Center Business.

(JPY M)	FY2025 1Q	FY2026 1Q	YoY Change
Gross Sales	273,290	**290,696**	+17,406 +6.4%
Net Sales	163,644	164,541	+896 +0.5%
Gross Profit	73,221	76,273	+3,052
SG&A Expenses	67,716	68,995	+1,278
Operating Profit	5,504	**7,278**	+1,773
Non-Operating Income / Expenses	637	789	+152
Ordinary Profit	6,141	**8,068**	+1,926
Extraordinary Income / Loss	125	3,862	+3,736
Income Taxes, Non-Controlling Interests	2,286	1,665	▲621
Profit	3,980	**10,265**	+6,284

(JPY 100M)

Gross Sales	↑ [Department Store Business] Domestic / inbound sales growth	+171
SG&A Expenses	↓ Increase in sales commission	+3
	↓ Increase in rent expenses	+2
	↓ Increase in advertising expenses	+2
Non-Operating Income / Expenses	↑ Increase in dividend income	+1
Extraordinary Income / Loss	↑ Increase in gain on sale of investment securities	+52
	↓ Decrease in subsidy income	▲9
	↓ Increase in loss on retirement of non-current assets	▲5

Results by Segment

	(JPY M)	FY2025 1Q	FY2026 1Q	YoY Change	Change Factors
Department Store	Gross Sales	139,346	156,422	+17,075 +12.3%	↑ Increase in store sales of Department Store +12.4% YoY
	Operating Profit	3,453	5,762	+2,309	↑ Increase in gross sales
Supermarket	Gross Sales	104,951	101,211	▲3,739 ▲3.6%	↓ Decrease in existing-store sales for supermarket fell 1.5% YoY, the number of stores decreased
	Operating Profit	2,314	1,745	▲568	↑ Decrease in gross sales
Shopping Center	Gross Sales	19,051	22,734	+3,683 +19.3%	↑ Increase in gross sales and operating profit driven by strong performance at Ningbo Hankyu
	Operating Profit	1,552	1,833	+280	
Other	Gross Sales	9,941	10,328	+387 +3.9%	↑ Increase in sales from subsidiaries
	Operating Profit	10,071	7,994	▲2,076	↓ Decrease in dividend income from subsidiaries (H2O), subject to consolidation elimination
Consolidation adjustments	Operating Profit	▲11,886	▲10,057	+1,828	↑ Decrease in consolidation elimination of dividend income from subsidiaries
Total	Gross Sales	273,290	290,696	+17,406 +6.4%	—
	Operating Profit	5,504	7,278	+1,773	—

＊ Partial revision of segment classifications starting 1Q of FY2026 (Hankyu Kitchen Yell Kansai moved to "Other“ from “Supermarket”; Chinese operating companies including Ningbo Hankyu moved to “Shopping Center“ from “Other”). Past segment P&L results (including comparative targets for forecasts) presented in this document have all been reclassified to reflect the new segment classifications.

Department Store Business

- Total sales across all stores and domestic sales reached record highs, driven by strong sales of high-end merchandise, particularly at the Hankyu Main Store (reflecting robust performance in both domestic and inbound sales).
- An increase in gross profit, driven by higher sales, offset the impact of rising sales-related expenses and lower profit margins, resulting in operating profit exceeding forecasts.

(JPY M)	FY2025 1Q	FY2026 1Q	YoY Change
Gross Sales	139,346	**156,422**	+17,075 +12.3%
Net Sales	41,666	44,938	+3,272 +7.9%
Gross Profit	30,481	**33,494**	+3,012
SG&A Expenses	27,027	**27,731**	+703
Personnel Expenses	7,693	7,703	+9
Rent Expenses	6,535	6,816	+281
Advertising Expenses	1,031	1,225	+193
Depreciation	1,704	1,559	▲145
Outsourcing Expenses	2,619	2,557	▲62
Sales Commission	2,172	2,523	+351
Other	5,269	5,345	+75
Operating Profit	3,453	**5,762**	+2,309

