May 13, 2025

[Translation]
To whom it may concern

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Prime Market of the Tokyo Stock Exchange)
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Progress of "Measures to Achieve Management Conscious of Cost of Capital and Stock Price"

The Company hereby announces that its Board of Directors, at a meeting held today, analyzed the current status of the "Measures to Achieve Management Conscious of Cost of Capital and Stock Price" announced on May 15, 2024, and resolved to update the contents for improvement.

Please refer to the Progress of "Measures to Achieve Management Conscious of Cost of Capital and Stock Price" in the attached document for details.

Progress of “Measures to Achieve Management Conscious of Cost of Capital and Stock Price”

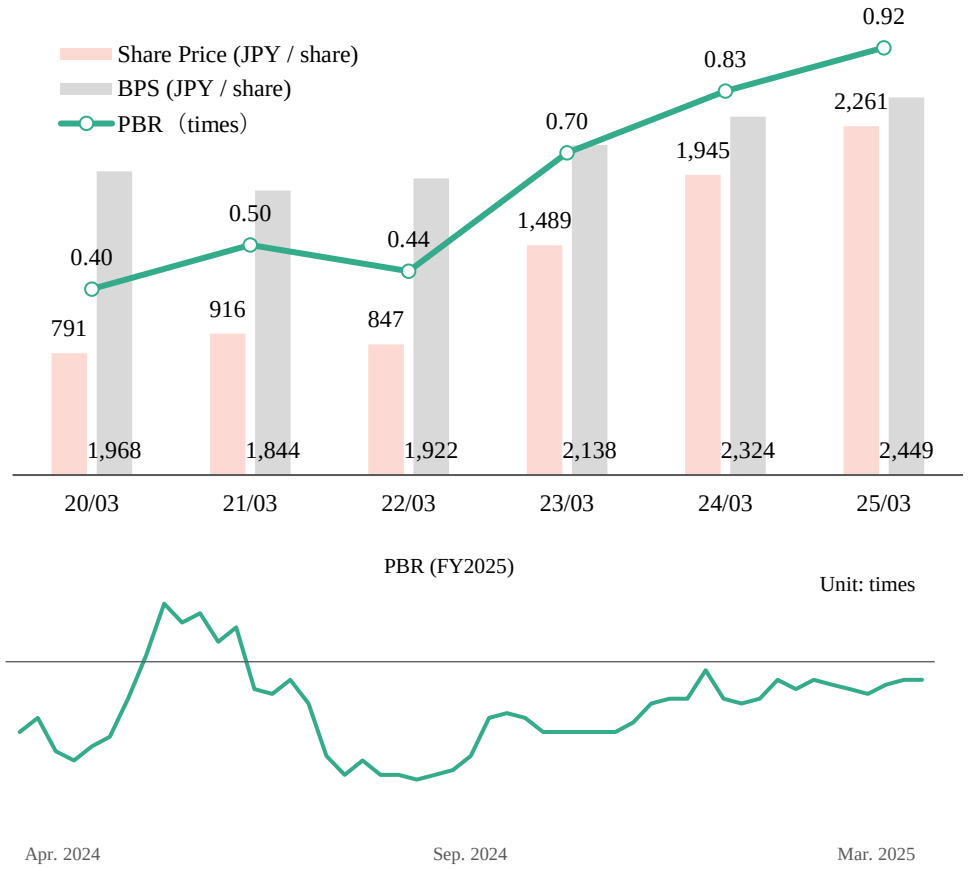
H2O RETAILING CORPORATION

May 13, 2025

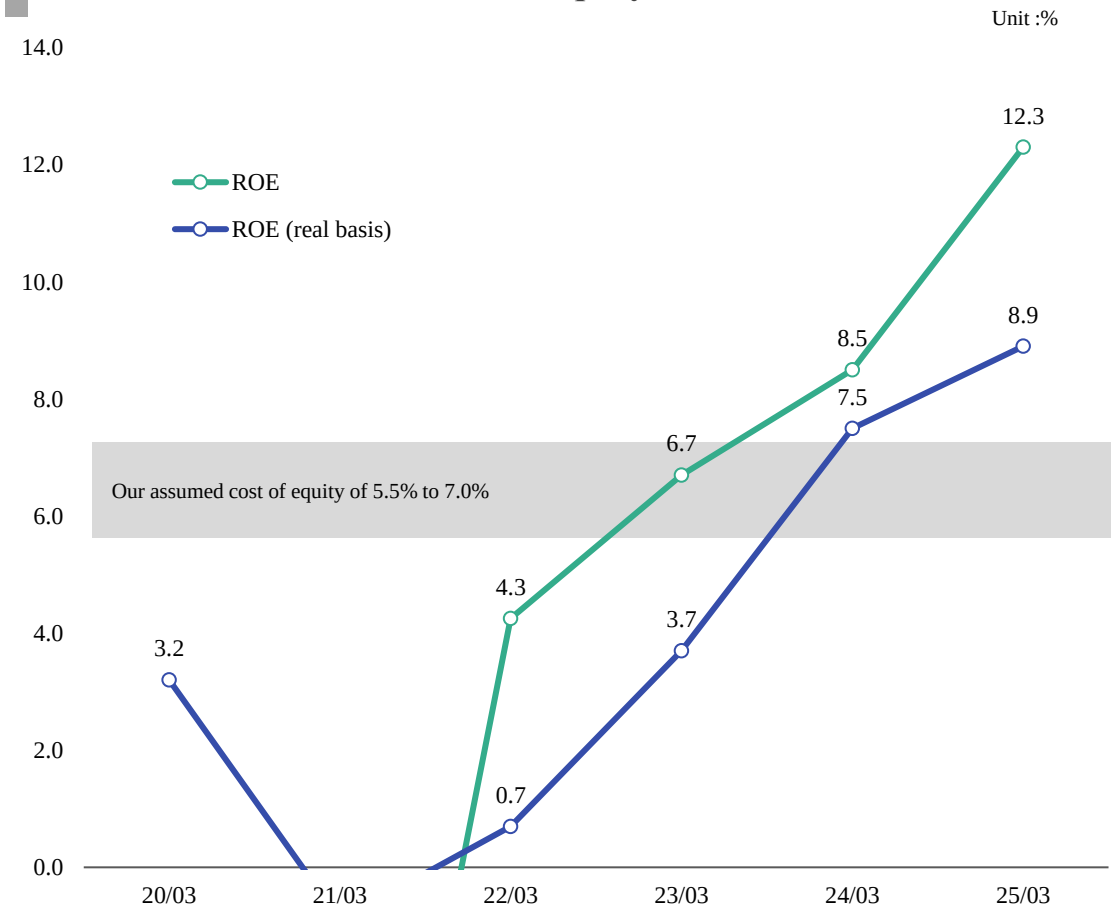
Analysis of Current Status and Direction of Initiatives

- P/B ratio temporarily exceeded 1.0x, but is currently below 1.0x. to achieve the target of 1.2x over, a low PER ratio compared to the average of the sector (around 15.0x) is an issue.
- Continue to improve ROE by enhancing business performance, clarify growth strategies, strengthen shareholder returns, expand the shareholder/investor base and enhance IR communication.

Trends of Stock Price and PBR



ROE and Cost of shareholders' equity



*ROE(real basis) is excluding extraordinary gains from asset sales and other special gains and tax effects

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Enhancing Corporate Value and Equity Value

- Steadily implement initiatives in the first year of the Mid-Term Management Plan in accordance with business strategies and capital and financial strategies
- Business strategy is a mid- to long-term initiative, but by actively promoting it, aiming to improve visibility of the growth strategy and increase market confidence in this strategy.

