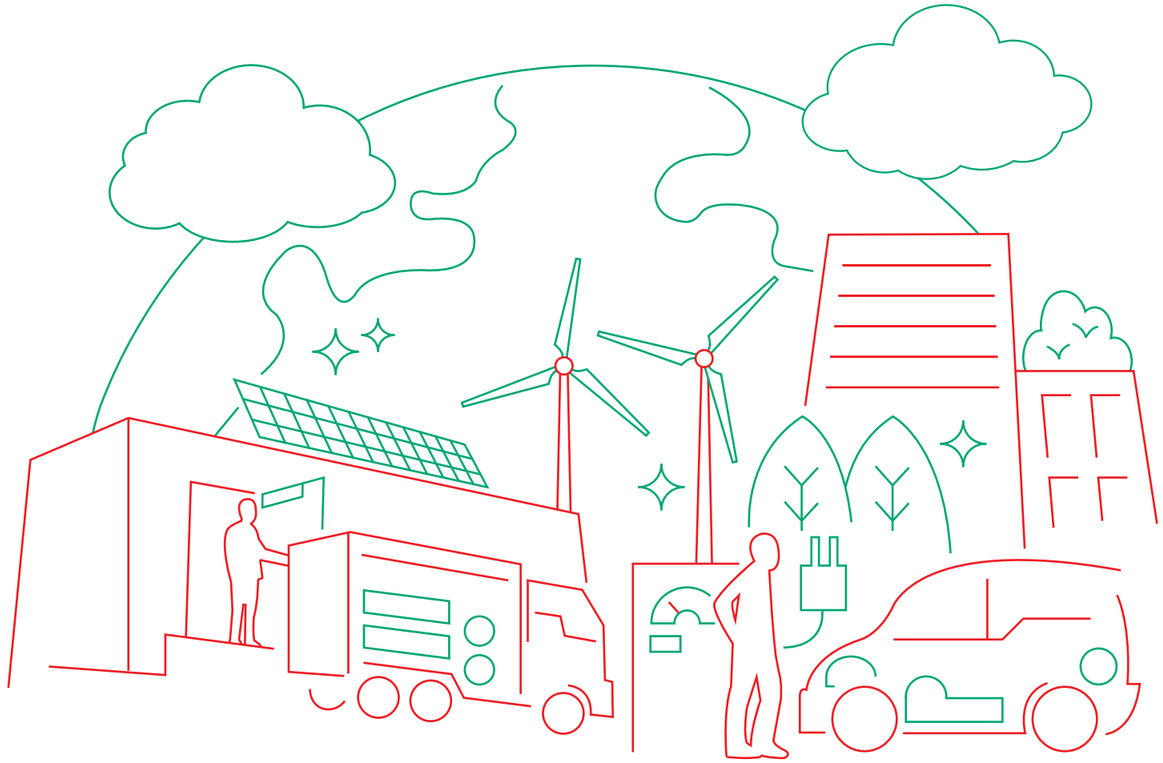
RYOBI INTEGRATED REPORT 2023

Integrated Report

Beyond Ideals and Dreams



RYOBI

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June 2023

RYOBI INTEGRATED REPORT 2023

Editorial policy

Ryobi has published this integrated report in order to inform our shareholders, investors, and other stakeholders about our financial and non-financial efforts for value creation, and for use as a communication tool. Please note that the IFRS's 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 2022 to December 2022
(Some sections include information from January 2023 or later.)
Scope: Ryobi Limited and 19 subsidiaries
(As of December 31, 2022)

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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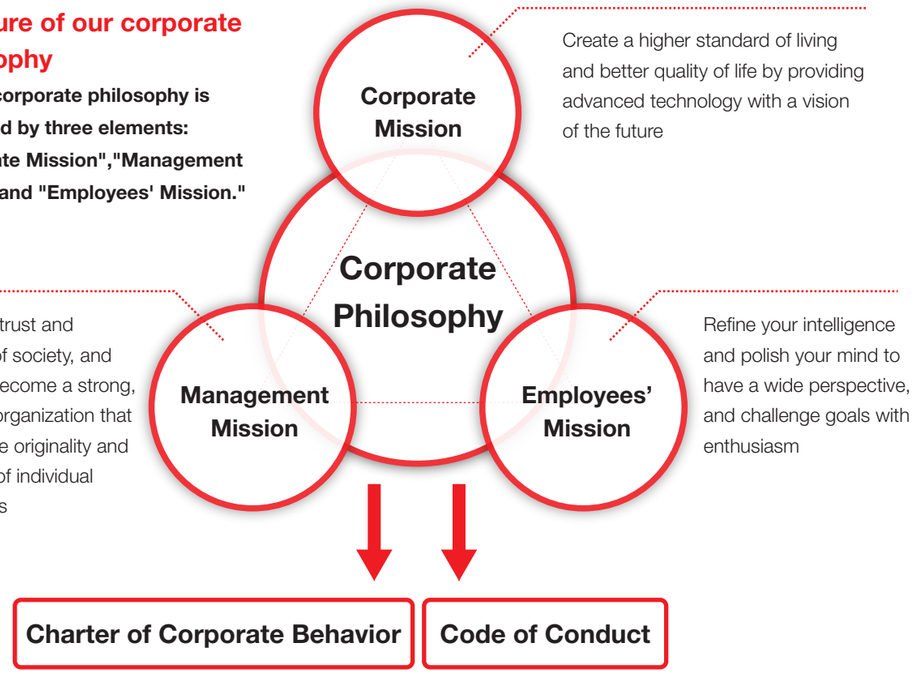
RYOBI INTEGRATED REPORT 2023

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."



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

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.

Working towards sustainable growth based on appropriate strategies at the turning point for a new era.

Akira Urakami
President and CEO
Ryobi Limited

TOP MESSAGE

From Akira Urakami to each of you

Post-COVID-19 Recovery

We have been implementing our medium-term measures for the three years from 2022 based on our policy of identifying and promoting the changes necessary for our sustainable growth as a company.

Although the easing by many countries of the various restrictions on movement and activities implemented due to the novel coronavirus (COVID-19) pandemic in 2022 has resulted in progress in the normalization of socioeconomic activities, the shortage of semiconductors and similar problems have brought disorder to global supply chains, resulting in sluggish automobile production and there were also changes in the economic environment during 2022 such as drastic price increases in energy and raw materials.

Amidst such conditions, Ryobi has been carrying out marketing activities using the corresponding strengths of our die castings, builders' hardware, and printing equipment businesses, as well as various other policies such as those to reduce costs, increase productivity, and improve operational efficiency. Especially in regards to the die castings business, we negotiated revisions of sales prices with our customers in order to offset rising raw material prices, mainly secondary aluminum alloys, as well as energy and other costs. The shift in exchange rates to a weak yen has served as a tailwind for business resulting in increased revenues for two years in a row.

Consolidated financial results for the fiscal year ended December 31, 2022 consisted of 249.5 billion yen in sales for a 26% increase over the previous year while operating income improved to 7.0 billion yen from the deficit of the previous year for an overall increase in both sales and profits. Although we have faced various challenges over the last few years starting with the supply chain disorder caused by the COVID-19 pandemic in 2020 and followed by business shutdowns and production adjustment, as well as drastic increases in energy and raw materials prices, and the posting of impairment losses of a U.K. subsidiary, net income attributable to owners of parent was achieved for the first time in three years. We have achieved recovery including sales and net income attributable to owners of parent even in comparison with the fiscal year ended December 31, 2019 prior to the COVID-19 pandemic.

While in 2023 we are still facing concerning conditions including the continuing semiconductor shortage and supply restrictions due to disorder in the supply/demand balance, as well as drastic increases in energy and raw materials prices, automobile production has been slowly recovering, and we believe that production of our die castings business will also recover. For the fiscal year ended December 31, 2023, we expect increases in both revenue and profit with consolidated net sales expected to increase 7% year on year to 266.0 billion yen, operating income to increase 8% year on year to 7.5 billion yen, and net income attributable to owners of parent of 5.5 billion yen.

Consolidated Financial Results (Unit: billions of yen)

	Results for the year ended December 31, 2021	Results for the year ended December 31, 2022	Forecast for the year ending December 31, 2023*
Net sales	198.1	249.5	266.0
Operating income	-1.5	7.0	7.5
Ordinary income	0	7.8	7.4
Net income attributable to owners of parent	-4.4	4.8	5.5

* Values announced on February 13, 2023

Encouraging employees to challenge themselves to achieve new growth

Amid the great changes in our socio-economic environment, Ryobi is focused on the realization of our corporate philosophy that serves as a compass leading us to sustainable growth: "Create a sound and dynamic corporation through technology, trust, and challenge." In order to achieve this, we are strengthening efforts for employees to fully absorb the three elements of our corporate philosophy: "Corporate Mission", "Management Mission" and "Employees' Mission." Something that I always realize when talking with employees, especially the younger generation, is that there are a great number of them who express a high level of agreement with our Corporate Mission of "Create a higher standard of living and better quality of life by providing advanced technology with a vision of the future". Their passionate desire to do work that is useful to the world, fully encouraged top management to realize both social and corporate value. In particular, we would like our Employees' Mission of "Refine your intelligence and polish your mind to have a wide perspective, and challenge goals with enthusiasm" to provide inspiration to our employees to take on new challenges that combine their own individual creativity and ingenuity. Guided by this corporate philosophy, and to share the medium to long-term vision and direction, we formulated our 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.

Ryobi is currently promoting our medium-term theme of "Lightening the load worldwide" mainly through advertising and our website. It serves as a rallying cry to go "Beyond Ideals and Dreams" that Ryobi is promoting for our current conditions. As the electrification of automobiles continues due to the global trend toward decarbonization, together with the increasing demand for reducing automobile weight to improve fuel and electricity consumption, Ryobi is striving to reduce automobile weight by use of aluminum die castings that are lightweight and recyclable. Our efforts for lightening are not only focused on automobiles but rather we are also striving to reduce various types of burdens affecting the environment and work and, moreover, seeking ways to lighten workstyles. Ryobi is currently focused on being a company contributing to weight and burden reduction in various manners by applying our manufacturing prowess.

Die castings business responds to global shift to lighter weight electrified vehicles

Changes in the business environment related to Ryobi consist of the massive impacts from the shift to electrified vehicles occurring in the automobile industry with the transition to battery electric vehicles (BEV) accelerating daily. Ryobi has predicted that BEV will make up 54% of new automobile sales in major countries by 2035. The increased weight of BEV due to the use of large-size batteries and electrical equipment accompanying the increased production of BEV in order to achieve carbon neutral globally has increased the demands to reduce the weight of parts to improve electricity consumption (equivalent to fuel costs of a gasoline automobile) and provide longer cruising ranges. To achieve this, Ryobi is promoting the superiority of aluminum die castings for their light weight and durability as well as for excellent recyclability.

We have prepared for the shift to electrification and the needs for lighter automobiles by positioning electric car parts such as structural parts (such as body and chassis), e-Axles cases and battery cases as strategic products in a growing market, and promptly started focusing on the required technical development. Ryobi started to develop basis aluminum die casting technology for structural parts in 1999 and initiated mass production of aluminum frame parts for weld jointing of two-wheeled vehicles in 2003. In 2005, we started to apply this technology to products for four-wheeled vehicles. As we have produced more than 10 million body and chassis production parts, we feel that these results and the corresponding experience are strengths of Ryobi. Additionally, we started production of automobile subframes in the U.S., China, and Thailand at the same time in order to provide parts with stable quality across the globe. We believe that the design and production technology we have accumulated through such results can be used to satisfy the demands of the automobile industry in its ongoing shift to electrification. We are currently assembling parts as well as being able to provide modularized parts to our customers.

The percentage of new orders, which lead to future sales, for strategic products in 2022 increased 23 points from the previous year to make for 78% of the new orders. Due to these factors, strategic products made for 15% of sales of the die castings business in 2022 and is predicted to reach 24% in 2023 with it reaching nearly 40% in 2027.

Developing products in response to market challenges faced by both builders' hardware and printing equipment businesses

We expect a gradual contraction in the builder's hardware market due to the anticipated long-term downward trend in the construction of new housing in Japan. In contrast, we anticipate the demand for remodeling and renovation of homes, buildings, and other structures to remain stable.

Ryobi has long enjoyed a consistent reputation as a manufacturer of door closers (a major product of this business segment) that securely and quietly shut doors at a safe speed, and that have been fitted to a great number of doors. Moving forward, we will continue to strive to develop products reflecting the needs of our customers within Japan and abroad.

With the spread of barrier-free and universal design in society, Ryobi is focused on the development of door parts that allow for easy opening and closing by anyone at any time. By expanding the functional range of standard door closers that can only close an open door, we developed our automatic door controller RUCAD with an added door opening function. RUCAD enables easy door opening and closing even if both your hands are full. We are working to increase recognition in the market in order to develop RUCAD as the second pillar of the business field after our door closers. RUCAD was installed to a mock door to provide an image of a future hotel room door at the "ARCHITECTURE + CONSTRUCTION MATERIALS 2023", with the display receiving a great amount of praise from exhibition visitors.

We are striving to expand the sales within Japan of high-performance products such as RUCAD as well as the stylish GEOPRO Series. Outside of Japan, we are working to expand sales in the mid-level and luxury door closer market. On the production side, automation of factories has resulted in a higher level of production technology and increased productivity. We aim to increase our presence in the industry through these types of production and sales activities.

Our printing equipment business is facing a shrinking market in the publication printing segment such as books and magazines. The gradual lessening of the restrictions and other effects of the COVID-19 pandemic has resulted in a trend towards recovery of demand for promotional materials such as fliers and posters.

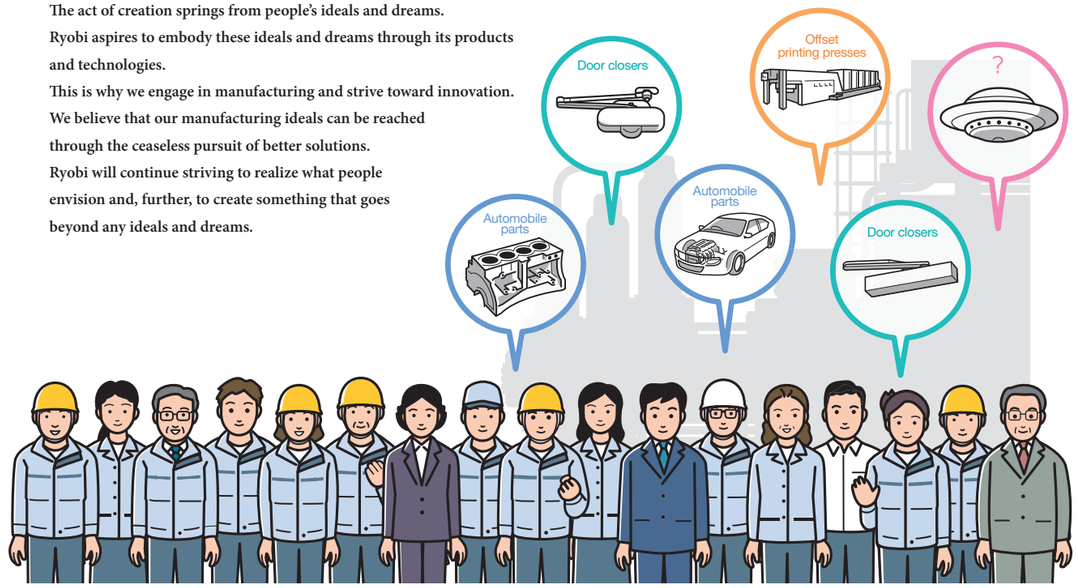
However, the COVID-19 pandemic has led to massive changes in consumer behavior and lifestyles, and an increase in online shopping. This has resulted in the emergence of several promising fields, such as the package printing market, which continues to show strong performance.

