

**RYOBI**

**ANNUAL REPORT**

For the year ended December 31, 2020

**2020**



# CONSOLIDATED BALANCE SHEET

RYOBI LIMITED AND ITS CONSOLIDATED SUBSIDIARIES

(As of December 31, 2020)

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2020	2019	2020
<b>Current assets</b>			
Cash and cash equivalents (Note 16).....	¥ 25,405	¥ 21,356	\$ 245,464
Short-term investments (Notes 3 and 16).....	1,920	1,930	18,554
Notes and accounts receivable (Note 16)			
Trade.....	40,156	41,190	387,987
Unconsolidated subsidiaries and affiliates.....	54	60	525
Other.....	2,225	1,835	21,504
Allowance for doubtful receivables.....	(32)	(47)	(316)
Inventories (Note 5).....	41,388	45,154	399,893
Prepaid expenses and other.....	1,099	1,062	10,624
Total current assets.....	<u>112,218</u>	<u>112,543</u>	<u>1,084,236</u>
<b>Property, plant and equipment</b>			
Land (Note 6).....	15,964	17,850	154,249
Buildings and structures.....	73,357	72,732	708,769
Machinery and equipment.....	221,109	215,339	2,136,326
Construction in progress.....	14,323	12,692	138,390
Other.....	1,127	943	10,892
Total.....	<u>325,883</u>	<u>319,558</u>	<u>3,148,628</u>
Accumulated depreciation.....	<u>(206,923)</u>	<u>(197,950)</u>	<u>(1,999,261)</u>
Net property, plant and equipment.....	<u>118,959</u>	<u>121,607</u>	<u>1,149,366</u>
<b>Investments and other assets</b>			
Investment securities (Notes 4 and 16).....	12,043	13,207	116,360
Investment in unconsolidated subsidiaries and affiliates (Note 16).....	2,353	5,009	22,736
Intangible fixed assets.....	3,482	3,716	33,646
Asset for retirement benefits (Note 9).....	4,478	3,736	43,265
Deferred tax assets (Note 11).....	2,967	1,781	28,668
Other.....	2,221	1,639	21,465
Allowance for doubtful receivables.....	(63)	(62)	(614)
Total investments and other assets.....	<u>27,482</u>	<u>29,028</u>	<u>265,529</u>
Total.....	<u>¥ 258,660</u>	<u>¥ 263,179</u>	<u>\$ 2,499,132</u>

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of yen		Thousands of U.S. dollars (Note 1)
	2020	2019	2020
<b>Current liabilities</b>			
Short-term borrowings (Notes 8 and 16).....	¥ 25,595	¥ 23,427	\$ 247,295
Current portion of long-term debt (Notes 8 and 16).....	11,818	9,250	114,190
Notes and accounts payable (Note 16)			
Trade.....	28,672	35,372	277,025
Unconsolidated subsidiaries and affiliates.....	447	310	4,319
Other.....	9,380	12,802	90,629
Accrued expenses.....	3,182	3,740	30,750
Income taxes payable.....	358	626	3,467
Other.....	4,435	4,442	42,855
Total current liabilities.....	<u>83,890</u>	<u>89,972</u>	<u>810,533</u>
<b>Long-term liabilities</b>			
Long-term debt (Notes 8 and 16).....	35,523	29,762	343,218
Liability for retirement benefits (Note 9).....	8,055	8,032	77,834
Deferred tax liabilities (Note 11).....	2,085	2,790	20,148
Other.....	3,175	3,047	30,681
Total long-term liabilities.....	<u>48,839</u>	<u>43,631</u>	<u>471,882</u>
<b>Commitments and contingent liabilities</b> (Notes 14, 15 and 17)			
<b>Equity</b> (Note 10)			
Common stock			
Authorized: 100,000,000 shares			
Issued: 32,646,143 shares.....	18,472	18,472	178,475
Capital surplus.....	21,861	21,854	211,217
Retained earnings.....	76,309	78,139	737,286
Treasury stock			
(277,298 shares in 2020; 277,173 shares in 2019).....	(346)	(346)	(3,347)
Accumulated other comprehensive income			
Unrealized gain on available-for-sale securities.....	4,733	5,443	45,732
Land revaluation surplus (Note 6).....	810	809	7,828
Foreign currency translation adjustments.....	(3,814)	(2,626)	(36,852)
Defined retirement benefit plans (Note 9).....	(877)	(1,226)	(8,475)
Total.....	117,147	120,520	1,131,864
Noncontrolling interests.....	8,782	9,054	84,852
Total equity.....	<u>125,930</u>	<u>129,575</u>	<u>1,216,716</u>
Total.....	¥ 258,660	¥ 263,179	\$ 2,499,132

# CONSOLIDATED STATEMENT OF INCOME

RYOBI LIMITED AND ITS CONSOLIDATED SUBSIDIARIES

(For the year ended December 31, 2020)

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2020	2019	2020
<b>Net sales</b> .....	¥ 170,973	¥ 220,519	\$ 1,651,915
<b>Cost of sales</b> .....	153,882	190,305	1,486,789
Gross profit.....	17,090	30,214	165,126
<b>Selling, general and administrative expenses</b> (Note 12).....	18,879	21,719	182,414
<b>Operating income (loss)</b> .....	(1,789)	8,495	(17,288)
<b>Other income</b>			
Interest and dividend income.....	443	503	4,288
Rent income.....	198	302	1,913
Gain on sales of Investment securities.....	—	44	—
Subsidy income.....	1,451	—	14,025
Other.....	1,096	983	10,594
Total other income.....	3,190	1,834	30,822
<b>Other expenses</b>			
Interest expenses.....	967	1,036	9,344
Loss on disposal of property, plant and equipment.....	97	163	945
Loss on impairment of Long-lived assets (Note 7).....	1,228	639	11,873
Loss on valuation of Investment securities.....	85	15	823
Depreciation.....	29	42	286
Loss on sales of stocks of subsidiaries and affiliates.....	78	—	754
Other.....	415	414	4,013
Total other expenses.....	2,902	2,311	28,042
<b>Income (loss) before income taxes</b> .....	(1,501)	8,017	(14,508)
<b>Income taxes</b> (Note 11)			
Current.....	1,080	1,070	10,437
Deferred.....	(1,758)	1,746	(16,990)
Total income taxes.....	(678)	2,817	(6,552)
<b>Net income (loss)</b> .....	(823)	5,200	(7,955)
<b>Net income (loss) attributable to noncontrolling interests</b> .....	(126)	287	(1,218)
<b>Net income (loss) attributable to owners of the parent</b> .....	¥ (697)	¥ 4,913	\$ (6,737)
			U.S. dollars (Note 1)
<b>Per share of common stock</b> (Notes 2(16) and 10(3))		Yen	
Basic net income (loss).....	¥ (21.54)	¥ 151.79	\$ (0.208)
Cash dividends applicable to the year.....	—	70.00	—

See notes to consolidated financial statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

RYOBI LIMITED AND ITS CONSOLIDATED SUBSIDIARIES

(For the year ended December 31, 2020)

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2020	2019	2020
<b>Net income (loss)</b> .....	¥ (823)	¥ 5,200	\$ (7,955)
<b>Other comprehensive income (loss) :</b>			
Unrealized gain (loss) on available-for-sale securities.....	(763)	337	(7,377)
Land revaluation surplus.....	0	(0)	5
Foreign currency translation adjustments.....	(1,238)	(1,009)	(11,969)
Adjustments for retirement benefits.....	350	1,258	3,388
Share of other comprehensive income in associates.....	23	(86)	223
Total other comprehensive income (loss) (Note 13).....	(1,627)	500	(15,728)
<b>Comprehensive income (loss)</b> .....	¥ (2,451)	¥ 5,700	\$ (23,684)
<b>Total comprehensive income (loss) attributable to:</b>			
Owners of the parent.....	¥ (2,245)	¥ 5,386	\$ (21,698)
Noncontrolling interests.....	(205)	314	(1,985)

