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April 10, 2026

Consolidated Financial Results for the Six Months Ended February 28, 2026 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 2735
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 Scheduled date to file semi-annual securities report: April 10, 2026
 Scheduled date to commence dividend payments: May 15, 2026
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended February 28, 2026 (from September 1, 2025 to February 28, 2026)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Sales		Operating profit		Recurring profit		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended February 28, 2026	31,275	2.7	857	4.6	895	3.4	495	-7.7
February 28, 2025	30,465	0.7	820	10.3	866	15.6	536	23.1

Note: Comprehensive income For the Six months ended February 28, 2026: ¥524 million [-4.8%]
 For the Six months ended February 28, 2025: ¥550 million [29.3%]

	Net income per share	Diluted net income per share
Six months ended	Yen	Yen
February 28, 2026	37.40	-
February 28, 2025	40.75	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
February 28, 2026	26,167	13,415	51.2
August 31, 2025	27,510	13,029	47.3

Reference: Equity
 As of February 28, 2026: ¥13,397 million
 As of August 31, 2025: ¥13,012 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended August 31, 2025	-	10.50	-	12.50	23.00
Fiscal year ending August 31, 2026	-	7.50			
Fiscal year ending August 31, 2026 (Forecast)			-	12.50	20.00

Note: Revisions to the forecast of cash dividends most recently announced: None

Dividend Breakdown:

[FY8/25 Q2-end] Ordinary dividend: 7.50 yen; Commemorative dividend: 3.00 yen

[FY8/25 Year-end] Ordinary dividend: 7.50 yen; Special dividend: 5.00 yen

[FY8/26 Year-end (Forecast)] Ordinary dividend: 7.50 yen; Special dividend: 5.00 yen

3. Forecast of consolidated financial results for the year ending August 31, 2026 (from September 1, 2025 to August 31, 2026)

(Percentages indicate year-on-year changes.)

	Sales		Operating profit		Recurring profit		Net income attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	63,000	2.3	1,500	5.7	1,500	5.0	900	3.4	68.01

Note: Revisions to the forecast of financial results most recently announced: None

*** Notes**

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of February 28, 2026	13,458,800 shares
As of August 31, 2025	13,458,800 shares

- (ii) Number of treasury shares at the end of the period

As of February 28, 2026	184,446 shares
As of August 31, 2025	225,953 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended February 28, 2026	13,251,193 shares
Six months ended February 28, 2025	13,176,427 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

The forward-looking statements regarding future performance in this material are based on information currently available to the Company and certain assumptions that the Company deems to be reasonable at the time this report was prepared. Therefore, the Company does not make promises about the achievements. Actual results may differ significantly from the forecasts due to various factors.

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1. Results of Operations

(1) Overview of operating results for the semi-annual period under review

The operating results for the semi-annual period are as follows.

	Six months ended February 28, 2025 (Million yen)	Six months ended February 28, 2026 (Million yen)	Change (Million yen)	Pct. change (%)
Net sales	30,465	31,275	809	2.7
100-Yen shop business	28,385	29,266	881	3.1
Other domestic businesses	1,691	1,672	-18	-1.1
Overseas business	389	336	-53	-13.6
Gross profit	11,796	12,128	332	2.8
Operating profit	820	857	37	4.6
Recurring profit	866	895	29	3.4
Net income attributable to owners of parent	536	495	-41	-7.7

Sales increased, mainly driven by steady performance in the 100-yen shop business. The product mix, including the proactive introduction of higher-priced items, proved effective, and despite an uncertain external environment, the gross profit margin improved by 0.1 percentage points year on year. Selling, general and administrative expenses increased due to factors such as renovation costs for existing stores and various promotional expenses aimed at enhancing brand recognition; however, operating profit and recurring profit both increased.

