

Consolidated Financial Results for the Nine Months Ended September 30, 2020 (Japanese GAAP)



November 6, 2020

Company Name: RYOBI LIMITED
 Stock Code: 5851
 (URL: <https://www.ryobi-group.co.jp/>)
 Stock Exchange Listing: Tokyo
 Representative: Akira Urakami, President and CEO
 Contact: Hiromu Arihiro, Corporate Officer
 Divisional General Manager of Corporate Planning Division
 General Manager Finance Department

Phone: +81-3-3501-0511

Scheduled date to submit the Quarterly Securities Report : November 9, 2020

Date of scheduled payment of dividend : —

Availability of supplementary briefing material on quarterly results : Yes

Presentation Meeting : Not Scheduled

(Any amount less than one million is disregarded.)

1. Consolidated Financial Results for the Nine Months Ended September 30, 2020

(From January 1, 2020 to September 30, 2020)

(1) Consolidated Results of Operations

(% indicates changes from the previous fiscal year.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|--------------------------------------|-----------------|-------|------------------|---|-----------------|---|---|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Nine months ended September 30, 2020 | 122,309 | -26.8 | -3,003 | — | -1,724 | — | -1,546 | — |
| Nine months ended September 30, 2019 | 167,081 | — | 6,827 | — | 6,965 | — | 4,983 | — |

(Note) Comprehensive income: Nine months ended September 30, 2020: -4,194 million yen [—%]

Nine months ended September 30, 2019: 2,824 million yen [—%]

| | Profit per share | Fully diluted profit per share |
|--------------------------------------|------------------|--------------------------------|
| | Yen | Yen |
| Nine months ended September 30, 2020 | -47.79 | — |
| Nine months ended September 30, 2019 | 153.97 | — |

* The Company changed its fiscal year-end from March 31 to December 31 as of the fiscal year ended December 31, 2018. The increase-decrease rates from the previous fiscal year were not presented because the period covered by nine months ended September 30, 2019 (from January 1, 2019 to September 30, 2019) and the period covered by the nine months ended September 30, 2018 (Domestic: from April 1, 2018 to September 30, 2018, Overseas: from January 1, 2018 to September 30, 2018), which would be used for comparison, are different.

(2) Consolidated Financial Position

| | Total assets | Net assets | Shareholders' equity ratio |
|--------------------------|-----------------|-----------------|----------------------------|
| | Millions of yen | Millions of yen | % |
| As of September 30, 2020 | 250,981 | 124,187 | 46.0 |
| As of December 31, 2019 | 263,179 | 129,575 | 45.8 |

(Reference) Shareholders' Equity: As of September 30, 2020: 115,459 million yen

As of December 31, 2019: 120,520 million yen

2. Dividends

| | Cash dividends per share | | | | |
|-----------------------------|--------------------------|-----------|-----------|----------|--------|
| | End of 1Q | End of 2Q | End of 3Q | Year-end | Annual |
| | Yen | Yen | Yen | Yen | Yen |
| FY December 2019 | — | 35.00 | — | 35.00 | 70.00 |
| FY December 2020 | — | 0.00 | — | | |
| FY December 2020 (Forecast) | | | | 0.00 | 0.00 |

(Reference) Correction from the dividend forecast, which is published in the most recent: Yes

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2020 (From January 1, 2020 to December 31, 2020)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Profit per share |
|-----------|-----------------|---|------------------|---|-----------------|---|---|---|------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Full year | 171,000 | — | -2,900 | — | -1,700 | — | -1,500 | — | -46.34 |

(Reference) Correction from the consolidated forecast, which is published in the most recent: Yes

* Notes

- (1) Significant changes of companies during the fiscal year ended September 30, 2020 (changes in specific companies involving changes in the scope of consolidation): Not applicable
- (2) Adoption of specific accounting treatments to the preparation of consolidated quarterly financial statements: Not applicable
- (3) Changes in accounting policies, changes in accounting estimates and restatements
 - 1) Changes in accounting policies due to the revision of accounting standards: Not applicable
 - 2) Changes in accounting policies other than 1): Not applicable
 - 3) Changes in accounting estimates: Not applicable
 - 4) Restatements: Not applicable