See notes to consolidated financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

RYOBI LIMITED AND ITS CONSOLIDATED SUBSIDIARIES

(For the year ended December 31, 2020)

	Thousands		Millions of yen				
	Issued number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income Unrealized gain (loss) on available-for-sale securities	
<b>Balance at December 31, 2018</b> .....	32,646	¥ 18,472	¥ 21,820	¥ 74,831	¥ (346)	¥ 5,127	
Cumulative effects of changes in accounting policies.....	—	—	—	660	—	—	
Restated balance.....	32,646	18,472	21,820	75,491	(346)	5,127	
Net income attributable to owners of the parent.....	—	—	—	4,913	—	—	
Cash dividends, ¥70.00 per share.....	—	—	—	(2,265)	—	—	
Purchase of treasury stock (104 shares).....	—	—	—	—	(0)	—	
Change in treasury shares of parent arising from transactions with noncontrolling shareholders.....	—	—	34	—	—	—	
Net change in the year.....	—	—	—	—	—	315	
<b>Balance at December 31, 2019</b> .....	32,646	¥ 18,472	¥ 21,854	¥ 78,139	¥ (346)	¥ 5,443	
Net income attributable to owners of the parent.....	—	—	—	(697)	—	—	
Cash dividends, ¥35.00 per share.....	—	—	—	(1,132)	—	—	
Purchase of treasury stock (125 shares).....	—	—	—	—	(0)	—	
Change in treasury shares of parent arising from transactions with noncontrolling shareholders.....	—	—	6	—	—	—	
Net change in the year.....	—	—	—	—	—	(710)	
<b>Balance at December 31, 2020</b> .....	<b>32,646</b>	<b>¥ 18,472</b>	<b>¥ 21,861</b>	<b>¥ 76,309</b>	<b>¥ (346)</b>	<b>¥ 4,733</b>	

	Millions of yen					
	Land revaluation surplus	Foreign currency translation adjustments	Defined retirement benefit plans	Total	Noncontrolling interests	Total equity
<b>Balance at December 31, 2018</b> .....	¥ 808	¥ (1,530)	¥ (2,478)	¥ 116,705	¥ 8,816	¥ 125,521
Cumulative effects of changes in accounting policies.....	—	—	—	660	—	660
Restated balance.....	808	(1,530)	(2,478)	117,365	8,816	126,182
Net income attributable to owners of the parent.....	—	—	—	4,913	—	4,913
Cash dividends, ¥70.00 per share.....	—	—	—	(2,265)	—	(2,265)
Purchase of treasury stock (104 shares).....	—	—	—	(0)	—	(0)
Change in treasury shares of parent arising from transactions with noncontrolling shareholders.....	—	—	—	34	—	34
Net change in the year.....	0	(1,096)	1,252	472	238	711
<b>Balance at December 31, 2019</b> .....	¥ 809	¥ (2,626)	¥ (1,226)	¥ 120,520	¥ 9,054	¥ 129,575
Net income attributable to owners of the parent.....	—	—	—	(697)	—	(697)
Cash dividends, ¥35.00 per share.....	—	—	—	(1,132)	—	(1,132)
Purchase of treasury stock (125 shares).....	—	—	—	(0)	—	(0)
Change in treasury shares of parent arising from transactions with noncontrolling shareholders.....	—	—	—	6	—	6
Net change in the year.....	0	(1,187)	348	(1,548)	(272)	(1,821)
<b>Balance at December 31, 2020</b> .....	<b>¥ 810</b>	<b>¥ (3,814)</b>	<b>¥ (877)</b>	<b>¥ 117,147</b>	<b>¥ 8,782</b>	<b>¥ 125,930</b>

Thousands of U.S. dollars (Note 1)

	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income Unrealized gain (loss) on available-for- -sale securities
<b>Balance at December 31, 2019</b> .....	\$ 178,475	\$ 211,158	\$ 754,969	\$ (3,346)	\$ 52,592
Net income attributable to					
owners of the parent.....	—	—	(6,737)	—	—
Cash dividends, ¥35.00 per share .....	—	—	(10,946)	—	—
Purchase of treasury stock (125 shares).....	—	—	—	(1)	—
Change in treasury shares of parent arising from transactions with noncontrolling shareholders.....	—	59	—	—	—
Net change in the year.....	—	—	—	—	(6,860)
<b>Balance at December 31, 2020</b> .....	\$ 178,475	\$ 211,217	\$ 737,286	\$ (3,347)	\$ 45,732

Thousands of U.S. dollars (Note 1)

	Land revaluation surplus	Foreign currency translation adjustments	Defined retirement benefit plans	Total	Noncontrolling interests	Total equity
<b>Balance at December 31, 2019</b> .....	\$ 7,822	\$ (25,374)	\$ (11,846)	\$ 1,164,451	\$ 87,486	\$ 1,251,937
Net income attributable to						
owners of the parent.....	—	—	—	(6,737)	—	(6,737)
Cash dividends, ¥35.00 per share .....	—	—	—	(10,946)	—	(10,946)
Purchase of treasury stock (125 shares).....	—	—	—	(1)	—	(1)
Change in treasury shares of parent arising from transactions with noncontrolling shareholders.....	—	—	—	59	—	59
Net change in the year.....	5	(11,478)	3,370	(14,961)	(2,634)	(17,595)
<b>Balance at December 31, 2020</b> .....	\$ 7,828	\$ (36,852)	\$ (8,475)	\$ 1,131,864	\$ 84,852	\$ 1,216,716

See notes to consolidated financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

RYOBI LIMITED AND ITS CONSOLIDATED SUBSIDIARIES

(For the year ended December 31, 2020)

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2020	2019	2020
<b>Operating activities</b>			
Income (loss) before income taxes.....	¥ (1,501)	¥ 8,017	\$ (14,508)
Adjustments for:			
Income taxes - paid.....	(1,338)	(835)	(12,932)
Depreciation and amortization.....	16,402	15,370	158,476
Loss on impairment of Long-lived assets.....	1,228	639	11,873
Loss (gain) on sales or disposals of property, plant and equipment.....	73	106	714
Loss on valuation of investment securities.....	85	15	823
Changes in assets and liabilities			
Decrease (increase) in notes and accounts receivable.....	229	16,357	2,214
Decrease (increase) in inventories.....	3,382	1,661	32,679
Increase (decrease) in notes and accounts payable.....	(6,255)	(10,008)	(60,444)
Increase (decrease) in accrued expenses.....	(332)	65	(3,211)
Other - net.....	(178)	(1,062)	(1,720)
Net cash provided by operating activities.....	<u>11,795</u>	<u>30,326</u>	<u>113,963</u>
<b>Investing activities</b>			
Purchases of property, plant and equipment.....	(20,291)	(24,586)	(196,052)
Proceeds from sale of property, plant and equipment.....	1,148	214	11,101
Proceeds from sales of stocks of subsidiaries and affiliates.....	2,630	—	25,410
Payments for transfer of business.....	—	(1,192)	—
Other.....	(1,055)	(714)	(10,197)
Net cash used in investing activities.....	<u>(17,567)</u>	<u>(26,278)</u>	<u>(169,738)</u>
<b>Financing activities</b>			
Proceeds from long-term debt.....	18,670	8,819	180,388
Repayments of long-term debt.....	(10,071)	(7,587)	(97,306)
Increase (decrease) in short-term borrowings, net.....	2,315	(1,211)	22,370
Acquisition of treasury stock.....	(0)	(0)	(1)
Cash dividends paid.....	(1,135)	(2,265)	(10,971)
Other.....	(60)	(22)	(583)
Net cash used in financing activities.....	<u>9,718</u>	<u>(2,268)</u>	<u>93,896</u>
<b>Foreign currency translation adjustments on cash and cash equivalents.....</b>			
	<u>103</u>	<u>(54)</u>	<u>995</u>
<b>Net increase in cash and cash equivalents.....</b>	<b>4,048</b>	<b>1,724</b>	<b>39,117</b>
<b>Cash and cash equivalents at beginning of year.....</b>	<b>21,356</b>	<b>19,632</b>	<b>206,346</b>
<b>Cash and cash equivalents at end of year.....</b>	<b>¥ 25,405</b>	<b>¥ 21,356</b>	<b>\$ 245,464</b>

See notes to consolidated financial statements.