During the second quarter of the current fiscal year, the Japanese economy remained on a moderate recovery trend. This was partly attributable to the continued recovery in personal consumption, supported by improvements in the employment and income environment and the spread of wage increases, despite ongoing price inflation. In the retail industry, while purchasing behavior emphasizing cost performance has become further entrenched among consumers, there has also been a growing preference for enjoyment in everyday life even amid a savings-oriented mindset, leading to increased demand for high value-added products reflecting current trends. On the other hand, amid heightened uncertainty surrounding U.S. trade policy, fluctuations in overseas production costs, and movements in foreign exchange rates, the cost environment surrounding the Company's domestic suppliers related to procurement continued to require close monitoring.

Under these circumstances, the Group, which operates 100-yen shops such as "Watts" and "Watts with," positioned as being close to customers' everyday lives, has been focusing on creating customer-oriented stores, maximizing brand value, and improving operational efficiency.

(Domestic 100-Yen Shop Business)

Based on POS data, the Group has been proceeding with store renovations to optimize product assortments tailored to each location and customer segment. At the same time, the Group has enhanced its product lineup by focusing on best-selling items, expanding higher-priced items, developing the lifestyle brand "Tokino:ne," which embodies "Bring joy to your me-time," offering original cosmetics under the "fasmy" brand, and strengthening its assortment of anime and character IP products as well as collaboration items with celebrities. As a result, same-store sales for the semi-annual period were 102.1% of the level in the same period of the previous fiscal year.

In addition, the Group has been expanding the handling of products sold at its discount shop "Real" in certain regions and introducing self-checkout systems at tenant-type stores. Regarding the introduction of self-checkout systems, approximately 70% of installations have been completed, significantly contributing to improved customer convenience, such as shorter waiting times during peak hours, as well as labor savings in store operations.

(Other Domestic Businesses)

"Buona Vita," a general merchandise store proposing a pleasant lifestyle, primarily operates in commercial facilities in the Kanto region. Its skincare and makeup products, as well as fashion accessories, have been well received and are gaining popularity among customers. The discount shop "Real" has been supported by customers amid an inflationary environment, with sales remaining steady.

(Overseas Business)

Overseas, there has been an increase in store formats offering products at prices lower than those of Japanese-style 100-yen shops. As a result, the conventional format has become less favorably received, prompting the Group to shift its strategy from directly operated stores to a model focused on expanding wholesale operations. In wholesale operations, the Group will continue to supply products to more than 30 countries, including the Philippines, Vietnam, Laos, and Hong Kong, while advancing new market development and strengthening support for overseas partners.

Changes in the number of stores during the semi-annual period are as follows.

	As of August 31, 2025	Openings	Closures	As of February 28, 2026
100-Yen shop business	1,877	83	51	1,909
Directly operated stores	1,868	83	49	1,902
Franchised stores	9	-	2	7
Other domestic businesses	19	-	1	18
Buona Vita	10	-	-	10
Real	7	-	-	7
Other	2	-	1	1
Overseas business	4	-	1	3
Total	1,900	83	53	1,930

(Note) Within the 100-yen shop business, the number of stores under the Watts brand—namely “Watts” and “Watts with”—totaled 1,609 (a net increase of 93 stores), accounting for 84.3% of the total.

Since the Group operates under a single segment consisting of the operation of 100-Yen shops associated business, segment information is omitted.

(2) Overview of financial position for the semi-annual period under review

I. Assets, liabilities and net assets

(Assets)

As of the end of semi-annual period, current assets stood at 19,949 million yen, a decrease of 1,235 million yen from the end of the previous fiscal year. This was mainly due to a decrease in cash and deposits of 1,346 million yen, reflecting a policy to prepare for rising interest rates by shifting to more flexible, short-term-focused financing and reducing interest-bearing debt, as well as a decrease in trade receivables of 455 million yen, despite an increase in merchandise and finished goods of 527 million yen.

Non-current assets stood at 6,217 million yen, decreased by 107 million yen from the end of the previous fiscal year. This was mainly due to decreases in goodwill of 65 million yen, software included in “other” under intangible assets of 43 million yen, and tools, furniture and fixtures of 40 million yen, despite increases in leasehold and guarantee deposits of 29 million yen and long-term prepaid expenses included in “other” under investments and other assets of 16 million yen.

As a result, total assets stood at 26,167 million yen, a decrease of 1,343 million yen from the end of the previous fiscal year.

