

RYOBI INTEGRATED REPORT 2022

Beyond Ideals and Dreams

Integrated Report



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RYOBI



Editorial policy

This integrated report was created to inform our shareholders, investors, and other stakeholders about our financial and non-financial efforts for value creation. Going forward, we will use this integrated report as one of our communication tools to further enhance the disclosure of information to our stakeholders. Please note that the Value Reporting Foundation's (VRF) International Integrated Reporting Framework and the Ministry of Economy, Trade and Industry's Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation were used as references during the editing process.

In the report, the entire group, including Ryobi Limited and consolidated subsidiaries (domestic and overseas), is referred to as "Ryobi", and Ryobi Limited by itself as "Ryobi Limited".

Covered in this report

Period: January 2021 to December 2021
(Some sections include information from January 2022 or later.)

Scope: Ryobi Limited and 19 subsidiaries
(As of December 31, 2021)

Disclaimer regarding statements about future outlook

This integrated report contains information on our future outlook and plans. These predictions involve risks and uncertainties, and actual results and performance may differ from those described in this integrated report.



Die cast products used in automobiles



Door closer to ensure quiet and secure closing



High-precision, multi-functional offset printing press

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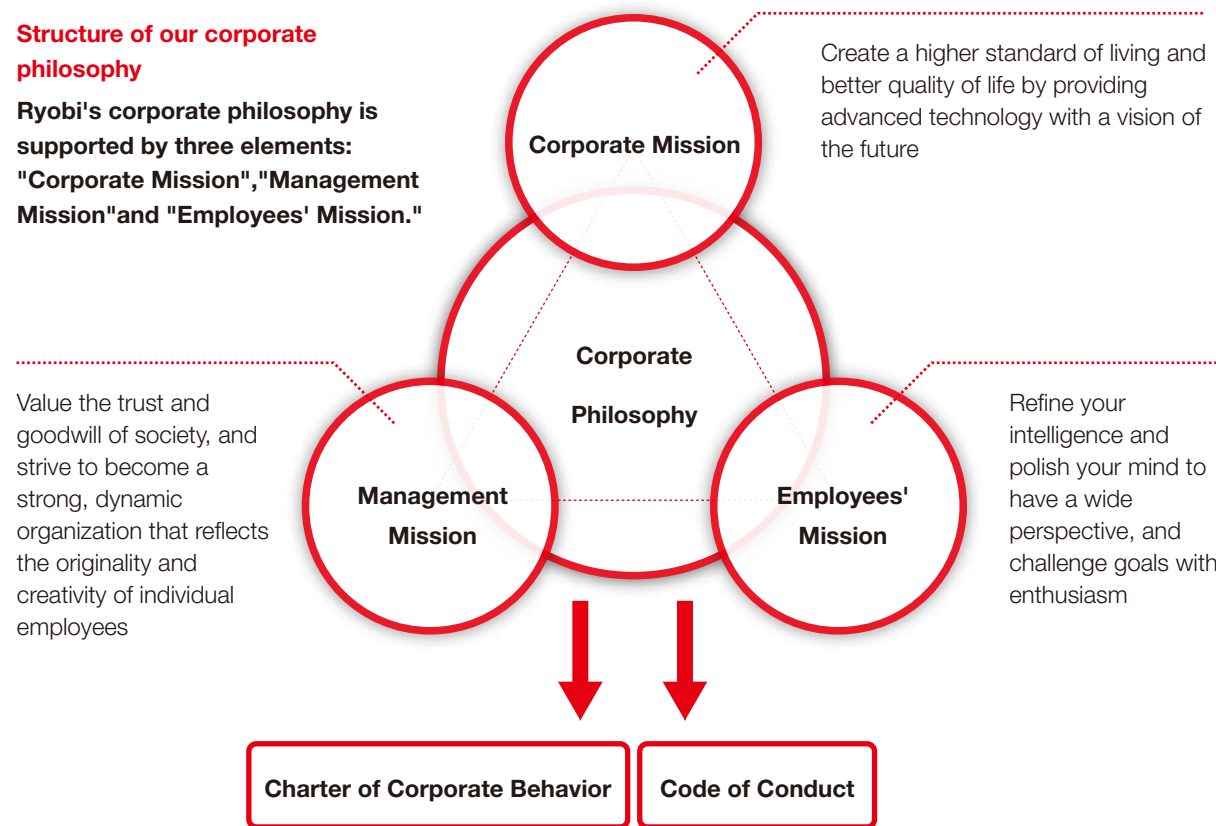
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Create a Sound and Dynamic Corporation through Technology, Trust and Challenge

Ryobi is committed to creating a sound and dynamic corporation through technology, trust, and challenge. Guided by this corporate philosophy, we seek to establish ourselves as an indispensable entity by responding to the needs of customers and society and by creating and providing innovative, top-quality products and services.

Structure of our corporate philosophy

Ryobi's corporate philosophy is supported by three elements: "Corporate Mission", "Management Mission" and "Employees' Mission."



Charter of Corporate Behavior

The Ryobi Charter of Corporate Behavior establishes a set of principles that Group companies and employees must follow in order to raise awareness of corporate ethics. With the purpose of realizing a "sound and dynamic corporation" as part of its corporate philosophy, the Ryobi Group adheres to all laws and international rules in word and spirit. In addition, beyond being an economic agent that conducts business rooted in common sense, while pursuing profits through fair competition, the Group aims to become a trustworthy company that has a useful presence in society as a whole.

1. While taking the measures necessary to protect personal data, we shall make efforts to obtain consumer and user trust by the development and provision of useful products and services in a safe and responsible manner.
2. We shall undertake fair, transparent, free competition and sound business transactions. We will also ensure that interactions with political organizations, governments and government agencies are sound and correct.
3. In addition to targeting stakeholders, we shall communicate with members of society who are not direct stakeholders and disclose corporate information in a proactive and fair manner.
4. Recognizing that initiatives to alleviate environmental problems are necessary for the continuing survival of companies, we shall take a proactive approach in preserving the global environment.
5. We shall actively undertake social contribution activities to fulfill our role as a good corporate citizen.
6. Along with ensuring a safe and comfortable work environment, we shall respect the diversity, character and individuality of those we hire to build a workplace culture that promotes creativity and dynamism. This, as a consequence, will improve the mental and physical well-being of employees.
7. We repudiate any connection between antisocial forces and groups that pose a threat to social order and security.
8. We shall follow international rules and regional laws when undertaking international business activities as well as respect the cultures and customs of such regions and countries, making every effort to contribute to the development of these regions and countries.
9. With the intent of contributing to the realization of corporate ethics—recognizing the social desires and expectations inherent in their roles—our management shall make efforts to ensure that business partners are fully informed regarding those social desires and expectations and develop systems to realize this.
10. In cases where violations of this code in fact occur, our management shall assume responsibility in confirming the actual situation, investigate the causes and make efforts to prevent such violations from reoccurring. Disclosure of these events will also occur in a timely and accurate manner, the responsible parties will be identified and disciplinary actions will be undertaken.

Code of Conduct

We abide by a code of conduct that each and every employee must observe in the course of his or her daily work.

Long-term vision

Combining die castings and finished products to be chosen by customers around the world

Ryobi's long-term vision outlines where our company wants to be in the future. It represents an image that we share throughout our organization, and indicates the direction for our efforts to resolve business issues.

Corporate message

Beyond Ideals and Dreams

Our corporate message represents our corporate philosophy condensed into one sentence, and serves to convey Ryobi's medium to long-term approach and direction to various stakeholders in an easily understandable manner.

Medium-term objectives

Lightening the load worldwide

Lightening vehicle weight

Harnessing the properties of aluminum and die casting technologies

Doors that open and close safely and quietly with a light touch

Builders' hardware that turns doors into universally accessible portals, not barriers

Lightening the workload for printing factories

Multi-functional printing equipment that supports customers' switch to smart factories

Lightening the impact on the environment

Doing our part in the global effort toward carbon neutrality and a circular economy

Lightening workstyles

A variety of systems to support employees on their career paths

Going "Beyond Ideals and Dreams" in the decarbonization era through consistent engagement and lightweighting technology.



Akira Urakami

President and CEO
Ryobi Limited

Message from
top management

Message from top management

From Akira Urakami to each of you

Introduction

The Ryobi Group has published this Ryobi Integrated Report 2022 to proactively disclose both the financial aspects of its corporate activities as well as its ESG and other non-financial initiatives. We hope to help as many people as possible understand the medium- to long-term growth potential and strengths of the Ryobi Group.

This integrated report serves as a tool to communicate with our various stakeholders, including shareholders and investors, as we strive to further improve our sustainable enterprise value.

In a period of global uncertainty, we aim to be a company that can both solve social issues and grow our business—goals we are determined to achieve.

customers and society and by creating and providing innovative, top-quality products and services.

Guided by this corporate philosophy, and to share the medium- to long-term vision and direction within the entire group, we formulated a new corporate message in 2019: "Beyond Ideals and Dreams". This message is used internally and externally to express our eagerness to listen to the ideals and dreams of our various stakeholders, including customers, shareholders, investors, employees, and business partners, and our commitment to go beyond what is required of us.

We intend to realize this philosophy by demonstrating its spirit to stakeholders through a wide range of corporate activities, from our products and services to human resource development systems and business practices. We will continue to expand our initiatives and activities to inform all those involved through various touchpoints. We believe that by fostering understanding and the resulting sense of commonality, we can ensure trust in the Ryobi Group going forward.

Under the guidance of our corporate philosophy and corporate message, we will make every effort to develop ourselves as both a die casting specialist and producer of finished products, and make sure that all those involved will find their association with the Ryobi Group rewarding.

Realizing our corporate philosophy Becoming an indispensable entity

"Create a sound and dynamic corporation through technology, trust, and challenge." This corporate philosophy is the foundation for our corporate activities and represents the beliefs and ideals of the entire group, as well as our basic approach to management. We seek to establish ourselves as an indispensable entity by responding to the needs of

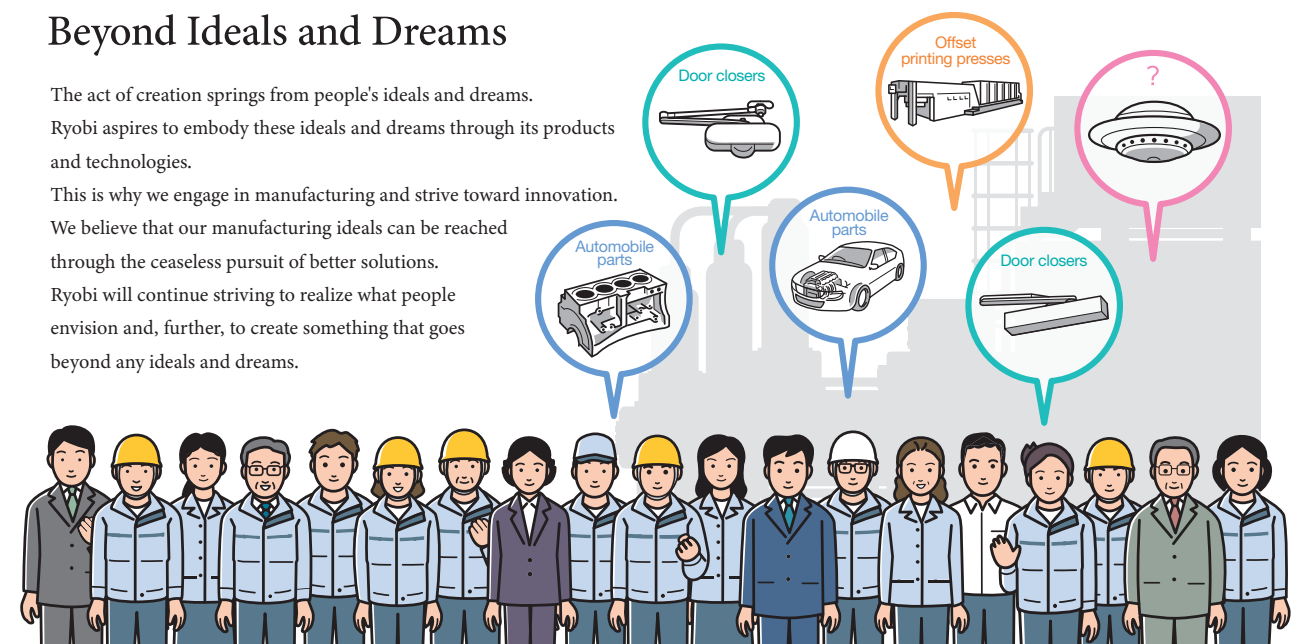
Beyond Ideals and Dreams

The act of creation springs from people's ideals and dreams. Ryobi aspires to embody these ideals and dreams through its products and technologies.

This is why we engage in manufacturing and strive toward innovation.

We believe that our manufacturing ideals can be reached through the ceaseless pursuit of better solutions.

Ryobi will continue striving to realize what people envision and, further, to create something that goes beyond any ideals and dreams.





Medium-term management plan from 2022

Our medium-term management plan for the three years from 2022 is based on our policy of identifying and promoting the changes (functions and capabilities to be strengthened) necessary for our sustainable growth as a company. We recognize that society expects companies to provide products and services that help solve social issues and to increase not just economic value, but social value as well.

In order to be a sustainable company in a world with rapidly shifting values, we have reviewed our ESG perspectives to determine which social issues need to be solved and what measures we should take to achieve these solutions. First, we identified materiality (key issues); this includes social issues, stakeholder expectations, and the current and future business environment. We then aim to reduce risks and create new business opportunities.

The Ryobi Group's objectives for the medium-term is "lightening the load worldwide", and our actions for solving the issues we have identified embody these objectives in order to reduce CO₂ emissions and contribute to a circular economy, we are making automobiles lighter, and in turn, this makes the material and mental burden on our stakeholders lighter.

In the environmental area (E), we aim to expand the application of weight-reducing aluminum die cast products for the automotive industry, where there is a growing trend toward electrification. This

will contribute to the reduction of CO₂ emissions and realization of a decarbonized society. We will also step up our efforts to reduce the environmental impact of our business operations and achieve carbon neutrality by conserving energy and resources, and reducing and recycling industrial waste.

In the social area (S), we are working to establish a "safety culture" that prioritizes safety in all aspects of our corporate activities, to create a safe and comfortable work environment for all our employees across the entire group. We invest in the development of our core personnel, so they can lead the way toward future groundbreaking developments. We also work to improve our work environment and review systems to allow employees' diverse personalities and abilities to flourish.

In the governance area (G), we strive to ensure continuous and consistent business activities by strengthening our organizational infrastructure through the promotion of risk management and compliance for dealing with frequent natural disasters and cyber attacks.

Our ESG and CSR are subject to external institutional evaluation. We have been participating in the CDP (Carbon Disclosure Project) since 2017, and we achieved a "B-" rating in 2021 for our efforts in the areas of climate change and water security. In addition, we received a Bronze rating in the 2021 Sustainability Survey by EcoVadis, a French CSR evaluation agency.

Die Castings Business

Strengthening our strategic product range for lightweight, next-generation automobiles

As the mitigation of climate change and carbon neutrality have become global issues, one environmental change that will help decarbonize society is the electrification of automobiles. This development will have a significant impact on the die casting business—a core activity of the Ryobi Group.

We estimate that battery electric vehicle (BEV) will account for about 30% of new vehicle sales in major countries by 2030, rising to about 70% by 2050. While automobiles with an internal combustion engine consist of around 30,000 components, some predict that for BEV, these will be reduced to 20,000. As a supplier of aluminum die cast products such as engine blocks and transmission cases, Ryobi could be faced with reduced demand due to this development. At the same time, the number of hybrid vehicles (HVs) and plug-in hybrid vehicles (PHVs) is expected to increase gradually throughout the 2030s, and the market for combustion engine vehicles will continue to stay strong in emerging countries in Asia, the Middle East, and Latin America. Looking at this trend, we believe that the overall demand for die cast products and applicable parts will increase toward 2035-40.

The use of electric vehicles will spawn demand for lower electricity consumption and longer cruising ranges, which means that cars will need to become increasingly lighter. Steel is estimated to account for about 70% of automobile weight. The development of so-called "material substitution", where steel is replaced with interchangeable lightweight materials, is considered an opportunity to accelerate the transition toward aluminum die castings. This is due to the fact that aluminum is lightweight, with a relative density of about 1/3 that of steel. Another advantage is the fact that aluminum die castings use secondary alloys as raw materials, which are part of an existing

recycling system. The use of these resource-recycling materials contributes to the realization of a circular economy.

The Ryobi Group strategically positions products for electric vehicles, such as battery cases and E-Axle cases as well as body and chassis products, as a growing market for die casting, and we will make these 41% of our total die casting sales by 2027 (from 7.2% in 2021).

We also continue to actively promote our products to design and development engineers at trade shows and in our sales activities. At the Automotive Engineering Exposition 2022 in Yokohama, we drew much attention as we highlighted the environmental performance and weight-reducing technology of aluminum die casting, and how it contributes to achieving carbon neutrality.

There are two important trends in the die casting technology for the electrification of automobiles: the creation of larger parts and integrated molding. An important feature of aluminum die casting is the ability to form complex shapes in one piece. This feature has enabled a growing trend toward large-scale integrated molding through die casting, which has the added benefit of reducing both the necessary number of parts and human labor. This reduces the need for manual assembly, resulting in lower costs, as well as leads to fewer CO₂ emissions as vehicles become lighter.

Ryobi has expertise in large parts, as shown by our track record of mass production of subframes and body chassis products in particular. Currently, we recommend our customers to replace steel plate part material such as battery cases and rear body parts. This has produced positive outcomes and resulted in new orders.



Builders' Hardware Business For safe and comfortable door use

As we strive to realize an inclusive society in which citizens are free and independent while still supporting one another, we see a growing trend in barrier-free and other inclusive design principles. The Barrier-Free Act (Act on Promotion of Smooth Transportation, etc. of Elderly Persons, Disabled Persons, etc.), which went into effect in 2006, promotes barrier-free streets and buildings to allow the elderly and people with disabilities to remain mobile with minimal physical or mental obstacles. As a manufacturer of builders' hardware, we believe that this is an area we should focus our attention on.

