



WATTS CO.,LTD.

(2735; Tokyo Stock Exchange Standard Market)

Operating Results for the First Half of the Fiscal Year Ending August 2026

Wednesday, April 15, 2026

Fumio Hiraoka, President, CEO and Executive Officer

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(Millions of yen)

Financial highlights	H1 FY8/25		H1 FY8/26		YoY	Vs. forecast
	Amount	Ratio to sales	Amount	Ratio to sales		
Sales	30,645	—	31,275	—	102.7%	100.9%
Gross profit	11,796	38.7%	12,128	38.8%	102.8%	—
Selling, general and administrative expenses	10,975	36.0%	11,271	36.0%	102.7%	—
EBITDA	1,256	4.1%	1,300	4.2%	103.6%	—
Operating profit	820	2.7%	857	2.7%	104.6%	114.4%
Recurring profit	866	2.8%	895	2.9%	103.4%	119.4%
Net income attributable to owners of parent	536	1.8%	495	1.6%	92.3%	110.1%
Net income per share (Yen)	40.75	—	37.40	—	91.8%	—

- ✓ **Sales increased by 2.7% YoY** mainly thanks to solid performance in the 100-yen shop business. ➔P3,9
- ✓ **Gross profit increased by 2.8% YoY**, driven by a reduction in the cost ratio and strong sales of higher-priced items (non-100-yen items) with high profit margins. ➔P4,5
- ✓ **Operating profit rose by 4.6% YoY**, despite increases in variable rent associated with higher sales and expenses aimed at enhancing brand recognition. ➔P5

Sales by Business Type



(Millions of yen)

Sales by Business Type		H1 FY8/25		H1 FY8/26		YoY
		Amount	Ratio to sales	Amount	Ratio to sales	
100-yen Shop	Directly managed	27,442	90.1%	28,263	90.4%	103.0%
	Wholesale and Other	942	3.1%	1,002	3.2%	106.3%
	Subtotal	28,385	93.1%	29,266	93.6%	103.1%
Overseas Business	Directly managed	47	0.2%	16	0.1%	34.6%
	Wholesale	341	1.1%	319	1.0%	93.6%
	Subtotal	389	1.3%	336	1.1%	86.4%
Other Domestic Businesses	Buona Vita/ Real, etc.	1,691	5.6%	1,672	5.3%	98.9%
Total		30,465	100.0%	31,275	100.0%	102.7%

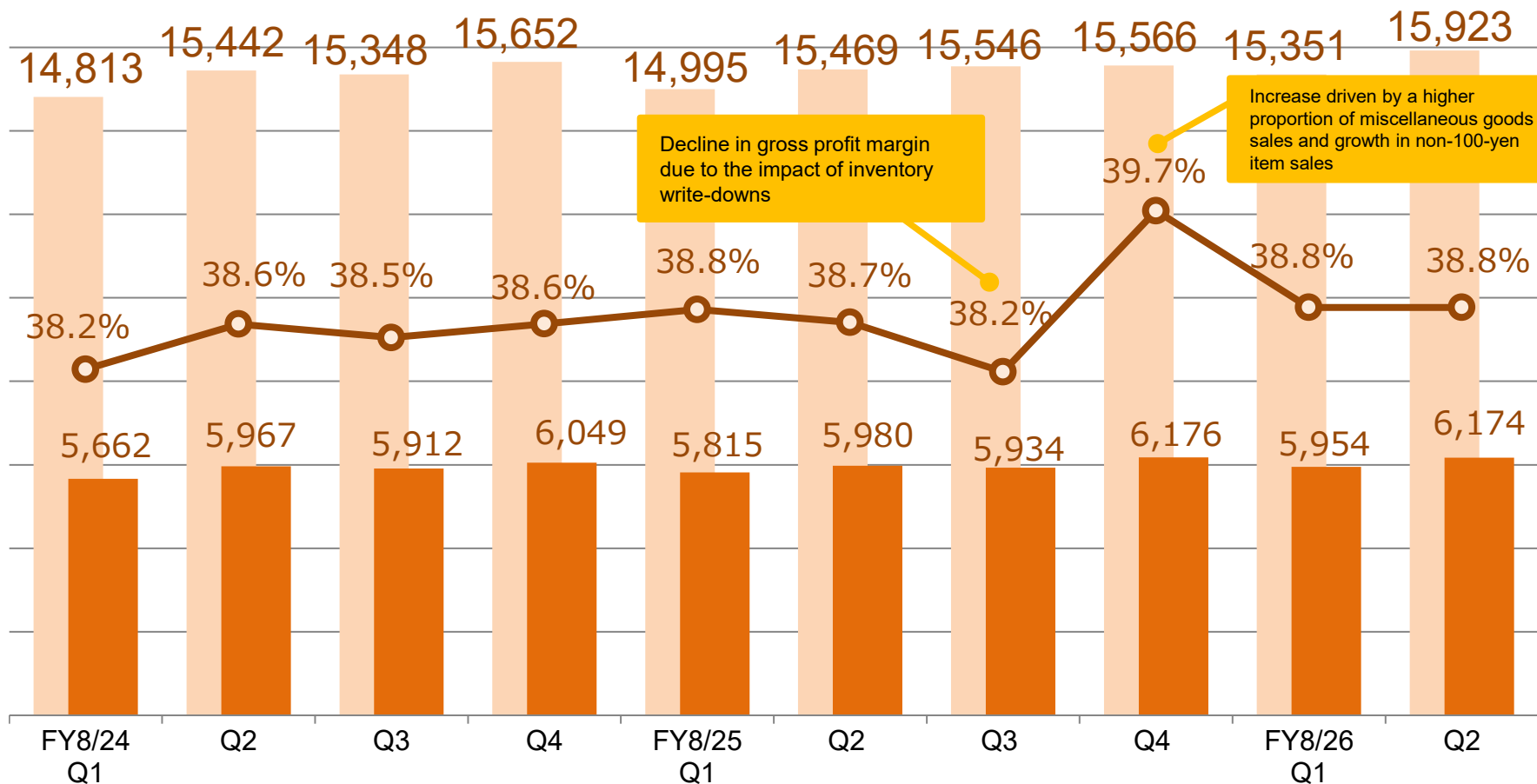
- ✓ Sales in the domestic 100-yen shop business increased by 881 million yen YoY, and its share of total sales increased by 0.5ppt.
- ✓ Sales in the “Wholesale and Other” category in the 100-yen shop business reached 106.3% YoY, mainly due to strong shipments to medical institutions by Nippan.

