



[Translation]

Consolidated Financial Statements for the Fiscal Year Ended March 31, 2026

[Japanese accounting standards]

May 12, 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 shareholders' meeting Jun. 24, 2026 Scheduled date of dividend payment Jun. 3, 2026
 Scheduled date of filing of the financial report Jun. 23, 2026
 Preparation of supplementary materials : Yes
 Briefing session on financial results : Yes (For institutional investors and analysts)

(Figures are rounded down to the nearest million JPY.)

1. Consolidated Financial Results for the Fiscal Year Ended Mar. 31, 2026 (From Apr. 1, 2025 to Mar. 31, 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	%
FYE2026	680,215	△0.2	32,386	△7.0	34,508	△3.9	29,950	△14.0
FYE2025	681,759	3.7	34,830	33.0	35,909	28.8	34,842	59.1

(Note) Comprehensive income FYE2026 32,053 Millions of JPY (△22.9%) FYE2025 41,555 Millions of JPY (57.7%)

	Earnings per share	Earnings per share (Diluted)	Return on equity	Ordinary profit/total assets	Operating profit/net sales
	JPY	JPY	%	%	%
FYE2026	254.39	252.09	9.8	4.8	4.8
FYE2025	295.51	289.19	12.3	5.0	5.1

(Reference) Equity in earnings of affiliates FYE2026 703 Millions of JPY FYE2025 784 Millions of JPY

(2) Consolidated Financial Positions

	Total Assets	Net assets	Owner's equity ratio	Net assets per share
	Millions of JPY	Millions of JPY	%	JPY
FYE2026	714,709	325,440	43.4	2,695.07
FYE2025	730,499	313,420	41.0	2,448.54

(Reference) Shareholders' equity FYE2026 309,941 Millions of JPY FYE2025 299,257 Millions of JPY

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	Million JPY	Million JPY	Million JPY	Million JPY
FYE2026	48,333	△4,724	△41,444	57,812
FYE2025	46,268	△13,304	△44,990	54,940

2. Dividends

	Annual dividends					Total dividends payment (Annual)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter	Second quarter	Third quarter	Fiscal year end	Total			
	JPY	JPY	JPY	JPY	JPY	Million JPY	%	%
FYE2025	—	20.00	—	22.00	42.00	5,136	14.2	1.8
FYE2026	—	22.00	—	24.00	46.00	5,340	18.1	1.8
FYE2027 (Forecast)	—	24.00	—	24.00	48.00		24.0	

(Note) Revision to recently disclosed dividends forecast: Yes

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
	Million JPY	%	Million JPY	%	Million JPY	%	Million 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) 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 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 : None

Inclusion — company (Company name) Exclusion — company (Company name)

(2) 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

(3) Number of issued shares (common shares)

- (i) Number of shares outstanding at the end of the period (including treasury stock)
- (ii) Number of treasury shares at the end of the period
- (iii) Average number of shares during the period

FYE2026	125,201,396shares	FYE2025	125,201,396shares
FYE2026	10,197,971shares	FYE2025	2,982,764shares
FYE2026	117,736,978shares	FYE2025	117,908,499shares

* The financial results are outside the scope of audits by a certified public accountant or an auditing firm.

* Explanations and other special notes concerning the appropriate use of business performance forecasts

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.

Consolidated Balance Sheet

(Million JPY)