Our main products, door closers, contribute to the realization of a barrier-free and inclusive society through their application in houses, condominiums, and commercial facilities, allowing for safe and comfortable door use. Capable of shutting doors securely and quietly at a safe speed, Ryobi's door closers are widely used and have earned a long-standing, consistent reputation as products that support safety and comfort in an unobtrusive way.

Our automatic door controller RUCAD, launched in 2019, is a popular product that assists wheelchair users and people with disabilities, as well as users who do not have a free hand to open or close doors. RUCAD extends the functionality of conventional door closers and is a strategic product with a wide range of applications, from single-family houses, hotel rooms, and offices. A touchless access model is also available to meet needs brought about by the COVID-19 pandemic.



Printing Equipment Business Supporting smart factory construction

Commercial printing, which has a particularly large impact on the sheet-fed offset printing press sector, has seen a shrinking market in recent years due to the spread of ICT, such as smartphones, tablet devices, social media, and cloud services. At the same time, the evolution of network infrastructure has led to major changes in consumer behavior and lifestyles, including an increase in the number of online shoppers. This has resulted in the emergence of several promising fields, such as the package and label printing market, which continues to show strong performance.

We have also seen a recent trend in the printing market toward high-mix, small-lot production with short delivery times, placing a heavy burden on printing operators. The decline in the number of skilled workers makes it increasingly difficult to maintain printing quality and productivity. Ryobi Group company RYOBİ MHI Graphic Technology Ltd. (RMGT) aims to solve this problem by utilizing automated equipment for printing presses, digital control system-driven automatic printing quality management, and other systems that do not require special skills.

To optimize automation and minimize human labor throughout the printing plant, we support the building of smart factories. This includes connecting various machines and systems through a network, and the use of automated guided vehicle (AGV) robots to transport paper. Guided by its corporate message "IRODORI - Coloring the World Together", RMGT actively collaborates with related companies such as peripheral equipment manufacturers.



A commitment to "challenge" inherited from past generations Aiming to be a sound and dynamic corporation

From our founding in 1943 to the present day, the Ryobi Group has gone through several major turning points. These turning points have always come about through our efforts to challenge the status quo. This tradition and spirit of "challenge"—our corporate philosophy—has been handed down from generation to generation as an essential set of values.

The name RYOBİ evokes an image and perceptions that vary from generation to generation and region to region. Currently, Ryobi is active in three business fields: die casting, builders' hardware, and printing equipment. In the past, we were also involved in the manufacture of fishing gear, power tools, and golfing goods. Although the trademarks and operations of these latter activities have now either been transferred or discontinued, our history has laid the foundation for what we consider an indispensable asset: the trust and appreciation that we receive from society today. Throughout our history, Ryobi has taken up numerous challenges, and the knowledge and innovation gained through trial and error continue to be passed on as the tradition and spirit that our company values. In the future, too, we will continue to turn challenges into assets through repeated PDCA cycles, and in this way, pave the way for development and innovation.

A major, high-priority issue that manufacturing companies face is the safety of employees and our various partners. This is followed by other important topics such as productivity improvement, development of forward-looking technology, QCD, and marketing. Another issue that cannot be overlooked by companies wanting to be future-proof is balancing

economic value and social value. At Ryobi, we look at all of these issues as opportunities to challenge the status quo. As we take on these challenges, we are committed to earn the appreciation of our customers as well as various other stakeholders.

Ryobi has grown into one of the world's leading die casting manufacturers. We currently have production facilities in six countries and are a global supplier of die cast products for automobile manufacturers around the world. We also continue to hold a large share of Japanese market for door closers and other builders' hardware, and our sheet-fed offset printing presses are now used in more than 170 countries and regions.

In a constantly changing and competitive business environment, Ryobi will continue to take up new challenges, and ensure sustained future growth. In order to live up to our image of a sound and dynamic corporation, we are committed to developing forward-looking technologies, products, and services, as we pave the way toward a better tomorrow.

We thank you for your continued understanding and support of the Ryobi Group.

July 2022

Akira Uchikawa

President and CEO
Ryobi Limited



Ryobi by the numbers

Ryobi started out as a die casting manufacturer in December 1943, and while cultivating its own unique technologies, has supplied a variety of components mainly to the automotive industry. We have since expanded our operations by using these technologies and experiences to manufacture finished products such as builders' hardware and printing equipment. Ryobi provides products and services for both the Japanese market as well as various other countries and regions.

Ryobi's sales composition ratio and business domains

Builders' Hardware Business

Sales composition ratio

4.8% 9.6 billion yen

Business domain

Providing door closers to ensure quiet and secure closing and other building hardware. From houses to offices and commercial facilities, we support safe and comfortable door use.



Printing Equipment Business

Sales composition ratio

9.3% 18.4 billion yen

Business domain

High-precision, multi-functional offset printing presses that speedily produce beautiful printed materials such as catalogs, posters, magazines, and packages. We offer innovative, high-quality printing presses and services to customers around the world.



For the year ended
December 31, 2021
Net sales
198.1
billion yen

Die Castings Business

Sales composition ratio

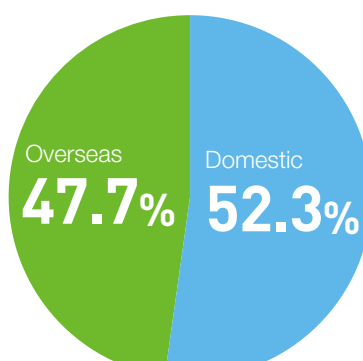
85.8% 169.9 billion yen

Business domain

Die cast products are used in a variety of industries, including the manufacture of automobile parts such as transmission cases, body chassis, and battery cases. We provide high-quality products that meet the diverse needs of our customers worldwide.



Domestic/Overseas sales ratio



Actual results for 2021

Financial indicators



Net sales
198.1 billion yen



Operating profit
-1.5 billion yen



Ordinary profit
0.0 billion yen



Profit attributable to owners of parent
-4.4 billion yen



Ordinary profit-to-total asset ratio(%)
0.0%



Cash flows from operating activities
14.9 billion yen



Capital expenditures
13.1 billion yen



Equity ratio
44.0%

Net sales for the year ended December 31, 2021 increased 16% from the previous year to 198.1 billion yen due to the economic recovery after the COVID-19 pandemic, partly resulted from increased vaccination rates and the continued recovery of overseas economies. Although operating loss and ordinary profit improved due to the increase in sales, loss attributable to owners of parent was posted for the second consecutive year due to a 4.1 billion yen impairment loss on fixed assets at a U.K. subsidiary.

Non-financial indicators



CO₂ emissions
347 thousand t-CO₂/year



Waste recycling ratio
99.2%



Percentage of women in managerial and supervisory positions
14.0%
(Ryobi Limited)




Average employee tenure
19.0 years
(Ryobi Limited)

For the fiscal year ending December 31, 2022, we expect consolidated net sales to increase 21% year-on-year to 240 billion yen, operating profit to 5.3 billion yen, ordinary profit to 5.4 billion yen, and profit attributable to owners of parent to 3.8 billion yen, assuming that automobile production and sales will improve as the economy gradually recovers.

History of Ryobi's growth



In December 1943, Yutaka Urakami founded Ryobi Seisakusho Co., Ltd. in his hometown of Hiroshima Prefecture. The opening ceremony was held in February of the following year, and production of die cast products began in a converted soy sauce warehouse. Shortly thereafter, the company established a vertically integrated system that enabled in-house handling of all operations from die fabrication to post-processing, and in 1947 began supplying automobile manufacturers.




Ever since our foundation, we have recognized the need to diversify risks by doing business with a variety of industries. Further expanding this idea, we began manufacturing offset printing presses, door closers, fishing tackle, and power tools in the 1960s, using the technology and experience accumulated through die casting. This was a major step forward for it as a company with business in both die casting and finished products.

Ryobi Seisakusho was not yet widely known. To improve Ryobi's name recognition, the company name was changed to the current Ryobi Limited in 1973, and a corporate identity system was introduced in 1975. Another development during this period was the establishment of sales and production facilities for finished products in Europe, Australia, and Asia as we took up the challenge of global expansion.

1974 Founded Ryobi America Corporation
1982 Founded Ryobi Australia Pty. Ltd.
1983 Founded Ryobi France S.A.
1986 Acquired capital in Inertia Dynamics Corp. and started overseas manufacturing
1988 Founded Ryobi Motor Products Corp. in the U.S. and acquired all assets of the power tool division of Singer Co., followed by expansion of power tool manufacturing in North America
1994 Founded Ryobi Dalian Machinery Co., Ltd., presently called KYOCERA RYOBI (Dalian) Machinery Co., Ltd.

In the die castings business, Ryobi became the first Japanese die casting manufacturer to establish production facilities in the U.S., responding to the increase in transactions with overseas automobile manufacturers.

1985 Founded Sheller-Ryobi Corp., presently called Ryobi Die Casting (USA), Inc.
1990 Founded Ryobi Aluminium Casting (UK), Limited in Northern Ireland



Current Ryobi Die Casting (USA), Inc.

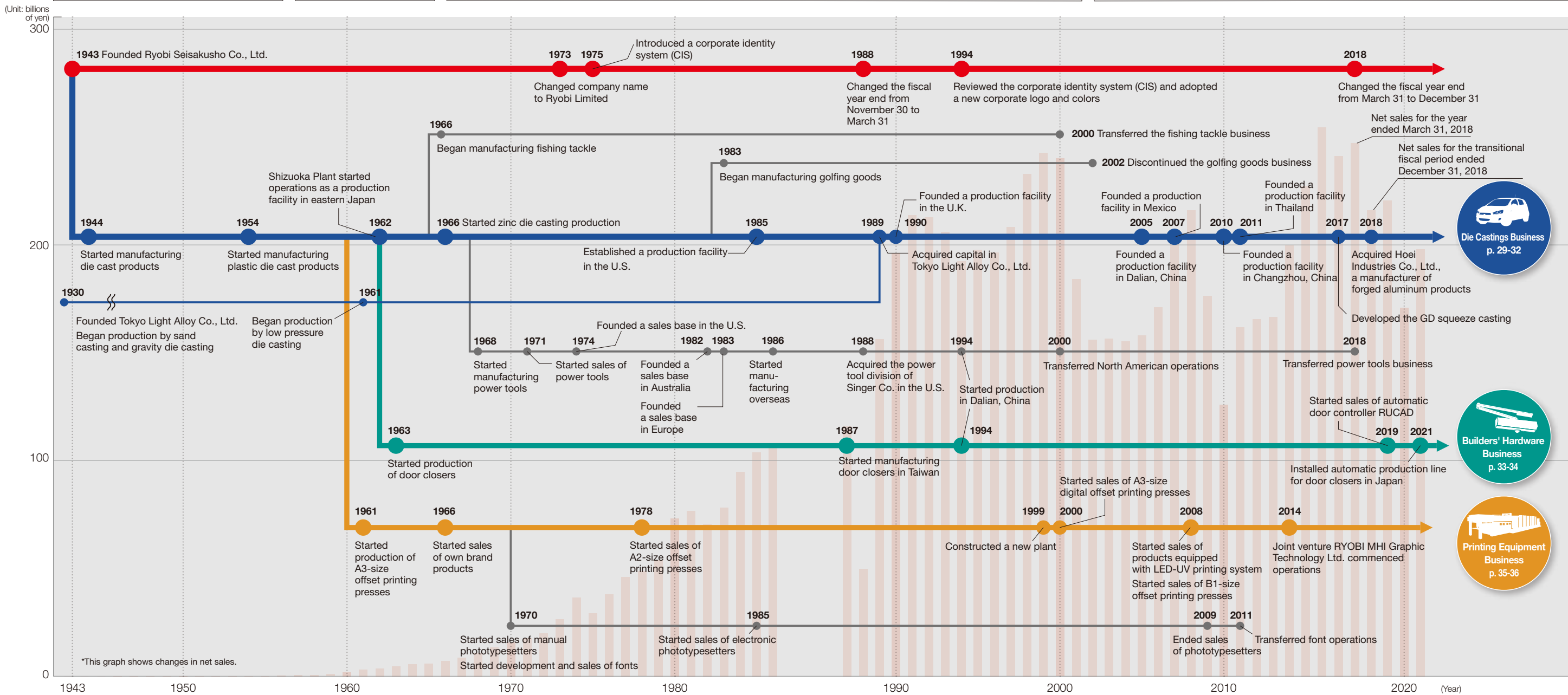
However, this strategy of broadening the business fields did not produce the expected results, and Ryobi suffered a serious setback. Consequently, in 2000, we announced the Sound Management Plan to restore our business operations.

By drastically cutting out unprofitable operations through selection and concentration, Ryobi formulated a policy for concentrating resources on areas of strength.

2000 Transferred the North American power tool and garden equipment operations; transferred fishing tackle business
2001 Transferred the European power tool operations
2002 Discontinued the golfing goods business

After completion of the plan, Ryobi established die casting production facilities in China, Mexico, and Thailand from 2005, adding to production facilities in the U.S. and the U.K., in order to meet the needs of customers looking to expand global business through locally procured components. Currently, we offer high-quality die cast products in six overseas locations.

In 2014, to increase our presence in the printing equipment business, we integrated our business with the sheet-fed offset printing press field operations of Mitsubishi Heavy Industries Machinery Systems, Ltd. to establish a joint venture, RYOBI MHI Graphic Technology Ltd. Moreover, in 2018, power tools business were transferred.



Value creation process

Societal changes

- Increased awareness of the global environment
- Increased uncertainty about the global situation
- Demographic changes
- Increased awareness of human rights
- Accelerated digitalization of society
- Increased demand for transparent management

Foundations of our business

*Figures are actual results for FY2021.



Financial capital

Total assets: 279,422 million yen (end of fiscal year)
Cash flows from operating activities: 14,900 million yen



Manufacturing capital

- Established production facilities in Japan, the U.S., Mexico, the U.K., China, and Thailand
- Capital expenditures: 13,070 million yen



Intellectual capital

Development of materials, advanced casting, and machining technologies, as well as collective strength and corporate agility.



Human capital

- Number of consolidated employees: 7,243 (end of fiscal year)



Social capital

Trusted relationship with shareholders, business partners, and other stakeholders



Natural capital

- Energy consumption
Electricity: 156,422 thousand kWh
City gas: 8,064 thousand m³
Liquefied natural gas (LNG): 3,147 t
Liquefied petroleum gas (LPG): 1,596 t
Oil (crude oil equivalent): 5,269 kl
- Water consumption: 1,113 thousand m³

Strengths of the Ryobi Group

Having started out as a die casting manufacturer, Ryobi has cultivated its own unique technologies to produce a variety of components mainly for the automotive industry.

We have since expanded our operations by using these technologies and experiences to manufacture finished products such as builders' hardware and printing equipment.

Business development



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Builders' Hardware
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Printing Equipment
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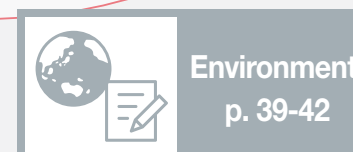
Commitment to challenge

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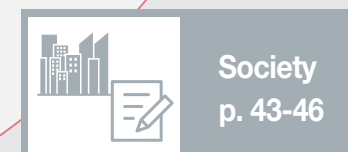
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Foundation for sustainable value creation / ESG



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Corporate philosophy

Create a sound and dynamic corporation through technology, trust and challenge

Corporate message

Beyond Ideals and Dreams

Value co-created with stakeholders



Environment

Addressing environmental issues

- Supporting weight reduction and electrification of automobiles
- Achieving carbon neutrality
- Effective use of resources



Society

Facilitating comfortable living and enriching people's lives

- Contributing to the safety, security, and comfort of people's lives
- Reducing workloads by providing automated and labor-saving products and services

Creating an environment in which all employees can play an active role

- Promoting diversity, equity, and inclusion



Economy

Maintaining stable profits and cash flow

Continuation of stable dividends

Cultivated strengths (1) Die casting technology

Contributing to the future of the manufacturing industry

Ryobi has established a proprietary vertically integrated system for its die casting operations that covers everything from development support for customers, prototyping, die design, and fabrication to casting, machining, assembly, and quality inspection.

At Ryobi, we continue to challenge conventions by developing various materials and new production methods that will define the future. Our product development is aimed at expanding functionality and improving reliability, and we strive to contribute to the future of the manufacturing industry by focusing on the mobility field.

Processes of the vertically integrated system



Product development and prototyping

- Ryobi practices "concurrent engineering", which means we dispatch our engineers to customers, and these engineers can provide support from the early stages of product development by offering various technical suggestions. In addition, we help our customers find the optimal shape for lighter or more rigid products through CAE-based analysis and evaluation technologies, including structural analysis and molten metal flow and solidification analysis.



Die design

- Solidification analysis using 3D CAD is performed to create the optimum product shape and casting plan.
- Designers, die engineers, and casting engineers work as a team to analyze dies.



Die fabrication

- We design dies using CAD/CAM systems and create automatic machining programs for die machining equipment.
- We manufacture high-precision dies using state-of-the-art machine tools and our own unique technologies that involve automatic machining programs based on die design drawings.



Casting

- A molten aluminum alloy is injected at high speed and high pressure into the die of the casting machine, where it is instantly shaped into form.



Machining and assembly

- Cast products are then machined, surface-treated, and assembled as requested by customers.



Quality inspection

- We conduct precise quality inspections at each step of the process, including the measurement of product dimensions using 3D measuring instruments, X-ray/CT inspections, and strength tests.
- We have promoted the implementation of automation and labor reduction, and introduced an automatic appearance inspection system to improve quality by eliminating inconsistencies in accuracy caused by manual inspections.

Ryobi's casting methods

To create a high-quality die cast product, it is vital that the casting remains free of any trapped air, as this will cause blow holes. This is why Ryobi has developed an original vacuum exhaust valve (RSV: Ryobi Shut Valve) for use with our own vacuum die casting. All of our current products are manufactured with RSV-fitted dies to ensure consistent quality.