Quarterly Changes in Gross Profit Margin



■ Sales
 ■ Gross profit
 ● Gross profit margin

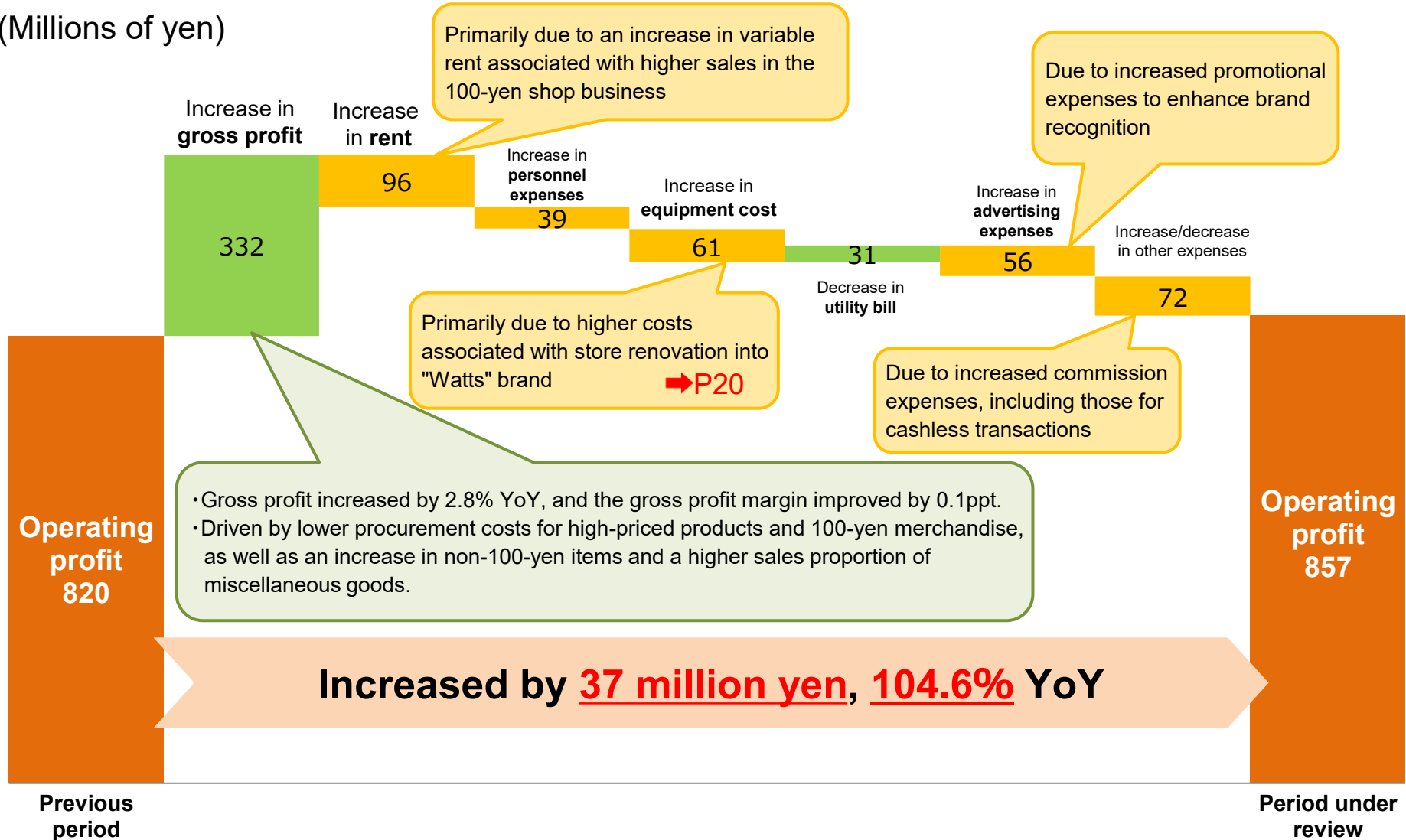
(Millions of yen)



Factors for Changes in Operating Profit



(Millions of yen)



Previous period

Period under review

Consolidated Balance Sheet and Consolidated Cash Flows



(Millions of yen)

Consolidated balance sheet	FY8/25		H1 FY8/26	
	Amount	Pct. Change	Amount	Pct. Change
Cash and deposits	6,187	Down 66.1%	4,840	Down 21.8%
Merchandise and finished goods	11,218	Up 11.3%	11,746	Up 4.7%
Other current assets	3,779	Up 8.4%	3,363	Down 11%
Property, plant and equipment	2,343	Down 3%	2,312	Down 1.3%
Other non-current assets	3,982	Down 8.8%	3,905	Down 1.9%
Total assets	27,510	Down 18.8%	26,167	Down 4.9%
Liabilities	14,480	Down 31.3%	12,752	Down 11.9%
Net assets	13,029	Up 4.6%	13,415	Up 3%

- ✓ From the current fiscal year, we shifted its financing approach to a more flexible, short-term-focused structure in preparation for rising interest rates. With this, cash and deposits decreased by 1,346 million yen, and liabilities declined by 1,728 million yen.
- ✓ As a result, the equity ratio improved to 51.2%, up 3.9ppt. from the end of the previous fiscal year.

- ✓ Cash flows from operating activities: Inventories increased by 349 million yen, and profit before income taxes increased by 24 million yen.

(Note: Operating cash flow was significantly negative in the previous period due to the impact of bank holidays.)

- ✓ Cash flows from investing activities: Expenditures for the acquisition of property, plant and equipment decreased by 273 million yen YoY.
- ✓ Cash flows from financing activities: Due to the above change in financing methods, repayments of long-term borrowings amounted to 1,327 million yen, while short-term borrowings increased by 750 million yen.

(Millions of yen)

Consolidated cash flows	H1 FY8/25		H1 FY8/26	
	Amount	Change	Amount	Change
Cash flows from operating activities	-2,131	-2,762	330	2,462
Cash flows from investing activities	-636	-382	-371	265
Cash flows from financing activities	-269	-229	-1,348	-1,078
Effect of exchange rate change on cash and cash equivalents	17	2	42	24
Cash and cash equivalents at end of period	6,359	362	4,840	-1,518
Free cash flows	-2,768	-3,144	-40	2,727

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Domestic 100-yen Shop business

 	Opening/closing	<p>Number of stores: 1,909 (as of February 28, 2026) <u>83 openings and 51 closings (net increase of 32)</u> against full-year forecasts of opening 133 and closing 91. ➔P10</p>
 	Watts brand stores	<p>Increased by <u>93 stores</u> to 1,609 stores, <u>accounting for 84.3% of the total number of our 100-yen shops.</u></p>