(JPY 100M)

↑ All stores sales (+12.4%)	+180
↑ Domestic sales (+10.5%)	+127
↑ Inbound sales (+21.7%)	+53

↑ Increase in sales growth	+37
↓ Decrease in margin decline	▲7

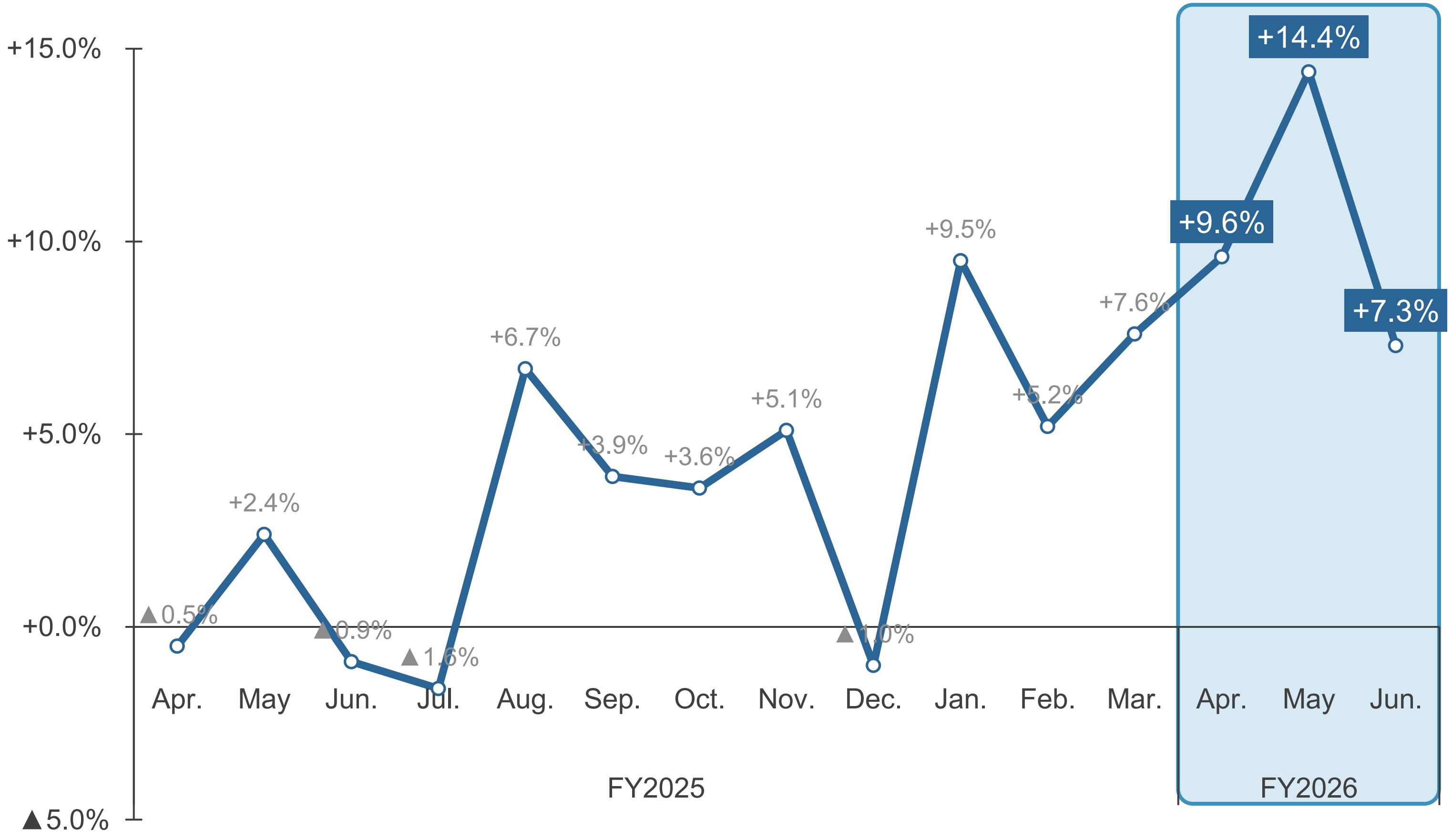
↓ Increase in sales-related expenses	+6

↓ Increase in advertising expenses (Hankyu Main Store)	+2

Department Store Business — Domestic Sales

- Sales of 1Q grew significantly due to the renovation effects at the Hankyu Main Store and the Hanshin Umeda Main Store, with total domestic sales across all stores up 11% YoY.
- Demand for high-end merchandise among the wealthy continued to grow, driven by the wealth effect resulting from rising stock prices and other factors.

Hankyu Hanshin Department Store — Domestic sales(YoY change)