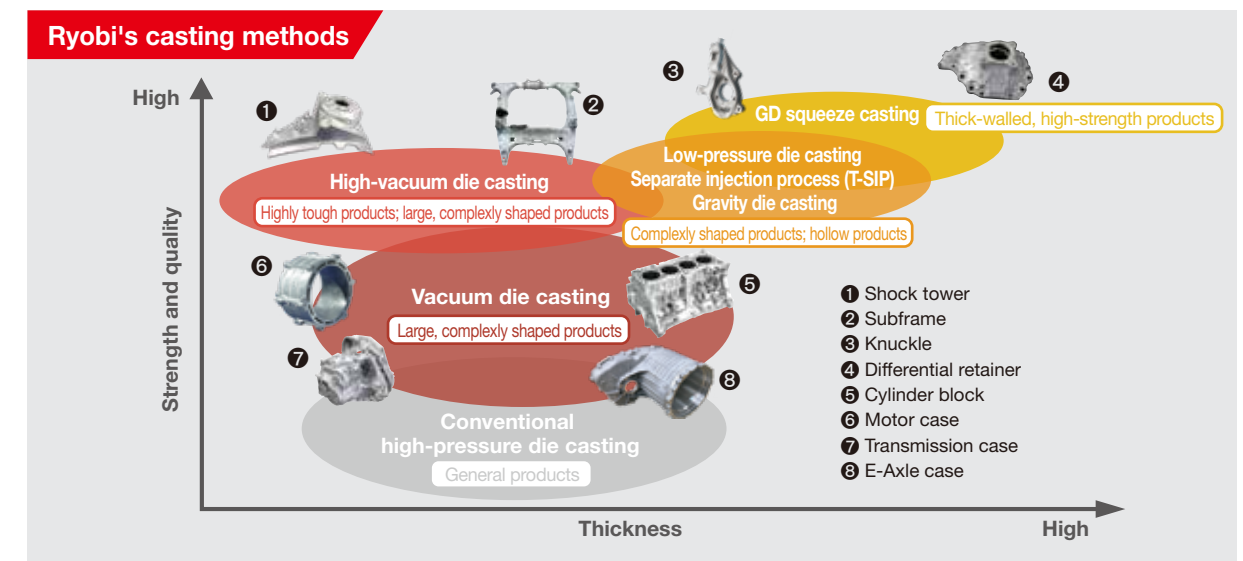
Lighter weight automobiles also require die cast products with welding capabilities. We have responded to this need by developing an airtight die sealing technology and a high-vacuum die casting, enabling high temperature heat treatments (T6 and T7) and welding that were previously considered impossible.

In recent years, we have developed technologies for smaller vacuum exhaust valves (new types of RSV) and lower casting pressure. This allowed us to downsize our casting machines and establish a method for simultaneous multi-piece casting, resulting in cost reductions.

Another development is that of highly ductile aluminum die casting alloys. These materials enable the steel in body and chassis parts to be replaced with aluminum, thereby contributing to weight reduction of automobiles.

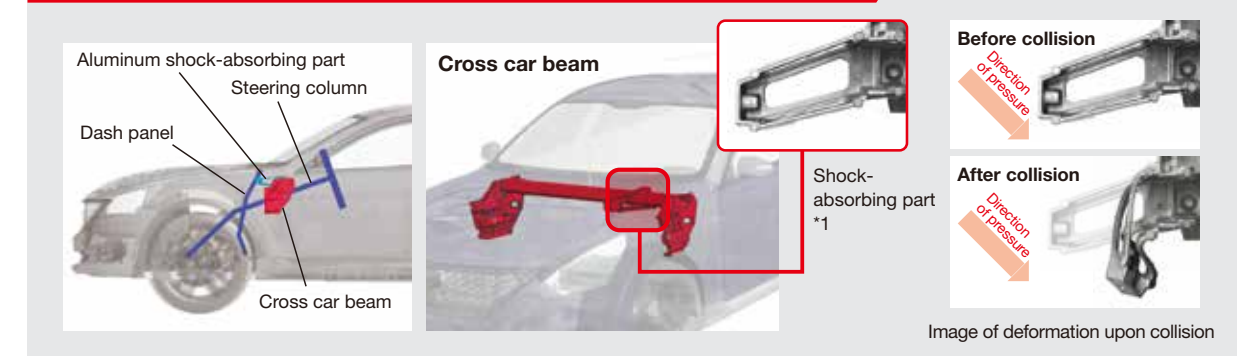
We offer various alternatives to our die casting to optimally suit the needs of our customers. These include the gravity die casting suited for thick-walled products to ensure strength and rigidity, the separate injection process, the low-pressure die casting, and the new GD squeeze casting (p. 32).

Ryobi will continue to develop new production methods and new alloys that help make automobiles even lighter.



At Ryobi, we have expanded the application of die castings to electric car parts and body and chassis parts. Because conventional die cast parts are not capable of absorbing the energy of a collision, we have participated in the development of functional parts that can absorb the collision energy by deforming and prevent rupture (see diagram below 1). When conventional die cast products do not meet certain requirements, we respond to our customers' needs by selecting the optimal alloy technology, casting technology, and heat treatment technology that we have cultivated through our experience in the field.

Example of die casting using a combination of proprietary alloys, our high-vacuum die casting method, and heat treatment technology



Cultivated strengths (2) Global production structure

Production structure for customers worldwide

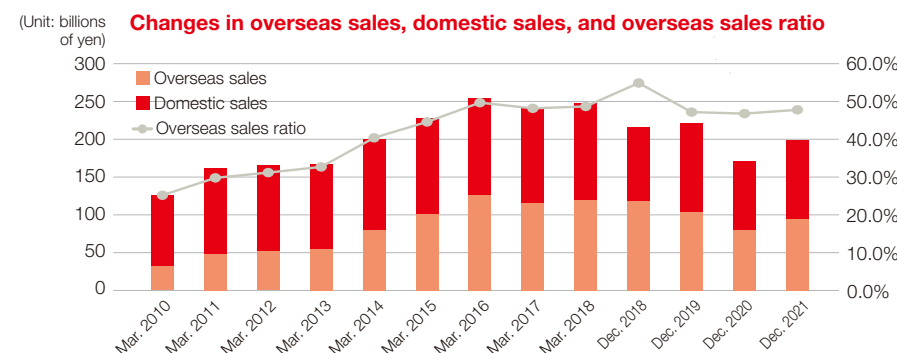
In 1985, Ryobi became the first Japanese die casting manufacturer to establish a production facility in the United States. Today, we have production facilities in six countries around the world, including the U.K., China, Mexico, and Thailand, as we provide high-quality die cast products to customers around the world. Our dies are manufactured in Japan and supplied to our overseas group companies.

The Hiroshima Plant serves as our home factory and is a driving force for improving the productivity and quality of the entire group through production line automation, information and communications technologies, and quality assurance improvement. Ryobi continues to deepen and expand its relationships with customers that include automobile manufacturers around the world.



Overseas sales

By contributing local automobile manufacturers expand their production, the ratio of overseas sales to total sales has increased to approximately 50%.



Business with customers worldwide

The Ryobi Group is not dependent on any particular automobile manufacturer, but rather serves customers around the world on a global basis.

- Aisin Corporation
- Isuzu Motors Limited
- JATCO Ltd
- Suzuki Motor Corporation
- Stellantis NV
- Zhejiang Geely Holding Group
- Subaru Corporation
- General Motors
- Daihatsu Motor Co., Ltd.
- Toyota Motor Corporation
- Nissan Motor Co., Ltd.
- Hino Motors, Ltd.
- Hyundai Motor Company
- Ford Motor Company
- Volkswagen AG
- Honda Motor Co., Ltd.
- Mazda Motor Corporation
- Mitsubishi Motors Corporation and others

Recognition received from customers around the world

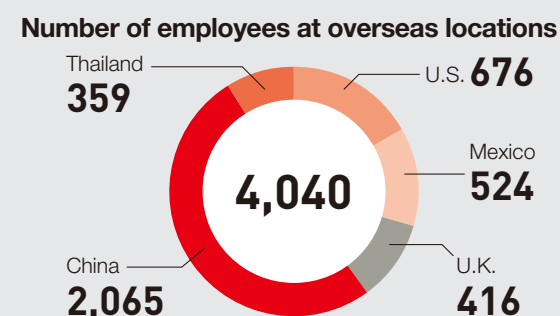
Ryobi has strengthened and upgraded its quality assurance structure, including acquisition of the ISO 9001 certification, which is the international standard for quality control and quality assurance systems, and the IATF 16949 certification, which is the quality management system standard for the automotive industry. We also ensure competitive pricing by promoting productivity improvements and global cost reductions. We have received recognition from customers around the world for our efforts in these areas.

Awards received for the year ended December 31, 2021

- Quality Excellence Award from Aisin (China) for 2020
- Global Special Award 2020 from JATCO Ltd
- Supplier of the Year 2020 and Supplier Quality Excellence Award 2020 from General Motors
- Cost Improvement Excellence Award and Project Commendation "Engineering Division" from Toyota Motor Corporation
- Certificate of Appreciation for Excellent Quality from Nissan Motor Co., Ltd.
- 2020 Excellence in Quality and Delivery Award from Honda North America
- Silver Award for Outstanding Supplier of the Year 2020 from SAIC-GM
- Quality Gold Award 2020 from the Yantai Dongyue Plant of SAIC-GM

Number of employees at overseas locations

At the end of December 2021, the Ryobi Group had 7,243 employees, of which 3,203 were in Japan and 4,040 overseas. The number of employees at each overseas location is shown in the graph on the right.



Sharing our corporate philosophy

Ryobi's corporate philosophy is the foundation for all of our ideas and actions. Bearing this in mind, we revised the Ryobi Group's Corporate Philosophy Employee Guidebook in March 2019, in which we explain the concepts and structure behind our corporate philosophy and provide guidelines for Ryobi's sustainable growth. We have since used this guidebook to share our values with our employees. The guidebook has been translated into various languages so we can share our corporate philosophy with our overseas group companies.

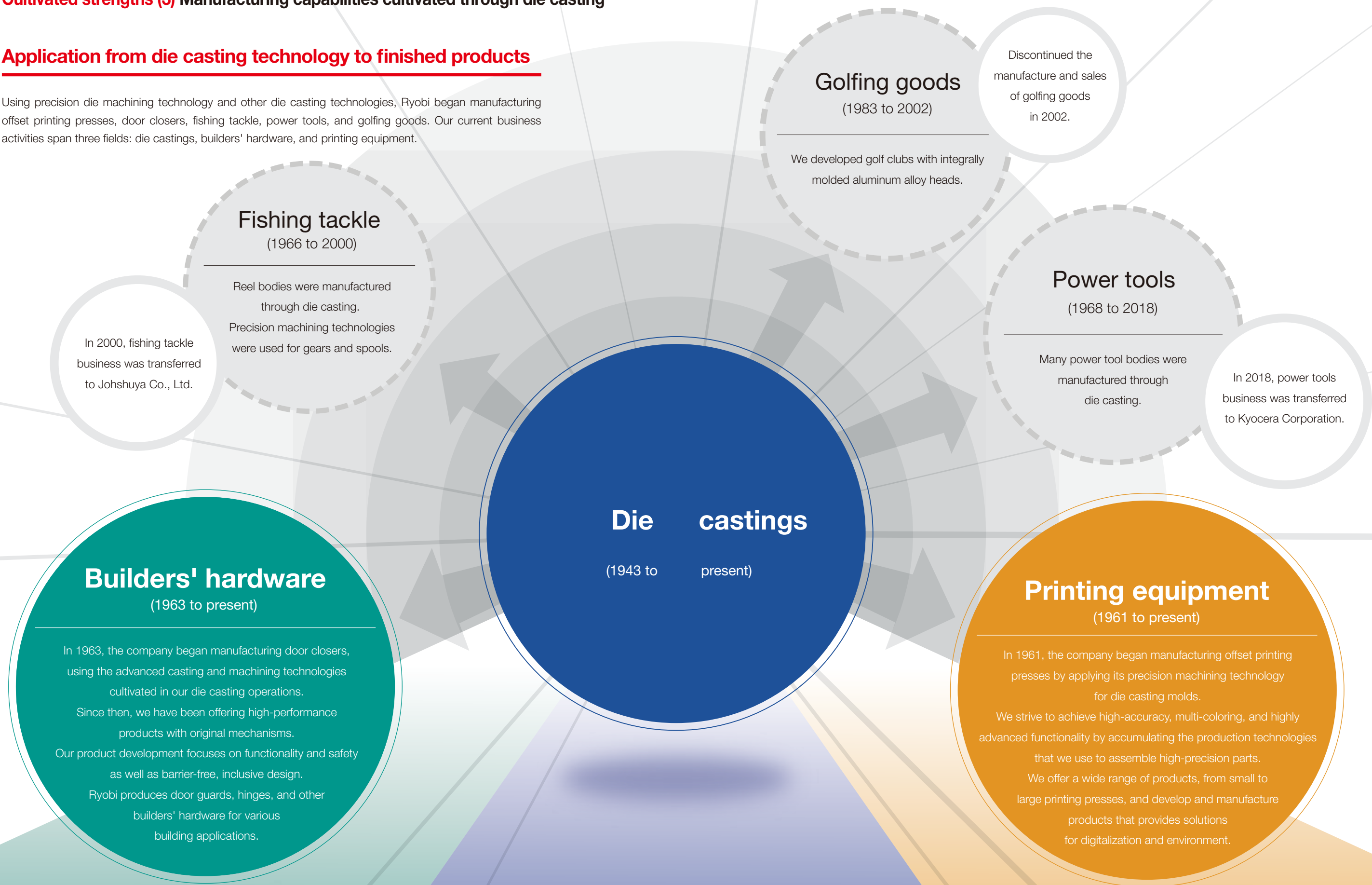


Ryobi Group's Corporate Philosophy Employee Guidebook in various languages

Cultivated strengths (3) Manufacturing capabilities cultivated through die casting

Application from die casting technology to finished products

Using precision die machining technology and other die casting technologies, Ryobi began manufacturing offset printing presses, door closers, fishing tackle, power tools, and golfing goods. Our current business activities span three fields: die castings, builders' hardware, and printing equipment.





DIE CASTINGS

BUILDERS' HARDWARE

PRINTING EQUIPMENT

Value creation story

Business environment awareness and materiality	p. 25-26
Medium-term objectives and our initiatives	p. 27-28
Ryobi's challenge: Die Castings Business.....	p. 29-30
Ryobi's challenge: Addressing global environmental issues	p. 31-32
Ryobi's challenge: Builders' Hardware Business.....	p. 33-34
Ryobi's challenge: Printing Equipment Business.....	p. 35-36

VALUE CREATION STORY

Business environment awareness and materiality

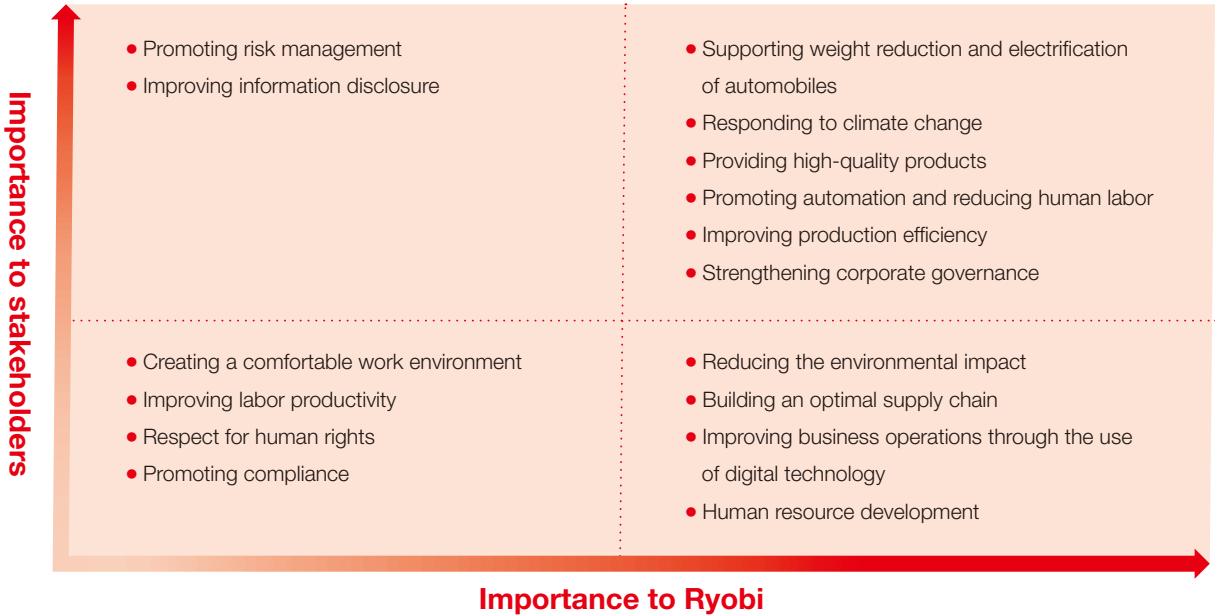
Ryobi believes that in order to maintain sustainable growth and meet the expectations of customers, shareholders, investors, business partners, employees, local communities, and other stakeholders, we should identify the long-term values we can provide to customers and society and incorporate these values into our management strategy.

Business environment awareness

Societal changes	Risks	Opportunities	Materiality
Increased awareness of the global environment	<ul style="list-style-type: none">Decreasing sales of engine and transmission parts	<ul style="list-style-type: none">Increasing sales of lightweight parts and electric car partsImproving the corporate image by reducing the environmental impact	<ul style="list-style-type: none">Supporting weight reduction and electrification of automobilesResponding to climate changeReducing the environmental impact
Increased uncertainty about the global situation	<ul style="list-style-type: none">Supply chain disruptionSoaring raw material prices and sharp fluctuations in foreign exchange rates	<ul style="list-style-type: none">Increasing corporate credibility by improving customer satisfaction	<ul style="list-style-type: none">Providing high-quality productsBuilding an optimal supply chain
Demographic changes	<ul style="list-style-type: none">Difficulty in recruiting younger generationsAging employeesDecreasing business opportunities and transaction volume	<ul style="list-style-type: none">Increasing need for automation and reduction of human labor	<ul style="list-style-type: none">Promoting automation and reducing human laborImproving production efficiency
Increased awareness of human rights	<ul style="list-style-type: none">Declining engagementOutflow of human resources	<ul style="list-style-type: none">Internal revitalizationSecuring skilled human resources that were concentrated in urban areas	<ul style="list-style-type: none">Creating a comfortable work environmentRespect for human rightsHuman resource development
Accelerated digitalization of society	<ul style="list-style-type: none">Existing businesses becoming obsolete	<ul style="list-style-type: none">Growing need for touchless accessImproving labor productivity and quality through the use of AI and IoT technologiesImproving operational efficiency through predictive facility maintenance	<ul style="list-style-type: none">Improving business operations through the use of digital technologyImproving labor productivity
Increased demand for transparent management	<ul style="list-style-type: none">Shrinking number of shareholders and investorsScandals	<ul style="list-style-type: none">Strengthening trust with stakeholders	<ul style="list-style-type: none">Strengthening corporate governancePromoting compliancePromoting risk managementImproving information disclosure

Materiality matrix

We have identified materiality issues that are key to a sustainable society and we should first address.



