



[Translation]

**Consolidated Financial Statements**  
**First half results for the Fiscal Year Ending March 31, 2026**  
**[Japanese accounting standards]**

Oct. 31, 2025

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 filing of the financial report Nov. 12, 2025 Scheduled date of dividend payment Nov. 28, 2025  
 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 First Half of FYE2026 (From Apr. 1, 2025, to Sep. 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	%
FYE2026	333,024	0.5	11,855	△21.0	12,413	△22.1	6,909	△74.5
FYE2025	331,254	4.0	14,998	51.5	15,934	49.4	27,089	330.4

(NOTE) Comprehensive income FYE2026 18,137 Millions of JPY (△24.0%) FYE2025 23,855 Millions of JPY (86.2%)

	Earnings per share	Earnings per share (Diluted)
	JPY	JPY
FYE2026	57.70	57.19
FYE2025	236.47	231.17

(NOTE) As of FYE2025, the provisional accounting treatment related to the business combination has been finalised. The figures for FYE2025 reflect this treatment.

(2) Consolidated financial positions

	Total assets	Net assets	Owner's equity ratio
	Millions of JPY	Millions of JPY	%
FYE2026	731,153	318,862	41.7
FYE2025	730,499	313,420	41.0

(Reference) Equity FYE2026 305,070 Million JPY FYE2025 299,257 Million JPY

2. Dividends

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

(NOTE) Revisions to the forecast of dividends most recently announced : 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.)

	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
Full year	689,000	1.1	30,000	△13.9	31,000	△13.7	24,000	△31.1	204.63

(NOTE 1) Revision to recently disclosed consolidated business results forecast : Yes

(NOTE 2) Regarding revision of the forecast, please refer to "Notice Regarding Revision to Earnings Forecasts".

(NOTE 3) 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 1,163,000 million JPY (up 0.3% 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 special accounting method for preparing 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)

1H of FYE2026	125,201,396 Shares	FYE2025	125,201,396 Shares
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(ii) Number of treasury shares at the end of the period

1H of FYE2026	7,917,076 Shares	FYE2025	2,982,764 Shares
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(iii) Average number of shares during the period (cumulative from the beginning of the fiscal year)

1H of FYE2026	119,743,828 Shares	1H of FYE2025	114,559,646 Shares
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\* Financial results report for first half are exempt from review conducted by certified 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.

First Half Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of JPY)

	FYE2025 (As of Mar. 31, 2025)	FYE2026 (As of Sep. 30, 2025)
<b>Assets</b>		
Current assets		
Cash and deposits	55,590	56,811
Accounts receivable - trade	74,782	67,097
Merchandise and finished goods	19,693	19,439
Work in process	36	190
Raw materials and supplies	681	693
Accounts receivable - other	14,351	8,821
Other	4,773	5,842
Allowance for doubtful accounts	△393	△475
Total current assets	169,516	158,421
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	148,781	144,336
Machinery, equipment and vehicles, net	2,738	2,784
Land	155,593	155,518
Construction in progress	1,216	1,052
Other, net	10,516	10,447
Total property, plant and equipment	318,847	314,138
Intangible assets		
Software	17,675	20,468
Software in progress	7,466	4,792
Goodwill	7,234	6,202
Other	16,003	15,088
Total intangible assets	48,379	46,551
Investments and other assets		
Investment securities	97,048	117,681
Long-term loans receivable	4,790	4,644
Guarantee deposits	68,731	68,575
Retirement benefit asset	8,513	8,864
Deferred tax assets	15,798	13,380
Other	2,261	2,211
Allowance for doubtful accounts	△3,387	△3,317
Total investments and other assets	193,756	212,041
Total non-current assets	560,983	572,731
Total assets	730,499	731,153

(Millions of JPY)