Other Domestic Business

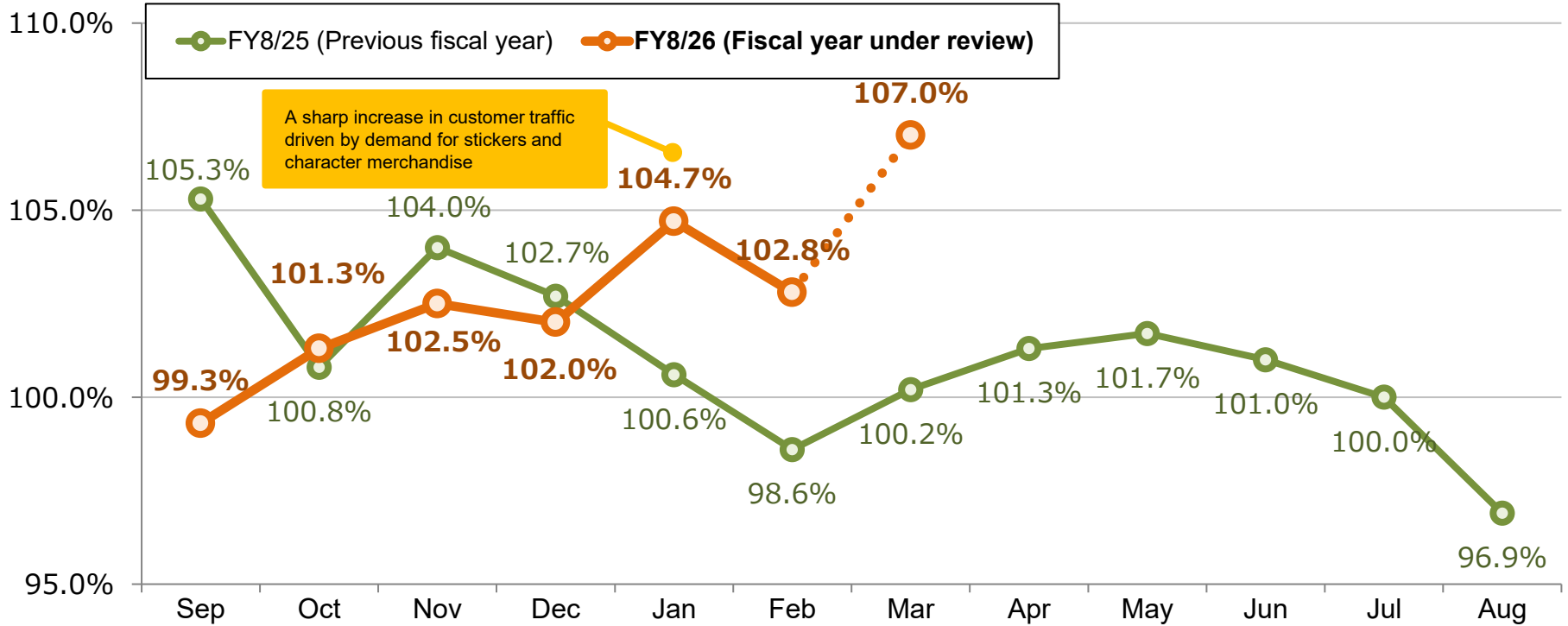
	Buona Vita	<p>A lifestyle goods store brand promoting a comfortable and joyful living, operating <u>10 stores</u>. ➔P12</p>
  	Real	<p>A community-based discount store brand. We operate <u>7 stores</u>, among which 3 are collaboration stores with our 100-yen Shop business. ➔P12</p>

Overseas Business

 	Overseas stores	<p>We operate <u>3 directly managed stores</u> (no change), and supply our products to wholesale customers in more than 30 countries. ➔P12</p>
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100-yen Shop Business (1)

- Changes in Same-store sales YoY



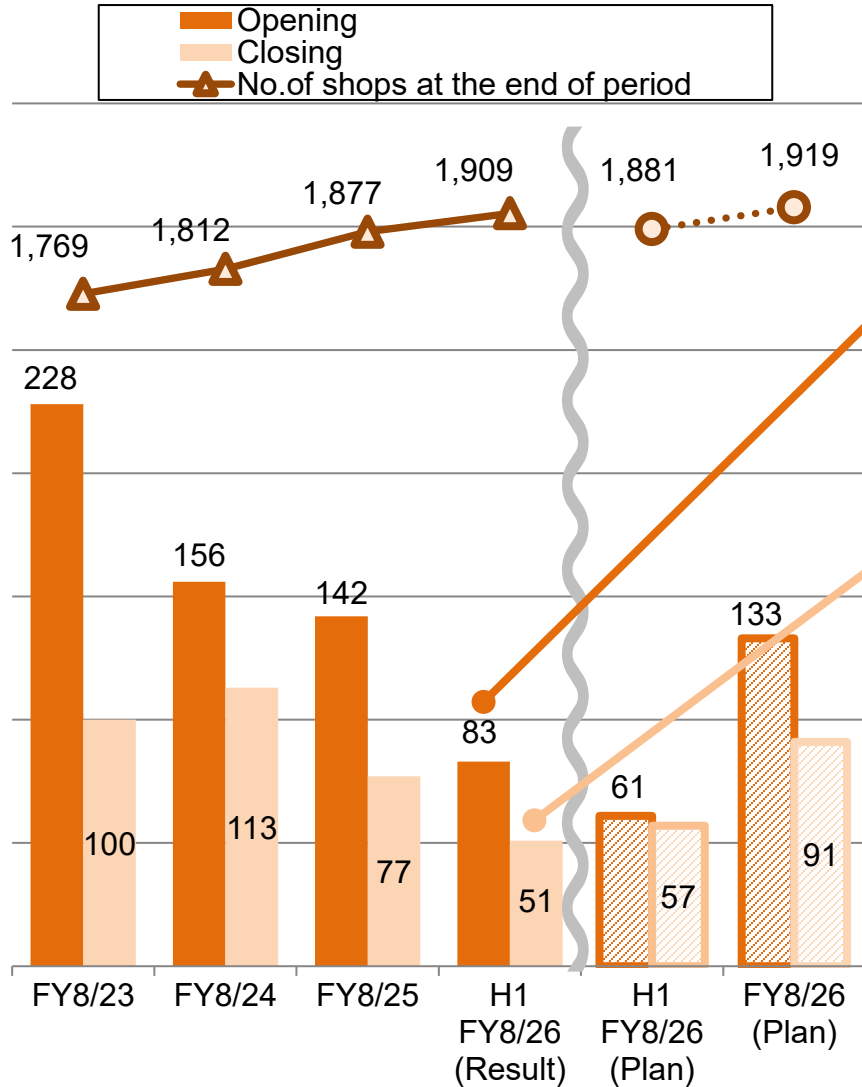
First-half total	Sales	Number of customers*	Spending per customer*
H1 FY8/26	102.1%	101.2%	101.1%
H1 FY8/25	102.0%	99.8%	102.1%

- ✓ Supported by the sticker boom, customer traffic, which had fallen short of the previous year in the same period, recovered.
- ✓ Average spending per customer has remained consistently solid over time.