Materiality identification process

To maintain awareness of the environment in which our business operates, we listened closely to the opinions of our stakeholders as we conducted our materiality assessment. We will continue to review our materiality assessments based on even more opinions from our stakeholders going forward.

STEP 1

Identification of social issues

STEP 2

Prioritization

STEP 3

Confirmation of validity

STEP 4

Verification and decision

Not only did we study the ESG rating organization (FTSE) survey items, but we also recognized changes in society that surround Ryobi. Based on the risks and opportunities presented by these external changes, related divisions led by our Corporate Planning Division identified social issues that we believe we should address.

The social issues identified in STEP 1 were evaluated and prioritized (scored) from two perspectives: importance to stakeholders and importance to Ryobi.

Our sales and procurement staff inquired with our business partners about their expectations and requests for our company, and we then used their opinions to review and reassess our materiality matrix (as prioritized in STEP 2), and confirm the validity of its content.

Finally, in the medium-term management plan meeting, which was attended by our management and auditors, based on the prioritization made in the previous step, we discussed and decided on the materiality issues that Ryobi should address, guided by our corporate philosophy and corporate strengths.

Medium-term objectives and our initiatives

Ryobi has formulated a medium-term management plan for 2022. The medium-term objectives that represent the goal we share across all departments and throughout the company is "lightening the load worldwide". This slogan expresses our desire to reduce the burden of the various issues that society faces.

Medium-term objectives

Lightening the load worldwide



Lightening vehicle weight

Harnessing the properties of aluminum and die casting technologies

Doors that open and close safely and quietly with a light touch

Builders' hardware that turns doors into universally accessible portals, not barriers

Lightening the workload for printing factories

Multi-functional printing equipment that supports customers' switch to smart factories

Lightening the impact on the environment

Doing our part in the global effort toward carbon neutrality and a circular economy

Lightening workstyles

A variety of systems to support employees on their career paths

Materiality	Our approach	Related SDGs
<ul style="list-style-type: none"> Supporting weight reduction and electrification of automobiles Responding to climate change Reducing the environmental impact 	<ul style="list-style-type: none"> Expanding sales of lightweight parts (body and chassis) and electric car parts (die castings) [p. 30] Reducing CO₂ emissions (company-wide) [p. 41] Promoting the reduction and recycling of industrial waste (company-wide) p. 40] 	  
<ul style="list-style-type: none"> Providing high-quality products Building an optimal supply chain 	<ul style="list-style-type: none"> Further developing and implementing a supply structure capable of meeting the needs of customers worldwide (company-wide) [p. 19] Maintaining and improving good relationships with business partners (company-wide) [p. 44] Establishing a consistent supply structure (company-wide) 	  
<ul style="list-style-type: none"> Promoting automation and reducing human labor Improving production efficiency 	<ul style="list-style-type: none"> Expanding sales of door closer products with high added value that support barrier-free and touchless access (builders' hardware) [p. 34] Supporting customers' smart factory conversion (printing equipment) [p. 36] 	 
<ul style="list-style-type: none"> Creating a comfortable work environment Respect for human rights Human resource development 	<ul style="list-style-type: none"> Promoting health and safety in the workplace as well as mental and physical health (company-wide) [p. 43] Promoting diversity (company-wide) [p. 45] Enhancing education and training programs (company-wide) [p. 46] 	  
<ul style="list-style-type: none"> Improving business operations through the use of digital technology Improving labor productivity 	<ul style="list-style-type: none"> DX working group activities (company-wide) Automating appearance inspections by using image processing and AI technology (die castings) 	
<ul style="list-style-type: none"> Strengthening corporate governance Promoting compliance Promoting risk management Improving information disclosure 	<ul style="list-style-type: none"> Increasing transparent governance (company-wide) [p. 47] Enhancing disclosure of ESG-related information (company-wide) Ensuring information security (company-wide) [p. 50] 	

*Pages that contains more details are indicated by brackets [].

Ryobi's challenge



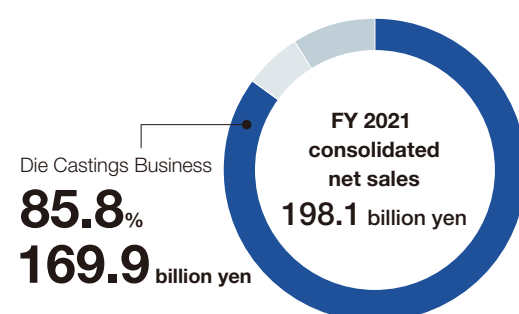
Die Castings Business

Lightening vehicle weight



Become a world-renowned global supplier in the mobility industry with our core of die castings business

Sales composition ratio



Tatsuyoshi Mochizuki

Director and Corporate Officer
In charge of Die Castings Business



Business environment awareness

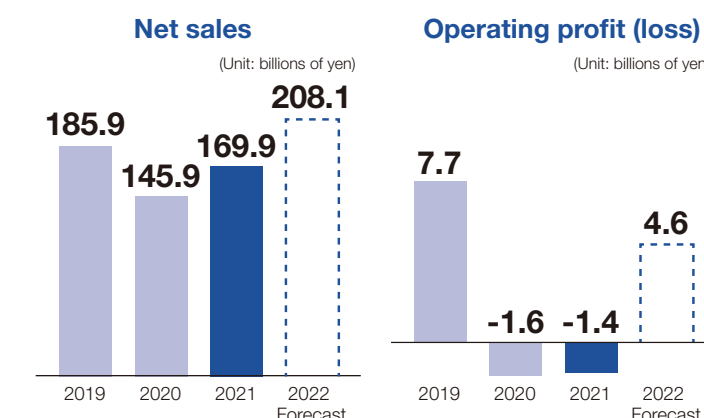
The automotive industry, Ryobi's main customer base, is said to be undergoing a once-in-a-century transformation. The development of CASE (Connected, Autonomous, Shared, and Electric) needs and establishment of CO₂ emission-reducing fuel efficiency regulations mean that the demand for Ryobi's current mainstay products, such as engine blocks and transmission cases, is expected to decline.

At the same time, we expect a steady increase in the demand for lightweight parts and electric car parts, due to fuel efficiency regulations requiring ever lighter cars and a shift to electrification.

Actual results for 2021 and forecast for 2022

Sales in 2021 increased 16% from the previous year to 169.9 billion yen due to the normalization of economic activities resulted from increased COVID-19 vaccination rates, despite the global shortage of semiconductors and supply shortages of automotive parts that affected automobile production. Higher revenues resulted in improved operating loss.

In 2022, we expect automobile production to recover moderately, and forecast net sales of 208.1 billion yen, up 22% from the previous year, and an operating profit of 4.6 billion yen.



Our strengths

- Our vertically integrated system that covers all operations from product development, prototyping, die design, and fabrication to casting, machining, and assembly
- Our global production structure
- Access to a variety of production methods
- Our R&D department capable of developing new production methods and production technologies
- Access to a great number of large casting machines
- Close collaboration with customers enabling us to proactively make technical suggestions

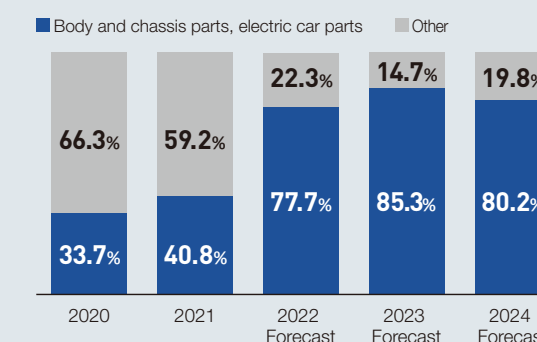
Our goals

To provide even better strategic products for automobile weight reduction and electrification, in order to contribute to a sustainable global environment

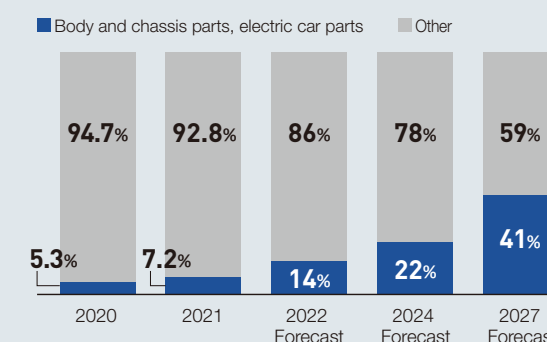
Our initiatives to reduce the weight of and electrify automobiles

- We will increase the composition ratio of strategic product sales such as body and chassis parts and electric car parts to 41% in FY2027 (from 7.2% in FY2021) by increasing the composition ratio of new orders for such parts.
- Our high-vacuum die casting method and GD squeeze casting (p. 18) will lead to further expansion of orders for lightweight and electric car parts.

Composition ratio of new orders



Composition ratio of sales for mass-produced products



Aluminum die casting contributes to solving global environmental problems by reducing weight and recycling resources.

The global trends of CO₂ emission reduction and carbon neutrality have resulted in a shift toward electrification and weight reduction in order to improve fuel efficiency in automobiles. Since electric vehicles (FCV, BEV, PHV, and HV) weigh more than conventional gasoline-powered vehicles, there is a growing need to make cars more lightweight. Secondary aluminum alloys are the main raw material for aluminum die castings, and this is a resource-recycling, sustainable material with low CO₂ emissions during production. Ryobi's aluminum die castings contribute to the realization of a sustainable society by reducing automobile weight and recycling resources.

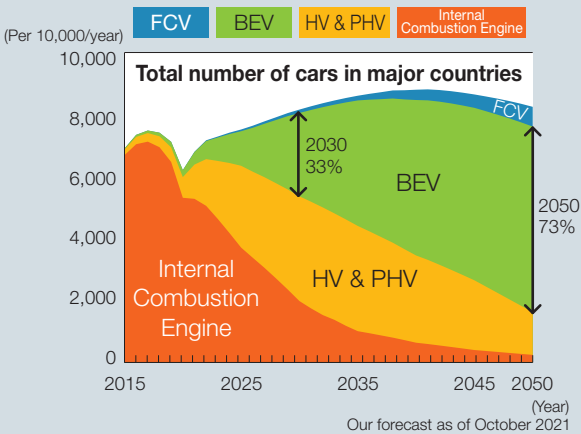
Helping solve global environmental problems through weight reduction

Faced with a global trend toward carbon neutrality, die casting businesses are largely characterized by the ongoing electrification of automobiles, and battery electric vehicle (BEV) sales are expected to rapidly take up a larger percentage of global automobile sales. By 2030, battery electric vehicle will account for 33% of new vehicle sales in major countries. In 2050, this number is expected to increase to 73%.

In order for battery electric vehicle to achieve a cruising range equivalent to that of gasoline-powered vehicles, a major challenge is to improve electricity consumption. Light yet strong aluminum die castings help make this possible. Aluminum has a specific gravity of 2.7. This means it has about 1/3 of the weight of iron, which has a specific gravity of 7.8. In other words, if you create two objects of the same volume in aluminum and in iron, you would find that the weight of the aluminum object is about 1/3 that of the iron one. Therefore, replacing iron with aluminum die castings will result in a lighter car body, which in turn leads to lower electric consumption and reduced CO₂ emissions.

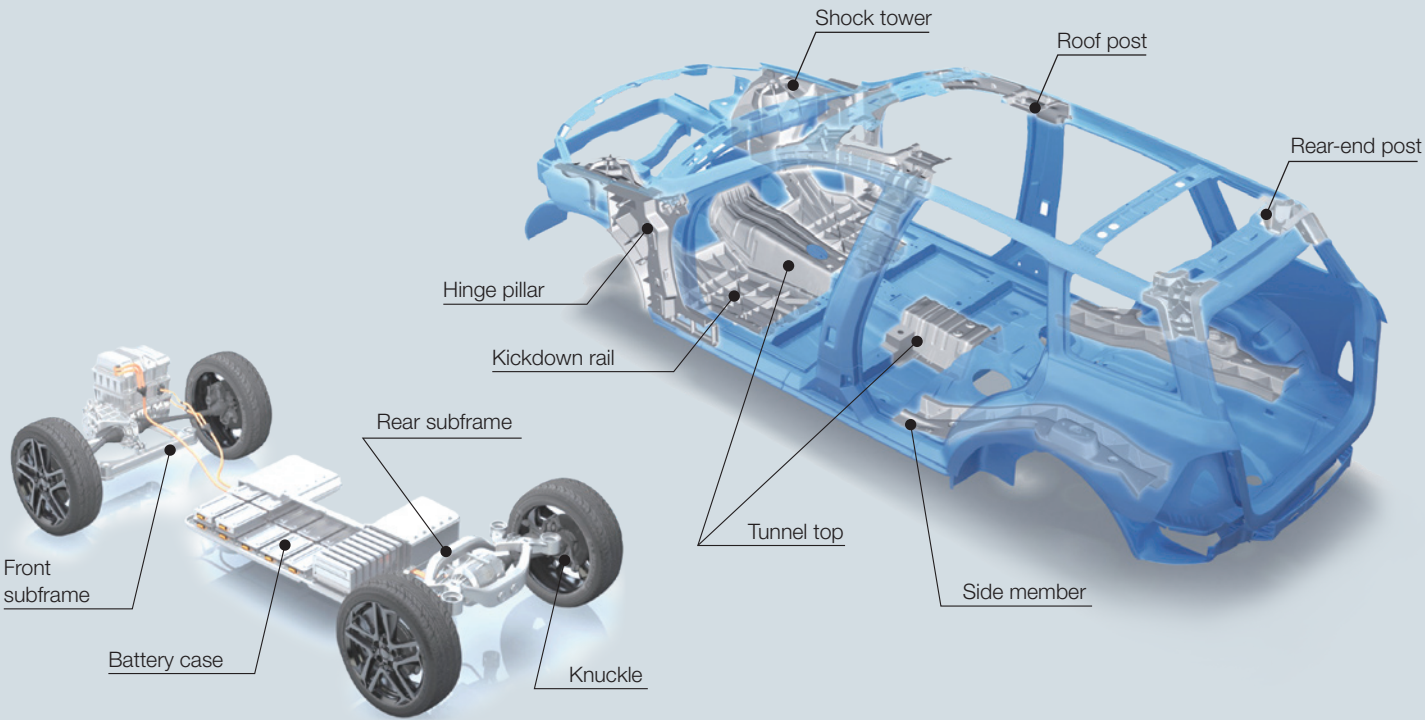
At Ryobi, we are engaged in joint research with customers and are developing new technologies and production methods for die cast body and chassis parts, and are actively incorporating these into our sales activities.

Automobile sales in major countries



*Major countries/regions: Europe, Japan, U.S., China, India
*FCV: Fuel cell vehicle, BEV: Battery electric Vehicle,
HV: Hybrid vehicle, PHV: Plug-in hybrid vehicle

Weight-reducing die cast products by Ryobi



Ryobi's unique GD squeeze casting

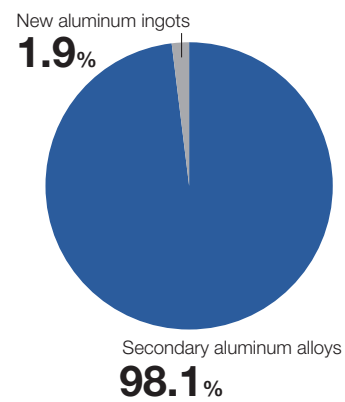
The GD squeeze casting is our proprietary casting method that combines the advantages of gravity casting and squeeze casting. There is a growing trend to replace conventional cast iron products with aluminum alloys in order to reduce vehicle weight. However, as conventional die castings do not result in sufficient strength and rigidity in thick-walled shapes and parts with large variations in thickness, we use gravity casting, low-pressure casting, and squeeze casting suited for thick-walled products (p. 18). The drawbacks of these methods are the lower hourly production rate and higher cost. This is why we have developed the GD squeeze casting, which excels in the manufacture of thick-walled products with high strength and ductility. Parts made using the GD squeeze casting are already used by major automobile manufacturers, for example, for the knuckles in the suspension near the tires.

Contributing to solving global environmental problems through resource recycling

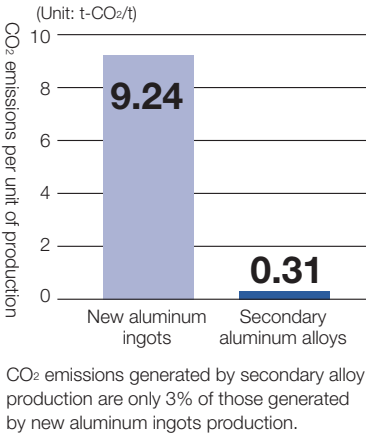
Secondary aluminum alloys comprise the main raw material for aluminum die castings and are resource-recycling materials. After aluminum die cast products used in automobiles and other vehicles are disposed of and recycled, they can be reused to make secondary aluminum alloys.

Aluminum die castings are also highly recyclable. The quality of products made from recycled secondary alloys is virtually identical to those before recycling. 98% of the raw materials used to create aluminum die castings by our domestic group companies originates from recycled secondary alloys. Secondary alloys can be produced with only 3% of the CO₂ emissions that are used to produce new aluminum ingots from bauxite ore.

