

## Ryobi Limited

# Financial Results Presentation for the Fiscal Year Ended December 31, 2021

February 15, 2022



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# 1. Results for the Fiscal Year Ended December 31, 2021

## Highlight of Financial Results

1. Results for the FY2021

**RYOBI**

➤ **FY2021 consolidated results: Revenue increased and earnings decreased compared to the previous year**

**Die Castings**

- Sales increased in Japan and overseas due to improving business confidence and the resulting recovery in automobile sales as well as higher raw material (aluminum alloy) prices, despite global semiconductor shortages, stagnant automobile parts supply influenced by resurgences of the COVID-19 pandemic, and other negative factors impacting automobile production
- Profitability did not recover as ongoing rises in raw material prices have yet to be offset by the upward revision of sales prices
- An impairment loss of approximately ¥4.0 billion was recorded at a U.K. subsidiary

**Builders' Hardware**

Sales increased in Japan and overseas, while segment earnings declined due to higher procurement costs caused by the appreciation of the Chinese yuan

**Printing Equipment**

- Sales in Japan decreased, but overseas exports to China and South Korea were strong, resulting in an overall increase in sales
- The benefits of increasing sales and cost reductions have yet to yield profit

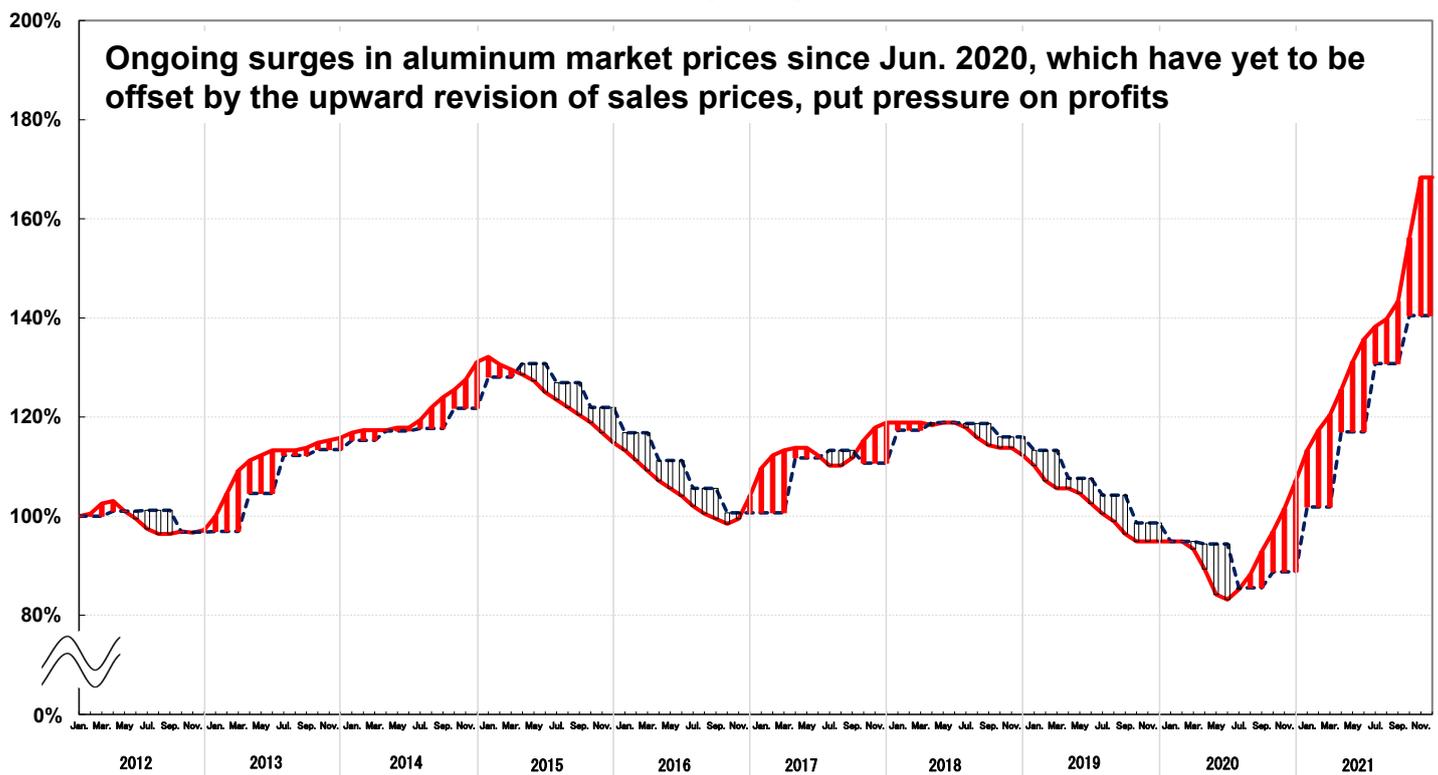
➤ **FY2022 forecasts: Increases in revenues and earnings**

Expect gradual economic recovery despite concerns about the impact of the pandemic's resurgence, supply chain disruption and higher raw material prices

## Impact of Aluminum Market Prices on Profit and Loss

Trend in Aluminum Market Prices and Aluminum Sales Prices (10-year period from Jan. 2012 – Dec. 2021)

— Aluminum Market Prices  
 - - - Aluminum Sales Price (reflecting average market price for the previous 3 months)



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## Results Summary

1. Results for the FY2021

RYOBI

(Unit: Billions of Yen)

	FY2020	FY2021	
	Results	Results	Change
Net sales	171.0	198.1	27.1 (15.9%)
Operating loss	-1.8	-1.5	0.3 (—)
Ordinary profit (loss)	-0.0	0.0	0.0 (—)
Loss attributable to owners of parent	-0.7	* -4.4	-3.7 (—)

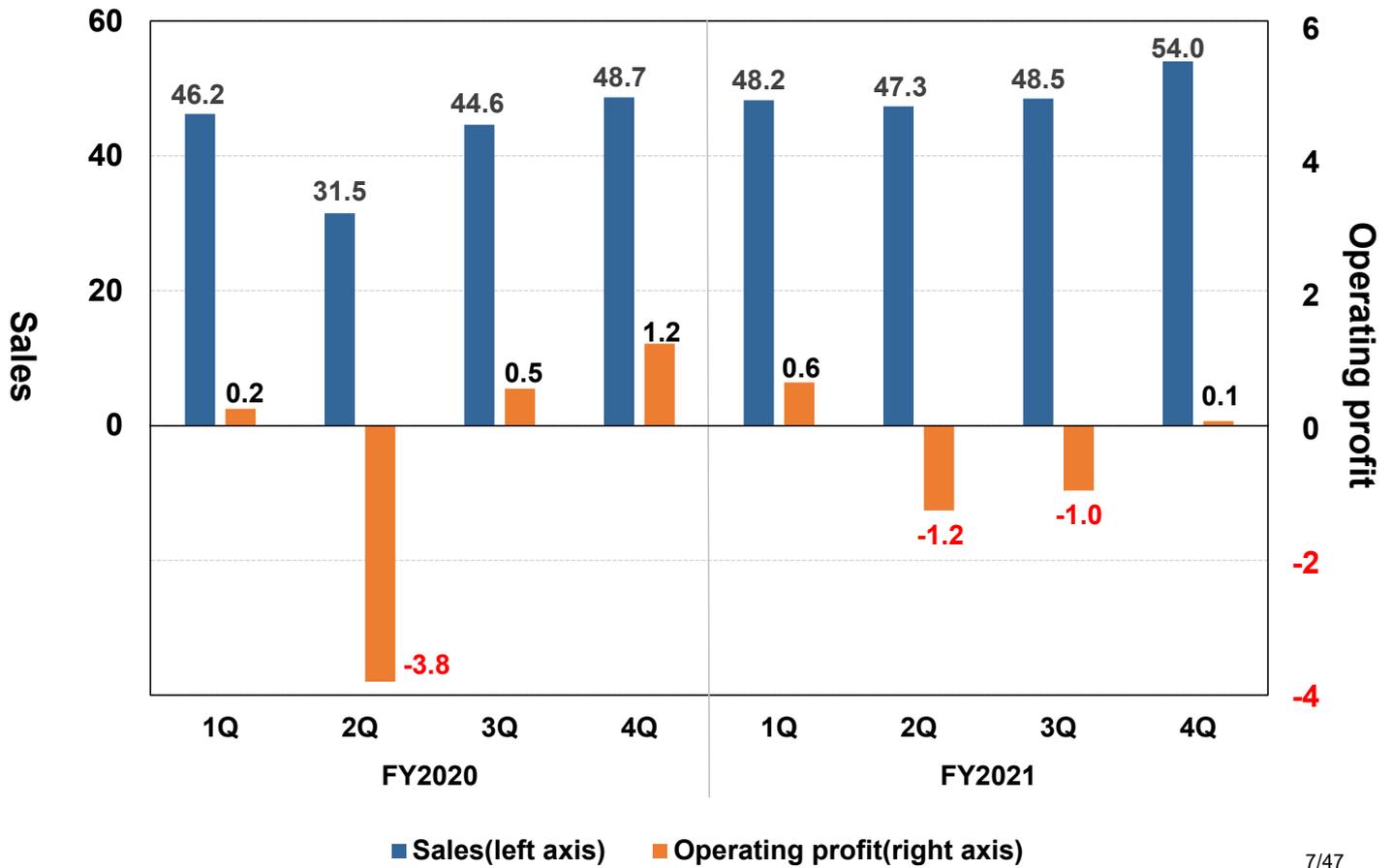
\* An impairment loss of approximately ¥4.0 billion was recorded at a U.K. subsidiary

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# Trends in Sales and Operating profit

(Unit: Billions of Yen)

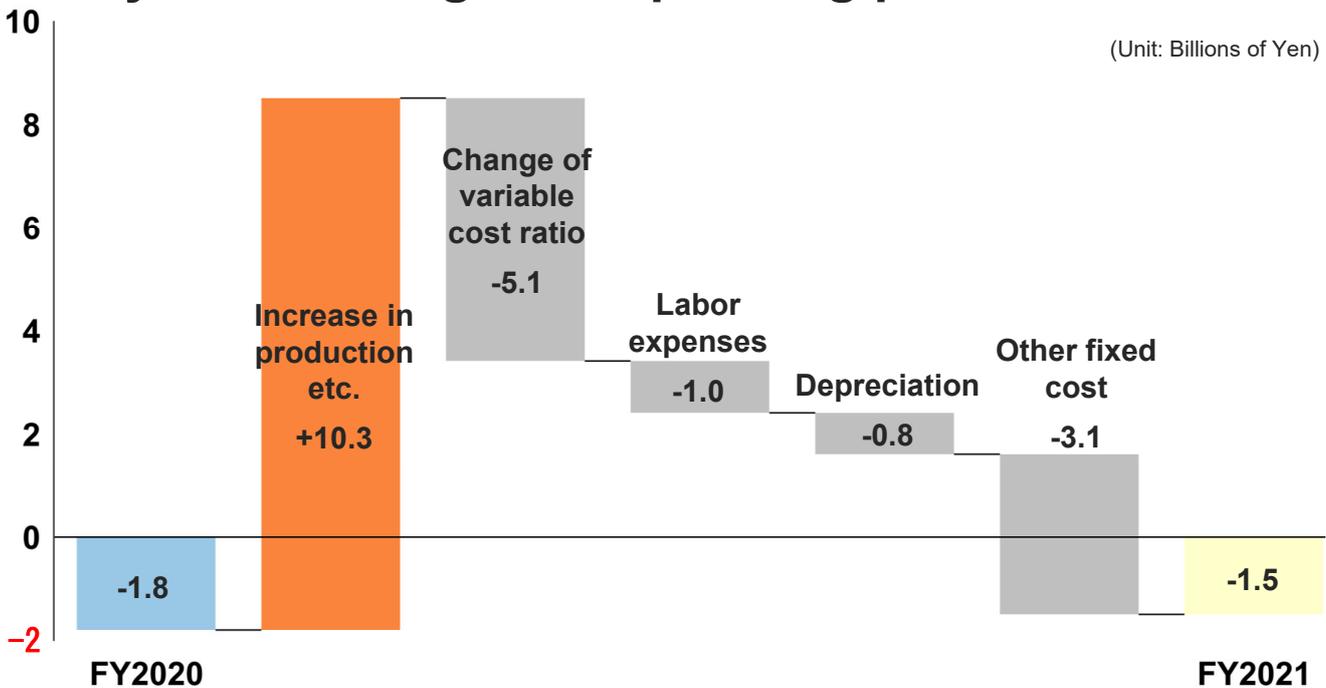
(Unit: Billions of Yen)



