

*Growing Together with
Our Customers*



Integrated Report
2022



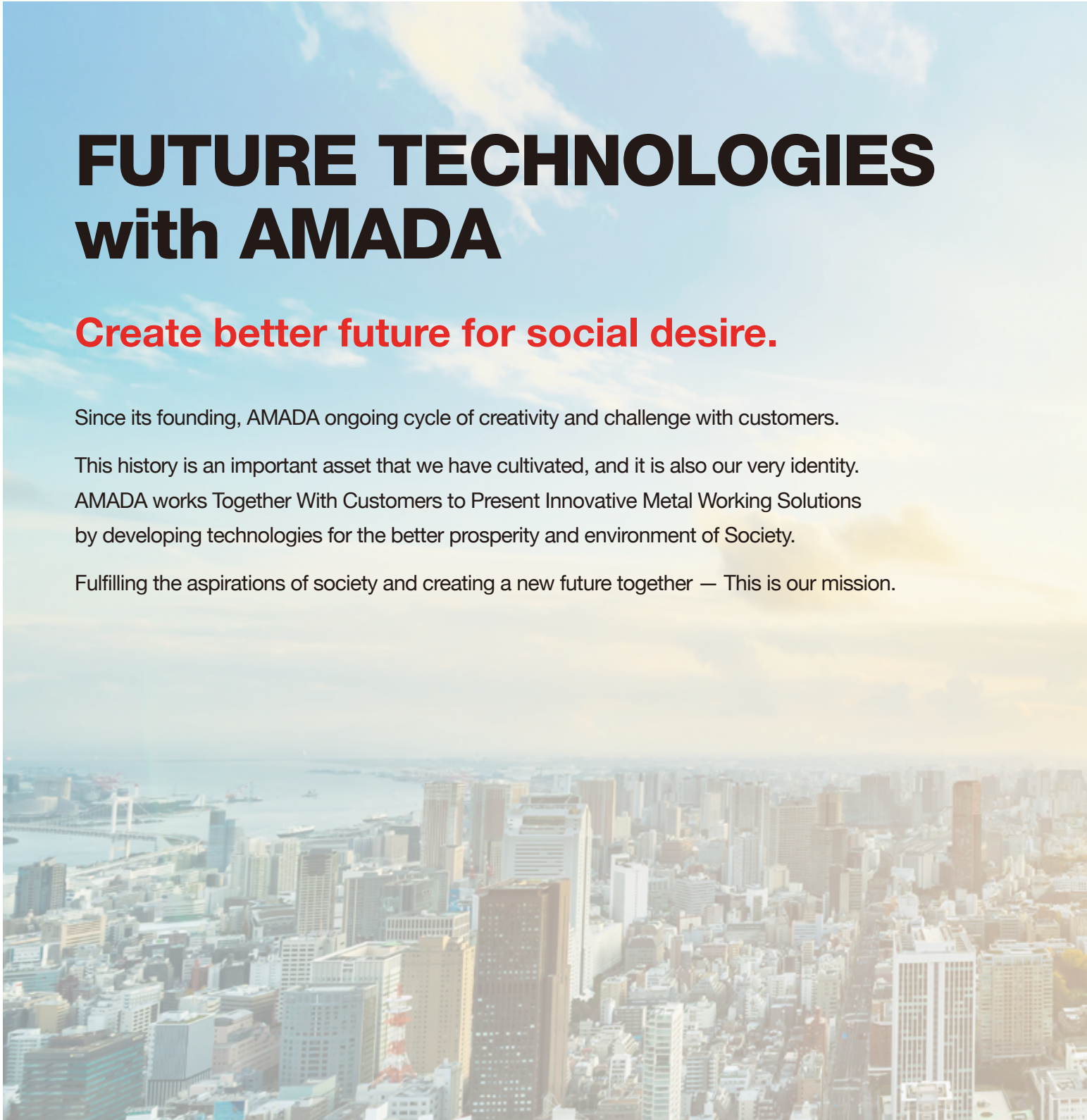
FUTURE TECHNOLOGIES with AMADA

Create better future for social desire.

Since its founding, AMADA ongoing cycle of creativity and challenge with customers.

This history is an important asset that we have cultivated, and it is also our very identity. AMADA works Together With Customers to Present Innovative Metal Working Solutions by developing technologies for the better prosperity and environment of Society.

Fulfilling the aspirations of society and creating a new future together — This is our mission.



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Our Management Philosophy

Growing Together with Our Customers

Our company has been sharing this philosophy as a starting point for all of our business activities since its formation. We believe that the creation and provision of new values based on customers' perspectives will strengthen the relationship of mutual trust between our customers and the AMADA Group, and become a source of mutual development.

Contribute to the international community through our business

Our company recognizes that contributing to "manufacturing" conducted by our customers throughout the world leads to the development not only of local communities, but also the international community as a whole, and we conduct our business activities with the aim of providing the highest quality of solutions in each market around the world by optimally distributing our Group's management resources.

Develop human resources who pursue creative and challenging activities

Rather than being content with the present situation, we are constantly in search of new and better ideas to put into action in order to improve and enhance our business activities. This is the AMADA Group's basic philosophy of human resources development, and we believe that AMADA's unique corporate culture will be further developed by continuing to practice this philosophy.

Conduct sound corporate activities based on high ethics and fairness

We promote transparency and we comply with regulations in the AMADA Group's management and in all aspects of its business activities, and strive to further enhance its corporate value while conducting sound activities.

Take good care of people and the earth's environment

By treating the AMADA Group's stakeholders (such as shareholders, customers, business partners, employees and local residents) and the global environment with respect, we strive to continue to be a good company for both people and the earth.

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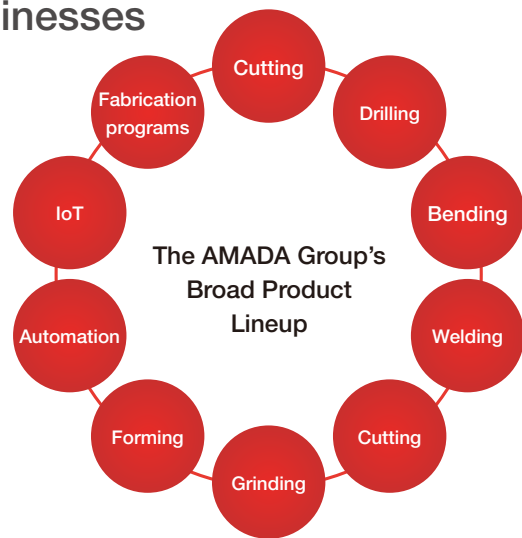
Introduction

At a Glance: The AMADA Group's Businesses

A global manufacturer of metalworking machinery supporting manufacturing around the world

The AMADA Group is a comprehensive manufacturer that develops, manufactures, sells, and services machines for fabricating metal sheets and blocks that are used in the metal products found all around us.

The Group supports daily life through machines that enable the cutting, punching, bending, welding, and forming of metal sheets, and the drilling, cutting, and grinding of metal blocks.



Sheet Metal Division

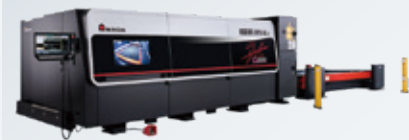
This division is responsible for all processes in sheet metal fabrication: Cutting, drilling, bending, and welding. Sheet metal processing is high-mix, low-volume production manufacturing, and its customers cover a wide variety of industries. In order to meet the diverse needs of our customers, we not only offer an extensive lineup of machines but also software, IoT services, and other optimal solutions that support the operation of their plants overall.

Cutting

Drilling

Bending

Welding



REGIUS-3015AJe

Cutting Division and Grinding Division

These divisions support a variety of industries with cutting and precision metal grinding processes for steel materials and steel frames, ranging from precise and miniature items such as medical equipment to enormous parts used in structures such as skyscrapers and bridges. In addition to conventional cutting machines and steel frame fabrication machines, the AMADA Group is building further new businesses with fiber laser machines, a specialty of the AMADA Group.

Cutting

Drilling

Grinding



GLS-150GL UP

PCSAW-430AX

Micro Welding Division

This division supports the manufacture of high-precision parts for cutting-edge, high-tech equipment such as electrical parts and secondary batteries for automobiles, digital home appliances, and medical equipment. We offer an integrated system from design to manufacturing and services, founded in our lineup of laser equipment for welding, surface modification, micro cutting, peeling, and printing of metals and resins; our resistance welding equipment for precision welding of metals; and factory automation (FA) systems using these equipment.

Welding

Laser marking



MS-LW1500

Press Automation Solution Division

In this division, our strength lies in our one-step proposals for automation systems with stamping press machines and peripheral equipment, as well as our spring forming machines featuring the best technology in the industry. This division is responsible for the development, manufacturing, sales, and service of machines and equipment that make metal parts for products essential to daily life, such as automobiles, housing equipment, stationery, home appliances, electrical parts, semiconductors, precision equipment, and medical equipment and instruments.

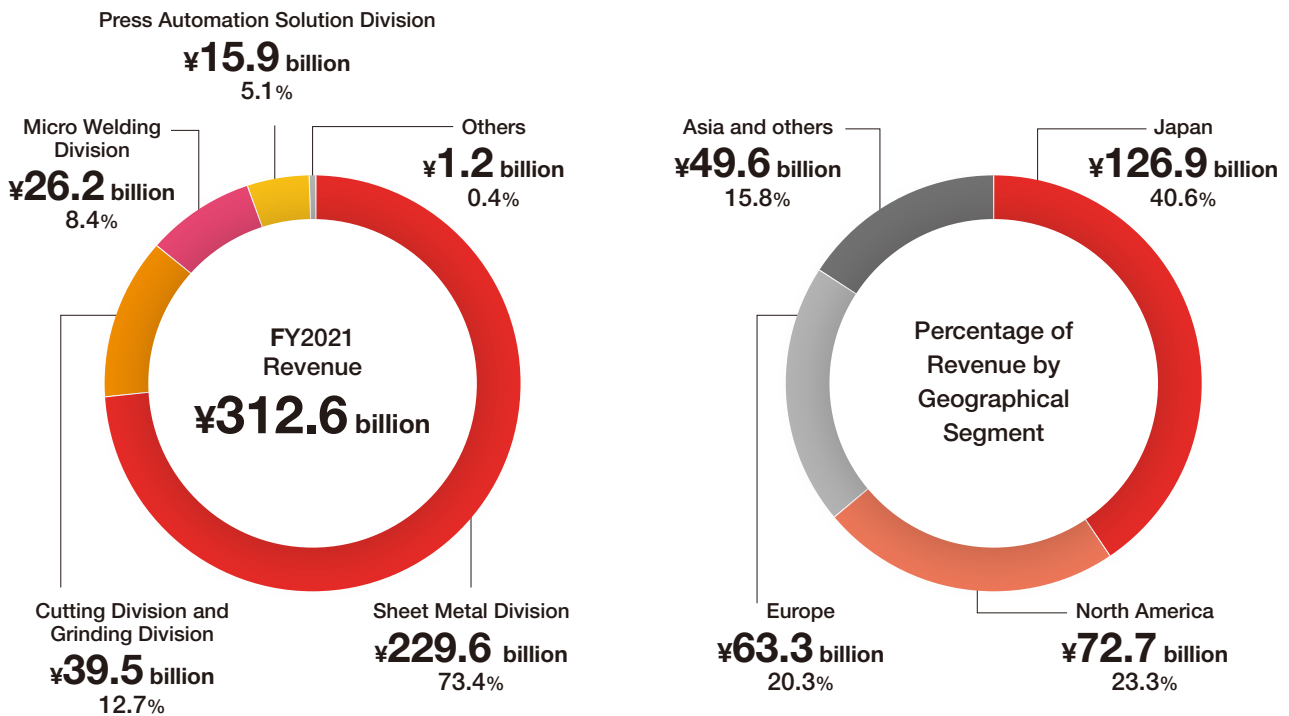
Forming



SDEW-1613i3 + ALFAS-03ARZ

As of March 31, 2022

Information by Division and Geographical Segment



Global Presence

100+ countries

Employees (Consolidated)

8,774Worldwide Development/
Manufacturing Bases**36**Sheet Metal Fabrication Machines:
Market Share in Japan (Sales)**No. 1** (Approx. 70%)Number of Group Machines in
Operation Worldwide**Approx. 400,000**Connections to AMADA's
V-factory IoT SolutionCompanies: Approx. **1,500** worldwide
Machines: Approx. **4,200** worldwide**Cutting-Edge Laser Technology**

We have maintained high growth in lasers, where demand has been increasing in recent years. Our fiber laser machines are equipped with a laser oscillator developed in-house, capable of complex processing at high speed, high quality, and high precision while still achieving energy savings. These machines have attracted attention in a wide range of markets, including the aerospace and medical fields.

IoT Systems: Keeping Our Customers Running

Our proprietary IoT system, V-factory, visualizes customers' operation, production, maintenance, and utilization status. Furthermore, by connecting the customer's machines with AMADA, we assist in machine operation by providing preventive maintenance proposals, early recovery support, operational improvement proposals, and more.

The AMADA Group will use radical management strategies anticipating the changing times to innovate in metalworking. This innovation will then contribute to the creation of a sustainable industrial society.

Tsutomu Isobe

Representative Director

On Publication of This Integrated Report

I would like to start by expressing my heartfelt thanks to our customers, shareholders, and business partners for their continued support of the AMADA Group.

Until now, the Group had been publishing annual reports to provide stakeholders with an understanding of the results of its activities, its product strategy, the composition of each of its portfolios, and its financial position. Beginning in this year, fiscal 2022, we have decided to publish integrated reports in order to provide our customers, partner companies, and the public with a deeper understanding of the Group's activities going forward. I hope that this report will serve as an informational tool deepening dialogue and cooperation between you and the AMADA Group and helping us to build the future together with society.

In light of the recent uncertain global economic situation and geopolitical risks, as well as climate change and other environmental issues, we believe that the social responsibility we must fulfill as a corporation is critical to our future business. An example is the trend of disruptions to the flow of people and goods beginning in 2020 as a result of the COVID-19 pandemic, and the rapid utilization of digital technologies for digital transformation (DX) and counteracting these disruptions. As an organization engaged in metalworking, the AMADA Group is committed to providing our customers with the highest efficiency through new technologies and solutions, while also contributing to the improvement of society and the environment. Our customers' production

sites are also facing a number of challenges of late, such as soaring material and energy prices, passing on processing technology, and the need to meet ever-increasing demands for precision and shorter delivery times. To help address these issues, we will continue to carry out our corporate philosophy of contributing to our customers through efficient and environmentally friendly manufacturing based on artificial intelligence (AI) and automation. To this end, the Group will continue to propose advanced technologies in all processes, and with its collective strength, we will face our customers' issues head-on and consistently work with them to solve each of their issues, one by one. Furthermore, we consider analysis by using digital technologies to visualize information as one of the key elements of environmental, social, and governance (ESG) activities. By incorporating our expertise in processing technology and optimization of processing into our products, software, and services, we will pursue sustainable relationships with our customers and society, as well as the realization of a sustainable society.

My hope is that this report will help you understand the AMADA Group's future vision and value creation process, and I look forward to deepening our relationship and continuing our activities for years to come.



Review of Fiscal 2021: Achievements and Issues

The business environment in fiscal 2021 (ended March 31, 2022) remained uncertain, with a mixture of bright and dark spots. Demand for capital investment displayed a trend toward recovery mainly in developed countries thanks to the spread of vaccinations against COVID-19 and government financial support for private businesses. However, new factors suppressing business performance emerged, like the tightening supply of parts and soaring raw material prices due to supply chain disruptions.

By geographical segment, an overview of orders and sales for the AMADA Group mainstay product—metalworking machinery—reveals that in Japan machinery orders have recovered to pre-COVID-19 levels amid gradual recovery in the manufacturing industry. Here, we are seeing expansion of orders in a variety of fields, including semiconductor manufacturing equipment, industrial machinery, 5G-compatible telecommunications equipment, and medical equipment. Even in the U.S. market, the government's fiscal policies and monetary easing have brought economic levels back to pre-COVID-19 levels. Capital investment demand was also generally firm there, with the Industrial Production Index and the Manufacturing New Orders Index remaining at high levels. In major European markets such as the United Kingdom, France, Italy, and Germany, we have maintained strong performance in orders for hydrogen energy-related products, EV charging stations, and semiconductor manufacturing equipment. As for Asia and other regions, China, the largest of the markets, displayed a trend of economic recovery, and in India, performance was strong in relation to transportation equipment, such as EVs, and in relation to general machinery. In ASEAN, we achieved significant expansion in sales related to electronic parts and semiconductor manufacturing equipment thanks to the Malaysian government's initiative to actively attract foreign manufacturing companies.

As a result, total orders received by the AMADA Group, including for metal machine tools, achieved a record high of ¥375.0 billion. Revenue of ¥312.6 billion, operating profit of ¥38.5 billion, and profit attributable to owners of parent of ¥27.7 billion were all significantly higher than the previous fiscal year's levels. We also marked an all-time high for revenue in North America.

Despite an extremely uncertain situation, our customers in the manufacturing industry are aggressively investing to respond to environmental initiatives and technological innovations. The fact that we have been able to meet the needs of this market has yielded favorable results, with a significant year-on-year increase in revenues and profits. However, the issues requiring our action for sustainable growth going forward have become even clearer.

The first issue is environmental compliance, and our first step here is working to further expand our environmentally friendly products. It has become a given around the world that people and organizations need to be mindful of the environment. In a survey of our customers, 17% of responding companies said they are making capital investments with environmental impact in mind, and 58% said they are planning or considering updating their facilities similarly. So far, the AMADA Group has already focused its efforts on providing ECO machines contributing to environmental initiatives in our own production activities and to reducing our customers' environmental impact, as well as software and services that maximize efficiency. Looking ahead, I believe we will need to continue accelerating these efforts. By providing better products and services to our customers, we will contribute to the sustainable growth of society. These better products and services will come from further evolution of our environmental machine systems harnessing the IoT and augmented by AI, as well as their underlying operation assurance systems.