* The number of customers and the spending per customer are calculated only for tenant-type stores.

100-yen Shop Business (2)

- Number of Stores (Opening/Closing Plan and Results)



Opening/closing plan and results

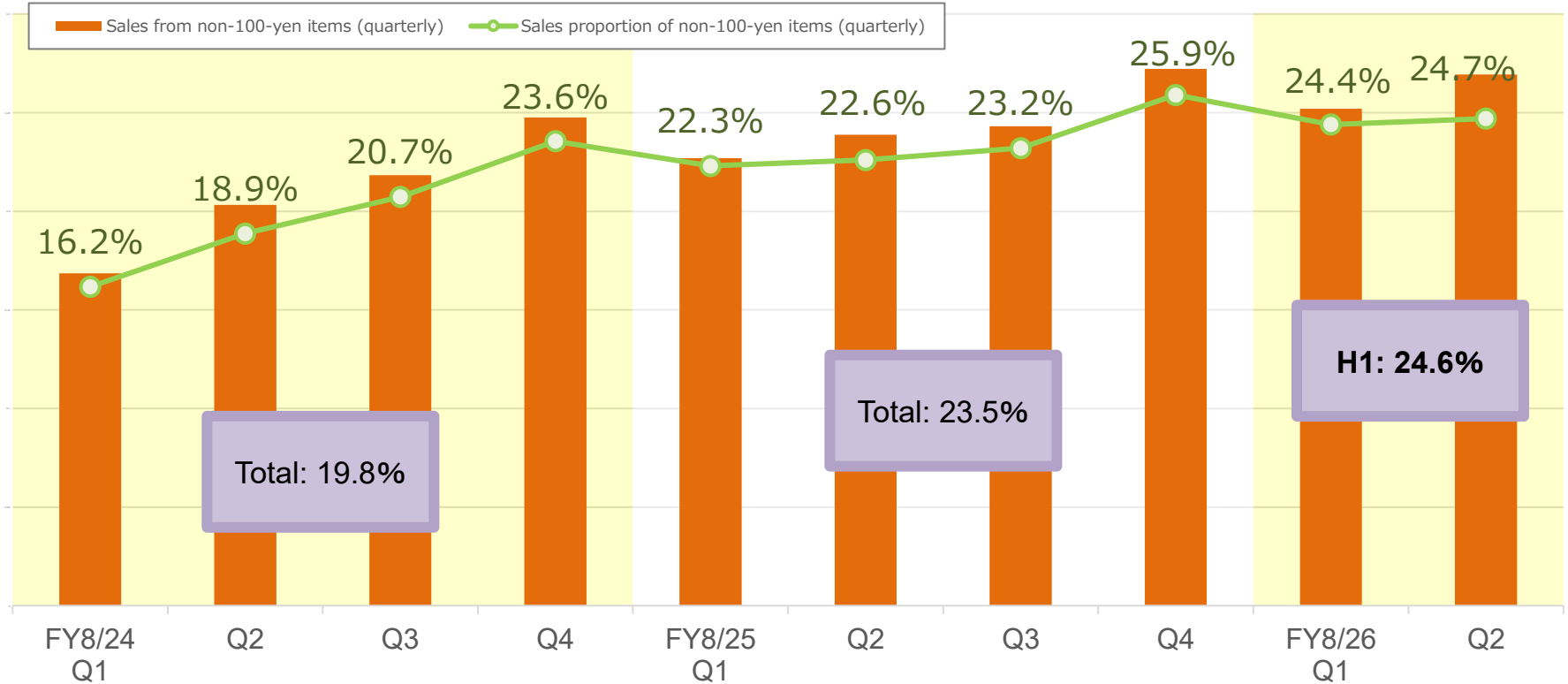
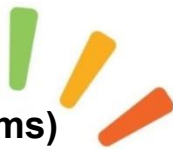
Opening plan (H1) → Opened **83 stores**
 61 stores (Progress to full-year forecast: 62.4%)

Closing plan (H1) → Closed **51 stores**
 57 stores (Progress to full-year forecast: 56.0%)

- ✓ Net increase of 32 stores against the H1 plan of 4 stores.
- ✓ Store openings during the period consisted mainly of consignment-type stores, totaling 11 tenant-type stores and 72 consignment-type stores.
- ✓ The number of new store openings has been on a declining trend since FY8/24, reflecting measures to prevent operational opportunity losses at existing stores.

100-yen Shop Business (3)

- Number of tenant-type stores selling higher-priced products (non-100-yen items) and its sales proportion



- ✓ At present, the number of non-100-yen items totals 4,737. To achieve a target sales composition ratio of 27.0%, we will continue to replace existing products and expand its portfolio of high-margin, higher-priced items.
- ✓ In both Q4 FY8/24 and Q4 FY8/25, sales of heat-prevention products increased sharply due to the extremely hot weather.



- ✓ The brand had **10 stores** as of February 28, 2026.
(3 in Tokyo, 2 in Ibaraki, 2 in Tochigi, 1 in Chiba, 1 in Saitama, and 1 in Hyogo)
- ✓ Same-store sales rose to **100.1%** YoY, showing strong performance.



Emio Shakujii-koen Store (Tokyo)



Nishiarai Tosca Store (Tokyo)



BuonaVita Online Shop

- ✓ **5 new store openings** are planned for FY8/26.



- ✓ The brand had **7 stores** as of February 28, 2026.
(4 in Osaka and 3 in Hiroshima)
- ✓ We also run 3 collaborative stores with our 100-yen shops in Osaka, generating synergistic effects.



Kure Store (Hiroshima)



Himejima Ekimae Store (Osaka)



- ✓ As of February 28, 2026, we operate **3 directly managed stores** in Peru. We are currently focusing on wholesale operations and developing new shipment destinations.
- ✓ We supply products to more than 30 countries, including the Philippines, Vietnam, Laos, and Hong Kong.

