

Ryobi Limited and Consolidated Subsidiaries**Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending December 31, 2019**

These consolidated financial statements are based on the Japanese financial statements submitted to the Tokyo Stock Exchange.

Note: Due to a change in the Company's fiscal year-end, the fiscal period ended December 31, 2018 comprises only nine months (hereinafter the "transitional fiscal period"). Moreover, the Company's consolidated operating results for the first three months of the transitional fiscal period ended December 31, 2018 as presented below include the contributions of domestic consolidated subsidiaries for the three months of April through June 2018 as well as those of overseas consolidated subsidiaries for the six months of January through June 2018.

1. Consolidated Balance Sheets

(Millions of yen)

	December 31, 2018	March 31, 2019
Assets		
Current assets		
Cash and deposits	20,791	24,553
Notes and accounts receivable - trade	58,358	52,101
Securities	770	772
Merchandise and finished goods	17,049	17,347
Work in process	14,006	14,822
Raw materials and supplies	15,842	15,614
Other	3,711	3,373
Allowance for doubtful accounts	(260)	(266)
Total current assets	130,269	128,318
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	32,305	32,087
Machinery, equipment and vehicles, net	46,821	48,297
Land	18,289	18,315
Construction in progress	9,928	11,653
Other, net	4,946	5,621
Total property, plant and equipment	112,291	115,975
Intangible assets		
Other	3,504	3,558
Total intangible assets	3,504	3,558
Investments and other assets		
Investment securities	17,726	18,082
Other	5,203	6,152
Allowance for doubtful accounts	(66)	(67)
Total investments and other assets	22,862	24,167
Total non-current assets	138,658	143,701
Deferred assets		
Bond issuance cost	54	49
Total deferred assets	54	49
Total assets	268,982	272,068

(Millions of yen)

	December 31, 2018	March 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	45,196	43,088
Short-term loans payable	24,774	26,636
Current portion of long-term loans payable	7,481	10,371
Income taxes payable	772	814
Provision for bonuses	762	2,212
Provision for directors' bonuses	45	—
Other	21,884	20,872
Total current liabilities	100,917	103,996
Non-current liabilities		
Bonds payable	8,400	8,400
Long-term loans payable	21,256	17,503
Net defined benefit liability	8,369	8,137
Other	4,517	4,964
Total non-current liabilities	42,542	39,005
Total liabilities	143,460	143,001
Net assets		
Shareholders' equity		
Capital stock	18,472	18,472
Capital surplus	21,820	21,829
Retained earnings	74,831	77,150
Treasury shares	(346)	(346)
Total shareholders' equity	114,777	117,106
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,127	5,309
Revaluation reserve for land	808	810
Foreign currency translation adjustment	(1,530)	(669)
Remeasurements of defined benefit plans	(2,478)	(2,384)
Total accumulated other comprehensive income	1,927	3,065
Non-controlling interests	8,816	8,894
Total net assets	125,521	129,066
Total liabilities and net assets	268,982	272,068

2. Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(1) Consolidated Statements of Income

(Millions of yen)

	First three months of the nine-month transitional fiscal period ended Dec. 31, 2018	First three months of the fiscal year ending Dec. 31, 2019
Net sales	89,281	59,212
Cost of sales	76,338	50,307
Gross profit	12,942	8,905
Selling, general and administrative expenses	6,410	5,249
Operating profit	6,531	3,655
Non-operating income		
Interest income	38	24
Dividend income	177	2
Rent income	117	88
Foreign exchange gains	67	25
Share of profit of entities accounted for using equity method	36	—
Usage income of trademark	63	79
Other	300	89
Total non-operating income	801	309
Non-operating expenses		
Interest expenses	553	269
Sales discounts	2	4
Share of loss of entities accounted for using equity method	—	9
Depreciation	13	11
Other	106	39
Total non-operating expenses	675	334
Ordinary profit	6,658	3,630
Extraordinary income		
Gain on disposal of non-current assets	5	1
Gain on bargain purchase	646	—
Total extraordinary income	651	1
Extraordinary losses		
Loss on disposal of non-current assets	40	49
Total extraordinary losses	40	49
Profit before income taxes	7,269	3,582
Income taxes	1,582	706
Profit	5,686	2,875
Profit attributable to non-controlling interests	149	84
Profit attributable to owners of parent	5,537	2,791