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

RYOBI LIMITED AND ITS CONSOLIDATED SUBSIDIARIES

For the year ended December 31, 2020

## 1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the year ended December 31, 2019, consolidated financial statements to conform to the classifications used in the year ended December 31, 2020.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Ryobi Limited (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥103.50 to \$1, the approximate rate of exchange at December 31, 2020. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate. The amounts in our consolidated financial statements are presented in millions of yen, and amounts of less than one million, as the case may be, have been rounded down unless otherwise specified.

## 2. Summary of Significant Accounting Policies

### (1) Consolidation

The consolidated financial statements as of December 31, 2020, include the accounts of the Company and its significant subsidiaries (the "Ryobi Group"). Under the control and influence concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Ryobi Group has the ability to exercise significant influence are accounted for by the equity method.

#### (i) Consolidated subsidiaries

The major consolidated subsidiaries are listed below:

Tokyo Light Alloy Co., Ltd. (Japan)

RYOBI MHI Graphic Technology Ltd. (Japan)

Ryobi Die Casting (USA), Inc. (U.S.A.)

Ryobi Die Casting Dalian Co., Ltd. (P.R.C.)

#### (ii) Affiliate

The affiliate accounted for by the equity method are listed below:

KYOCERA RYOBI (Dalian) Machinery Co.,Ltd. (P.R.C.)

a. The number of consolidated subsidiaries as of December 31, 2020, was as follows:

	2020
Consolidated subsidiaries.....	17
Affiliate.....	1

Note: KYOCERA Industrial Tools Corporation and KYOCERA Industrial Tools Sales Corporation have been excluded from the scope of affiliated companies accounted for by the equity method due to the sales of its shares.

b. The number of unconsolidated subsidiaries not accounted for by the equity method as of December 31, 2020, was as follows:

	2020
Unconsolidated subsidiaries.....	2

The investment in such unconsolidated subsidiary is stated at cost. If the equity method of accounting had been applied to the investments in this company, the effect on the accompanying consolidated financial statements would not be material.

All significant intercompany transactions, account balances and unrealized profits among the companies have been eliminated.

### (2) Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements

Under Accounting Standards Board of Japan ("ASBJ") Practical Issues Task Force ("PITF") No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements," the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States of America (Financial Accounting Standards Board Accounting Standards Codification) tentatively may be used for the consolidation process, except for the following items that should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: a) amortization of goodwill; b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; c) expensing capitalized development costs of R&D; and d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the

cost model of accounting.

### **(3) Business Combinations**

Business combinations are accounted for using the purchase method. Acquisition-related costs, such as advisory fees or professional fees, are accounted for as expenses in the periods in which the costs are incurred. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date. The acquirer recognizes any bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase price allocation. A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of noncontrolling interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Any difference between the fair value of the consideration received or paid and the amount by which the noncontrolling interest is adjusted is accounted for as capital surplus as long as the parent retains control over its subsidiary.

### **(4) Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, deposits with banks and financial institutions which are unrestricted as to withdrawal or use, and which have original maturities of three months or less.

### **(5) Inventories**

Inventories are valued at the lower of cost, or net selling value. Cost is determined by methods based on the classification of inventories as follows:

#### **a) Finished products and work in process**

The Company and domestic subsidiaries mainly use the average cost method. However, valuation of dies is determined using the specific identification method.

Foreign subsidiaries mainly use the first-in, first-out method.

#### **b) Raw materials, supplies and purchased goods**

Die castings.....Average method

Others.....Moving average method

Foreign subsidiaries mainly use the first-in, first-out method.

### **(6) Marketable and Investment securities**

Marketable and investment securities are classified and accounted for, depending on management's intent, as follows:

a) trading securities, which are held for the purpose of earning capital gains in the near term are reported at fair value, and the related unrealized gains and losses are included in income, b) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity are reported at amortized cost, and c) available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Nonmarketable available-for-sale securities are stated at cost determined by the moving-average method.

For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

### **(7) Property, plant and equipment**

Property, plant and equipment are stated at cost. Depreciation is computed by the straight-line method.

The range of useful lives is from 3 to 50 years for buildings and structures, from 4 to 12 years for machinery and equipment, and from 2 to 20 years for other. The useful lives for leased assets are the terms of the respective leases.

### **(8) Long-lived assets**

The Ryobi Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

### **(9) Leases**

All finance lease transactions are capitalized to recognize lease assets and lease obligations in the consolidated balance sheet.

### **(10) Retirement and pension plan**

The Company and certain consolidated subsidiaries have a contributory or a non-contributory funded pension plan and unfunded pension plans, which cover substantially all of their employees. Certain foreign consolidated subsidiaries have defined benefit pension plans.

Unrecognized prior service cost is amortized at the beginning of the fiscal year by using the straight-line method over the employees' remaining service period or shorter period (primarily 14 years). Unrecognized net actuarial loss is amortized from the next fiscal year by using the straight-line method over the employees' remaining service period or shorter period (primarily 14 years).

### **(11) Bonuses to directors**

Bonuses to directors are accrued at the end of the year to which such bonuses are attributable.

### **(12) Income taxes**

The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences.

### **(13) Translation of foreign currency accounts**

All current and non-current receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translations are recognized in the consolidated statement of income to the extent that they are not hedged by forward exchange contracts.

### **(14) Translation of foreign currency financial statements (accounts of foreign subsidiaries)**

The balance sheet accounts of the consolidated foreign subsidiaries are translated into yen at the current exchange rates as of their balance sheet date except for equity, which is translated at the historical exchange rate. Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity. Revenue and expense accounts of the consolidated overseas subsidiaries are translated into yen at the average exchange rate.

### **(15) Derivative and hedging activities**

The Ryobi Group uses derivative financial instruments to manage its exposure to fluctuations in foreign exchange and interest rates. Foreign exchange forward contracts and interest rate swaps are utilized by the Ryobi Group to reduce foreign currency exchange and interest rate risks. The Ryobi Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments are classified and accounted for as follows: a) all derivatives, except those which qualify for hedge accounting, are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative translations are recognized in the consolidated statement of income, and b) for derivatives used for hedging purposes, if the derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until the maturity of the hedged transaction.

The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements are recognized and included in interest expense.

### **(16) Per share information**

Basic net income per share is computed by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share is not calculated because no dilutive instruments were issued and outstanding for the years ended December 31, 2020 and 2019.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective fiscal years, including dividends to be paid after the end of the year.

### **(17) Accounting Changes and Error Corrections**

In December 2009, the ASBJ issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections," and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections". Accounting treatments under this standard and guidance are as follows:

- a) Changes in Accounting Policies—When a new accounting policy is applied with revision of accounting standards, the new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.
- b) Changes in Presentation—When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation.
- c) Changes in Accounting Estimates—A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.
- d) Corrections of Prior-Period Errors—When an error in prior-period financial statements is discovered, those statements are restated.

### **(18) New Accounting Pronouncements**

#### **a. Accounting Standard for Revenue Recognition**

On March 31, 2020, the ASBJ issued ASBJ Statement No. 29, "Accounting Standard for Revenue Recognition," and ASBJ Guidance No. 30, "Implementation Guidance on Accounting Standard for Revenue Recognition." The core principle of the standard and guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity should recognize revenue in accordance with that core principle by applying the following steps:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The accounting standard and guidance are effective for annual periods beginning on or after April 1, 2021. Earlier application is permitted for annual periods beginning on or after April 1, 2018.