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Business Forecasts for FY8/26



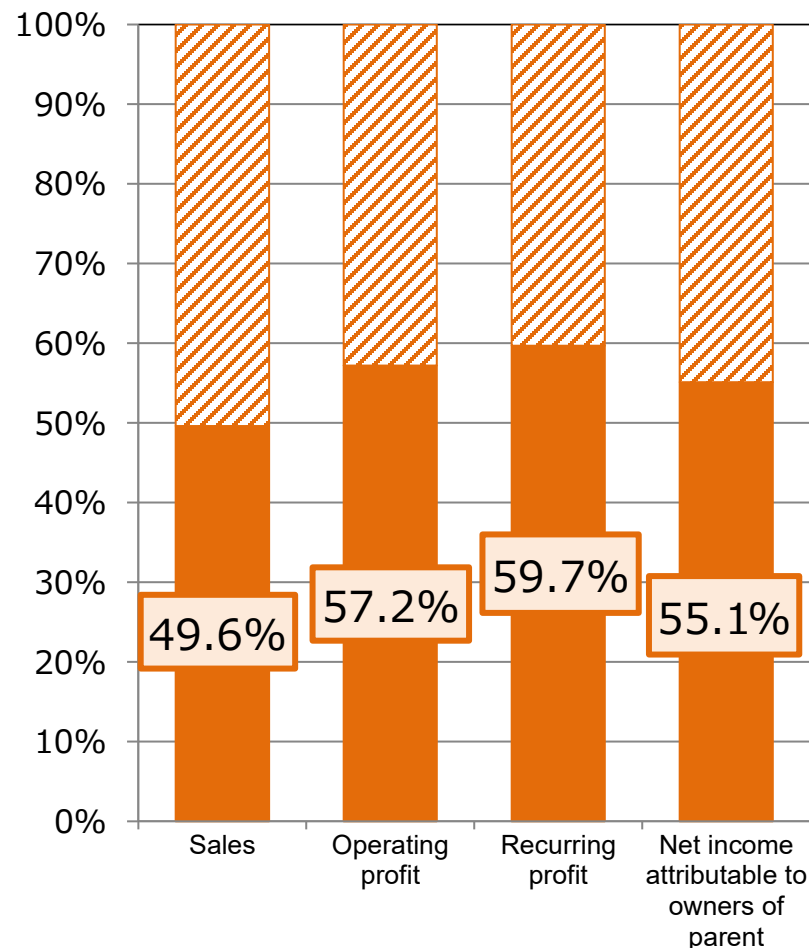
(Millions of yen)

Business Forecasts	FY8/26 (Forecast)		
	Amount	Ratio to sales	YoY
Sales	63,000	—	102.3%
Operating profit	1,500	2.4%	105.7%
Recurring profit	1,500	2.4%	105.0%
Net income attributable to owners of parent	900	1.4%	103.4%
Net income per share (Yen)	68.01	—	—

The full-year business forecasts remain unchanged from the figures announced in the financial results summary on October 10, 2025.

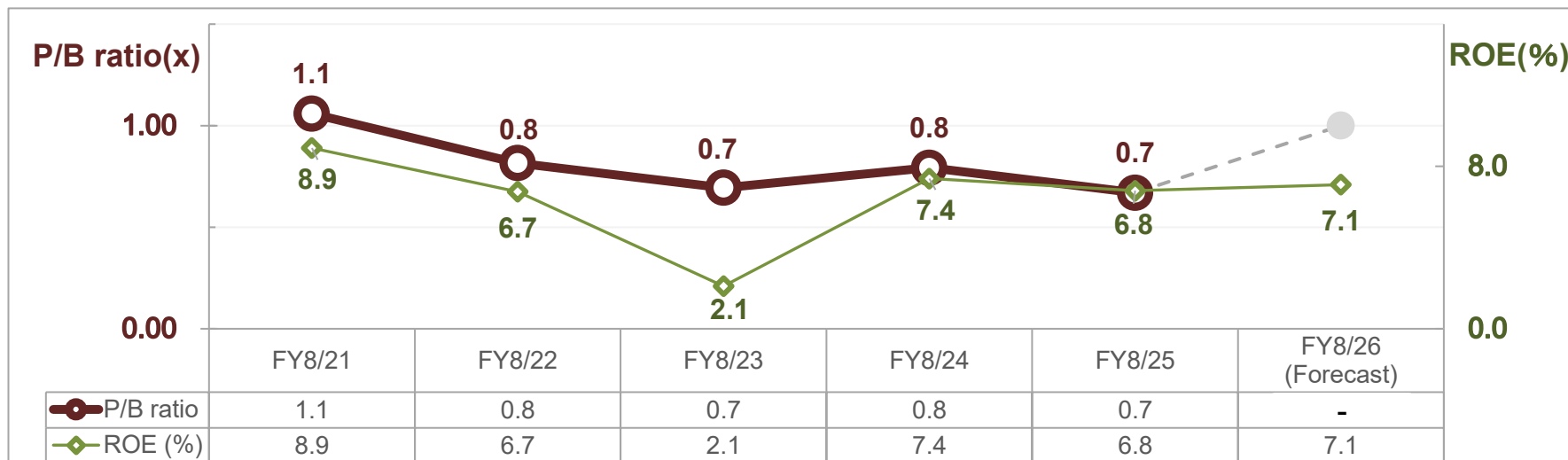
- ✓ Sales for the first-half period exceeded the plan, reaching 100.9% of the first-half forecast, mainly due to solid performance in the 100-yen shop business.
- ✓ On the profit side, operating profit reached 114.4% of the plan, reflecting SG&A expenses coming in below expectations.
- ✓ In the second half, we will continue to pursue sales and profit growth, amid an expected increase in the number of store openings compared with the first half and an uncertain external environment.

Progress to Full-year Forecast



Initiatives for Sustainable Value Enhancement

- Changes in P/B Ratio and ROE



Status quo analysis

[P/B ratio]

5-year average: 0.8x

Below 1x for 3 consecutive years

[ROE]

5-year average: 6.4%

Above the cost of equity

Initiatives

Improve P/B ratio

➤ Achieve sustainable corporate value enhancement



Improve ROE

➤ Maintain and improve ROE above the cost of equity



Increase P/E ratio

➤ Improve P/E ratio while maintaining ROE

Initiatives for Sustainable Value Enhancement

- Measures to improve ROE and P/E ratio



Status quo analysis/Issues

[ROE]
5-year average: 6.4%

Above the cost of equity
6.8% in FY8/25
Aiming for a stable 10.0% level

{ WACC: 3-4%
Cost of equity: 3.5-5.0% }

[P/E ratio]
5-year average: 15.8x

10.0x in FY8/25

Initiatives/Measures

➤ **Maintain and improve ROE above the cost of equity**

● **Implementation of financial measures**

● **Optimization of shareholders' equity**

➤ **Improve P/E ratio while maintaining current ROE level**

● **Reduction of cost of equity**

● **Improvement in growth expectations**

◆ **Improving gross margin**

- Increase the sales proportion of higher-priced (non-100-yen) items.