Ryobi's main strength in the printing equipment business is our storehouse of advanced development capabilities that enable us to meet the diverse needs of our customers. Additionally, we utilize our sales network that covers not only Japan but also more than 170 countries and regions in order to serve our customers across the globe.

The printing industry is facing challenges such as personnel shortages and skill succession, and the demand for printing related equipment that contributes to labor savings is growing. Ryobi is pursuing automation of printing processes while also facilitating the reduction of workloads through labor saving and work processes that do not require any special skills. At the same time, we are working with other related companies to provide proposals for converting entire factories into smart factories, including pre and post-printing processes.

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.



Accelerated measures to achieve carbon neutrality

A major management issue facing sustainable growth is reducing the environmental burden, including carbon neutrality. Of the aluminum alloy used as raw material for our die cast products, approximately 97% consists of secondary alloys (recycled ingots) made by recycling various types of aluminum scrap. Secondary alloys can be produced with only 3% of the CO_2 emissions that are used to produce new aluminum ingots from bauxite ore, a natural resource, giving them the advantage of a small environmental burden.

One of Ryobi's materiality issues is addressing climate change by implementing measures to reduce environmental burdens. We started to formulate the "CO_2 Output Reduction Roadmap" based on technical trends, governmental energy policy, and similar items and mainly centered on our Environmental Preservation Committee. The Ryobi Group is united in implementing measure to achieve carbon neutrality by 2050.

An example of specific measures is the installation of a roof-mounted solar power system at the die castings production plant of Ryobi Die Casting (Thailand) Co., Ltd. in September 2022 with the system starting full-scale operation in February 2023. In addition to this, Ryobi Limited and domestic group companies have independently set carbon prices in order to promote investment in environmental measures and taking into account internal carbon pricing when determining the effectiveness of capital investments in energy conservation and renewable energy in order to accelerate measures to reduce CO_2 emissions. (P. 44) Additionally, we utilized the framework of recommendations of the TCFD (Task Force on Climate-related Financial Disclosures) for our information disclosure in June 2023 regarding the four subjects pertaining to climate change-related risks and opportunities: Governance, Strategy, Risk management, and Metrics and targets. (P. 29-30)

We identified the risks and opportunities in the following assumed scenarios and studied corresponding countermeasures.

4 °C scenario: No climate change measures beyond those currently enacted are implemented and the impacts of physical risks such as flooding become apparent.

2 °C and 1.5 °C scenarios: Climate change measures beyond those currently enacted are implemented and the impacts of transitioning to a carbon-free society become apparent. Targets have been set and measures taken in order to realize the identified opportunities and perform risk management in our goal to achieve carbon neutrality and the sustainable development of our company.

"A safe, healthy, dynamic, and comfortable workplace environment" provides the foundation of our sustainable growth

Amid the challenges in achieving sustainable growth, the first that must be addressed is the pursuit of human capital management. Ryobi is focused on creating "a safe, healthy, dynamic, and comfortable workplace environment", and we have been continuously implementing various measures.

In regards to safety, we feel that not only customers but society in general will not allow a company to be lacking in safety awareness and therefore all of our business activities are performed with priority placed on the safety of our employees and our local communities.

It is necessary to maintain a constant awareness of safety at production sites, given their constantly changing conditions, in order to reduce the risk of accidents. We believe that the most important duty of our management personnel is to create sources of safety-focused culture. We are forging a solid culture of safety by constantly communicating that "safety is more important than anything else" directly to our employees and through other methods such as the distribution of video messages.

We believe that good individual mental and physical health of our employees enables them to take full advantage of his or her unique personality and abilities, thereby providing joy and well-being to the employees and their families as well as helping to develop our business. We also view increasing healthy life expectancy as an important issue. Our efforts for employee health management consist of setting indicators for monthly average overtime rate, paid leave utilization rate, stress check rate, and similar items, as well as performing appropriate personnel distribution, designating a "No Overtime Day", encouraging the taking of consecutive paid leave days, and training according to the results of a stress check. These measures have resulted in Ryobi being recognized as an outstanding organization under the Certified Health and Productivity Management Outstanding Organizations Recognition Program for the fourth consecutive year.

One issue in creating a comfortable workplace is firmly establishing childcare leave. In order to encourage men to take childcare leave, which remains at a lower level than women, we have been distributing video messages to management personnel to promote understanding of the issue among management and supervisory personnel. We believe that management has an important mission in providing a safe and secure environment so that both men and women can balance childcare and their jobs without difficulty. At the same time, we regard the promotion of women's career advancement as an important issue also. In that regard, we are focused on creating a workplace environment in which employees can readily take on self-challenges such as taking management training courses and promotion tests. The stratum of supervisory personnel aiming to join management has gradually increased and you can truly sense the ongoing positive changes in our workplaces.

In order to develop our human resources, we are instilling the importance of maintaining a "Wide Perspective" to our employees as indicated in the "Employees' Mission" of Ryobi's corporate philosophy. This "Wide Perspective" not only refers to specialized fields but also means having knowledge in a wide range of fields and maintaining a truly global viewpoint. Tangible measures for human resources development include the establishment of the "Career Development Program (CDP)" that enables employees to gain experience in various departments and work tasks within the company. This program provides the opportunity for employees to enhance their abilities by gaining a wide range of knowledge, being exposed to diverse viewpoints, and achieving a sense of balance needed for internal and external negotiations and coordination.

Ryobi will be commemorating our 80th anniversary on December 16, 2023. I would like to extend our sincere and deepest gratitude to all the stakeholders who have supported us over these many years. The Ryobi Group is further strengthening the bonds of trust with society through manufacturing that creates a higher standard of living and better quality of life. Moreover, we are committed to developing forward-looking technologies, products and services, and uniting our employees to pave the way toward a better tomorrow in our aim to be a sound and dynamic corporation. As we continue to pursue the improvement of corporate value based on our corporate philosophy, we thank you for your continued understanding and unwavering support of our company.

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

4.1% 10.1 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.

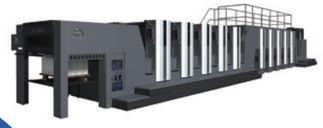
Printing Equipment Business

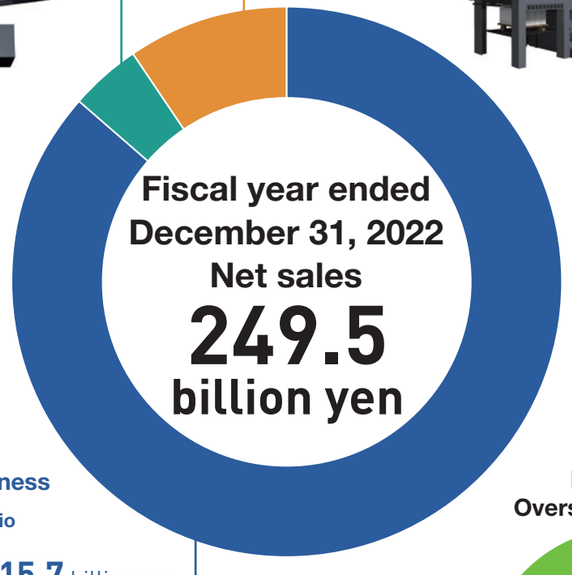
Sales composition ratio

9.4% 23.4 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.





Die Castings Business

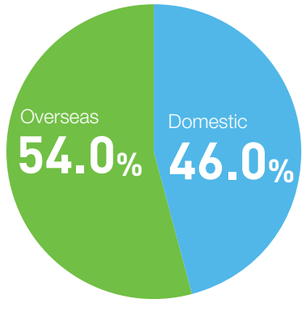
Sales composition ratio

86.5% 215.7 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 2022

Financial indicators

Net sales
249.5 billion yen

Operating income
7.0 billion yen

Ordinary income
7.8 billion yen

Net income attributable to owners of parent
4.8 billion yen

Ordinary income-to-total asset ratio (%)
2.7%

Cash flows from operating activities
16.8 billion yen

Capital expenditures
18.6 billion yen

Equity ratio
44.8%

Non-financial indicators

CO_2 emissions
344 thousand t-CO_2/year

Water consumption
1,241 thousand m^3/year
(Ryobi Limited and domestic group companies)

Waste recycling ratio
99.5%
(Ryobi Limited and domestic group companies)

Annual lost time incident rate per 1,000 workers
3.3

Number of employees
7,375

Average employee tenure
19.0 years
(Ryobi Limited)

Percentage of women in managerial and supervisory positions
(Ryobi Limited)
15.5%

Percentage of mid-career workers in managerial positions
(Ryobi Limited)
18.8%

Value creation story

VALUE
CREATION
STORY

History of Ryobi's growth

1943 1950 1960 1970 1980 1990 2000 2010 2020 2022 (Year)

Challenge to create a vertically integrated system from scratch → **Challenge to create finished products based on our cultivated technology** → **Challenge to improve the Ryobi brand visibility / Challenge to expand globally** → **Challenging through selection and concentration**

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.

Conditions at company founding

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.

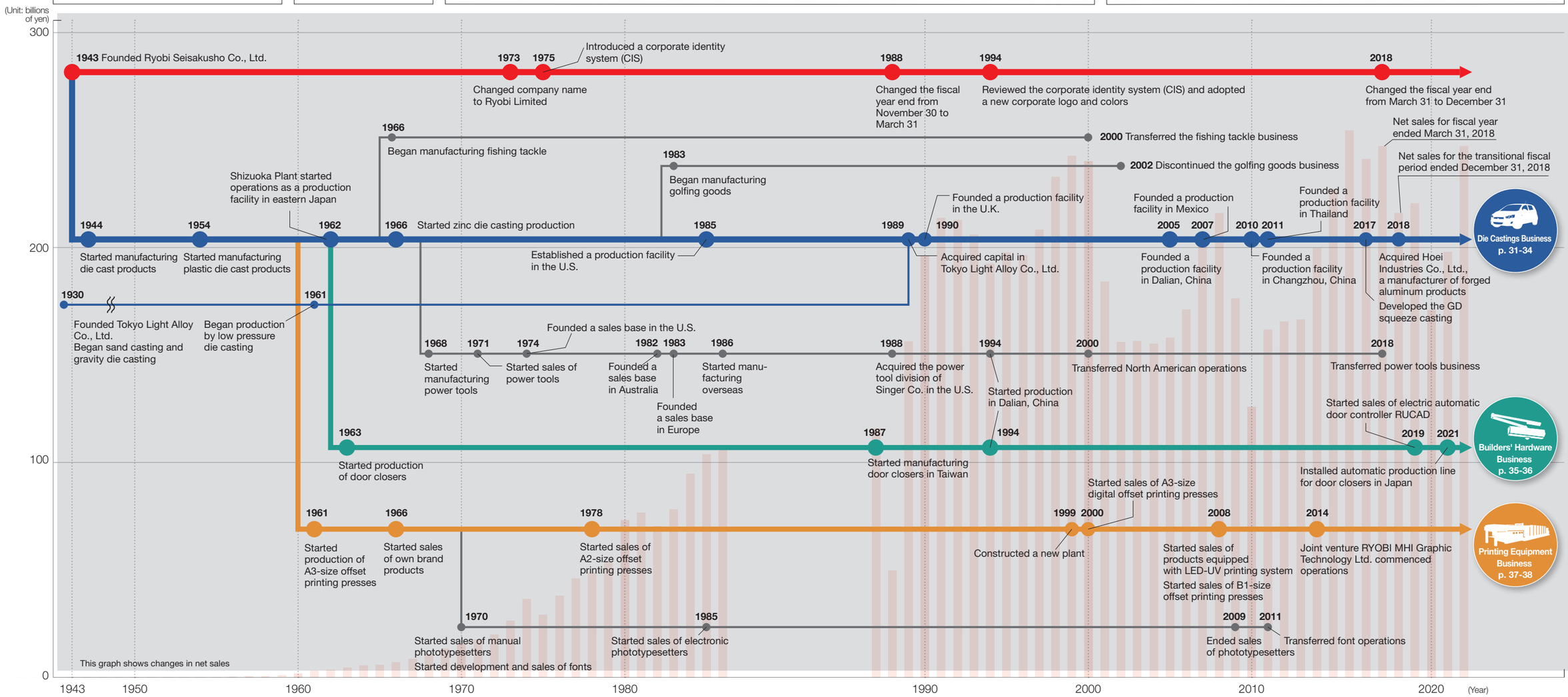
1974 Founded Ryobi America Corporation
1982 Founded Ryobi Australia Pty. Ltd.
1983 Founded Ryobi France S.A.
1986 Acquired capital in Inertia Dynamics Corp. and started overseas manufacturing
1988 Founded Ryobi Motor Products Corp. in the U.S. and acquired all assets of the power tool division of Singer 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 due to the collapse of Japan's economic bubble in the 1990's, 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.



Cultivated strengths (1) Die casting technology

Beyond manufacturing with integrated die casting technology

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 improving functionality and 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

Ryobi's proprietary vertically integrated system enables us to satisfy the various needs of our customers in a speedy and precise manner. Production line automation, information and communications technologies, and quality assurance improvement have resulted in stable quality, reduced delivery times, cost reductions and similar benefits.

Product development and prototyping	Die design	Die fabrication	Casting	Machining and assembly	Quality inspection
Use of CAE-based analysis and evaluation technologies to propose optimal shapes for reducing product weight and providing more rigidity	Solidification analysis using 3D CAD is performed to create the optimum product shape and casting plan	Manufacturing high-precision dies based on die design drawings by using state-of-the-art machine tools and our own unique technologies	Molten non-ferrous metal, such as an aluminum alloy, is injected at high speed and high pressure into a precision die, where it is instantly shaped into the desired form	Machining, surface treatment and assembly of cast products according to customer needs and requests	Precise quality inspections including the measurement of product dimensions using 3D measuring instruments, X-ray/CT inspections, and strength tests

Ryobi's measures for total optimization of production processes

Improving inter-process linkage

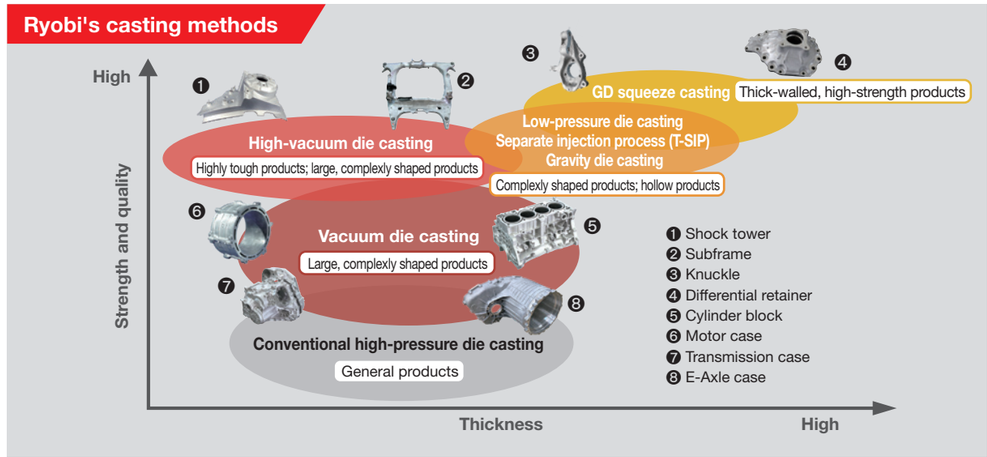
Our die castings business is working to improve technical abilities and management level in each production process as we aim for total optimization that provides seamless inter-process linkage. The initial period when mass production, such as for newly ordered products, starts is especially prone to unstable quality such as product defects. As production quantity increases, small defects in each process start to accumulate until they reach the level of obvious product fault. We created a new department in the Die Department in September 2022 to comprehensively manage all aspects from technical studies and process design before an order is placed to the start of mass production and corresponding support in order to reduce such unstable inter-process elements. Creating systems and taking measures in this way has reduced costs and improved productivity so that we can provide high-quality and stable supply across the globe.