		Initiatives	Progress (FY2025)	Direction (FY2026)
Capital and Financial Strategy	Enhancing shareholder returns	• Dividends	Annual dividend increased to 42.0 JPY (YoY +14.0 JPY)	Annual dividend to be increased to 44.0 JPY (YoY +2.0 JPY)
		• Acquisition of own shares (Target: 3-year cumulative of 30.0 bn. JPY)	Implemented 4.4 bn. JPY	Up to 15.0 bn. JPY
	Maintain B/S at appropriate size	• Control of total assets and shareholders' equity	Sales of investment security (14.2 bn. JPY) Made Kansai Food Market a wholly owned subsidiary Ningbo Hankyu became a subsidiary	In accordance with the policy of reducing strategic shareholdings, take appropriate measures as needed
Business Strategy	Concentrated investment in high-growth/high-profit business	• Hankyu Main Store to be a Global Department Store	Strengthen services to wealthy domestic and overseas customers (13F VIP salons, etc.)	FY2026: Remodel begins in earnest (Scheduled to open in spring 2026)
		• Remodel of Hakata Hankyu (new projects)		FY2026: Remodeling started (Remodel to be completed in fall 2027.)
		• Remodel of Ningbo Hankyu, Strengthen services to wealthy people	Implemented upgrading and remodel of Ningbo Hankyu to secure the NO.1 store in Ningbo area	
	Clarify growth strategy	• Develop and deploy new sources of revenue by leveraging "customer date base"	H2O ID, the Group's common customer ID, has increased membership through the App service	Further developing App services and collecting data for BtoB business development

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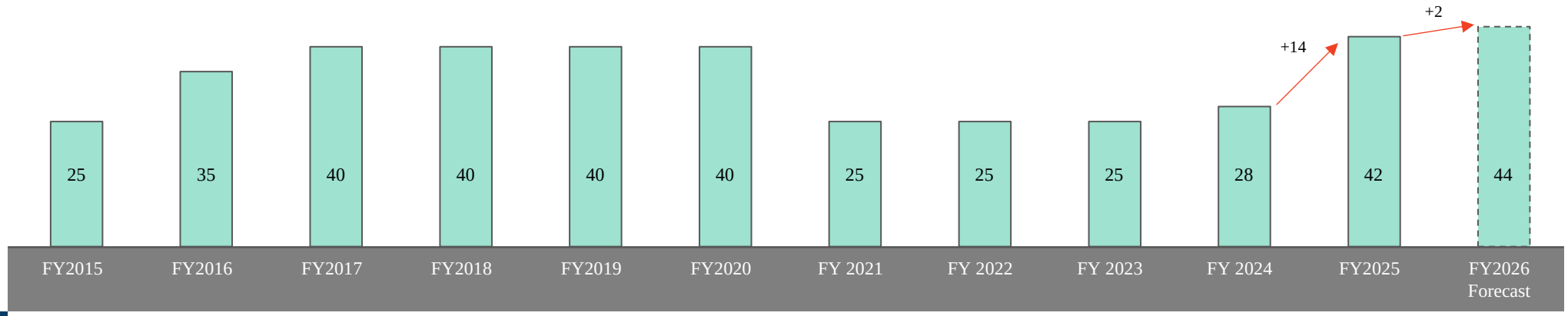
Shareholder Returns

- Annual dividend for FY2025: 42.0 JPY (up 14.0 JPY YoY), annual dividend for FY2026: 44.0 JPY (up 2.0 JPY YoY)
- Implement acquisition of treasury stock of 4.4 bn. JPY in FY2025 and 15.0 bn. JPY (upper limit) in FY2026 to target a cumulative 3-year goal of 30.0 bn. JPY.