◆ **Improving operating profit margin**

- Close unprofitable stores
- Open stores mainly consignment-type
- Reduce personnel cost through self-checkout register and automated ordering systems

◆ **Balancing shareholder returns and business investment**

- Continue to pay stable dividends, purchase and retire treasury stock
- Make appropriate investments in personnel and business growth

◆ **Strengthening IR/SR**

- Promote communication with shareholders and share the information with the Board of Directors
- Hold various briefings
- Maintain and improve the Pages per Visit of our company's IR website

◆ **Strengthening PR activities**

- Provide more information through Watts Online Shop and Watts official apps, etc.

Five Growth Strategies



Evolution through a Differentiation Strategy in the 100-yen Shop Business

Strengthen product appeal, expand diverse store formats, and enhance the omnichannel strategy to drive growth at existing stores, increase market share, and improve profitability while increasing competitive advantage.

Maximization of Brand Value

Enhance corporate value by strengthening customer engagement through the rebranding of the Watts store brand and improved communication with customers.

Enhancing Competitiveness through Digital Transformation

Promote omnichannel integration and digitalization of operations to optimize efficiency and enhance overall corporate competitiveness.



Creating New Growth Engines through New Businesses

Leverage the strengths of Watts and clarify winning positions to build new revenue pillars.

Strategic Expansion into Global Markets

Transform the business model through differentiated product offerings and establish partnership-based retail formats.



Expansion of non-100-yen items

- ✓ Increase the number of non-100-yen items (price ranges above 100 yen) to expand the product range and keep the sales floor attractive.
- ✓ Actively introduce these items to consignment-type stores, leading to an improvement in gross margin for the entire group.
- ✓ As of February 28, 2026, we offer 4,737 non-100-yen items. Aiming for around 5,000 items (27% of sales composition), we will continue to expand our lineup by replacing existing products with higher value-added items.



Click or tap the image to view product details (available only in Japanese)

Collaborative products with celebrity

The seventh collaboration project with Miki Fujimoto
Now offering the “Eco Habits for Everyday Living” series

ECUNE

- 日常で使えるサステナブルグッズ -

ECUNE “エキュネ”には

- “ECO” 環境にやさしく
- “NEW” 新しい発見
- “NATURE” 自然に無理なく

そんな想いを込めました。



Available at most stores nationwide (excluding some locations) and through the Watts online shop



Tokino:ne

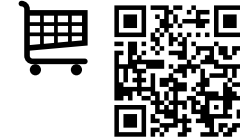
Concept: "Bring joy to your me-time."



Brand website

Featured in dedicated sections within 100-yen shops
Also available for purchase via the online shop

Original cosmetics brand "fasmy"



Our official ambassador,
HANAUTA



Official YouTube channel



Store openings in front-of-station and shopping street locations

- ✓ Compact stores with convenient access. Designed to allow customers to easily pick up online orders in-store or purchase everyday essentials on the way home from work or school, or while shopping.



JR Teradacho Store (Osaka)



Musashiseki Store (Tokyo)

Enhancing convenience at consignment-type stores

- ✓ The in-store pickup service for the online shop, previously available only at tenant-type stores, is being gradually introduced at consignment-type stores as well.
- ✓ Alongside expanding the lineup of non-100-yen items, we are upgrading stores to be more convenient.



Hachiryu Terata Store (Akita)

Renovation into "Watts" brand

- ✓ Unifying store brands such as Meets, Silk, and FLET'S under the Watts name to enhance brand recognition
- ✓ As of the February 28, 2026, renovation has been completed for 84.3% of all 100-yen shops



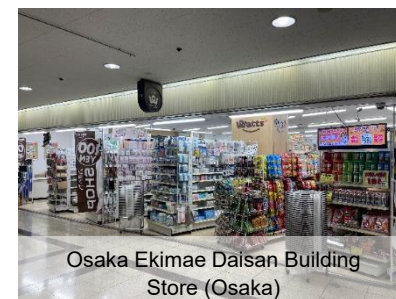
Fuji Imaizumi Store (Shizuoka)



Sogawa Store (Toyama)



Kujo Nine Mall Store (Osaka)



Osaka Ekimae Daisan Building Store (Osaka)



Introduction of self-checkout register



- ✓ As of February 28, 2026, 322 stores have introduced self-checkout registers compatible with both cashless payments and cash transactions (including 329 stores when cashless-only self-checkouts are included). We will continue to promote the introduction of self-checkout systems.
- ✓ These machines are designed to enhance in-store productivity by streamlining the purchasing process and reducing labor requirements; use spare resources to improve customer satisfaction.
- ✓ Reduce waiting time to minimize peak-time queue.

POS data analysis

- ✓ Based on sales analysis using POS data, we tailor product layouts and assortments to suit each store's location and customer base.
- ✓ Reduce stagnant inventory by replacing it with popular and new items to enhance product freshness and maintain appropriate inventory levels.
- ✓ Introduce automated ordering system to reduce the burden of order placement, thereby promoting more efficient use of human resources.
- ✓ Working to further improve the system to raise the automated ordering rate.





Watts Online Shop

- ✓ The online store offers group-wide products and online exclusive items, as well as our 100-yen shop items.
- ✓ Free in-store pickup is available with a minimum order of 990 yen.



Check here for stores offering in-store pickup



Social Media Promotion

- ✓ Social media promotion to raise our brand awareness

Instagram



YouTube



- ✓ The latest information is available on various platforms, including X, TikTok, Facebook, and LINE.

ワッツくん
LINEスタンプ
発売スタート!



Watts' official character "Watts-kun" is now available as LINE stickers!

Click here to purchase



ワッツくんプロフィール

名前	ワッツくん
誕生日	2月22日
出身地	大阪府
性格	明るくて元気
チャームポイント	頭の3色の輝き



Initiatives in Other Domestic Businesses and Overseas Business



[Buona Vita]

- Resumption of new store openings: 5 new stores are scheduled to open in FY8/26.
- Enhance the product sections within our 100-yen shops to increase their appeal to customers.
- Optimize store layouts using POS data analysis.



[Real]

- Focus on stores converted from directly managed FLET'S stores.
- By refining collaboration-type stores with our 100-yen shops and establishing an efficient sales balance between 100-yen items and Real product lines, we aim to improve the gross profit margin.



[Nippan]

- Ensure a consistent inventory supply for core products, especially for medical institutions, to prevent opportunity losses.



[Overseas Business]



- Restructure the business in Thailand and work to achieve profitability in Peru, through the closure of unprofitable stores and cost reduction initiatives.
- Explore new markets and revitalize existing markets.

