

April 5, 2021

Notice Concerning Revision to Business Forecasts

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 2021 announced in the “Notice Concerning Revision to Consolidated Business Forecasts for the First Half” dated January 12, 2021 and for the full-year announced on October 13, 2020. Details are as follows.

1. Revision to consolidated business forecasts for the first half of the fiscal year ending August 2021 (September 1, 2020 – February 28, 2021)

	Sales	Operating profit	Recurring profit	Net income attributable to owners of parent	Net income per share
Previous forecast (A)	Million yen 25,340	Million yen 770	Million yen 750	Million yen 620	Yen 46.28
Revised forecast (B)	25,618	1,085	1,066	800	59.72
Increase/ decrease (B-A)	278	315	316	180	
Percentage change %	1.1	41.0	42.3	29.1	
(Reference) Previous 1H results (FY8/20 1H)	25,982	786	783	420	31.39

2. Revision to consolidated business forecasts for the fiscal year ending August 2021 (September 1, 2020 – August 31, 2021)

	Sales	Operating profit	Recurring profit	Net income attributable to owners of parent	Net income per share
Previous forecast (A)	Million yen 50,960	Million yen 1,090	Million yen 1,040	Million yen 740	Yen 55.23
Revised forecast (B)	50,960	1,850	1,780	1,150	85.83
Increase/ decrease (B-A)	—	760	740	410	
Percentage change %	—	69.7	71.2	55.4	
(Reference) Previous results (FY8/20)	52,795	1,768	1,731	774	57.80

3. Reason for revision

For the first half of the fiscal year ending August 2021, sales are expected to slightly exceed the forecast due to higher-than-expected sales at existing stores in the domestic 100-Yen shop business. In addition, profits are expected to largely exceed the plan due to lower-than-expected SG&A expenses, mainly personnel expenses, utilities expenses, and store opening and renovation expenses.

As for the full-year forecasts, the Company remains unchanged its sales forecast. This was mainly attributable to the fact that the number of new shop openings in the domestic 100-Yen shop business fell short of the plan for tenant-type shops, and the pace of recovery in the overseas business, which was higher than expected in the first quarter of the current fiscal year, has slowed down since then, although the number of shops closed significantly fell short of the plan. However, the Company has revised its profit forecasts upward, taking into account the continued

improvement in the gross profit margin, the expectation that SG&A expenses will continue to be lower than expected in the second half and beyond, and current business trends.

(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.