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# Analysis of Changes in Operating profit

(Unit: Billions of Yen)



**Breakdown of major components of other fixed cost**

- Utilities -1.0 billion yen
- Office supplies and expenses -0.7 billion yen

Exchange rates (average during the period)

	FY2020	FY2021
USD	¥106.80	¥109.46
GBP	¥137.43	¥150.64
CNY	¥15.40	¥16.96
THB	¥3.41	¥3.44

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# Results by Business Segment

1. Results for the FY2021



(Unit: Billions of Yen)

	FY2020	FY2021	
	Results	Results	Change
Net sales	171.0	198.1	27.1 (15.9%)
Die Castings	145.9	169.9	24.0 (16.5%)
Builders' Hardware	9.4	9.6	0.2 (1.8%)
Printing Equipment	15.5	18.4	2.9 (18.6%)
Operating profit (loss)	-1.8	-1.5	0.3 (-)
Die Casting	-1.6	-1.4	0.2 (-)
Builders' Hardware	0.8	0.4	-0.4 (-54.7%)
Printing Equipment	-0.9	-0.4	0.5 (-)

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# Trends in Sales and Operating Profit

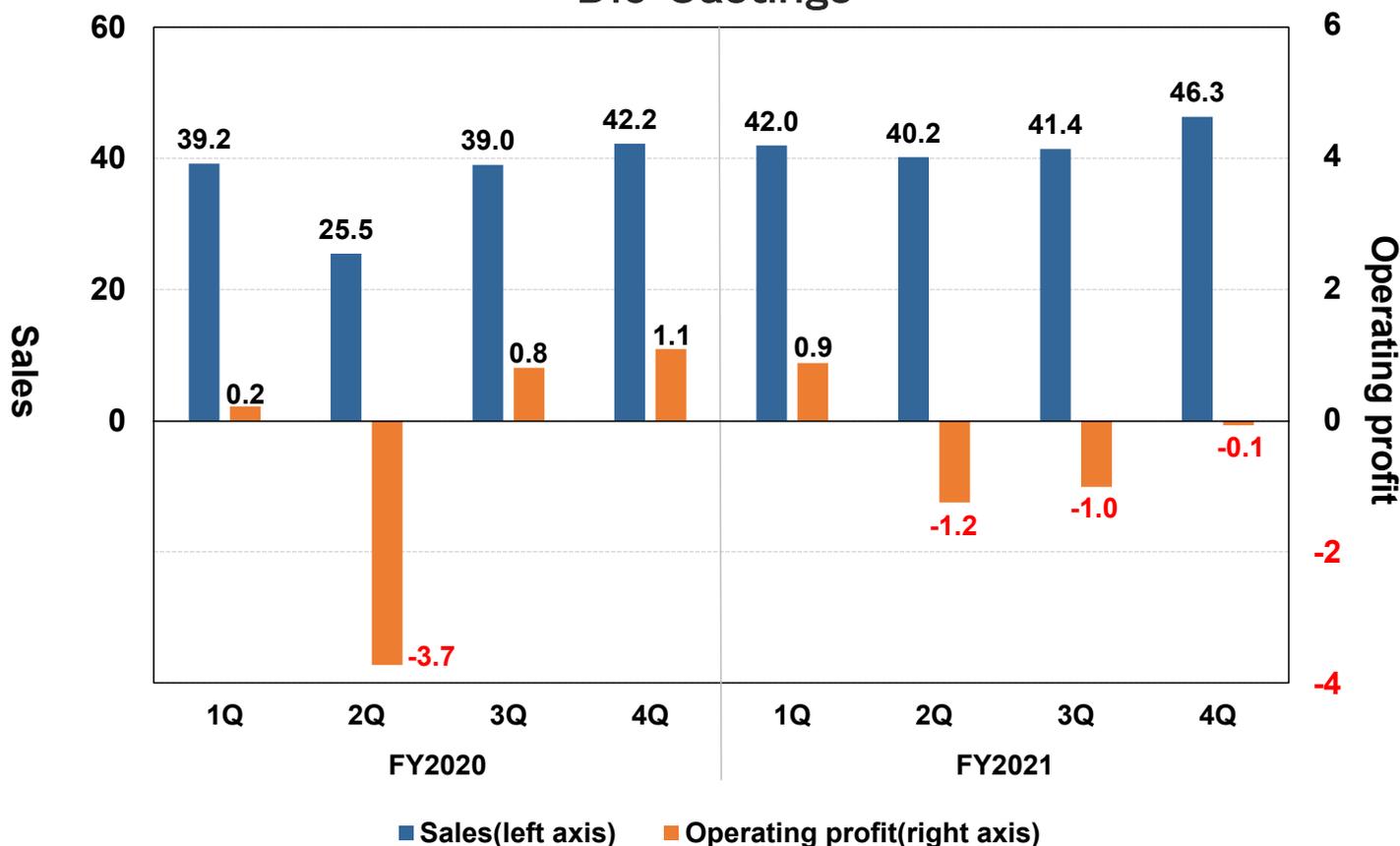
1. Results for the FY2021



(Unit: Billions of Yen)

## Die Castings

(Unit: Billions of Yen)



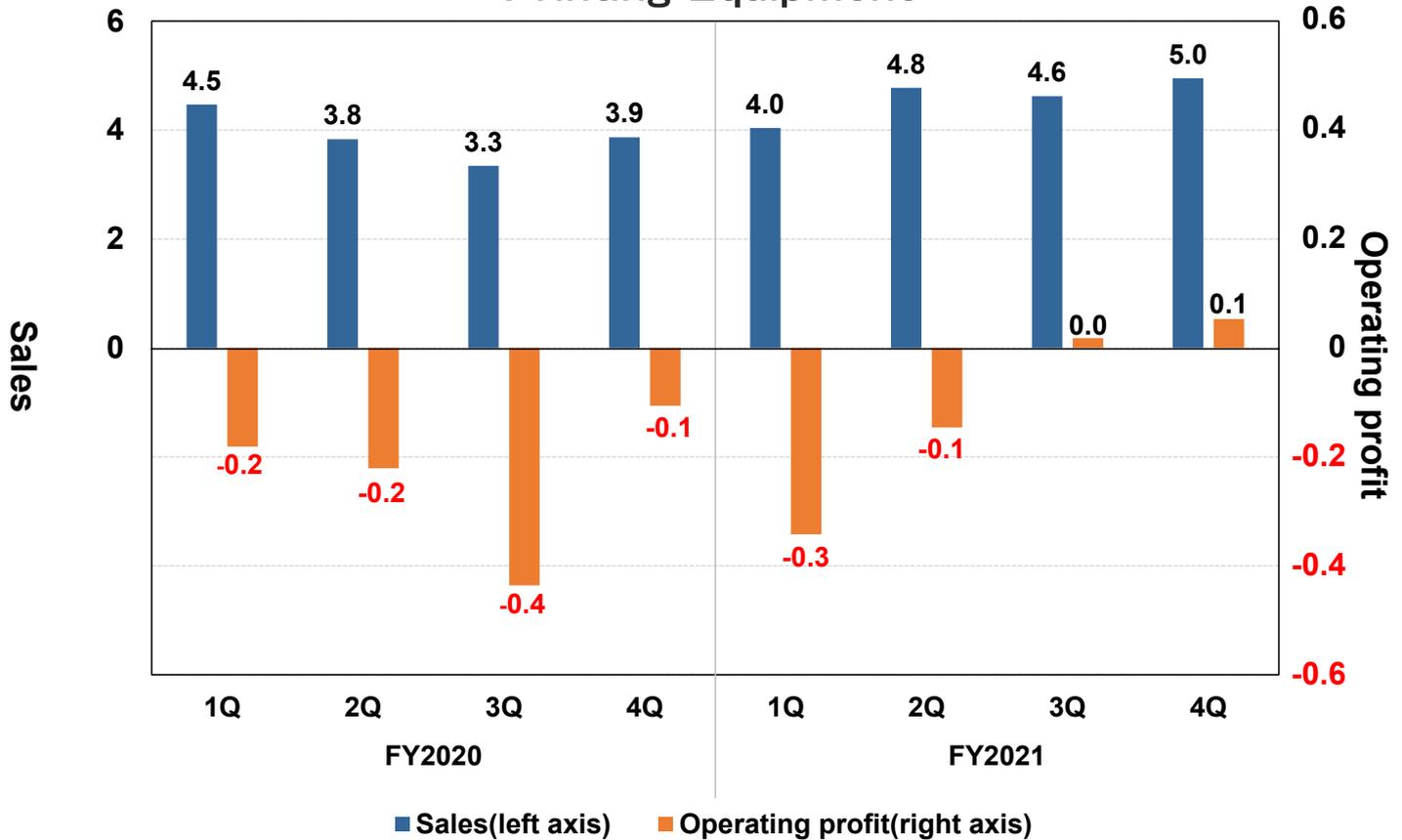
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## Trends in Sales and Operating Profit

(Unit: Billions of Yen)

## Printing Equipment

(Unit: Billions of Yen)



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## Consolidated Balance Sheet

1. Results for the FY2021

(Unit: Billions of yen)

	FY2020	FY2021	Change	Currency Translation Effect		FY2020	FY2021	Change	Currency Translation Effect
Current assets	112.2	129.6	17.4	5.0	Current liabilities	83.9	110.8	26.9	3.8
Cash and deposits	26.6	28.5	2.0	1.0	Notes and accounts payable—trade	29.1	41.6	12.5	0.8
Notes and accounts receivable—trade	40.2	44.3	4.2	1.7	Short-term borrowings	37.3	51.0	13.7	2.2
Securities	0.8	0.7	-0.0	0.0	Other	17.5	18.2	0.7	0.7
Inventories	41.4	52.5	11.1	2.2	Non-current liabilities	48.8	36.9	-11.9	0.7
Other	3.3	3.5	0.1	0.2	Long-term borrowings (including bonds)	35.2	22.8	-12.4	0.5
Non-current assets	146.4	149.8	3.4	7.6	Other	13.7	14.2	0.5	0.2
Property, plant and equipment	119.0	117.2	-1.8	6.6	Shareholders' equity	116.3	111.6	-4.7	-0.0
Intangible assets	3.5	3.2	-0.3	0.2	Accumulated other comprehensive income	0.9	11.3	10.5	8.1
Investments and other assets	24.0	29.5	5.5	0.8	Non-controlling interests	8.8	8.8	0.0	—
Deferred tax assets	0.0	0.0	-0.0	—	Total net assets	125.9	131.7	5.8	8.1
Total assets	258.7	279.4	20.8	12.6	Total liabilities and net assets	258.7	279.4	20.8	12.6