(2) Consolidated Statements of Comprehensive Income

(Millions of yen)

	First three months of the nine-month transitional fiscal period ended Dec. 31, 2018	First three months of the fiscal year ending Dec. 31, 2019
Profit	5,686	2,875
Other comprehensive income		
Valuation difference on available-for-sale securities	(462)	203
Revaluation reserve for land	—	1
Foreign currency translation adjustment	(2,099)	805
Remeasurements of defined benefit plans, net of tax	72	95
Share of other comprehensive income of entities accounted for using equity method	(0)	56
Total other comprehensive income	(2,490)	1,160
Comprehensive income	3,196	4,036
Comprehensive income attributable to:		
Owners of parent	3,080	3,929
Non-controlling interests	116	107

3. Consolidated Statements of Cash Flows

(Millions of yen)

	First three months of the nine-month transitional fiscal period ended Dec. 31, 2018	First three months of the fiscal year ending Dec. 31, 2019
Cash flows from operating activities		
Profit before income taxes	7,269	3,582
Depreciation	5,466	3,617
Increase (decrease) in allowance for doubtful accounts	(4)	0
Increase (decrease) in provision for bonuses	(1,299)	1,449
Increase (decrease) in net defined benefit liability	(33)	(159)
Interest and dividend income	(216)	(26)
Interest expenses	553	269
Share of loss (profit) of entities accounted for using equity method	(36)	9
Loss (gain) on disposal of non-current assets	35	47
Gain on bargain purchase	(646)	—
Decrease (increase) in notes and accounts receivable - trade	2,872	5,903
Decrease (increase) in inventories	(4,364)	(529)
Decrease (increase) in other current assets	376	341
Increase (decrease) in notes and accounts payable - trade	903	(2,234)
Increase (decrease) in other current liabilities	2,849	(1,765)
Other, net	(356)	(141)
Subtotal	13,368	10,364
Interest and dividend income received	205	26
Interest expenses paid	(575)	(271)
Income taxes paid	(1,256)	(538)
Net cash provided by (used in) operating activities	11,741	9,581
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,661)	(4,077)
Proceeds from sales of property, plant and equipment	14	1
Purchase of investment securities	(4)	(3)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,058)	—
Payments for transfer of business	—	(1,221)
Payments into time deposits	(34)	(15)
Proceeds from withdrawal of time deposits	34	15
Other, net	(498)	(66)
Net cash provided by (used in) investing activities	(7,207)	(5,367)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,350	1,608
Repayments of long-term loans payable	(3,791)	(1,070)
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(1,090)	(1,093)
Other, net	(22)	(21)
Net cash provided by (used in) financing activities	(3,554)	(577)
Effect of exchange rate change on cash and cash equivalents	(194)	126
Net increase (decrease) in cash and cash equivalents	784	3,763
Cash and cash equivalents at beginning of period	21,931	19,632
Cash and cash equivalents at end of period	22,716	23,395

4. Segment Information

Industry Segment Information

For the first three months of the nine-month transitional fiscal period ended December 31, 2018

(Millions of yen)

	Die Castings	Builders' Hardware	Printing Equipment	Other	Eliminations / Corporate	Consolidated
Net Sales:						
Unaffiliated customers	80,675	2,503	6,027	74	–	89,281
Intersegment	40	–	–	35	(76)	–
Total	80,715	2,503	6,027	110	(76)	89,281
Operating income	6,237	85	183	25	(0)	6,531

For the first three months of the fiscal year ending December 31, 2019

(Millions of yen)

	Die Castings	Builders' Hardware	Printing Equipment	Other	Eliminations / Corporate	Consolidated
Net Sales:						
Unaffiliated customers	50,726	2,532	5,917	36	–	59,212
Intersegment	29	–	–	5	(35)	–
Total	50,755	2,532	5,917	41	(35)	59,212
Operating income	3,433	125	109	(12)	(0)	3,655