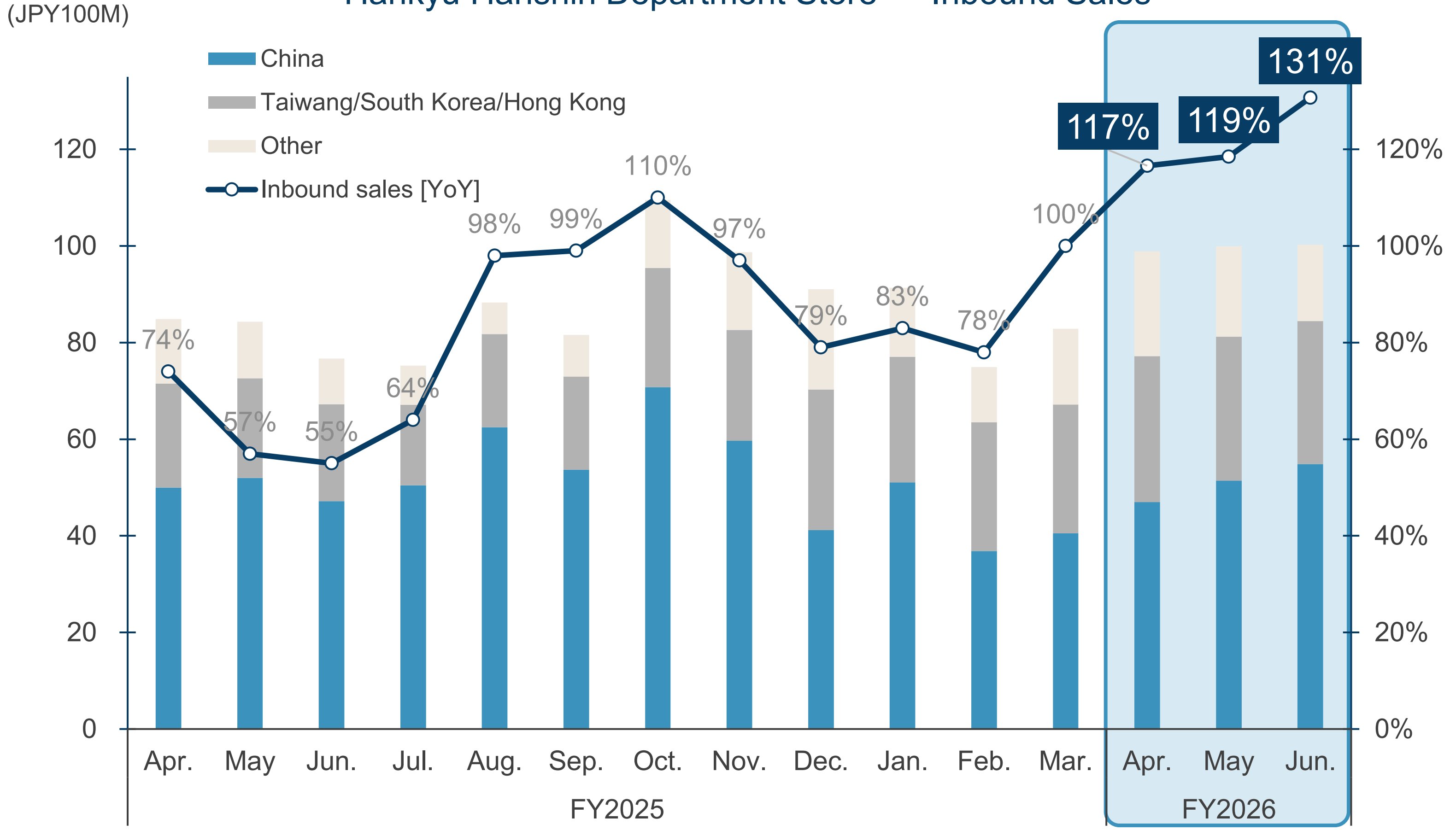
■ Domestic sales / Change Factors

	YoY Change	Change Factors
26.1Q	**+10.5%**	↑ Both main stores performed well ↑ Reversal of the sales floor area reduction impact from the prior year's renovation work
25.4Q	+7.6%	↑ Push-up +1.7pt ↓ Renovation impact, etc. ▲1.0pt (Hankyu Main Store)
25.3Q	+2.2%	↑ Push-up +0.6pt ↓ Renovation impact, etc. ▲2.2pt (Hankyu Main Store)
25.2Q	+2.8%	↑ Hanshin Tigers sale, etc. +2.6pt ↓ Renovation impact ▲2.3pt (Hankyu Main Store)
25.1Q	+0.4%	↓ Renovation impact ▲1.5pt (Hanshin Umeda Main Store / Hankyu Main Store)

Department Store Business — Inbound sales

- Inbound sales increased by 22% YoY to approximately JPY 30.0 bn, driven by the renovation of the Hankyu Main Store and higher spend per customer resulting from the weaker yen.
- VIP initiatives, including dedicated store attend services and service enhancements, proved successful, driving the VIP sales share up to approximately 50%. By further expanding and deepening this VIP customer base, we aim to build an inbound sales foundation that combines high growth with strong resilience against changes in the external environment.

Hankyu Hanshin Department Store — Inbound Sales



■ Inbound sales / VIP indicators (Quarterly)

	Inbound Sales [YoY]	VIP share (VIP Sales/ Inbound Sales)	VIP Member [thousand]
26.1Q	**JPY 29.9 bn. [122%]**	**48%** **+14pt**	**57** **+14**