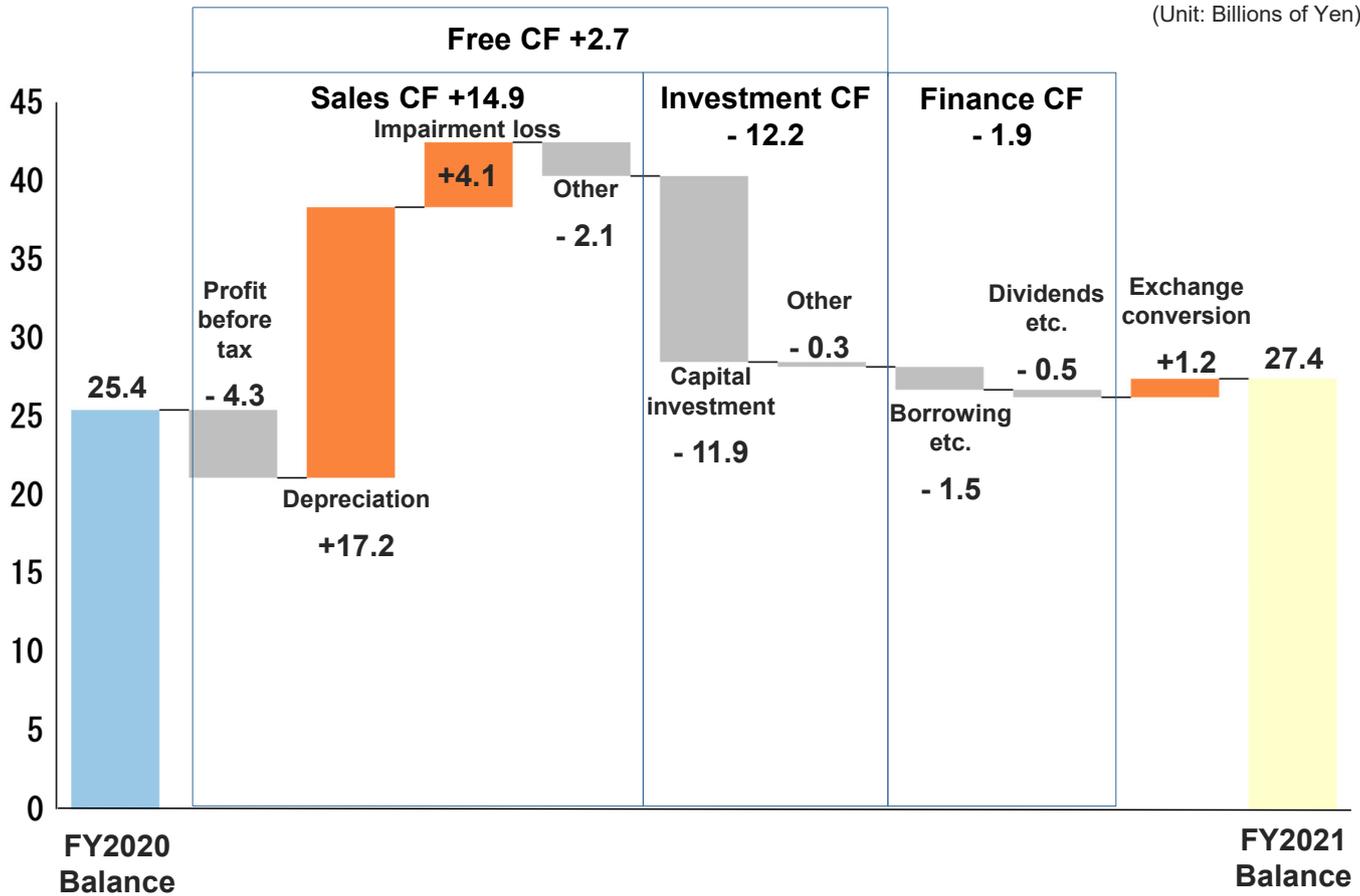
- Total assets increased by 20.8 billion yen (Currency translation effect is 12.6 billion yen)
- Interest-Bearing Debt (including Corporate bonds) decreased by 1.4 billion yen except for currency translation effect
- Total net assets increased by 5.8 billion yen (including currency translation effect by 8.1 billion yen)

Exchange rates (as of fiscal-year end)	USD	GBP	CNY	THB
Dec. 31, 2020	¥103.50	¥139.82	¥15.88	¥3.44
Dec. 31, 2021	¥115.02	¥155.24	¥18.06	¥3.43

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# Changing in Cash Flows

(Unit: Billions of Yen)



## 2. Forecasts for the Fiscal Year Ending December 31, 2022

(Unit: Billions of Yen)

	FY2021	FY2022	
	Results	Forecasts	Change
Net sales	198.1	240.0	41.9 (21.2%)
Operating profit	- 1.5	5.3	6.8 (-)
Ordinary profit	0.0	5.4	5.4 (-)
Profit attributable to owners of parent	- 4.4	3.8	8.2 (-)

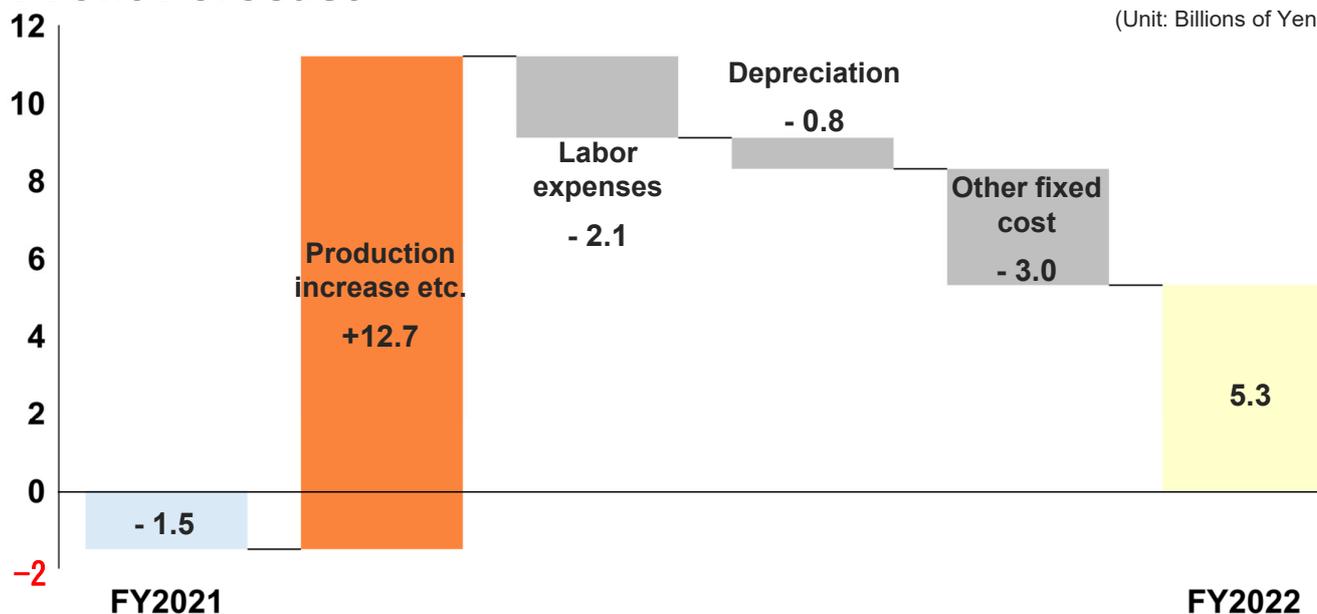
\* As year-on-year percentage changes of ordinary profit would be more than 1,000%, it is indicated as “-”.

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## Analysis of Changes in Operating Profit Forecast

2. Forecasts for the FY2022

(Unit: Billions of Yen)



- Earning will increase along with revenue growth in Japan and overseas
- Labor expenses will increase at our overseas business bases in step with an increase in production volume
- Depreciation cost will increase due to capital investment
- Utilities and repairs and other costs will increase

### Exchange rate

	Average during FY2021	Forecast for FY2022	Annual impact of yen appreciation on operating income (1% higher than forecasts)
USD	¥109.46	¥112.00	USD - ¥40million
GBP	¥150.64	¥150.00	GBP - ¥10million
CNY	¥16.96	¥17.50	CNY + ¥10million
THB	¥3.44	¥3.40	

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## Forecasts by Business Segment

(Unit: Billions of Yen)

	FY2021	FY2022	
	Results	Forecasts	Change
Net sales	198.1	240.0	41.9 (21.2%)
Die Castings	169.9	208.1	38.2 (22.5%)
Builders' Hardware	9.6	9.4	- 0.2 (- 1.8%)
Printing Equipment	18.4	22.5	4.1 (22.3%)
Operating profit	- 1.5	5.3	6.8 (—)
Die Castings	- 1.4	4.6	6.0 (—)
Builders' Hardware	0.4	0.3	- 0.1 (- 17.2%)
Printing Equipment	- 0.4	0.4	0.8 (—)

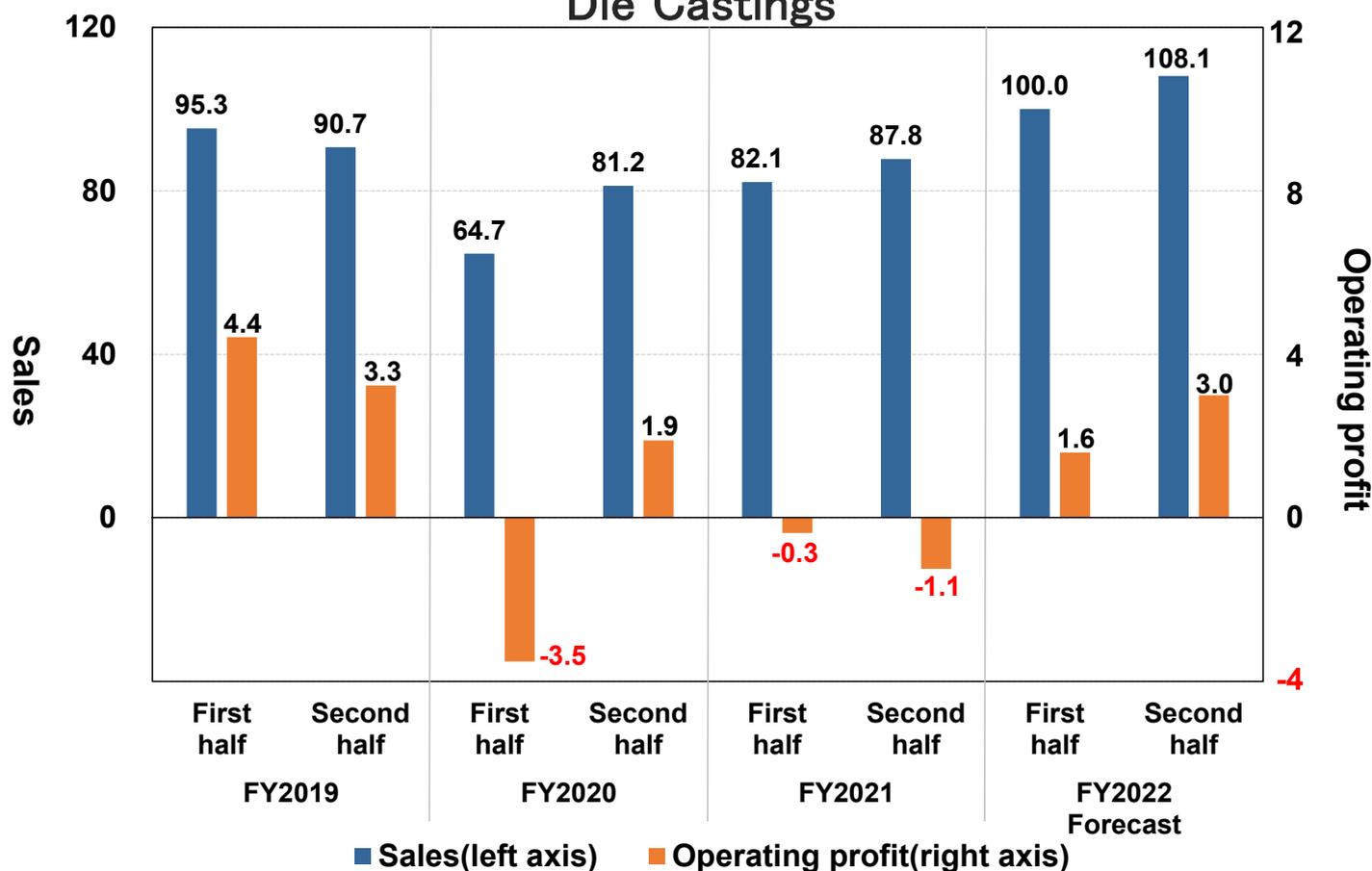
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## Trends in Sales and Operating Profit

(Unit: Billions of Yen)

(Unit: Billions of Yen)