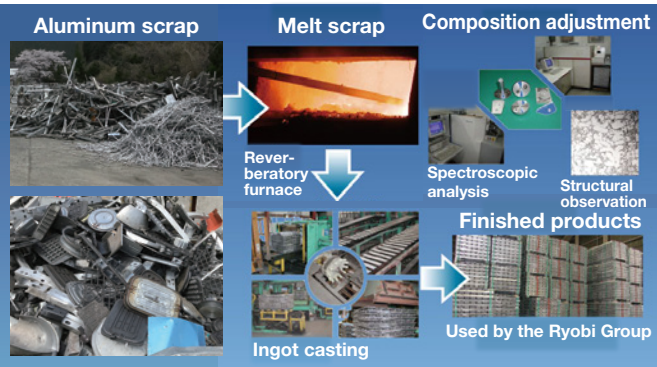
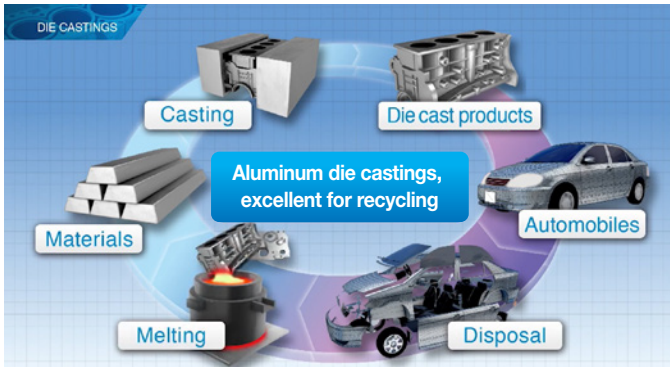
Percentage of secondary aluminum alloys used by Ryobi



CO₂ emissions per unit of raw material production

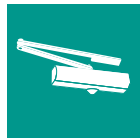


CO₂ emissions generated by secondary alloy production are only 3% of those generated by new aluminum ingots production.



Secondary aluminum alloys are recycled from a variety of aluminum scrap, including aluminum cans, automobile license plates and wheels, aluminum sashes, and cooking pots. Ikuno Co. is a manufacturer of secondary aluminum alloys. The secondary alloys that Ikuno manufactures are transformed into high-quality die cast products at the various Ryobi Group factories in Japan.

Ryobi's challenge



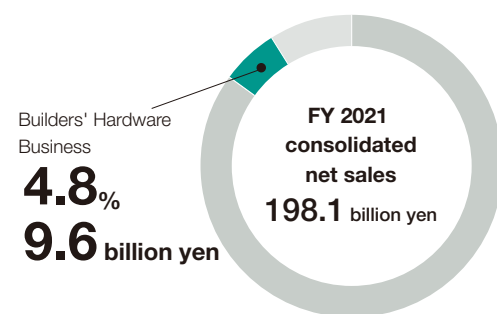
Builders' Hardware Business

Doors that open and close safely and quietly with a light touch



Provide more convenience while addressing the needs of society in our role as market leader in the door closer industry

Sales composition ratio



Taichi Shimizu

Corporate Officer
Divisional General Manager
of Builders' Hardware Division

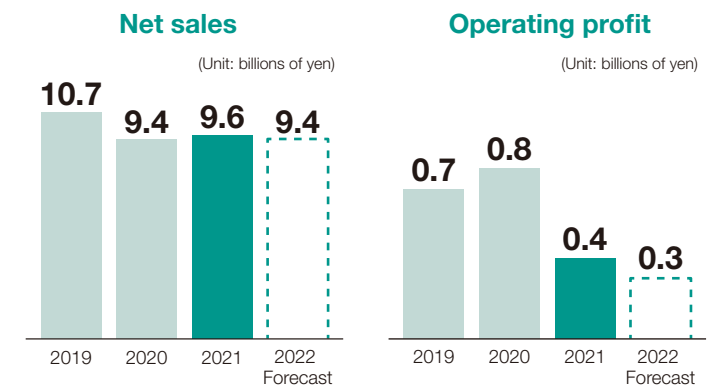


Business environment awareness

Because of the long-term decline in the construction of new housing, we expect the mainstay domestic market for builders' hardware will shrink moderately. The market for buildings in particular is expected to be affected by reduced demand for office space as remote work becomes more commonplace. At the same time, declining birthrates and aging populations mean that the demand for barrier-free facilities will likely increase in the future. This trend encourages us to further develop and offer a diverse range of products that support safe and comfortable door use.

Actual results for 2021 and forecast for 2022

Sales in 2021 increased 2% from the previous year to 9.6 billion yen, due to a slight increase in both domestic and international sales. Operating profit was significantly affected by higher procurement costs due to the appreciation of the Chinese yuan. Despite our efforts to reduce costs and expenses, operating profit decreased. In 2022, we expect the yuan to continue to appreciate, and forecast net sales of 9.4 billion yen, down 2% from the previous year, and an operating profit of 300 million yen.



Our strengths

- High market share in the domestic door closer market
- Ability to closely respond to customer needs and develop products and services to match these needs
- High productivity through factory automation and reduction of human labor
- Products with excellent design and functionality
- Consistent supply capabilities through domestic and overseas production facilities

Our goals

To contribute to comfortable living by providing safe and user-friendly builders' hardware for use around doors

Our efforts in product development to support safe and comfortable door use

Ryobi has long enjoyed a consistent reputation as a manufacturer of door closers that securely and quietly shut doors at a safe speed, and a large number of doors are fitted with our products. We aim to further deepen the trust of our customers by developing new products and services as we continue to expand the sales of our door closers.

Our automatic door controller RUCAD is a prominent example of a product that assists users who do not have a free hand or cannot open or close doors for other reasons. We will continue to develop various strategic products that contribute to the barrier-free society that increasingly takes form.



Automatic door controller RUCAD



Addresses various needs by its ability to link with external systems

Ryobi's challenge



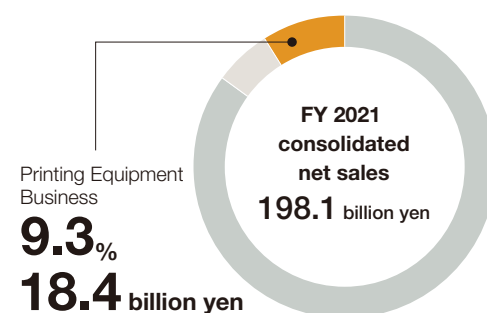
Printing Equipment Business

Lightening the workload for printing factories



Contribute to the creation of a colorful and prosperous society by providing products and services that meet customer needs

Sales composition ratio



Katsushi Hirokawa

President
RYOBI MHI Graphic Technology Ltd.



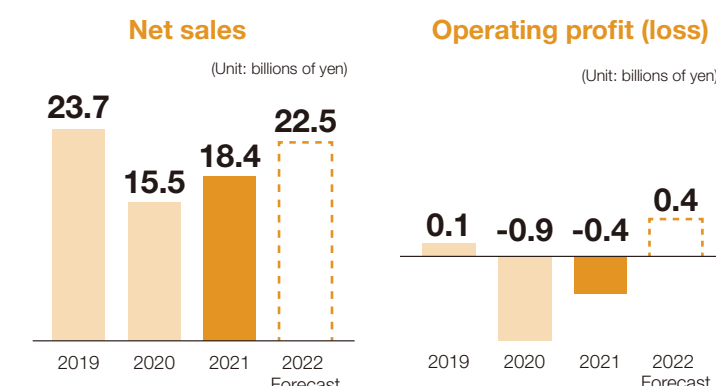
Business environment awareness

As people move away from traditional paper usage, the commercial printing market continues to shrink. At the same time, the market for high value-added printing, especially packaging printing, remains strong. We expect to see a further decrease in skilled labor in the printing industry and growing recognition of the need to improve conditions in the workplace. Ryobi must therefore improve our products' appeal through the development of functionality that supports automation and reduces the need for human labor.

Actual results for 2021 and forecast for 2022

Sales in 2021 increased 19% from the previous year to 18.4 billion yen, due to increased overseas exports, in particular to China and Korea, despite a decrease in domestic sales. The operating loss improved from the previous year due to increased revenue and cost reductions.

In 2022, we expect sales to increase both domestically and internationally, and forecast a 22% year-on-year increase in sales to 22.5 billion yen, and an operating profit of 400 million yen.



Our strengths

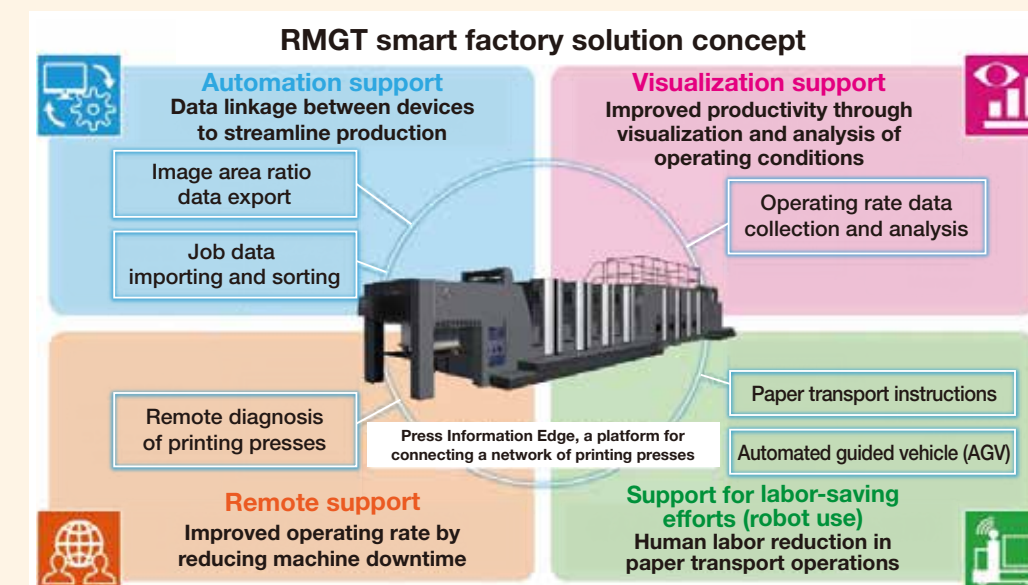
- Broad domestic customer base
- Sales network covering more than 170 countries
- Wide variety of products from small to large format
- High development capability to meet customer needs
- Strong collaboration with peripheral equipment manufacturers

Our goals

To contribute to the creation of a colorful and prosperous society by strengthening our ability to deliver products and services that optimize the entire printing process

Our efforts in providing products and services that meet customer needs

Ryobi helps customers create workflows that connect a network of devices and processes necessary for the production of printed materials, from front end to back end, while visualizing and optimizing the production process. In this way, we help convert printing companies into smart factories. We also support the implementation of automated guided vehicles (AGV) to reduce labor-intensive paper transport.





Environment



Social



Governance

ESG (Environmental, Social, and Governance)

Environmental initiatives.....	p. 39-40
Declaration of carbon neutrality	p. 41-42
Social initiatives	p. 43-46
Governance.....	p. 47-50

ENVIRONMENT
SOCIAL
GOVERNANCE

Environmental initiatives

Promoting environmental protection

Basic approach

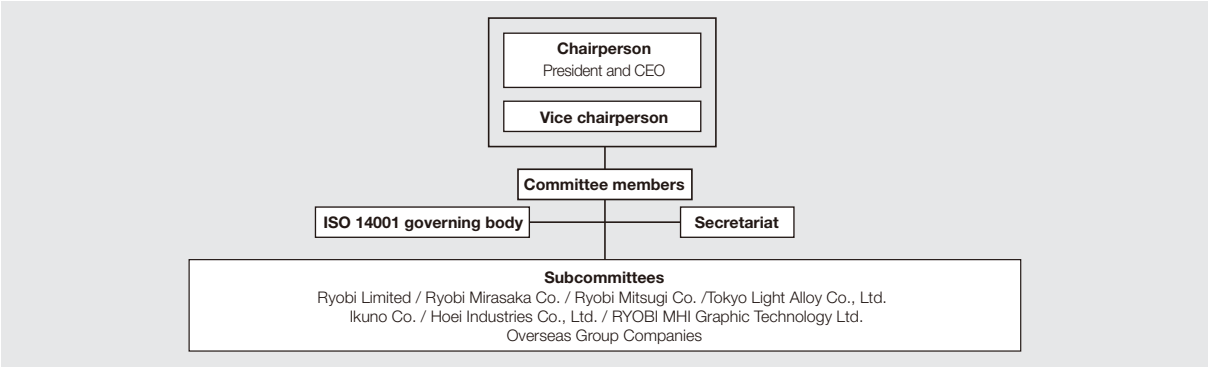
As efforts to protect the global environment increasingly gain attention and support, we at Ryobi consider it one of our core business duties to reduce the environmental impact of our operations and protect the environment. Ryobi has established an environmental management system that we maintain and operate, and we have an ISO 14001 certification as well. Guided by the Ryobi Group Environmental Policy, the Environmental Preservation Committees at each of our group companies and locations set targets and implement initiatives to conserve energy and resources, reduce waste, lower greenhouse gas emissions, and more.

The Ryobi Group Environmental Policy

- The Ryobi Group will, through the initiatives listed below, strive to avoid and mitigate various risks associated with the operating environment and work to reduce the environmental impact of its business activities, thereby helping realize a sustainable society.
- 1. Identify and counter risks arising from changes in the operating environment.
 - 2. Endeavor to reduce environmental footprints associated with each stage of a product's life cycle and prevent environmental pollution attributable to such life cycle. Specifically, the Group will:
 - (1) Work to reduce CO₂ emissions.
 - (2) Conserve energy and resources.
 - (3) Reduce or recycle industrial waste.
 - (4) Enforce rigorous measures to prevent environmental pollution.
 - (5) Reduce environmental footprints associated with procured goods.
 - (6) Furnish proposals on and otherwise promote environmentally friendly products and services.
 - 3. Comply with environmental laws, regulations, ordinances, and agreements as well as relevant requests from interested parties.
 - 4. Strive to ensure that the Group's entire workforce is highly conscious of the need for concerted efforts to improve the environment, to this end providing all Group members with robust education on the subject and otherwise helping them raise their environmental awareness.
 - 5. Constantly endeavor to improve the environmental management system to achieve the goals of initiatives listed above by formulating environmental targets, executing measures to achieve such targets, and implementing revisions based on the results of such measures.
 - 6. Give back to regional communities through environmental protection efforts.
 - 7. Ensure that this environmental policy is understood by all Group members and publicly disclosed to external stakeholders

Organization chart

Chaired by our President and CEO, the Ryobi Environmental Preservation Committee aims to reduce the environmental impact of our business activities and to contribute to the development of local communities. The committee is leading efforts to conserve energy and resources, reduce waste, lower greenhouse gas emissions, and more.

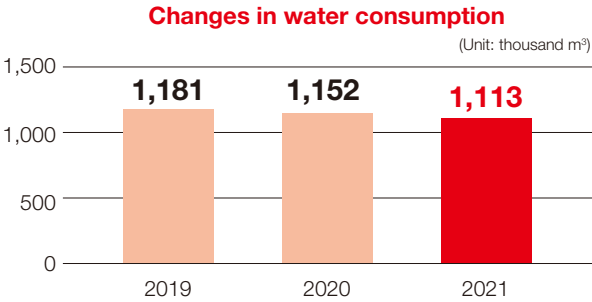


CO₂ emission reductions

In January 2022, Ryobi announced its commitment to achieve carbon neutrality by 2050. See p. 41-42 for more information on our carbon neutrality.

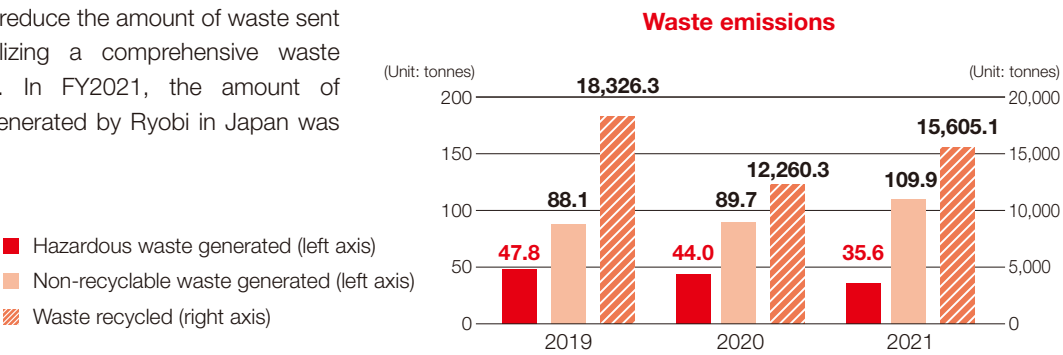
Protection of water resources

Ryobi actively works to reduce the company's water consumption through optimal water management. This means we use recycled industrial water and respond quickly to any water leaks by checking flow meters.



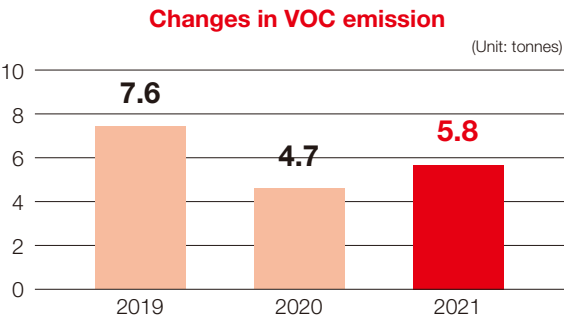
Promotion of industrial waste reduction and recycling

Ryobi is working to reduce the amount of waste sent to landfills by utilizing a comprehensive waste separation system. In FY2021, the amount of hazardous waste generated by Ryobi in Japan was 35.6 tonnes.



Prevention of air pollution

Our measures to reduce emissions of hazardous substances into the atmosphere include switching from heavy fuel oil to LNG and other fuels. In FY2021, our emissions of volatile organic compounds (VOCs) in Japan totaled 5.8 tonnes. Concentrations of nitrogen oxides (NO_x) and sulfur oxides (SO_x) are measured periodically in accordance with the Air Pollution Control Law, but total annual amounts are not calculated.



*This data was compiled in accordance with the PRTR Law, and the data period is from April to March.

Environmental protection activities

Ryobi helps protect local environments through greening activities on its premises and by cleaning up each location's surrounding area.