25.4Q	JPY 24.9 bn. [86%]	48%	53
25.3Q	JPY 29.9 bn. [95%]	40%	50
25.2Q	JPY 24.5 bn. [84%]	34%	46
25.1Q	JPY 24.6 bn. [61%]	34%	43

Supermarket Business

▶ While profit margin improvements and cost control yielded positive results, operating profit declined due to a decrease in gross sales, driven by a lower number of customers and a reversal from the prior year's temporary surge in rice demand.

(JPY M)	FY2025 1Q	FY2026 1Q	YoY Change
Gross Sales	104,951	**101,211**	▲3,739 ▲3.6%
Net Sales	100,825	97,318	▲3,506 ▲3.5%
Gross Profit	31,628	**31,015**	▲613
SG&A Expenses	29,314	**29,269**	▲45
Personnel Expenses	13,158	12,941	▲217
Rent Expenses	4,933	4,914	▲18
Advertising Expenses	580	608	+28
Depreciation	996	1,013	+16
Outsourcing Expenses	1,265	1,392	+126
Sales Commission	942	950	+8
Other	7,437	7,448	+10
Operating Profit	2,314	**1,745**	▲568

(JPY 100M)

↑ Improvement in profit margin	+5
↓ Decline in sales	▲11

↑ Cost reduction in external personnel
(Improving labor productivity through store format conversions and self-checkout implementation)

Sales at Existing Supermarket Store (YoY change)

Sales	▲1.5%
Number of Customers	▲2.9%
Average Spend per Customer	+1.4%
Number of Items Purchased	▲0.7%
Unit Price	+2.1%
Margin	+0.3pt

While the number of customers struggled partly due to the impact of weather, profit margins in fresh food and delicatessen improved.