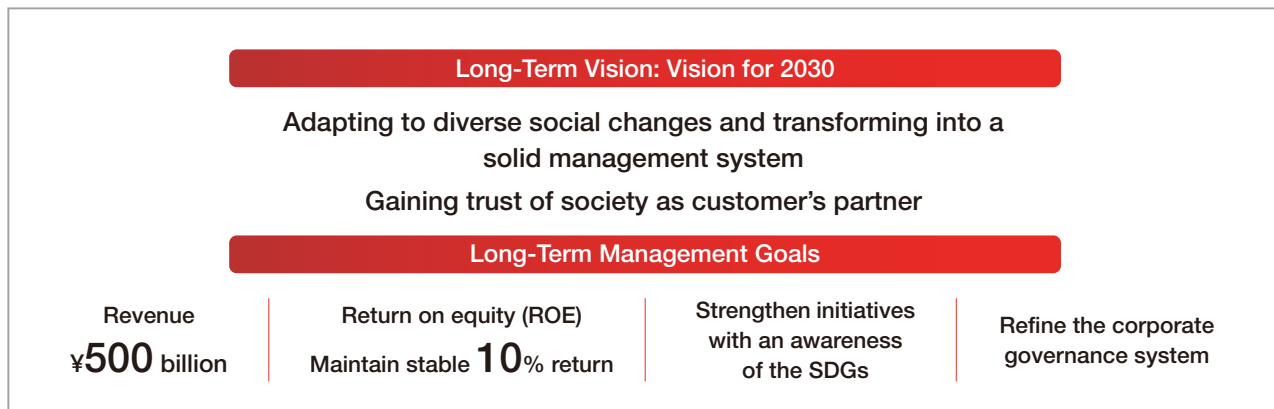
The second issue is the execution of management strategies with a view to the long term. Today, we find ourselves in the era of VUCA, characterized by volatility, uncertainty, complexity, and ambiguity. In this era, we must formulate and implement management strategies from a long-term perspective to realize our future goals without being influenced by short-term market fluctuations.

Long-Term Vision 2030 and Three Growth Strategies

In consideration of the aforementioned uncertain environment, we have set fiscal 2021 as a period of preparation to ensure growth in 2022 and beyond.

In May 2022, the AMADA Group announced its Long-Term Vision 2030, depicting its future corporate vision for itself and long-term management goals, based on three growth strategies centered on the environment, DX, and

globalization. This vision serves to clearly state our long-term management theme of establishing a management foundation facilitating our sustainable, global growth while minimizing the impact of economic fluctuations, and of creating advanced solutions that both preserve the global environment and meet diversifying processing needs.



In conjunction with the formulation of its Long-Term Vision 2030, the AMADA Group also set forth three growth strategies to realize this vision. These growth strategies have three focus areas: Environmentally Conscious Business, DX & Services, and Global Sales Expansion.

In Environmentally Conscious Business, we will contribute to resolving social issues such as carbon neutrality, actively develop sustainable ECO machines that support our customers' environmental initiatives, and establish a next-generation business model capable of rapidly adapting to structural changes in industrial society, such as supporting energy conservation through fiber laser machines. As for DX & Services, AMADA will promote greater efficiency and transform cost structure in its own businesses by making full use of DX, while at the same time using its V-factory IoT solution to support customers' efforts for visualization, operational maintenance, automation, and labor saving at their production sites. In addition, we intend to aggressively promote innovation proposals with a focus on DX-driven processing transformation. In Global Sales Expansion, we will establish independent development and production systems in Japan, the United States, and

Europe, and promote flexible product development tailored to local needs in each country.

In order to pursue the realization of Long-Term Vision 2030, strategic investments to further strengthen our business foundation are essential. The AMADA Group plans to invest approximately ¥30 billion in environmental investments such as energy conservation and energy creation toward carbon neutrality, approximately ¥60 billion in new products, elements, and advanced technologies, and approximately ¥10 billion in human resources development to drive our growth. By pivoting from conventional hard investments, mainly expanding production capacity, to soft investments such as DX, technology development, the environment, and human resources, we intend to shape a business management system suited to this new era focused on the keyword sustainability. As for research and development, we will not be bound to development purely on our own, but rather we will use co-creation alongside external partner companies and research institutions to generate innovative products driving the development of industrial society.

Message from the President

Initiatives for Sustainability

Today, both individuals and corporations must work to realize a sustainable society, and it is now becoming a given for the survival of companies that they contribute to this while sincerely addressing their respective issues and further incorporating them into their business activities. Since its foundation in 1946, the AMADA Group has carried on its unchanged philosophy of growing together with its customers and employees, contributing to the international community, and conducting sound corporate activities while treating the global environment

with respect. In this regard, I believe that our goals are the same as those in the Sustainable Development Goals (SDGs).

In order to play an active role in building a sustainable society, the AMADA Group has identified eight of the 17 goals of the SDGs as its materialities, including the Industry, Innovation and Infrastructure goal. Based on these materialities, we summarized the AMADA Group's issues to address in seven themes: Realizing a decarbonized society, creating a rewarding workplace, promoting diversity, developing and training human resources, strengthening the management foundation, complying with laws and regulations, and business continuity. Among other efforts to realize a decarbonized society, we launched the Group Environmental Project in October 2021, which is responsible for setting medium- to long-term environmental targets and developing strategies. This project will serve as the core organization as we accelerate our efforts to achieve carbon neutrality, setting a goal to reducing CO₂ emissions from all products and business sites by 50% in fiscal 2030 versus fiscal 2013 levels. In addition, based on the belief that engaging in manufacturing that does not waste materials and energy in cooperation with customers is environmentally sustainable metalworking, we will focus on improving our customers' production efficiency through the evolution of various products and the use of cutting-edge technologies.

Under our Basic Policy on Sustainability, which defines our responsibilities to society and the direction we should take, we will continue to address environmental issues through our business activities and build a robust management system that will serve as a foundation for business continuity in pursuit of sustainability for the economy, society, and ourselves.



Strengthening Corporate Governance

In order for a company to maintain the trust of its stakeholders, it must make constant effort to evolve its corporate governance. At the AMADA Group, we believe that sound corporate activities based upon high ethical standards are essential to our survival as an enterprise, and thus we have endeavored to ensure transparency in decision-making processes and improve the effectiveness of the Board of Directors.

This year, we welcomed a female outside director—a first for AMADA—to further strengthen governance and promote diversity. In December 2021, we also published a skills matrix for directors and Audit & Supervisory Board members to improve management transparency and Board effectiveness. Looking ahead, the AMADA Group will continue to focus on creating a more robust organizational structure and making decision-making processes more visible to further strengthen corporate governance.

Eighty Years of AMADA: Innovation and Challenges in 2023 and Beyond

In fiscal 2026, the AMADA Group will celebrate the 80th anniversary of its founding. Since its foundation, AMADA has been consistent in tackling innovation and challenges in order to innovate in manufacturing, even if with only a single new technology, beyond conventional processing wisdom. We are resolved to steadfastly continue innovation in our products and activities with our 80th anniversary, four years ahead, as an interim goal, and furthermore toward our long-term vision year of fiscal 2030. From this fiscal year and into the future, our challenge will be oriented on new products for the environment incorporating new technologies and on new activities utilizing DX. With this, we will open the AMADA GLOBAL INNOVATION CENTER (AGIC) at our head office in Isehara.

Since the late 1970s, the AMADA Group has established its own exhibition hall, the AMADA Machine Tool Plaza, and has continued to show the effectiveness of its products by using actual units to demonstrate its customers' fabrication processes. The AGIC will incorporate the functions of an innovation laboratory partnering with customers to cultivate processing innovation in manufacturing into the Group's direct sales and service exhibition business methods, developing new future-oriented processing technologies and expertise.

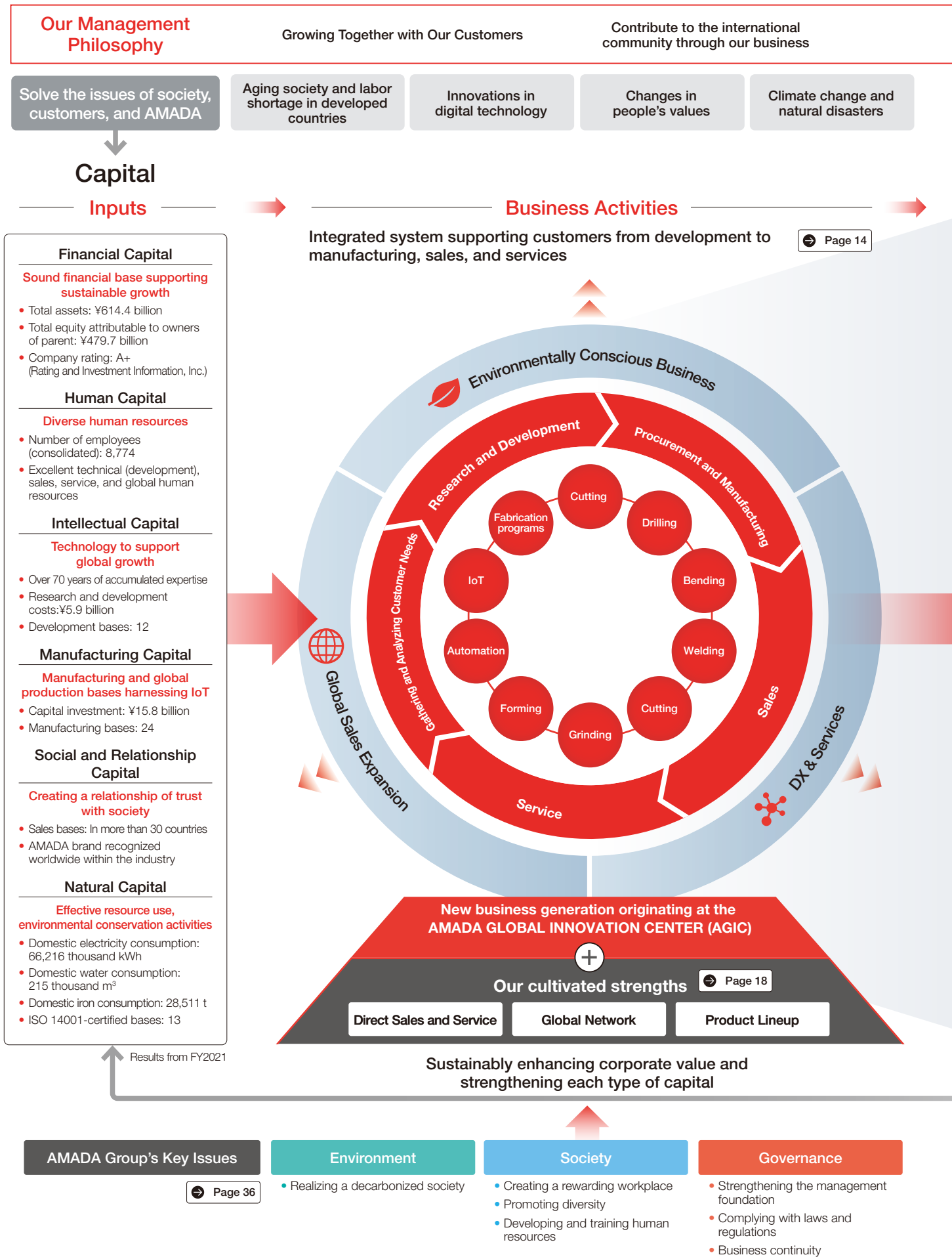
Processing technology changes daily with the development of new technologies. Amid this tumultuous environment, we help customers achieve manufacturing at the highest efficiency and precision, and solve problems from all aspects, including new technologies in DX and automation, environmental initiatives, and processing innovation.

Furthermore, although it is difficult to predict the future given the more rapid structural changes ahead for global economy and society, we will drive our management team to continue pioneering in a new era for the metalworking and manufacturing fields of the future. Looking ahead to our 80th anniversary and the decade beyond that, we will steadily implement our medium- and long-term management strategies to maximize value for our customers.

As we move forward, we thank all of our stakeholders for their continued support of AMADA.

Value Creation Story

The Value Creation Process



Develop human resources who pursue creative and challenging activities

Conduct sound corporate activities based on high ethics and fairness

Take good care of people and the earth's environment

Proposing Creative Goods and Services

Outputs/Outcomes

AMADA Products

- Machines for processing metal
- Automation systems
- Software



AMADA Services

- Machine maintenance
- IoT solutions
- Tools used in conjunction with machines, including molds and blades



Financial Capital

- Consolidated revenue: ¥312.6 billion
- Consolidated operating profit: ¥38.5 billion
- Equity ratio: 78.1%
- Dividend payout ratio: 47.6%

Human Capital

- Turnover rate (non-consolidated): 2.7%
- Percentage of female managers (operating companies in Japan): 1.4%
- Percentage of foreign employees: 49.7%
- Paid leave acquisition rate (in Japan): 57.5%

Intellectual Capital

- Number of patents: Approx. 1,300

Manufacturing Capital

- Improved labor productivity
- Average overtime hours: 8.3 hours/month

Social and Relationship Capital

- Sales results: Over 400,000 units in more than 100 countries and regions
- Sheet metal share in Japan: 70%
- AMADA SCHOOL, Satellite Park, The AMADA Foundation

Natural Capital

- AMADA Eco Products share of sales: 84%
- Reduction rate of product CO₂ emissions: vs. FY2013: 57.2%
- Reduction rate of business site CO₂ emissions: vs. FY2013: 17.3%
- Promotion of our "office in the forest" plant greening activities

Results from FY2021

Value Provided to Customers and Society

Value



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Guarantee of proposals and operations in all processes

Manufacturing and environmental friendliness with maximum efficiency

History of Challenge for Customer Transformation

The AMADA Group has always supported the manufacturing of society and its customers as a global manufacturer of metalworking machinery. We believe that the principle of “growing together with our customers,” which is found in our Management Philosophy and has not changed since the foundation of AMADA, is particularly important and is ingrained in the mindset of each employee. Another corporate philosophy that has remained unchanged is “*monozukuri* (manufacturing) company.” Through manufacturing, we will continue to grow as we strive to make an even greater contribution to our customers and to society through innovation and challenges.

1940s and 1950s

AMADA's story begins with a single lathe

Isamu Amada, the founder of AMADA, opened a small privately owned machine repair shop as Amada Works (now AMADA) using a lathe left over from a burnt-out munitions factory after the war.

His solo machine repair work expanded to include three and then four employees. It was then that his brother-in-law, Ryuharu Emori (who would become AMADA's Chairman) joined the business, enhancing both management and technology.

- 1946** Inaugurates enterprise in Takadaminami-machi, Toshima-ku, Tokyo
- 1955** AMADA develops its first vertical band saw (contour machine)
- 1956** Makes first appearance in an exhibition



Founded with a single fire-charred lathe



Japan's first contour machine, the O-16

1960s and 1970s

Business expansion through direct sales
Creating markets from customer needs
Overseas expansion and M&A

In 1960, we were the first in the industry to adopt the demonstration car tactic of loading a machine on a truck and driving it to a customer's location, which was very well received by customers.

In 1971, we established a joint development company in Seattle, Washington, U.S.A., and developed the NC turret punch press (NCT). This revolutionized the industry so much as to make the abbreviated term “tarepan” commonplace in Japan, creating a new market.

- 1960** Launches direct sales through demonstration cars
- 1971** Establishes the technology development subsidiary U.S. AMADA LTD. in Seattle, Washington, U.S.A.
- 1971** Develops the LYLA-555 NCT1 turret punch press



Demonstration cars bringing our expertise to the customer's front door



President Isamu Amada at the signing ceremony of the technology alliance with U.S.I.

1980s and 1990s

Commercializes laser markers
building the foundation of today's laser technology

We were the first in Japan to commercialize a stand-alone laser machine, the LASMAC-644, as a sheet metal fabrication machine. This was a technological innovation on par with the NCT in 1971.

Jointly developed by AMADA and its U.S. subsidiary AMADA Engineering & Service (AESI), this machine laid the foundation for the transformation from carbon dioxide (CO₂) lasers to fiber lasers with faster fabrication speeds and lower energy consumption.

- 1980** Announces the first stand-alone laser machine, the LASMAC-644
- 1996** Announces the AP60, a pioneering programmable device network system in the sheet metal industry
- 1998** Isehara Works gains ISO 14001 certification



Private exhibition for the 10th anniversary of U.S. AMADA



Japan's first stand-alone laser machine, the LASMAC-644

AMADA's History of Technology Development

- 1971** The D500 series is awarded the Japan Electrical Manufacturers' Association Award in the Innovative & Inventive Design Excellence Award
- 1983** The LC-667 is awarded Honorable Mention in the Innovative & Inventive Design Excellence Award
- 1992** The APELIO II-357V is awarded the Minister of International Trade and Industry's Award in the Innovative & Inventive Design Excellence Award

* Innovative & Inventive Design Excellence Award: Established in 1970 by the Nikkan Kogyo Shimbun, Ltd. to promote and advance the design of Japanese industrial products.

* The Best 10 New Products: A system established in 1958 by the Nikkan Kogyo Shimbun, Ltd. to encourage the development of excellent new products and to contribute to technological advancement of Japanese industry.

Revenue

(Billions of yen)

1946 1950

1960

1970

1980



2000s and 2010s

Sells the first fiber laser machines as a machine manufacturer

In 2007, we completed a dedicated laser factory in our current Fujinomiya Works. In 2010, we were the first machine manufacturer to develop a fiber laser oscillator, announcing the FOL-3015AJ, a fabrication machine equipped with the oscillator.

Many oscillators had been procured from U.S. manufacturers, who held the majority of the global market share. However, by having our own oscillators, we had become able to handle everything in-house, including cost, delivery, and after-sales service.

- 2004** Announces the Virtual Prototype Simulation System (VPSS)
- 2007** Establishes the Development Center and the laser factory at Fujinomiya Works
- 2010** Develops a fiber laser oscillator, launched the FOL-3015AJ equipped with the oscillator
Announces AMADA Group Environmental Declaration
- 2015** Announces the V-factory project, an IoT solution for customers



Processing copper (highly reflective material) with a fiber laser machine

2022 and beyond

Transformation and challenge ahead of our 80th anniversary, and of becoming a 100-year company thereafter

In 2021, AMADA celebrated its 75th anniversary. In a rapidly changing market, we respond to the diverse needs of our customers and society through transformation not only in our sales, service, development, and production systems but also in our personnel.

We have formulated a vision and growth strategies for 2030, and continue to pursue transformation and challenge toward our upcoming 80th and 100th anniversaries.

- 2022** Formulates the Long-term Vision 2030
- 2023** Opens the AMADA GLOBAL INNOVATION CENTER (AGIC)



AGIC exterior

(Billions of yen)

- 2005** The EMZ-3510NT is awarded the Minister of Economy, Trade and Industry's Award in the Innovative & Inventive Design Excellence Award
- 2009** The LC-C1NT series is awarded the Minister of Economy, Trade and Industry's Award in the Innovative & Inventive Design Excellence Award
- 2011** The FOL-3015AJ is awarded the Masuda Award in The Best 10 New Products
- 2013** The EG-6013AR is awarded the Minister of Economy, Trade and Industry's Award in the Innovative & Inventive Design Excellence Award
The FOL-3015AJ and the ACIES series are awarded the 2013 Minister of the Environment Award for Global Warming Prevention Activity
- 2014** The ENSIS-3015AJ is awarded the EuroBLECH 2014 MM Award*
- 2018** The VENTIS-3015AJ is awarded the EuroBLECH 2018 MM Award*
- 2019** The EML-AJ series is awarded the Minister of Economy, Trade and Industry's Award in the Innovative & Inventive Design Excellence Award
The ENSIS-AJ series is awarded the 2018 Kanagawa Global Environment Award
- 2021** The REGIUS-3015AJ is awarded the Minister of Economy, Trade and Industry's Award in the Innovative & Inventive Design Excellence Award
- 2022** The DPG-150 digital profile grinder is awarded the Minister of Economy, Trade and Industry's Award in the Innovative & Inventive Design Excellence Award
- 2022** The REGIUS-3015AJe fiber laser machine with a new control (NC) unit is awarded the EuroBLECH 2022 MM Award*



* MM Award: The MM MaschinenMarkt, Germany's most prestigious manufacturing trade magazine, presents the MM Award to advanced and innovative products exhibited in the metalworking industry.

