

April 1, 2020

Notice Concerning Revision to Consolidated Business Forecasts for the First Half

In view of recent trends in operating results, Watts Co., Ltd. revised its business forecasts for the first half of the fiscal year ending August 2020 announced on October 10, 2019, as follows.

1. Revision to consolidated business forecasts for the first half of the fiscal year ending August 2020
(September 1, 2019 – February 29, 2020)

	Sales	Operating profit	Recurring profit	Net income attributable to owners of parent	Net income per share
Previous forecast (A)	Million yen 25,500	Million yen 300	Million yen 310	Million yen 120	Yen 8.96
Revised forecast (B)	25,982	786	783	420	31.39
Increase/ decrease (B-A)	482	486	473	300	
Percentage change %	1.9	162.1	152.6	250.5	
(Reference) Previous 1H results (FY8/19 1H)	25,648	366	337	103	7.70

2. Reason for revision

For the first half of the fiscal year ending August 2020, the Company initially forecasted a decline in sales since it anticipated a YoY 100-Yen shop same-store sales at 100.0%, and a decline in sales due to the withdrawal from the business of its subsidiary AMANO. Operating profit and recurring profit were also expected to fall below the previous fiscal year due to plans to invest primarily in the first half for new shop openings, closures, renovations, and other capital investments.

However, sales are expected to exceed the forecast as the 100-Yen shop same-store sales were robust at 103.5% YoY, mainly due to the earlier-than-expected effects of introducing products in a price range other than 100 yen and increased demand for masks and sterilization-related products reflecting the expansion of the new coronavirus infectious disease (COVID-19).

Furthermore, profits are also expected to be significantly higher than the initial forecasts as SG&A expenses were lower than planned mainly due to the effects of measures to reduce capital investments such as new shop openings and renovations, and transportation and utility expenses.

The consolidated business forecasts for the full year remain unchanged from the previous forecast as there are unclear outlooks for the termination of the new coronavirus infectious disease and for the future impact on the performance. The Company will promptly disclose any information that it deems necessary to revise.

(Note) Above forecasts regarding future performance are based on information available at the time this report was prepared. Therefore, actual results may differ from the forecasts due to various factors.