

July 29, 2024

**Notice Concerning Revision of Shareholder Returns Policy and Dividend Policy
(Payment of Interim Dividend)**

Watts Co., Ltd. announces that at a board of directors meeting held today, it passed a resolution concerning a revision of its shareholder returns policy (payment of an interim dividend) and dividend policy. Details are as follows.

1. Revision of shareholder returns policy

1) Reasons for revision

The Watts Group's motto is "Expressing gratitude." Accordingly, the Company seeks stable distribution of profits to shareholders.

The Company has recorded solid profits in the fiscal year ending August 2024 by responding to rapid changes in the operating environment such as introducing product items other than 100-yen items and closing unprofitable stores.

As the Company aims for further growth, it decided to revise its shareholder returns policy to clarify its intention of utilizing the capital invested by shareholders efficiently in its management, and policy of providing continuous and stable distribution of profit. The Company will also consider the payment of an extraordinary dividend if profits increase sharply.

2) Details of revision

(Before revision)

The Company regards long-term, continuous profit growth for shareholders to be a management priority. Its basic policy on dividends is to pay stable and continuous dividends while taking into consideration the accumulation of retained earnings required for future business development, strengthening the financial condition, and other reasons.

(After revision)

The Company regards long-term, continuous profit growth for shareholders to be a management priority. Its basic policy on dividends is to pay stable and continuous dividends without a decrease while taking into consideration the accumulation of retained earnings required for future business development, strengthening the financial condition, and other reasons, with the possibility of an extraordinary dividend depending on business performance and other factors.

3) Timing of revision

To be applied from the fiscal year ending August 2025

July 29, 2024

2. Revision to dividend policy

The Company plans to pay a year-end dividend once a year through the fiscal year ending August 2024, but from the fiscal year ending August 2025, it will begin payment of an interim dividend to increase opportunities to return profits to shareholders.

In accordance with the provisions of Paragraph 1, Article 459 of the Companies Act, the Company's Articles of Incorporation stipulate that it can pay an interim dividend following a resolution by the Board of Directors with the end of February of each year as the record date.

The Company's forecast for the interim dividend and final dividend in the fiscal year ending August 2025 is undetermined.