The Company expects to apply the accounting standard and guidance for annual periods beginning of the fiscal year ending December 31, 2022 and is in the process of measuring the effects of applying the accounting standard and guidance in future applicable periods.

#### **b. Revised Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections**

On March 31, 2020, the ASBJ issued ASBJ Statement No.24, "Revised Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections." The objective of the revised standard is to disclose summary information on accounting policies and procedures adopted when requirements under the relating accounting standards are not clearly defined. The Company expects to apply the accounting standard from the end of the fiscal year ending December 31, 2021.

#### **c. Accounting standard for disclosure of accounting estimates**

On March 31, 2020, the ASBJ issued ASBJ Statement No.31, "Accounting Standard for Disclosure of Accounting Estimates." The objective of the standard is to disclose information regarding accounting estimates, among those used in the preparation of the current year's financial statements, on items at risk which may have significant impact on the next year's financial statements, and facilitate understanding of such items by users of financial statements. The Company expects to apply the accounting standard from the end of the

fiscal year ending December 31, 2021.

**(19) Accounting Estimate for the Impact of the Spread of COVID-19**

On accounting estimates such as loss on impairment of long-lived assets, the Ryobi Group assumes that the impact of the spread of COVID-19 will recover to a certain extent in the fiscal year ending December 31, 2021 and will continue to recover thereafter.

Although the accounting estimate is the best estimate at the moment, it may affect profit and loss if the situation of COVID-19 in the future or its impact on the economy changes.

**3. Short-term Investments**

Short-term investments at December 31, 2020 and 2019, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Time deposits.....	¥ 1,240	¥ 1,240	\$ 11,984
Securities.....	680	690	6,570
<b>Total.....</b>	<b>¥ 1,920</b>	<b>¥ 1,930</b>	<b>\$ 18,554</b>

**4. Investment Securities**

Information regarding each category of the securities classified as available-for-sale at December 31, 2020 and 2019, is as follows:

	Millions of yen			
	2020			
	Cost	Unrealized gain	Unrealized loss	Fair value
Available-for-sale:				
Corporate shares.....	¥ 3,816	¥ 7,277	¥ (249)	¥ 10,844
Others.....	10	—	(1)	9
<b>Total.....</b>	<b>¥ 3,826</b>	<b>¥ 7,277</b>	<b>¥ (250)</b>	<b>¥ 10,853</b>

	Millions of yen			
	2019			
	Cost	Unrealized gain	Unrealized loss	Fair value
Available-for-sale:				
Corporate shares.....	¥ 3,860	¥ 8,161	¥ (40)	¥ 11,982

	Thousands of U.S. dollars			
	2020			
	Cost	Unrealized gain	Unrealized loss	Fair value
Available-for-sale:				
Corporate shares.....	\$ 36,874	\$ 70,317	\$ (2,413)	\$ 104,778
Others.....	104	—	(14)	90
<b>Total.....</b>	<b>\$ 36,978</b>	<b>\$ 70,317</b>	<b>\$ (2,427)</b>	<b>\$ 104,868</b>

**5. Inventories**

Inventories at December 31, 2020 and 2019, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Finished products and purchased goods.....	¥ 15,353	¥ 17,006	\$ 148,346
Work in process.....	12,320	13,853	119,042
Raw materials and supplies.....	13,714	14,294	132,504
<b>Total.....</b>	<b>¥ 41,388</b>	<b>¥ 45,154</b>	<b>\$ 399,893</b>

## 6. Land Revaluation

Under the "Law of Land Revaluation," a subsidiary elected a one-time revaluation of its own-use land to a value based on real estate appraisal information as of March 31, 2002.

The resulting land revaluation excess represents unrealized appreciation of land and is stated, net of income taxes, as a component of equity. There is no effect on the consolidated statement of income. Continuous readjustment is not permitted, unless the land value subsequently declines significantly such that the amount of the decline in value should be removed from the land revaluation excess account and related deferred tax liabilities.

As of December 31, 2020, the carrying amount of the land after the above one-time revaluation exceeded the market value by ¥893 million (\$8,634 thousand).

## 7. Loss on Impairment of Long-lived Assets

The Ryobi Group recognized the impairment loss in the following asset categories for the year ended December 31, 2020.

(1) The impairment loss of asset categories for the year ended December 31, 2020, was outlined as follows:

Location	Use	Classification	2020	
			Millions of yen	Thousands of U.S. dollars
Syobara City, Hiroshima	Golf course and related assets	Land, Buildings and structures, Machinery and equipment, Other	¥ 1,107	\$ 10,698
Sendai City, Miyagi	Assets planned to be sold	Land, Buildings and structures	96	935
Onomichi City, Hiroshima	Idle assets	Land, Buildings and structures	24	239
<b>Total</b>			<b>¥ 1,228</b>	<b>\$ 11,873</b>

(2) Method of grouping assets

The operating assets of the Ryobi Group are grouped based on the business units. Assets planned to be sold and idle assets are grouped individually.

(3) Details of the impairment loss

For Golf course and related assets, the book value has been reduced to the net realizable values when it was determined that it was not possible that the book values of such assets would be recovered due to a downturn in profitability.

For assets planned to be sold, the book value has been reduced to the recoverable amount because the recoverable amount due to disposal is lower than the book value.

For idle assets, the book value has been reduced to the net selling price because the net selling price measured by a licensed real estate appraiser is lower than the book value.

(4) Method of calculation of the recoverable amounts

For Golf course and related assets, the recoverable amounts are stated as value for future usage, which is calculated based on discounted future cash flow with applicable discount rate of 7.96%.

For assets planned to be sold, the recoverable amount is measured based on the basis of net selling price, which is determined based on the estimated selling price.

For idle assets, the recoverable amount is measured based on the basis of net selling price, which is determined based on the appraisal value by a licensed real estate appraiser.

(5) The amount of the impairment loss

The impairment loss has been recorded in 'Other expenses' in the consolidated statements of income, the components of which are as follows:

	2020	
	Millions of yen	Thousands of U.S. dollars
Land	¥ 1,106	\$ 10,695
Buildings and structures	62	604
Machinery and equipment	56	549
Other	2	23
<b>Total</b>	<b>¥ 1,228</b>	<b>\$ 11,873</b>

## 8. Short-term Borrowings and Long-term Debt

The annual weighted-average interest rates applicable to short-term borrowings were 1.2% and 1.7% at December 31, 2020 and 2019, respectively.

(1) Long-term debt at December 31, 2020 and 2019, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Loans principally from banks, insurance companies and others with interest rates ranging from 0.10% to 5.29%			
Secured.....	¥ —	¥ 10	\$ —
Unsecured.....	40,780	30,070	394,016
Unsecured 0.410% yen bonds payable, due 2020.....	—	1,000	—
Unsecured 0.715% yen bonds payable, due 2020.....	—	1,300	—
Unsecured 0.280% yen bonds payable, due 2021.....	300	300	2,898
Unsecured 0.515% yen bonds payable, due 2021.....	1,000	1,000	9,661
Unsecured 0.170% yen bonds payable, due 2021.....	500	500	4,830
Unsecured 0.570% yen bonds payable, due 2021.....	1,000	1,000	9,661
Unsecured 0.170% yen bonds payable, due 2021.....	1,800	1,800	17,391
Unsecured 0.535% yen bonds payable, due 2022.....	1,500	1,500	14,492
Lease obligations.....	461	531	4,454
Total.....	47,341	39,012	457,408
Less current portion.....	(11,818)	(9,250)	(114,190)
Long-term debt less current portion.....	¥ 35,523	¥ 29,762	\$ 343,218

(2) The aggregate annual maturities of long-term debt at December 31, 2020, were as follows:

Years Ending December 31	Millions of yen	Thousands of U.S. dollars
2021.....	¥ 11,818	\$ 114,190
2022.....	14,081	136,053
2023.....	5,521	53,348
2024.....	7,561	73,054
2025.....	5,365	51,841
2026 and thereafter.....	2,993	28,920
Total.....	¥ 47,341	\$ 457,408

(3) The assets of the Ryobi Group pledged as collateral for short-term borrowings and long-term debt with banks and other financial institutions at December 31, 2020 and 2019, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Net book value of property:			
Buildings and structures.....	¥ 1,496	¥ 2,873	\$ 14,461
Machinery and equipment.....	563	691	5,443
Land.....	1,894	2,415	18,301
Total.....	¥ 3,954	¥ 5,980	\$ 38,206

## 9. Retirement and Pension Plans

The Company and certain consolidated subsidiaries have severance payment plans for employees. Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on the rate of pay at the time of termination, years of service, and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Company or from certain consolidated subsidiaries and annuity payments from a trustee. Employees are entitled to larger payments if the termination is involuntary, by retirement at the mandatory retirement age, by death, or by voluntary retirement at certain specific ages prior to the mandatory retirement age.