1990

2000

2010


2022

(FY)

The AMADA Group's Business Flow

The AMADA Group is engaged in all aspects of business for its machines, molds, software, and automation systems, from development to manufacturing and sales, in a range of metalworking domains. We have also established a service system that includes IoT to support our customers' manufacturing around the world.

Three Focus Areas >>

 Environmentally Conscious Business

Accumulating expertise and recognizing issues



Research and Development



Cutting-edge technology research and development utilizing needs captured through direct sales and service

In our processes, we bring customers' diverse needs and issues to the surface. We also work with our partner companies to develop technologies matching their needs with our higher quality. In order to provide differentiated processing technologies to our customers, we currently develop products in a way rooted in regional characteristics and our customers' production activities, at 12 development bases in Japan and overseas. Furthermore, at the product planning, development, and procurement stages, we set clear goals for their environmental performance and conduct evaluations at each step of development in order to launch products with industry-leading environmental performance.

- Product development deeply rooted in global regional needs
- Seeking the next mainstay products in fiber laser machines
- Enhancing products for achieving carbon neutrality



Manufacturing



A manufacturing system supporting prompt delivery and stable operation at our customers' plants

To ensure the stable operation of machines at our customers' plants, we are rigorous in our quality control more than anything else. We maintain regulations and, at the Quality Dojo, we provide training so that each worker can practice highly capable manufacturing. With 24 manufacturing bases in Japan and overseas, we also strive to promptly deliver goods to local customers. From a business continuity plan (BCP) perspective, we strive to produce locally at each region's bases. In addition, we utilize IoT in our own manufacturing, supporting plants overall and each individual worker with digital technology to ensure efficient and human-friendly manufacturing. We are also promoting the reduction of CO₂ emissions in manufacturing, seeking a 50% reduction (vs. fiscal 2013 levels) at all Group business sites and plants.

- Training and securing human resources to pass on and evolve skills
- Creating workplaces where diverse people can work comfortably and play active roles
- Further improving BCP in manufacturing and supply
- Strengthening seamless horizontal collaboration among production bases

Initiatives

Future Policies and Priority Issues

Foundation supporting

Strengths

Direct Sales and Service

Our DNA

Growing Together with Our Customers



DX & Services



Global Sales Expansion

Recognition of social issues and diversification of industry needs

Customer issues, demands, and evaluations



Sales



Sales activities directly communicating with customers and seeking solutions together

Through our industry-pioneering direct sales and service, we identify our customers' true needs and issues. Using our abundant expertise in fabrication, we make optimal proposals based on our differentiated technical capabilities and testing through process verification. In addition, we will expand opportunities for direct contact with customers and enhance the quality of our proposals through digital technology to rapidly resolve issues. Using our global sales network across more than 30 countries, we provide solutions directly to customers leveraging our extensive customer contacts and brand strength in the industry.

- Hybrid sales activities utilizing real and digital channels
- Direct marketing using local offices around the world



Service



A global-scale support system keeping our customers' businesses running

Delivery is not the end of the process for metalworking machinery; they need continuous support, including maintenance and supply of consumables, molds, and software. The AMADA Group has received high praise for its engineering service system, which includes a 24-hour parts center in Japan, a worldwide service network, and remote support via IoT, to ensure that customers' manufacturing operations stay running. This strong reliability has led to a ratio of after-sales business to revenue of more than 30%, which is an extremely high level in the industry.

- Making consultation proposals for customers' operations using IoT
- Promoting DX of after-sales service
- Expanding IoT utilizing AMADA's V-factory solution

the value chain

Global Network

Product Lineup

A Monozukuri (Manufacturing) Company

Focus Business Areas

The 2020s have seen consistent structural change in the economy and society. The AMADA Group will pursue further business growth in the three areas of Environmentally Conscious Business, DX & Services, and Global Sales Expansion by leveraging its strengths in direct sales and service.



Takaaki Yamanashi

Director, Senior Executive Officer
Senior Executive General Manager of Sheet Metal
Technology Development & Production HQ



Research and Development



Manufacturing

The AMADA Group's advantage in development and manufacturing is its ability to propose integrated solutions, from programming to cutting, bending, welding, and automation. We are able to directly incorporate our customers' issues and needs into our product development because we have continued to provide direct sales and service for many years. In order to provide these differentiated processing technologies to our customers, we currently have 12 development bases and 24 manufacturing bases worldwide. Looking ahead, we will continue to aim for further business expansion through the creation of products and services that revolutionize our customers' production processes, including new products with high energy-saving performance.



Environmentally Conscious Business

Contributing to the realization of a sustainable society in both production activities and products

Since the 2015 adoption of the Sustainable Development Goals (SDGs) at the United Nations (UN) Summit, taking action for the global environment has been recognized as an important issue that all companies should address. The AMADA Group is contributing to the creation of a sustainable society by reducing the environmental impact of its own development and manufacturing activities, as well as reducing CO₂ emissions from its products. To reduce the environmental impact of our business sites and plants, we are implementing a variety of measures, such as updating to energy-saving equipment, actively utilizing renewable energy, and reducing power consumption by

reviewing our manufacturing processes, in order to achieve both efficient production and environmental contribution. With regard to reducing CO₂ emissions from our products, we are focusing on developing environmentally friendly machines with outstanding energy-saving performance to help customers reduce the environmental impact of their production sites and contribute to sustainability. AMADA plans to continue accelerating its efforts to preserve the global environment and to use the AMADA GLOBAL INNOVATION CENTER (AGIC), scheduled to open in February 2023, to widely promote the social value that the AMADA Group provides.



DX & Services

Establishing an engineering chain that links all processes from material procurement to sales

The Japanese manufacturing industry is currently facing a variety of challenges, including the development of new workstyles, the normalization of labor shortages, and supply chain disruptions caused by the crisis in Ukraine. For AMADA's customers as well, the establishment of an efficient and optimal production system has become an important management theme. To meet these needs, AMADA is working to realize a smart factory that connects people, goods, and information through the use of DX.

Using the latest digital technology, we will build an innovative engineering chain that links everything from procurement of components and materials to sales and service, supporting our customers in shortening lead times and saving labor in their development and production activities. In addition, by digitally and centrally managing equipment maintenance and parts replacement, we will help customers prevent delays in their production activities, improve productivity, and reduce costs.



Global Sales Expansion

Localizing made-in-Japan technology abroad, tailored to each country/region's characteristics

The AMADA Group has established a number of development, production, and sales bases around the world, solidifying its position as a global company. In development and production in particular, we have established self-contained local systems centered on Japan, the United States, and Europe, working to create products that meet the needs of each country and region. Our basic policy for global development is to localize core technologies made in Japan in a way that is precisely tailored to regional characteristics. For example, at Japanese manufacturing sites it is common to stack various types of equipment and peripheral devices vertically

to improve space efficiency, but in Europe and the United States, where there is a greater amount of floor area, it makes more sense to lay items out on a single surface in the interest of easier operation. The most important point in global sales expansion is to accurately grasp the issues and needs in our customers' production activities and to have our products embody the solution to each. The Group further plans to focus on new initiatives such as facilitating mutual procurement of components and materials that are in short supply by using DX to connect people, goods, and information at overseas production and development bases and visualizing processes.



Sales



Service

The AMADA Group's greatest strengths in sales and service activities are its product development that reflects direct marketing with direct sales and service, as well as a sales network that ensures a stable and rapid supply of products. Machines developed in response to customer feedback are delivered directly to customers through our community-based sales network in each region of the world. The Group also strives to maximize customer satisfaction through various initiatives, such as remote support for equipment using IoT and financing proposals after the decision to introduce a product.

Masahiko Tadokoro

Director, Senior Executive Officer
Senior Executive General Manager of Sheet Metal
Sales Business & Service HQ



Environmentally Conscious Business

Reducing environmental impact: A common theme among Team Earth members

Reducing the environmental impact of their business activities is a social responsibility that all companies must achieve as a member of Team Earth. The AMADA Group has been actively engaged in providing products with high energy-saving performance to support its customers' environmental contributions. Among these, the fiber laser machine, which can cut energy consumption to one-third of what conventional products consume, is a classic Eco Product used by many customers. Saving labor and improving efficiency in production not only reduces energy

consumption and CO₂ emissions but is also very socially important in helping to resolve labor shortages and promote reforms in workstyles, topics of recent importance in Japan. The Group will promote the shift to 100% fiber lasers in the laser machine field, while simultaneously further accelerating the shift from hydraulic motor machines that depend on fossil fuels to electric machines that use servo motors, thereby contributing to the realization of a carbon-neutral society.



DX & Services

Combining the skills of service personnel with the latest technologies in AI and IoT

The AMADA Group's mission is to respond to the true needs of its customers and offer the best possible solutions to the various challenges they face. In order to embody this philosophy, it is essential to have a system that enables our products to fully demonstrate their functions and performance. The DX & Services initiative is at the very core of this. In the sales area, we will focus on improving the quality and quantity of the proposals we make by actively utilizing various digital tools. We will also be mindful of enhancing our website, which serves as a

point of contact with our customers. In the service area, we will use remote diagnosis via DX and collaboration with service personnel to enable early recovery in the event of equipment failure and to minimize delays in production activities. Until now, providing service to our customers has been reliant on the knowledge and skills of individual service personnel. By combining this knowledge and skill with the latest AI and IoT technologies, we intend to achieve further improvements in service quality and support the optimization of our customers' production systems.



Global Sales Expansion

Looking out over both mature markets in mainly developed countries and fast-growing emerging markets

For the AMADA Group to continue to grow into the future, it is essential that we work to expand our business base in both mature markets, particularly developed countries in Europe and the United States, and emerging markets where there is growth potential in industry and consumption. Through direct marketing using local offices around the world, we will accurately capture each market's needs and convert the accumulated data into development of new products. The wave of automation that began in developed countries has spread to emerging markets, especially in Asia, over the past few years.

Automated products that increase production efficiency and reduce environmental burden are now becoming a core element of our product lineup. The Group will further enhance its presence in the global market by actively proposing and expanding sales of automated products in emerging markets. For laser products, the risk of commoditization has become apparent in the global market amid the appearance of new manufacturers from emerging countries. The AMADA Group will differentiate itself from its competitors with its unique operation assurance and fledged out backup systems.

The AMADA Group's Strengths

The AMADA Group supports customers who aspire to global manufacturing through its advanced technological and problem-solving capabilities. To this end, we have established a one-stop system for development, manufacturing, sales, and service that supports our customers around the world as they manufacture products, and the enriched lifestyles of people made possible by this manufacturing.



Technologies and Proposal Capabilities Cultivated in Direct Sales and Service

Since our founding, our business has been distinctive in its direct sales and service model, providing product sales, maintenance, and other services directly to customers. This enables us not only to make proposals suited to our customers' needs but also to provide swift repair support and reflect various requests in our designs, which has earned us high praise from a wide range of customers. We directly hear from customers about their concerns, allowing us to resolve them. In this way, we accumulate expertise for ourselves and capture real, unfiltered customer feedback and apply it to product development.

Through many years of doing business like this, we have built robust relationships of trust with our customers and have been able to secure stable revenues by having them specifically ask for our products to replace their machinery. AMADA's strength lies in its direct sales and service system letting us rapidly support our customers, human resources capable of accurately ascertaining customer demands, and technological and solution proposal capabilities to meet these demands. With these, we have been expanding our customer base.



Global Network

In order to contribute to the manufacturing of customers around the world, the AMADA Group has been building a global system from its early stages, and currently has approximately 400,000 machines in operation in more than 100 countries and regions.

Japan accounts for approximately 40% of our consolidated revenue, with the remainder divided almost equally among North America, Europe, and Asia, creating a well-balanced composition. AMADA also has manufacturing and sales locations around the world, including the major regions such as Japan, North America, Europe, and Asia.

In essence, we have established a local production system to supply products more rapidly and with less risk.

Furthermore, by building sales systems locally, we are tailoring our sales activities to the needs and characteristics of each region.

In the future, we will establish a system using local development that can create products meeting the needs of each region.



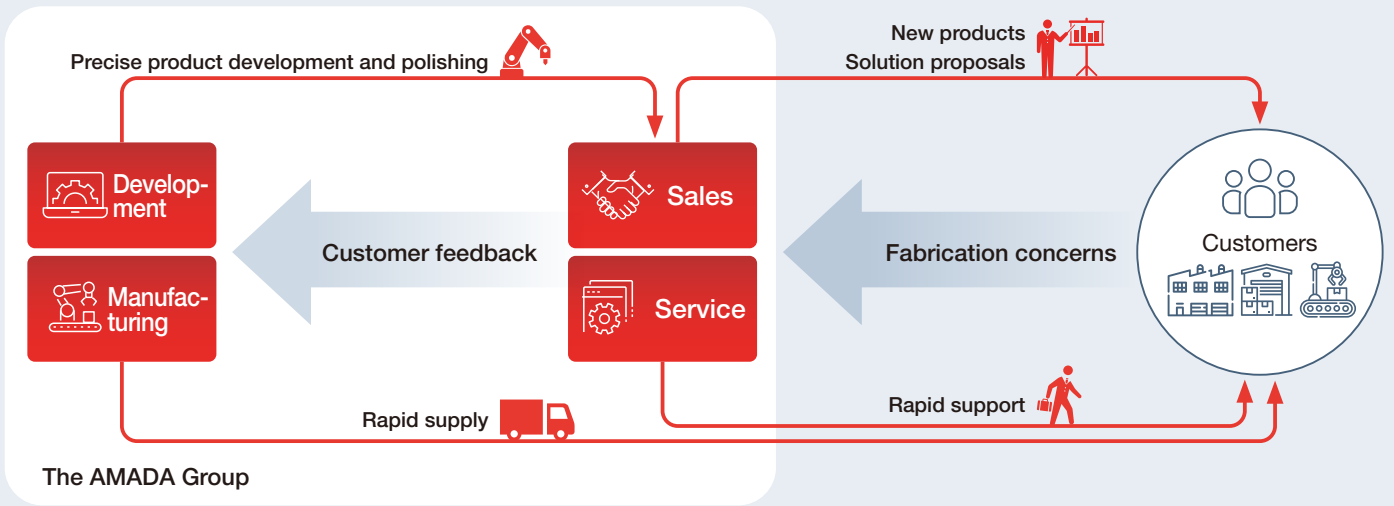
A Rich Product Lineup Covering All Metalworking Processes

The AMADA Group offers almost all the machines needed for metalworking.

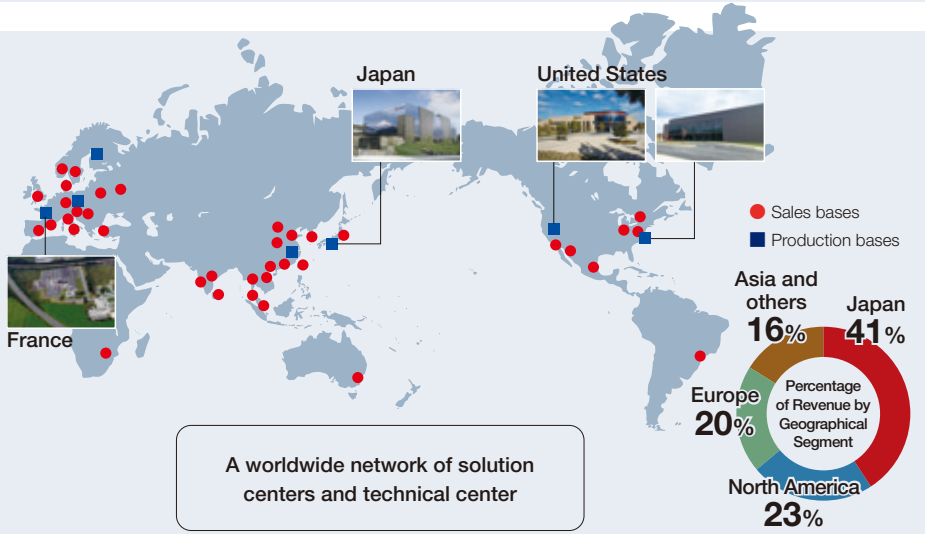
We maintain a lineup of machines necessary for metalworking processes, from machines that cut metal sheets at the beginning of the process to machines that bend and weld sheets, forming machines, machines that cut metal blocks, and grinding machines. We also develop and sell machines that transport processed pieces between processes, plus software that manages production throughout the plant, draws designs, and operates the machines.

There are only a few companies in the world that have a product lineup that covers all metalworking processes, and this allows us to provide our customers with optimal solutions for each company, not just for a single process but for the entire plant.

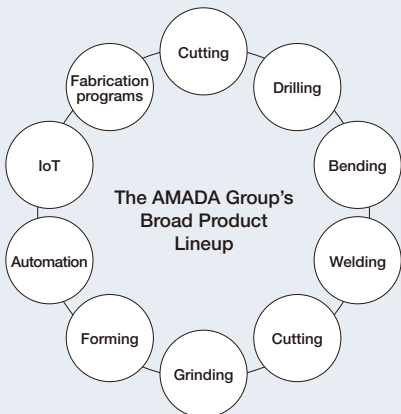
Not only that, but with IoT support from AMADA we are able to offer solution proposals that go even deeper. AMADA's IoT support monitors the status of customers' operations, performs preventive maintenance, and automatically makes proposals on operations fitting the customer's fabrication based on monitoring results.



