[Translation]

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

[Japanese accounting standards]

Nov. 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

Submission of semi-annual securities report Nov. 12, 2026
Dividend payment commencement Nov. 30, 2026
Preparation of explanatory materials for financial results : Yes
Holding a briefing 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 Six Months of Fiscal Year Ending Mar. 31, 2027 (Apr. 1, 2026 - Sep. 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	
First six months ended	Millions of JPY	%	Millions of JPY	%	Millions of JPY	%	Millions of JPY	%
Sep. 30, 2026	333,338	0.1	13,725	15.8	14,812	19.3	14,890	115.5
Sep. 30, 2025	333,024	0.5	11,855	△21.0	12,413	△22.1	6,909	△74.5

(Note) Comprehensive income First six months ended Sep.30, 2026 12,775 Millions of JPY (△29.6%)
First six months ended Sep.30, 2025 18,137 Millions of JPY (△24.0%)

	Earnings per share	Earnings per share (Diluted)
First six months ended	JPY	JPY
Sep. 30, 2026	131.29	130.13
Sep. 30, 2025	57.70	57.19

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of JPY	Millions of JPY	%
As of Sep. 30, 2026	678,154	325,703	45.5
As of Mar. 31, 2026	714,709	325,440	43.4

(Reference) Shareholders' equity As of Sep. 30, 2026 308,779 Millions of JPY
As of Mar. 31, 2026 309,941 Millions of JPY

2. Dividends

	Annual dividends				
	1Q	2Q	3Q	Fiscal year end	Annual
For the fiscal year ended	JPY	JPY	JPY	JPY	JPY
Mar. 31, 2026	-	22.00	-	24.00	46.00
Mar. 31, 2027	-	24.00			
Mar. 31, 2027 (Forecast)			-	24.00	48.00

(Note) Revisions to the most recently announced dividends forecast : None

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

(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	695,000	2.2	33,500	3.4	34,000	△1.5	23,500	△21.5	207.69

(Note 1) Revisions to the most recently announced the consolidated earnings forecasts : Yes
(Note 2) For the consolidated earnings forecasts, please refer to the "Notice Regarding the Differences between Consolidated Financial Forecasts and Actual Results for the Six Months Ended September 30, 2026 and Revisions of Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2027" announced today (Nov. 4, 2026).
(Note 3) Consolidated gross sales, which are equivalent to net sales excluding the effects of changes in "Accounting Standard for

Revenue Recognition" (ASBJ Statement No. 29, Mar. 31, 2020) and other standards, amounted to 1,230,500 million JPY (up 5.9% year on year) for the full year.

* Notes

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

Inclusion - companies (Company name) Excluded 1 company (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 semi-annual 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)	As of Sep. 30, 2026	125,201,396 shares	As of Mar. 31, 2026	125,201,396 shares
(ii) Number of treasury shares at the end of the period	As of Sep. 30, 2026	13,723,785 shares	As of Mar. 31, 2026	10,197,971 shares
(iii) Average number of shares during the period	As of Sep. 30, 2026	113,417,381 shares	As of Sep. 30, 2025	119,743,828 shares

* Financial results reports are exempt from review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

(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. Semi-annual Consolidated Financial Statements

(1) Semi-annual Consolidated Balance Sheet

(Millions of JPY)

	As of Mar. 31, 2026	As of Sep. 30, 2026
Assets		
Current assets		
Cash and deposits	57,812	38,946
Accounts receivable - trade	72,295	71,410
Merchandise and finished goods	20,373	19,893
Work in process	84	137
Raw materials and supplies	664	837
Accounts receivable - other	12,914	8,986
Other	5,390	5,639
Allowance for doubtful accounts	△373	△395
Total current assets	169,163	145,456
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	142,691	141,786
Machinery, equipment and vehicles, net	2,826	2,910
Land	149,907	149,545
Construction in progress	817	990
Other, net	9,915	9,855
Total property, plant and equipment	306,159	305,088
Intangible assets		
Software	18,866	19,242
Software in progress	6,392	6,152
Goodwill	6,205	6,054
Other	15,799	16,293
Total intangible assets	47,263	47,743
Investments and other assets		
Investment securities	94,786	85,307
Long-term loans receivable	4,408	3,541
Guarantee deposits	68,213	67,981
Retirement benefit asset	9,320	9,561
Deferred tax assets	16,693	14,202
Other	1,672	1,456
Allowance for doubtful accounts	△2,972	△2,184
Total investments and other assets	192,122	179,866
Total non-current assets	545,546	532,697
Total assets	714,709	678,154