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Watts Group Brands



Domestic 100-yen Shop business



Other domestic business



Overseas business





Establishment	February 22, 1995
Meaning of Company name	Derived from “Wa! tto ikou” (Japanese catch cry to “go forth energetically”)
Market listing	Tokyo Stock Exchange Standard Market (Securities code: 2735)
Capital stock	440 million yen
Head office	5F, Sumitomo OBP Plaza Building, 4-70, Shiromi 1-chome, Chuo-ku, Osaka-shi, Osaka Prefecture
Main business	Wholesale and retail of daily-use and household items (Mainly operation of 100-yen shops)
Number of employees	3,070 employees (as of February 28, 2026) *Part-time workers included
Number of stores	1,930 stores (as of February 28, 2026) *Other stores included

Corporate History



2025
30th anniversary
of our founding

2021
Acquired
Ontsuf Retail
Co., Ltd.

2014
Exceeded
1,000 stores

2009
Started overseas
business
Advanced to
Thailand

2007
Integrated with
Ohthree Co., Ltd.
Exceeded 700 stores

2002
¥10b in sales
Went OTC

1998
Exceeded 100 stores
for 4 years
after establishment

1995
Established

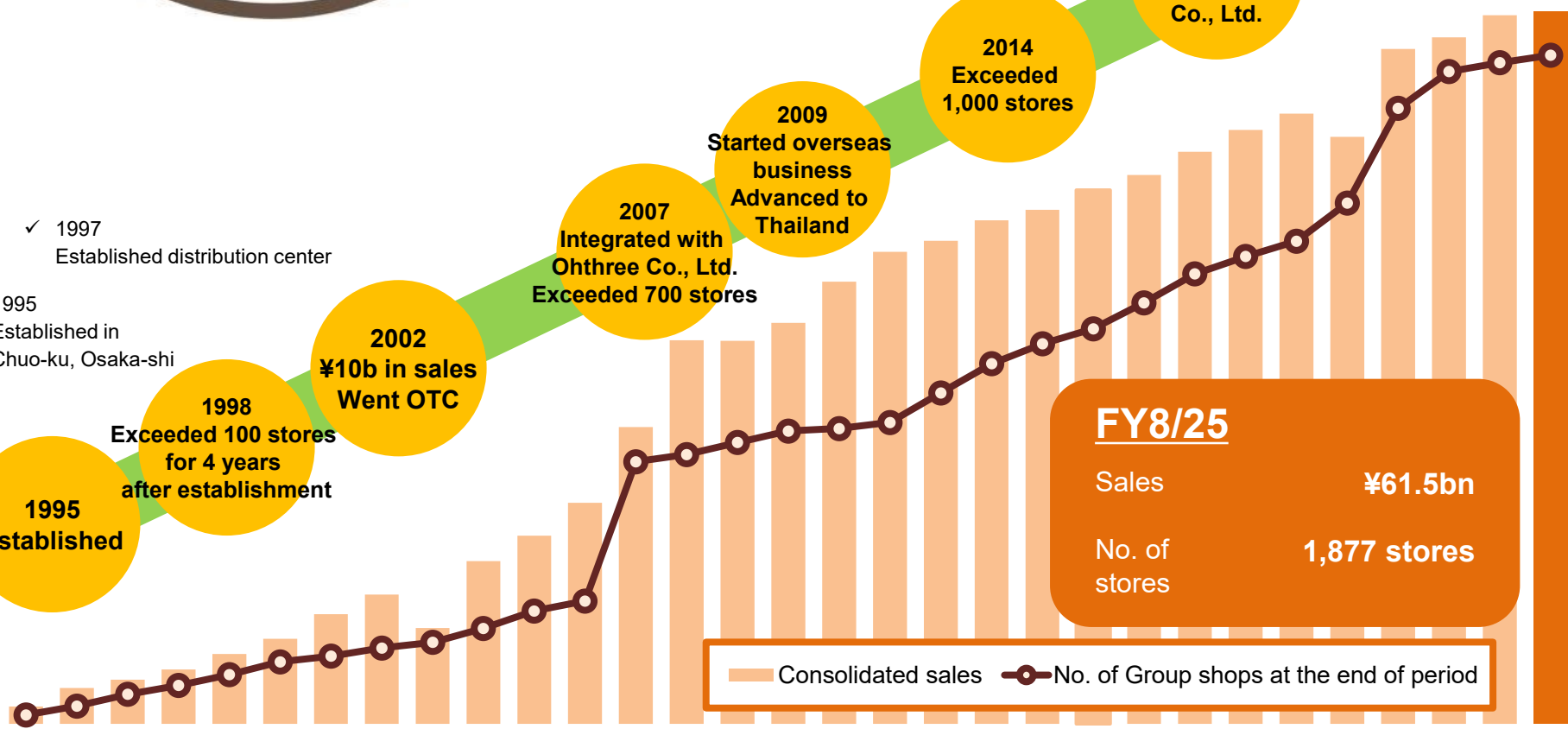
✓ 1997
Established distribution center

✓ 2011
Advanced to Hokkaido
(Opened stores in 47 prefecture)

FY8/25

Sales	¥61.5bn
No. of stores	1,877 stores

Consolidated sales No. of Group shops at the end of period





Environment

- ✓ Develop sustainable products made from environmentally friendly recycled materials



Social

- ✓ [Diversity]

Promote diversity by appointing personnel based on their abilities and aptitudes, regardless of gender, nationality, etc. Female managers accounted for 8.7% (FY8/25).
- ✓ [Work-Life Balance]

Encourage employees to take paid holidays and male childcare leave to create a comfortable work environment.
- ✓ [Watts Disaster Prevention Project]

This project was launched with the aim of promoting disaster awareness from an accessible platform like a 100-yen shop, recognizing the growing importance of disaster prevention amid frequent natural disasters in recent years. Through initiatives such as sharing disaster-prevention information internally and externally, participating in events, developing related products, and conducting surveys, we aim to contribute to CSR activities and create social value reflecting community voices.