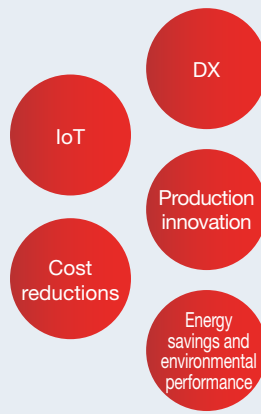
- Global presence
More than 100 countries and regions
- Major domestic/overseas manufacturing bases
24 bases
- Major domestic/overseas development bases
12 bases
- Number of ISO 9001-certified business sites
25 sites



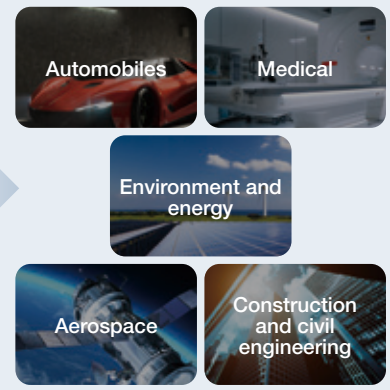
Broad Support for Customer Production



Creating New Value



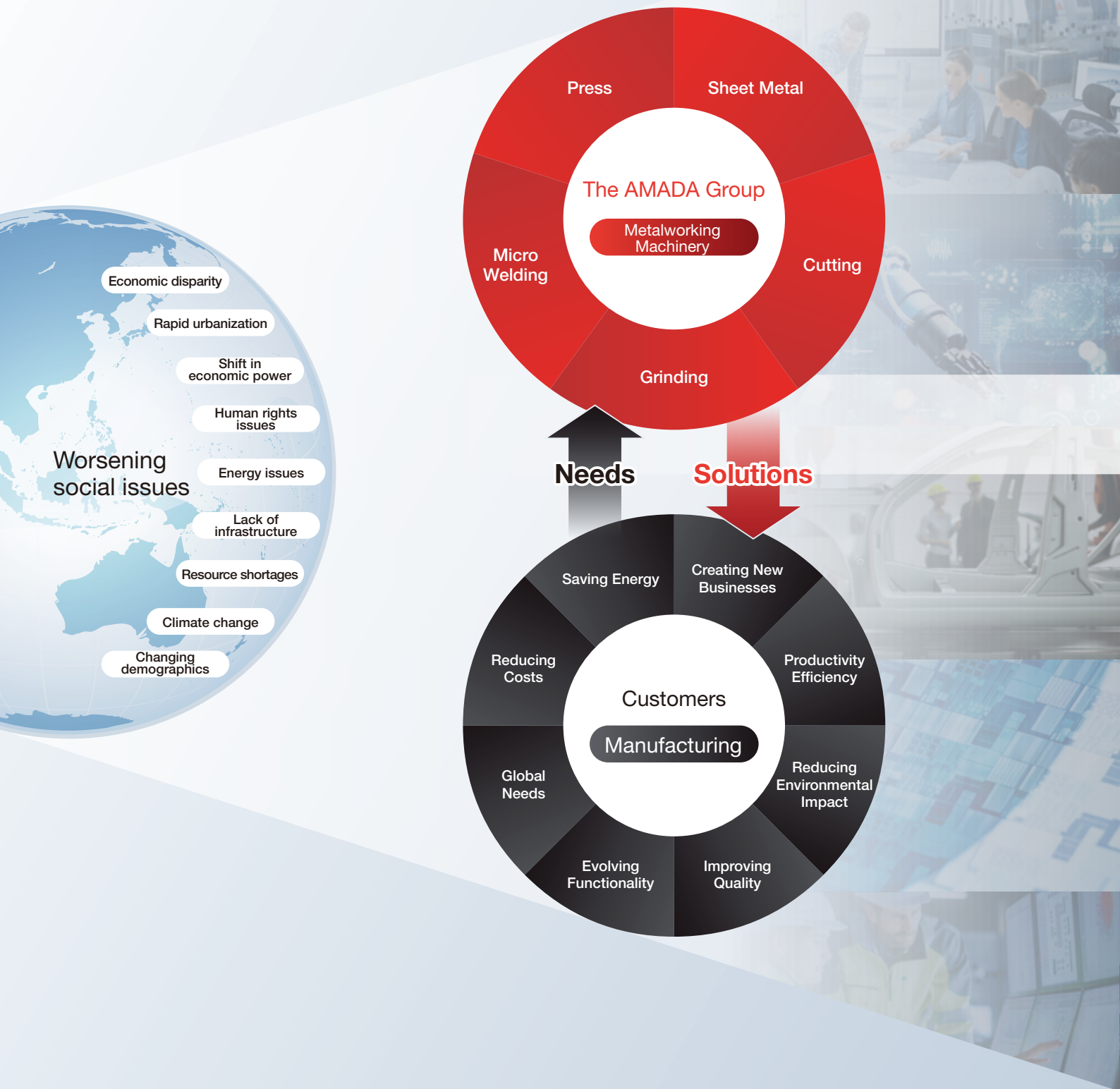
Contributing to a Wide Variety of Fields



Value Creation Story

Creating Social Value with Our Customers

Since its formation, AMADA has shared its Management Philosophy of “growing together with our customers” as a starting point for all of its business activities. We believe that the creation and provision of new value based on customers’ perspectives will strengthen the relationship of mutual trust between our customers and the AMADA Group, and become a source of mutual development.



ELEVATOR

MOTOR VEHICLE

SATELLITE

ATM

SMARTPHONE

SIGNBOARD

Contributing to resolving social issues while enhancing the business value of our customers

Contributing to the quality of all kinds of everyday products and structures

CT SCANNER

TICKET GATE

SHOWCASE

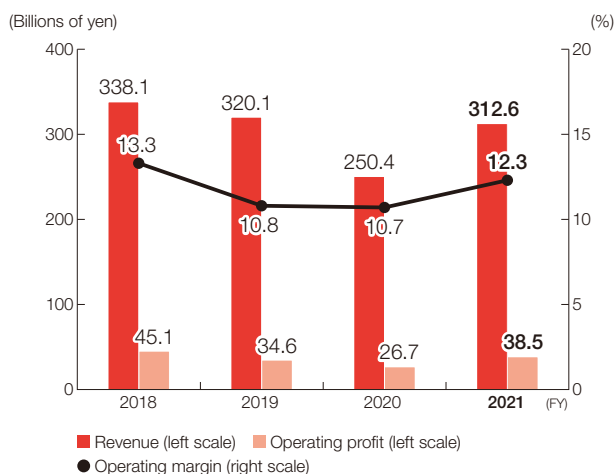
SKYSCRAPER

STEEL FRAME
HEAVY STRUCTURES

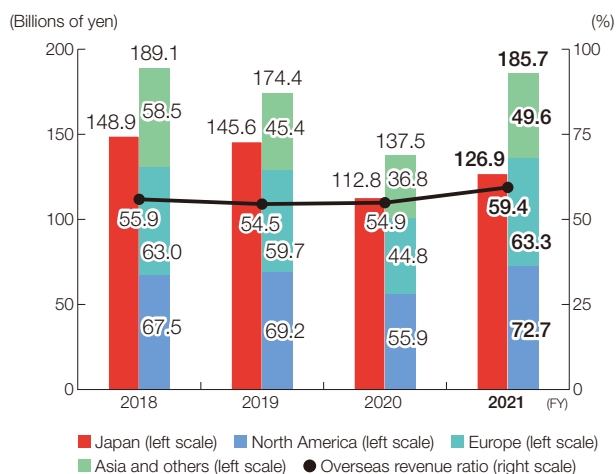
TRAFFIC LIGHT

Financial and Non-Financial Highlights

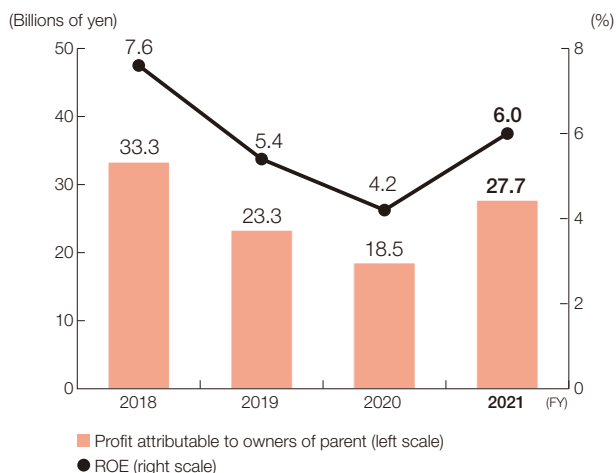
Revenue / Operating Profit / Operating Margin



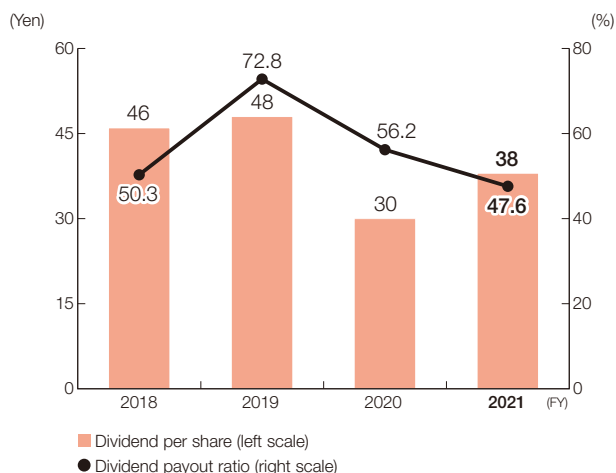
Revenue by Region / Overseas Revenue / Overseas Revenue Ratio



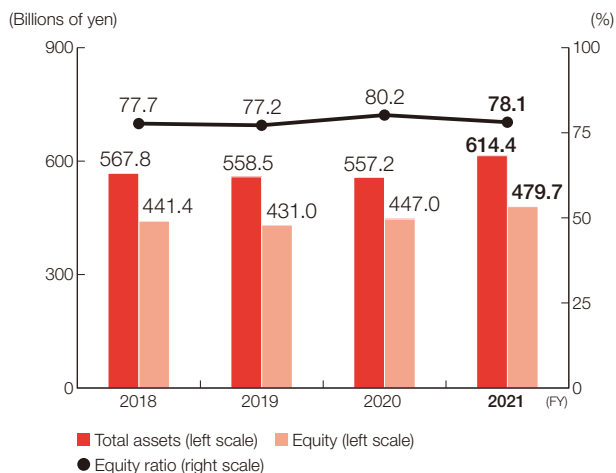
Profit Attributable to Owners of Parent / ROE



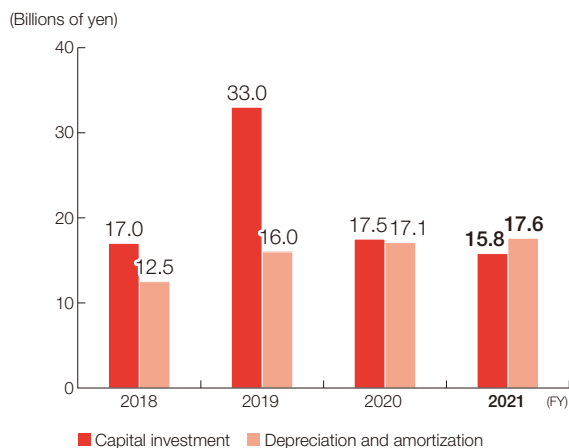
Dividend per Share / Dividend Payout Ratio

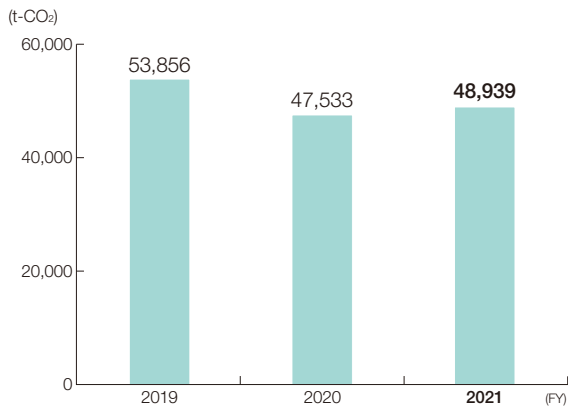
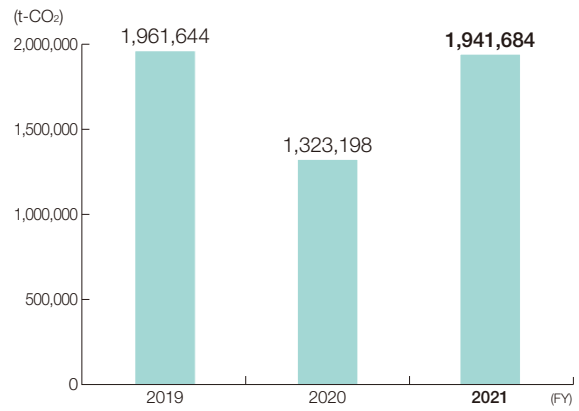


Total Assets / Equity / Equity Ratio

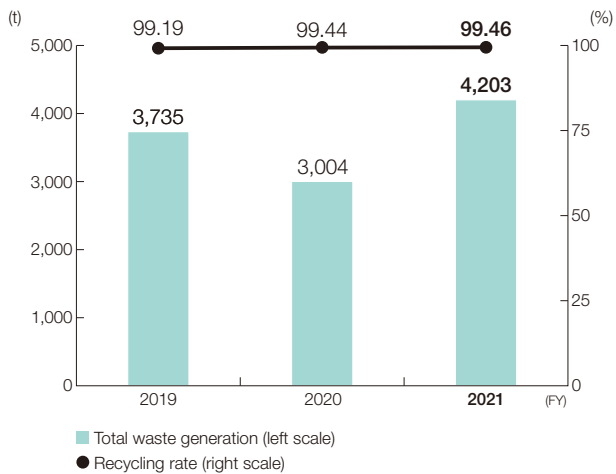


Capital Investment / Depreciation and Amortization

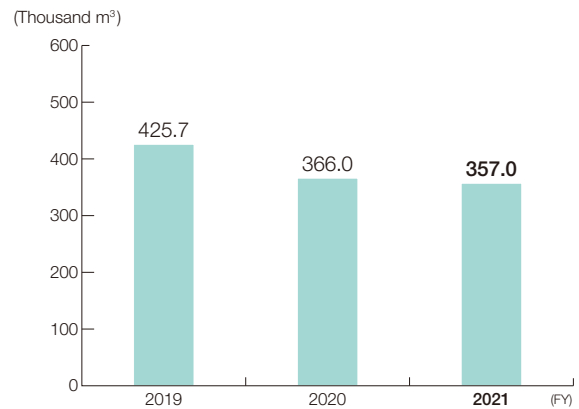


CO₂ Emissions (Scope 1 and Scope 2)CO₂ Emissions (Scope 3)

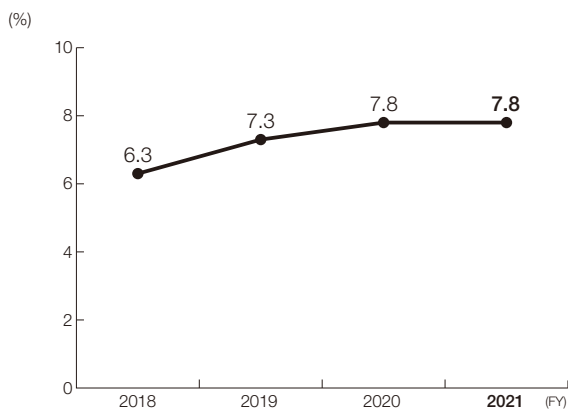
Total Waste Generation and Recycling Rate (Japan)



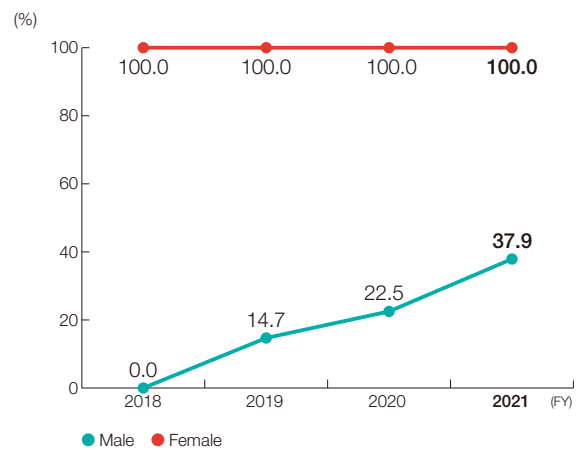
Water Consumption



Ratio of Female Employees



Childcare Leave Acquisition Rate



Long-Term
Vision
2030

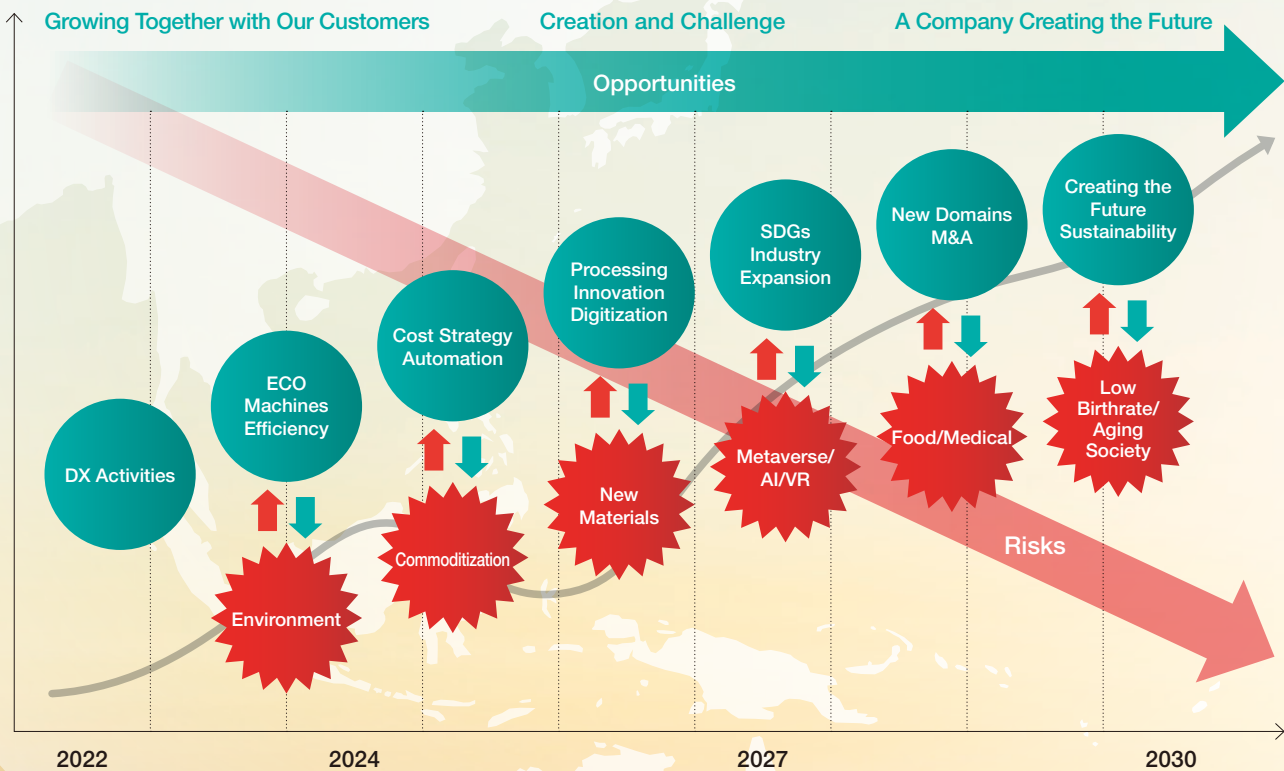
To continue to be the customer's

Background: Formulating the Long-Term Vision

The AMADA Group has formulated Long-Term Vision 2030 as its vision for the year 2030. The current business environment surrounding the AMADA Group is undergoing significant changes, including the transition to a decarbonized society, the emergence of geopolitical risks, ongoing supply chain disruptions, and the diversification of values and needs at manufacturing sites amid these changes.