Standardizing technology and know-how

Ryobi has been standardizing the technology and know-how accumulated as a result of our production of numerous parts in order to maintain and control die casting production with stable quality. Our die castings business has been required to create a stable production system in order to satisfy the needs of our customers that are constantly becoming more advanced and complex. For this reason, we created the RYOBI Engineering Standard (RES) in order to accumulate and improve technology, maintain and improve quality, standardization and similar positive actions. We have achieved stable production through the accumulation of technology to serve as assets for the entire company, and clearly stipulating work methods and quality standards.

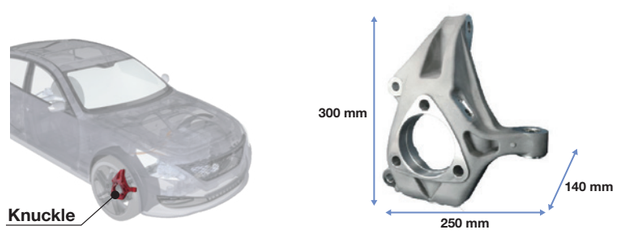
Ryobi's casting methods

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



Ryobi's unique GD squeeze casting

There is a growing trend to replace conventional cast iron products with aluminum alloys in order to reduce vehicle weight. However, because knuckles and similar chassis parts have thick-walled shapes to provide the required high level of strength and rigidity, they are generally manufactured by gravity, low-pressure, or squeeze casting as opposed to die casting. A large problem with these types of methods is their higher costs because of the small number of products that can be produced per hour. To resolve such issues, Ryobi developed our unique new "GD squeeze casting" that is used in combination with gravity and squeeze casting. Parts made using the GD squeeze casting are already used by major automobile manufactures, for example, for the knuckles in the suspension near the tires.



Products manufactured using GD squeeze casting

Cultivated strengths (2) Global production structure

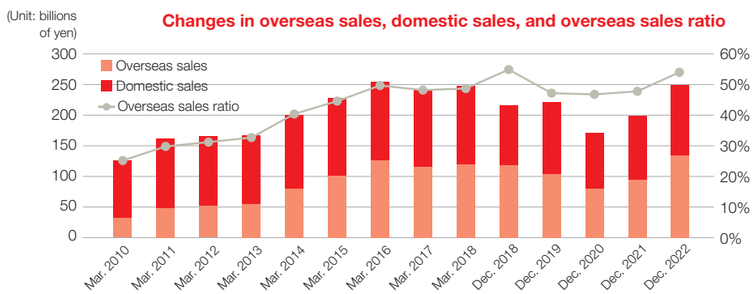
Production structure for customers worldwide

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.

Die castings business: production facilities

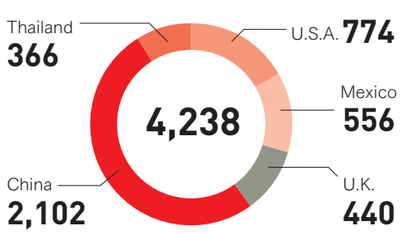
Overseas sales

By assisting local automobile manufacturers to expand their production, the ratio of overseas sales to total sales has increased to 57%.



Number of employees at overseas locations

At the end of December 2022, the Ryobi Group had 7,375 employees, of which 3,137 were in Japan and 4,238 overseas. The number of employees at each overseas location is shown in the graph on the right.



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.
- Punch Powertrain PSA e-Transmissions
- Hino Motors, Ltd.
- BYD Company Limited
- Hyundai Motor Company
- Ford Motor Company
- Volkswagen AG
- Prime Planet Energy & Solutions, Inc.
- 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 in 2022

Project Commendation from Toyota Motor Corporation for Cost

Best Cooperation Award from Volkswagen Automatic Transmission (Dalian)

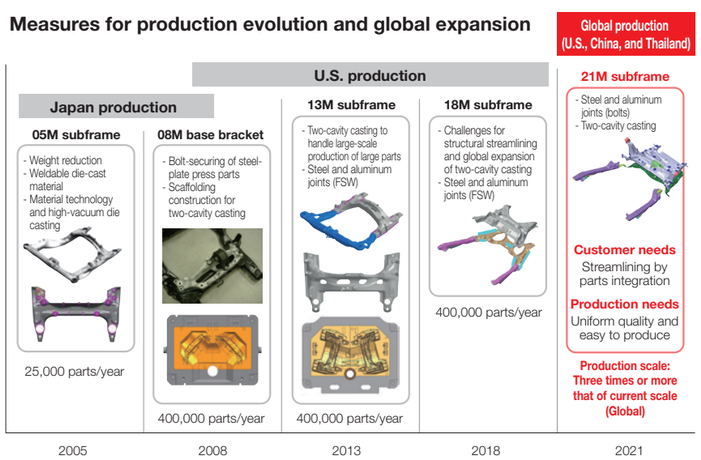
Suppliers' Award from SAIC General Motors

Project Commendation from Toyota Motor Corporation for Engineering

Global expansion of aluminum die-cast subframes

The increased environmental consciousness globally and carbon neutrality have resulted in a shift toward electrification and weight reduction in order to improve fuel efficiency in automobiles all across the world. This has resulted in customers requiring provision of lighter weight parts with stable quality and the same specifications for every region.
Ryobi simultaneously started up three global production facilities including sites that had no experience producing body and chassis parts.
Ryobi initiated basic technical development of aluminum die-cast body and chassis parts in 1999, and started to provide subframes and similar body and chassis parts to various customers in Japan and the U.S. from 2004. Using our knowledge and experiences we have accumulated over many years, we have developed elemental die-cast technology in order to stably produce parts of the same quality to satisfy ever more sophisticated specifications. Expanding this globally to multiple production facilities started in 2020 with the launch of the first facility followed by the three global production facilities starting to perform full-scale manufacturing in 2022.

Measures for production evolution and global expansion



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.

Fishing tackle
(1966 to 2000)

Reel bodies were manufactured through die casting.
Precision machining technologies were used for gears and spools.

In 2000, fishing tackle business was transferred to Johshuya Co., Ltd.

Golfing goods
(1983 to 2002)

We developed golf clubs with integrally molded aluminum alloy heads.

Discontinued the manufacture and sales of golfing goods in 2002.

Power tools
(1968 to 2018)

Many power tool bodies were manufactured through die casting.

In 2018, power tools business was transferred to Kyocera Corporation.

BUILDERS' HARDWARE
(1963 to present)

In 1963, the company began manufacturing door closers, using the advanced casting and machining technologies cultivated in our die casting operations.
Since then, we have been offering high-performance products with original mechanisms. Our product development focuses on functionality and safety as well as barrier-free, inclusive design.
Ryobi produces door guards, hinges, and other builders' hardware for various building applications.

DIE CASTING
(1943 to present)

PRINTING EQUIPMENT
(1961 to present)

In 1961, the company began manufacturing offset printing presses by applying its precision machining technology for die casting molds.
We strive to achieve high-accuracy, multi-coloring, and highly advanced functionality by accumulating the production technologies that we use to assemble high-precision parts.
We offer a wide range of products, from small to large printing presses, and develop and manufacture products that provides solutions for digitalization and environment.

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

Corporate philosophy

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

- Corporate Mission

  Create a higher standard of living and better quality of life by providing advanced technology with a vision of the future

- Management Mission

  Value the trust and goodwill of society, and strive to become a strong, dynamic organization that reflects the originality and creativity of individual employees

- Employees' Mission

  Refine your intelligence and polish your mind to have a wide perspective, and challenge goals with enthusiasm

Foundation for sustainable value creation / ESG

Environment p. 41-44
Society p. 45-48
Governance p. 49-52

Foundations of our business

*Figures are actual results for FY2022.

Financial capital
- Total assets: 300.3 billion yen (end of fiscal year)
- Cash flows from operating activities: 16.8 billion yen

Manufacturing capital
- Established production facilities in Japan, the U.S., Mexico, the U.K., China, and Thailand
- Capital expenditures: 18.6 billion 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: 7,375 (end of fiscal year)

Social capital
- Trusted relationship with shareholders, business partners, and other stakeholders

Natural capital
- Energy consumption
  Electricity: 152,263 thousand kWh
  City gas: 8,532 thousand m³
  Liquefied natural gas (LNG): 2,880t
  Liquefied petroleum gas (LPG): 1,714t
  Oil (crude oil equivalent): 2,578 kl
- Water consumption: 1,241 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.

Cultivated strengths (1) Die casting technology p. 17-18

Commitment to challenge

Cultivated strengths (2) Global production structure p. 19-20

Cultivated strengths (3) Manufacturing capabilities cultivated through die casting p. 21-22

Business development

Die Castings Business p. 31-34

Builders' Hardware Business p. 35-36

Printing Equipment Business p. 37-38

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 prots and cash flow

Continuation of stable dividends

Business environment awareness and materiality

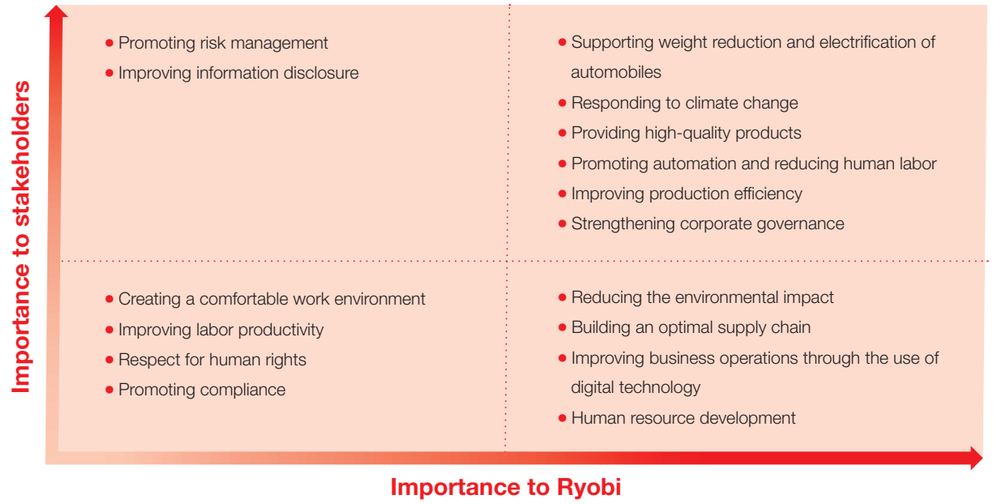
Ryobi believes that in order to maintain sustainable growth and meet the expectations of customers, shareholders, investors, business partners, employees, local communities, and other stakeholders, we should identify the long-term values we can provide to customers and society and incorporate these values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

Business environment awareness

Societal changes	Risks	Opportunities	Materiality
Increased awareness of the global environment	● Decreasing sales of engine and transmission parts	● Increasing sales of lightweight parts and electric car parts ● Improving the corporate image by reducing the environmental impact	● Supporting weight reduction and electrification of automobiles ● Responding to climate change ● Reducing the environmental impact
Increased uncertainty about the global situation	● Supply chain disruption ● Soaring raw material prices and sharp fluctuations in foreign exchange rates	● Increasing corporate credibility by improving customer satisfaction	● Providing high-quality products ● Building an optimal supply chain
Demographic changes	● Difficulty in recruiting younger generations ● Aging employees ● Decreasing business opportunities and transaction volume	● Increasing need for automation and reduction of human labor	● Promoting automation and reducing human labor ● Improving production efficiency
Increased awareness of human rights	● Declining engagement ● Outflow of human resources	● Internal revitalization ● Securing skilled human resources that were concentrated in urban areas	● Creating a comfortable work environment ● Respect for human rights ● Human resource development
Accelerated digitalization of society	● Existing businesses becoming obsolete	● Growing need for touchless access ● Improving labor productivity and quality through the use of AI and IoT technologies ● Improving operational efficiency through predictive facility maintenance	● Improving business operations through the use of digital technology ● Improving labor productivity
Increased demand for transparent management	● Shrinking number of shareholders and investors ● Scandals	● Strengthening trust with stakeholders	● Strengthening corporate governance ● Promoting compliance ● Promoting risk management ● Improving 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

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.

STEP 2
Prioritization

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

STEP 3
Confirmation of validity

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.

STEP 4
Verification and decision

Finally, in the meeting of the Corporate Operating Committees, 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

In considering our medium-term measures from 2022, Ryobi established "Lightening the load worldwide" as the theme of the measures to represent our common sentiment across all departments and throughout the company.
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
• Supporting weight reduction and electrification of automobiles • Responding to climate change • Reducing the environmental impact	• Expanding sales of lightweight parts (body and chassis) and electric car parts (die castings) [p. 31-34] • Reducing CO_2 emissions (company-wide) [p. 43-44] • Promoting the reduction and recycling of industrial waste (company-wide) [p. 42]	7, 13, 14
• Providing high-quality products • Building an optimal supply chain	• Further developing and implementing a supply structure capable of meeting the needs of customers worldwide (company-wide) [p. 19-20] • Maintaining and improving good relationships with business partners (company-wide) [p. 46] • Establishing a consistent supply structure (company-wide)	9, 10, 12
• Promoting automation and reducing human labor • Improving production efficiency	• Expanding sales of door closer products with high added value that support barrier-free and touchless access (builders' hardware) [p. 35-36] • Supporting customers' smart factory conversion (printing equipment) [p. 37-38]	8, 9
• Creating a comfortable work environment • Respect for human rights • Human resource development	• Promoting health and safety in the workplace as well as mental and physical health (company-wide) [p. 45-46] • Promoting diversity (company-wide) [p. 47] • Enhancing education and training programs (company-wide) [p. 48]	5, 8, 10
• Improving business operations through the use of digital technology • Improving labor productivity	• DX working group activities (company-wide) • Automating appearance inspections by using image processing and AI technology (die castings)	9
• Strengthening corporate governance • Promoting compliance • Promoting risk management • Improving information disclosure	• Increasing transparent governance (company-wide) [p. 49-50] • Enhancing disclosure of ESG-related information (company-wide) • Ensuring information security (company-wide) [p. 52]	

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

Medium-term objectives and our initiatives

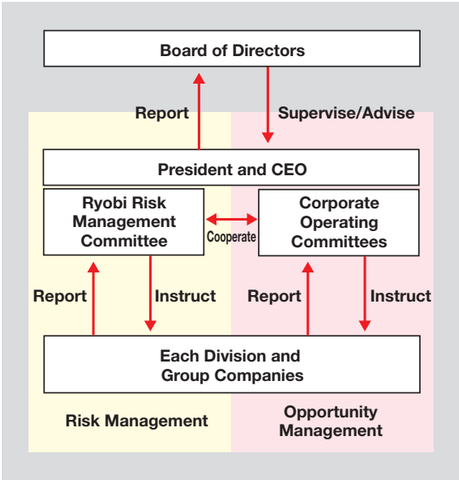
TCFD-related measures

As people are becoming more aware of increasing climate change and natural disasters being urgent global issues, the importance of corporate actions to create a sustainable society to resolve climate change issues is growing by capitalizing on the opportunity of the adoption of the Paris Agreement by the United Nations.
Ryobi has established "Lightening the load worldwide" for our medium-term objectives to express our desire to reduce the burden of the various issues that society faces as we implement various measures such as contributing to reducing the weight of automobiles by applying our die cast technologies in order to achieve carbon neutrality and a circular economy. Additionally, we are utilizing the framework of recommendations of the TCFD (Task Force on Climate-related Financial Disclosures) for our climate-related financial disclosures. We have taken actions to realize the identified opportunities and perform risk management according to the TCFD recommendations as we pursue the goals of contributing to achieving carbon neutrality and the sustainable development of our company.

TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Governance

Under the supervision of our Board of Directors, the Ryobi Risk Management Committee performs risk management related to climate change while the Corporate Operating Committees are tasked with opportunity management by establishing management strategy and managing progress.
The Ryobi Risk Management Committee, chaired by the President and CEO, has been established in accordance with our risk management regulations in order to supervise and manage risk. The Committee performs tasks such as evaluating and managing risk related to climate change, planning responses, and monitoring the progress of implemented measures. It gives an annual report regarding risks and response status, including climate change, to the Board of Directors, and is creating a system where climate-change related risk and similar issues are being integrated into the management according to the supervision and advice of the Board.
The Corporate Operating Committees meet once a month or more with the President and CEO serving as the chair of all meetings. Among these, management strategy planning meetings are held once or more a year and management strategy progress meetings are held once or more a quarter, both with the participation of members of the Board of Directors, at which climate-change issues are considered as an important element in the comprehensive discussions and decisions made in these meetings.



Strategy

In accordance with the framework advocated by the TCFD, we identified the risks and opportunities related to climate change among our die castings, builders' hardware, and printing equipment businesses. In order to analyze these risks and opportunities, we have assumed a 2 °C scenario and 1.5 °C scenario to make transitional impacts apparent, and a 4 °C scenario to make physical impacts apparent, and then performed corresponding scenario analysis.

Set Scenarios and Social Aspects		Main Reference Scenarios
4 °C scenario: No climate change measures beyond those currently enacted are implemented and the impacts of physical risks become apparent.	Physical	Representative Concentration Pathway (RCP 6.0, 8.5), IPCC*1
	Transition	Stated Policies Scenario (STEPS), IEA*2
2 °C and 1.5 °C scenarios: Climate change measures beyond those currently enacted are implemented and the impacts of transition risk become apparent.	Physical	Representative Concentration Pathway (RCP 1.9, 2.6), IPCC*1
	Transition	Sustainable Development Scenario (SDS), IEA*2 Net Zero Emissions by 2050 Scenario (NZE), IEA*2

*1: IPCC: Intergovernmental Panel on Climate Change
*2: IEA: International Energy Agency

The table on the next page shows the important short, medium and long-term climate-related risks and opportunities identified by Ryobi, and the medium-term impacts and corresponding strategic responses in the future.

Risks

Type	Cause	Financial Impacts	Impact Severity* 1.5, 2 °C	Impact Severity* 4 °C	Countermeasures
Transition risks	Policies and regulations	Increased raw materials costs due to introduction of carbon tax	Large	Small	Weight reduction and materials replacement during product design, improving materials recycling rate, reduction in raw materials used by decreasing product defect rate
		Increased energy costs due to introduction of carbon tax	Large	Small	- Implementing energy conservation measures such as improving combustion efficiency and transitioning to non-fossil fuels - Production energy reduction by making smaller die cast products, improving production efficiency and processes by using digital technology, improving production technology, and selecting optimal materials - Implementing use of renewable energy (such as solar and hydroelectric equipment) in factories - Introduction of internal carbon pricing and energy efficiency evaluation when determining capital expenditures
		Increased transportation costs due to introduction of carbon tax	Medium	Small	Decreasing transportation costs by improving efficiency such as selecting production facilities appropriate to demand and improving packaging yield rate
	Policies and regulations Technology Market	Decreased sales of die cast products for ICE (engine blocks, transmission cases, etc.) due to transition to ZEV and low carbon vehicles	Large	Large	Expanding sales of lightweight parts (body and chassis) and electric car parts: Set targets and shift product composition to obtain a 41% sales composition ratio of lightweight parts (body and chassis) and electric car parts as strategic parts by 2027.
	Technology	Decreased sales of die cast products because of decreased aluminum demand due to change to low carbon materials (plastic, low-carbon steel, bio-materials)	Large	Large	Research and development of environmentally friendly products
	Market	Drastic price increases and increased procurement costs due to increased demand of raw materials	—	—	- Selecting suppliers appropriate to demand and performing risk management in relation to procurement of raw materials - Weight reduction and materials replacement during product design, improving materials recycling rate, reduction in raw materials used by decreasing product defect rate
		Decreased printing equipment business sales due to the acceleration of digitalization caused by drastic price increases of printing materials and reduced energy consumption	Medium	Medium	Automation of printers, labor savings, and shift to smart factories through equipment collaboration with other companies
Physical risks	Acute	Decreased sales because of supply chain disruptions and reduced productivity of production facilities due to disasters caused by abnormal weather (typhoons, flooding, heavy rain, etc.)	Medium	Medium	- Performing flood risk analysis and monitoring at all production facilities, establishing flood control plans and manuals, and carrying out flooding drills - Improving business continuity plans (BCPs) - Strengthening supply chains by decentralizing and diversifying suppliers
	Chronic	Increased energy costs because of increased use of electricity due to rising temperatures	Medium	Medium	Mainly by countermeasures for "Increased energy costs due to introduction of carbon tax"

* Medium-term impacts estimated for 2030

Opportunities

Type	Cause	Financial Impacts	Impact Severity* 1.5, 2 °C	Impact Severity* 4 °C	Countermeasures
Opportunities	Energy sources	Reduced costs to introduce renewable energy in production facilities due to decreasing prices of renewable energy equipment and like	Medium	Small	Implementing use of renewable energy (such as solar and hydroelectric equipment) in factories
	Products and services	- Increased sales of die cast products due to increased demand of ZEV and low carbon vehicles (batteries and lightweight parts) and ongoing replacement of materials to sustainable aluminum die castings - Increased sales of die cast products because of the expansion of diversified needs for parts through multi-material connecting technology (i.e. use of aluminum and other lightweight materials)	Large	Large	Strengthening product development towards increasing sales of lightweight parts (body and chassis) and electric car parts
		Increased sales of electric automatic door controllers due to increased demand for highly airtight buildings	Small	Small	Strengthening marketing and product development towards increasing sales of electric automatic door controllers
		Increased demand for digital printers and accessories business from the accelerating transition to digital printing	Medium	Medium	Responding to digitalization through product development using the strengths of collaboration with other companies
		Increased sales of die cast products by incorporating needs for large integrated aluminum products	—	—	Accumulation of technologies for lower casting pressure and downsizing casting machines for orders of integrated aluminum products

* Medium-term impacts estimated for 2030

Risk management

Guided by our basic risk management policy, the Ryobi Risk Management Committee identifies major risks, including climate-related and medium to long-term risks, that require the involvement of our management, presents response policies, and instructs the applicable departments and group companies to take appropriate measures. A review of risk identification and evaluation is performed once a year across the entire group for the corresponding risks and a report made to this Committee. 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.

Metrics and targets

1. Metrics for evaluating risks related to carbon tax

We are utilizing the "Scope 1 +2 Emissions" as metrics in order to evaluate the risks and opportunities related to carbon tax introduction, identified as a climate-related risk. One of Ryobi's materiality issues is addressing climate change, and the company aims to achieve carbon neutrality by 2050.

■ CO_2 reduction targets and results for 2022

Ryobi has implemented various energy conservation measures to reduce CO_2 emissions as 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 power, hydroelectric power, etc.).
- Long-term target: Achieve carbon neutrality by 2050
- Medium-term target: Reduce CO_2 emissions to at least 47% of FY2018 levels by 2030 (both in Japan and overseas).
- Results for the year ended December 31, 2022: 19.0% reduction

2. Metrics for evaluating risks and opportunities related to transitioning to ZEV and low-carbon vehicles

We are utilizing the "Sales composition ratios of lightweight parts (body and chassis) and electric car parts" as metrics in order to evaluate risks and opportunities related to the transition to ZEV and low-carbon vehicles, identified as climate related risks. Note that consolidated net sales of our die castings business are 86.5% out of total sales (fiscal year ended December 31, 2022), making it an essential business segment for Ryobi.

■ Target for sales composition ratio of lightweight parts (body and chassis) and electric car parts and results for 2022

- Target for the fiscal year ending December 31, 2027: 41%
- Results for the fiscal year ended December 31, 2022: 15.4%

Ryobi's challenge

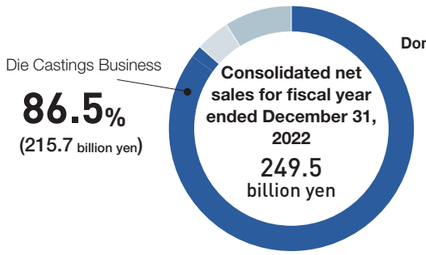
Die Castings Business

Lightening vehicle weight

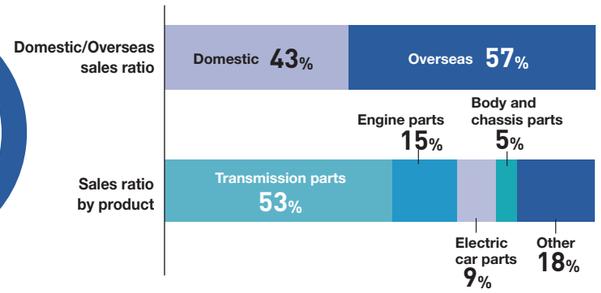
Become a world-renowned global supplier in the mobility industry with our core of die castings business

Tatsuyoshi Mochizuki
Director and Corporate Officer
In charge of Die Castings Business

Sales composition ratio



Domestic/Overseas sales ratio and sales ratio by product (Fiscal year ended December 31, 2022)

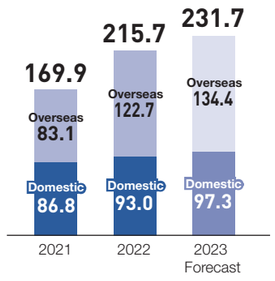


Financial results for 2022 and forecast for 2023

Sales in 2022 increased 27% from the previous year to 215.7 billion yen, due to a slight increase in production output (weight), shifting the increases in the cost of raw materials (aluminum) to the selling price, and an increase in yen-equivalent sales of overseas subsidiaries due to the effects of the weak yen. Operating income increased due to increased revenues even with various negative factors such as the drastic increase in energy prices.
In 2023, we expect the impact of the shortage of semiconductors and similar issues on automobile production to recover moderately, and forecast net sales of 231.7 billion yen, up 7% from the previous year, and an operating income of 6.5 billion yen for a 24% increase over the previous year.

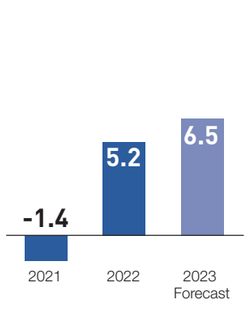
Net sales

(Unit: billions of yen)



Operating income (loss)

(Unit: billions of yen)

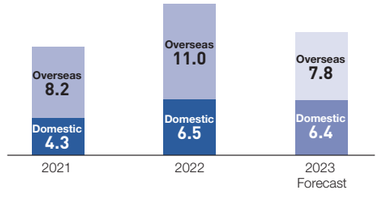


Capital expenditures (2021 to 2023)

Capital expenditures are being used for new product support, and maintenance and upgrading of existing equipment both in Japan and overseas. Overseas capital expenditures are especially being directed to the U.S. due to the expected growth for body and chassis parts, and electric car parts.

Capital expenditures

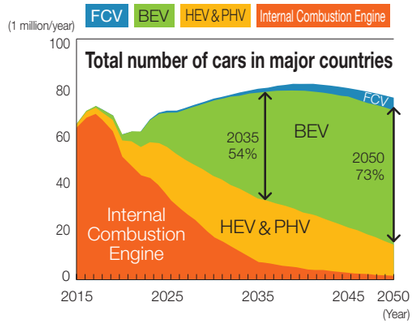
(Unit: billions of yen)



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 CO_2 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 believe that the range of application of aluminum die castings, such as body and chassis parts, will continue to grow, due to the expected increased demand for electric car parts such as battery cases and the shift to lightweight parts because of the continuing electrification of automobiles and increase in the number of electric vehicles (FCV, BEV, PHV, and HEV) among worldwide automobile sales. Ryobi is predicting that battery electric vehicles (BEV) will account for 54% of new vehicle sales in major countries by 2035 and that this will increase to 73% by 2050.

Automobile sales by power unit in major countries



*Major countries/regions: Europe, Japan, U.S., China, India
Our forecast as of October 2022

*FCV: Fuel cell vehicle BEV: Battery electric vehicle
HEV: Hybrid electric vehicle PHV: Plug-in hybrid vehicle

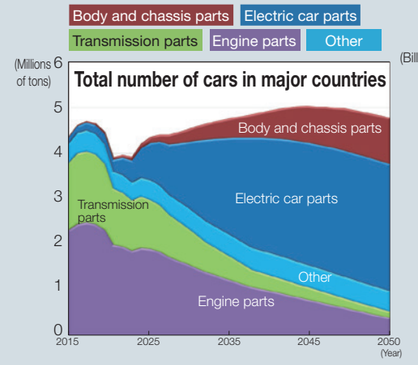
Our strengths

- 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

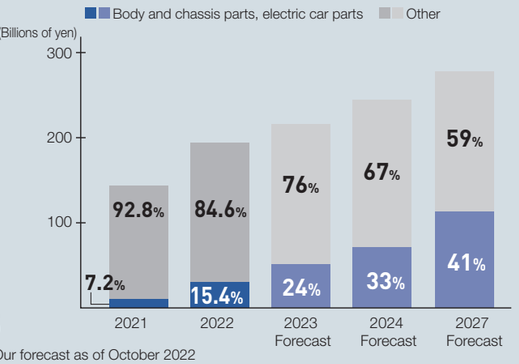
Our initiatives for weight reduction and electrification of automobiles

- 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 15.4% in FY2022) by expanding the ratio of such parts in new orders.
- 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.