New Store format initiatives

Stores Format	Value-oriented (Marche)	Price-oriented (Daily Mart)
FY2026 1Q	2 stores (1 new store)	4 stores
FY2025	3 stores	10 stores

Value-oriented stores are performing well, and we will proceed with transitioning to and retaining customers in price-oriented stores.

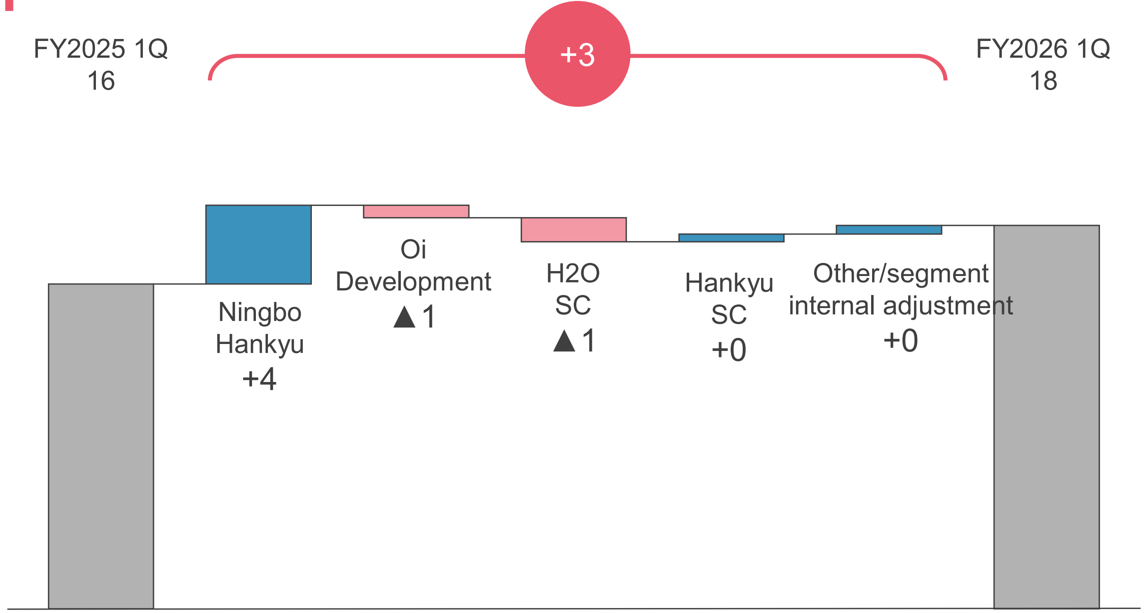
Shopping Center / Other Business

Shopping Center

- At Ningbo Hankyu, high-end demand among high-net-worth customers remains strong, with performance trending at a pace exceeding a 10% YoY increase. (Reclassified from the “Other” segment to the “Shopping Center” segment starting from FY2026 1Q.)
- Oi Development (Ours Inn Hankyu) posted higher sales on higher average spend per customer, but operating profit declined with increased SG&A expenses, including repair and maintenance costs.

(JPY M)	FY2025 1Q	FY2026 1Q	YoY Change
Gross sales	19,051	22,734	+3,683 +19.3%
Operating profit	1,552	1,833	+280

Factors of Increase / Decrease in Operating Profit（YoY） (JPY 100M)