AMADA has faced the difficulty of an unexpected economic recession approximately once every decade since 1990, such as the bursting of Japan's bubble economy and the U.S. subprime mortgage crisis. Now, we have been plunged into a once-in-a-century crisis in the form of the spread of COVID-19, forcing the government to curtail economic activities by restricting the

movement of people and goods. As an enterprise within a market affected by a variety of economic fluctuations, the AMADA Group is committed to making fundamental changes to its management foundation to achieve sustainable global growth by 2030, taking into account industry megatrends and anticipated risks and opportunities. We will strengthen our structure to withstand cyclical economic fluctuations, and at the same time create an environment in which our growth is friendly to people and the earth (mitigating social issues), as well as create and provide value (solutions via products and services) based on customer-oriented needs in accordance with our Management Philosophy of "growing together with our customers." By doing this, we aim to earn society's trust as a partner in manufacturing.



best partner in manufacturing

Overview of Long-Term Vision 2030

Our Management Philosophy

1. Growing Together with Our Customers
2. Contribute to the international community through our business
3. Develop human resources who pursue creative and challenging activities
4. Conduct sound corporate activities based on high ethics and fairness
5. Take good care of people and the earth's environment

Social contributions through manufacturing and being the customer's best partner in manufacturing

Long-Term Vision: Vision for 2030

Adapting to diverse social changes and transforming into a solid management system

Restrain the impact of economic fluctuations and transform into a management foundation that realizes global and sustainable growth

Gaining trust of society as customer's partner

Creating an environment that mitigates social issues and offering solutions based on customer-oriented needs

Long-Term Management Goals

- Revenue: **¥500 billion** (FY2030 target)
- ROE: **Stably maintain above 10%** (FY2030 target)
- Strengthen initiatives with an awareness of the SDGs and refine the corporate governance system

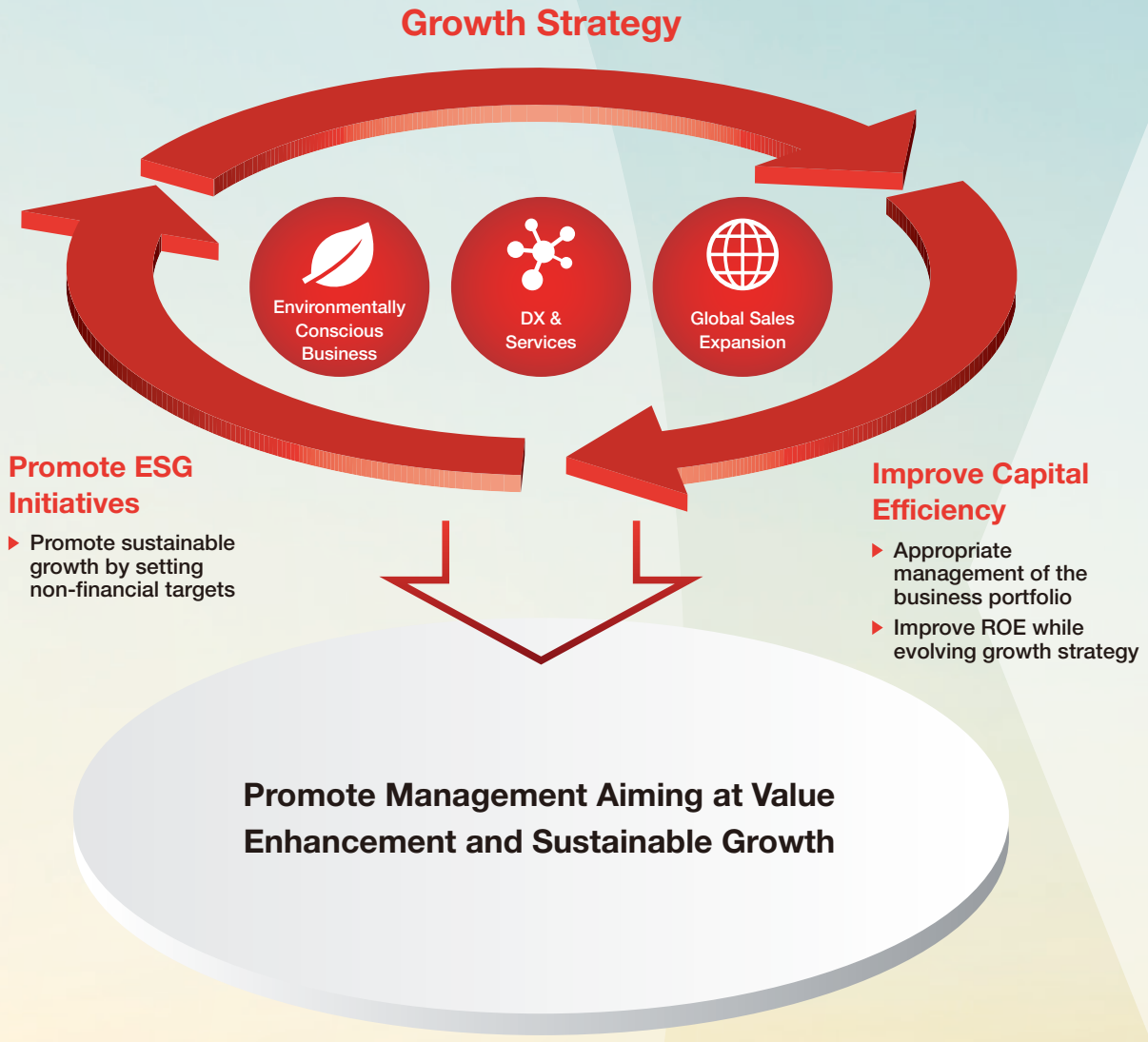
Toward achieving Long-Term Vision 2030, we have identified Growth Strategy, Improve Capital Efficiency, and Promote ESG Initiatives as our three priority items. We will promote a growth strategy to develop products and services adapted to the emergence of various risks, production methods that have been transformed by the impact of the pandemic, and heightened environmental awareness. At the same time, we will promote the transformation of our management base through the two-prong approach of Growth Strategy and Improve Capital Efficiency by strengthening our financial position and practicing a disciplined capital policy as a result of further advancing the structural reforms we have been undertaking since fiscal 2020. We will also continue to sow the seeds of new businesses and review our business portfolio, which we consider essential in building a foundation for sustainable growth toward fiscal 2030.

Prior medium-term management plans have focused on numerical targets. However, the pandemic has brought about changes in society, such as a greater awareness of the environment and ecosystems. Furthermore, the SDGs were adopted at the 2015 UN Summit and set as goals to be achieved by 2030, and the Japanese government, on the premise of achieving a carbon-neutral, decarbonized society by 2050, announced a goal of reducing CO₂ emissions by 46% by 2030 versus fiscal 2013. In terms of society, there is growing necessity to consider human resources as capital and to shift toward human capital management to elicit their value to the greatest degree possible. The AMADA Group has identified Promote ESG Initiatives as a priority area, in conjunction with strengthening our governance system to steadily act in response to these emerging issues.



To continue to be the customer's best partner in manufacturing

Three Priority Items and Three Growth Strategies for Long-Term Vision 2030



In order to develop products and services aimed at higher efficiency and environmental consciousness, and to ensure the promotion of growth strategies for further market expansion, we have established three growth strategy pillars: Environmentally Conscious Business, DX & Services, and Global Sales Expansion. We will develop and provide solutions to solve customers' issues amid context such as

the rapidly advancing decarbonized society, digitization, and continuously rising energy prices. Furthermore, we will improve profitability through DX of sales processes, build an independent structure in the three key regions of Japan, the United States, and Europe with an eye to expanding overseas markets, and develop products that align with the needs of each region.

Growth Strategies for Further Expansion

Growth Strategy

Action



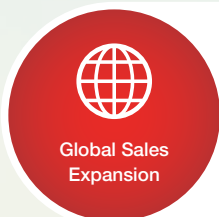
New product strategy: Develop products that create value for society and customers

- Comprehensive product overhaul for achieving a carbon-neutral society
- Expansion of business opportunities due to changes in industry structures and shifting to environmentally conscious businesses
- Addressing workstyle reforms and changes in work environments (Development of automation and skill-less solutions)



Improve profitability by expanding DX and services businesses

- Reform of proposal system through complete overhaul of the new exhibition hall
- Expansion of services by building a new operation guarantee system
- Efficiency improvement through DX and profit improvement through cost structure reform



Achieve sustainable growth by capturing overseas markets

- Establishment of independent systems for development and production in Japan, the United States, and Europe
- Product development aligned with regional needs in developed markets in Europe and the United States
- Product development with local specifications in emerging markets and building new business models

Strategic Investment to Further Strengthen the Management Foundation

Investment plan to support business strategies and the management foundation (from hard to soft areas)

Now that we have completed our capital investment in the hard areas of plant expansion and supply system enhancement, we will shift our investment focus to soft areas such as technology development, service business reinforcement, DX strategy,

environmental measures, human capital enhancement, human resource diversification, and human resources development. Furthermore, we will invest in M&A and corporate venture capital with a view to entering new markets.

Sheet Metal Division

- Blanking machines for cutting and punching
- Bending machines
- Welder
- Software for managing and supporting machine operations
- Automation systems to increase machine productivity
- After-sale services to support customer production sites



Business Overview

The Sheet Metal Division is a major business accounting for around 70% of our consolidated sales. It has built up the sheet metal market in Japan while at the same time promoting global expansion from a relatively early stage so that it now boasts the top share of the global sheet metal market. Since its launch, the division has utilized feedback received directly from customers via direct sales and services in product development to roll out products that address the needs of society. In particular, sheet metal fabrication is used for high-mix, low-volume production, so there are many issues related to processing at customer plants, and in recent years the sheet metal market has faced other issues, such as worker shortages arising from the low birthrate and aging society and retirement of skilled workers as well as the associated diversification of workers. As solutions to these issues, we have been expanding automation products and developing machines and software that can be used easily by anyone.

The mainstay products are fiber laser machines, which use laser beams to cut steel and other processed materials. Compared to conventional CO₂ lasers, fiber lasers have lower running costs, including electricity charges, and offer faster processing. Furthermore, with advances in laser technology, the scope of application has grown recently to include thick materials such as steel used in buildings. Aside from machines, we have an after-sales service business that accounts for around 30% of total sales. It includes maintenance of machines already installed, software to support machine operation and processing, and replacement and refills of consumables such as tooling. That our service ratio is higher than regular machinery manufacturers is a strength arising from the fact that we are

engaged in direct sales and service, and this is an area that we will continue to focus on from the standpoint of profitability. Leveraging the expertise that we have cultivated as a leading company in the sheet metal industry, we will support customer plant operations in both tangible (machines) and intangible (after-sales business) ways and contribute to society through manufacturing.

The business environment surrounding us continues to change drastically, and demands in the sheet metal fabrication domain and from customers are also changing. Amid these changes, we will contribute to the creation of an environmentally friendly society through manufacturing, not only solving the issues faced by our customers but also reducing the social issues that lie beyond. Based on our Management Philosophy of “growing together with our customers,” which we have emphasized since our founding, we aim to earn society’s trust as a partner in manufacturing by providing products that better address market needs.

Business Results

In fiscal 2021, while experiencing the impact of supply constraints, we brought in record-high orders, and revenue was higher than the previous fiscal year. This was largely due to a recovery in demand, which had fallen due to COVID-19, automation needs arising from the labor shortage, and the need for environmentally friendly products offering superior energy-saving performance.

In Japan, where the economic recovery was slower than in other regions, momentum returned toward the end of the fiscal year, boosted by

Opportunities

- Increased demand for automation products at manufacturing sites
- Increased awareness of DX and total plant management during and after the pandemic
- Increase in demand for energy-saving products (especially fiber lasers) from transition to decarbonized society
- Shift in needs to high-productivity products in conjunction with soaring energy prices

Strengths

- Top domestic market share and a leading overseas market share
- Product lineup that covers all sheet metal fabrication processes
- Proposals with solutions that leverage the extensive processing expertise as a leading company in the sheet metal industry
- Contribution to the realization of a decarbonized society through expansion of sales of Eco Products, which produce fewer CO₂ emissions than conventional products
- Strong relationships of trust with customers, and product development based on real, unfiltered customer feedback
- Customer base that does not rely on specific industries

Threats (Risks)

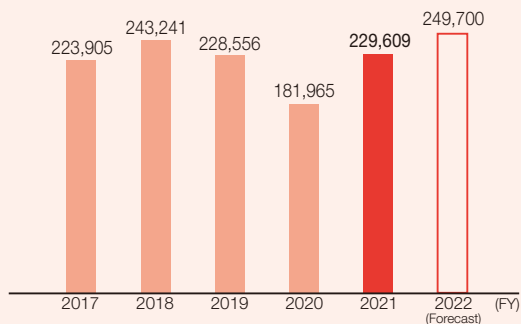
- Adapting to reduced steel production associated with the transition to a decarbonized society
- Adapting to shifts from steel to diverse materials for making products
- Change in construction methods (switch to 3D printers instead of machining, etc.)
- Adapting to competition as a result of enhanced technological strength of low-cost manufacturers and their expansion into the high-end market

Weaknesses (Issues)

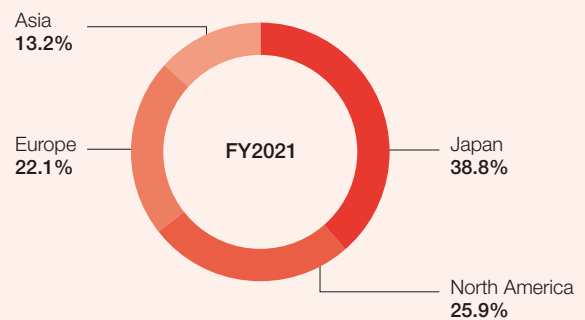
- Proactive promotion of product development deeply rooted in global regional needs (Asia and Europe)
- Proposal of the next mainstay products incorporating new technologies
- Transformation into a company not susceptible to macroeconomic changes

Revenue Trends

(Millions of yen)



Percentage of Revenue by Geographical Segment



subsidies and other measures. With this, orders increased for various products, including general machinery such as semiconductor manufacturing equipment, office automation (OA)/computer equipment and telecommunications equipment associated with the deployment of 5G, and medical equipment. Overseas markets drove revenue growth throughout the year. In North America, there was significant demand for automation products against a backdrop of labor shortages and rising labor costs, while in Europe there was an increase in demand for environmentally friendly products such as hydrogen energy-related products and EV charging stations, as well as semiconductors, medical equipment, and agricultural machinery. This demand resulted in substantial revenue growth in major countries. As for Asia and other areas, sales in China increased only a small amount due to lockdowns, but sales of general machinery-related products such as machine covers for EVs and other transportation equipment in India and sales of products for semiconductor manufacturing equipment and electronic equipment in South Korea were strong. Sales of products for electronic equipment and semiconductor manufacturing equipment also increased in ASEAN owing to successful government-led initiatives in Malaysia and other countries to attract foreign manufacturing companies from the electrical and electronics industries. Although impacted by soaring material costs, profits increased owing to contribution of the depreciating yen on top of increased operating rates resulting from the increase in production activities and improvements in selling prices.

In fiscal 2022, we expect to see an impact from ongoing material procurement delays and soaring prices, the Russian invasion of Ukraine, China's zero-COVID policy, and other factors, but we will aim for

record-high revenue and operating profit in light of the record-high orders received and current strong trend in orders. We will steadily capture not only potential demand but also new demand that will be generated in the process of transitioning to a decarbonized society.

Strategy

We aim to capture demand for energy-saving, labor-saving, and high-efficiency products and further expand our business by promoting our laser, automation, and after-sales service businesses for the purpose of achieving a decarbonized society and solving issues facing customer plants in conjunction with the growth strategy set forth in Long-Term Vision 2030, which involves strengthening our management foundation in anticipation of the next 10 years, adapting to diverse social changes, and transforming into a solid management system.

To expand overseas sales, we will promote local development and production and roll out products that are rooted in regional needs. We will also focus even more on the development of Eco Products in conjunction with the transition to a decarbonized society. While promoting DX of our sales methods, we will also review how we utilize exhibition halls. Taking advantage of the fabrication expertise we have cultivated over the years, we will propose not only comfortable fabrication methods but also optimal solutions for the plant environments surrounding the machines. Moreover, to further improve profitability, we will focus on reducing service costs through DX of services utilizing V-factory and on improving productivity through IoT for manufacturing.

TOPICS

REGIUS-3015AJe Ultra-High-Speed 3-Axis Linear Drive/Fiber Laser Cutting Machine Receives MM Award*

The REGIUS-3015AJe received the MM Award at EuroBLECH 2022, the largest trade exhibition for the sheet metal working industry, which was held in Hanover, Germany. Currently, there is a growing need for improved productivity as well as simplified setup and operations at sheet metal manufacturing sites looking to respond to increasingly strict accuracy requirements and shorter delivery times and to pass down processing techniques. While maintaining the functions of the previous models in the REGIUS-AJ series, it offers newly developed revolutionary beam control technology for smooth cutting surfaces, balancing high speed with high quality. It also features the newly developed AMNC 4ie NC unit. After authentication by facial recognition, it automatically launches the operation screen and switches to the language and privileges of the operator, having evolved into a machine for all skill levels. Furthermore, the machine can be operated remotely from a mobile device, allowing not only for remote monitoring of the operation status of the machine, but also centralized management of materials, scheduling, and processing. This means that a single person can operate multiple machines. Going forward, we will continue to use diversified fabrication technologies to solve our customers' issues and needs, contributing to manufacturing.

* MM Award: The MM MaschinenMarkt, Germany's most prestigious manufacturing trade magazine, presents the MM Award to advanced and innovative products exhibited in the metalworking industry.



Cutting Division and Grinding Division

- Band saw machines and steel frame/steel material processing machines for cutting and drilling holes into steel material/steel frames
- Laser machines for cutting and drilling holes into medium-thick plates
- Grinders
- General fabrication machines for secondary processing of sheets
- Blade business dealing in consumables for band saw machines
- After-sales services to support customer production sites



Business Overview

Cutting Division The Cutting Division is the founding business of the AMADA Group, and was launched with a single fire-charred lathe after World War II. As Japan experienced rapid economic growth, it penetrated deeply into the metal cutting field, and our steel cutting machines have steadily maintained a top share of the domestic market. The mainstay products of the business are machines that cut and process steel materials such as square bars, round bars, shaped steel, steel pipes, and steel frames used for construction columns and beams, foundation materials for building and civil engineering, and structural materials for machinery as well as the blades (band saw blades) used to cut these steel materials. We are the only company in the world that offers integrated development, manufacturing, sales, and service for both the machines and the blades to bring out their full performance. In addition to setting up operations around the world for global sales and service activities, we have three manufacturing bases for blades, including in Japan, and have built a supply system that provides powerful support for our customers' production activities.

