



Jun. 25, 2025

To whom it may concern

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CORPORATION  
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Regarding Disposal of Own Shares as Restricted Stock to Directors, Etc.

H2O RETAILING CORPORATION (the "Company") hereby announces that it has decided to dispose of its own shares (hereinafter referred to as "Disposal") as follows at the Board of Directors held today.

#### 1. Outline of Disposal

(1) Payment date	Jul. 15, 2025
(2) Class and number of shares to be disposed	110,400 shares of common shares of the Company
(3) Disposal price	1,870 yen per share
(4) Total price of shares to be disposed	JPY 206.448 million
(5) Scheduled allottees	Directors of the Company: 8 persons 29,000 shares (Directors serving on the Audit and Supervisory Committee: 5 persons 5,000 shares) Executive officers: 6 persons 18,600 shares Directors of subsidiary 7 persons 34,800 shares Audit and Supervisory Board Member of subsidiary: 1 person 1,000 shares Executive officers of subsidiary: 9 persons 27,000 shares

Note : An extraordinary report under the Financial Instruments and Exchange Act has been submitted with respect to the Disposal.

#### 2. Purpose and reason for the Disposal

At the meeting of the Board of Directors held on May. 13, 2025, we reviewed the executive compensation system and decided to introduce a new restricted stock compensation plan (the "Plan") in place of the previous stock compensation-type stock option plan. This plan was designed to provide incentives for our Directors (hereinafter referred to as "Eligible Directors") to continuously increase our corporate value, and to further enhance the sharing of value between Directors and shareholders and the awareness of Director performance and share value. For more information, please refer to our May. 13, 2025, "Notice Concerning Introduction of Restricted Shares as Compensation for Officers".

In addition, at the 106th Ordinary General Meeting of Shareholders held on Jun. 25, 2025, (hereinafter referred to as the "Annual Meeting of Shareholders"), pursuant to the Plan, (i) Eligible Directors will receive the issuance or disposition of our common stock (restricted stock) by paying all of their monetary claims paid by us as contribution-in-kind assets pursuant to the resolution of our Board of Directors, (ii) the total number of shares of our common stock to be issued or disposed of shall be no more than 50.5 thousand shares per year (including the stock split of our common stock (including the free allocation of shares of our common stock) or the consolidation of shares, and in the event that circumstances arise that require adjustment of the number of shares, such as the stock split or the reverse stock split, will occur, such total number will be adjusted to the extent reasonable.), (iii) the total amount of monetary claims to be paid for restricted stock grants is set at no more than JPY151.5 million per annum, and (iv) the periods of the restricted stock grants and the cancellation of the restricted stock grants have been approved.

Furthermore, following the approval of the introduction of the Plan at the Annual Meeting of Shareholders, the Company has decided to grant restricted shares similar to those under the Plan to the executive officers of the Company and the Board of Directors, auditors and executive officers of Hankyu Hanshin Department Store Co., Ltd. (hereinafter referred to as the "Subject Subsidiary").

Based on the above, in consideration of the purpose of the Plan, the scope of our result and responsibilities, and other circumstances, ① the Company has decided to grant, (i) based on the resolution of our Board of Directors, the monetary claims of JPY 79.662 million to 3 of our Directors (excluding Directors serving as Audit & Supervisory Committee members) and 6 of our executive officers, (ii) based on discussions of Directors who are Audit & Supervisory Committee members, the monetary claims of JPY 9.35 million to 5 of our Directors serving as Audit & Supervisory Committee members, and ② the Subject Subsidiary has decided to grant, (i) based on the resolution of the Board of Directors, the monetary claims of JPY 115.566 million to 7 of the Directors and 9 of the executive officers, (ii) based on discussions with the Audit and Supervisory Board Members, the monetary claims totaling JPY 1.87 million to 1 Audit and Supervisory Board Member (hereafter, these monetary claims are collectively referred to as "Monetary Claims" and the persons to whom the Monetary Claims are granted are collectively referred to as "Allocated Persons"). In addition, at our Board of Directors, we resolved to issue 110.4 thousand shares of our common stock to the eligible persons for allotment by Disposal, with the Monetary Claims to be contributed in kind (the amount of Monetary Claims to be contributed for each share offered is stated in 1,870 yen).

#### <Outline of restricted stock allocation agreement>

The Company and the Allocated Persons enter into an Individual Share Allocation Agreement with Restriction on Transfer (hereinafter referred to as the "Allotment Agreement"), the outline of which is as follows. We plan to allocate ① shares with conditions of continuous service and performance-based conditions to our executive directors and executive officers, and to executive directors and executive officers of the Subject Subsidiary, and ② shares with conditions of continuous service to our non-executive directors (including Directors serving as Audit & Supervisory Committee Members) and to non-executive directors and corporate auditors of the Subject Subsidiary.