(1) The changes in defined benefit obligation for the years ended December 31, 2020 and 2019, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Balance at beginning of year.....	¥ 33,569	¥ 34,878	\$ 324,338
Current service cost.....	1,104	1,085	10,667
Interest cost.....	133	168	1,289
Actuarial losses (gains).....	24	(406)	237
Benefits paid.....	(1,816)	(2,156)	(17,546)
Others.....	6	0	62
Balance at end of year.....	¥ 33,021	¥ 33,569	\$ 319,049

(2) The changes in plan assets for the years ended December 31, 2020 and 2019, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Balance at beginning of year.....	¥ 29,273	¥ 28,241	\$ 282,835
Expected return on plan assets.....	1,009	946	9,750
Actuarial gains (losses).....	(25)	881	(244)
Contributions from the employer.....	616	636	5,959
Benefits paid.....	(1,430)	(1,432)	(13,819)
Balance at end of year.....	¥ 29,443	¥ 29,273	\$ 284,481

(3) The reconciliation between the liabilities recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of December 31, 2020 and 2019, was as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Funded defined benefit obligation.....	¥ 25,638	¥ 26,184	\$ 247,716
Plan assets.....	(29,443)	(29,273)	(284,481)
Total.....	(3,805)	(3,089)	(36,765)
Unfunded defined benefit obligation.....	7,383	7,384	71,333
Net liabilities arising from defined benefit obligation.....	3,577	4,295	34,568
Liability for retirement benefits.....	8,055	8,032	77,834
Asset for retirement benefits.....	(4,478)	(3,736)	(43,265)
Net liabilities arising from defined benefit obligation.....	¥ 3,577	¥ 4,295	\$ 34,568

(4) The components of net periodic benefit costs for the years ended December 31, 2020 and 2019, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Service cost.....	¥ 1,104	¥ 1,085	\$ 10,667
Interest cost.....	133	168	1,289
Expected return on plan assets.....	(1,009)	(946)	(9,750)
Amortization of prior service cost.....	—	1	—
Recognized actuarial losses.....	558	517	5,396
Others.....	117	97	1,138
Net periodic benefit costs.....	¥ 904	¥ 922	\$ 8,741

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended December 31, 2020 and 2019, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Prior service cost.....	¥ —	¥ (1)	\$ —
Actuarial gains.....	(508)	(1,792)	(4,914)
Total.....	¥ (508)	¥ (1,793)	\$ (4,914)

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of December 31, 2020 and 2019, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Unrecognized actuarial losses.....	¥ 1,282	¥ 1,791	\$ 12,393
Total.....	¥ 1,282	¥ 1,791	\$ 12,393

#### (7) Plan assets

##### a. Components of plan assets

Plan assets as of December 31, 2020 and 2019, consisted of the following:

	2020	2019
Debt investments.....	54 %	55 %
Equity investments.....	34	33
Others.....	12	12
Total.....	100 %	100 %

##### b. Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(8) Assumptions used for the years ended December 31, 2020 and 2019, are set forth as follows:

	2020	2019
The Company and domestic subsidiaries		
Discount rate.....	0.4-0.6 %	0.4 %
Expected rate of return on plan assets.....	3.5 %	3.5 %
Foreign subsidiaries		
Discount rate.....	1.4 %	1.6 %

## 10. Equity

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

#### (1) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. Additionally, for companies that meet certain criteria including: a) having a Board of Directors, b) having independent auditors, c) having an Audit & Supervisory Board, and d) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the Company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the Company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥ 3 million.

#### (2) Increases / decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under



the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(3) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

## 11. Income Taxes

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 30.31% and 30.31% for the years ended December 31, 2020 and 2019, respectively.

(1) The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at December 31, 2020 and 2019, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
<b>Deferred tax assets:</b>			
Liability for retirement benefits.....	¥ 2,484	¥ 2,476	\$ 24,007
Loss on impairment of Long-lived assets.....	1,351	1,131	13,057
Tax loss carryforwards.....	3,106	6,017	30,012
Other.....	3,361	2,004	32,482
Subtotal of deferred tax assets.....	10,304	11,629	99,560
Valuation allowance related to Tax loss carryforward.....	(560)	(4,349)	(5,412)
Valuation allowance related to total deductible temporary difference, etc.....	(2,244)	(1,503)	(21,684)
Subtotal of valuation allowance.....	(2,804)	(5,852)	(27,096)
Total.....	¥ 7,499	¥ 5,776	\$ 72,463
<b>Deferred tax liabilities:</b>			
Unrealized gain on available-for-sale securities.....	¥ (2,127)	¥ (2,457)	\$ (20,559)
Other.....	(4,490)	(4,327)	(43,383)
Total.....	¥ (6,618)	¥ (6,785)	\$ (63,942)
Net deferred tax assets.....	¥ 881	¥ (1,008)	\$ 8,520

(2) Amounts of tax loss carryforward and related deferred tax assets by tax loss carryforward for the year ended December 31, 2020 and 2019, were as follows:

	Millions of yen							Total
	2020							
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	After five years		
<b>Tax loss carryforwards</b>								
(see note1) .....	¥ 348	¥ 92	¥ 10	¥ 244	¥ —	¥ 2,410	¥ 3,106	
Valuation allowance.....	¥ —	¥ (65)	¥ —	¥ (191)	¥ —	¥ (303)	¥ (560)	
<b>Deferred tax assets</b>								
(see note2) .....	¥ 348	¥ 27	¥ 10	¥ 53	¥ —	¥ 2,106	¥ 2,546	

	Millions of yen						
	2019						
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	After five years	Total
Tax loss carryforwards							
(see note1) .....	¥ 4,441	¥ 369	¥ 115	¥ 12	¥ 477	¥ 600	¥ 6,017
Valuation allowance.....	¥ (4,017)	¥ —	¥ (64)	¥ —	¥ (189)	¥ (79)	¥ (4,349)
Deferred tax assets							
(see note3) .....	¥ 424	¥ 369	¥ 50	¥ 12	¥ 288	¥ 521	¥ 1,667

	Thousands of U.S. dollars						
	2020						
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	After five years	Total
Tax loss carryforwards							
(see note1) .....	\$ 3,371	\$ 894	\$ 99	\$ 2,361	\$ —	\$ 23,285	\$ 30,012
Valuation allowance.....	\$ —	\$ (628)	\$ —	\$ (1,848)	\$ —	\$ (2,934)	\$ (5,412)
Deferred tax assets							
(see note2) .....	\$ 3,371	\$ 265	\$ 99	\$ 512	\$ —	\$ 20,350	\$ 24,600

Note1: Figures for tax loss carryforward were the amounts multiplied by effective statutory tax rate.