## Die Castings



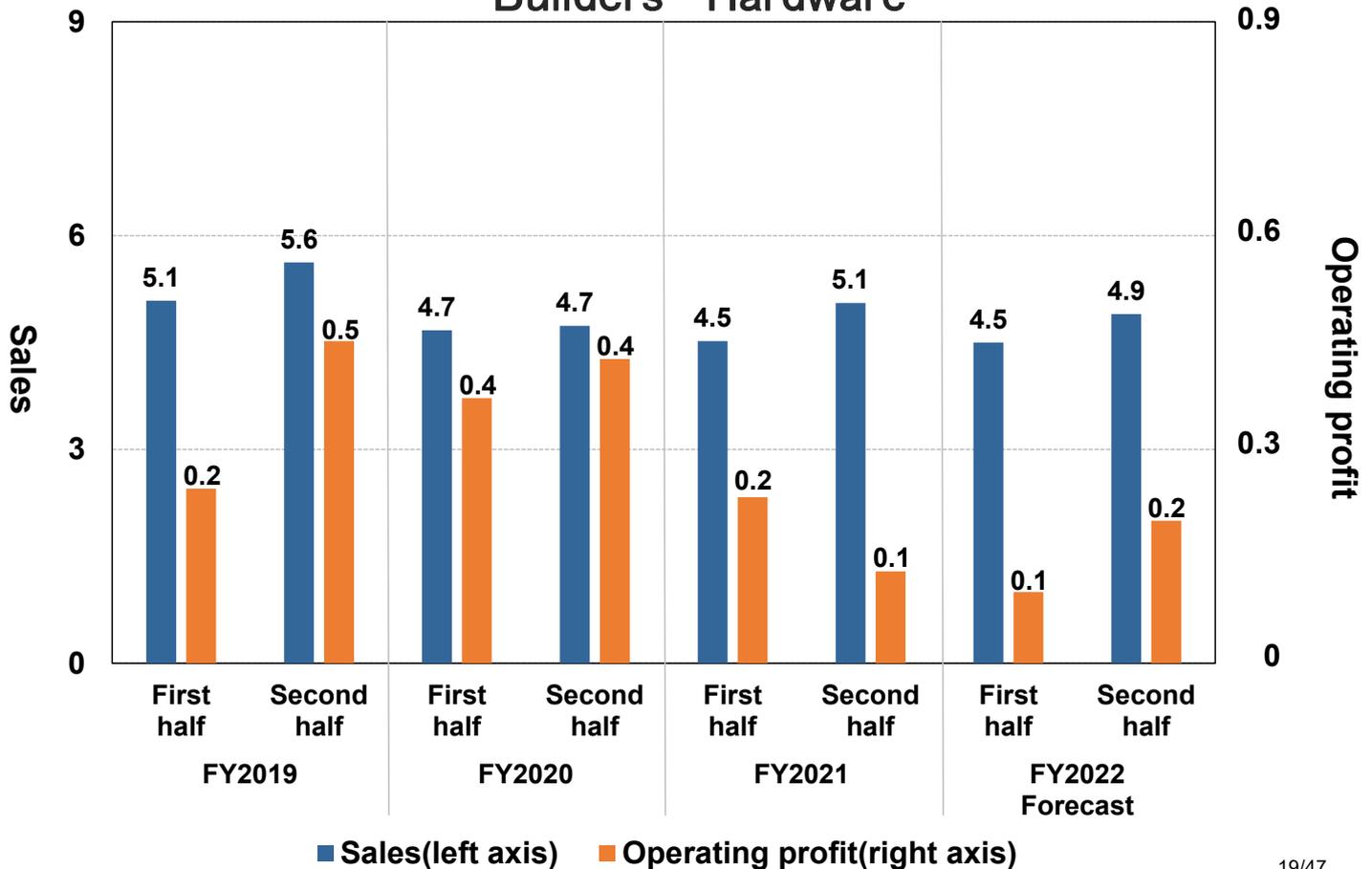
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## Trends in Sales and Operating Profit

(Unit: Billions of Yen)

## Builders' Hardware

(Unit: Billions of Yen)



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## Trends in Sales and Operating Profit

(Unit: Billions of Yen)

## Printing Equipment

(Unit: Billions of Yen)



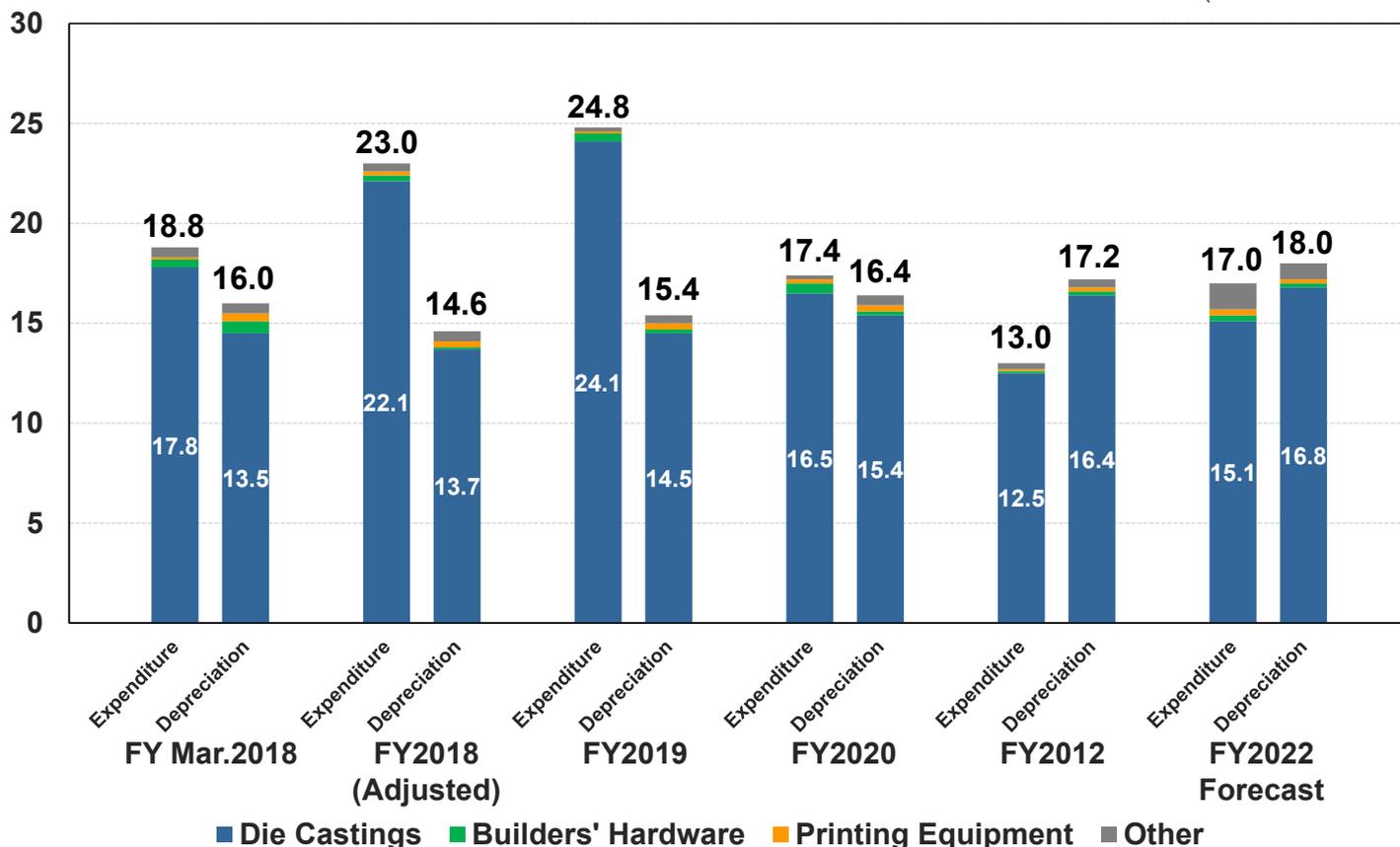
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# Trend in Capital Expenditure and Depreciation

2. Forecasts for the FY2022



(Unit: Billions of Yen)



\* In Apr. 2018, the depreciation method for property, plant and equipment in Japan was changed from the declining balance method to the straight-line method.

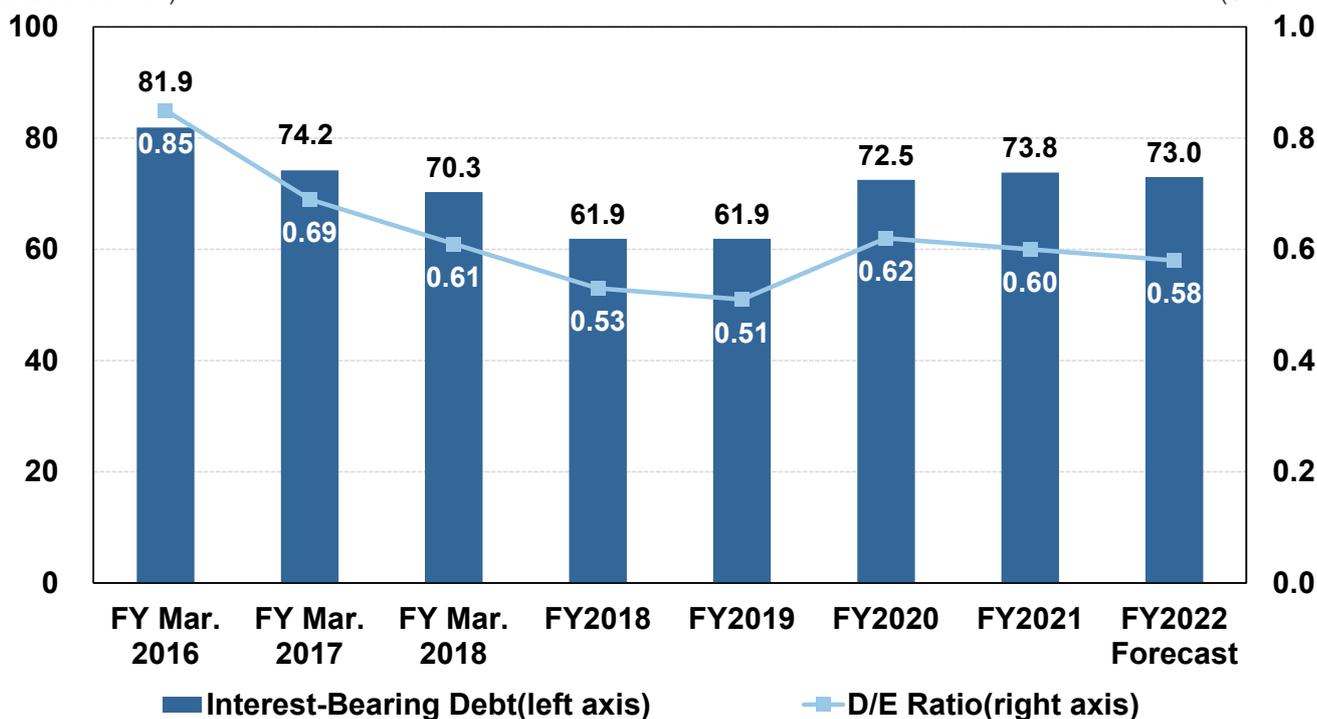
# Trend in Interest-Bearing Debt and D/E Ratio

2. Forecasts for the FY2022



(Unit: Billions of Yen)

(Unit: Times)



	FY Mar. 2016	FY Mar. 2017	FY Mar. 2018	FY2018	FY2019	FY2020	FY2021	FY2022 Forecast
Borrowing dependence (interest-bearing debt/total assets)	30.9%	28.2%	25.8%	23.0%	23.5%	28.0%	26.4%	26.2%

## 3. Future Initiatives

### Basic Management Policies

#### <Basic Management policies>

- Strengthen trusting relationships with stakeholders
- Improve the profit structure while enhancing cost management
- Secure stable cash flows in addition to improving asset efficiency
- Deliver new value via the use of technologies
- Promote the accumulation and standardization of insights backed by employee experience and wisdom, and utilize such insights in human resource development

# Die Castings

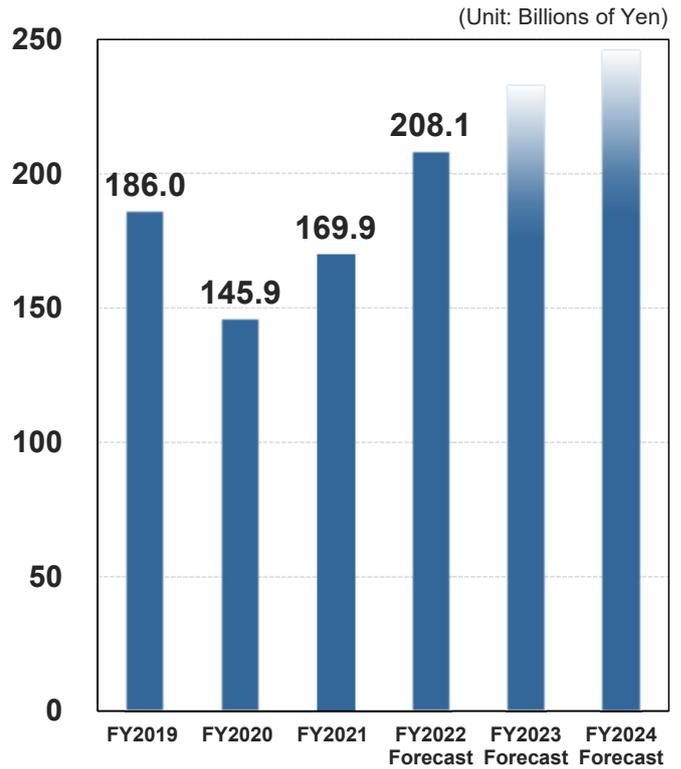
## The Business Environment

- Although HEVs will remain the mainstream in vehicle electrification for the time being, a trend toward the mainstreaming of BEVs will accelerate
- Raw material prices, which have been surging, now entered an adjustment phase
- After partial recovery in the 4Q of FY2021 from the impact of semiconductor shortages and lockdowns in Southeast Asia, global supply chains were again disrupted; automobile production volume is not expected to recover to the FY2019 level until the second half of FY2022