Weight of die castings used by part in major countries



Composition ratio of sales for mass-produced products

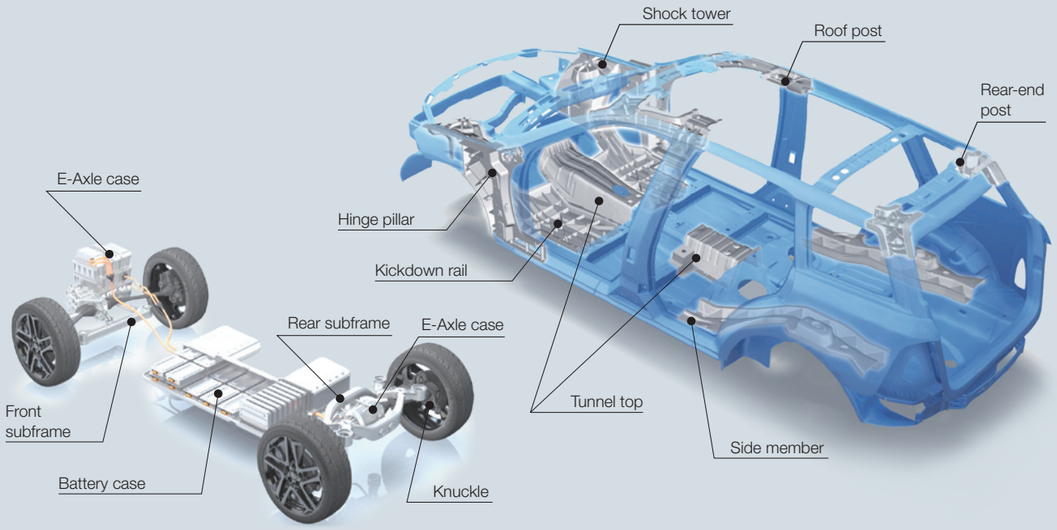


*Major countries/regions: Europe, Japan, U.S., China, India Our forecast as of October 2022

Ryobi's aluminum die castings contribute to solving environmental problems through vehicle weight reduction and electric vehicle applications.

The increased global environmental consciousness and carbon neutrality have resulted in a shift toward electrification and weight reduction in order to improve fuel efficiency in automobiles. Amid these developments, aluminum die castings have attracted attention. Since FCV, BEV, PHV, and HEV weigh more than conventional gasoline-powered vehicles, there are growing requirements to make cars more lightweight. Aluminum has a specific gravity of 2.7 g/cm^3, which is about one-third of the weight of iron at 7.8 g/cm^3. Replacing iron with aluminum die castings will result in a lighter car body, which in turn leads to lower electric consumption and reduced CO_2 emissions. Ryobi's aluminum die castings contribute to the realization of a sustainable society by reducing automobile weight and expanding its application for electric vehicles.

Die cast products by Ryobi contributing to reducing weight and electrification of vehicles



Development of body and chassis parts using analysis technology

Ryobi has experience in mass production of body and chassis parts for various customers with over 10 million produced globally, providing us with extensive expertise and know-how gained from all our production activities over the years. Combining analysis technology, such as solidification and molten metal flow analysis, with this extensive expertise enables us to rapidly develop and produce the required parts including those with complex shapes.

Additionally, we can produce products with stable quality by performing thermal deformation analysis during casting to predict deformation and manufacture appropriate dies.

We have recently developed aluminum die casting door frame hinges. Although steel plate press parts are generally used for door frame hinges due to the high rigidity required and because the internal/external pressure difference increases when driving at high speeds, using die casting to form complex shapes in one piece increases rigidity beyond that provided when simply assembling and connecting steel plate press parts together.

We will continue to provide stable-quality body and chassis parts to meet the lightweight needs of our customers.

Door frame hinge part

Challenge to expand the range of application of aluminum die castings

Steel plate press parts are widely used today as parts with high energy absorption performance in a collision in order to improve the collision safety of automobiles. Aluminum die castings, produced using secondary aluminum alloys as the main raw materials, have not conventionally been used for parts requiring this ductility due to the properties of the alloys and fabrication methods. Under these circumstances, Ryobi developed highly ductile alloys, and matched these with optimal high vacuum and heat treatment technology used during casting to develop functional parts(*) with high energy absorption performance that do not rupture when deformed. We will continue to focus on development to expand the range and possible applications of die castings in order to satisfy our customers' needs for lighter weight parts.

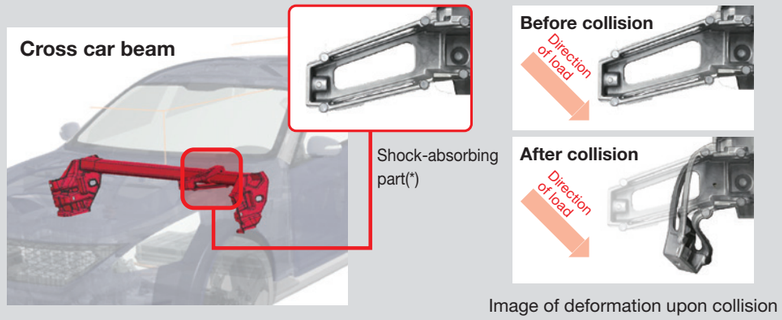
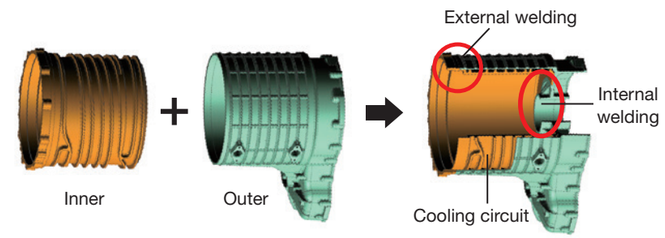


Image of deformation upon collision

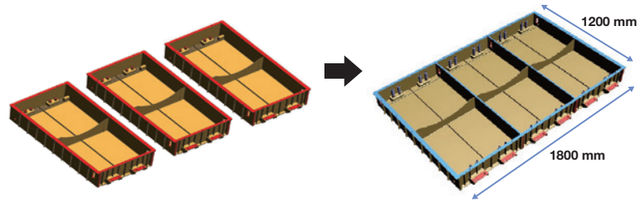
Development of electric car parts using connecting technology

The demand for e-Axles (in which electric power train functions such as drive motors, inverters, and reducers are unitized) is predicted to expand greatly in the future due to being main parts required for motor-powered vehicles such as electric cars to be able to operate. E-Axle cases, with their complex water-cooled cooling circuits for cooling the motor, are mostly produced using sand and die castings. Even if using aluminum die castings, which provide better productivity than sand castings, for production, there are still issues such as increased labor time and costs from the increased number of parts used for securing, such as bolts and O rings, due to the use of bolts as the most common method for securing inner and outer parts used to form coolant channels. Ryobi is developing connecting and integrating technology for connecting two-piece parts by using laser welding. Although it was claimed that conventional die casting cannot be used because gas emitted from melted base metal during welding causes internal defects, the further development of laser connecting technology has led to the creation of a method in which the internal gas is not released, thereby solidly establishing connecting technology of die cast parts by use of laser welding.

As on-board battery capacity is continuing to increase in order to extend the cruising range of electric vehicles, the use of laser welding connecting technology will enable the production of even larger battery cases.



Cooling circuit formed by connecting two pieces



Example of multiple pieces connect by welding

Ryobi's challenge

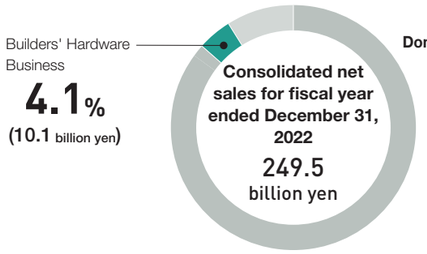
Builders' Hardware Business

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

Taichi Shimizu
Corporate Officer
Divisional General Manager
of Builders' Hardware Division

Sales composition ratio



Domestic/Overseas sales ratio and sales ratio by product (Fiscal year ended December 31, 2022)

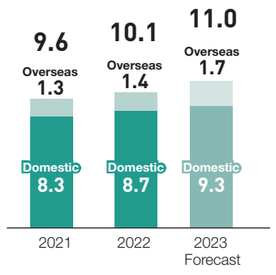
Financial results for 2022 and forecast for 2023

Sales in 2022 increased 6% from the previous year to 10.1 billion yen, due to an increase in both domestic and international sales. Despite our efforts to reduce costs and expenses, operating income decreased because of higher procurement costs due to the appreciation of the Chinese yuan.

In 2023, we expect sales to increase both domestically and internationally, and forecast an 8% year-on-year increase in sales to 11.0 billion yen, and operating income to increase 32% year-on-year to 0.3 billion yen.

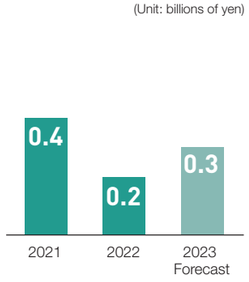
Net sales

(Unit: billions of yen)



Operating income

(Unit: billions of yen)



Business environment awareness

Because of the long-term decline in the construction of new housing in Japan, we expect that the domestic market for builders' hardware will shrink moderately. However, as we enter an age in which rebuilding and remodeling are necessary due to the aging of numerous homes and buildings, and similar reasons, we expect demand within the remodeling and renovation markets will remain stable. Additionally, declining birthrates and aging populations mean that the demand for barrier-free facilities will likely increase. This trend encourages us to further develop and offer a diverse range of products that support safe and comfortable door use, and to continue to satisfy the demands of the market.

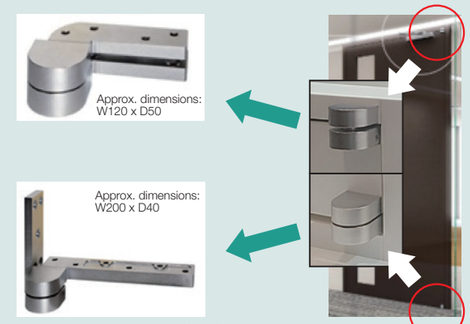
Our strengths

- 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
- Factory automation and reduction of human labor
- Product lineup not only providing comfort and functionality but also contributing to the overall design of spaces where used
- Consistent supply capabilities using domestic and overseas production facilities

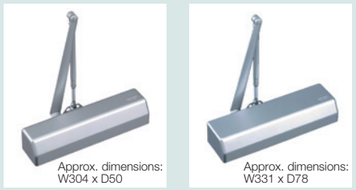
Our efforts to provide products that support safe and comfortable door use

Although we expect that the domestic market for builders' hardware will shrink moderately, we have been increasing our market share through our ability to closely respond to customer needs, and develop products and services to match these needs. Some examples of our recent development efforts are the "GC-6V" concealed door closer and "GP-18" pivot hinge of the GEOPRO Series. Concealed door closers are completely embedded in the door. Development of GC-6V succeeded in creating a concealed door closer that maintains a stable closing speed and strong closing force in a compact size. It can be installed to various types of doors from thin doors to large doors weighing 180 kg. The excellently designed GP-18 pivot hinge can readily support large doors. As the number of facilities equipped with large doors is expected to increase amid the growing projects to redevelop areas around train stations and reconstruct office buildings, Ryobi is focused on expanding use of our flagship GEOPRO Series by enhancing its product lineup. We are aiming for brand penetration into overseas markets by establishing new sales agents to break into these regions. Additionally, we are developing high value-added products that match our customers' needs to strengthen our sales base in overseas markets.

GC-6V concealed door closer



GP-18 pivot hinge

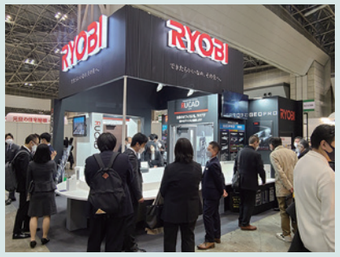


Door closers for overseas markets

Exhibit at ARCHITECTURE + CONSTRUCTION MATERIALS 2023

Ryobi had an exhibit at the "ARCHITECTURE + CONSTRUCTION MATERIALS 2023" held from February 28 to March 3, 2023 at the Tokyo Big Sight.

The Ryobi booth spotlighted the convenience and functionality of our RUCAD electric automatic door controller through demonstrations of opening doors using other devices that can be linked with the RUCAD such as voice sensors that are capable of responding to "I'm home" and similar phrases, facial recognition systems that can identify human faces, and card key systems in which doors are locked/unlocked by use of a card. There was also a demonstration of door opening in which sensors installed to a door respond when a cleaning robot is nearby to open the door. The booth additionally featured exhibits of the RUCAD concept model being considered for future market introduction and new door closers built-in equipped with Ryobi's original functions.



Ryobi's booth at ARCHITECTURE + CONSTRUCTION MATERIALS 2023

Ryobi's challenge

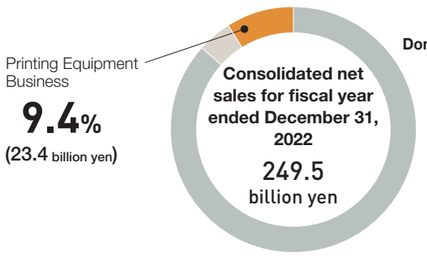
Printing Equipment Business

Lightening the workload for printing factories

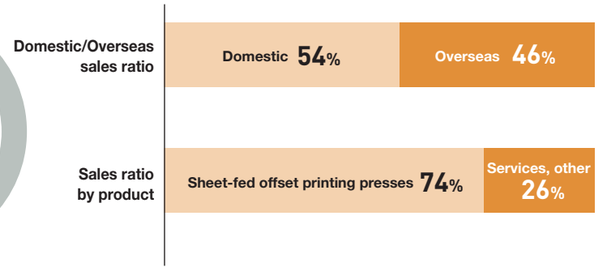
Contribute to the creation of a colorful and prosperous society by providing products and services that meet customer needs

Katsushi Hirokawa
RYOBI MHI Graphic Technology Ltd.
President

Sales composition ratio



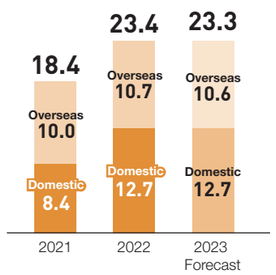
Domestic/Overseas sales ratio and sales ratio by product (Fiscal year ended December 31, 2022)



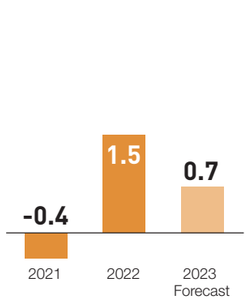
Financial results for 2022 and forecast for 2023

Sales in 2022 increased 27% from the previous year to 23.4 billion yen, due to an increase in both domestic and international sales. Operating income increased due to increased revenues even with various negative factors such as the increase in raw materials prices.
In 2023, we expect sales to remain level both domestically and internationally, and forecast a 0.5% year-on-year decrease in sales to 23.3 billion yen, and operating income to decrease 54% year-on-year to 0.7 billion yen due to factors such as the drastic increase in raw materials costs.

