

October 1, 2020

**Notice Concerning Revision to Business Forecasts and
Difference between Non-consolidated Results for the Current Fiscal Year and
for the Previous Fiscal Year**

In view of recent trends in operating results, Watts Co., Ltd. revised its full-year business forecasts for the fiscal year ended August 2020, which were announced in the "Notice Concerning Revision to Business Forecast" dated July 10, 2020, as follows. In addition, the Company announces its difference between non-consolidated business results for the current fiscal year and for the previous fiscal year.

1. Revision to consolidated full-year business forecasts for the fiscal year ended August 2020
(September 1, 2019 – August 31, 2020)

	Sales	Operating profit	Recurring profit	Net income attributable to owners of parent	Net income per share
Previous forecast (A)	Million yen 52,350	Million yen 1,480	Million yen 1,430	Million yen 580	Yen 43.29
Revised forecast (B)	52,795	1,768	1,731	774	57.80
Increase/ decrease (B-A)	445	288	301	194	
Percentage change %	0.9	19.5	21.1	33.5	
(Reference) Previous results (FY8/19)	51,399	716	656	70	5.26

Reason for revision

For the fiscal year ended August 2020, same-store sales in the 100-yen shop business were strong due to the introduction of products in the price range other than 100 yen and a higher demand for "stay-at-home" products. From July onward, the Company assumed that the same-store sales would stabilize at around 100.0% year on year. However, the same-store sales continued to be strong at 106.2% in July and 105.0% in August, and sales are expected to exceed the plan. On the other hand, as SG&A expenses were in line with the plan, operating profit and recurring profit are also expected to exceed the plan. As stated in the "Notice Regarding Posting of Extraordinary Losses (Consolidated and Non-consolidated)" announced today, net income attributable to owners of parent is expected to exceed the plan due to the above factors, despite the additional recording of loss on business liquidation.

2. Difference between non-consolidated full-year business results for the fiscal year ended August 2020 and for the previous fiscal year (September 1, 2019 – August 31, 2020)

	Sales	Operating profit	Recurring profit	Net income
Previous results (A) (FY8/19)	Million yen 31,959	Million yen 923	Million yen 845	Million yen -518
Current forecasts (B) (FY8/20)	32,595	1,064	960	132
Difference (B-A)	636	141	115	650
Increase/decrease (%)	2.0	15.3	13.7	-

Reason for differences

This was mainly due to the recording of an extraordinary loss of 424 million yen on the valuation of shares of subsidiaries and associates and 483 million yen on provision for doubtful accounts of subsidiaries and associates in the non-consolidated financial statements for the previous fiscal year, which reduced extraordinary losses in the current fiscal year compared to the previous fiscal year.

(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.