Scan the QR code for details



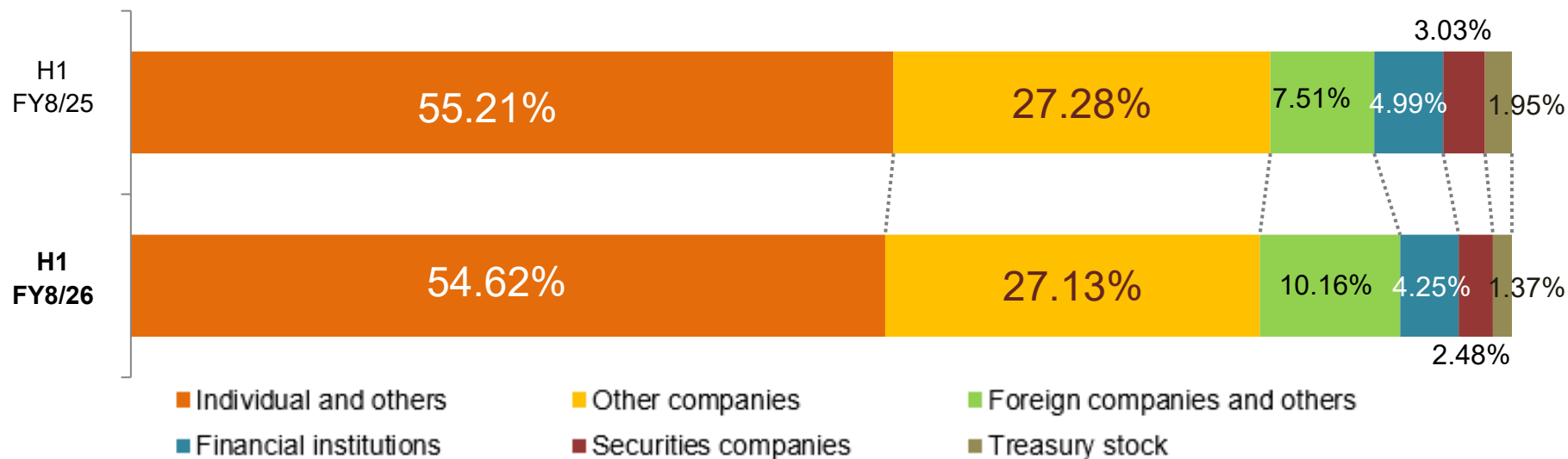
Governance

- ✓ We aim for sustainable business growth by building a flexible and robust management foundation that can constantly adapt to changes in the business environment.

Please check our website for details.

<https://ir.watts-jp.com/sustainability/esg/governance/>

Shareholder Composition



	H1 FY8/24	H1 FY8/25	H1 FY8/26	YoY
Total number of shares issued	13,458,800 shares	13,458,800 shares	13,458,800 shares	0 shares
Number of shareholders	15,604	13,245	13,125	-120
Individuals and others	55.50%	55.21%	54.62%	-0.59 ppt.
Other domestic companies	26.45%	27.28%	27.13%	-0.15 ppt.
Foreign companies and others	4.11%	7.51%	10.16%	+2.65 ppt.
Financial institutions	9.29%	4.99%	4.25%	-0.75 ppt.
Securities companies	2.43%	3.03%	2.48%	-0.55 ppt.
Treasury stock	2.20%	1.95%	1.37%	-0.58 ppt.

- ✓ The number of shareholders decreased by 120 from the end of the same period of the previous fiscal year.
- ✓ *The ownership ratio of financial institutions declined by 0.75 ppt., while that of foreign companies and others increased by 2.65 ppt.

Note: Figures are rounded down to the nearest second decimal place. As a result, the total of individual percentages may not add up to exactly 100%.

Dividend Policy



The Company's policy is **“to maintain a stable dividend payment without reduction in ordinary dividend,”** considering the return of profits to shareholders.

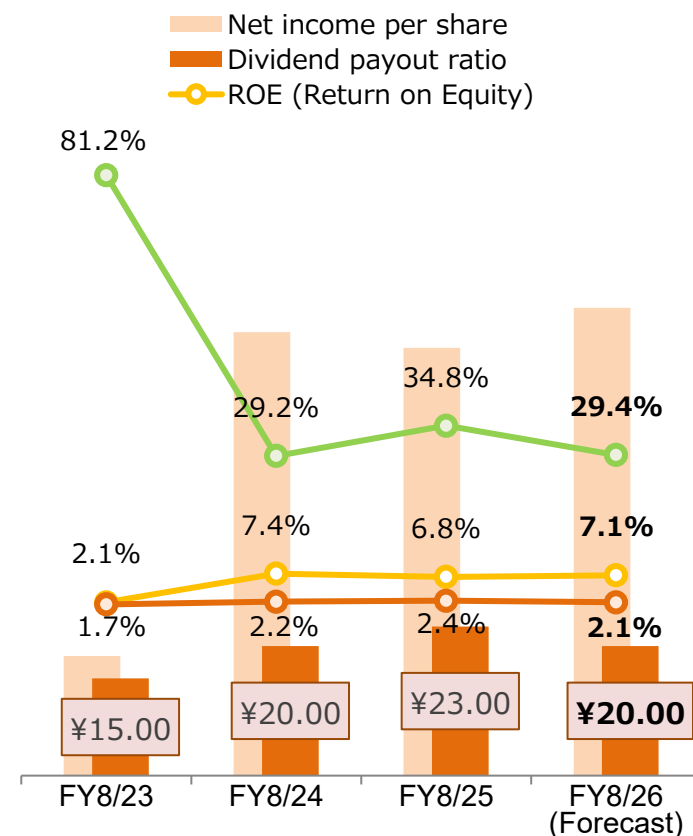
	FY8/23	FY8/24	FY8/25	FY8/26 (Forecast)
Net income per share	¥18.46	¥68.45	¥66.00	¥68.01
ROE (Return on Equity)	2.1%	7.4%	6.8%	7.1%
DOE (Dividend on Equity Ratio)	1.7%	2.2%	2.4%	2.1%
Dividend payout ratio	81.2%	29.2%	34.8%	29.4%
Dividend yield	2.4%	2.7%	3.5%	3.1%
Dividend per share (annual)	¥15.00	¥20.00	¥23.00	¥20.00
Interim dividend	-	-	¥10.50	¥7.50
Ordinary dividend	-	-	¥7.50	¥7.50
Special dividend	-	-	¥3.00	¥0.00
Year-end dividend	¥15.00	¥20.00	¥12.50	¥12.50
Ordinary dividend	¥15.00	¥15.00	¥7.50	¥7.50
Special dividend	¥0.00	¥5.00	¥5.00	¥5.00

*Dividend yield for each fiscal year is calculated based on the share price at fiscal year-end. (Forecasts are based on the share price as of the most recent fiscal year-end.)

FY8/24: Annual dividend of 20.00 yen per share (ordinary dividend of 15.00 yen plus a special dividend of 5.00 yen)

FY8/25 interim dividend: 10.50 yen per share (ordinary dividend of 7.50 yen plus a 30th anniversary commemorative dividend of 3.00 yen)

FY8/25 year-end dividend: 12.50 yen per share (ordinary dividend of 7.50 yen plus a special dividend of 5.00 yen)





The data and future forecasts presented in this material are based on information that was available at the time this material was released. Changes in circumstances can occur due to a range of factors and the Company gives no guarantee regarding achievement of objectives and forecasts, or future operating results. Information contained herein may change without forewarning. When using this data and reference materials, please verify and confirm details against information that you have obtained by other methods and exercise your discretionary judgment. Watts Co., Ltd. will in no way be held liable for any loss resulting from the use of this material.

Please contact us if you have any inquiry regarding this material.

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