Net sales (Unit: billions of yen)



Operating income (loss) (Unit: billions of yen)



Business environment awareness

The transition to digital media has decreased the printing of publications such as magazines and books. Although the commercial printing business, such as fliers, advertising mail, and pamphlets, which are readily impacted by business sentiment, has been improving since the decline suffered during the COVID-19 pandemic thanks to the easing of restrictions, we expect that digitalization will continue to cause a long-term decline in the field. However, the package printing market for product boxes and similar items remains strong. This field consists of a large amount of high value-added printing that requires presses and equipment with special specifications. 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. Amid a decline in the number of skilled workers that makes it increasingly difficult to maintain printing quality and productivity, there is growing demand not only for automated and labor-saving printing presses but also their application to all areas of printing company plants.

Our strengths

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

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.

RMGT smart factory solution concept

Inter-process linkage

We visualize and optimize printing companies' production processes by use of IoT and DX technology.

Visualization and analysis of printing conditions
Improving inter-process linkage

Automation and labor-savings

We reduce work load and improve productivity with devices to assist operators in all processes.

Automation of printing processes and reduced workloads
Automation of printing pre and post-processes and reduced workloads

Maintenance

We perform thorough preventive maintenance and can perform recovery support rapidly and remotely in case of accidents and breakdowns.

Preventive maintenance
Remote support system

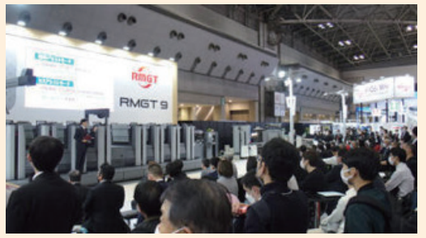
Environment

We are creating a comfortable work environment and reducing the burden on the environment through printing materials and equipment that are human and environmentally friendly.

Reducing the environmental impact
Improving the work environment
Supporting to improve the operating environment

Exhibit at International Graphic Arts Show (IGAS) 2022

Ryobi had an exhibit at the International Graphic Arts Show (IGAS) 2022 held from November 24 to 28, 2022 at the Tokyo Big Sight. Ryobi exhibited our RMGT 970 model, an A1-plus size offset printing press that can be used for package printing. The Ryobi booth also featured demonstrations about applying automation to all printing processes, including pre and post processes, to express the concept of a smart factory in which printing presses, and equipment used in pre and post-printing processes are connected to a network and automated guided vehicles in order to optimize all production processes of a printing plant and reduce the environmental impact and the burden on operators.



Demonstration of the RMGT 970 model

ESG (Environmental, Social, and Governance)

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.
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. Ryobi has established an environmental management system that we maintain and operate, and we have an ISO 14001 certification as well.

The Ryobi Group Environmental Policy

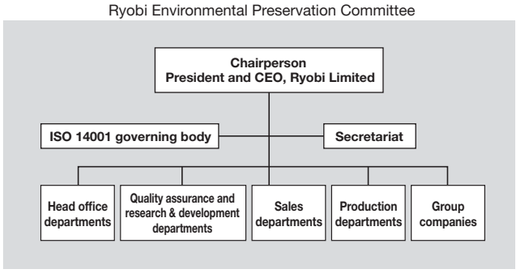
The Ryobi Group will, through the initiatives listed below, strive to avoid and mitigate various risks associated with the operating environment and work to reduce the environmental impact of its business activities, thereby helping realize a sustainable society.

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 CO_2 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. Strive to preserve biodiversity and otherwise give back to regional communities through environmental protection efforts.
6. 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.
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.

Ryobi Environmental Preservation Committee



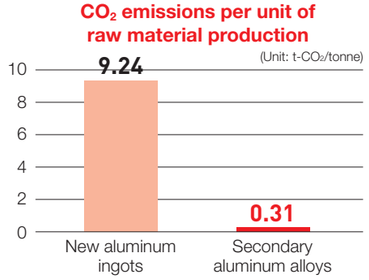
CO_2 emission reductions

In January 2022, Ryobi announced its commitment to achieve carbon neutrality by 2050. See p. 43-44 for more information on our measures to achieve carbon neutrality.

Production using environmentally friendly materials

Secondary aluminum alloys, the main raw material of aluminum die castings, can be produced with only 3% of the CO_2 emissions used in the production of new aluminum ingots made by extracting alumina from bauxite ore and performing electrolytic refining on this alumina. 97.8% of the raw materials used by Ryobi to create aluminum die castings consist of secondary aluminum alloys.

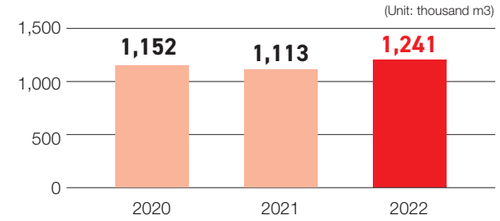
CO_2 emissions per unit of raw material production



Protection of water resources

Ryobi has set a target of reducing water consumption by 1% in comparison with the previous year. We actively work to reduce the company's water intake through optimal water management. This means we use recycled industrial water and respond quickly to any water leaks by checking flow meters. We are also performing proper management of wastewater treatment equipment and wastewater quality, as well as taking measures to prevent water pollution of discharge destinations such as rivers.

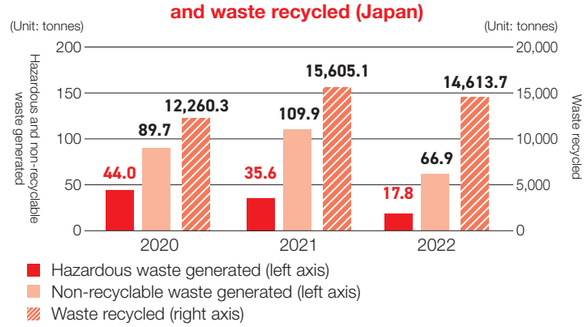
Water consumption (Japan)



Promotion of industrial waste reduction and recycling

Ryobi has set a target to maintain a waste recycling rate of 99% or more. We are working to reduce the amount of waste sent to landfills by utilizing a comprehensive waste separation system. In FY2022, the amount of hazardous waste generated by Ryobi in Japan was 17.8 tonnes for a waste recycling rate of 99.5%.

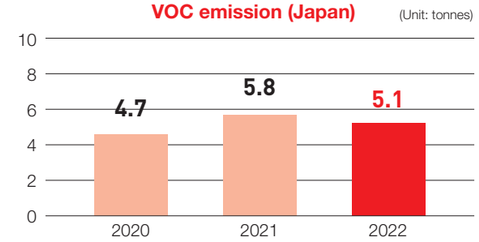
Hazardous and non-recyclable waste generated, and waste recycled (Japan)



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 FY2022, our emissions of volatile organic compounds (VOCs) in Japan totaled 5.1 tonnes.
Concentrations of nitrogen oxides (NOx) and sulfur oxides (SOx) are measured periodically in accordance with the Air Pollution Control Law, but total annual amounts are not calculated.

VOC emission (Japan)



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

Measures to preserve biodiversity

Plastic garbage flowing into ocean areas via rivers is severely impacting ecosystems. Ryobi is carrying out activities such as cleaning up rivers and beaches near our offices as part of our efforts to actively engage with biodiversity starting with areas close to our company.
Additionally, Ryobi employees are visiting nearby nursery schools to hold workshops teaching children about the importance of nature and providing them with opportunities to get close to nature through first-hand experience of releasing young fishes into rivers.

River clean-up activity

Achieving carbon neutrality

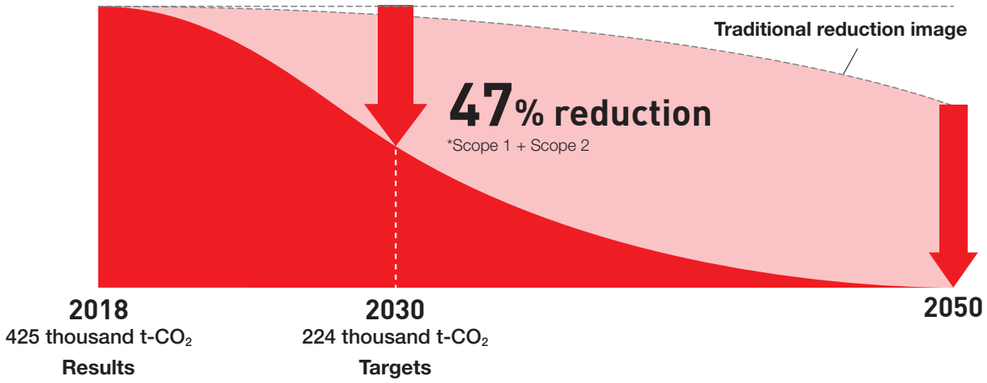
One of Ryobi's materiality issues is addressing climate change, and the company aims to achieve carbon neutrality by 2050.

CO_2 emissions reduction target

- **Achieve carbon neutrality by 2050.**
- **Reduce CO_2 emissions to at least 47% of FY2018 levels by 2030* (both in Japan and overseas).**

*CO_2 reductions represent the absolute emissions for Scope 1 and Scope 2.

CO_2 emission reduction target for 2050



Actual CO_2 emissions in 2018, and from 2020 to 2022

(Unit: t-CO_2)

	2018	2020	2021	2022
Scope 1	143,625	108,292	114,865	117,834
Scope 2	281,841	233,195	230,523	226,588
Scope 1 + 2	425,466	341,487	345,388	344,422
Reduction rate compared to 2018	—	-19.7%	-18.8%	-19.0%

* From FY2022, the calculation of CO_2 emissions in Japan has included that for previous years also, so the calculation method was changed to that of post-adjustment emissions.

CO_2 emissions in 2022 were 19.0% less than 2018 for a total of 344 thousand tonnes of CO_2. In comparison with 2021, CO_2 emissions decreased while consolidated sales increased.

Initiatives

In accordance with the framework advocated by the TCFD, Ryobi has identified the risks and opportunities related to climate change among our die castings, builders' hardware, and printing equipment businesses. In order to reduce financial impacts identified as risks, we have set targets for CO_2 reduction and are establishing a road map to achieve them.
Ryobi Die Casting (Thailand) Co., Ltd. installed a roof-mounted solar power system at their die castings production plant and have started full-scale operation of the system. It is expected to reduce CO_2 by approximately 1,500 tonnes annually.
Ryobi is also replacing the engine-type forklifts used to transport melted secondary aluminum alloys and products with electric ones.
Additionally, Ryobi Limited and domestic group companies have independently set CO_2 prices internally and started introduction of an internal carbon pricing system to serve as criteria for investment decisions. Introduction of this internal carbon pricing system serves to promote renewed individual awareness of each employee, as we are also introducing equipment contributing to reduced energy use and recyclable energy devices such as solar power generators.

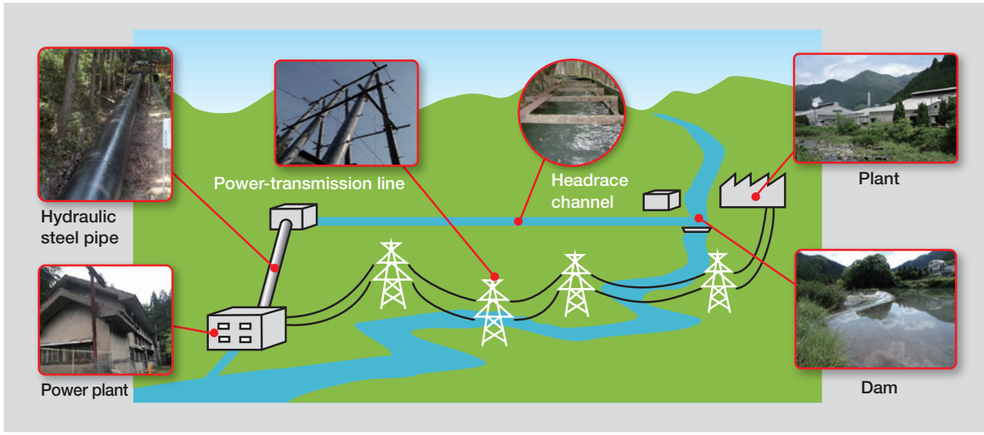
Solar panels installed at Ryobi Die Casting (Thailand) Co., Ltd.

Internal carbon pricing system

Operation starts	From January 2023
Applicable scope	Capital expenditures expected to reduce CO_2 emissions
Operation method	The amount of CO_2 reduced is converted to a cost by applying the internal carbon price and then used as one of the standards for deciding investment.

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 CO_2 emissions.



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.

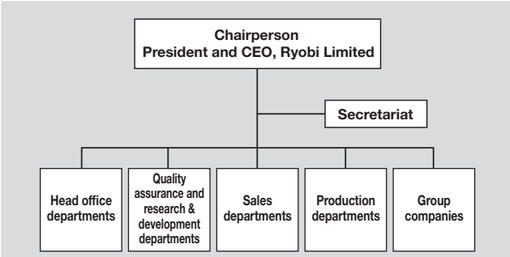
Slogan

Let's increase our awareness of danger and safety together!
Let's strive for mental and physical health 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.

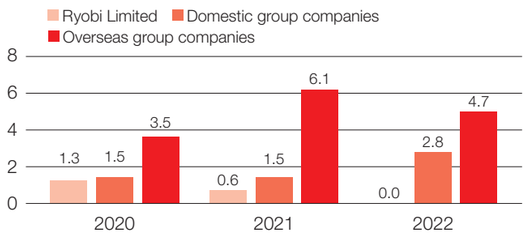
General Safety and Health Committee



Promotion of safety and health in the workplace

In order to eliminate occupational accidents as much as possible, Ryobi investigates the amount, details and causes of such occupational accidents in order to horizontally deploy countermeasures throughout the Ryobi Group to serve as recurrence prevention. We also perform risk assessment to prevent unforeseen occupational accidents, and use the corresponding results as a basis for fundamental safety improvement measures, as well as implementing activities such as health and safety education by job level, mock simulations, and hazard prediction training in order to improve health and safety knowledge.

Annual lost time incident rate per 1,000 workers



Promotion of mental and physical health

In 2018, we announced our Health Declaration based on our corporate philosophy as we believe that measures to maintain and promote employees' health provide organizational vitality and higher productivity, resulting in improved business performance and corporate value. Based on this declaration, we are strengthening the system to encourage employees and their family to maintain and improve mental and physical health, and working to create an environment where everyone can work with health and vitality.

- Mental health support
  Ryobi's efforts to support mental health include providing various forms of training courses on the subject, encouraging self-care by taking a stress check, and implementing measures in order to improve workplace environment based on the results of organizational examination.
- Physical health support
  Measures Ryobi has implemented in order to prevent illness and disease such as lifestyle diseases and cancer include encouraging general health and cancer exams, and providing secondary checkups and health guidance after general exams. We are also encouraging employees to improve their lifestyle habits (diet, exercise, sleep, and stopping smoking) in order to maintain and improve their health.
- Reducing long working hours
  Our efforts to create an environment in which employees can work in comfort include periodic monitoring in each workplace of the number of employees working long hours, reviewing personnel distribution to make sure it is appropriate, and designating every Friday as a "No Overtime Day".
- Encouraging employees to use paid leave
  Our efforts regarding work/life balance consist of setting annual paid leave utilization targets, and encouraging the taking of consecutive paid leave days by combining annual paid leave with major national holidays, summer break, end-of-year/New Year's holidays, and similar periods.