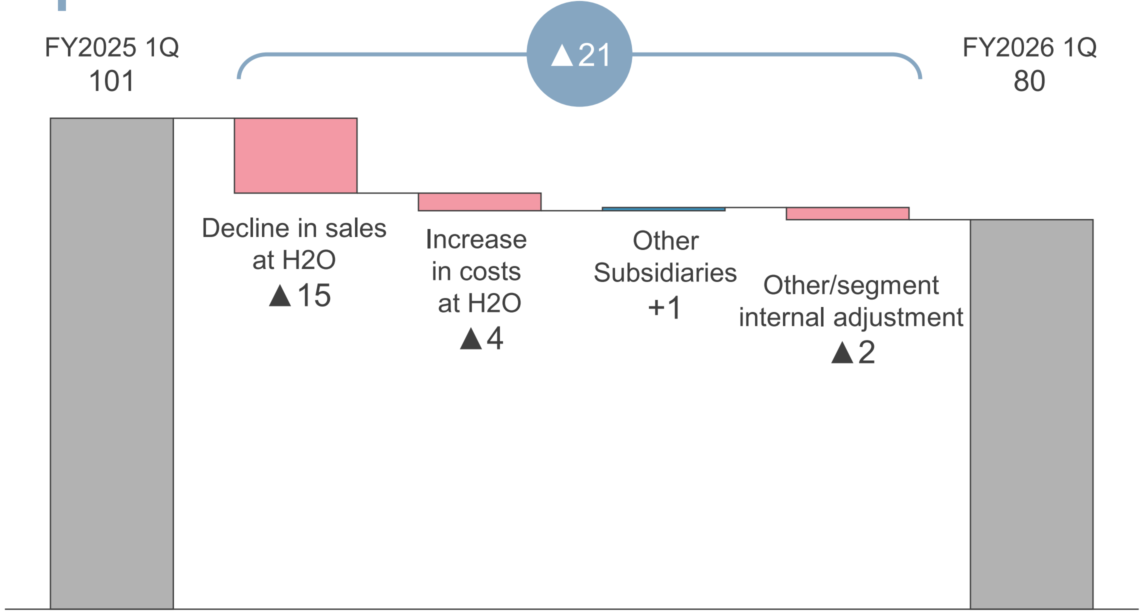


Other

- Subsidiaries continued to perform solidly.
- However, H2O (Head Office) posted a decline in operating profit due to lower dividend income from subsidiaries (eliminated in consolidation) and higher SG&A expenses.

(JPY M)	FY2025 1Q	FY2026 1Q	YoY Change
Gross sales	9,941	10,328	+387 +3.9%
Operating profit	10,071	7,994	▲2,076

Factors of Increase / Decrease in Operating Profit（YoY） (JPY 100M)



Financial Forecast for FY2026

[No change from initial forecasts]

Given remaining uncertainties in the business environment (Middle East situation, transition from the current tax-free system to an airport-based refund system, consumers holding off on purchases ahead of the consumption tax cut), full-year forecasts and dividend forecast remain unchanged from the beginning of the fiscal year.

Consolidated Forecasts

(JPY M)	FY2025 Results	FY2026 Forecast	YoY Change
Gross Sales	1,162,431	**1,245,000**	+82,568 +7.1%
Net Sales	680,215	712,000	+31,784 +4.7%
Operating Profit	32,386	**32,500**	+113
Ordinary Profit	34,508	**33,000**	▲1,508
Profit	29,950	**23,000**	▲6,950
Dividends per Share (JPY)	46	48	+2

Gross Sales Forecasts by Segment

(JPY M)	FY2025 Results	FY2026 Forecast	YoY Change	Assumptions for Forecasts (YoY Change Factors)
Department stores	621,037	683,500	+62,462 +10.1%	↑ Effect of Hankyu Main Store renovation ↓ Decrease in inbound sales from China
Supermarket	426,166	441,000	+14,833 +3.5%	↑ Effect of new store format conversions
Shopping Center	74,962	79,500	+4,537 +6.1%	↑ Growth of Ningbo Hankyu
Other	40,264	41,000	+735 +1.8%	↑ Largely flat YoY

