



[Translation]

Consolidated Financial Statements
Third quarter results for the Fiscal Year Ending March 31, 2026
[Japanese accounting standards]

Feb. 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 Third Quarter of FYE2026 (From Apr. 1, 2025, to Dec. 31, 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	515,864	0.2	25,266	△12.6	26,519	△11.5	28,979	△22.7
FYE2025	514,887	3.9	28,902	30.3	29,973	25.3	37,491	111.0

(NOTE) Comprehensive income FYE2026 23,455 Millions of JPY (△26.4%) FYE2025 31,859 Millions of JPY (53.0%)

	Earnings per share	Earnings per share (Diluted)
	JPY	JPY
FYE2026	244.43	242.23
FYE2025	320.92	314.01

(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	745,846	317,224	40.6
FYE2025	730,499	313,420	41.0

(Reference) Equity FYE2026 302,922 Million JPY FYE2025 299,257 Million JPY

2. Dividends

	Annual dividends				
	First quarter	Second quarter	Third quarter	Fiscal Year End	Total
FYE2025	— JPY	20.00 JPY	— JPY	22.00 JPY	42.00 JPY
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 : None

(NOTE 2) 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)	3Q of FYE2026	125,201,396 Shares	FYE2025	125,201,396 Shares
(ii) Number of treasury shares at the end of the period	3Q of FYE2026	10,026,110 Shares	FYE2025	2,982,764 Shares
(iii) Average number of shares during the period (cumulative from the beginning of the fiscal year)	3Q of FYE2026	118,559,425 Shares	3Q of FYE2025	116,824,976 Shares

* Review of the accompanying quarterly consolidated financial statements by : None 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.

1. Overview of financial results

This report is presented in the "Supplementary Information to Financial Results for the third quarter of the FYE Mar. 2026 (FY2025)" and the "Presentation Materials of Financial Results for the third quarter of the FYE Mar. 2026 (FY2025)," which were disclosed in TDnet today.

2. Quarterly Consolidated Financial Statements
(1) Consolidated Balance Sheet

(Millions of JPY)

	FYE2025 (As of Mar. 31, 2025)	FYE2026 (As of Dec. 31, 2025)
Assets		
Current assets		
Cash and deposits	55,590	77,241
Accounts receivable - trade	74,782	86,756
Merchandise and finished goods	19,693	21,619
Work in process	36	180
Raw materials and supplies	681	897
Accounts receivable - other	14,351	11,687
Other	4,773	6,176
Allowance for doubtful accounts	△393	△552
Total current assets	169,516	204,005
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	148,781	143,432
Machinery, equipment and vehicles, net	2,738	2,901
Land	155,593	155,430
Construction in progress	1,216	1,451
Other, net	10,516	10,508
Total property, plant and equipment	318,847	313,724
Intangible assets		
Software	17,675	19,321
Software in progress	7,466	5,780
Goodwill	7,234	6,102
Other	16,003	15,381
Total intangible assets	48,379	46,586
Investments and other assets		
Investment securities	97,048	89,281
Long-term loans receivable	4,790	4,615
Guarantee deposits	68,731	68,290
Retirement benefit asset	8,513	9,137
Deferred tax assets	15,798	11,372
Other	2,261	2,163
Allowance for doubtful accounts	△3,387	△3,329
Total investments and other assets	193,756	181,530
Total non-current assets	560,983	541,840
Total assets	730,499	745,846

(Millions of JPY)