Environmental protection achievements

	Number of activities in 2021	Total number of participants
Head Office, Hiroshima Plant, Hiroshima East Plant	3	340
Tokyo Branch	6	114
Ryobi Mirasaka Co.	2	103
Ryobi Mitsugi Co.	2	448
Tokyo Light Alloy Co., Ltd.	10	100

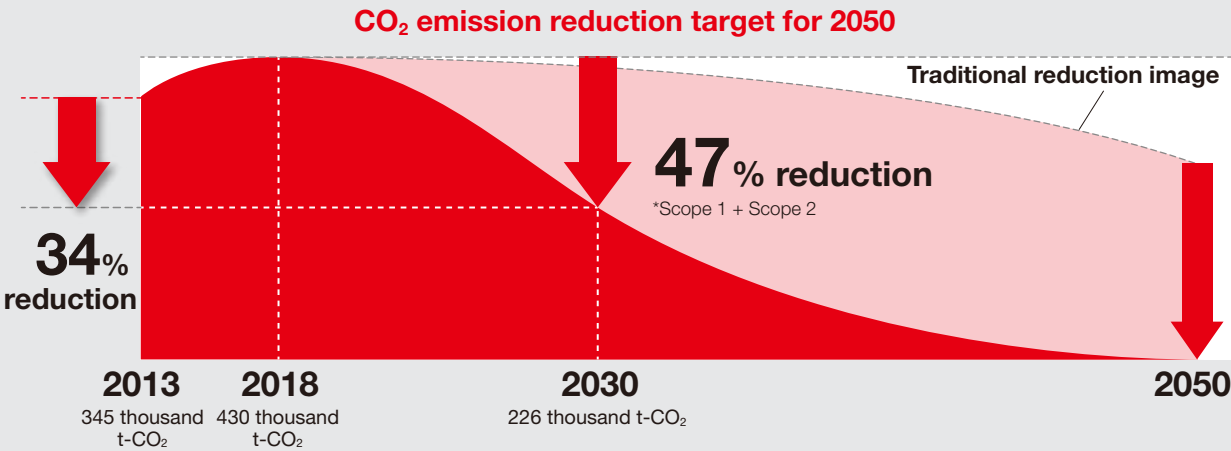
Declaration of carbon neutrality

One of Ryobi's materiality issues is addressing climate change, and the company aims to achieve carbon neutrality by 2050.

CO₂ emissions reduction target

- Achieve carbon neutrality by 2050.
- Reduce CO₂ emissions to at least 47% of FY2018 levels by 2030* (both in Japan and overseas).

*CO₂ reductions represent the absolute emissions for Scope 1 and Scope 2.
We plan to reduce emissions by 34% or more compared to FY2013 (46% or more in Japan, 25% or more overseas)



Actual CO₂ emissions in 2021

(Unit: t-CO₂)

	Japan	Overseas	Total
Scope 1	45,706	75,106	120,812
Scope 2	79,341	147,054	226,395
Scope 1 + 2	125,047	222,160	347,207

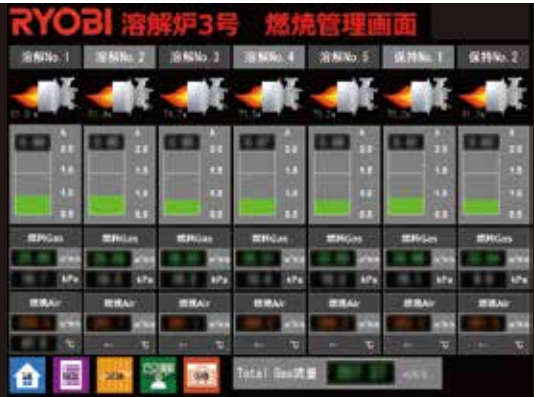
Initiatives

Ryobi has implemented various energy conservation measures to reduce CO₂ emissions. These include improving combustion efficiency and replacing the fuels for our aluminum melting furnaces, preventing heat radiation in casting machine holding furnaces, improving compressor efficiency, and reducing air leakage. We aim to achieve carbon neutrality by 2050 by moving forward with our implementation of energy-saving equipment and the use of renewable energy (solar panels, hydroelectric power, etc.).

Major initiatives	Reductions achieved
Replaced heavy oil A with city gas as the fuel for the melting furnaces at our Shizuoka Plant	3,936 t-CO ₂ /year
Replaced heavy oil A with liquefied natural gas (LNG) as the fuel for the melting furnaces at Ryobi Mirasaka Co.	3,792 t-CO ₂ /year
Introduced solar power generation at Ryobi Die Casting (Thailand) Co., Ltd.	1,498 t-CO ₂ /year
Improved combustion efficiency by controlling the ratio of gas to air in the melting furnaces of the Shizuoka Plant	379 t-CO ₂ /year



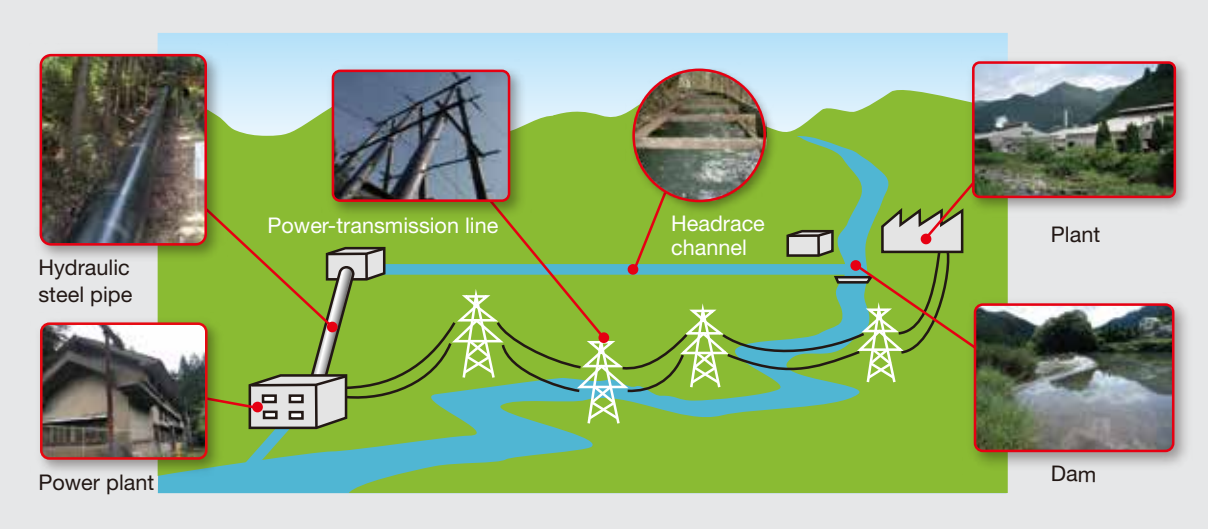
Solar panels installed at Ryobi Die Casting (Thailand) Co., Ltd.
(image of completed installation)



Combustion management screen of
our aluminum melting furnaces

Hydroelectric power generation by Ikuno Co.

Ikuno Co., a Ryobi Group company that manufactures secondary aluminum alloys, uses water from the river that runs near its plant to generate 40 to 50% of its total electricity consumption. This is an example of how clean energy use contributes to the reduction of our CO₂ emissions.



Our initiatives for information disclosure following TCFD recommendations

As of 2022, Ryobi has established a new environmental policy and set environmental targets. To help promote further decarbonization and contribute to the realization of a sustainable society, we are currently preparing for the information disclosure, as is recommended by the TCFD (Task Force on Climate-related Financial Disclosures).

Social initiatives

At Ryobi, we foster diversity in our human resources, and we strive to create a safe, healthy, dynamic, and comfortable workplace environment, where all employees can achieve their full potential.

We also make sure that we maintain good relationships with business partners and local communities, and try to improve them wherever we can.

Promotion of safety and health in the workplace as well as mental and physical health

Basic approach

Ryobi is continuously developing initiatives to establish and maintain a safety-focused culture. We also work to create a work environment where each and every employee can enjoy good mental and physical health.

Basic policy

We strive to create a safe and healthy workplace for our employees. To this end, we conduct various activities to foster a "safety-focused culture" where everyone puts safety first, and to improve people's mental and physical health.

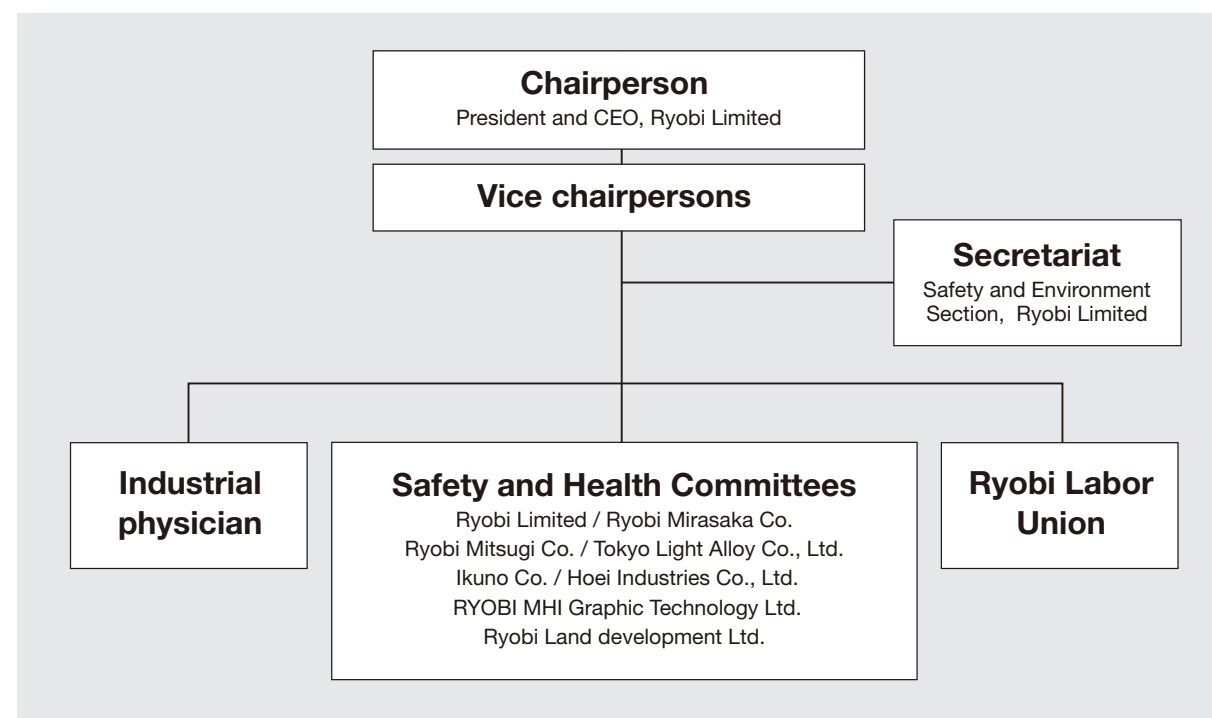
*"Safety-focused culture" is a workplace culture where the organization and individuals have been cultivated to consider safety to be the top priority and where they naturally comply with rules and regulations.

Slogan

Let's increase our awareness of danger and safety together!

Organization chart

Ryobi has established a General Safety and Health Committee chaired by the President and CEO. The committee is leading efforts to create a safe, healthy, dynamic, and comfortable workplace.



Promotion of safety and health in the workplace

- Mutually pointing out issues by implementing safety patrols in which all employees participate
- Risk reduction activities
 - Improving support for workers who experience problems
 - Implementing fundamental safety improvement measures
- Stimulating communication in the workplace by using a safety activity board
- Increasing knowledge about safety and health
 - Different levels of safety training
 - Simulation-based training

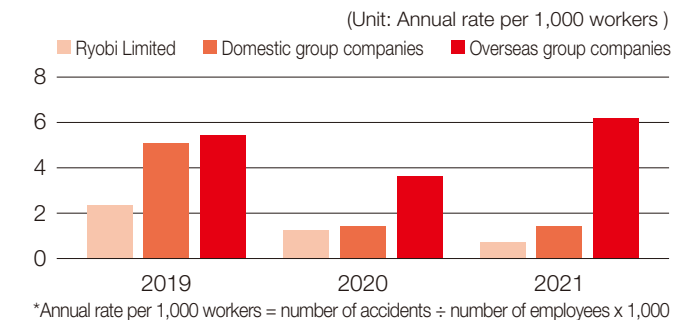


Simulation-based training for slip prevention

Lost time incident rate

At Ryobi, we want to eliminate occupational accidents as much as possible. Therefore, we focus on preventing accidents from recurring and improving essential safety practices. We find out the number of accidents that result in downtime, conduct a detailed analysis of these accidents and their causes, and horizontally deploy countermeasures throughout the Ryobi Group.

Lost time incident rate



Promotion of mental and physical health

- Physical health support
 - Promoting a healthier lifestyle (including exercise, healthy diet, adequate sleep/rest), reducing tobacco use, preventing passive smoking, etc.
- Mental health support
 - Establishing consultation services (industrial physicians, in-house counselors, external consultation offices, etc.) and providing mental health education, etc.
- Creating a safe and secure work environment
 - Supporting work-life balance at times of childbirth, childcare, elderly care, or medical treatment, etc.



Maintaining and improving good relationships with business partners

Basic approach

In March 2022, Ryobi issued a Declaration of Partnership Building, with which we officially endorsed the goals of the Council on Promoting Partnership Building for Cultivating the Future - a joint initiative by the Cabinet Office, the Ministry of Economy, Trade and Industry, and other organizations.

Building good and strong relationships with our business partners is one of the standards of conduct that we outline in the Ryobi Code of Conduct. The Declaration of Partnership Building serves as a company-wide reminder and catalyst for further strengthening cooperation with our business partners in the supply chain, and aims to improve the reciprocal relationship with our partners and ensuing mutual prosperity.

Social initiatives

Promoting diversity, equity, and inclusion

Basic approach

As stated in our corporate philosophy, "Value the trust and goodwill of society, and strive to become a strong, dynamic organization that reflects the originality and creativity of individual employees". Guided by this approach, we aim to create an environment where employees with diverse personalities and abilities can fully take advantage of their unique strengths.

Concrete initiatives

Promotion of women's career advancement

Ryobi Limited works to create an environment to promote women's participation in the workplace. We have set targets to fully achieve this goal by December 2024.

- The percentage of women among newly hired graduates will be at least 30% every year.
- We will have at least seven women in managerial positions. (As of June 2022, there are five.)
- At least 18% of female employees will be in managerial or supervisory positions. (This was 8% in April 2019 and 14% in December 2021.)

Work support for people with disabilities

Ryobi Limited helps people with disabilities find positions and departments that match their individual abilities, so they can flourish and experience high job satisfaction.

Our new hires include graduates from special needs schools. After starting their employment, their workplace supervisor works closely together with a disability counselor to monitor their work conditions and development. We also hold regular meetings during the first three years of employment to identify any problems and provide appropriate support that the employee may need. After a fixed period of time and based on the wishes of the employee and an evaluation by the workplace supervisor, the employee is hired full-time with a wage structure equal to that of workers without disabilities, giving them a sense of fulfillment and purpose.

Employment options for senior employees

We offer career design education for employees reaching the retirement age for their position, allowing them to continue their career in a fulfilling new way. To help these employees choose the next step in their working life, they attend an information session a year and a half prior to retirement where they are informed about retirement benefits, public pension, and wage for re-employment.

We have implemented a re-employment plan for employees who have reached the retirement age, offering options for flexible employment ranging from full time to half-day and half-week (3-day), selected to best suit their lifestyle.

Enhancing education and training programs

Basic approach

Ryobi Limited is committed to human resource development and offers career planning tailored to employees' individual talents and ambitions.

Training program

We provide extensive follow-up support until the third year of employment, and from the fifth year onward, education is provided according to each job level.



Self-development support

We provide subsidies for correspondence courses, incentives for acquiring language-related qualifications, and language classes (English and Chinese) taught by native instructors.



Language classes (Chinese)

Active social contributions

Basic approach

Aiming to make the world more prosperous for all of society, Ryobi actively engages in social contribution activities.

Initiatives for social contributions

• Aluminum can collection campaign

At our various factories and locations, including at our Head Office in Fuchu City, Hiroshima Prefecture, we encourage our employees to bring aluminum cans from home, which we then sell to aluminum recycling companies. The proceeds are donated to the Ryobi Social Contribution Foundation, a non-profit organization (NPO). In 2021, our donations totaled approximately 700 thousand yen.

• Activities of the NPO Ryobi Social Contribution Foundation

The Ryobi Social Contribution Foundation, a non-profit organization, donates goods, subsidizes activities, and dispatches volunteers to social welfare corporations, non-profit organizations, and volunteer groups.

• Field trip and factory tour

We accept requests for factory tours from nearby schools and for school excursions. In 2021, we welcomed 262 students from three different schools.



Junior high school students touring one of our die casting factories

Governance

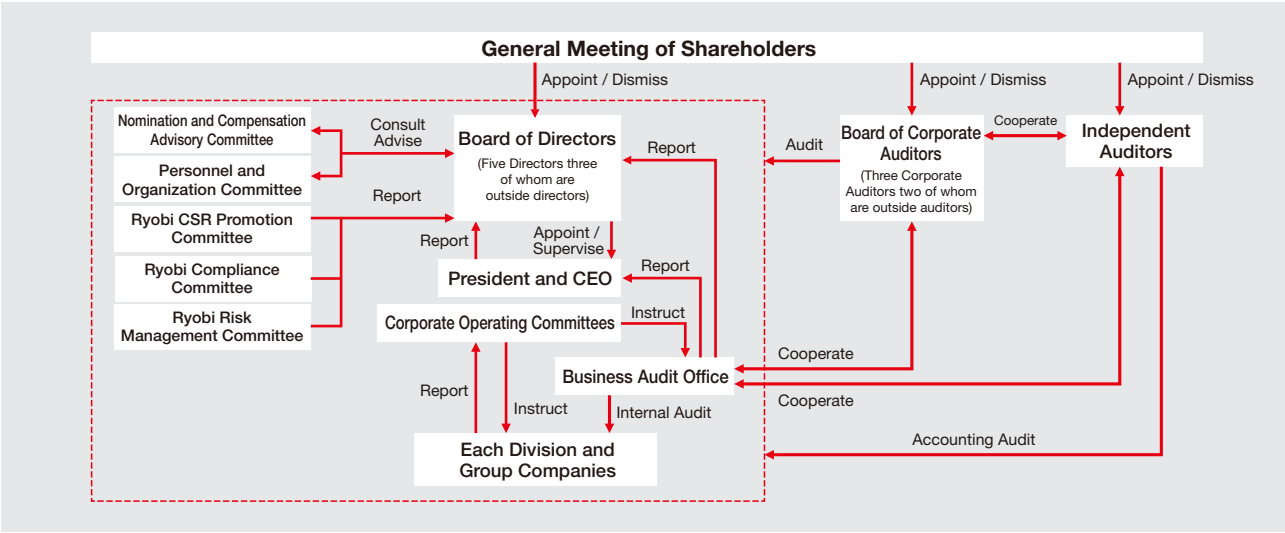
Corporate governance

Basic approach

At Ryobi, we aim to be a company that grows and develops itself while fulfilling the social responsibilities rooted in our corporate philosophy. We believe it is vital to engage in corporate activities that make our customers, shareholders, investors, business partners, employees, local communities, and other stakeholders pleased to be associated with Ryobi. To achieve this, we are working to further improve the efficient and sound management of our operations. We also strive to make our management more transparent by disclosing accurate corporate information promptly.