2023 健康経営優良法人 Health and productivity

In 2023, Ryobi Limited was officially recognized as an outstanding organization under the Certified Health and Productivity Management Outstanding Organization Recognition Program implemented by the Ministry of Economy, Trade and Industry, and the Japan Health Council. This is the fourth consecutive year in which we received this recognition.

Health management indicators (KPI)

	Targets	Results for 2020	Results for 2021	Results for 2022
Periodic health exam rate	100%	100%	100%	100%
Rate for re-examination after health exam	85% or more	86.0%	83.5%	86.8%
Stress check rate	99% or more	99.0%	98.6%	98.3%
Overtime hours (monthly average)	20 hours or less	13.2 hours	17.2 hours	14.8 hours
Paid leave usage rate	60% or more	51.0%	59.6%	68.7%

Maintaining favorable relationships with suppliers

Basic approach

Building sound and favorable relationships with suppliers is one of action principles that we outline in the Ryobi Code of Conduct. In March 2022, Ryobi announced a Declaration of Partnership Building and we are refreshing our efforts to ensure that our workforce is fully aware of the matter. We distributed a survey for business transaction optimization to our business partners in February 2023. We are using their ideas and opinions to make improvements and even further strengthen cooperation with our suppliers.

パートナーシップ構築宣言

Social initiatives

Promoting diversity, equity, and inclusion

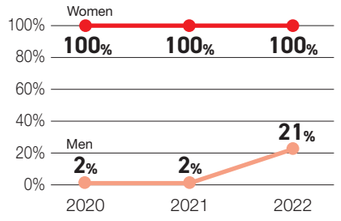
Basic approach

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.

Childcare support

In accordance with the revised Child Care and Family Care Leave Act enacted on October 1, 2022, Ryobi Limited revised our childbirth and childcare systems to introduce childcare leave at birth for male employees (allows a maximum of four weeks of leave during the eight weeks after childbirth). In order to encourage men to take childcare leave, which remains at a lower level than women, we have been distributing messages starting from top management personnel to promote understanding of the issue not only for personnel eligible to take such leave but also among their workplace supervisors and co-workers. In addition to systemic revisions, we are also working to create an environment in which employees can feel secure in their work and daily life while also caring for their children.

Childcare leave usage rate



Promotion of women's career advancement

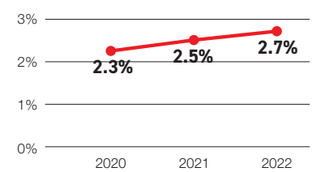
Ryobi Limited has set the targets indicated below for the hiring and promotion of women to be attained by 2024 in order to create a workplace conducive to the participation of female employees. Corresponding measures we are implementing in relation to these targets include career path training for female employees, and training to encourage women to revise their way of thinking about management roles as well as increasing the placement of women in production and technical workplaces.

- The percentage of women among newly hired graduates will be at least 30% every year. (Actual results for 2022: 32%)
- We will have at least seven women in managerial positions. (End of December 2022: Six persons)
- At least 18% of female employees will be in managerial or supervisory positions. (End of December 2022: 15%)

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 in order to provide them with a sense of fulfillment and purpose in their work. As of the end of December 2022, Ryobi Limited achieved an employment rate of people with disabilities of 2.7%, which is above the statutory rate of 2.3%.

Employment rate of people with disabilities



* Qualifying persons with disabilities as based on the Act to Facilitate the Employment of Persons with Disabilities

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.

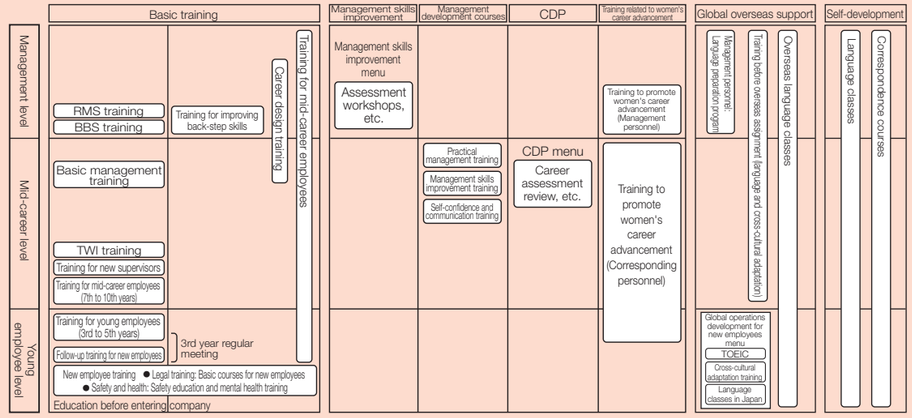
Enhancing education and training programs

Basic approach

Through our training programs, Ryobi Limited hopes to aid employees in refining their intelligence and polish their mind to have a wide perspective, and continuously challenge goals with enthusiasm.

Training programs

Ryobi Limited mainly carries out training by job level and selective training. The objectives of training by job level are to improve job performance and recognition in regards to skills and tasks that are commonly required for each job level from new employee to management personnel. Selective training consists of providing educational opportunities to highly motivated employees so that they can play a more active role in their own work and achieve personal growth.



Self-development support

Ryobi Limited actively encourages and supports various ways for employees to develop their abilities so they can challenge themselves in achieving their personal dreams. For example, we provide subsidies for correspondence courses, incentives for acquiring qualifications indicated by the company, and language classes (English and Chinese) taught by native instructors.

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

Ryobi encourages 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) that uses them to donate goods to and subsidize activities of social welfare corporations and similar organizations. In 2022, our donations totaled approximately 870,000 yen.

● Green Star Award received from the Industrial Estate Authority of Thailand

Ryobi Die Casting (Thailand) Co., Ltd. received the Green Star Award from the Industrial Estate Authority of Thailand (IEAT) for the first time in January 2023. This award is based on an evaluation of corporate environmental measures and social contribution activities by surveying 20 items such as work environment and wastewater treatment, and is presented to companies that satisfy the corresponding standards. Activities of Ryobi Die Casting (Thailand) Co., Ltd., such as participation in tree-planting activities and blood donation drives held by the IEAT, and donations to local elementary schools were evaluated, resulting in the company being one of only five from among 464 eligible companies to be selected for this award.

Awards ceremony

Governance

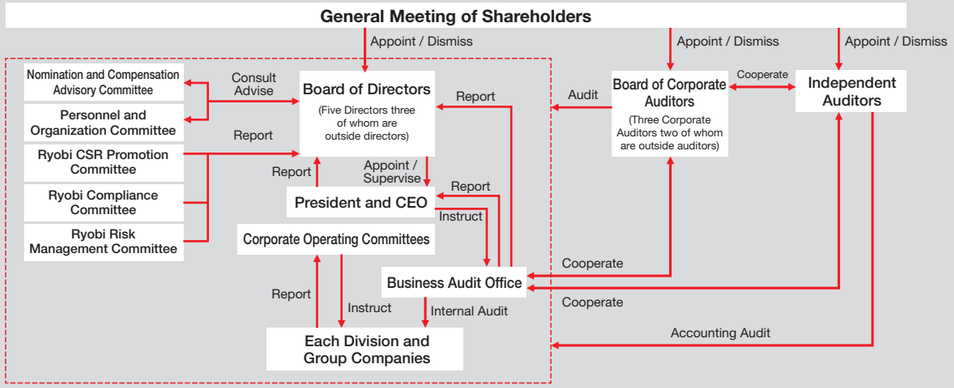
Corporate governance

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	Masahiko Ikaga	Mami Ito	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	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 (*1)

Return on assets (*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(*3) - 0.55	3.0 x percentage of operating profit target achieved(*3) - 1.9
3% or more but less than 5%		1.75 x percentage of operating profit target achieved(*3) - 0.375	2.5 x percentage of operating profit target achieved(*3) - 1.5
Less than 3%		1.4 x percentage of operating profit target achieved(*3) - 0.2	2.0 x percentage of operating profit target achieved(*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 profit for the current fiscal year was 6,969 million yen and consolidated operating income forecast was 5,300 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

Ryobi Limited has regularly evaluated its Board of Directors in order to raise the board's effectiveness and increase our corporate value. In FY2022, 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.

- **The agenda for the Board of Directors is set as is appropriate for the circumstances.**
- **The board adequately verifies whether or not cross-shareholdings should be held.**
- **The board confirms that an internal control system is being properly created.**
- **The board has created a system to hold dialogs with shareholders and institutional investors in order to feed the opinions expressed in these dialogs back to the board so that the board can use these opinions as a basis for their discussions.**

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, appropriate allocation of digital management resources, and reviewing how information regarding deliberations of the Nomination and Compensation Advisory Committee is reported to the Board of Directors. We will continue to work on these issues to maintain and improve the effectiveness of our Board of Directors.

Governance

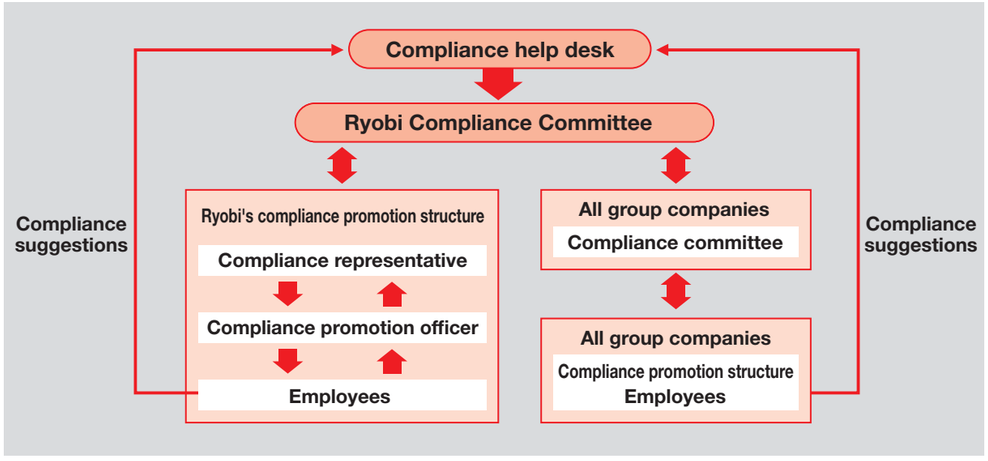
Compliance

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.

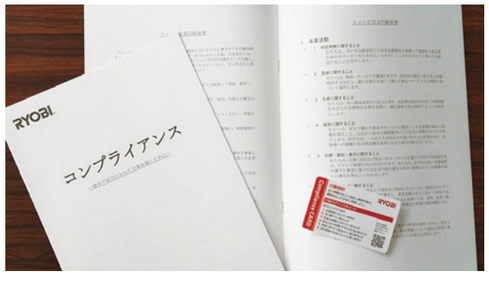
Organization chart

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.
We are additionally implementing measures to prevent cyber attacks, computer virus infections, and information leakage by strengthening network traffic monitoring, and establishing a framework so that personal computers, smartphones, tablets, and similar devices that are not under the company's control cannot be connected to the company's internal network if brought into the company.
In order to improve security levels across the entire supply chain, including partner companies, we are implementing cyber security measures as activities based on our Declaration of Partnership Building. We have started activities to raise awareness about cyber security that exceed the bounds of our group, specifically including introducing examples of malware infection accidents, holding briefing sessions about basic cyber security countermeasures, and assistance in introducing security countermeasures.

10-year financial highlights

Unit: millions of yen

	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	Fiscal year ended December 31, 2022
Business results										
Net sales	199,697	227,163	254,508	241,251	247,192	216,187	220,519	170,973	198,073	249,521
Operating income (loss)	7,665	9,122	12,832	12,624	13,212	13,579	8,495	(1,789)	(1,524)	6,969
Ordinary income (loss)	7,264	8,399	12,132	12,013	13,030	13,965	8,734	(35)	4	7,791
Net income (loss) attributable to owners of parent	4,132	3,809	9,305	8,348	7,844	8,588	4,913	(697)	(4,397)	4,784
Comprehensive income	14,863	13,934	4,014	6,944	10,007	3,172	5,700	(2,451)	6,131	12,215
Financial position										
Net assets	96,433	107,403	110,107	115,428	123,796	125,521	129,575	125,930	131,717	143,723
Total assets	244,976	267,854	265,197	262,869	272,743	268,982	263,179	258,660	279,422	300,285
Interest-bearing debt	85,357	86,503	81,881	74,161	70,331	61,912	61,908	72,475	73,769	74,358
Per share information										
Net assets per share (yen)	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	4,154.04
Basic income per share (yen)	127.65	117.67	287.47	257.90	242.35	265.32	151.79	(21.54)	(135.87)	147.80
Dividends per share (yen)	35.0	40.0	45.0	50.0	60.0	70.0	70.0	0.0	20.0	45.0
Financial indicators										
Equity ratio (%)	37.4	38.0	39.1	41.2	42.5	43.4	45.8	45.3	44.0	44.8
Return on equity (%)	4.9	3.9	9.1	7.9	7.0	7.4	4.1	(0.6)	(3.7)	3.7
Price-earnings ratio (%)	12.3	15.0	7.7	9.4	11.6	9.9	12.9	–	–	7.8
Ordinary income-to-total asset ratio (%)	3.2	3.3	4.6	4.5	4.9	5.2	3.3	(0.0)	0.0	2.7
Debt equity ratio (times)	0.93	0.85	0.79	0.69	0.61	0.53	0.51	0.62	0.60	0.55
Payout ratio (consolidated)(%)	27.4	34.0	15.7	19.4	24.8	26.4	46.1	–	–	30.4
Cash flow										
Cash flows from operating activities	16,404	18,331	22,784	18,552	23,558	24,664	30,326	11,795	14,900	16,787
Cash flows from investing activities	(21,096)	(15,019)	(14,817)	(15,142)	(11,427)	(17,547)	(26,278)	(17,567)	(12,162)	(15,860)
Cash flows from financing activities	(934)	(4,876)	(4,456)	(6,660)	(6,496)	(9,139)	(2,268)	9,718	(1,936)	(2,856)
Free cash flow	(4,692)	3,312	7,967	3,410	12,131	7,117	4,048	(5,772)	2,738	926
Cash and cash equivalents at end of period	17,711	16,609	19,850	16,170	21,931	19,632	21,356	25,405	27,388	26,099
Capital expenditures, depreciation and amortization										
Capital expenditures	16,228	15,592	16,243	16,856	18,841	19,987	24,839	17,392	13,070	18,646
Depreciation and amortization	13,141	14,269	15,725	15,020	16,010	12,531	15,370	16,402	17,240	18,327
Segment information										
Die castings										
Net sales	154,480	173,329	198,809	186,377	196,377	188,403	185,938	145,869	169,898	215,726
Operating income (loss)	6,250	6,672	10,534	9,761	10,561	12,580	7,659	(1,612)	(1,449)	5,232
Total assets	175,041	193,066	192,307	186,479	206,225	207,661	202,898	202,516	214,262	234,174
Power tools and builders' hardware										
Net sales	25,960	26,236	27,076	26,174	23,113	7,885	10,712	9,406	9,574	10,145
Operating income (loss)	1,103	812	430	1,481	1,466	372	697	799	362	226
Total assets	25,866	27,347	26,949	25,963	10,403	10,362	10,292	9,931	10,606	11,283
Printing equipment										
Net sales	19,027	27,380	28,383	28,459	27,473	19,704	23,661	15,513	18,393	23,417
Operating income (loss)	305	1,625	1,848	1,360	1,177	603	144	(944)	(417)	1,506
Total assets	23,797	24,706	24,758	25,150	24,538	24,969	23,017	19,996	22,240	23,028
Sales by region										
Japan	119,278	126,019	128,161	125,131	127,131	97,746	116,571	91,088	103,649	114,726
U.S.A.	30,273	34,238	42,752	35,562	35,847	33,216	29,852	17,242	20,814	36,951
China	24,083	29,741	38,131	38,191	43,713	40,897	34,301	34,264	38,605	45,002
Other	26,062	37,164	45,463	42,366	40,500	44,326	39,794	28,377	35,003	52,840
Overseas sales ratio (%)	40.3	44.5	49.6	48.1	48.6	54.8	47.1	46.7	47.7	54.0