	FYE2025 (As of Mar. 31, 2025)	FYE2026 (As of Dec. 31, 2025)
Liabilities		
Current liabilities		
Accounts payable - trade	72,488	95,924
Current portion of long-term borrowings	46,369	45,250
Lease liabilities	681	693
Accounts payable - other	36,872	30,850
Income taxes payable	8,567	2,614
Gift certificates	8,461	8,747
Advances received	34,944	37,682
Provision for bonuses	7,025	4,449
Provision for bonuses for directors	206	147
Provision for loss on store closings	909	236
Asset retirement obligations	225	371
Other	17,024	19,498
Total current liabilities	233,775	246,466
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term borrowings	98,242	102,382
Long-term accounts payable - other	1,700	920
Lease liabilities	8,892	8,385
Deferred tax liabilities	35,146	32,296
Deferred tax liabilities for land revaluation	325	325
Provision for retirement benefits for directors	190	176
Provision for redemption of gift certificates	3,440	3,513
Long-term guarantee deposited	11,530	11,151
Net defined benefit liability	10,030	9,105
Asset retirement obligations	3,415	3,432
Other	387	466
Total non-current liabilities	183,303	182,155
Total liabilities	417,079	428,621
Net assets		
Shareholders' equity		
Share capital	17,796	17,796
Capital surplus	80,635	80,617
Retained earnings	155,564	179,274
Treasury shares	△5,546	△19,909
Total shareholders' equity	248,449	257,779
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	47,606	43,175
Revaluation reserve for land	668	668
Foreign currency translation adjustment	1,415	60
Remeasurements of defined benefit plans	1,116	1,237
Total accumulated other comprehensive income	50,807	45,142
Share acquisition rights	1,462	1,461
Non-controlling interests	12,700	12,840
Total net assets	313,420	317,224
Total liabilities and net assets	730,499	745,846

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

(Millions of JPY)

	FYE2025 (From Apr. 1, 2024 To Dec. 31, 2024)	FYE2026 (From Apr. 1, 2025 To Dec. 31, 2025)
Net sales	514,887	515,864
Cost of sales	282,884	283,199
Gross profit	232,003	232,664
Selling, general and administrative expenses	203,101	207,398
Operating profit	28,902	25,266
Non-operating income		
Interest income	173	163
Dividend income	1,503	1,322
Gain on debt settlement	641	639
Foreign exchange gains	62	-
Share of profit of entities accounted for using equity method	522	420
Other	674	532
Total non-operating income	3,577	3,078
Non-operating expenses		
Interest expenses	653	652
Provision for redemption of gift certificates	533	529
Expenses related to purchase of shares of subsidiaries	740	-
Foreign exchange losses	-	119
Other	578	523
Total non-operating expenses	2,506	1,825
Ordinary profit	29,973	26,519
Extraordinary income		
Gain on sale of investment securities	14,232	13,391
Subsidy income	-	970
Gain on sale of non-current assets	2,701	104
Gain on step acquisitions	7,984	-
Gain on sale of shares of subsidiaries	1,700	-
Total extraordinary income	26,618	14,466
Extraordinary losses		
Loss on retirement of non-current assets	463	2,184
Loss on store closings	349	822
Demolition of buildings	-	103
Outplacement assistance expenses	2,232	-
Impairment losses	41	-
Total extraordinary losses	3,087	3,109
Profit before income taxes	53,504	37,876
Income taxes - current	10,393	4,653
Income taxes - deferred	4,855	3,653
Total Income taxes	15,249	8,306
Profit	38,255	29,569
Profit attributable to non-controlling interests	763	589
Profit attributable to owners of parent	37,491	28,979

Consolidated Statements of Comprehensive Income

(Millions of JPY)

	FYE2025 (From Apr. 1, 2024 To Dec. 31, 2024)	FYE2026 (From Apr. 1, 2025 To Dec. 31, 2025)
Profit	38,255	29,569
Other comprehensive income		
Valuation difference on available-for-sale securities	△3,303	△4,430
Foreign currency translation adjustment	△2,122	△1,823
Remeasurements of defined benefit plans, net of tax	206	120
Share of other comprehensive income of entities accounted for using equity method	△1,176	19
Total other comprehensive income	△6,396	△6,114
Comprehensive income	31,859	23,455
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	31,739	23,315
Comprehensive income attributable to non-controlling interests	119	139