Note2: For the tax loss carryforward of ¥3,106 million (\$30,012 thousand) (amount multiplied by effective statutory tax rate), deferred tax assets of ¥2,546 million (\$24,600 thousand) have been recorded. The tax loss carryforward was determined to be recoverable as future taxable income is anticipated, and therefore valuation allowance has not been recognized.

Note3: For the tax loss carryforward of ¥6,017 million (amount multiplied by effective statutory tax rate), deferred tax assets of ¥1,667 million have been recorded. The tax loss carryforward was determined to be recoverable as future taxable income is anticipated, and therefore valuation allowance has not been recognized.

(3) The reconciliation between the normal effective statutory tax rates for the years ended December 31, 2020 and 2019, and the actual effective tax rates reflected in the accompanying consolidated statements of income was as follows:

	2020	2019
Normal effective statutory tax rate.....	30.31 %	30.31 %
Expenses not deductible for income tax purposes.....	(9.43)	0.74
Income not taxable for income tax purposes.....	75.62	(9.66)
Consolidated elimination of dividends receivable.....	(78.12)	9.87
Unrealized profit that exceeds total taxable income.....	(3.08)	(0.11)
Less valuation allowance.....	298.03	4.72
Tax credit for research and development costs and other.....	68.96	(3.79)
Difference in tax rate applicable to domestic subsidiaries.....	3.36	0.07
Difference in tax rate applicable to overseas subsidiaries.....	(68.30)	(5.69)
Retained earnings of entities such as overseas subsidiaries.....	3.63	(0.62)
Taxation on per capita basis.....	(3.53)	0.65
Income taxes for prior periods.....	(36.70)	4.89
Expiration of tax loss carryforwards.....	(230.20)	3.57
Effect of sales of stocks of subsidiaries and affiliates.....	(7.81)	—
Share of profit of entities accounted for using equity method.....	1.32	(0.40)
Other, net.....	1.10	0.59
Actual effective tax rate.....	45.16 %	35.14 %

## 12. Research and Development Costs

Research and development costs were ¥1,357 million (\$13,115 thousand) and ¥1,513 million for the years ended December 31, 2020 and 2019, respectively.

### 13. Other Comprehensive Income

The components of other comprehensive income for the years ended December 31, 2020 and 2019, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Unrealized gain (loss) on available-for-sale securities:			
Gains (losses) arising during the year.....	¥ (1,093)	¥ 544	\$ (10,564)
Amount before income tax effect.....	(1,093)	544	(10,564)
Income tax effect.....	329	(206)	3,186
Total.....	(763)	337	(7,377)
Land revaluation surplus:			
Gains arising during the year.....	0	2	5
Amount before income tax effect.....	0	2	5
Income tax effect.....	—	(3)	—
Total.....	0	(0)	5
Foreign currency translation adjustments:			
Adjustments arising during the year.....	(1,238)	(1,009)	(11,969)
Adjustments for retirement benefits:			
Gains arising during the year.....	465	1,604	4,496
Reclassification adjustments to profit or loss.....	43	189	417
Amount before income tax effect.....	508	1,793	4,914
Income tax effect.....	(157)	(535)	(1,525)
Total.....	350	1,258	3,388
Share of other comprehensive income in associates:			
Gains (losses) arising during the year.....	23	(86)	223
Total other comprehensive income (loss).....	¥ (1,627)	¥ 500	\$ (15,728)

### 14. Leases

Future minimum lease payments of the Ryobi Group as of December 31, 2020 and 2019, under non-cancelable operating leases were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Current.....	¥ 19	¥ 27	\$ 188
Non-current.....	44	40	429
Total.....	¥ 63	¥ 68	\$ 618

### 15. Contingent Liabilities

The Ryobi Group had the following contingent liabilities at December 31, 2020 and 2019.

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Guarantees and similar items			
Leases.....	¥ 39	¥ 49	\$ 379
Total.....	¥ 39	¥ 49	\$ 379

### 16. Financial Instruments and Related Disclosures

#### (1) Group policy for financial instruments

The Ryobi Group uses financial instruments, mainly long-term debt including bank loans and lease obligations, based on its capital financing plan. Cash surpluses, if any, are invested in low-risk financial assets. Short-term bank loans are used to fund the Group's ongoing operations. Derivatives are used, not for speculative purposes, but to manage exposure to financial risks as described in Note 16.

#### (2) Nature and extent of risks arising from financial instruments

Receivables, such as trade notes and trade accounts, are exposed to customer credit risk. Although receivables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, the position, net of payables in foreign currencies, is hedged by using forward foreign currency contracts. Marketable and investment securities, mainly equity instruments of customers and suppliers

of the Company, are exposed to the risk of market price fluctuations.

Payment terms of payables, such as trade notes and trade accounts, are less than one year. Although payables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, those risks are netted against the balance of receivables denominated in the same foreign currency as noted above.

Maturities of bank loans, bonds payable and lease obligations are less than eight years and seven months after the balance sheet date. Although a part of such bank loans and lease obligation are exposed to market risks from changes in variable interest rates, those risks are mitigated by using derivatives of interest-rate swaps.

Derivatives mainly include forward foreign currency contracts and interest-rate swaps, which are used to manage exposure to market risks from changes in foreign currency exchange rates of receivables and payables, from changes in interest rates of bank loans and from changes in foreign currency exchange rates of bank loans, respectively. Please see Note 17 for more details about derivatives.

### (3) Risk management for financial instruments.

#### a. Credit Risk Management

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Ryobi Group manages its credit risk from receivables on the basis of internal guidelines, which include monitoring of payment term and balances of major customers by each business administration department to identify the default risk of customers at an early stage. With respect to derivatives, the Ryobi Group manages its exposure to credit risk by limiting its funding to high credit rating bonds in accordance with its internal guidelines. Please see Note 17 for details about derivatives.

The maximum credit risk exposure of financial assets is limited to their carrying amounts as of December 31, 2020.

#### b. Market risk management (foreign exchange risk and interest rate risk)

Foreign currency trade receivables and payables are exposed to market risk resulting from fluctuations in foreign currency exchange rates. Such foreign exchange risk is hedged principally by forward foreign currency contracts.

Interest-rate swaps and forward foreign currency contracts are used to manage exposure to market risks from changes in interest rates and foreign currency exchanges rate of bank loans.

Marketable and investments in securities are managed by monitoring market values and financial position of issuers on a regular basis.

The execution of derivatives is controlled by the Finance Department of the Company and by the Finance Division of each of its consolidated subsidiaries. Derivative transactions have been made in accordance with internal policies which regulate the authorization and credit limit amounts.

#### c. Liquidity risk management

Liquidity risk comprises the risk that the Company cannot meet its contractual obligations in full on maturity dates. The Company manages its liquidity risk by holding adequate volumes of liquid assets, along with adequate financial planning by the Finance Department of the Company.

### (4) Fair values of financial instruments

Fair values of financial instruments are based on quoted prices in active markets. If a quoted price is not available, other rational valuation techniques are used instead. Also, please see Note 17 for details about fair value of derivatives.