(Liabilities)

As of the end of the semi-annual period, current liabilities stood at 11,192 million yen, increased by 171 million yen from the end of the previous fiscal year. This was mainly due to an increase in short-term borrowings of 750 million yen, despite decreases in trade payables of 296 million yen, electronically recorded obligations of 88 million yen, accrued consumption taxes of 75 million yen, accrued expenses included in “other” under current liabilities of 61 million yen, and accounts payable-other of 46 million yen.

Non-current liabilities stood at 1,560 million yen, a decrease of 1,899 million yen compared with the end of the previous fiscal year. This was primarily due to a 1,912 million yen decrease in long-term borrowings.

As a result, total liabilities stood at 12,752 million yen, a decrease of 1,728 million yen from the end of the previous fiscal year.

(Net assets)

As of the end of the semi-annual period, total net assets stood at 13,415 million yen, an increase of 385 million yen from the end of the previous fiscal year. This was due to an increase of 330 million yen in retained earnings and a decrease of 21 million yen in treasury stock.

As a result, shareholders’ equity ratio stood at 51.2% (47.3% at the end of the previous fiscal year).

II. Cash flows

Cash and cash equivalents (hereinafter referred to as “cash”) at the end of the semi-annual period amounted to 4,840 million yen, a decrease of 1,346 million yen compared with the previous fiscal year. This was due to a policy to prepare for rising interest rates by shifting to a more flexible, short-term–focused financing approach and reducing interest-bearing debt.

The status of each cash flow for the semi-annual period and the principal factors are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was 330 million yen (2,131 million yen was used in the previous fiscal year).

The principal component of cash inflows was profit before income taxes of 861 million yen. The principal component of cash outflows was an increase in inventories of 519 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 371 million yen (636 million yen was used in the previous fiscal year). The principal components of cash outflows were payments for the purchase of property, plant and equipment of 288 million yen, payments of leasehold and guarantee deposits of 52 million yen, and payments for the settlement of asset retirement obligations of 31 million yen.

(Cash flows from financing activities)

Net cash used for financing activities was 1,348 million yen (269 million yen was used in the previous fiscal year). The principal components of cash outflows were repayments of long-term borrowings of 1,932 million yen and cash dividends paid of 165 million yen. Cash inflows consisted of a net increase in short-term borrowings of 750 million yen.

(3) Future forecast information including business forecasts

The Company made no change to the full-year business forecasts announced in the summary of financial results dated October 10, 2025.

2. Semi-annual Consolidated Financial Statements

(1) Semi-annual consolidated balance sheets

(Thousands of yen)

	As of August 31, 2025	As of February 28, 2026
Assets		
Current assets		
Cash and deposits	6,187,421	4,840,562
Accounts receivable - trade	3,501,633	3,046,307
Merchandise and finished goods	11,218,940	11,746,127
Raw materials and supplies	16,720	17,235
Consumption taxes receivable	401	466
Other	296,387	330,653
Allowance for doubtful accounts	-35,978	-31,576
Total current assets	21,185,526	19,949,777
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,851,704	3,925,234
Accumulated depreciation and impairment loss	-2,952,316	-3,013,872
Buildings and structures, net	899,388	911,361
Vehicles	26,383	28,359
Accumulated depreciation and impairment loss	-21,766	-24,623
Vehicles, net	4,617	3,736
Tools, furniture and fixtures	5,760,268	5,917,891
Accumulated depreciation and impairment loss	-4,580,273	-4,778,752
Tools, furniture and fixtures, net	1,179,994	1,139,138
Land	257,800	257,800
Leased assets	99,084	99,084
Accumulated depreciation and impairment loss	-97,713	-98,345
Leased assets, net	1,371	739
Total property, plant and equipment	2,343,171	2,312,776
Intangible assets		
Goodwill	142,918	76,955
Other	260,259	219,339
Total intangible assets	403,177	296,295
Investments and other assets		
Investment securities	360,046	344,977
Deferred tax assets	610,930	612,365
Guarantee deposits	2,478,600	2,507,836
Other	136,727	151,056
Allowance for doubtful accounts	-7,419	-7,325
Total investments and other assets	3,578,885	3,608,910
Total non-current assets	6,325,234	6,217,982
Total assets	27,510,760	26,167,759