## Main Initiatives

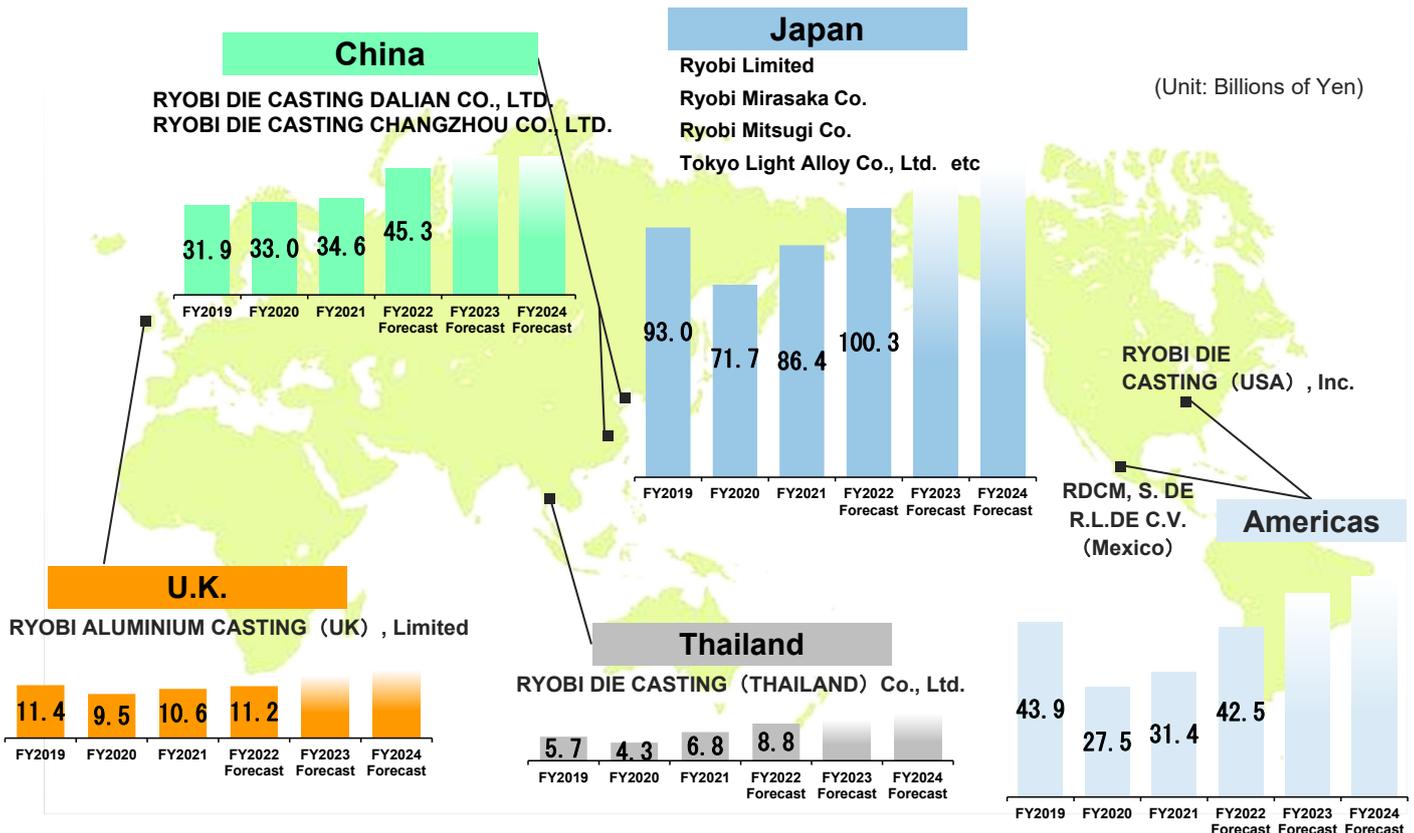
- Work to strengthen the development of strategic products (electrification, body/chassis parts), secure related orders, and reduce associated costs
- Expand sales by improving our capabilities for product proposal and developmental support for customers
- Shorten time lag between raw material price increases and sales price revisions, etc.
- Transition to automated and labor-saving production facilities

## Outlook on Net Sales



# Die Castings

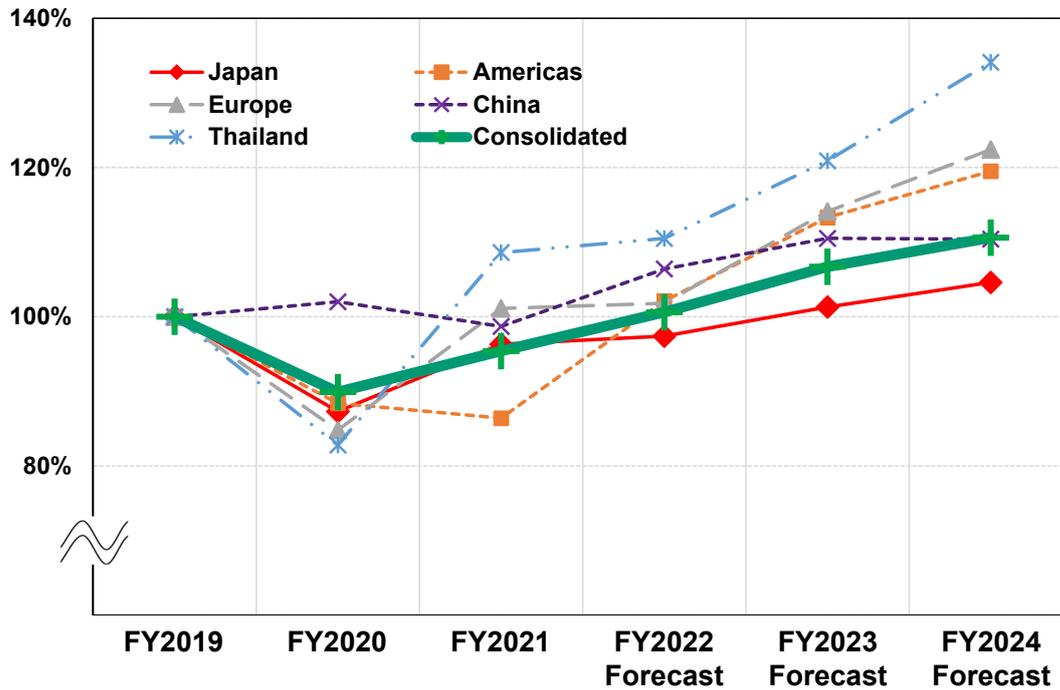
## Net Sales by Region



# Die Castings

## Outlook on Changes in the Value of Die Castings Produced by Region

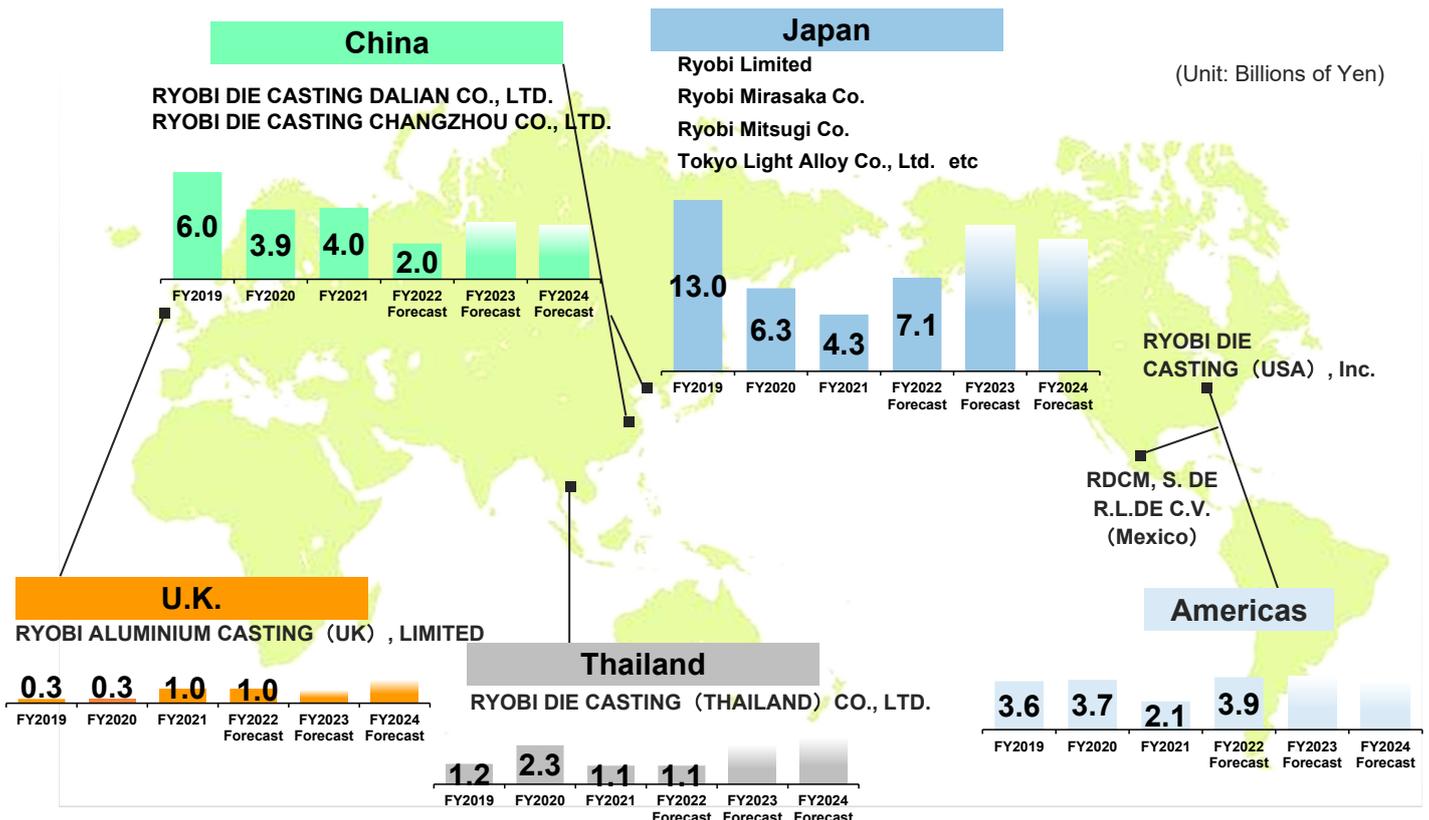
Due to the recurrence of global supply chain disruption, automobile production volume is not likely to recover to the FY2019 level until the second half of FY2022. In the Americas, China and Thailand, however, die casting production volume is expected to increase from FY2022 onward, reflecting demand associated with electrification and body/chassis parts production



Notes: With the FY2019 production value as 100, the percentage figures presented above are calculated based on exchange rates and aluminum prices as of FY2019. Excludes sales of die castings molds.

# Die Castings

## Capital Expenditure by Region



# Die Castings

## Summary of Future Outlook on Demand

### 1. Number of automobiles sold

- The number will peak around 2040 and then start to decline.

### 2. Powertrain mix

- Although HEVs will remain the mainstream in vehicle electrification for the time being, a trend toward the mainstreaming of BEVs will accelerate.
- Our future outlook may be revised in light of changes in environmental regulations and battery trends (performance, price).

### 3. Die casting demand (demand in locations of consumption)

- The manufacturing volume of die castings is expected to peak during the 2035 to 2040 period.
- Although there will be changes in vehicle power sources, demand for large die casting products (items massing around 10 kilograms) is likely to grow continuously.

