

*July 10, 2023***Notice Concerning Revision to Business Forecasts**

In view of recent trends in operating results, Watts Co., Ltd. revised its business forecasts for the full-year of the fiscal year ending August 2023, which were announced on October 11, 2022. Details are as follows.

1. Revision to consolidated business forecasts for the full-year of the fiscal year ending August 2023 (September 1, 2022 – August 31, 2023)

	Sales	Operating profit	Recurring profit	Net income attributable to owners of parent	Net income per share
Previous forecast (A)	Million yen 60,500	Million yen 920	Million yen 850	Million yen 530	Yen 39.04
Revised forecast (B)	59,000	400	400	150	11.05
Increase/ decrease (B-A)	-1,500	-520	-450	-380	
Percentage change %	-2.5	-56.5	-52.9	-71.7	
(Reference) Previous results (FY8/22)	58,347	998	1,148	781	57.83

2. Reason for revision

The 100-Yen shop same-store sales remained weak due to a number of factors, including the opening of a large number of new shops, a shift in focus to renovating stores acquired through M&A in the previous fiscal year, a review of the product mix, and the delayed introduction of new products to replace discontinued products due to rising costs. Although the effects of renovations are gradually emerging, they are not expected to boost overall sales, and sales for the full year are expected to fall short of the initial forecast.

In addition to the shortfall in sales, the impact of higher purchasing costs and utility costs, etc. has been greater than anticipated. As a result, operating income and ordinary income are expected to be significantly lower than the initial forecasts.

Net income attributable to owners of parent is expected to be lower than the forecast due to an increase in the number of shops to be impaired.

(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.