Operating Profit Forecasts by Segment

(JPY M)	FY2025 Results	FY2026 Forecast	YoY Change	Assumptions for Forecasts (YoY Change Factors)
Department stores	23,783	26,900	+3,116	
Supermarket	10,852	11,000	+147	
Shopping Center	4,243	4,800	+556	
Other	6,296	800	▲5,496	↓ Upfront investment costs (H2O) ↓ Lower dividend income from subsidiaries
Consolidation Adjustments	▲12,788	▲11,000	+1,788	↑ Elimination of the above dividend income decrease

Consolidated Results

(JPY M)	FY2025				FY2026			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Gross Sales	**273,290**	**282,128**	**317,414**	**289,598**	**290,696**			
Net Sales	163,644	169,379	182,840	164,350	164,541			
Gross profit	73,221	75,349	84,094	75,507	76,273			
SG&A Expenses	67,716	68,999	70,683	68,387	68,995			
Operating Profit	**5,504**	**6,350**	**13,410**	**7,120**	**7,278**			
Non-Operating Income/Expenses	637	▲79	695	868	789			
Ordinary Profit	**6,141**	**6,271**	**14,106**	**7,989**	**8,068**			
Extraordinary Gain/Loss	125	▲644	11,875	▲10,389	3,862			
Income taxes, Non-Controlling Interests	2,286	2,698	3,911	▲3,371	1,665			
Profit	**3,980**	**2,928**	**22,070**	**971**	**10,265**			

Consolidated forecasts

(JPY M)	1H			2H			Full-Year		
	FY2025 Results	FY2026 Forecast	YoY Change	FY2025 Results	FY2026 Forecast	YoY Change	FY2025 Results	FY2026 Forecast	YoY Change
Gross Sales	555,418	586,500	+31,081	607,012	658,500	+51,487	1,162,431	1,245,000	+82,568
Department Store	286,578	311,000	+24,421	334,459	372,500	+38,040	621,037	683,500	+62,462
Supermarket	213,014	217,500	+4,485	213,151	223,500	+10,348	426,166	441,000	+14,833
Shopping Center	36,042	39,000	+2,957	38,919	40,500	+1,580	74,962	79,500	+4,537
Other	19,782	19,000	▲782	20,482	22,000	+1,517	40,264	41,000	+735
Net Sales	333,024	342,500	+9,475	347,190	369,500	+22,309	680,215	712,000	+31,784
Operating Profit	11,855	10,000	▲1,855	20,531	22,500	+1,968	32,386	32,500	+113
Department Store	8,235	9,100	+864	15,547	17,800	+2,252	23,783	26,900	+3,116
Supermarket	4,628	4,000	▲628	6,223	7,000	+776	10,852	11,000	+147
Shopping Center	2,373	2,100	▲273	1,869	2,700	+830	4,243	4,800	+556
Other	8,576	5,200	▲3,376	▲2,279	▲4,400	▲2,120	6,296	800	▲5,496
Consolidated Adjustment	▲11,959	▲10,400	+1,559	▲829	▲600	+229	▲12,788	▲11,000	+1,788
Ordinary Profit	12,413	10,500	▲1,913	22,095	22,500	+404	34,508	33,000	▲1,508
Profit	6,909	13,500	+6,590	23,041	9,500	▲13,541	29,950	23,000	▲6,950

Results by segment

(JPY M)		FY2025				FY2026			
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Department Store	Gross sales	139,346	147,232	176,691	157,767	156,422			
	Operating profit	3,453	4,782	9,549	5,997	5,762			
Supermarket	Gross sales	104,951	108,063	111,860	101,291	101,211			
	Operating profit	2,314	2,314	3,890	2,332	1,745			
Shopping Center	Gross sales	19,051	16,991	18,519	20,400	22,734			
	Operating profit	1,552	821	1,283	585	1,833			
Other	Gross sales	9,941	9,841	10,342	10,139	10,328			
	Operating profit	10,071	▲1,495	▲838	▲1,441	7,994			
Consolidation Adjustments	Operating profit	▲11,886	▲72	▲475	▲354	▲10,057			
Total	Gross sales	273,290	282,128	317,414	289,598	290,696			
	Operating profit	5,504	6,350	13,410	7,120	7,278			