In Japan, we maintain a system of direct sales and service while also actively utilizing distribution-oriented trading companies. By incorporating a global perspective along with the perspectives of direct sales and distribution into our product development and sales activities, we leverage this arrangement to roll out user-friendly products that address the needs of our customers. In recent years, there has been increasing demand

for addressing environmental issues and automation. In addition to automating cutting machines, we will help with the needs of our customers by going beyond the cutting band saw technology of the past and applying the fiber laser and automation technology of the Sheet Metal Division in the steel processing field.

Grinding Division A grinder is a machine tool that shaves off the surface or internal materials such as still metals and ceramics using a grindstone rotating at high speed. It is used for surface finishing when making molds, precision parts for machinery, and precision tools. The market for grinders ranges from large to small sizes, and there are various types, including profile grinders, surface grinders, cylindrical grinders, internal grinders, and tool grinders, depending on what you are grinding and the shape. It is also a market of "rival barons" in which the leading companies differ for each type of machine. Against such a backdrop, the Grinding Division is engaged in business development centered on profile grinders and surface grinders, and when it comes to profile grinders in particular, we are a leading company vying for the top position globally. Grinders are a product that requires ultra precision, and in recent years there has also been demand for automation, improved operability, and increased productivity. We will contribute to manufacturing by developing products capable of accurately addressing those market requirements and by offering solutions that meet customer needs for automation, high productivity, reduced environmental impact, and better working environments through proposal-based sales.

Opportunities

- Increase in need for automation and operational improvement due to changes in the manufacturing industry environment
- Increase in demand for machines used for mold & die and tools for grinding due to the developing shift to e-mobility and 5G
- Increase in demand for products that have high environmental performance, high productivity, labor-saving ability, and automation due to an increase in the Company's awareness of the SDGs
- Expanding range of applications for our manufacturing machines due to legal reform and the tightening of laws and regulations
- Increase in demand for rebuilds and upgrades due to aging urban infrastructure

Strengths

- Leading global market share of cutting band saw machines
- The only company in the world offering integrated development, manufacturing, sales, and service of band saw machines and blades
- Value sharing and product development that meets customers' needs
- Cultivating a new base by introducing products that combine fiber laser technologies with the steel frame and steel materials market

Threats (Risks)

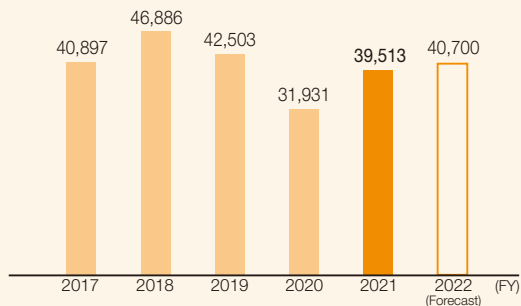
- Adapting to the shrinking existing steel cutting market and cutting machine market due to the long-term limitations on steel production with a focus on carbon neutrality and rising steel prices
- Adapting to instability in people, supply chains, and distribution due to COVID-19
- Adapting to slumping demand for infrastructure due to instability in the global economy
- Economic recession and reduced capital investment due to depreciation of the yen and acceleration of inflation

Weaknesses (Issues)

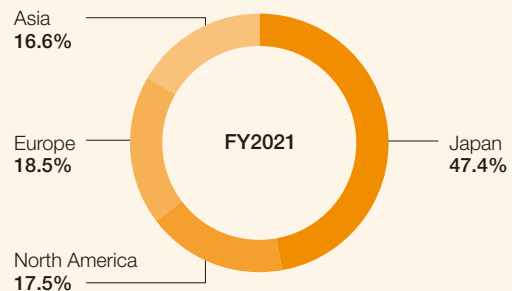
- Acceleration of overseas business development
- Enhancement of domestic sales through combination and restructuring of sales channels
- Renewal of product range and market launch of counter-competition machines
- Improvement of profitability
- Adapting to rising costs of raw materials and distribution
- Enhancement of next-generation training
- Restructuring of domestic and overseas production and supply systems
- Strengthen response to digitalization of products

Revenue Trends

(Millions of yen)



Percentage of Revenue by Geographical Segment



Business Results

In fiscal 2021, the impact of supply constraints was minimal, with both the Cutting and Grinding divisions achieving high growth of more than 20% over the previous fiscal year (Cutting Division: Up 24.4% year on year; Grinding Division: Up 20.0% year on year). Looking at the results by region, overall, the Cutting Division showed high growth in all regions. With the exception of China, year-on-year growth exceeded 30% in each overseas region. In the Grinding Division, although growth in Japan was only 2.6% year on year due to decreased production in the automotive industry and production adjustments, the increase was substantial in Europe (28.4% year on year), which is the main market of the division. Turning to profit and loss, relatively favorable sales, the as yet minor impact of rising material prices and product costs, and the depreciation of the yen all contributed to a substantial increase in profit.

Strategy

The environment surrounding not only the AMADA Group but the manufacturing industry as a whole, including our customers, is becoming increasingly challenging. The reasons for this include increased material procurement costs, initiatives for carbon neutrality, production delays caused by delays in the procurement of semiconductors and other parts, increased risk of sharp exchange rate fluctuations, and uncertainty over when the COVID-19 pandemic will come to an end. We view these risks as opportunities and will respond to new needs by taking advantage of synergy between our Group companies, focusing on the keywords of automation, energy savings, high productivity, and improvement of the working environment.

In the Cutting Division, the steel processing and sales companies that use AMADA Group machines have a need to upgrade to machines capable of cutting larger parts as there is a trend, particularly in the construction industry, for larger buildings, including distribution warehouses, and the use of larger parts in construction. On top of this, some customers are considering the introduction of new machines capable of high-speed processing to shorten delivery times. We aim to expand existing markets by focusing on the development of new products that address the challenges of the manufacturing industry as a whole and the increasing demand for the processing of large steel material. In addition, recent revisions to government regulations have made it possible to use laser beam machining to cut steel materials. Utilizing the fiber laser technology cultivated in the Sheet Metal Division, we are also working on the creation of synergy within the Group, including launching laser machines for steel material processing. Switching to laser cutting has not only significantly improved the working environment by reducing dust levels compared to conventional plasma processing and gas fusion cutting but has also contributed to workstyle improvements for workers and has been recognized for its energy-saving effect.

The number of inexperienced workers is also increasing in the Grinding Division as a result of labor shortages and the retirement of skilled workers. Profile grinders are machines used when particularly high precision is required in the grinding process. In the past, measurement of precision and corrective machining relied completely on the operator's visual skill. However, we are working on the development of products that are easy for anyone to use by leveraging proprietary imaging technology to automate work that previously relied on the operator's experience.

TOPICS

Digital Profile Grinder DPG-150 Offers High-Precision Automatic Measurement and Corrective Machining Function

The DPG-150 profile grinder comes equipped with a digital projector that utilizes our proprietary imaging technology and has a general-purpose digital measurement function that allows automatic measurement and corrective machining. By mounting an automatic tool- and workpiece-changing robot, it also substantially improves productivity. In fiscal 2022, the DPG-150 received the Minister of Economy, Trade and Industry's Award, the highest award at the 52nd Innovative & Inventive Design Excellence Awards (IDEA) *, in recognition of this functionality.

The machine will open up new markets as we draw attention to its automation capabilities in the Japanese, European, and North American markets, where birthrates are declining, society is aging, and the number of manufacturing workers is dwindling, and to its software technology supporting inexperienced machine operator in China and ASEAN, where much effort is being put into training workers.

* Established by the Nikkan Kogyo Shimbun in 1970 to promote and advance the design of industrial products in Japan.



Micro Welding Division

- Laser welding and processing machines that weld, surface modify, micro cut, trim, and mark metals and resins
- Resistance welding machines that use electrical resistance for precise welding of metals
- Factory automation (FA) systems that increase productivity
- Measuring instruments and monitoring equipment to support quality control and enhancement of productivity
- After-sales services to support customer production sites



Business Overview

The Micro Welding Division manufactures and sells equipment that uses lasers to weld, surface modify, micro cut, trim, and mark metals and resins as well as equipment that uses electrical resistance to fine spot weld metals. These products are widely used in the manufacture of precision components found in cutting-edge high-tech equipment such as e-mobility equipment, smartphones, semiconductors, and medical equipment. We possess welding expertise and technology and have captured a large share of the micro welding and processing market worldwide.

To date, we have been providing optimal solutions based on the welding expertise and technologies we have cultivated to customers who manufacture cutting-edge components for the times, such as those emerging within the transition from cell phones to smartphones, the spread of next-generation high-speed communications, and the development of CASE* in the automotive industry. The automotive industry is in the midst of great change that occurs once a century, and companies all over the world are working on research and development related to new technologies. In particular, there has been an upsurge in the number of companies entering the e-mobility market, including secondary batteries, drive motors, and semiconductors, which are essential for the electrification of vehicles. Advancement of the welding technology used in the production process for these components, quality control, and simulations leveraging AI pose challenges. We will provide optimal solutions to address these challenges of our customers that are pursuing such cutting-edge technologies.

Business Results

In fiscal 2021, the Micro Welding Division recorded ¥26.2 billion in revenue, a 24.4% increase over the previous fiscal year. Even as it remains difficult to implement production according to plan due to global parts shortages, our Group as a whole has been able to minimize the impact on our own parts procurement through global collaboration.

At the same time, capital investment demand associated with the economic activity bouncing back from the COVID-19 pandemic has recovered. We have been able to capture demand in growth markets such as e-mobility in Japan, South Korea, China, India, and Europe and medical equipment in the United States and Europe. As a result, revenue increased in all regions: 11.7% year on year in Japan, 24.1% in North America, 17.5% in Europe, and 35.8% in Asia and others.

Strategy

Under the current medium-term management plan of the Micro Welding Division, we are working on the realization of three goals, namely (1) full-scale entry into the e-mobility (e-Axle) market, (2) development of AI monitoring products, and (3) strengthening of the FA system business.

In regard to (1) full-scale entry into the e-mobility (e-Axle) market, we relocated and expanded our Chubu Sales Office in Nagoya in December 2021. We installed cutting-edge evaluation equipment at our Application Lab and put together a system for proposing new welding methods to customers in the e-mobility market. In fiscal 2022, we opened a new

Opportunities

- Expansion of the welding and micro processing market in areas such as secondary batteries and motors due to the accelerating shift to e-mobility
- Expansion of the micro welding and micro processing market with changes including the reinforcement of networks, the miniaturization of parts, and an increase in functionality of devices due to the arrival of the next-generation high-speed communication era
- Expansion of the micro welding and micro processing market due to the increase in demand for machines with high energy-saving performance with the move toward a decarbonized society
- Transition to FA system and solution proposals as customer needs for automation grow

Strengths

- Top global share of precision resistance welding market
- A global sales and after-sales service network
- Value provision and product development that meets customer needs
- Industry-leading welding technology expertise and solution proposal capabilities

Threats (Risks)

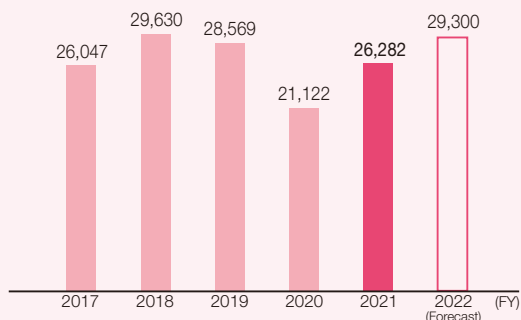
- Adapting to the shrinking micro welding and micro processing markets due to changes in the manufacturing process (manufacturing where welding is not necessary)
- Intensification of competition as a result of enhanced technological strength and entry into the high-end market by low-cost manufacturers

Weaknesses (Issues)

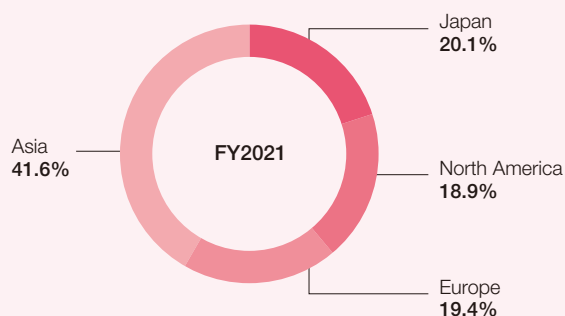
- Proactively promoting the development of products with high energy-saving performance in the move toward a decarbonized society

Revenue Trends

(Millions of yen)



Percentage of Revenue by Geographical Segment



Application Lab on the east coast of the United States to establish a system for providing faster proposals and support to customers in the e-mobility market, which is concentrated in the eastern United States. In addition, in fiscal 2021 we began offering seminars and individual consultations online as we actively engaged in DX. In particular, the online individual consultations are handled one-on-one by engineers that possess the latest welding expertise, so the consultations can go into depth. This was a service that we initially launched in response to the COVID-19 pandemic, but our customers have given it high marks for being able to come to us casually about their problems, so we will continue it in fiscal 2022 and beyond.

In regard to (2) development of AI monitoring products, we will work on developing and commercializing our WELDXAI system for estimating weld strength utilizing AI. The use of AI allows us to automate the statistical analysis of data and detect minute abnormalities that would go unnoticed when monitoring with conventional sensing technology, thereby providing further support for quality control.

In light of the shift in customer needs from the provision of goods to the provision of services, we ourselves are evolving from selling welding equipment to selling welding simulation and quality control services.

Finally, in regard to (3) strengthening of the FA system business, we will enhance our FA system proposals with laser welding equipment and resistance welding equipment featuring automatic positioning stages for welded parts and material transporters. With an FA system lineup specialized for customer applications such as battery and motor welding, we will propose systems that solve various challenges, including productivity improvement, elimination of dependence on individual skills, and safety measures for operators. Our solid track record of deliveries includes not only Japan but also South Korea, where the manufacture of secondary EV batteries is most advanced, and medical equipment in Europe and the United States. In India, we relocated and expanded our office in February 2022 to strengthen FA system production. We will continue to further strengthen our FA system business on a global scale.

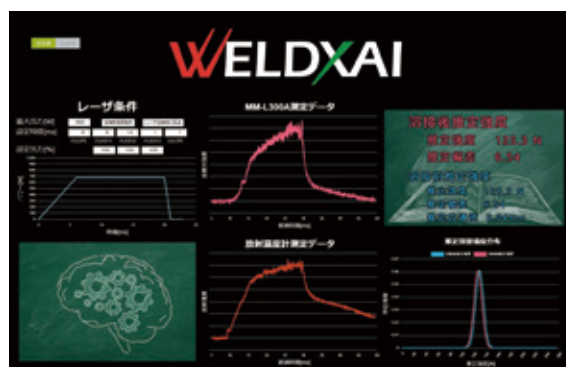
* An acronym standing for Connected, Autonomous/Automated, Shared, and Electric

TOPICS

WELDXAI Laser Welding AI System Supports Quality Control Using AI

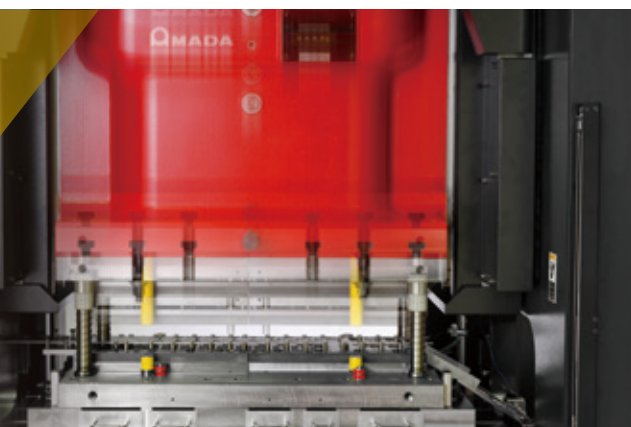
WELDXAI

We are focusing on the development of a monitoring system that utilizes AI in order to realize the preventive maintenance aspect of quality control, which cannot be addressed solely with hardware such as measuring instruments. The system is already at the stage where it can be showed to our customers. We have taken WELDXAI, which estimates weld strength in advance in combination with a laser weld monitor, to various exhibitions as a reference exhibit and have received many inquiries. We will further develop WELDXAI to realize a new type of quality control that prevents the occurrence of defects with AI. We will also propose fiber laser welders and FA technology for the shift to EVs and provide higher added value through high-quality welding of copper and aluminum materials, improved productivity, and contribution to achievement of the SDGs through energy savings.



Press Automation Solution Division

- Stamping press machines and automation system for stamping processing for pressurizing materials such as metal plates and others to form into the shape of a die
- Automated peripheral equipment that supplies materials to stamping press machines and transfers workpieces between stamping press machines
- Spring forming machines capable of making various springs and forming processing from metal wire



Business Overview

The Press Automation Solution Division consists of the press automation system and the spring forming machine business in the field of plasticity processing. It is responsible for the development, manufacture, sales, and service of machines and equipment that make metal parts for products that are essential to our daily lives. These products include automobiles, housing equipment, home appliances, electrical components, semiconductors, precision equipment, and medical devices and equipment.

Our mainstay stamping press machines are used to press metal plates or blocks into product shapes using dies. Our latest servo-drive stamping press machines are low-noise and use less energy. Leveraging a variety of proprietary motion patterns tailored to the particular processing application, the machine can process high-tensile strength steel materials and complex shapes that were previously difficult to process, thereby supporting process integration and high-value-added production. It is used in the processing of automobile parts with complex shapes and electronic components such as terminals, etc.

Automated peripheral equipment that supplies and transfers materials for stamping press work is used in the processing of everything from precision parts to large parts such as automobile frame parts and others. As one of the leading brands in this industry field, we provide support for automation with our extensive expertise and product lineup. We have a solid reputation for our coil processing line that flattens coil material and feeds it in fixed dimensions and for our robot lines that transfer workpieces between stamping press machines.

Furthermore, manufacturers who handle both stamping press machines and peripheral equipment are rare, and we are able to demonstrate our superiority in product development, manufacturing, sales, and service. As part of our efforts to provide system proposals that leverage these strengths, we are rolling out new products that combine stamping press machines and peripheral equipment into a single system.

Our spring forming machines are used all over the world as a top brand for their industry-leading technology, particularly in the field of forming machines for precision and extension springs. Springs made with these forming machines are used in a wide range of applications, from special springs that support the balls of ultra-fine ballpoint pens to precision parts that are essential to the semiconductor manufacturing process and guide wires for medical catheters.

Enhancing our product appeal and our service structure based on collaboration between groups has allowed us to address the diversifying needs of our customers and offer optimal comprehensive solutions worldwide. We will contribute to society as we aim to become an indispensable presence from a management perspective and not simply an equipment manufacturer.