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, 2014.
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, 2021	December 31, 2022
Assets		
Current assets		
Cash and deposits	28,538	27,339
Notes and accounts receivable - trade	44,327	58,337
Securities	740	650
Merchandise and finished goods	19,603	18,104
Work in process	14,813	16,829
Raw materials and supplies	18,092	20,526
Other	3,505	3,586
Allowance for doubtful accounts	(30)	(32)
Total current assets	129,591	145,341
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	32,793	32,716
Machinery, equipment and vehicles, net	51,314	56,196
Land	15,598	15,778
Construction in progress	11,733	13,084
Other, net	5,718	6,183
Total property, plant and equipment	117,158	123,959
Intangible assets		
Other	3,159	2,803
Total intangible assets	3,159	2,803
Investments and other assets		
Investment securities	15,772	14,826
Retirement benefit asset	6,916	6,439
Deferred tax assets	3,879	4,053
Other	3,006	2,923
Allowance for doubtful accounts	(62)	(63)
Total investments and other assets	29,512	28,179
Total non-current assets	149,830	154,943
Deferred assets		
Bond issuance costs	0	–
Total deferred assets	0	–
Total assets	279,422	300,285
Liabilities		
Current liabilities		
Notes and accounts payable - trade	41,606	46,546
Short-term borrowings	36,498	39,942
Current portion of bonds payable	1,500	–
Current portion of long-term borrowings	13,005	6,545
Income taxes payable	636	879
Provision for bonuses	387	549
Provision for directors' bonuses	–	36
Other	17,131	20,199
Total current liabilities	110,765	114,698
Non-current liabilities		
Long-term borrowings	22,765	27,869
Deferred tax liabilities	2,948	3,242
Deferred tax liabilities for land revaluation	510	510
Retirement benefit liability	7,872	7,183
Other	2,842	3,056
Total non-current liabilities	36,939	41,863
Total liabilities	147,705	156,561
Net assets		
Shareholders' equity		
Common stock	18,472	18,472
Additional paid in capital	21,875	21,892
Retained earnings	71,587	76,118
Treasury stock	(346)	(346)
Total shareholders' equity	111,588	116,136
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,503	5,649
Revaluation reserve for land	811	811
Foreign currency translation adjustment	4,288	11,675
Remeasurements of defined benefit plans	734	186
Total accumulated other comprehensive income	11,337	18,323
Non-controlling interests	8,790	9,263
Total net assets	131,717	143,723
Total liabilities and net assets	279,422	300,285

Consolidated Statement of Income

Unit: millions of yen

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Net sales	198,073	249,521
Cost of sales	179,600	221,275
Gross profit	18,472	28,245
Selling, general and administrative expenses	19,996	21,276
Operating income (loss)	(1,524)	6,969
Non-operating income		
Interest income	164	123
Dividend income	366	413
Rental income	164	156
Foreign exchange gains	200	321
Dividend income of insurance	145	41
Share of profit of entities accounted for using equity method	59	–
Usage income of trademark	270	342
Subsidy income	378	66
Other	833	823
Total non-operating income	2,582	2,289
Non-operating expenses		
Interest expenses	894	1,025
Loss on abandonment of inventories	31	44
Depreciation and amortization	16	13
Share of loss of entities accounted for using equity method	–	225
Other	112	156
Total non-operating expenses	1,054	1,466
Ordinary income	4	7,791
Extraordinary income		
Gain on disposal of non-current assets	4	23
Gain on sale of investment securities	0	–
Total extraordinary income	5	23
Extraordinary losses		
Loss on disposal of non-current assets	203	170
Impairment losses	4,134	–
Loss on valuation of investment securities	2	4
Loss on sale of investment securities	–	250
Compensation expenses	–	430
Total extraordinary losses	4,339	855
Net income (Loss) before income taxes	(4,329)	6,960
Income taxes - current	1,001	1,345
Income taxes - deferred	(969)	374
Total income taxes	31	1,720
Net income (Loss)	(4,361)	5,240
Net income attributable to non-controlling interests	36	455
Net income (Loss) attributable to owners of parent	(4,397)	4,784

Consolidated Statement of Comprehensive Income

Unit: millions of yen

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Net income (Loss)	(4,361)	5,240
Other comprehensive income		
Valuation difference on available-for-sale securities	771	137
Revaluation reserve for land	0	–
Foreign currency translation adjustment	7,821	7,251
Remeasurements of defined benefit plans, net of tax	1,618	(549)
Share of other comprehensive income of entities accounted for using equity method	281	136
Total other comprehensive income	10,492	6,975
Comprehensive income	6,131	12,215
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,087	11,769
Comprehensive income attributable to non-controlling interests	43	445

Consolidated Statement of Changes in Equity

Fiscal year ended December 31, 2021

Unit: millions of yen

	Shareholders' equity				
	Common stock	Additional in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	18,472	21,861	76,309	(346)	116,295
Amount of cumulative impact due to changes in accounting policy					–
Balance at beginning of period reflecting changes in accounting policy	18,472	21,861	76,309	(346)	116,295
Changes during period					
Dividends of surplus			(323)		(323)
Net income (Loss) attributable to owners of parent			(4,397)		(4,397)
Purchase of treasury stock				(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
Amount of cumulative impact due to changes in accounting policy							–
Balance at beginning of period reflecting changes in accounting policy	4,733	810	(3,814)	(877)	852	8,782	125,930
Changes during period							
Dividends of surplus							(323)
Net income (Loss) attributable to owners of parent							(4,397)
Purchase of treasury stock							(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

Fiscal year ended December 31, 2022

Unit: millions of yen

	Shareholders' equity				
	Common stock	Additional paid in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	18,472	21,875	71,587	(346)	111,588
Amount of cumulative impact due to changes in accounting policy			718		718
Balance at beginning of period reflecting changes in accounting policy	18,472	21,875	72,305	(346)	112,306
Changes during period					
Dividends of surplus			(971)		(971)
Net income attributable to owners of parent			4,784		4,784
Purchase of treasury stock				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests		17			17
Net changes in items other than shareholders' equity					
Total changes during period	–	17	3,813	(0)	3,830
Balance at end of period	18,472	21,892	76,118	(346)	116,136

	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	5,503	811	4,288	734	11,337	8,790	131,717
Amount of cumulative impact due to changes in accounting policy							718
Balance at beginning of period reflecting changes in accounting policy	5,503	811	4,288	734	11,337	8,790	132,435
Changes during period							
Dividends of surplus							(971)
Net income attributable to owners of parent							4,784
Purchase of treasury stock							(0)
Change in ownership interest of parent due to transactions with non-controlling interests							17
Net changes in items other than shareholders' equity	146	–	7,387	(547)	6,985	472	7,458
Total changes during period	146	–	7,387	(547)	6,985	472	11,288
Balance at end of period	5,649	811	11,675	186	18,323	9,263	143,723

Consolidated Statements of Cash Flows

Unit: millions of yen

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Cash flows from operating activities		
Net income (Loss) before income taxes	(4,329)	6,960
Depreciation	17,240	18,327
Impairment losses	4,134	–
Increase (decrease) in allowance for doubtful accounts	(3)	2
Increase (decrease) in provision for bonuses	(3)	161
Increase (decrease) in retirement benefit liability	33	(319)
Interest and dividend income	(530)	(537)
Interest expenses	894	1,025
Subsidy income	(378)	(66)
Share of loss (profit) of entities accounted for using equity method	(59)	225
Loss (gain) on disposal of non-current assets	198	147
Loss (gain) on sale of investment securities	–	250
Loss (gain) on valuation of investment securities	2	4
Decrease (increase) in trade receivables	(2,520)	(12,038)
Decrease (increase) in inventories	(9,214)	(1,538)
Decrease (increase) in other current assets	(208)	(14)
Increase (decrease) in trade payables	11,934	4,074
Increase (decrease) in other current liabilities	(1,253)	1,038
Other, net	(424)	246
Subtotal	15,510	17,947
Interest and dividends received	613	600
Interest paid	(904)	(1,011)
Subsidies received	455	86
Income taxes refund (paid)	(773)	(835)
Net cash provided by operating activities	14,900	16,787
Cash flows from investing activities		
Purchases of property, plant and equipment	(11,851)	(16,879)
Proceeds from sale of property, plant and equipment	520	76
Purchase of securities	(1,300)	(1,300)
Proceeds from sale of securities	1,330	1,300
Purchase of investment securities	(15)	(11)
Proceeds from sale of investment securities	13	750
Payments into time deposits	(2,404)	(2,404)
Proceeds from withdrawal of time deposits	2,404	2,404
Other, net	(859)	202
Net cash used in investing activities	(12,162)	(15,860)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	9,325	2,039
Proceeds from long-term borrowings	1,866	11,110
Repayments of long-term borrowings	(8,050)	(13,365)
Redemption of bonds	(4,600)	(1,500)
Purchase of treasury stock	(0)	(0)
Dividends paid	(328)	(973)
Other, net	(150)	(167)
Net cash used in financing activities	(1,936)	(2,856)
Effect of exchange rate change on cash and cash equivalents	1,182	640
Net increase (decrease) in cash and cash equivalents	1,983	(1,289)
Cash and cash equivalents at beginning of period	25,405	27,388
Cash and cash equivalents at end of period	27,388	26,099

Organization profile

Corporate information (as of December 31, 2022)

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: Prime Market
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 2018 to December 2022)

Management members (As of May 31, 2023)

Board of Directors
Asterisk (*) indicates outside director


Akira Urakami
President and CEO


Satoshi Ohoka
Director*


Tatsuyoshi Mochizuki
Director and Corporate Officer


Masahiko Ikaga
Director*


Mami Ito
Director*

Corporate Auditors
Asterisk (*) indicates outside auditor


Takashi Suzuki
Standing Corporate Auditor


Yoichi Arai
Corporate Auditor*


Takashi Hatagawa
Corporate Auditor*

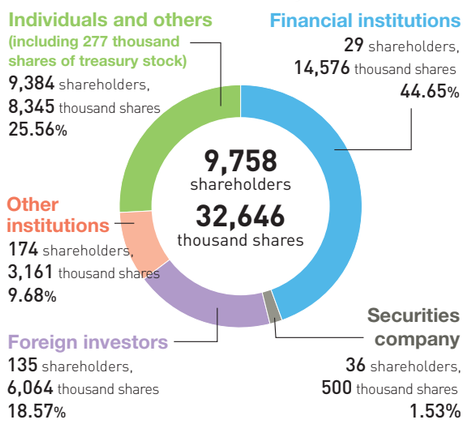
Corporate Officers

Taichi Shimizu
Koji Urakami
Kazuhiko Fujii
Tadashi Takeguchi
Hiromu Arihiro
Osamu Suemori
Hideki Tanifuji

Stock information (as of December 31, 2022)

Number of shares authorized	100,000 thousand shares
Number of shares issued	32,646 thousand shares
Number of shareholders	9,758 (increased by 1,003 since the end of the fiscal year)

Share breakdown by owner



Principal shareholders

Principal shareholders	Investment in Ryobi Limited	
	Number of shares held (in thousands)	Investment ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	3,328	10.28
Ryokokai Shareholding Association	2,055	6.34
Custody Bank of Japan, Ltd. (trust account)	1,985	6.13
Meiji Yasuda Life Insurance Company	1,860	5.74
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.

Organization profile

Network

RYOBI LIMITED

❶ Head Office
❷ Tokyo Branch
❸ Toranomon Office
❹ Osaka Branch
Sales Offices (7 locations across Japan)
ⓐ Sapporo
ⓑ Sendai
ⓒ Hamamatsu
ⓓ Nagoya
ⓔ Toyama
ⓕ Hiroshima
ⓖ Fukuoka
❺ Hiroshima Plant
❻ Hiroshima East Plant
❼ Shizuoka Plant
❽ Kikugawa Plant

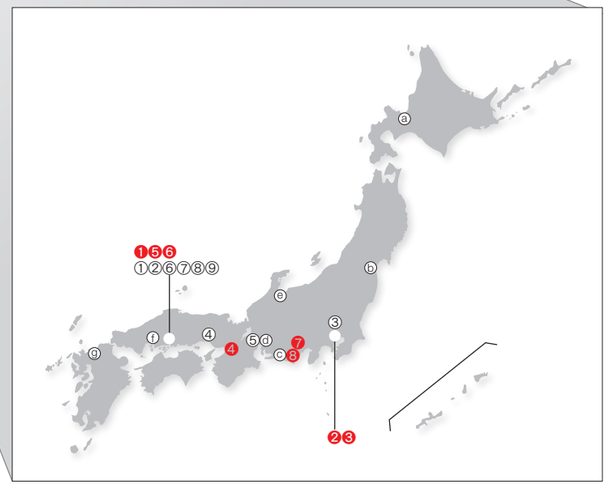

❶⑦


❷


❺


❻


❼



Overseas group companies

❶ RYOBI DIE CASTING (USA), INC.
Die casting manufacturing and sales

❷ RDCM, S. DE R.L. DE C.V.
Die casting manufacturing

❸ RYOBI ALUMINIUM CASTING (UK), LIMITED
Die casting manufacturing and sales

❹ RYOBI DIE CASTING DALIAN CO., LTD.
Die casting and die manufacturing and sales

❺ RYOBI DIE CASTING CHANGZHOU CO., LTD.
Die casting manufacturing and sales

❻ RYOBI DIE CASTING (THAILAND) CO., LTD.
Die casting manufacturing and sales

❼ RYOBI (SHANGHAI) SALES, LTD.
Die casting and die sales


❶


❷


❸


❹

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❻

Domestic group companies

① RYOBI MIRASAKA CO.
Die casting manufacturing

② RYOBI MITSUGI CO.
Plastic molding and die casting manufacturing

③ TOKYO LIGHT ALLOY CO., LTD.
Cast aluminum and die casting manufacturing and sales

④ IKUNO CO.
Secondary aluminum alloy bullion manufacturing and sales

⑤ HOEI INDUSTRIES CO., LTD.
Aluminum forged product manufacturing and sales

⑥ RYOBI MHI GRAPHIC TECHNOLOGY LTD.
Printing equipment and related product manufacturing and sales

⑦ ASAHI SANGYO CO.
Insurance agency

⑧ RYOBI LAND DEVELOPMENT LTD.
Golf course management

⑨ RYOBI LIFE SERVICES LTD.
Nursery school management


①


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