Organization chart

Our Board of Directors chaired by the President and CEO, serve to make major corporate decisions and supervise the execution of operations, while the corporate operating committees, attended by corporate officers, mainly serve to assess the progress of operations. Both types of meetings are held at least once a month. To serve as an advisory body to the Board of Directors, we have also established the Nomination and Compensation Advisory Committee, in which independent outside officers constitute the majority. The Committee reviews both the appointment and dismissal of directors and corporate officers, as well as succession plans for the CEO and other officers. It reports its findings to the Board of Directors in a timely manner. It also deliberates on the compensation of directors and corporate auditors. These results are also reported back to the Board of Directors. The Personnel and Organization Committee is responsible for HR matters. These include the assignment and development of human resources as well as the optimization of organizational functions. At Ryobi, we consider compliance to be the observance of laws, social norms, internal regulations, business standards, and other rules that govern our corporate activities. We are committed to maintaining strict compliance and raising awareness of corporate ethics. As a way to further promote compliance, we have established the Ryobi Compliance Committee, which has set out a Charter of Corporate Behavior and Code of Conduct, etc. to ensure observance of the laws, fairness, and high ethical standards in our corporate activities. We are committed to further improving our CSR management, and to achieve this goal, our Ryobi CSR Promotion Committee and the departments and committees responsible for environmental conservation, social contribution, compliance, information disclosure, and the like work together across the board to promote CSR initiatives.



Skills matrix for directors and corporate auditors

The table on the right shows the skills and expertise of the directors and corporate auditors of Ryobi Limited. Please note that the skills matrix does not list all of each person's qualifications, but only up to four items that are particularly relevant.

Knowledge / Experience	Board of Directors					Corporate Auditors		
	Internal Directors		Outside Directors			Standing	Non-Standing	
	Akira Urakami	Tatsuyoshi Mochizuki	Satoshi Ohoka	Yuji Yamamoto	Masahiko Ikaga	Takashi Suzuki	Yoichi Arai	Takashi Hatagawa
Corporate Management	○	○		○	○	○		○
Global Business	○	○	○	○				○
Marketing	○					○		
Technology		○			○	○		
Finance & Accounting			○	○	○			○
HR Development	○		○					
Risk management, Corporate Governance & Compliance			○	○	○		○	○
Qualifications, etc.			Academic expert	CPA Corporate manager	CPA Corporate manager		Lawyer	Corporate manager

Compensation of directors and corporate auditors

• Compensation structure

The directors' compensation (not applicable to outside directors) consists of a base compensation and performance-based compensation that varies depending on the business performance. The amount of performance-based compensation differs depending on the degree to which targets are met. Performance targets are set for the entire company or for each director's area of responsibility, and are based mostly on company-wide profitability indicators and the achievement of medium- to long-term goals. Compensation for outside directors, standing corporate auditors, and outside corporate auditors consists of a base compensation only, in accordance with their responsibilities. The base compensation is based on criteria specific for each position. Performance-based compensation consists of (a) bonuses reflecting company-wide profitability indicators (performance-based pay) and (b) bonuses reflecting the degree to which targets have been met for the entire company or for each director's area of responsibility (excluding outside directors) (bonuses excluded from deductible expenses). The standard bonus payment ratio is 7:3.

(a) Bonuses reflecting company-wide profitability indicators (performance-based pay): The amount to be paid is determined based on the following formula. (Calculation method of performance-based pay)
Formula: standard amount of performance-based pay by position (table 1) x profit ratio (table 2)

Table 1_Standard amount of performance-based pay by position

Position	Amount
President and CEO	18.2 million yen
Director and Corporate Executive Officer	9.8 million yen
Director and Corporate Officer	4.9 million yen

Table 2_Profit ratio (r₁)

Return on assets (r ₂)	Formula used to calculate profit multiplying factor		
	Less than 50% of operating profit target achieved	50% or more but less than 100% of operating profit target achieved	100% or more of operating profit target achieved
5% or more	No payment	2.1 x percentage of operating profit target achieved (r ₃) - 0.55	3.0 x percentage of operating profit target achieved (r ₃) - 1.9
3% or more but less than 5%		1.75 x percentage of operating profit target achieved (r ₃) - 0.375	2.5 x percentage of operating profit target achieved (r ₃) - 1.5
Less than 3%		1.4 x percentage of operating profit target achieved (r ₃) - 0.2	2.0 x percentage of operating profit target achieved (r ₃) - 1.1

*1: The profit ratio is determined by the formula for calculating the return on total assets.
*2: Return on assets = Net income attributable to owners of the parent ÷ consolidated total assets
*3: Percentage of operating income target achieved = consolidated operating income ÷ consolidated operating income forecast (as stated in the summary of financial statements for the previous fiscal year) (Consolidated operating loss for the current fiscal year was 1,524 million yen and consolidated operating income forecast was 5,500 million yen.)
*4: Operating income (absolute amount) is used to evaluate profitability, and return on assets (ROA) is used to evaluate the balance between assets and revenues.

Notes
(1) The performance-based pay is as stipulated in Article 34, Paragraph 1, Item 3 of the Corporation Tax Act, and is payable to directors who are executive officers as stipulated in the same item. Outside directors and corporate auditors are not included.
(2) The "indicators on profits of the business year" as stipulated in Article 34, Paragraph 1, Item 3 (a) of the Corporation Tax Act shall be consolidated operating income based on the Annual Securities Report.
(3) The "defined amount" stipulated in Article 34, Paragraph 1, Item 3 (a) (1) of the Corporation Tax Act regarding the maximum amount of performance-based pay to be paid is 420 million yen.

(b) Bonuses reflecting the degree to which targets have been met for the entire company or for each director's area of responsibility (excluding outside directors): For each director (excluding outside directors), Ryobi sets performance targets for the entire company or for the director's area of responsibility based mostly on achievement of medium- to long-term goals. The bonuses are determined according to how many targets are met. We do not give compensation directly linked to medium- to long-term business results or stock compensation such as stock options, but we use these bonuses to provide incentives to directors (excluding outside directors) to achieve medium- to long-term business results.

• Determination of directors' compensation

Ryobi Limited, being a company with a board of corporate auditors, has established a Nomination and Compensation Advisory Committee as an advisory body to the Board of Directors to ensure fairness, objectivity, and transparency for directors' compensation. This committee deliberates on such compensation and results are reported back to the Board of Directors. The Board of Directors then determines the compensation based on these results.

Evaluation of the effectiveness of the Board of Directors

Since FY2020, Ryobi has regularly evaluated its Board of Directors in order to raise the board's effectiveness and increase our corporate value. In FY2020, based on the advice of an external organization, we held a survey to assess the structure and operation of the Board of Directors, its management and business strategies, corporate ethics and risk management, performance monitoring and management evaluation/compensation, and communication with shareholders and other stakeholders. The survey results were then analyzed, evaluated, and discussed by the Board of Directors. The outcomes for its effectiveness are shown on the right.

Based on the above, we have concluded that Ryobi's Board of Directors is adequately managed and that its effectiveness is generally ensured. The survey results also revealed several issues of the board's effectiveness that can be improved. These include better orientation for directors, improving the content of materials distributed prior to the Board of Directors, and reviewing how materials are distributed. We will continue to work on these issues to maintain and improve the effectiveness of our Board of Directors.

- The Board of Directors is a well-balanced governing body with a sufficient proportion of independent outside directors.
- The agenda for the Board of Directors is set as is appropriate for the circumstances.
- The board adequately monitors the progress of the management strategy.
- The board adequately verifies whether or not cross-shareholdings should be held.
- The board verifies that its whistle-blowing system (compliance help desk) is functioning effectively.

Governance

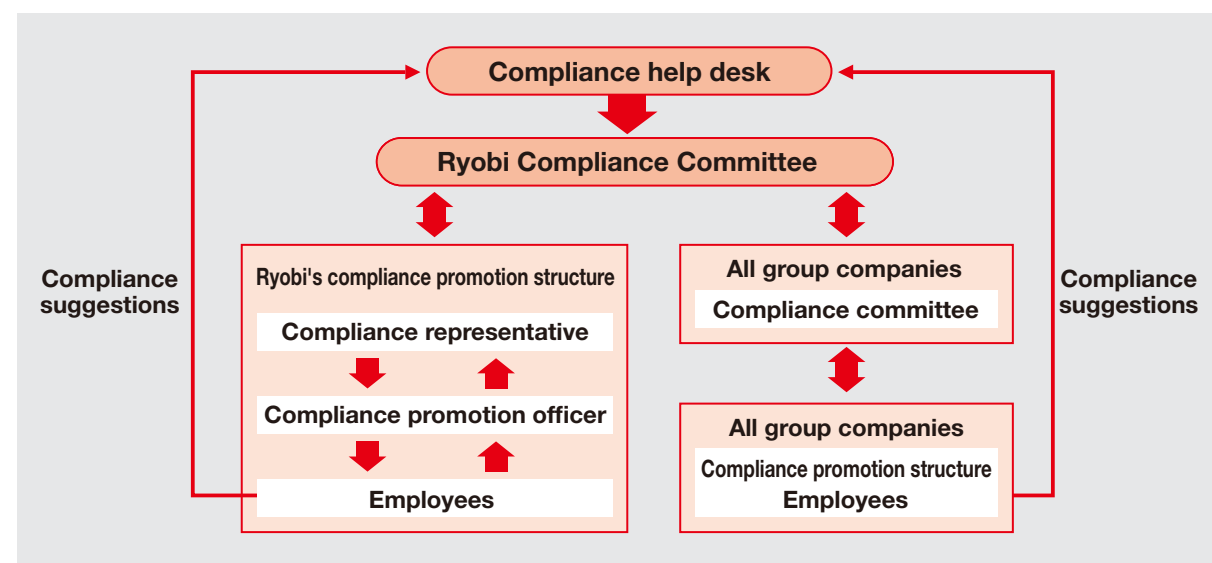
Compliance

Basic approach

At Ryobi, we believe that in order for a company to be trusted by society on a lasting basis, it is important to have a system in place that ensures appropriate behavior, to prevent violations of laws and ethics, and to not tolerate violations when they come to light. To this end, we have established the Ryobi Charter of Corporate Behavior (p. 04), which lists the universal rules to be observed in the course of Ryobi's corporate activities, and the Ryobi Code of Conduct, which clarifies the standards of conduct to be observed by each and every director and employee while they perform their daily duties. These two documents help raise awareness and ensure that all employees have a thorough understanding of our rules.

Organization chart

In order to encourage compliance, Ryobi has established a framework to promote compliance, headed by the Ryobi Compliance Committee, has set up a compliance suggestion desk, and takes other such measures.



Implementation and promotion of compliance

We offer security training aimed at specific compliance levels for new employees, employees appointed to new positions, general employees, and managers and supervisors. We are also expanding our range of activities to raise compliance awareness by providing law-specific training on individual topics such as power harassment.

Also, as a tool for promoting compliance, all employees receive our Compliance Handbook, which contains the Ryobi Charter of Corporate Behavior and the Ryobi Code of Conduct, as well as a pocket edition for quick reference.



Consultation and reporting desk

Ryobi has established a compliance help desk as an internal whistleblower system, which serves as an internal and external (by lawyers) consultation service, thus creating a system for anonymous reporting. Our whistleblower system is available not only to Ryobi employees, but to our business partners as well.

Risk management

Basic approach

Ryobi believes that companies committed to creating sustainable value should understand exactly what risks pose potential obstacles and what the impact of these risks could be. Companies should take countermeasures in advance to avoid crises and minimize losses when crises do occur.

Risk management promotion framework

The Ryobi Risk Management Committee, chaired by the President and CEO, has been established in accordance with our risk management regulations and serves to oversee and manage any risks that Ryobi faces. Guided by our basic risk management policy, the Ryobi Risk Management Committee identifies major risks that require the involvement of our management, presents response policies, and instructs the applicable departments and group companies to take appropriate measures. If any of the identified major risks poses a critical situation that requires urgent action, our risk management framework, headed by the crisis task force, is mobilized in accordance with crisis management regulations.

Concrete initiatives

•Responding to natural disasters and accidents

To minimize the impact of natural disasters and accidents on our business activities, we strive to reduce risks through various measures, including the development of a crisis management system and a business continuity plan (BCP). We are working to improve the earthquake-resistance of our buildings, and we conduct periodic natural disaster and accident drills. In addition to these initiatives, we are equipped with tools for emergency communication and maintain a stockpile of emergency foods and other supplies.



Evacuation drill for natural disasters

•Ensuring information security

At Ryobi, we recognize the importance of electronic information and the legal and social responsibility of handling such information. We are committed to maintaining and improving electronic information security by providing security education for new employees and supervisors, and in this way, ensure the proper use and safety of electronic information assets.

•Preventing the spread of the novel coronavirus (COVID-19)

Ryobi has established a task force to prevent the spread of the novel coronavirus (COVID-19), headed by the President and CEO, which cooperates with our group companies in monitoring the situation and responding to new developments.

To prevent infection, we encourage our employees to wear masks, wash their hands, and gargle, and we make sure our offices are properly ventilated and equipped with acrylic screens.

We also established a new way of working such as implementing a remote work system, set up satellite offices to allow employees to commute closer to home, and encouraged staggered work shifts.

10-year financial highlights

Unit: millions of yen

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended December 31, 2018	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Business results										
Net sales	166,566	199,697	227,163	254,508	241,251	247,192	216,187	220,519	170,973	198,073
Operating profit (loss)	3,307	7,665	9,122	12,832	12,624	13,212	13,579	8,495	(1,789)	(1,524)
Ordinary profit (loss)	2,980	7,264	8,399	12,132	12,013	13,030	13,965	8,734	(35)	4
Profit (loss) attributable to owners of parent	2,009	4,132	3,809	9,305	8,348	7,844	8,588	4,913	(697)	(4,397)
Comprehensive income	6,869	14,863	13,934	4,014	6,944	10,007	3,172	5,700	(2,451)	6,131
Financial position										
Net assets	79,767	96,433	107,403	110,107	115,428	123,796	125,521	129,575	125,930	131,717
Total assets	214,725	244,976	267,854	265,197	262,869	272,743	268,982	263,179	258,660	279,422
Interest-bearing debt	79,101	85,357	86,503	81,881	74,161	70,331	61,912	61,908	72,475	73,769
Per share information										
Net assets per share (yen)	2,423.50	2,828.69	3,144.44	3,201.77	3,342.96	3,585.22	3,605.47	3,723.34	3,619.16	3,797.69
Basic income per share (yen)	62.10	127.65	117.67	287.47	257.90	242.35	265.32	151.79	(21.54)	(135.87)
Dividends per share (yen)	30.0	35.0	40.0	45.0	50.0	60.0	70.0	70.0	0.0	20.0
Financial indicators										
Equity ratio (%)	36.5	37.4	38.0	39.1	41.2	42.5	43.4	45.8	45.3	44.0
Return on equity (%)	2.6	4.9	3.9	9.1	7.9	7.0	7.4	4.1	(0.6)	(3.7)
Price-earnings ratio (%)	18.2	12.3	15.0	7.7	9.4	11.6	9.9	12.9	—	—
Ordinary profit-to-total asset ratio (%)	1.5	3.2	3.3	4.6	4.5	4.9	5.2	3.3	(0.0)	0.0
Debt equity ratio (times)	1.01	0.93	0.85	0.79	0.69	0.61	0.53	0.51	0.62	0.60
Payout ratio (consolidated)(%)	48.3	27.4	34.0	15.7	19.4	24.8	26.4	46.1	—	—
Cash flow										
Cash flows from operating activities	6,766	16,404	18,331	22,784	18,552	23,558	24,664	30,326	11,795	14,900
Cash flows from investing activities	(24,308)	(21,096)	(15,019)	(14,817)	(15,142)	(11,427)	(17,547)	(26,278)	(17,567)	(12,162)
Cash flows from financing activities	16,599	(934)	(4,876)	(4,456)	(6,660)	(6,496)	(9,139)	(2,268)	9,718	(1,936)
Free cash flow	(17,542)	(4,692)	3,312	7,967	3,410	12,131	7,117	4,048	(5,772)	2,738
Cash and cash equivalents at end of period	21,844	17,711	16,609	19,850	16,170	21,931	19,632	21,356	25,405	27,388
Capital expenditures, depreciation and amortization										
Capital expenditures	27,517	16,228	15,592	16,243	16,856	18,841	19,987	24,839	17,392	13,070
Depreciation and amortization	10,932	13,141	14,269	15,725	15,020	16,010	12,531	15,370	16,402	17,240
Segment information										
Die castings										
Net sales	126,673	154,480	173,329	198,809	186,377	196,377	188,403	185,938	145,869	169,898
Operating profit (loss)	2,242	6,250	6,672	10,534	9,761	10,561	12,580	7,659	(1,612)	(1,449)
Total assets	150,281	175,041	193,066	192,307	186,479	206,225	207,661	202,898	202,516	214,262
Power tools and builders' hardware										
Net sales	24,309	25,960	26,236	27,076	26,174	23,113	7,885	10,712	9,406	9,574
Operating profit (loss)	1,776	1,103	812	430	1,481	1,466	372	697	799	362
Total assets	25,985	25,866	27,347	26,949	25,963	10,403	10,362	10,292	9,931	10,606
Printing equipment										
Net sales	15,584	19,027	27,380	28,383	28,459	27,473	19,704	23,661	15,513	18,393
Operating profit (loss)	(711)	305	1,625	1,848	1,360	1,177	603	144	(944)	(417)
Total assets	17,477	23,797	24,706	24,758	25,150	24,538	24,969	23,017	19,996	22,240
Sales by region										
Japan	112,306	119,278	126,019	128,161	125,131	127,131	97,746	116,571	91,088	103,649
U.S.A.	23,832	30,273	34,238	42,752	35,562	35,847	33,216	29,852	17,242	20,814
China	12,649	24,083	29,741	38,131	38,191	43,713	40,897	34,301	34,264	38,605
Other	17,779	26,062	37,164	45,463	42,366	40,500	44,326	39,794	28,377	35,003
Overseas sales ratio (%)	32.6	40.3	44.5	49.6	48.1	48.6	54.8	47.1	46.7	47.7

Note 1) Effective October 1, 2017, five shares of common stock were consolidated into one share. Net assets per share, basic income per share, and dividends per share are calculated on the assumption that this reverse stock split was implemented at the beginning of the fiscal year ended March 31, 2013.