Business Results

In the mainstay automotive industry, customer appetite for capital investment was somewhat weak due to decreased automobile production and production adjustments arising from supply constraints, including

Opportunities

- Increase in demand for safety, robots, automation, and labor-saving equipment at production sites
- Potential to capture new demand, develop new markets, and expand existing markets through the shift toward decarbonization
- Increase in demand for machines with high energy-saving performance through decarbonization
- Expectation of proposals of optimal processing solutions for changes in customer needs and processing/materials

Strengths

- Differentiation through the provision of value-added product development that meets customers' needs and a high level of service
- Top share of peripheral equipment for stamping press in Japanese market
- Appealing to medical and precision markets using precision spring forming machines featuring industry-leading technology
- One-step proposals and development of automation systems for stamping press machines and peripheral equipment
- Reduced setup times, labor-saving, and enhanced productivity made possible by highly flexible automated systems
- Expansion of processing applications through to the development of new processes using stamping press automation systems and spring forming machines

Threats (Risks)

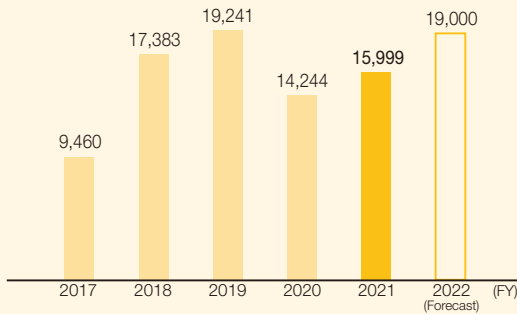
- Adapting to changing methods in existing stamping press processing
- Curbing costs of manufacturing our own machines
- Expanding the stamping press processing range to diversifying product materials
- Adapting to global development of existing stamping press markets

Weaknesses (Issues)

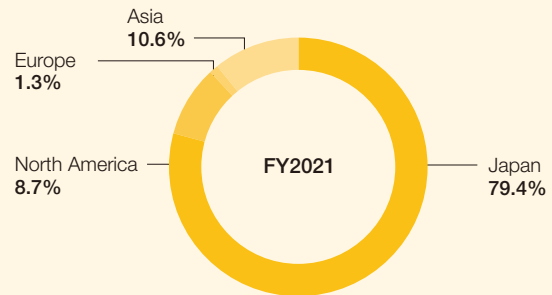
- Strengthening stamping press processing proposal activities in other industries to escape dependence on the automobile industry
- Further strengthening promotion of overseas businesses

Revenue Trends

(Millions of yen)



Percentage of Revenue by Geographical Segment



semiconductors. However, revenue was up 12.3% year on year in fiscal 2021, owing in part to strong sales for home appliances, construction, and medical equipment and the effect of showcasing products at exhibitions in Japan and other countries.

Strategy

The shift to electrification in the automotive industry, where stamping press work is prevalent, has progressed in conjunction with the transition to a decarbonized society, bringing changes to manufacturing. We view this period of major transition as an opportunity to strengthen development of new products and manufacturing methods that take into account the changes in electrical components and processed materials associated with the shift to EVs. We aim to enter new markets in Japan and overseas with our stamping press systems and spring forming machines.

The need for automation that contributes to simplification of setup and operations and to labor savings at processing sites has increased with the diversification of workers taking place against the backdrop of labor shortages arising from the retirement of skilled workers on top of the low birthrate and aging society. In response to these needs, we will work on expanding sales of stamping press automation systems using one-step proposals that include stamping press machines and automated peripheral equipment.

Our ALFAS automation system for progressive stamping press production, which we launched in 2021, was developed to address the demand for processing electrical components for EVs. Combining the

servo-drive stamping press machine and the system for straightening and feeding the coil material and integrating the controls means that not only the machine but everything from coil material feed settings to setup and operations can all be performed together. The simplification of setup for operators leads to a reduced work load, thereby improving productivity and allowing high-precision processing.

In addition, our ARPAS high-speed line system with articulated robots and servo-drive stamping presses, which were launched in 2022, is a stamping press processing tandem line that can be combined with up to eight sets of six-axis articulated robots for transporting workpieces and servo-drive stamping presses equipped with flexible press motions. Our proprietary WAVE coordinated control operation technology allows the workpiece to be transported while overlapping the operations of the stamping press machines and the transfer robots. This minimizes processing time, making it possible to improve production time. Supersized progressive transfer presses requiring major capital investment have generally been the mainstream, but ARPAS enables the selection and combination of optimal stamping press machines and motions for each process and also supports forming into complex shapes and difficult-to-process materials such as high-tensile strength steel materials. Moreover, it is flexible and versatile with superior maintainability, allowing it to be used according to the needs of the times and enabling high-value-added forming.

Overseas, we will put the Group network to full use, establish systems of cooperation with local subsidiaries, and strengthen our sales and service systems to develop local markets and expand sales with the aim of increasing our overseas market share.

TOPICS

Development of New Demand Associated with the Transition to a Decarbonized Society

As one of our initiatives for achieving a decarbonized society, we are actively working on the development of new environmentally friendly products (Eco Products) and new manufacturing methods that integrate different processes. We are promoting the sale of servo-drive stamping press machines with high energy-saving performance that enable high-value-added forming, peripheral equipment with an ECO-Release mechanism that substantially reduces power consumption, and stamping press automation systems that combine them.

In addition to new markets in the automotive industry, where the shift to EVs is accelerating, we are united in efforts to develop processing of electrical components such as copper bus bars using stamping press systems and processing of segment conductor coils for motor cores using spring forming machines.



Sustainability-Related Initiatives

Basic Policy on Sustainability

Based on its Management Philosophy, Environmental Principles and Policy, and the AMADA Group Corporate Code of Conduct, AMADA Group respects dialogue with all stakeholders including customers, business partners, shareholders and investors, employees, and local communities, and strives to play an active role in building a sustainable society while enhancing corporate value.

1

Address environmental issues through business activities

We will treat people and the global environment with respect by reducing CO₂ emissions, promoting reduction and reuse of waste, and protecting the global environment including biodiversity in all processes. We will also provide environmentally-friendly products and services through our business activities.

2

Respect human rights

We will respect the human rights of all stakeholders, including the socially vulnerable, regardless of individual attributes such as gender or nationality. We will also promote workplaces where diverse employees can work with enthusiasm and create an environment where they can work safely and in good health, both physically and mentally.

3

Develop human resources

As a source of innovation, employees are important management resources. We will develop human resources who pursue creative and challenging activities by developing a personnel system and an education and training system. These systems will enable employees to reach their full potential.

4

Participate in and contribute to local communities

We will play an active role in revitalizing local communities and creating an enriched living environment through our business activities and social contribution activities. This includes cultural activities in the communities where we operate.

5

Establish trust of society

We will ensure strict compliance with all laws and regulations and engage in honest and fair corporate activities, including fair competition, supply of high-quality products, and appropriate disclosure of product and corporate information, while strengthening our management base so management earns a high-level of trust from society.

AMADA Group and the SDGs



The Sustainable Development Goals (commonly known as SDGs), agreed upon at the UN Summit, contain 17 goals to change the world into a better place by 2030.

The corporate philosophy of the AMADA Group is to grow together with its customers and employees and contribute to the international community by conducting sound corporate activities. By treating all the people involved in our business and the global environment with respect, we believe that our goals are the same as those set out in the SDGs.

The AMADA Group has established the Basic Policy on Sustainability. Based on this, we have clarified key issues that the Amada Group should address and initiatives to solve them. Additionally, the Group also decided on eight SDGs to focus on and contribute to through these activities.

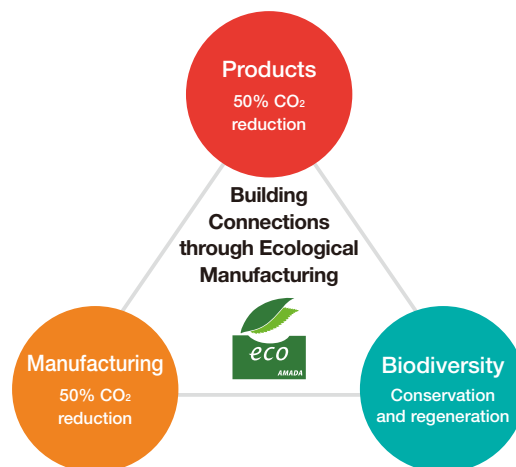
Through these activities, the AMADA Group will play an active role in building a sustainable society, working to achieve the SDGs and increase corporate value.

AMADA Group's Key Issues	SDG Target Contributions	AMADA Group's Initiatives
Environment <ul style="list-style-type: none"> Realizing a decarbonized society 		<p>Reducing CO₂ emissions from products (in customers' factories)</p> <ul style="list-style-type: none"> Developing energy-saving machines that can reduce CO₂ emissions Developing energy-saving technologies Increasing the product and sales ratios of AMADA Eco Products <p>Reducing CO₂ emissions at business sites and plants</p> <ul style="list-style-type: none"> Introducing energy-saving equipment and promoting utilization of natural energy (LED lighting, solar power generation equipment, etc.) Reducing energy and resource consumption by reducing the number of processes and improving equipment operation (Review materials, construction methods, and construction order, reduce standby power, etc.) Contributing to CO₂ neutrality through forest conservation Monitoring the balance of CO₂ absorption in a state of environmental conservation
Society <ul style="list-style-type: none"> Creating a rewarding workplace Promoting diversity Developing and training human resources 		<ul style="list-style-type: none"> Promoting personnel systems and measures that provide employees with a sense of job satisfaction Promoting women's active participation Fostering the next generation of human resources
Governance <ul style="list-style-type: none"> Strengthening the management foundation Complying with laws and regulations Business continuity 		<ul style="list-style-type: none"> Strengthening corporate governance systems to earn the trust of society Establishing systems and mechanisms to ensure legal compliance Enabling business operations to continue in response to anticipated risks that strengthen the system

The AMADA Group's Environmental Initiatives

Our Stance toward Environmental Initiatives

The AMADA Group's environmental initiatives are aimed at becoming an enterprise that uses ecological manufacturing to connect with its customers, society, and the world. Following the Environmental Declaration, established in fiscal 2010 and presenting our medium-term targets for fiscal 2020, we have now set our sights on the AMADA Group 2030 Medium-Term Environmental Plan (2030 AMADA GREEN ACTION). Here, we have made a commitment to action on three important issues: A decarbonized society, the realization of a recycling-oriented society, and the conservation and regeneration of biodiversity.



1. CO₂ reduction in products: 50% reduction by fiscal 2030 (vs. fiscal 2013, Scope 3 Category 11)

Scope 3 (indirect greenhouse gas emissions from activities in the supply chain) accounts for the majority of the AMADA Group's total CO₂ emissions from its business activities, and we consider the reduction of CO₂ emissions during customer use to be particularly important. Therefore, in our laser strategy, we will further promote the replacement of conventional carbon-dioxide laser machines with fiber laser machines, which reduce energy consumption to about one-third of the conventional models. Furthermore, we will develop a number of other AMADA Eco Products, such as combination machines that realize a higher level of productivity through lower energy consumption and integrated production processes, as we completely renew our product lineup for decarbonization and make strides to reduce the amount of CO₂ our products emit by 50% by fiscal 2030.

In recent years, environmental issues such as climate change have become increasingly serious around the world. Climate change is now a situation that companies cannot afford to overlook, as it has had a major impact even in Japan, including a number of large-scale natural disasters caused by abnormal weather events. In this environment, we have selected addressing climate change among other environmental issues as an issue of the utmost importance, and we will continue to reform our product strategy and business model with the aim of achieving carbon neutrality by 2050. With this, we have declared our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in April 2022. Based on these recommendations, we disclose information based on the TCFD framework, including assessments (scenario analysis) of the impact of climate change-related risks and opportunities on our business.

2. CO₂ reduction in business activities: 50% reduction at business sites and plants by fiscal 2030 (vs. fiscal 2013, Scope 1 and Scope 2)

In April 2021, the Japanese government announced that in addition to achieving carbon neutrality by 2050, it would raise its fiscal 2030 reduction target from 26% to 46% (vs. fiscal 2013). With climate change measures and the SDGs taking hold worldwide, the AMADA Group launched the Group Environmental Project in October 2021, a new organization responsible for setting Groupwide decarbonization targets and developing strategies. In terms of CO₂ emissions from business sites and plants (Scope 1 and Scope 2), we will reduce energy consumption through a number of energy-saving measures, including use of more efficient lighting, updating to high-efficiency air conditioning equipment, and improving production efficiency with AMADA originality. In terms of renewable energy, we will systematically make advancements in the use of renewable energy and green

energy from the current partial introduction we have carried out overseas. With this, we will aim to achieve a 50% reduction in CO₂ emissions by fiscal 2030 and to be carbon neutral by 2050.

In May 2022, we announced our declaration to obtain certification for Science Based Targets (SBT), a corporate initiative like the Paris Agreement, setting goals for greenhouse gas emission reductions based on scientific evidence.

In addition to addressing climate change, the AMADA Group has also set targets for priority environmental items it considers especially critical to address. These include reduction of total waste, water resources, plastic issues, and chemical substance management, in addition to the continuation of zero emissions at plants to realize a resource-recycling society.

3. Conservation and regeneration of biodiversity

The AMADA Group is taking a range of actions to conserve biodiversity. This includes taking on the challenge of creating “an office in the forest” at Isehara Works, where our head office is located, with the aim of creating a symbiosis between workers and the natural environment. It also includes our work to cultivate lush forests in the AMADA Forest project carried out at Fujinomiya Works, a major production site, and annual planting of various plants at Toki Works to create an environment that attracts wild birds and insects.

Looking ahead to fiscal 2030, we will capture nature-related risks and opportunities and continue to work toward the conservation and regeneration of biodiversity globally through forest planning and green infrastructure, with a particular focus on the protection of rare species.

AMADA will promote building connections through ecological manufacturing from a long-term perspective and strive to grow toward becoming a 100-year company through environment-related investments based on a decarbonization transition strategy as well as environmental measures and social contributions, including carbon neutrality by 2050.

As a comprehensive manufacturer of metalworking machinery, we will contribute to enriching the futures of people throughout the world through manufacturing through an unbroken chain of reforms to respond to the drastically changing global market.

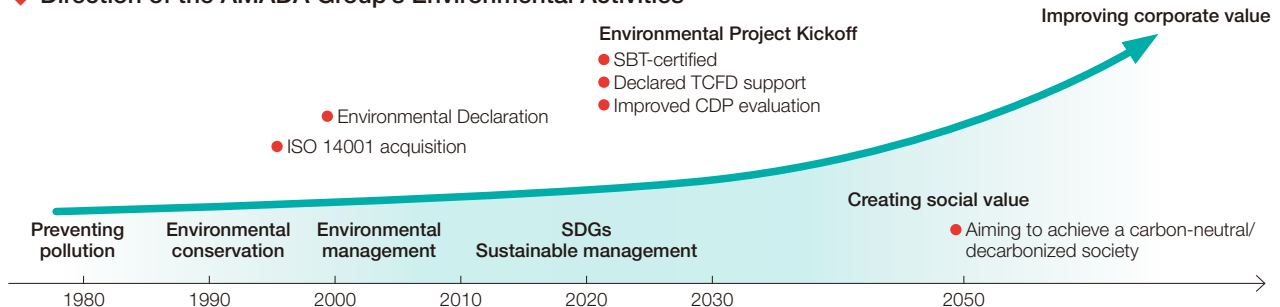
AMADA Group and Environmental Activities

Within the machinery industry, the AMADA Group has been quick to engage in environment-related activities; the Isehara Works, where our head office is located, obtained ISO 14001 certification 24 years ago. The following is a brief history of the Company since its founding and the main environmental activities we have undertaken over the past 18 years.

History of Environmental Activities

As a leading manufacturer of metalworking machinery, the AMADA Group has consistently carried out the following advanced environmental activities.

◆ Direction of the AMADA Group's Environmental Activities



◆ History of the AMADA Group's Environmental Activities

1991	Start of Clean Campaign activities
1994	Creation of AMADA SFERA, a symbol of AMADA's environmental activities
1996	Launch of the ISO 14001 certification system
1998	Formulated the product assessment manual (assessment of product environmental impact)
	Isehara Works gains ISO 14001 certification
2000	AMADA AUSTRIA GmbH gains ISO 14001 certification
2001	Launch of the AMADA Eco Products certification system
2002	Fujinomiya Works gains ISO 14001 certification
2003	Newspaper release on the AMADA Designated Parts Recovery System (recovering used parts containing regulated chemical substances)
	Newspaper release on our reduction of 10,000 tons of CO ₂ emissions over 10 years (reduction in amount of CO ₂ released by AMADA business sites and products)
2006	Newspaper release on our compliance with the Restriction of Hazardous Substances (RoHS) Directive (compliance with EU regulations restricting use of hazardous chemical substances)
2007	Created the AMADA Eco Information Mark (providing product environmental information to stakeholders)
2008	Ono Plant gains ISO 14001 certification
	AMADA LIANYUNGANG MACHINE TOOL CO., LTD. gains ISO 14001 certification

2009	First edition of the “Forest-In Office” (English version) environmental report issued online
2010	Issued the AMADA Group Environmental Declaration Isehara Works, Fujinomiya Works, and Ono Plant gain integrated ISO 14001 certification
2011	Opened Toki Works in Toki, Gifu Prefecture, and converted Technical Center into a zero-carbon facility
2012	Kansai Technical Center gains integrated ISO 14001 certification
2013	Miki Plant (Nicotec) gains integrated ISO 14001 certification
2014	Noda Works (AMADA MIYACHI) gains integrated ISO 14001 certification AMADA EUROPE S.A. gains ISO 14001 certification
2015	AMADA SHANGHAI MACHINE TECH CO., LTD. gains ISO 14001 certification Fukushima Plant (AMADA AUTOMATION SYSTEMS) gains integrated ISO 14001 certification
2016	AMADA (CHINA) CO., LTD. gains ISO 14001 certification
2020	Isehara Suzukawa Works and Kawaguchi Works gain integrated ISO 14001 certification
2021	Set environmental goals for 2030
2022	Endorsed the recommendations of the TCFD
	Expressed commitment to the SBT initiative

Climate Change-Related Disclosure in Accordance with the TCFD Recommendations

The AMADA Group recognizes that addressing climate change is an important management issue. With respect to this, we declared our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in April 2022. Based on these recommendations, we disclose information based on the TCFD framework, including assessments (scenario analysis) of the impact of climate change-related risks and opportunities on our business.