(Millions of JPY)

	As of Mar. 31, 2026	As of Sep. 30, 2026
Liabilities		
Current liabilities		
Accounts payable - trade	75,684	70,901
Current portion of long-term borrowings	17,250	750
Lease liabilities	699	693
Accounts payable - other	33,284	25,297
Income taxes payable	4,532	4,174
Gift certificates	8,171	8,024
Advances received	36,893	39,211
Provision for bonuses	7,540	7,214
Provision for bonuses for directors	166	135
Provision for loss on store closings	96	78
Asset retirement obligations	518	129
Other	16,727	14,399
Total current liabilities	201,563	171,010
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term borrowings	106,845	106,653
Long-term accounts payable - other	988	536
Lease liabilities	8,210	7,661
Deferred tax liabilities	33,744	28,628
Deferred tax liabilities for land revaluation	325	325
Provision for retirement benefits for directors	184	100
Provision for redemption of gift certificates	3,482	3,520
Long-term guarantee deposits	11,478	11,312
Retirement benefit liability	8,574	7,939
Asset retirement obligations	3,431	3,705
Other	437	1,056
Total non-current liabilities	187,704	181,440
Total liabilities	389,268	352,451
Net assets		
Shareholders' equity		
Share capital	17,796	17,796
Capital surplus	80,607	80,638
Retained earnings	180,245	192,376
Treasury shares	△20,269	△29,971
Total shareholders' equity	258,380	260,839
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	46,743	40,663
Revaluation reserve for land	668	668
Foreign currency translation adjustment	2,742	5,476
Remeasurements of defined benefit plans	1,405	1,130
Total accumulated other comprehensive income	51,560	47,939
Share acquisition rights	1,449	1,367
Non-controlling interests	14,049	15,555
Total net assets	325,440	325,703
Total liabilities and net assets	714,709	678,154

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

Consolidated Statement of Income

(For the First Six Months Ended Sep. 30, 2026)

(Millions of JPY)

	First six months of FYE Mar. 2026 (From Apr. 1, 2025 to Sep. 30, 2025)	First six months of FYE Mar. 2027 (From Apr. 1, 2026 to Sep. 30, 2026)
Net sales	333,024	333,338
Cost of sales	184,453	179,743
Gross profit	148,570	153,595
Selling, general and administrative expenses	136,715	139,869
Operating profit	11,855	13,725
Non-operating income		
Interest income	117	132
Dividend income	690	826
Share of profit of entities accounted for using equity method	259	340
Foreign exchange gains	-	47
Gain on debt settlement	372	452
Other	422	439
Total non-operating income	1,862	2,239
Non-operating expenses		
Interest expenses	393	544
Provision for redemption of gift certificates	311	345
Foreign exchange losses	244	-
Other	355	262
Total non-operating expenses	1,305	1,152
Ordinary profit	12,413	14,812
Extraordinary income		
Gain on sale of investment securities	-	5,162
Subsidy income	944	374
Gain on sale of non-current assets	91	157
Total extraordinary income	1,036	5,694
Extraordinary losses		
Loss on retirement of non-current assets	909	1,434
Loss on termination of retirement benefit plan	-	197
Loss on store closings	645	63
Impairment losses	-	21
Total extraordinary losses	1,554	1,716
Profit before income taxes	11,894	18,790
Income taxes – current	2,654	3,224
Income taxes – deferred	1,823	133
Total income taxes	4,478	3,358
Profit	7,416	15,432
Profit attributable to non-controlling interests	507	542
Profit attributable to owners of parent	6,909	14,890

Consolidated Statement of Comprehensive Income

(For the First Six Months Ended Sep. 30, 2026)

(Millions of JPY)

	First six months of FYE Mar. 2026 (From Apr. 1, 2025 to Sep. 30, 2025)	First six months of FYE Mar. 2027 (From Apr. 1, 2026 to Sep. 30, 2026)
Profit	7,416	15,432
Other comprehensive income		
Valuation difference on available-for-sale securities	14,070	△6,080
Foreign currency translation adjustment	△3,461	3,681
Remeasurements of defined benefit plans, net of tax	81	△275
Share of other comprehensive income of entities accounted for using equity method	31	16
Total other comprehensive income	10,721	△2,657
Comprehensive income	18,137	12,775
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	18,500	11,269
Comprehensive income attributable to non-controlling interests	△362	1,505