(4) Shares issued (common stock)

| | | | | |
|---|--------------------------------------|------------|--------------------------------------|------------|
| 1) Shares issued (including treasury stock) | As of September 30, 2020 | 32,646,143 | As of December 31, 2019 | 32,646,143 |
| 2) Treasury stock | As of September 30, 2020 | 277,258 | As of December 31, 2019 | 277,173 |
| 3) Average shares outstanding during the period | Nine months ended September 30, 2020 | 32,368,961 | Nine months ended September 30, 2019 | 32,369,029 |

* These consolidated quarterly financial results are outside the scope of the quarterly review.

* Explanation for the appropriate use of performance forecasts and other special notes:

(Cautionary note on forward-looking statement)

The statements regarding forecast of financial results in this report are based on the information that is available, as well as estimates, assumptions and projections that are believed to be reasonable at the time of publication, and they are not meant to be a commitment by the Company. Therefore, there might be cases in which actual results differ from forecast values.

Comparative Balance Sheets (Consolidated)

(Millions of yen)

| | December 31, 2019 | September 30, 2020 |
|--|-------------------|--------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 22,518 | 21,173 |
| Notes and accounts receivable - trade | 41,197 | 38,727 |
| Securities | 768 | 757 |
| Merchandise and finished goods | 17,006 | 15,483 |
| Work in process | 13,853 | 12,595 |
| Raw materials and supplies | 14,294 | 13,733 |
| Other | 2,951 | 3,004 |
| Allowance for doubtful accounts | (47) | (36) |
| Total current assets | 112,543 | 105,438 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 33,375 | 32,043 |
| Machinery, equipment and vehicles, net | 52,112 | 50,347 |
| Land | 17,850 | 17,061 |
| Construction in progress | 12,692 | 14,982 |
| Other, net | 5,576 | 5,565 |
| Total property, plant and equipment | 121,607 | 119,999 |
| Intangible assets | | |
| Other | 3,716 | 3,596 |
| Total intangible assets | 3,716 | 3,596 |
| Investments and other assets | | |
| Investment securities | 18,217 | 13,763 |
| Other | 7,125 | 8,232 |
| Allowance for doubtful accounts | (62) | (62) |
| Total investments and other assets | 25,280 | 21,933 |
| Total non-current assets | 150,604 | 145,529 |
| Deferred assets | | |
| Bond issuance cost | 31 | 14 |
| Total deferred assets | 31 | 14 |
| Total assets | 263,179 | 250,981 |

Comparative Balance Sheets (Consolidated)

(Millions of yen)

| | December 31, 2019 | September 30, 2020 |
|--|-------------------|--------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 35,673 | 22,495 |
| Short-term borrowings | 23,427 | 28,609 |
| Current portion of bonds | 2,300 | 6,900 |
| Current portion of long-term borrowings | 6,788 | 6,864 |
| Income taxes payable | 804 | 303 |
| Provision for bonuses | 576 | 1,713 |
| Provision for bonuses for directors (and other officers) | 12 | — |
| Other | 20,390 | 13,511 |
| Total current liabilities | 89,972 | 80,396 |
| Non-current liabilities | | |
| Bonds payable | 6,100 | 1,500 |
| Long-term borrowings | 23,292 | 31,902 |
| Retirement benefit liability | 8,032 | 7,847 |
| Other | 6,206 | 5,147 |
| Total non-current liabilities | 43,631 | 46,397 |
| Total liabilities | 133,604 | 126,794 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 18,472 | 18,472 |
| Capital surplus | 21,854 | 21,859 |
| Retained earnings | 78,139 | 75,459 |
| Treasury shares | (346) | (346) |
| Total shareholders' equity | 118,120 | 115,444 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 5,443 | 4,326 |
| Revaluation reserve for land | 809 | 810 |
| Foreign currency translation adjustment | (2,626) | (4,237) |
| Remeasurements of defined benefit plans | (1,226) | (883) |
| Total accumulated other comprehensive income | 2,400 | 15 |
| Non-controlling interests | 9,054 | 8,727 |
| Total net assets | 129,575 | 124,187 |
| Total liabilities and net assets | 263,179 | 250,981 |