#### a. Fair value of financial instruments

Fair value of financial instruments at December 31, 2020 and 2019, was as follows:

	Millions of yen		
	2020		
	Carrying amount	Fair value	Difference
Cash and cash equivalents.....	¥ 25,405	¥ 25,405	¥ —
Short-term investments.....	1,920	1,920	—
Notes and accounts receivable.....	42,404	42,404	—
Investment securities.....	12,043	12,043	—
Total.....	¥ 81,773	¥ 81,773	¥ —
Short-term borrowings.....	¥ 25,595	¥ 25,595	¥ —
Notes and accounts payable.....	38,499	38,499	—
Bonds payable.....	6,100	6,107	7
Long-term debt.....	41,241	41,491	249
Total.....	¥ 111,436	¥ 111,693	¥ 257
Derivatives transaction.....	¥ (0)	¥ (0)	¥ —

	Millions of yen			
	2019			
	Carrying amount	Fair value	Difference	
Cash and cash equivalents.....	¥ 21,356	¥ 21,356	¥	—
Short-term investments.....	1,930	1,930		—
Notes and accounts receivable.....	43,038	43,038		—
Investment securities.....	13,207	13,207		—
Total.....	¥ 79,533	¥ 79,533	¥	—
Short-term borrowings.....	¥ 23,427	¥ 23,427	¥	—
Notes and accounts payable.....	48,485	48,485		—
Bonds payable.....	8,400	8,403		3
Long-term debt.....	30,612	30,724		112
Total.....	¥ 110,925	¥ 111,040	¥	115
Derivatives transaction.....	¥ (4)	¥ (4)	¥	—

	Thousands of U.S. dollars			
	2020			
	Carrying amount	Fair value	Difference	
Cash and cash equivalents.....	\$ 245,464	\$ 245,464	\$	—
Short-term investments.....	18,554	18,554		—
Notes and accounts receivable.....	409,700	409,700		—
Investment securities.....	116,360	116,360		—
Total.....	\$ 790,079	\$ 790,079	\$	—
Short-term borrowings.....	\$ 247,295	\$ 247,295	\$	—
Notes and accounts payable.....	371,974	371,974		—
Bonds payable.....	58,937	59,008		71
Long-term debt.....	398,471	400,884		2,412
Total.....	\$ 1,076,678	\$ 1,079,162	\$	2,484
Derivatives transaction.....	\$ (2)	\$ (2)	\$	—

#### Cash and cash equivalents

The carrying amount of cash and cash equivalents approximates fair value because of their short maturities.

#### Short-term investments

The carrying amount of short-term investments approximates fair value because of their short maturities.

#### Investment securities

The fair values of investment securities are measured at the quoted market price on the stock exchange for the equity instruments. Fair value information for investment securities by classification is included in Note 4.

#### Notes and accounts receivable

The carrying amount of notes and accounts receivable approximates fair value because of their short maturities.

#### Short-term borrowings

The carrying amount of short-term borrowings approximates fair value because of their short maturities.

#### Notes and accounts payable

The carrying amount of notes and accounts payable approximates fair value because of their short maturities.

#### Bonds payable

The fair values of bonds payable are determined by discounting the cash flows related to the debt at the Group's assumed corporate borrowing rate.

#### Long-term debt

The fair values of long-term debt are determined by discounting the cash flows related to the debt at the Group's assumed corporate borrowing rate.

#### Derivatives transaction

Fair value information for derivatives is included in Note 17.

b. Financial instruments whose fair value cannot be reliably determined

Financial instruments whose fair value cannot be reliably determined at December 31, 2020 and 2019, were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2020	2019	2020	
Investments in equity instruments that do not have a quoted market price in an active market.....	¥ 1,189	¥ 1,225	\$ 11,492	
Investments in unconsolidated subsidiaries.....	¥ 313	¥ 313	\$ 3,027	
Investments in affiliates.....	¥ 2,039	¥ 4,696	\$ 19,709	

c. Maturity analysis for financial assets with contractual maturities

Maturity analysis for financial assets with contractual maturities at December 31, 2020 and 2019, were as follows:

	Millions of yen			
	2020			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents.....	¥ 25,405	¥ —	¥ —	¥ —
Short-term investments.....	1,920	—	—	—
Notes and accounts receivable.....	42,436	—	—	—
Total.....	¥ 69,762	¥ —	¥ —	¥ —

	Millions of yen			
	2019			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents.....	¥ 21,356	¥ —	¥ —	¥ —
Short-term investments.....	1,930	—	—	—
Notes and accounts receivable.....	43,086	—	—	—
Total.....	¥ 66,373	¥ —	¥ —	¥ —

	Thousands of U.S. dollars			
	2020			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents.....	\$ 245,464	\$ —	\$ —	\$ —
Short-term investments.....	18,554	—	—	—
Notes and accounts receivable.....	410,017	—	—	—
Total.....	\$ 674,035	\$ —	\$ —	\$ —

Please see Note 8 for annual maturities of long-term debt.

## 17. Derivatives

The Ryobi Group enters into foreign exchange forward contracts and interest rate swaps to hedge risk and reduce exposure to fluctuations in market values of foreign exchange rates and interest rates associated with certain assets and liabilities.

All derivative transactions are related to qualified hedges of interest and foreign currency exposures incorporated with its business. Market risk of these derivatives is basically offset by opposite movements in the value of hedged assets. The Ryobi Group does not hold or issue derivatives for speculative or trading purposes.

Market risk is the exposure created by potential fluctuations in market conditions, including interest or foreign exchange rates. The Ryobi Group does not anticipate any losses arising from credit risk because the counterparties to these derivatives are limited to major international financial institutions.

The execution of derivatives is controlled by the Finance Department of the Company, and by the Finance Division of consolidated subsidiaries. Derivative transactions have been made in accordance with internal policies which regulate the authorization and credit limit amounts.

(1) Derivative transactions to which hedge accounting is not applied

The Ryobi Group had the following derivative contracts outstanding as of December 31, 2020 and 2019:

	Millions of yen			
	2020			
	Contract Amount	Contract amount due after one year	Fair value	Unrealized gain (loss)
Foreign currency forward contracts—				
Selling U.S. dollars.....	¥ 91	¥ —	¥ 0	¥ 0
Selling Euro.....	8	—	(0)	(0)
Total.....	¥ 100	¥ —	¥ 0	¥ 0

	Millions of yen			
	2019			
	Contract Amount	Contract amount due after one year	Fair value	Unrealized gain (loss)
Foreign currency forward contracts—				
Selling U.S. dollars.....	¥ 157	¥ —	¥ (3)	¥ (3)
Selling Euro.....	21	—	(0)	(0)
Total.....	¥ 179	¥ —	¥ (4)	¥ (4)

	Thousands of U.S. dollars			
	2020			
	Contract Amount	Contract amount due after one year	Fair value	Unrealized gain (loss)
Foreign currency forward contracts—				
Selling U.S. dollars.....	\$ 887	\$ —	\$ 9	\$ 9
Selling Euro.....	84	—	(2)	(2)
Total.....	\$ 971	\$ —	\$ 7	\$ 7

(2) Derivative transactions to which hedge accounting is applied

The Ryobi Group did not hold any derivative contracts outstanding as of December 31, 2020 and 2019:

## 18. Segment Information

### (1) Description of reportable segments

The Ryobi Group's reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group. As such, the Group consists of the "Die castings", "Builders' hardware" and "Printing equipment" segments.

Die castings consist of die cast products for the automobile industry and various other industries. Builders' hardware consists of door closers, hinges, architectural hardware. Printing equipment consists of offset printing presses and peripherals.

### (2) Methods of measurement for the amounts of sales, profit, assets, and other items for each reportable segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies."