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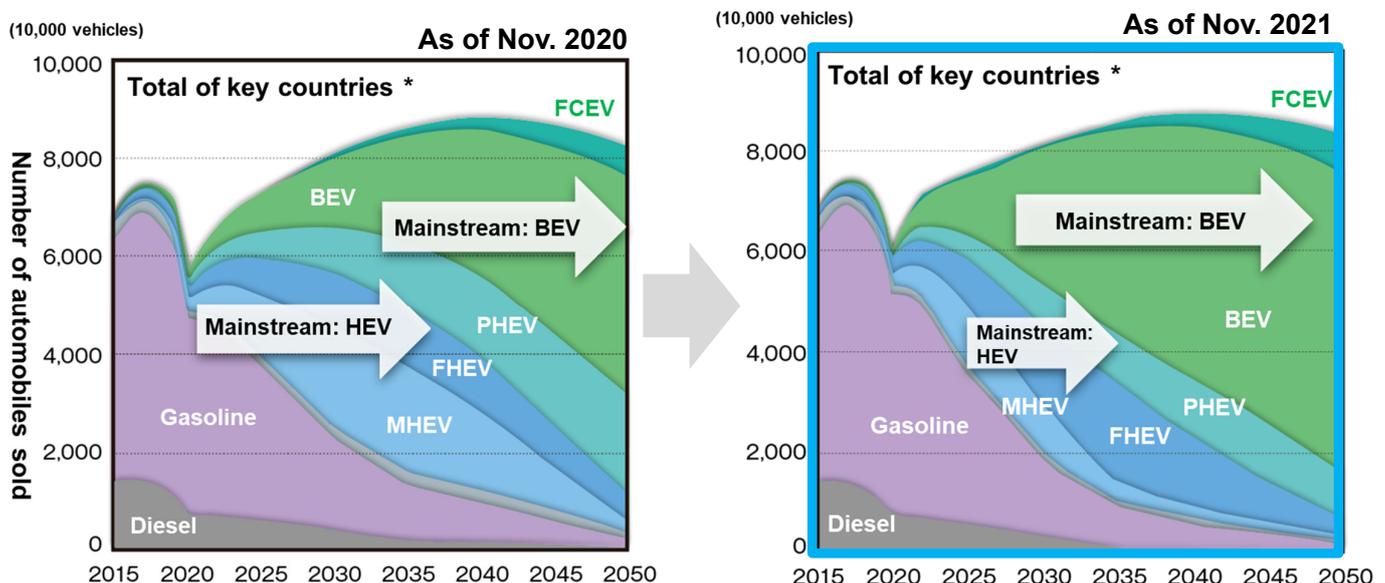
# Die Castings

## Long-Term Changes in Automobile Sales Volume and Power Train Mix

Compiled by Ryobi as of Nov. 1, 2021

**A long-term trend toward the mainstreaming of BEVs rapidly advanced in the past year**

### Outlook on the number of automobiles sold (by drive system)



FCEV: Fuel cell electric vehicles      BEV: Battery electric vehicles  
 PHEV: Plug-in hybrid electric vehicles      MHEV: Mild hybrid electric vehicles  
 FHEV: Full hybrid electric vehicles

\* Key countries: Japan, U.S.A, Europe, China, India

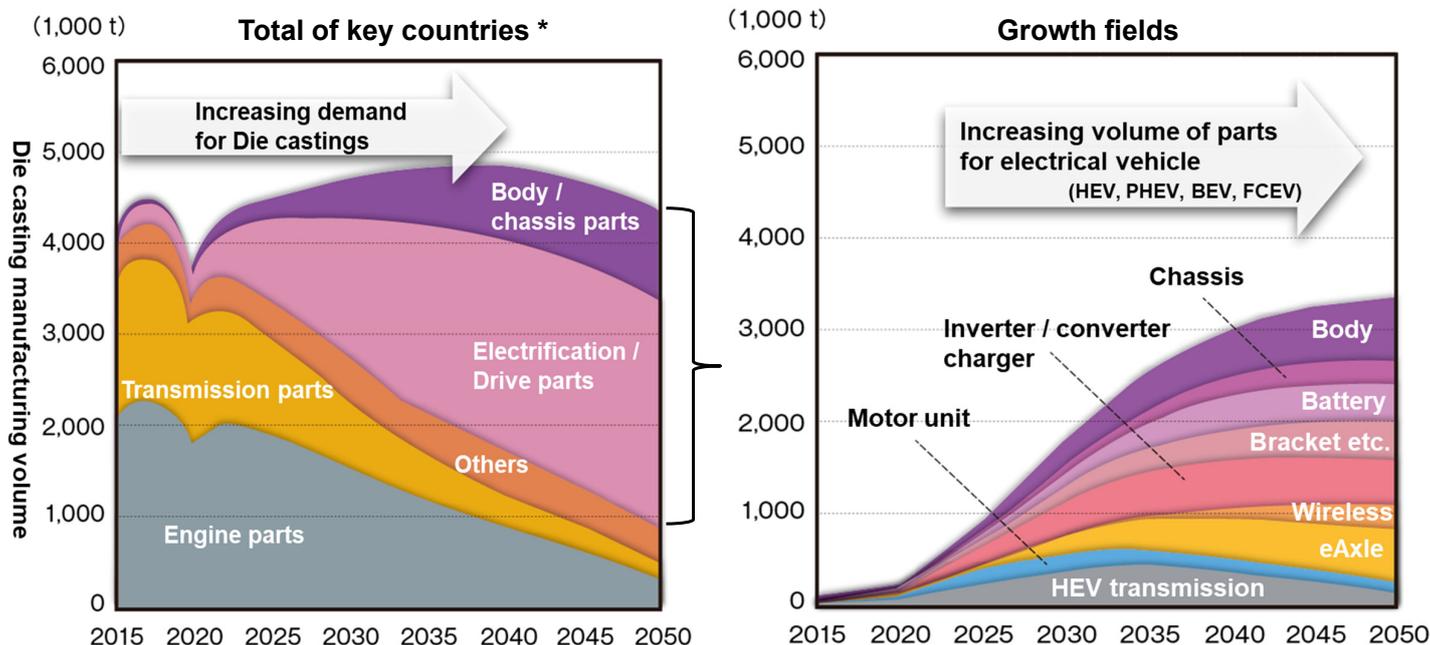
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# Die Castings

## Outlook on Die Casting Demand—Growth Arising from the Use of Alternative Materials Employing Parts Unification

Compiled by Ryobi as of Nov. 1, 2021

Progress in a long-term demand shift toward products related to electrification and weight savings yielded growing needs for body/chassis parts, battery cases, eAxle and other components

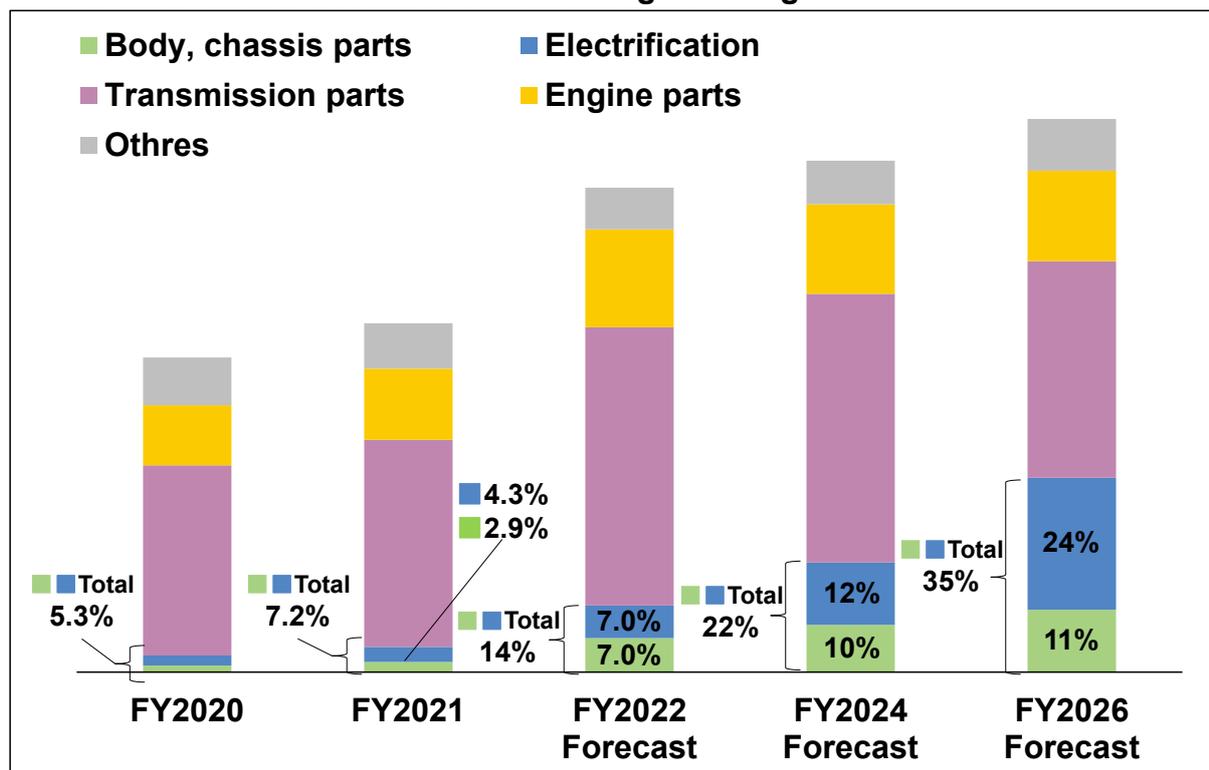


\* Key countries: Japan, U.S.A, Europe, China, India

# Die Castings

## Initiatives to Meet Demand for Electrification and Weight Savings—Sales Mix of Electrification and Body-Chassis Parts

Ryobi promotes strategies to secure new orders for die castings in response to a demand shift toward electrification and weight savings



# Die Castings

## Electrification and Body/Chassis Parts Brought to Mass-Production Lines in 2021

Current mass-production initiatives: Introduction of electrification parts, body/chassis parts, and vehicle model application

Production	Product description		Customer	Vehicle type	Scheduled started of production
Japan	Body, chassis parts	Front door frame	TOYOTA	Land Cruiser 300	Aug. 2021
	Battery parts	HEV battery case	TOYOTA	Noah, Voxy, CH-R, Prius, Corolla	Jan. 2022
		Binding plate	Toyota Industries	Aqua, Lexus RX, Crown	Aug. 2021
	HEV drive parts	Differential retainer	TOYOTA	Tundra	Aug. 2021
U.S.A.	Body/chassis	Subframe	HONDA	Civic	Jan. 2021
China	Body/chassis	Subframe	HONDA	Civic	Jun. 2021
Thailand	Body/chassis	Subframe	HONDA	Civic	Jul. 2021

Planned future mass production initiatives

Production	Product description		Scheduled start of production
Japan	Body, chassis parts	Cowl top panel	2021
		Shock tower	2022
		Steering parts	2022
	Battery parts	PHEV Battery case	2022
U.S.A.	Body, chassis parts	Steering parts	2022
	BEV drive parts	Motor housing	2023
U.K.	PHEV drive parts	PHEV DCT transmission case	2022
China	Body, chassis parts	Cowl top panel	2022
	HEV drive parts	HEV transmission	2022
	BEV drive parts	Case, Housing	2022
	Battery parts	FHEV Battery case	2023



The new Toyota Voxy equipped with a Ryobi battery case

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# Builders' Hardware

## The Business Environment

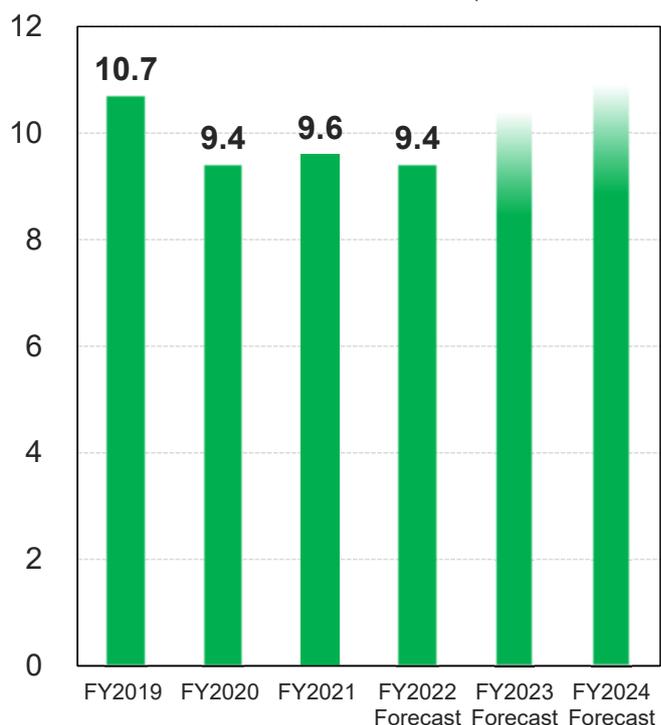
- In Japan, floor space for newly constructed buildings (non-residential purpose) and the number of new residential housing starts both remain flat
- Surges in raw material prices
- Growing demand for non-contact devices in the living environment field
- Over the long term, gradual shrinkage anticipated for domestic door closer and sliding door closer markets

## Main Initiatives

- Improve profitability in the domestic market
- Further improve productivity of existing automated facilities
- Expand sales of high-value-added products (automated door controller, etc.)
- Pursue sales growth in markets overseas