Note 2) The power tools and builders' hardware business transferred its power tool operations to Kyocera Corporation in the fiscal year ended March 31, 2018. Therefore, the figures for the power tools and builders' hardware business were replaced with those of the builders' hardware business after the fiscal year ended December 31, 2018.

Note 3) Effective from the fiscal year ended December 31, 2018, the closing date was changed from March 31 to December 31. As a result of this change, in the fiscal year ended December 31, 2018, we had irregular account periods from April 1, 2018 to December 31, 2018 for domestic consolidated companies, and from January 1, 2018 to December 31, 2018 for overseas consolidated companies.

Note 4) Price-earnings ratio and payout ratio (consolidated) for the fiscal years ended December 31, 2020 and 2021 are not shown due to loss attributable to owners of parent.

Note 5) Sales by region are based on the locations of customers and are classified by country or region.

Consolidated financial statements

Consolidated Balance Sheet

Unit: millions of yen

	December 31, 2020	December 31, 2021
Assets		
Current assets		
Cash and deposits	26,566	28,538
Notes and accounts receivable - trade	40,157	44,327
Securities	759	740
Merchandise and finished goods	15,353	19,603
Work in process	12,320	14,813
Raw materials and supplies	13,714	18,092
Other	3,379	3,505
Allowance for doubtful accounts	(32)	(30)
Total current assets	112,218	129,591
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	32,741	32,793
Machinery, equipment and vehicles, net	50,334	51,314
Land	15,964	15,598
Construction in progress	14,323	11,733
Other, net	5,595	5,718
Total property, plant and equipment	118,959	117,158
Intangible assets		
Other	3,482	3,159
Total intangible assets	3,482	3,159
Investments and other assets		
Investment securities	14,396	15,772
Retirement benefit asset	4,478	6,916
Deferred tax assets	2,967	3,879
Other	2,212	3,006
Allowance for doubtful accounts	(63)	(62)
Total investments and other assets	23,991	29,512
Total non-current assets	146,432	149,830
Deferred assets		
Bond issuance costs	8	0
Total deferred assets	8	0
Total assets	258,660	279,422
Liabilities		
Current liabilities		
Notes and accounts payable - trade	29,115	41,606
Short-term borrowings	25,595	36,498
Current portion of bonds payable	4,600	1,500
Current portion of long-term borrowings	7,110	13,005
Income taxes payable	476	636
Provision for bonuses	390	387
Other	16,601	17,131
Total current liabilities	83,890	110,765
Non-current liabilities		
Bonds payable	1,500	—
Long-term borrowings	33,670	22,765
Deferred tax liabilities	2,085	2,948
Deferred tax liabilities for land revaluation	510	510
Retirement benefit liability	8,055	7,872
Other	3,017	2,842
Total non-current liabilities	48,839	36,939
Total liabilities	132,730	147,705
Net assets		
Shareholders' equity		
Share capital	18,472	18,472
Capital surplus	21,861	21,875
Retained earnings	76,309	71,587
Treasury shares	(346)	(346)
Total shareholders' equity	116,295	111,588
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,733	5,503
Revaluation reserve for land	810	811
Foreign currency translation adjustment	(3,814)	4,288
Remeasurements of defined benefit plans	(877)	734
Total accumulated other comprehensive income	852	11,337
Non-controlling interests	8,782	8,790
Total net assets	125,930	131,717
Total liabilities and net assets	258,660	279,422

Consolidated Statement of Income

Unit: millions of yen

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Net sales	170,973	198,073
Cost of sales	153,882	179,600
Gross profit	17,090	18,472
Selling, general and administrative expenses	18,879	19,996
Operating loss	(1,789)	(1,524)
Non-operating income		
Interest income	104	164
Dividend income	339	366
Rental income	198	164
Foreign exchange gains	—	200
Dividend income of insurance	128	145
Share of profit of entities accounted for using equity method	71	59
Usage income of trademark	247	270
Subsidy income	1,451	378
Other	624	833
Total non-operating income	3,166	2,582
Non-operating expenses		
Interest expenses	967	894
Loss on abandonment of inventories	68	31
Foreign exchange losses	225	—
Depreciation and amortization	29	16
Other	121	112
Total non-operating expenses	1,412	1,054
Ordinary profit (loss)	(35)	4
Extraordinary income		
Gain on disposal of non-current assets	23	4
Gain on sale of investment securities	—	0
Total extraordinary income	23	5
Extraordinary losses		
Loss on disposal of non-current assets	97	203
Impairment losses	1,228	4,134
Loss on valuation of investment securities	85	2
Loss on sale of investment securities	0	—
Loss on sale of shares of subsidiaries and associates	78	—
Total extraordinary losses	1,490	4,339
Loss before income taxes	(1,501)	(4,329)
Income taxes - current	1,080	1,001
Income taxes - deferred	(1,758)	(969)
Total income taxes	(678)	31
Loss	(823)	(4,361)
Profit (loss) attributable to non-controlling interests	(126)	36
Loss attributable to owners of parent	(697)	(4,397)

Consolidated Statement of Comprehensive Income

Unit: millions of yen

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Loss	(823)	(4,361)
Other comprehensive income		
Valuation difference on available-for-sale securities	(763)	771
Revaluation reserve for land	0	0
Foreign currency translation adjustment	(1,238)	7,821
Remeasurements of defined benefit plans, net of tax	350	1,618
Share of other comprehensive income of entities accounted for using equity method	23	281
Total other comprehensive income	(1,627)	10,492
Comprehensive income	(2,451)	6,131
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(2,245)	6,087
Comprehensive income attributable to non-controlling interests	(205)	43

Consolidated financial statements

Consolidated Statement of Changes in Equity

Fiscal year ended December 31, 2020

Unit: millions of yen

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury share	Total shareholders' equity
Balance at beginning of period	18,472	21,854	78,139	(346)	118,120
Changes during period					
Dividends of surplus			(1,132)		(1,132)
Loss attributable to owners of parent			(697)		(697)
Purchase of treasury share				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests		6			6
Net changes in items other than shareholders' equity					
Total changes during period	—	6	(1,830)	(0)	(1,824)
Balance at end of period	18,472	21,861	76,309	(346)	116,295

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	5,443	809	(2,626)	(1,226)	2,400	9,054	129,575
Changes during period							
Dividends of surplus							(1,132)
Loss attributable to owners of parent							(697)
Purchase of treasury share							(0)
Change in ownership interest of parent due to transactions with non-controlling interests							6
Net changes in items other than shareholders' equity	(710)	0	(1,187)	348	(1,548)	(272)	(1,821)
Total changes during period	(710)	0	(1,187)	348	(1,548)	(272)	(3,645)
Balance at end of period	4,733	810	(3,814)	(877)	852	8,782	125,930

Fiscal year ended December 31, 2021

Unit: millions of yen

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury share	Total shareholders' equity
Balance at beginning of period	18,472	21,861	76,309	(346)	116,295
Changes during period					
Dividends of surplus			(323)		(323)
Loss attributable to owners of parent			(4,397)		(4,397)
Purchase of treasury share				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests		14			14
Net changes in items other than shareholders' equity					
Total changes during period	—	14	(4,721)	(0)	(4,707)
Balance at end of period	18,472	21,875	71,587	(346)	111,588

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	4,733	810	(3,814)	(877)	852	8,782	125,930
Changes during period							
Dividends of surplus							(323)
Loss attributable to owners of parent							(4,397)
Purchase of treasury share							(0)
Change in ownership interest of parent due to transactions with non-controlling interests							14
Net changes in items other than shareholders' equity	770	0	8,102	1,611	10,485	8	10,494
Total changes during period	770	0	8,102	1,611	10,485	8	5,786
Balance at end of period	5,503	811	4,288	734	11,337	8,790	131,717

Consolidated Statements of Cash Flows

Unit: millions of yen

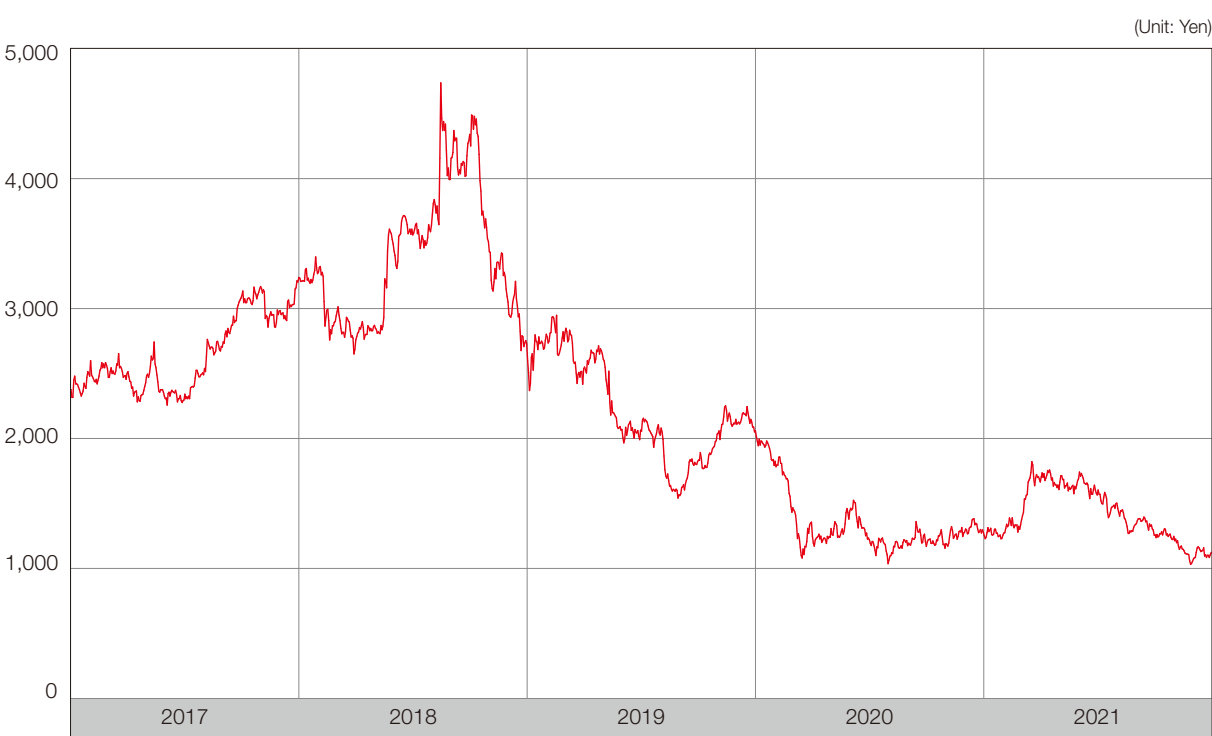
	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Cash flows from operating activities		
Loss before income taxes	(1,501)	(4,329)
Depreciation	16,402	17,240
Impairment losses	1,228	4,134
Increase (decrease) in allowance for doubtful accounts	(14)	(3)
Increase (decrease) in provision for bonuses	(185)	(3)
Increase (decrease) in retirement benefit liability	131	33
Interest and dividend income	(443)	(530)
Interest expenses	967	894
Subsidy income	(1,451)	(378)
Share of loss (profit) of entities accounted for using equity method	(71)	(59)
Loss (gain) on disposal of non-current assets	75	198
Loss (gain) on sale of investment securities	0	—
Loss (gain) on valuation of investment securities	85	2
Loss (gain) on sale of shares of subsidiaries and associates	78	—
Decrease (increase) in trade receivables	819	(2,520)
Decrease (increase) in inventories	3,382	(9,214)
Decrease (increase) in other current assets	(524)	(208)
Increase (decrease) in trade payables	(6,477)	11,934
Increase (decrease) in other current liabilities	72	(1,253)
Other, net	(213)	(424)
Subtotal	12,360	15,510
Interest and dividends received	463	613
Interest paid	(958)	(904)
Subsidies received	1,267	455
Income taxes refund (paid)	(1,338)	(773)
Net cash provided by (used in) operating activities	11,795	14,900
Cash flows from investing activities		
Purchases of property, plant and equipment	(20,291)	(11,851)
Proceeds from sale of property, plant and equipment	1,148	520
Purchase of securities	(1,330)	(1,300)
Proceeds from sale of securities	1,340	1,330
Purchase of investment securities	(32)	(15)
Proceeds from sale of investment securities	15	13
Proceeds from sale of shares of subsidiaries and associates	2,630	—
Payments into time deposits	(2,404)	(2,404)
Proceeds from withdrawal of time deposits	2,404	2,404
Other, net	(1,049)	(859)
Net cash provided by (used in) investing activities	(17,567)	(12,162)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,315	9,325
Proceeds from long-term borrowings	18,670	1,866
Repayments of long-term borrowings	(7,606)	(8,050)
Redemption of bonds	(2,300)	(4,600)
Purchase of treasury shares	(0)	(0)
Dividends paid	(1,135)	(328)
Other, net	(225)	(150)
Net cash provided by (used in) financing activities	9,718	(1,936)
Effect of exchange rate change on cash and cash equivalents	103	1,182
Net increase (decrease) in cash and cash equivalents	4,048	1,983
Cash and cash equivalents at beginning of period	21,356	25,405
Cash and cash equivalents at end of period	25,405	27,388

Organization profile

Corporate information (as of December 31, 2021)

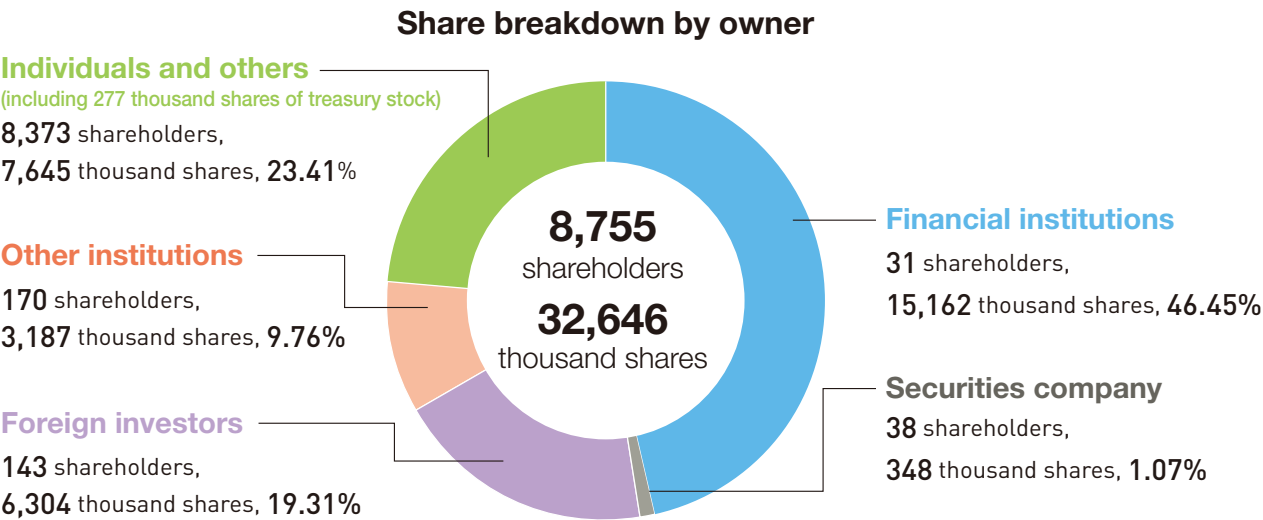
Company name	RYOBI LIMITED
Location of Head Office	762 Mesaki-cho, Fuchu-shi, Hiroshima-ken 726-8628, Japan
Phone number	+81-847-41-1111
Established	December 16, 1943
Capital	18,472 million yen
Major products	•Die cast products •Builders' hardware (door closers, hinges, architectural hardware, etc.) •Printing equipment (offset printing presses, peripherals, etc.)
Fiscal year	From January 1 to December 31
Stock exchange listing	Tokyo Stock Exchange, First Section (Transferred to Prime Market as of April 4, 2022)
Stock code	5851
Transfer agent	Mitsubishi UFJ Trust and Banking Corporation
Independent auditor	Deloitte Touche Tohmatsu LLC

Changes in share price over the past 5 years (January 2017 to December 2021)



Stock information (as of December 31, 2021)

Number of shares authorized	100,000,000 shares
Number of shares issued	32,646,143 shares
Number of shareholders	8,755 (increased by 628 since the end of the fiscal year)



Principal shareholders	Investment in Ryobi Limited	
	Number of shares held (in thousands)	Investment ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	3,541	10.93
Ryokokai Shareholding Association	1,933	5.97
Meiji Yasuda Life Insurance Company	1,860	5.74
Custody Bank of Japan, Ltd. (trust account)	1,713	5.29
The Dai-ichi Life Insurance Company, Limited	1,613	4.98
Credit Suisse AG Hong Kong Trust A/C Client	1,467	4.53
Nippon Life Insurance Company	1,248	3.85
The Urakami Scholarship Foundation	1,162	3.58
MUFG Bank, Ltd.	1,043	3.22
Sumitomo Mitsui Trust Bank, Limited	700	2.16

(Note) Ryobi Limited holds 277 thousand shares of treasury stock. Investment ratio above is calculated excluding treasury stock.