## (1) Restricted Period on Transfer

<Restricted period for shares subject to conditions of continuous service>

From Jul. 15, 2025 (hereinafter referred to as the "Grant Date") to the date when any of the positions of Directors (including Directors who are Audit and Supervisory Committee Members), officers, etc. (hereinafter collectively referred to as the "Officers") of all of our subsidiaries, including us and the Subject Subsidiary, are lost due to the expiration of their term of office (provided, however, that in cases where the target is a corporate officer with an employee status, the date when the status of such officer is lost or the date when the status of employee is lost, whichever is later (hereinafter referred to as the "Restriction Period on Transfer ①")), the Allocated Persons must not transfer, mortgage, or otherwise dispose of the shares subject to conditions of continuous service.

<Restricted period of performance-based shares>

The Allocated Persons must not transfer, mortgage or otherwise dispose of the Result-Based Shares during the period from Jul. 15, 2025 (the Grant Date) to Jul. 31, 2028 (the "Transfer Restriction Period ②").

## (2) Termination Conditions of Restriction on Transfer

<Termination conditions for restriction on transfer of shares subject to continuous service>

The assignment restriction shall be terminated with respect to all of the shares subject to the conditions of continuous service at the expiration of the Restriction on Transfer Period ① on the condition that the Allocated Persons remained in the position of the Officers in the company where the Monetary Claim was paid by the Allocated Persons during the period from the Grant Date to Mar. 31, 2026 (if the Board of Directors of the Company determines an earlier date, that date shall apply.), (hereinafter referred to as the "Service Provision Period").

The transfer restriction shall not be cancelled in the Company that the Allocated Persons loses the position of the Officers after the expiration of the Service Provision Period due to reasons other than death, illness, or any other reason deemed justifiable by us (hereinafter referred to as "Justifiable Reasons").

<Termination conditions for restrictions on the transfer of performance-based shares>

In addition to the fact that the Allocated Persons continues to be in the position of the Officers in the company to which the Monetary Claims are granted to the allottee for the Service Provision Period, upon the expiration of the Restricted Period ②, subject to the achievement of the following performance conditions (hereinafter referred to as the "Performance Conditions"), the transfer restrictions will be lifted on all or a portion of the performance-based shares depending on the degree of achievement of the Performance Conditions.

- Indicators and cancellation of shares are based on the following criteria.

### ① Indicators

Indicators	Target for FY2026	Weight
Consolidated Operating Profit	¥32.0 billion	50%
Consolidated ROIC	5.9%	50%

② Performance-based coefficient

Achievement Level	Coefficient
100% or More	1
Less than 100%	0

③ Number of shares cancelled

Calculate with the following equations

Number of shares allotted x (weight of each indicator x total of performance-linked coefficient)

Provided, however, that the assignment restriction shall not be cancelled in the event that the Allocated Persons loses any of the positions of the Officers after the expiration of the Service Provision Period and for reasons other than for Justifiable Reasons (including the expiration of the term of office as a justifiable reason in the case of the loss of the position of the Officers before the expiration of the Assignment Restriction Period ②) before the expiration of the Assignment Restriction Period ②).

(3) Free Acquisition by the Company

The Company will naturally acquire, without charge, the Allotment Shares for which the Restriction on Transfer has not been terminated at the time of expiration of the Restriction on Transfer or at any other time as set forth in the Allotment Agreement.

(4) Management of Shares

The Allotment Shares shall be managed in the dedicated account opened by the Allocated Persons at Daiwa Securities Co., Ltd. during the Restriction Period so as not to be transferred, secured or otherwise disposed of during the Restriction Period.

(5) Treatment in Organizational Restructuring, etc.

If, during the Restriction Period on transfer, any matter relating to the merger agreement in which we become an extinguished company, the share exchange agreement or the share transfer plan in which we become a wholly owned subsidiary, or any other organizational restructuring, etc. is approved at the Annual Meeting of Shareholders (provided, however, that in the event that the relevant organizational restructuring, etc. does not require approval at the Annual Meeting of Shareholders, the Board of Directors of the Company), by a resolution of the Board of Directors, all of the Allotted Shares shall be lifted respect to all of the Allotted Shares at the time immediately preceding the business day prior to the effective day of the organizational restructuring, etc.

3. Basis for calculating the amount to be paid and specific contents thereof

The Disposal is conducted by using Monetary Claims paid to the planned allotment counterparties under the Plan as investment assets. The paid-in value is set at 1,870 yen, the closing price of our common stock on the Tokyo Stock Exchange on Jun. 24, 2025 (the business day prior to the resolution date of the Board of Directors), in order to eliminate arbitrary considerations. This is the market stock price immediately prior to the date of resolution of the Board of Directors. In circumstances where there are no special circumstances indicating that the Company cannot rely on the most recent stock price, we believe that this is a reasonable one that appropriately reflects our corporate value and does not fall under the category of a value that is particularly favorable to the Allocated Persons.