Results by segment - Department Store Business

(JPY M)	FY2025				FY2026			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Gross Sales	**139,346**	**147,232**	**176,691**	**157,767**	**156,422**			
Net Sales	41,666	44,990	53,456	45,232	44,938			
Gross Profit	**30,481**	**32,063**	**38,705**	**33,157**	**33,494**			
SG&A Expenses	**27,027**	**27,280**	**29,155**	**27,160**	**27,731**			
Personnel Expenses	7,693	7,037	8,018	6,541	7,703			
Rent Expenses	6,535	6,575	6,811	6,862	6,816			
Advertising Expenses	1,031	1,476	1,359	1,648	1,225			
Depreciation	1,704	1,726	1,692	1,789	1,559			
Outsourcing Expenses	2,619	2,350	2,626	2,391	2,557			
Sales Commission	2,172	2,164	2,733	2,414	2,523			
Other	5,269	5,950	5,914	5,510	5,345			
Operating Profit	**3,453**	**4,782**	**9,549**	**5,997**	**5,762**			

Results by Segment – Supermarket Business

(JPY M)	FY2025				FY2026			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Gross Sales	**104,951**	**108,063**	**111,860**	**101,291**	**101,211**			
Net Sales	100,825	103,916	107,237	97,665	97,318			
Gross Profit	**31,628**	**32,580**	**34,002**	**31,175**	**31,015**			
SG&A Expenses	**29,314**	**30,265**	**30,111**	**28,843**	**29,269**			
Personnel Expenses	13,158	13,472	13,566	12,873	12,941			
Rent Expenses	4,933	5,004	4,973	4,940	4,914			
Advertising Expenses	580	524	674	461	608			
Depreciation	996	985	1,027	1,057	1,013			
Outsourcing Expenses	1,265	1,354	1,300	1,339	1,392			
Sales Commission	942	1,012	1,080	968	950			
Other	7,437	7,911	7,489	7,202	7,448			
Operating Profit	**2,314**	**2,314**	**3,890**	**2,332**	**1,745**			

Capital eInvestment / Depreciation

Capital Investment

(JPY M)	FY2025 1Q	FY2026 1Q	Main Items	FY2026 Full-year Forecast
Consolidated Total	6,438	4,656		34,081
Department Store	3,040	642	Renovation of Hankyu Main Store	7,473
Supermarket	957	1,401	New store opening and store renovation of supermarket	7,607
Shopping Center	273	811	Renovation of Ours Inn Hankyu guest rooms/ Renovation of shopping centers	4,732
Other	2,244	1,814		14,267
IT・DX	2,021	1,703	H2O system investment	13,488
Consolidation Adjustments	▲77	▲13		

Depreciation

(JPY M)	FY2025 1Q	FY2026 1Q	YoY Change
Consolidated Total	6,086	6,252	+165

Consolidated B/S

▶ Non-current assets and net assets decreased due to sale of investment securities.

Total Assets 6,805 (▲342 from FY25.4Q)

(JPY 100M)

<Major Changes>

• Decrease in Cash and Deposits	▲157
• Increase in Accounts Receivable	+19

Current Assets
1,569
(▲123 from FY25.4Q)

Non-Current Assets
5,236
(▲219 from FY25.4Q)

<Major Changes>

• Decrease in Investment Securities	▲190
• Decrease in Deferred Tax Assets	▲20

Liabilities
3,623
(▲270 from FY25.4Q)

<Major Changes>

• Decrease in Accounts Payable and Income Taxes	▲106
• Decrease in Deferred Tax Liabilities	▲80
• Decrease in Accounts Payable – Trade	▲73

Net assets
3,182
(▲72 from FY25.4Q)

<Major Changes>

• Increase in Retained Earnings	+75
• Decrease in Valuation Difference on Available-for-Sale Securities	▲126
• Increase in Treasury Shares	▲39

Equity Ratio 44% (FY25.4Q:43%)

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