	FYE2025 (As of Mar. 31, 2025)	FYE2026 (As of Mar. 31, 2026)
Assets		
Current assets		
Cash and deposits	55,590	57,812
Accounts receivable - trade	74,782	72,295
Merchandise and finished goods	19,693	20,373
Work in process	36	84
Raw materials and supplies	681	664
Accounts receivable – other	14,351	12,914
Other	4,773	5,390
Allowance for doubtful accounts	△393	△373
Total current assets	169,516	169,163
Non-current assets		
Property, plant and equipment		
Buildings and structures	398,208	399,484
Accumulated depreciation	△249,426	△256,792
Buildings and structures, net	148,781	142,691
Machinery, equipment and vehicles	9,279	9,627
Accumulated depreciation	△6,541	△6,800
Machinery, equipment and vehicles, net	2,738	2,826
Land	155,593	149,907
Construction in progress	1,216	817
Other	51,489	49,911
Accumulated depreciation	△40,972	△39,995
Other, net	10,516	9,915
Total property, plant and equipment	318,847	306,159
Intangible assets		
Software	17,675	18,866
Software in progress	7,466	6,392
Goodwill	7,234	6,205
Other	16,003	15,799
Total intangible assets	48,379	47,263
Investments and other assets		
Investment securities	97,048	94,786
Long-term loans receivable	4,790	4,408
Guarantee deposits	68,731	68,213
Retirement benefit asset	8,513	9,320
Deferred tax assets	15,798	16,693
Other	2,261	1,672
Allowance for doubtful accounts	△3,387	△2,972
Total investments and other assets	193,756	192,122
Total non-current assets	560,983	545,546
Total assets	730,499	714,709

(Million JPY)

	FYE2025 (As of Mar. 31, 2025)	FYE2026 (As of Mar. 31, 2026)
Liabilities		
Current liabilities		
Accounts payable - trade	72,488	75,684
Current portion of long-term borrowings	46,369	17,250
Lease liabilities	681	699
Accounts payable - other	36,872	33,284
Income taxes payable	8,567	4,532
Gift certificates	8,461	8,171
Advances received	34,944	36,893
Provision for bonuses	7,025	7,540
Provision for bonuses for directors	206	166
Provision for loss on store closings	909	96
Asset retirement obligations	225	518
Other	17,024	16,727
Total current liabilities	233,775	201,563
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term borrowings	98,242	106,845
Long-term accounts payable - other	1,700	988
Lease liabilities	8,892	8,210
Deferred tax liabilities	35,146	33,744
Deferred tax liabilities for land revaluation	325	325
Provision for retirement benefits for directors	190	184
Provision for redemption of gift certificates	3,440	3,482
Long-term guarantee deposits	11,530	11,478
Net defined benefit liability	10,030	8,574
Asset retirement obligations	3,415	3,431
Other	387	437
Total non-current liabilities	183,303	187,704
Total liabilities	417,079	389,268
Net assets		
Shareholders' equity		
Share capital	17,796	17,796
Capital surplus	80,635	80,607
Retained earnings	155,564	180,245
Treasury shares	△5,546	△20,269
Total shareholders' equity	248,449	258,380
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	47,606	46,743
Revaluation reserve for land	668	668
Foreign currency translation adjustment	1,415	2,742
Remeasurements of defined benefit plans	1,116	1,405
Total accumulated other comprehensive income	50,807	51,560
Share acquisition rights	1,462	1,449
Non-controlling interests	12,700	14,049
Total net assets	313,420	325,440
Total liabilities and net assets	730,499	714,709

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
Consolidated Statements of Income

(Million JPY)

	FYE2025 (From Apr. 1, 2024 to Mar. 31, 2025)	FYE2026 (From Apr. 1, 2025 to Mar. 31, 2026)
Net sales	681,759	680,215
Cost of sales	374,403	372,042
Gross profit	307,356	308,172
Selling, general and administrative expenses		
Salaries and allowances	80,386	80,393
Rent expenses	49,454	49,451
Other	142,685	145,940
Total selling, general and administrative expenses	272,526	275,785
Operating profit	34,830	32,386
Non-operating income		
Interest income	242	248
Dividend income	1,504	1,322
Share of profit of entities accounted for using equity method	784	703
Gain on debt settlement	838	820
Foreign exchange gains	274	122
Other	891	1,215
Total non-operating income	4,535	4,433
Non-operating expenses		
Interest expenses	860	917
Provision for redemption of gift certificates	656	646
Expenses related to purchase of shares of subsidiaries	740	—
Other	1,199	747
Total non-operating expenses	3,455	2,311
Ordinary profit	35,909	34,508
Extraordinary income		
Gain on sale of investment securities	14,546	13,399
Gain on sale of non-current assets	2,730	2,076
Subsidy income	—	1,433
Gain on step acquisitions	7,984	—
Gain on sale of shares of subsidiaries	1,700	—
Total extraordinary income	26,961	16,909
Extraordinary losses		
Impairment losses	4,010	10,641
Loss on retirement of non-current assets	1,271	3,428
Loss on store closings	1,556	1,115
Outplacement assistance expenses	2,232	435
Temporary expenses associated with reforms of human resource systems	—	206
Demolition of buildings	2,158	115
Retirement benefit expenses	311	—
Total extraordinary losses	11,540	15,942
Profit before income taxes	51,330	35,476
Income taxes - current	10,929	6,737
Income taxes - deferred	4,717	△2,093
Total Income taxes	15,646	4,644
Profit	35,683	30,832
Profit attributable to non-controlling interests	841	881
Profit attributable to owners of parent	34,842	29,950