Dividends per share (JPY)



	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY 2021	FY 2022	FY 2023	FY 2024	FY2025	FY2026 Forecast
Acquisition of treasury stock (100 million JPY)	35	0	0	0	0	0	0	5	89	19	44	150
Total return ratio *1	54%	26%	32%	34%	229%	—	—	36%	73%	22%	25%	112%
Dividend payout ratio	26%	31%	35%	34%	229%	—	—	31%	18%	15%	14%	29%*2
Dividends on equity (DOE)	1.5%	1.7%	2.0%	2.1%	2.0%	2.1%	1.9%	1.6%	1.5%	1.2%	1.8%	2.1%

Shareholder return policy

Keeping an annual dividend of 25.0 JPY per share and aiming for a long-term dividend payout ratio of 30-40%

In principle, the Company will pay out dividends based on a DOE of over 1.8% and will flexibly return profits to shareholders in accordance with business performance. Acquisition of treasury stock planned on the scale of 30 bn. JPY in FY2025-2027 (cumulative total return ratio of over 60%)

*1The total dividend payout ratio is calculated as the year-end dividend for the previous fiscal year + interim dividend for the fiscal year.
*2Including estimated acquisition of treasury stock in FY2026

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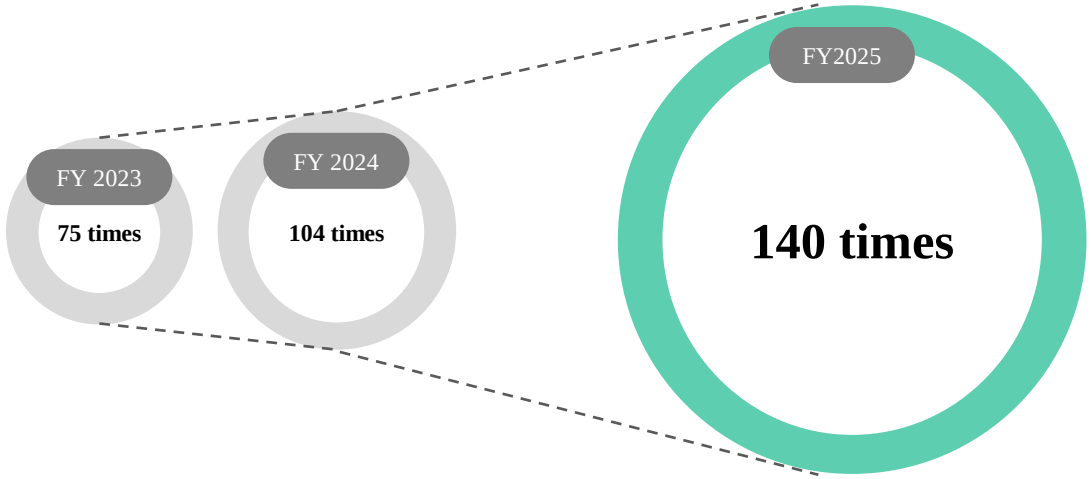
Dialogue with Shareholders and Investors

- Strengthen IR activities to enhance shareholder/investor base, and reflect dialogue in corporate management to enhance corporate value and equity value.

Results of Dialogue with investors (Number of 1on1 MTG)

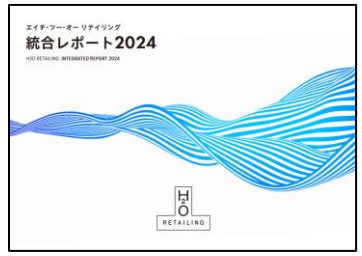


IR Activities

		FY2023	FY2024	**FY2025**
Domestic Institutional Investor	IR Day	1	1	**1**
Overseas Institutional Investor	Overseas IR Physical roadshows	1	1	**1**
Individual investors	Briefings for individual investors	0	0	**1**
	Information session for all group employees	2	3	**4**

Integrated Report Awards

Integrated Report for FY2025 won the Newcomer's Award at the “4th Nikkei Integrated Reporting Awards”.



Holding events for individual investors

Holding the first briefing for individual investors at Hankyu Umeda Main Store in Mar. 2025



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