## Outlook on Net Sales

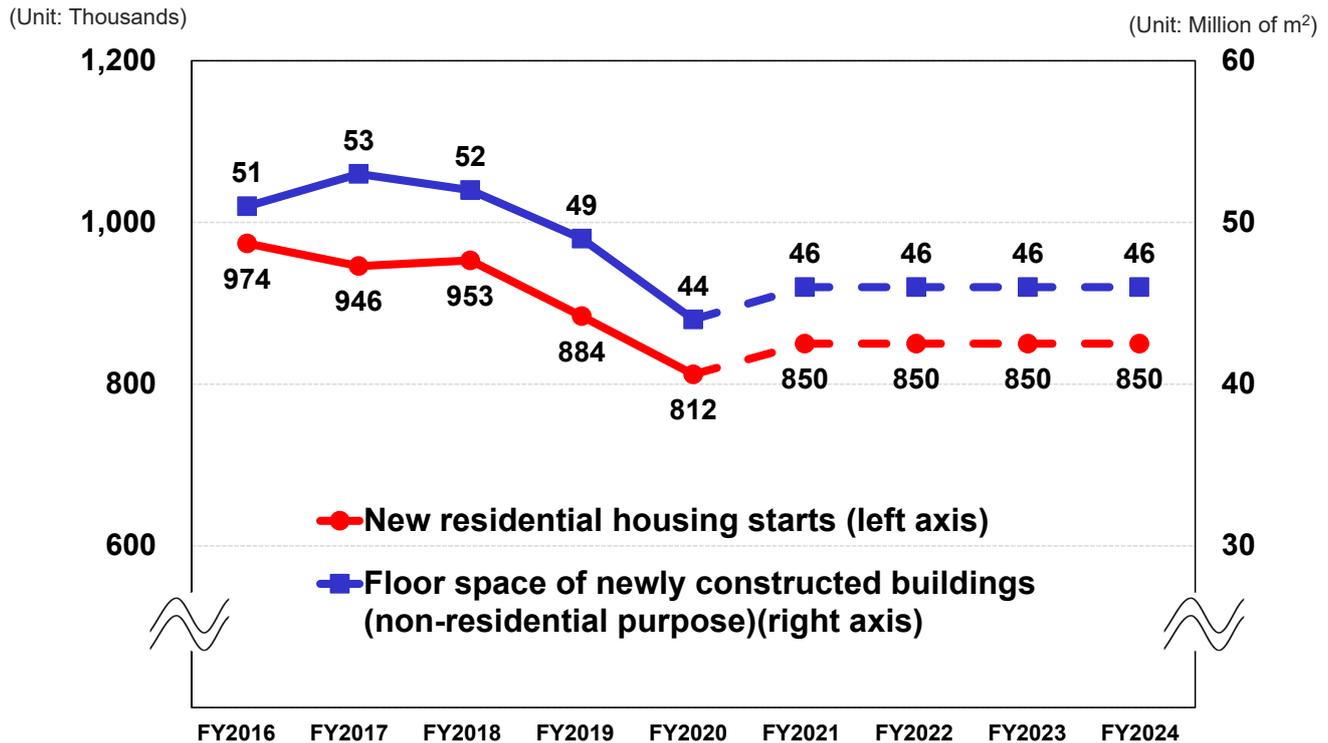
(Unit: Billions of Yen)



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# Builders' Hardware

## Outlook on the Domestic Builders' Hardware Market



Source: Ministry of Land, Infrastructure, Transport and Tourism (figures for 2021 and later are Ryobi's forecasts)

# Printing Equipment

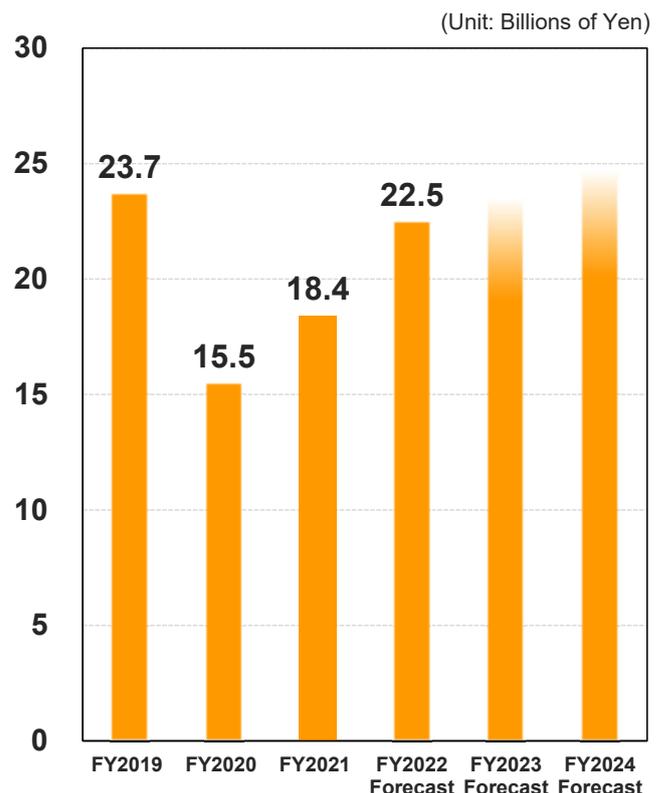
### The business Environment

- The offset printing press market is recovering, albeit in varying degrees by region
- Sales of presses for packaging printing are steady
- The number of large printing presses in operation declined in Japan
- Needs for automated and labor-saving products are strong due to labor shortage in Japan and surging personnel expenses in emerging countries

### Main Initiatives

- Improve price competitiveness via cost reductions for flagship models
- Enhance the marketing of models for packaging sector
- Expand the scope of services to customers in Japan (upgrading, maintenance, etc.)
- Expand the breadth of the peripheral equipment business
- Enhance product capabilities via the development of automation, labor-saving and assistance functions

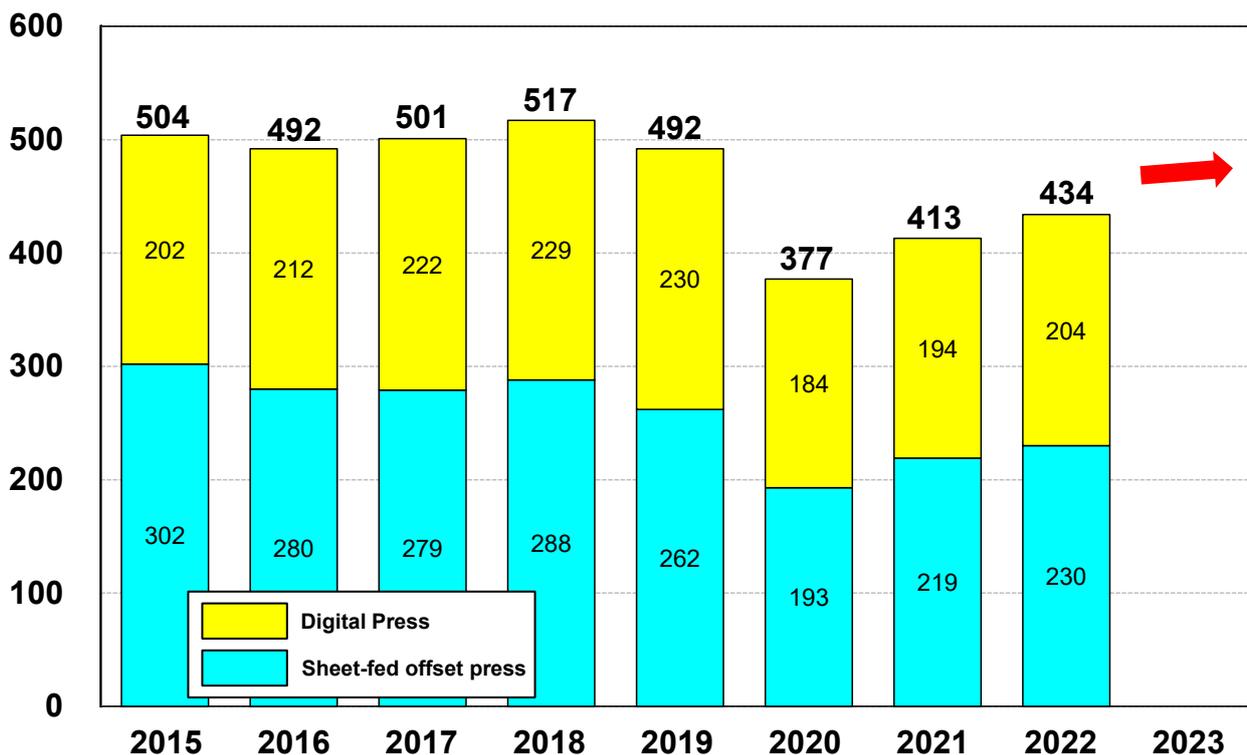
### Outlook on Net Sales



# Printing Equipment

## Forecasts of the global sheet-fed printing press market (all sizes)

(Unit: Billions of Yen)



Source: Estimated by Ryobi MHI Graphic Technology Ltd. based on financial results materials disclosed by manufactures (as of Nov. 2021)

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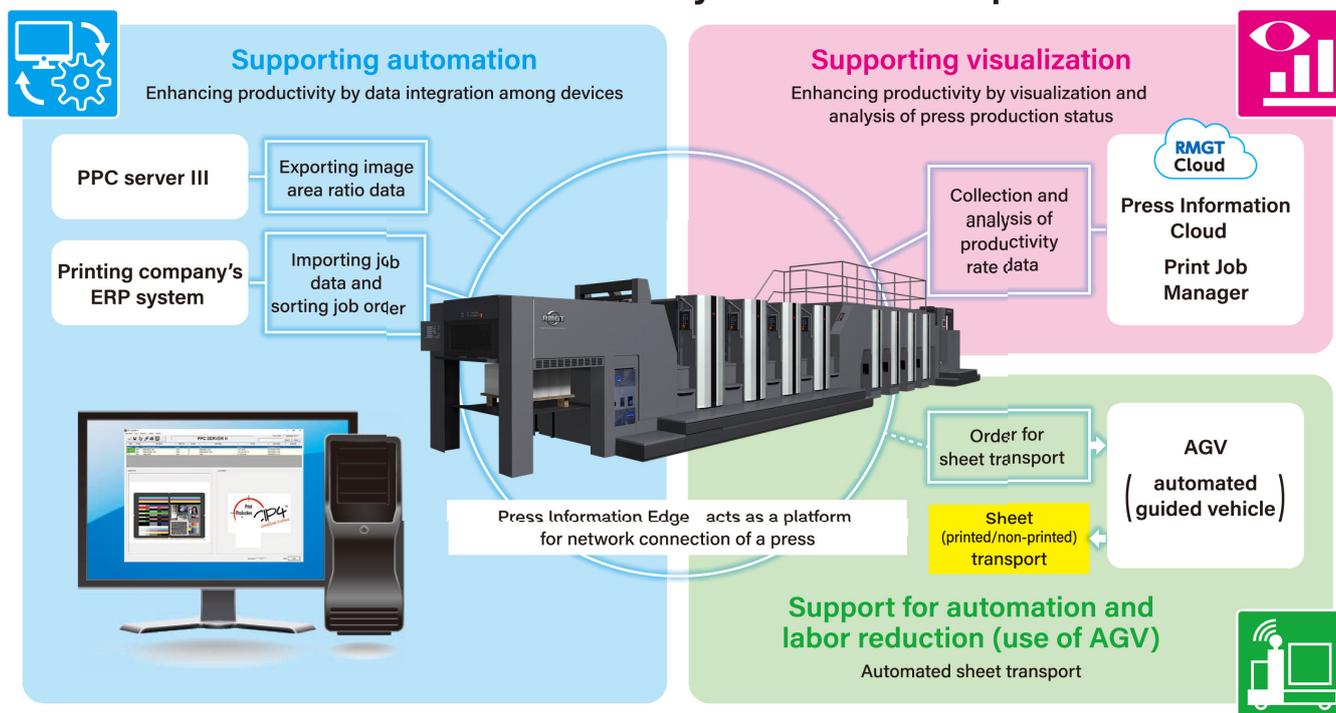
# Printing Equipment

## Initiatives to Expand the Peripheral Equipment Business

Transcending the scope of printing equipment manufacturing, we offer proposals for the overall optimization of printing factories.

We help create “smart factory” via collaboration with peripheral equipment manufacturers.