Consolidated Statement of Comprehensive Income

(Million JPY)

	FYE2025 (From Apr. 1, 2024 to Mar. 31, 2025)	FYE2026 (From Apr. 1, 2025 to Mar. 31, 2026)
Profit	35,683	30,832
Other comprehensive income		
Valuation difference on available-for-sale securities	3,562	△862
Revaluation reserve for land	△2	—
Foreign currency translation adjustment	686	1,760
Remeasurements of defined benefit plans, net of tax	2,762	289
Share of other comprehensive income of entities accounted for using equity method	△1,137	34
Total other comprehensive income	5,871	1,221
Comprehensive income	41,555	32,053
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	40,654	30,704
Comprehensive income attributable to non-controlling interests	901	1,349

Consolidated Statements of Changes in Net Assets

FYE2025 (From Apr. 1, 2024, to Mar. 31, 2025)

(Million JPY)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total Shareholders' equity
Balance at beginning of period	17,796	94,689	124,954	△13,768	223,672
Changes during period					
Dividends of surplus			△4,233		△4,233
Profit attributable to owners of parent			34,842		34,842
Purchase and disposal of treasury shares		△3,492		△24,872	△28,365
Change by share exchanges		△10,561		33,094	22,533
Net changes in items other than shareholders' equity					
Total changes during period	—	△14,054	30,609	8,222	24,776
Balance at end of period	17,796	80,635	155,564	△5,546	248,449

	Accumulated other comprehensive income					Share acquisition rights	Noncontrolling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	44,048	671	1,932	△1,656	44,995	1,351	24,006	294,026
Changes during period								
Dividends of surplus								△4,233
Profit attributable to owners of parent								34,842
Purchase and disposal of treasury shares								△28,365
Change by share exchanges								22,533
Net changes in items other than shareholders' equity	3,558	△2	△517	2,773	5,811	111	△11,306	△5,383
Total changes during period	3,558	△2	△517	2,773	5,811	111	△11,306	19,393
Balance at end of period	47,606	668	1,415	1,116	50,807	1,462	12,700	313,420

FYE2026 (From Apr. 1, 2025 to Mar. 31, 2026)

(Million JPY)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total Shareholders' equity
Balance at beginning of period	17,796	80,635	155,564	△5,546	248,449
Changes during period					
Dividends of surplus			△5,269		△5,269
Profit attributable to owners of parent			29,950		29,950
Purchase and disposal of treasury shares		△27		△14,722	△14,750
Net changes in items other than shareholders' equity					
Total changes during period	—	△27	24,681	△14,722	9,931
Balance at end of period	17,796	80,607	180,245	△20,269	258,380

	Accumulated other comprehensive income					Share acquisition rights	Noncontrolling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	47,606	668	1,415	1,116	50,807	1,462	12,700	313,420
Changes during period								
Dividends of surplus								△5,269
Profit attributable to owners of parent								29,950
Purchase and disposal of treasury shares								△14,750
Net changes in items other than shareholders' equity	△862	—	1,327	289	753	△13	1,349	2,088
Total changes during period	△862	—	1,327	289	753	△13	1,349	12,020
Balance at end of period	46,743	668	2,742	1,405	51,560	1,449	14,049	325,440