(Thousands of yen)

	As of August 31, 2025	As of February 28, 2026
Liabilities		
Current liabilities		
Accounts payable - trade	3,924,364	3,627,641
Electronically recorded obligations	3,918,559	3,829,777
Short-term borrowings	-	750,000
Current portion of long-term loans payable	1,373,176	1,353,431
Income taxes payable	350,650	377,680
Accrued consumption taxes	233,051	157,618
Provision for bonuses	158,616	155,161
Other	1,062,739	941,035
Total current liabilities	11,021,156	11,192,346
Non-current liabilities		
Long-term borrowings	1,962,278	50,000
Retirement benefit liability	567,366	568,982
Provision for directors' retirement benefits	37,622	39,592
Asset retirement obligations	666,540	676,244
Other	225,855	225,416
Total non-current liabilities	3,459,663	1,560,235
Total liabilities	14,480,820	12,752,582
Net assets		
Shareholders' equity		
Capital stock	440,297	440,297
Capital surplus	1,135,435	1,140,539
Retained earnings	11,432,731	11,762,883
Treasury stock	-115,698	-94,445
Total shareholders' equity	12,892,766	13,249,275
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	102	91
Foreign currency translation adjustment	119,864	148,601
Total accumulated other comprehensive income	119,966	148,693
Stock acquisition right	17,208	17,208
Total net assets	13,029,940	13,415,176
Total liabilities and net assets	27,510,760	26,167,759

(2) Semi-annual consolidated statements of income and semi-annual statements of comprehensive income
(Semi-annual consolidated statements of income)

(Thousands of yen)

	Six months ended February 28, 2025	Six months ended February 28, 2026
Sales	30,465,450	31,275,323
Cost of sales	18,669,436	19,146,362
Gross profit	11,796,014	12,128,960
Selling, general and administrative expenses	10,975,781	11,271,270
Operating profit	820,232	857,689
Non-operating income		
Interest income	5,499	12,057
Foreign exchange gains	19,805	58,266
Royalty income	1,374	192
Compensation income	6,525	10,708
Subsidy income	-	1,246
Other	23,846	7,377
Total non-operating income	57,051	89,849
Non-operating expenses		
Interest expenses	8,031	9,213
Share of loss of entities accounted for using equity method	2,941	31,901
Other	172	10,772
Total non-operating expenses	11,146	51,887
Recurring profit	866,137	895,651
Extraordinary income		
Gain on sales of noncurrent assets	254	-
Surrender value of insurance	-	3,363
Total extraordinary income	254	3,363
Extraordinary loss		
Loss on retirement of noncurrent assets	4,739	18,759
Impairment losses	24,084	18,257
Total extraordinary losses	28,824	37,017
Income before income taxes and minority interests	837,568	861,998
Income taxes-current	271,663	368,058
Income taxes-deferred	28,934	-1,623
Total income taxes	300,598	366,435
Net income	536,969	495,563
Net income attributable to owners of parent	536,969	495,563

(Semi-annual consolidated statements of comprehensive income)

(Thousands of yen)

	Six months ended February 28, 2025	Six months ended February 28, 2026
Net income	536,969	495,563
Other comprehensive income		
Valuation difference on available-for-sale securities	-76	-10
Foreign currency translation adjustment	-1,526	3,514
Share of other comprehensive income of associates accounted for using equity method	15,574	25,223
Total other comprehensive income	13,970	28,727
Comprehensive income	550,940	524,290
(Breakdown)		
Comprehensive income attributable to owners of parent	550,940	524,290

(3) Semi-annual consolidated statements of cash flows

(Thousands of yen)