### RMGT Smart Factory Solution Concept



# Sustainability ESG/SDGs

## Initiatives of ESG

Having positioned addressing environmental, social and governance (ESG) issues as a central part of its management strategies, the Ryobi Group is striving for the sustainable improvement of its corporate value through the minimization of business risks and the expansion of business opportunities. Furthermore, we contribute to a sustainable society by helping resolve social issues through business activities.

### E (Environmental)

Reduce environmental burden and contribute to a recycling-oriented society through business activities

- In line with the Ryobi Group Environmental Policy, we strive to achieve our environmental targets through, for example, the conservation of energy and resources along with the reduction of waste and greenhouse gas emissions.

### S (Social)

Build a safe and sound workspace, and addressing requests from society

- Build a safe and sound workspace via the promotion of a culture in which safety takes the utmost priority, in addition to properly managing mental and physical health for employees
- Proactively engage in social contribution activities that take a community-rooted approach to help create a genuinely prosperous society

### G (Governance)

Strengthen Governance, Compliance and risk management

- Strengthen corporate governance to enhance management transparency and develop even more robust supervisory functions
- Institute a Compliance Committee while facilitating the use of a whistleblowing system
- Enhance risk management by, for example, establishing a Risk Management Committee

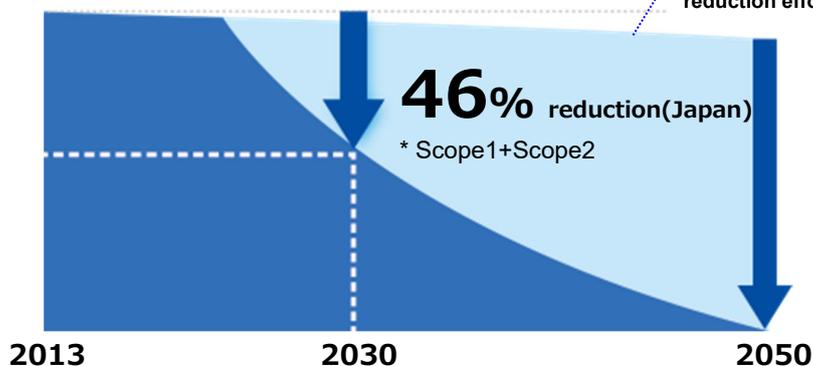
# Sustainability ESG/SDGs

## Initiative to Environment

### FY2022 Environmental Targets

- Achieve carbon neutrality by 2050
- Curb CO<sub>2</sub> emissions from domestic bases by 46% from the FY2013 level by 2030

Changes in emission volume without reduction efforts



Using renewable energy (a production base in Thailand)



Introducing energy-saving facilities (heat-treating furnaces)



Transitioning to low-carbon fuel (from heavy oil to LNG)

### Initiatives to curb the volume of CO<sub>2</sub> emissions

- Facilitate the introduction of energy-saving facilities
- Utilize renewable energy (solar panels, hydroelectric power generation, etc.)
- Shift to low-carbon fuel (from heavy oil to LNG, etc.)
- Shift to non-fossil energy (electric, hydrogen and ammonia)

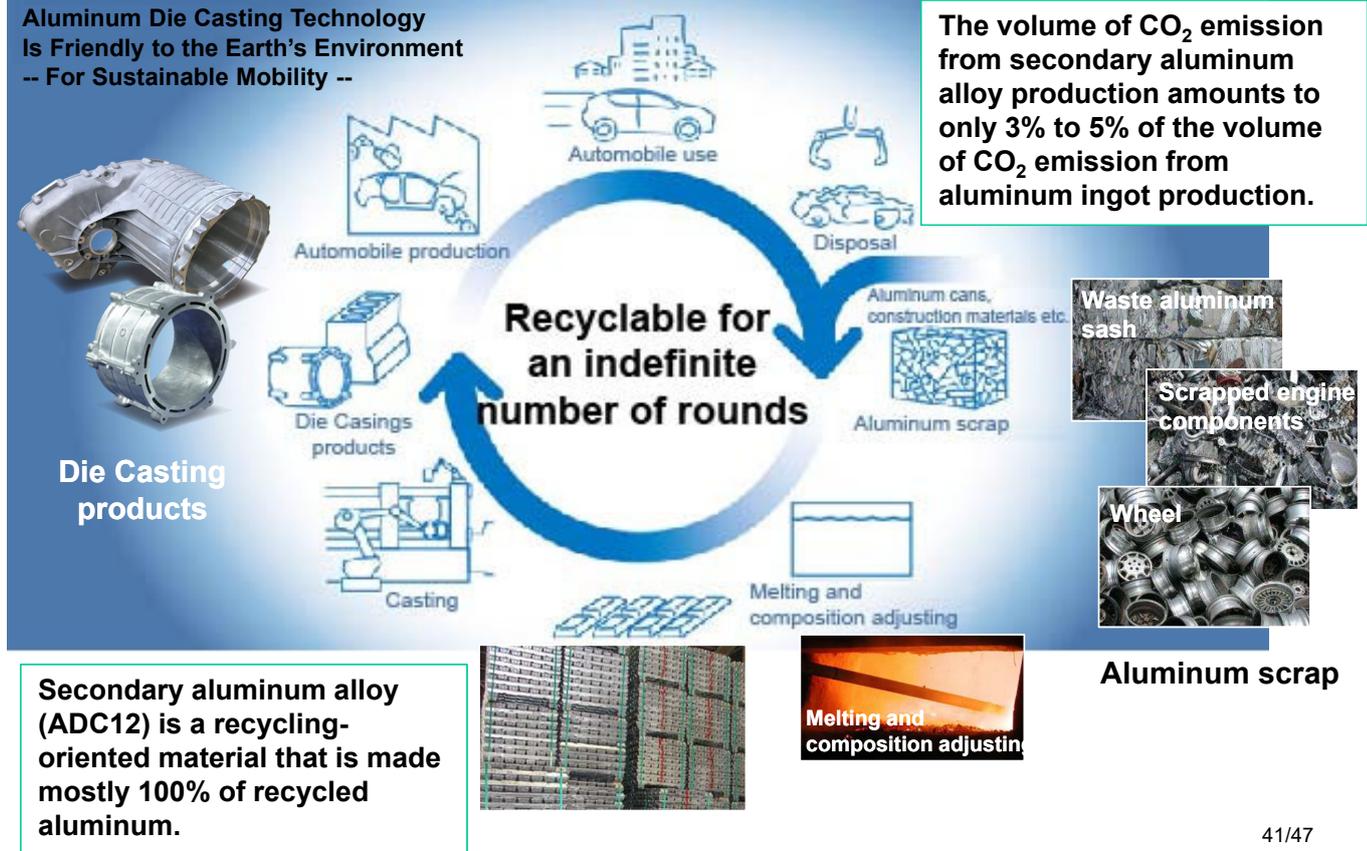
# Sustainability ESG/SDGs

## Contribution to Recycling-Oriented society

### Superior Environmental Performance of Aluminum Die Castings

Aluminum Die Casting Technology  
Is Friendly to the Earth's Environment  
-- For Sustainable Mobility --

The volume of CO<sub>2</sub> emission from secondary aluminum alloy production amounts to only 3% to 5% of the volume of CO<sub>2</sub> emission from aluminum ingot production.



Secondary aluminum alloy (ADC12) is a recycling-oriented material that is made mostly 100% of recycled aluminum.

# Sustainability ESG/SDGs

## Developing Inclusive Workspaces while Promoting Sound Corporate Activities

### Enhancing employee engagement

- Offering a diverse range of workstyle options (teleworking, shortened working hours and flextime)
- Promoting the empowerment of women (the ratio of female managers: 13% in 2021)
- Having acquired and maintaining a certification under the Health & Productivity Management Organization Recognition Program
- Being certified to display a *kurumin* mark as a childcare support company
- Enhancing the content of employee education



### Promoting engagement with regional communities

- Hosting field trip programs, such as plant tours (accepting students on school excursion)
- Engaging in cleanup activities covering areas around our bases (roads and parks)
- Operating nursery facilities
- Supporting activities of the Ryobi Social Contribution Foundation, an NPO



### Strengthening governance

- Instituted a Nomination and Compensation Advisory Committee
- Annually evaluating the Board of Directors' effectiveness
- Ensuring the appropriate operation of internal control systems
- The Compliance Committee spearheads compliance promotion activities
- The Risk Management Committee conducts risk assessments



A plant tour as part of a field trip

# Sustainability ESG/SDGs

## Initiatives to SDGs

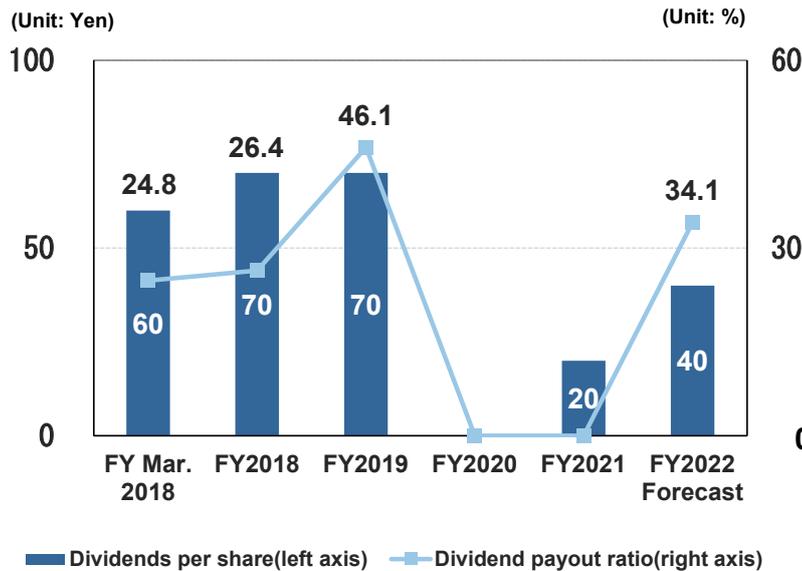
Priority themes	Relevant SDGs	Ryobi's initiatives
Concerns for the global environment		<ul style="list-style-type: none"> <li>➤ Expand sales of aluminum die casting products</li> <li>➤ Reduce CO<sub>2</sub> emissions</li> <li>➤ Ensure the efficient use of water resources</li> <li>➤ Pursue waste reduction</li> <li>➤ Reduce hazardous substances</li> <li>➤ Accommodate needs for energy-saving and weight-saving products</li> <li>➤ Promote recycling</li> </ul>
Technological innovation		<ul style="list-style-type: none"> <li>➤ Develop new products employing novel technologies and materials</li> <li>➤ Create new products and services to accommodate needs for automation and labor-saving solutions</li> </ul>
Work style reforms		<ul style="list-style-type: none"> <li>➤ Promote diversity</li> <li>➤ Help employees embrace diverse work styles</li> <li>➤ Practice health-oriented management</li> </ul>
Addressing other requests from society		<ul style="list-style-type: none"> <li>➤ Create employment</li> <li>➤ Pass down our technological legacy to future generations</li> <li>➤ Maintain strict legal compliance</li> <li>➤ Thoroughly put our corporate philosophy into practice</li> </ul>

## 4. Shareholder Returns



# Shareholder Returns

## Trends in Dividends per Share and the Dividend Payout Ratio



## Dividend Policy

- Ryobi's basic policy for profit distribution is to maintain a stable return of profits to shareholders while securing funds for growth investment along with a medium- to long-term improvement in consolidated operating performance.
- Along with giving due consideration to maintaining a stable stream of dividends, the amount of shareholder returns is determined in light of prevailing conditions, with an eye to achieving a dividend payout ratio of around 30%.

## Status of Dividends

- Due to significant deterioration in FY2020 operating results, Ryobi refrained from paying dividends for that year in order to focus on securing funds for capital expenditure and working capital for business.
- For FY2021, we decided to resume dividend payouts (annual dividends of ¥20 per share) after taking into account the improvement in ordinary income and the return to positive free cash flow, along with our intention to deliver a stable and ongoing stream of dividends.

	FY Mar. 2018	FY2018	FY2019	FY2020	FY2021	FY2022 Forecast	FY2023 Forecast
Dividends per share	¥60	¥70	¥70	¥0	¥20	¥40	Dividend payout ratio of around 30%
Dividend payout ratio	24.8%	26.4%	46.1%	—	—	34.1%	

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## Disclaimer

This material contains future projections regarding such factors as Ryobi's business plans, strategies, and operating results.

Said projections reflect Ryobi's judgements based on information available at the time of preparation, and therefore, involve inherent risks and uncertainties.

Ryobi's actual endeavors and operating results may differ from these projections due to economic conditions, the business environment, trends in market demand, changes in exchange rates, and other factors.

# **RYOBI**

Beyond Ideals and Dreams