Consolidated Statement of Cash Flows

(Million JPY)

	FYE2025 (From Apr. 1, 2024 to Mar. 31, 2025)	FYE2026 (From Apr. 1, 2025 to Mar. 31, 2026)
Cash flows from operating activities		
Profit before income taxes	51,330	35,476
Depreciation	23,472	24,785
Impairment losses	4,010	10,641
Loss on store closings	1,203	883
Loss (gain) on step acquisitions	△7,984	—
Amortization of goodwill	1,026	1,188
Increase (decrease) in allowance for doubtful accounts	△303	△461
Increase (decrease) in provision for bonuses	△174	503
Increase (decrease) in provision for bonuses for directors	7	△40
Increase (decrease) in retirement benefit liability	△2,043	△1,456
Increase (decrease) in remeasurements of defined benefit plans(△ decreased)	2,773	289
Increase (decrease) in provision for retirement benefits for directors (and other officers)	0	△5
Increase (decrease) in provision for redemption of gift certificates	13	42
Increase (decrease) in provision for loss on store closings	△231	△812
Interest and dividend income	△1,746	△1,571
Interest expenses	860	917
Foreign exchange losses (gains)	△275	△122
Share of loss (profit) of entities accounted for using equity method	△784	△703
Loss (gain) on sale of investment securities	△14,546	△13,411
Gain on sales of shares of subsidiaries. (Gain on △)	△1,700	—
Loss (gain) on sale of non-current assets	△2,730	△2,076
Loss on retirement of non-current assets	638	1,935
Decrease (increase) in trade receivables	△251	2,500
Decrease (increase) in inventories	376	△686
Increase (decrease) in accounts payable - other	5,162	△3,161
Increase (decrease) in trade payables	△6,487	3,178
Increase (decrease) in accrued consumption taxes	△115	217
Increase (decrease) in gift certificates	△146	△289
Increase (decrease) in advances received	894	1,871
Other	△1,061	3,598
Subtotal	51,186	63,229
Interest and dividends received	1,921	1,819
Interest paid	△917	△863
Income taxes paid	△5,921	△13,620
Extra payments for early retirements	—	△2,232
Cash flows from operating activities	46,268	48,333

(Million JPY)

	FYE2025 (From Apr. 1, 2024 to Mar. 31, 2025)	FYE2026 (From Apr. 1, 2025 to Mar. 31, 2026)
Cash flows from investing activities		
Purchase of property, plant and equipment	△20,215	△16,341
Proceeds from sale of property, plant and equipment	5,883	4,781
Purchase of intangible assets	△10,761	△9,297
Payments for asset retirement obligations	△350	△461
Purchase of shares of subsidiaries resulting in change in scope of consolidation	△11,860	—
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	1,351	—
Purchase of investment securities	△25	△7
Proceeds from sale of investment securities	18,006	14,990
Proceeds from distributions from investment partnerships	277	—
Payments into time deposits	△2,050	—
Proceeds from withdrawal of time deposits	3,450	650
Proceeds from collection of long-term loans receivable	1,574	439
Payments of guarantee deposits	△204	△474
Proceeds from refund of guarantee deposits	1,619	996
Cash flows from investing activities	△13,304	△4,724
Cash flows from financing activities		
Redemption of bonds	△10,000	—
Proceeds from long-term borrowings	1,129	27,000
Repayments of long-term borrowings	△431	△47,474
Proceeds from sale of treasury shares	0	0
Purchase of treasury shares	△28,530	△15,003
Dividends paid	△4,233	△5,269
Dividends paid to non-controlling interests	△2,204	—
Repayments of lease liabilities	△720	△697
Cash flows from financing activities	△44,990	△41,444
Effect of exchange rate change on cash and cash equivalents	592	707
Net increase (decrease) in cash and cash equivalents	△11,433	2,871
Cash and cash equivalents at beginning of period	66,373	54,940
Cash and cash equivalents	54,940	57,812