	Six months ended February 28, 2025	Six months ended February 28, 2026
Cash flows from operating activities		
Income before income taxes and minority interests	837,568	861,998
Depreciation	369,817	377,251
Impairment losses	24,084	18,257
Amortization of goodwill	65,962	65,962
Increase (decrease) in allowance for doubtful accounts	-9,790	-4,495
Increase (decrease) in provision for bonuses	-4,630	-3,454
Increase (decrease) in liabilities relating to retirement benefits	12,302	1,616
Increase (decrease) in provision for directors' retirement benefits	1,969	1,969
Interest and dividends income	-5,507	-12,065
Interest expenses	8,031	9,213
Loss on retirement of noncurrent assets	4,739	18,759
Decrease (increase) in accounts receivable-trade	939,221	456,010
Decrease (increase) in inventories	-170,625	-519,801
Increase (decrease) in trade payables	-3,125,164	-385,483
Increase (decrease) in accrued consumption taxes	-28,439	-75,438
Other	-746,469	-139,720
Subtotal	-1,826,929	670,578
Interest and dividends income received	5,507	12,125
Interest expenses paid	-8,199	-8,131
Income taxes paid	-302,228	-343,703
Net cash provided by (used in) operating activities	-2,131,849	330,870
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	-562,179	-288,783
Proceeds from sales of property, plant and equipment	364	-
Purchase of intangible assets	-52,699	-27,456
Payments for lease and guarantee deposits	-34,364	-52,948
Proceeds from collection of lease and guarantee deposits	17,262	19,473
Payments for asset retirement obligations	-5,392	-31,935
Proceeds from redemption of investment securities	-	10,000
Other	200	-
Net cash provided by (used in) investing activities	-636,807	-371,650
Cash flow from financing activities		
Net increase (decrease) in short-term loans payable	-	750,000
Proceeds from long-term debt	600,000	-
Repayment of long-term loans payable	-604,912	-1,932,023
Repayment of lease obligations	-1,529	-904
Cash dividends paid	-263,246	-165,485
Net cash provided by (used in) financing activities	-269,688	-1,348,413
Effect of exchange rate change on cash and cash equivalents	17,503	42,335
Net increase (decrease) in cash and cash equivalents	-3,020,841	-1,346,858
Cash and cash equivalents at beginning of period	9,380,370	6,187,421
Cash and cash equivalents at end of period	6,359,528	4,840,562

(4) Notes to semi-annual consolidated financial statements

(Notes if there is a significant change in the amount of shareholders' equity)

No items to report

(Notes on going concern assumption)

Not applicable.

(Other matters)

Sales by area and business type are as follows.

Business Divisions	Area	Amount (thousand yen)	Year-on-year change (%)	Proportion (%)	Number of stores at the end of period
	Hokkaido area	1,234,352	100.2	4.4	97
	Tohoku area	1,225,822	100.5	4.3	111
	Kanto area	7,465,600	102.3	26.4	398
	Chubu area	4,323,025	103.2	15.3	315
	Kinki area	7,643,674	103.1	27.1	372
	Chugoku/Shikoku area	3,644,077	105.5	12.9	392
	Kyushu area	2,727,137	103.5	9.6	217
	100-yen shop business	28,263,690	103.0	100.0	1,902
	Wholesale	2,965,556	99.6		
	Revenue from contracts with customers	31,229,246	102.7		
	Other revenue	46,076	99.3		
	Sales to outside customers	31,275,323	102.7		

(Note) The breakdown by region is as follows:

Hokkaido area	Hokkaido
Tohoku area	Aomori, Iwate, Miyagi, Akita, Yamagata, Fukushima
Kanto area	Ibaraki, Tochigi, Gunma, Saitama, Chiba, Tokyo, Kanagawa
Chubu area	Niigata, Toyama, Ishikawa, Fukui, Yamanashi, Nagano, Gifu, Shizuoka, Aichi, Mie
Kinki area	Shiga, Kyoto, Osaka, Hyogo, Nara, Wakayama
Chugoku/Shikoku area	Tottori, Shimane, Okayama, Hiroshima, Yamaguchi, Tokushima, Kagawa, Ehime, Kochi,
Kyushu area	Fukuoka, Saga, Nagasaki, Kumamoto, Oita, Miyazaki, Kagoshima, Okinawa