

Summary of Business Results for the Third Quarter Ended May 31, 2020

[Japan GAAP] (Consolidated)

July 10, 2020

Company **Watts Co., Ltd.** Listed on the TSE
 Stock Code 2735 URL: <https://www.watts-jp.com/>
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 Expected date of filing of quarterly report: July 10, 2020 Expected starting date of dividend payment: -
 Preparation of quarterly supplementary financial document: None
 Quarterly results briefing: None

(Rounded down to million yen)

1. Consolidated business results for the nine months ended May 2020 (September 1, 2019 through May 31, 2020)

(1) Consolidated results of operations (% change from the previous corresponding period)

	Sales		Operating profit		Recurring profit		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended May 2020	39,610	2.6	1,239	123.6	1,208	131.5	483	183.1
Nine months ended May 2019	38,623	4.9	554	-38.5	521	-43.5	170	-73.1

(Note) Comprehensive income

Nine months ended May 2020: 443 million yen (506.2%)

Nine months ended May 2019: 73 million yen (-87.9%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Nine months ended May 2020	36.08		-	
Nine months ended May 2019	12.72		-	

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of May 2020	23,219	10,176	45.0
As of Aug. 2019	21,557	9,867	47.1

(Reference) Shareholders' equity

As of May 2020: 10,459 million yen

As of August 2019: 10,150 million yen

2. Dividends

	Annual dividend				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended Aug. 2019	-	0.00	-	10.00	10.00
Year ending Aug. 2020	-	0.00	-	-	-
Year ending Aug. 2020 (forecast)	-	-	-	10.00	10.00

(Note) Revisions to dividend forecast for the current quarter: None

3. Forecast of consolidated business results for the fiscal year ending August 2020 (September 1, 2019 through August 31, 2020)

(% change from the previous corresponding period)

	Sales		Operating profit		Recurring profit		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Year ending Aug. 2020	52,350	1.9	1,480	106.4	1,430	118.0	580	721.8	43.29

(Note) Revisions to business forecast for the current quarter: Yes

For more information on the revisions to the consolidated business forecasts, please refer to the " Notice Concerning Revision to Business Forecasts" released on July 10, 2020.

***Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying changes in the scope of consolidation): Yes

Excluded: 1 (Shanghai Watts Trade And Sales Co., Ltd.)

(2) Application of accounting procedures specific to preparation of the consolidated quarterly financial statements:
None

(3) Changes in accounting policies, accounting estimates and restatement

- | | |
|--|--------|
| ① Changes in accounting policies associated with revision of accounting standards: | : None |
| ② Changes in accounting policies other than ① | : None |
| ③ Changes in accounting estimates | : None |
| ④ Restatement | : None |

(4) Shares outstanding (common stock)

① Number of shares outstanding at the end of period (treasury stock included)

As of May 2020 13,958,800 shares

As of August 2019 13,958,800 shares

② Treasury stock at the end of period

As of May 2020 560,874 shares

As of August 2019 560,874 shares

③ Average number of stock during period (quarterly cumulative period)

Nine months ended May 2020 13,397,926 shares

Nine months ended May 2019 13,426,431 shares

(Note) The number of treasury stock at the end of period includes the Company's shares held by the share issuance trust for directors (FY8/20 3Q: 60,000 shares, FY8/19: 60,000 shares). In addition, the Company's shares owned by the share issuance trust for directors are included in treasury stock deducted for calculation of the average number of shares during period (FY8/20 3Q: 60,000 shares, FY8/19 3Q: 60,000 shares).

***Quarterly financial summary is not subject to the quarterly review procedures by certified public accountants or auditing firms**

*** Explanation regarding appropriate use of business forecasts and other special instructions**

(Caution concerning forward-looking statements)

The forward-looking statements regarding future performance in this material are based on information currently available to the company and certain assumptions that the company deems to be reasonable at the time this report was prepared. Therefore, the company does not make promises about the achievements. Actual results may differ significantly from the forecasts due to various factors.