Comparative Statements of Income (Consolidated)

(Millions of yen)

| | Nine months ended September 30, 2019 | Nine months ended September 30, 2020 |
|---|---|---|
| Net sales | 167,081 | 122,309 |
| Cost of sales | 144,111 | 111,344 |
| Gross profit | 22,969 | 10,965 |
| Selling, general and administrative expenses | 16,141 | 13,968 |
| Operating profit (loss) | 6,827 | (3,003) |
| Non-operating income | | |
| Interest income | 70 | 68 |
| Dividend income | 227 | 200 |
| Rental income | 236 | 154 |
| Share of profit of entities accounted for using equity method | 113 | 70 |
| Usage income of trademark | 188 | 195 |
| Subsidy income | — | 1,167 |
| Other | 443 | 463 |
| Total non-operating income | 1,279 | 2,319 |
| Non-operating expenses | | |
| Interest expenses | 795 | 755 |
| Foreign exchange losses | 192 | 126 |
| Depreciation | 32 | 24 |
| Other | 121 | 134 |
| Total non-operating expenses | 1,141 | 1,041 |
| Ordinary profit (loss) | 6,965 | (1,724) |
| Extraordinary income | | |
| Gain on disposal of non-current assets | 55 | 22 |
| Gain on sales of investment securities | 28 | — |
| Total extraordinary income | 83 | 22 |
| Extraordinary losses | | |
| Loss on disposal of non-current assets | 87 | 31 |
| Loss on valuation of investment securities | — | 83 |
| Loss on sales of investment securities | — | 0 |
| Loss on sales of shares of subsidiaries and associates | — | 78 |
| Total extraordinary losses | 87 | 193 |
| Profit (loss) before income taxes | 6,961 | (1,895) |
| Income taxes | 1,717 | (183) |
| Profit (loss) | 5,244 | (1,711) |
| Profit (loss) attributable to non-controlling interests | 260 | (164) |
| Profit (loss) attributable to owners of parent | 4,983 | (1,546) |

Comparative Statements of Comprehensive Income (Consolidated)

(Millions of yen)

| | Nine months ended September 30, 2019 | Nine months ended September 30, 2020 |
|---|---|---|
| Profit (loss) | 5,244 | (1,711) |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 174 | (1,188) |
| Revaluation reserve for land | 2 | 0 |
| Foreign currency translation adjustment | (2,746) | (1,618) |
| Remeasurements of defined benefit plans, net of tax | 332 | 344 |
| Share of other comprehensive income of entities accounted for using equity method | (183) | (20) |
| Total other comprehensive income | (2,420) | (2,482) |
| Comprehensive income | 2,824 | (4,194) |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 2,500 | (3,932) |
| Comprehensive income attributable to non-controlling interests | 323 | (261) |

Comparative Statements of Cash Flows (Consolidated)