(3) Information about sales, profit, assets and other items is as follows:

	Millions of yen					
	2020					
	Die castings	Builders' hardware	Printing equipment	Others	Reconciliations	Consolidated
Net sales:						
Sales to external customers.....	¥ 145,869	¥ 9,406	¥ 15,513	¥ 183	¥ —	¥ 170,973
Intersegment sales or transfers.....	53	—	—	33	(87)	—
Total.....	145,922	9,406	15,513	217	(87)	170,973
Segment profit (loss).....	¥ (1,612)	¥ 799	¥ (944)	¥ (31)	¥ 0	¥ (1,789)
Segment assets.....	¥ 202,516	¥ 9,931	¥ 19,996	¥ 303	¥ 25,911	¥ 258,660
Depreciation and amortization.....	15,919	187	280	15	—	16,402
Investment in equity method affiliates.....	—	2,039	—	—	—	2,039
Increase in property, plant and equipment and intangible assets.....	¥ 16,687	¥ 470	¥ 217	¥ 17	¥ —	¥ 17,392

	Millions of yen					
	2019					
	Die castings	Builders' hardware	Printing equipment	Others	Reconciliations	Consolidated
Net sales:						
Sales to external customers.....	¥ 185,938	¥ 10,712	¥ 23,661	¥ 207	¥ —	¥ 220,519
Intersegment sales or transfers.....	122	—	—	55	(177)	—
Total.....	186,060	10,712	23,661	263	(177)	220,519
Segment profit (loss).....	¥ 7,659	¥ 697	¥ 144	¥ (5)	¥ (0)	¥ 8,495
Segment assets.....	¥ 202,898	¥ 10,292	¥ 23,017	¥ 1,627	¥ 25,344	¥ 263,179
Depreciation and amortization.....	14,871	175	307	16	—	15,370
Investment in equity method affiliates.....	—	1,994	—	—	2,702	4,696
Increase in property, plant and equipment and intangible assets.....	¥ 24,322	¥ 363	¥ 137	¥ 14	¥ —	¥ 24,839

	Thousands of U.S. dollars					
	2020					
	Die castings	Builders' hardware	Printing equipment	Others	Reconciliations	Consolidated
Net sales:						
Sales to external customers.....	\$ 1,409,367	\$ 90,887	\$ 149,887	\$ 1,773	\$ —	\$ 1,651,915
Intersegment sales or transfers.....	514	—	—	326	(841)	—
Total.....	1,409,882	90,887	149,887	2,100	(841)	1,651,915
Segment profit (loss).....	\$ (15,582)	\$ 7,727	\$ (9,129)	\$ (308)	\$ 4	\$ (17,288)
Segment assets.....	\$ 1,956,684	\$ 95,955	\$ 193,202	\$ 2,936	\$ 250,353	\$ 2,499,132
Depreciation and amortization.....	153,807	1,807	2,708	153	—	158,476
Investment in equity method affiliates.....	—	19,709	—	—	—	19,709
Increase in property, plant and equipment and intangible assets.....	\$ 161,228	\$ 4,545	\$ 2,102	\$ 169	\$ —	\$ 168,045

Note: Businesses that cannot be classified into the reportable segments are shown as "Others."

This includes an insurance agency and the operation of a golf course.



## (4) Related Information

## Information about geographical areas

## a. Net sales

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Net sales:			
Japan.....	¥ 91,088	¥ 116,571	\$ 880,085
U.S.A. ....	17,242	29,852	166,590
China.....	34,264	34,301	331,059
Others.....	28,377	39,794	274,180
Total.....	¥ 170,973	¥ 220,519	\$ 1,651,915

Note: Sales are classified by country or region based on the location of customers.

## b. Property, plant and equipment

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Property, plant and equipment:			
Japan.....	¥ 54,151	¥ 56,694	\$ 523,202
U.S.A. ....	13,001	12,174	125,614
Mexico.....	9,770	11,257	94,404
China.....	29,688	29,574	286,843
Others.....	12,347	11,906	119,301
Total.....	¥ 118,959	¥ 121,607	\$ 1,149,366

## (5) Information about impairment loss on fixed assets of reportable segments

	Millions of yen					
	2020					
	Die castings	Builders' hardware	Printing equipment	Others	Corporate and Elimination	Consolidated
Impairment loss on fixed assets.....	¥ —	¥ —	¥ —	¥ 1,107	¥ 121	¥ 1,228

	Millions of yen					
	2019					
	Die castings	Builders' hardware	Printing equipment	Others	Corporate and Elimination	Consolidated
Impairment loss on fixed assets.....	¥ —	¥ —	¥ —	¥ —	¥ 639	¥ 639

	Thousands of U.S. dollars					
	2020					
	Die castings	Builders' hardware	Printing equipment	Others	Corporate and Elimination	Consolidated
Impairment loss on fixed assets.....	\$ —	\$ —	\$ —	\$ 10,698	\$ 1,174	\$ 11,873

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Ryobi Limited:

### Opinion

We have audited the consolidated financial statements of Ryobi Limited and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of December 31, 2020, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

### Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

*Deloitte Touche Tohmatsu LLC*

March 26, 2021

# CORPORATE INFORMATION

## CORPORATE DATA

**Company Name**  
RYOBI LIMITED

**Established**  
December 16, 1943

**Major Products**  
Die cast products  
Builders' hardware  
(door closers, hinges, architectural hardware, etc.)  
Printing equipment  
(offset printing presses, peripherals, etc.)

**Head Office**  
762 Mesaki-cho, Fuchu-shi, Hiroshima-ken 726-8628, Japan  
Telephone: 81-847-41-1111

**Tokyo Branch**  
5-2-8 Toshima, Kita-ku, Tokyo 114-8518, Japan  
Telephone: 81-3-3927-5541

**Toranomon Office**  
Toranomon Central Building  
1-7-1 Nishishinbashi, Minato-ku, Tokyo 105-0003, Japan  
Telephone: 81-3-3927-5541

## MANAGEMENT MEMBERS

(As of March 26, 2021)

### BOARD OF DIRECTORS

<b>Representative Director</b>	Akira Urakami
<b>Director *</b>	Satoshi Ohoka
<b>Director *</b>	Yuji Yamamoto
<b>Director</b>	Takashi Suzuki
<b>Director</b>	Tatsuyoshi Mochizuki
<b>Director *</b>	Masahiko Ikaga
<b>* Outside Director</b>	

### CORPORATE OFFICERS

<b>President and Chief Executive Officer</b>	Akira Urakami
<b>Corporate Officer</b>	Takashi Suzuki
<b>Corporate Officer</b>	Tatsuyoshi Mochizuki
<b>Corporate Officer</b>	Teizo Sakamoto
<b>Corporate Officer</b>	Hiroshi Urabe
<b>Corporate Officer</b>	Taichi Shimizu
<b>Corporate Officer</b>	Kazuhiko Fujii
<b>Corporate Officer</b>	Hiromu Arihiro
<b>Corporate Officer</b>	Hideki Tanifuji

### CORPORATE AUDITORS

<b>Standing Corporate Auditor</b>	Yoshimi Takino
<b>Corporate Auditor *</b>	Yoichi Arai
<b>Corporate Auditor *</b>	Takashi Hatagawa
<b>* Outside Corporate Auditor</b>	

## MAJOR CONSOLIDATED SUBSIDIARIES

Ryobi Mirasaka Co. (Japan)	Die casting manufacturing
Ryobi Mitsugi Co. (Japan)	Die casting manufacturing
Tokyo Light Alloy Co., Ltd. (Japan)	Cast aluminum and die casting manufacturing and sales
Ikuno Co. (Japan)	Secondary aluminum alloy bullion manufacturing and sales
Hoei Industries Co., Ltd. (Japan)	Aluminium forged product manufacturing and sales
RYOBI MHI Graphic Technology Ltd. (Japan)	Printing equipment and related product manufacturing and sales
Ryobi Die Casting (USA), Inc. (U.S.A.)	Die casting manufacturing and sales
RDCM, S.de R.L.de C.V. (Mexico)	Die casting manufacturing
Ryobi Aluminium Casting (UK), Limited (U.K.)	Die casting manufacturing and sales
Ryobi Die Casting Dalian Co., Ltd. (P.R.C.)	Die casting and die manufacturing and sales
Ryobi Die Casting Changzhou Co., Ltd. (P.R.C.)	Die casting manufacturing and sales
Ryobi Die Casting (Thailand) Co., Ltd. (Thailand)	Die casting manufacturing and sales
Ryobi (Shanghai) Sales, Ltd. (P.R.C.)	Die casting and die sales

## SHAREHOLDER INFORMATION

**Number of Shares Issued**  
(As of December 31, 2020)

32,646,143 shares

**Transfer Agent**  
Mitsubishi UFJ Trust and Banking Corporation  
1-4-5, Marunouchi, Chiyoda-ku, Tokyo 100-8212, Japan

**Stock listing**  
Tokyo Stock Exchange



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