	FYE2025 (As of Mar. 31, 2025)	FYE2026 (As of Sep. 30, 2025)
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	72,488	67,477
Current portion of long-term borrowings	46,369	62,750
Lease liabilities	681	688
Accounts payable - other	36,872	25,314
Income taxes payable	8,567	3,416
Gift certificates	8,461	8,415
Advances received	34,944	37,549
Provision for bonuses	7,025	6,805
Provision for bonuses for directors	206	129
Provision for loss on store closings	909	280
Asset retirement obligations	225	575
Other	17,024	14,266
<b>Total current liabilities</b>	<b>233,775</b>	<b>227,671</b>
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term borrowings	98,242	95,584
Long-term accounts payable - other	1,700	883
Lease liabilities	8,892	8,570
Deferred tax liabilities	35,146	40,888
Deferred tax liabilities for land revaluation	325	325
Provision for retirement benefits for directors	190	168
Provision for redemption of gift certificates	3,440	3,444
Long-term guarantee deposited	11,530	11,501
Net defined benefit liability	10,030	9,336
Asset retirement obligations	3,415	3,421
Other	387	494
<b>Total non-current liabilities</b>	<b>183,303</b>	<b>184,619</b>
<b>Total liabilities</b>	<b>417,079</b>	<b>412,290</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	17,796	17,796
Capital surplus	80,635	80,617
Retained earnings	155,564	159,784
Treasury shares	△5,546	△15,526
<b>Total shareholders' equity</b>	<b>248,449</b>	<b>242,672</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	47,606	61,676
Revaluation reserve for land	668	668
Foreign currency translation adjustment	1,415	△1,145
Remeasurements of defined benefit plans	1,116	1,198
<b>Total accumulated other comprehensive income</b>	<b>50,807</b>	<b>62,398</b>
Share acquisition rights	1,462	1,453
Non-controlling interests	12,700	12,338
<b>Total net assets</b>	<b>313,420</b>	<b>318,862</b>
<b>Total liabilities and net assets</b>	<b>730,499</b>	<b>731,153</b>

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

(Millions of JPY)

	FYE2025 (From Apr. 1, 2024 To Sep. 30, 2024)	FYE2026 (From Apr. 1, 2025 To Sep. 30, 2025)
Net sales	331,254	333,024
Cost of sales	182,880	184,453
Gross profit	148,373	148,570
Selling, general and administrative expenses	133,374	136,715
Operating profit	14,998	11,855
Non-operating income		
Interest income	118	117
Dividend income	1,031	690
Share of profit of entities accounted for using equity method	322	259
Foreign exchange gains	379	-
Gain on debt settlement	362	372
Other	514	422
Total non-operating income	2,728	1,862
Non-operating expenses		
Interest expenses	433	393
Provision for redemption of gift certificates	304	311
Foreign exchange losses	-	244
Expenses related to purchase of shares of subsidiaries	740	-
Other	314	355
Total non-operating expenses	1,792	1,305
Ordinary profit	15,934	12,413
Extraordinary income		
Subsidy income	-	944
Gain on sale of non-current assets	2,701	91
Gain on sale of investment securities	14,232	-
Gain on step acquisitions	7,984	-
Total extraordinary income	24,917	1,036
Extraordinary losses		
Loss on retirement of non-current assets	347	909
Loss on store closings	141	645
Impairment losses	39	-
Total extraordinary losses	527	1,554
Profit before income taxes	40,325	11,894
Income taxes - current	8,953	2,654
Income taxes - deferred	3,486	1,823
Total Income taxes	12,439	4,478
Profit	27,885	7,416
Profit attributable to non-controlling interests	796	507
Profit attributable to owners of parent	27,089	6,909

## Consolidated Statements of Comprehensive Income

(Millions of JPY)

	FYE2025 (From Apr. 1, 2024 To Sep. 30, 2024)	FYE2026 (From Apr. 1, 2025 To Sep. 30, 2025)
Profit	27,885	7,416
Other comprehensive income		
Valuation difference on available-for-sale securities	△4,567	14,070
Foreign currency translation adjustment	1,524	△3,461
Remeasurements of defined benefit plans, net of tax	128	81
Share of other comprehensive income of entities accounted for using equity method	△1,115	31
Total other comprehensive income	△4,030	10,721
Comprehensive income	23,855	18,137
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	22,786	18,500
Comprehensive income attributable to non-controlling interests	1,069	△362