(Millions of yen)

| | Nine months ended September 30, 2019 | Nine months ended September 30, 2020 |
|--|---|---|
| Cash flows from operating activities | | |
| Profit (loss) before income taxes | 6,961 | (1,895) |
| Depreciation | 11,246 | 12,274 |
| Increase (decrease) in allowance for doubtful accounts | (118) | (11) |
| Increase (decrease) in provision for bonuses | 1,394 | 1,136 |
| Increase (decrease) in retirement benefit liability | (121) | 136 |
| Interest and dividend income | (297) | (268) |
| Interest expenses | 795 | 755 |
| Subsidy income | — | (1,167) |
| Share of loss (profit) of entities accounted for using equity method | (113) | (70) |
| Loss (gain) on sales of investment securities | (28) | 0 |
| Loss (gain) on valuation of investment securities | — | 83 |
| Loss (gain) on sales of shares of subsidiaries and associates | — | 78 |
| Loss (gain) on disposal of non-current assets | 32 | 9 |
| Decrease (increase) in trade receivables | 10,962 | 2,075 |
| Decrease (increase) in inventories | 74 | 2,910 |
| Decrease (increase) in other current assets | 520 | (108) |
| Increase (decrease) in trade payables | (11,626) | (12,902) |
| Increase (decrease) in other current liabilities | (2,109) | (2,775) |
| Other, net | (422) | (451) |
| Subtotal | 17,149 | (190) |
| Interest and dividends received | 321 | 314 |
| Interest paid | (818) | (780) |
| Proceeds from subsidy income | — | 848 |
| Income taxes paid | (1,183) | (714) |
| Net cash provided by (used in) operating activities | 15,469 | (523) |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (19,700) | (17,040) |
| Proceeds from sales of property, plant and equipment | 186 | 1,155 |
| Purchase of securities | (690) | (680) |
| Proceeds from sales of securities | 690 | 690 |
| Purchase of investment securities | (26) | (25) |
| Proceeds from sales of investment securities | 46 | 0 |
| Proceeds from sales of shares of subsidiaries and associates | — | 2,630 |
| Payments for acquisition of businesses | (1,194) | — |
| Payments into time deposits | (1,214) | (1,214) |
| Proceeds from withdrawal of time deposits | 1,214 | 1,214 |
| Other, net | (489) | (888) |
| Net cash provided by (used in) investing activities | (21,178) | (14,158) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 515 | 5,557 |
| Proceeds from long-term borrowings | 8,777 | 16,060 |
| Repayments of long-term borrowings | (6,856) | (6,885) |
| Purchase of treasury shares | (0) | (0) |
| Dividends paid | (2,259) | (1,133) |
| Other, net | (140) | (176) |
| Net cash provided by (used in) financing activities | 36 | 13,421 |
| Effect of exchange rate change on cash and cash equivalents | (190) | (85) |
| Net increase (decrease) in cash and cash equivalents | (5,863) | (1,345) |
| Cash and cash equivalents at beginning of period | 19,632 | 21,356 |
| Cash and cash equivalents at end of period | 13,768 | 20,011 |

Segment Information

Industry Segment Information

(Nine months ended September 30, 2019)

(Millions of yen)

| | Die Castings | Builders' Hardware | Printing Equipment | Other | Eliminations / Corporate | Consolidated |
|------------------------|--------------|--------------------|--------------------|-------|--------------------------|--------------|
| Net Sales: | | | | | | |
| Unaffiliated customers | 140,698 | 7,870 | 18,354 | 157 | — | 167,081 |
| Intersegment | 96 | — | — | 47 | (143) | — |
| Total | 140,794 | 7,870 | 18,354 | 205 | (143) | 167,081 |
| Operating income | 6,023 | 474 | 328 | 0 | 0 | 6,827 |

(Nine months ended September 30, 2020)

(Millions of yen)

| | Die Castings | Builders' Hardware | Printing Equipment | Other | Eliminations / Corporate | Consolidated |
|------------------------|--------------|--------------------|--------------------|-------|--------------------------|--------------|
| Net Sales: | | | | | | |
| Unaffiliated customers | 103,645 | 6,889 | 11,646 | 127 | — | 122,309 |
| Intersegment | 46 | — | — | 30 | (76) | — |
| Total | 103,691 | 6,889 | 11,646 | 158 | (76) | 122,309 |
| Operating income | (2,703) | 556 | (838) | (18) | 0 | (3,003) |

* All amounts have been rounded down to the nearest million yen.