

# Summary of Financial Results for the First Quarter Ended November 30, 2018 [Japan GAAP] (Consolidated)

January 11, 2019

Company **Watts Co., Ltd.** Listed on the TSE  
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 Expected date of filing of quarterly report: January 11, 2019 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 three months ended November 2018 (September 1, 2018 through November 30, 2018)

### (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	%
Three months ended Nov. 2018	12,731	7.4	137	-45.0	157	-40.6	87	-49.2
Three months ended Nov. 2017	11,849	2.1	250	6.3	265	3.0	171	-21.2

(Note) Comprehensive income

Three months ended November 2018: 83 million yen (-52.5%)

Three months ended November 2017: 174 million yen (5.0%)

	Net income per share		Diluted net income per share	
	Yen	Yen	Yen	Yen
Three months ended Nov. 2018	6.47	-	-	-
Three months ended Nov. 2017	12.68	-	-	-

(Note) The Company has changed its reporting method from the first quarter of the current fiscal year, and the figures for the first quarter of the fiscal year ended August 2018 reflect this change. For more details, please refer to the term of “\*Notes (5) Change in Reporting Method” on page 2.

### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of Nov. 2018	20,879	9,978	48.8
As of Aug. 2018	19,945	10,234	52.2

(Reference) Shareholders' equity

As of November 2018: 10,189 million yen

As of August 2018: 10,418 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. 2018	-	0.00	-	15.00	15.00
Year ending Aug. 2019	-	-	-	-	-
Year ending Aug. 2019 (forecast)	-	0.00	-	15.00	15.00

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

## 3. Forecast of consolidated business results for the fiscal year ending August 2019 (September 1, 2018 through August 31, 2019)

(% 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
For the six months ending Feb. 2019	25,400	6.3	430	-28.1	430	-28.6	255	-32.8	18.82
Year ending Aug. 2019	52,000	5.1	1,080	7.9	1,110	7.0	650	2.5	47.98

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

## \*Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying changes in the scope of consolidation): None

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

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

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

(4) Shares outstanding (common stock)

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

As of November 2018	13,958,800 shares
As of August 2018	13,958,800 shares

②Treasury stock at the end of period

As of November 2018	560,874 shares
As of August 2018	410,874 shares

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

Three months ended November 2018	13,483,440 shares
Three months ended November 2017	13,547,926 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 (FY8/19 1Q: 60,000 shares, FY8/18: 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 (FY8/19 1Q: 60,000 shares, FY8/18 1Q: 60,000 shares).

(5) Change in Reporting Method

(Quarterly Consolidated Statements of Income)

Figures for real estate rental transactions had been recorded as "Rent income" and "Cost of lease revenue" under non-operating income and non-operating expenses. However, from the first quarter of the current fiscal year, the Company changed to report "Rent income" as "Net sales" and "Cost of lease revenue" as "Cost of sales".

This change was made in order to more appropriately present the actual state of the business operations as the Company recognizes that leasing to tenants is one of its businesses and that rental income is also one of its stable sources of income.

As a result, as for the figures in the consolidated statement of income for the first quarter of the previous fiscal year, 5,386 thousand yen presented as "Rent income" under non-operating income has been reclassified as "Net sales" and 2,700 thousand yen presented as "Cost of lease revenue" under non-operating expenses has been reclassified as "Cost of sales."

**\*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.