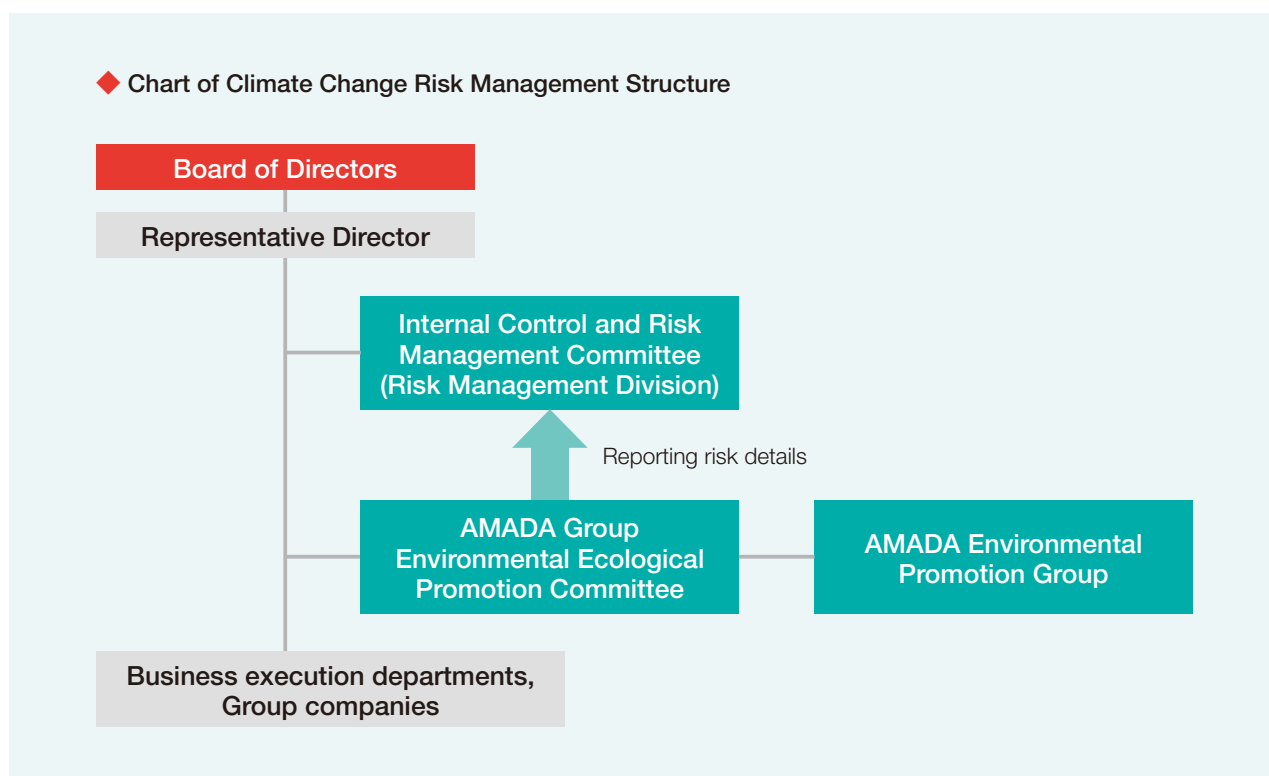
Governance

The Group's response to environmental issues, including climate change, is carried out by the AMADA Group Environmental Ecological Promotion Committee.

The committee has a Plant and Facility Subcommittee that formulates environmental measures for business sites and a Product Subcommittee that formulates environmental measures for products. In this way, the committee collects information related to the environment from each of our business sites in Japan and overseas, formulating environmental measures in each domain and

conducting progress management for these.

The AMADA Group Environmental Ecological Promotion Committee determines environmental risks and opportunities, including with regard to climate change, as well as targets and plans for dealing with these. These risks, opportunities, targets, and plans, as well as the progress within these plans, are regularly reported to the Board of Directors via the representative director for use in management decision-making.



Strategy

There are two main types of risks and opportunities related to climate change: Transition, such as changes in laws and regulations, technologies, and market product preferences as society moves toward carbon neutrality; and physical, such as the actual increases in average temperatures and the resulting abnormal weather and chronic weather changes. According to this framework of two kinds of risks and opportunities, the AMADA Group has conducted an assessment of the nature of each, their impact on our business activities, and the duration of impact,

identifying each risk and opportunity as listed below. The following also indicates our response and the financial impact for these risks and opportunities. In identifying risks and opportunities, we conduct a multi-scenario analysis to reflect the results.

The AMADA Group considers the creation of highly efficient energy-saving AMADA Eco Products and the product strategy to reform *monozukuri* (manufacturing), such as fiber-optic control technology and automation in the laser business, as important parts of its overall business.

◆ Major Climate Change-Related Risks and Opportunities

Risks/Opportunities			Business Impact		Magnitude of Future Risk*1		Response to Risks/ Opportunities
Major Category	Sub-Major Category	Minor Category	Period*2	Observations	2°C Scenario	4°C Scenario	
Transition Risks	Policies/ regulations	Carbon pricing/ emissions trading	Long-term	<ul style="list-style-type: none"> Increasing production costs due to implementation of carbon pricing and emissions trading 			Working to reduce the cost of carbon pricing as a percentage of production by reducing CO ₂ emissions in accordance with the Medium-Term Environmental Plan
	Market	Rising energy/ raw materials costs	Medium/ long-term	<ul style="list-style-type: none"> Rising crude steel prices in response to decarbonization technologies Rising electricity prices due to higher renewable energy levies 			Creating resource-saving products and increasing use of renewable energy
	Reputation	Reputational changes among investors and other stakeholders	Short/ medium-term	<ul style="list-style-type: none"> Negative impact on investor reputation, incurred costs for complying with disclosure and reporting requirements in some countries, and impact on financing and recruiting due to insufficient action to address climate change Increasing compliance costs due to stricter ESG disclosure standards 			Addressing international initiatives such as acquiring SBT certification, and disclosing information sufficiently on climate change response through our website, etc.
Opportunities	Products and services	Spread of low-carbon products	Medium/ long-term	<ul style="list-style-type: none"> Creation of AMADA Eco Products (highly efficient, energy-saving products) Increasing revenue by resolving <i>monozukuri</i> (manufacturing) issues through fiber-optic control technology and automation in the laser business, as well as labor savings through the IoT and stable utilization 			Creating additional AMADA Eco Products based on the Medium-Term Environmental Plan
Physical Risks	Chronic	Decreased productivity due to water stress	Long-term	<ul style="list-style-type: none"> Incidence of droughts, resulting in increasing production costs due to water restrictions and additional investment to improve systems 			Promoting reduction of water consumption in production
	Acute	Intensification of abnormal weather	Long-term	<ul style="list-style-type: none"> Damage to in-house plants caused by typhoons and other factors, resulting in suspended operations, reduced production, and additional investments to restore facilities Production stoppages/decreases due to supply chain disruptions caused by flooding, etc. 			Taking BCP measures such as installation of in-house power generation equipment and storage batteries

*1 Risks and opportunities are assessed under two scenarios: The 2°C scenario and the 4°C scenario. The 2°C scenario adopts the International Energy Agency (IEA)'s Sustainable Development Scenario (SDS) and the Intergovernmental Panel on Climate Change (IPCC)'s Representative Concentration Pathway (RCP) 2.6 scenario as external scenarios. The 4°C scenario, on the other hand, refers to the IEA's Current Policies Scenario (CPS) and the IPCC's RCP8.5 scenario as external scenarios.

*2 Periods indicated are as follows. Short-term: 1 year, Medium-term: 1–3 years, Long-term: 3+ years.

◆ Financial Impact from Climate Change-Related Risks (2°C Scenario)

Under the 2°C scenario, which is expected to have a greater impact on the AMADA Group, the financial impact of climate change-related risks is estimated as follows.

Regarding the risk that a future increase in carbon prices will lead to higher costs, we estimate the costs that would be required to be paid if the carbon price in 2030 were ¥10,000/t-CO₂, adopted based on price assumptions for developed countries in the IEA's SDS.

Indicator	Year for Assumption	Assumed Unit Price	Assumed CO ₂ Emissions*	Expenses
Carbon price	2030	¥10,000/t-CO ₂	27,597 t-CO ₂	¥276 million

* Assumed CO₂ emissions are 50% less than fiscal 2013 Scope 1 and Scope 2 emissions for all business sites and plants, based on Group targets.

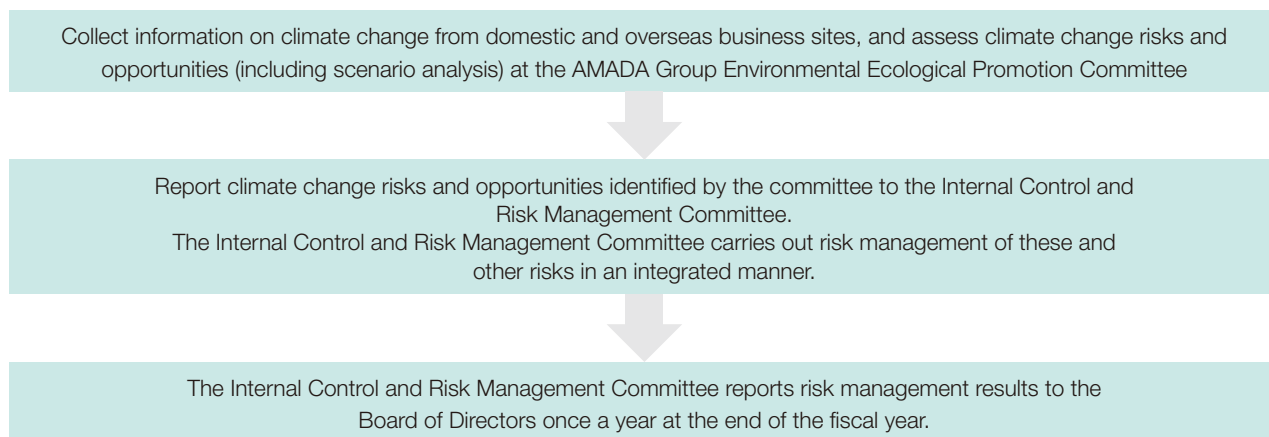
Risk Management

The AMADA Group Environmental Ecological Promotion Committee is responsible for management and action with regard to climate change risk management. Identified risks and opportunities are reported to the risk management division set up under the Internal Control and Risk Management Committee. The Internal Control and Risk Management Committee establishes policies on important risks

at the Group level related to people, goods, money, information, etc., and manages these and other risks in an integrated manner. Results from risk management activities are reported to the Board of Directors at the end of the fiscal year for use in management decision-making.

Note: Please refer to Risk Management on page 57 for more information on our risk management system.

◆ Climate Change Risk Management Flow



◆ Indicators and Targets

The AMADA Group has set its Groupwide targets for managing risks and opportunities related to climate change as a 50% reduction of Scope 1 and Scope 2 CO₂ emissions by fiscal 2030 compared with fiscal 2013 and a 50% reduction of Scope 3 Category 11 (Use of Sold Products) CO₂ emissions by fiscal 2030 compared with fiscal 2013, and we are working to achieve these. The Group's CO₂ emission reduction targets are in compliance with levels in the SBT for greenhouse gas emission reductions, and

certification is scheduled to be obtained by the end of fiscal 2022. Please refer to the AMADA Group 2030 Medium-Term Environmental Plan (2030 AMADA GREEN ACTION) on page 43 for details of other environmental action plans.

For actual CO₂ emissions for Scope 1, Scope 2, and Scope 3, please refer to the AMADA Group Environmental and Social Report (Data Book) on our website.

◆ AMADA Group 2030 Medium-Term Environmental Plan (2030 AMADA GREEN ACTION)

Priority Issues	Fiscal 2030 Targets	Fiscal 2021 Targets	Fiscal 2021 Results
(1) Realizing a decarbonized society	<ul style="list-style-type: none"> CO₂ emissions for all products: -50% (vs. fiscal 2013) * Scope 3 Category 11 * Base value (fiscal 2013): 811,635 t-CO₂ (Domestic: 336,011 t-CO₂, overseas: 475,624 t-CO₂) 	<ul style="list-style-type: none"> Providing AMADA Eco Products contributing to decarbonization, resulting in a -27.0% decrease (vs. fiscal 2013) 	<ul style="list-style-type: none"> 57.3% (346,291 t-CO₂) [Achieved] [Domestic] -54.5% (153,042 t-CO₂) [Achieved] [Overseas] -59.4% (193,249 t-CO₂) [Achieved]
	<ul style="list-style-type: none"> CO₂ emissions at all business sites and plants: -50% (vs. fiscal 2013) * Scope 1 and Scope 2 * Base value (fiscal 2013): 59,185 t-CO₂ (Domestic: 37,163 t-CO₂, overseas: 22,022 t-CO₂) 	<ul style="list-style-type: none"> Energy-saving measures (lighting/air conditioning upgrades, production efficiency improvements) resulting in a -12.9% decrease (vs. fiscal 2013) 	<ul style="list-style-type: none"> -17.3% (48,938 t-CO₂) [Achieved] [Domestic] -14.8% (31,675 t-CO₂) [Achieved] [Overseas] -21.6% (17,263 t-CO₂) [Achieved]
(2) Realizing a recycling-oriented society	<p>Effectively Using Resources</p> <ul style="list-style-type: none"> Total amount of all waste *: -10% (vs. fiscal 2019) * Base value (fiscal 2019): 6,251 t (Domestic: 3,735 t, overseas: 2,516 t) Landfill volume of all waste: -10% (vs. fiscal 2019) * Base value (fiscal 2019): 30.2 t (Japan) Zero emission rate *2 of 0.73% or less (Japan) * Base value (fiscal 2019): 0.81%*1 Total water consumption: -10% (vs. fiscal 2019) * Base value (fiscal 2019): 425.7 thousand m³ (Domestic: 265.3 thousand m³, overseas: 162.2 thousand m³) 	<ul style="list-style-type: none"> Total amount of all waste: -1.8% (vs. fiscal 2019) Landfill volume of all waste: -1.8% (vs. fiscal 2019) Zero emission rate: 0.795% or less (Japan) Total water consumption: -1.8% (vs. fiscal 2019) 	<ul style="list-style-type: none"> Total amount of waste: +7.5% (6,720 t-CO₂) [In progress] [Domestic] +12.5% (4,203 t) [Overseas] +0.04% (2,517 t-CO₂) [In progress] Landfill volume of waste: [Domestic] -7.6% (27.9 t) [Achieved] Zero emission rate: 0.54% (Japan) [Achieved] Group water consumption: -16.5% (357.0 thousand m³) [Achieved] [Domestic] -18.8% (215.3 thousand m³) [Overseas] -12.6% (141.7 thousand m³) [Achieved]
(3) Management of chemical substances	<p>Appropriately Managing and Reducing Regulated Chemical Substances (Japan)</p> <ul style="list-style-type: none"> Hazardous chemical substances: -10% (Fujinomiya) * Base value (fiscal 2019): 36,395 kg Elimination of equipment using mercury (fluorescent lamps) 	<ul style="list-style-type: none"> Hazardous chemical substances: -1% (364 kg) (Fujinomiya) 	<ul style="list-style-type: none"> Hazardous chemical substances: -1.5% (562 kg) [Achieved] (Fujinomiya)
(4) Biodiversity	<p>Conserving and Regenerating Biodiversity by Capturing Nature-Related Risks and Opportunities (Japan)</p> <ul style="list-style-type: none"> Fiscal 2030: Forest Plan (Fujinomiya) and Green Infrastructure (each business site and plant) 	<ul style="list-style-type: none"> Green infrastructure installation (Isehara) 	<ul style="list-style-type: none"> Green infrastructure installed at AMADA FORUM (Isehara Works) (Installed rain gardens capable of collecting rainwater)

*1 Waste base value data from 2019 for some affiliates uses data from fiscal 2020, as these affiliates do not have data for 2019

*2 Zero emission rate: Weight of landfill waste divided by weight of all discharged waste

The AMADA Group sets targets based on the SBT (May 2022 declaration of commitment).

The Group has set SBT for greenhouse gas reduction goals based on the Paris Agreement, an international framework for combating global warming. Companies are recognized by the SBT initiative if their individually-set greenhouse gas emission reduction targets are deemed to contribute to the international goal of limiting the global temperature increase to less than 2°C above pre-industrial levels (Well Below 2°C) or within 1.5°C. The Group's SBT (for Scope 1 and Scope 2) meets the requirements of the scenario to keep the temperature increase below 1.5°C.

- ◆ The target for Scope 1 and 2 is -46.2% in fiscal 2030 (vs. the 53,856 t-CO₂ base value in fiscal 2019) and the target for Scope 3 (Category 1 and 11) is -27.5% in fiscal 2030 (vs. the 1,842,786 t-CO₂ base value in fiscal 2019).

Key Issues Developing and Training Human Resources



Basic Policy

At the AMADA Group, the basis of career development is to “develop human resources who pursue creative and challenging activities,” as per our Management Philosophy. In our Basic Policy on Sustainability, we define our policy for developing human resources to achieve this as follows: As a source of innovation,

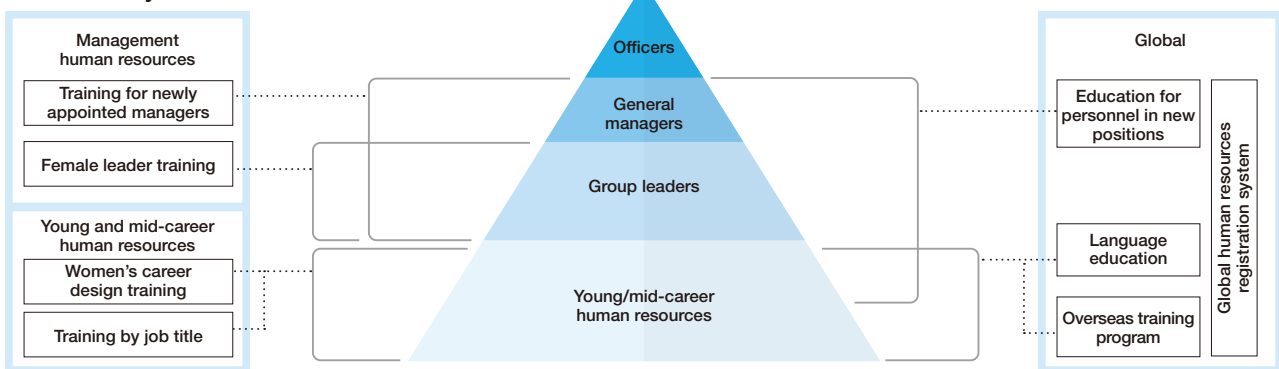
employees are important management resources. We will develop human resources who pursue creative and challenging activities by developing a personnel system and an education and training system. These systems will enable employees to reach their full potential. Here, we will promote initiatives according to key issues.

Seeking Global Growth by Practicing Innovation and Challenges

For more than 75 years since its foundation, AMADA has grown together with its customers through continuous innovation and challenges. The driving force behind this is the ability to respond flexibly to changes in the external environment, to always take on new challenges, and to act with a mindset to solving problems. These are the strengths that have supported the development of our businesses, as well as the source of the AMADA Group’s value, and they are treasured by all our officers and employees.

One of the Group’s growth strategies is to expand its global business, and one of its key issues is to develop the next generation of human resources to support this growth. Among these human resources, we have designated the three key areas of global human resources, female leaders, and young to mid-career next-generation human resources, and we are promoting integrated human resources development from recruitment to training, assignment, and promotion.

Key Issues in Human Resources Development and Education System



Developing Global Human Resources

The AMADA Group’s overseas business accounts for 60% of its total revenue, and we have identified Global Sales Expansion as one of our three growth strategies for Long-Term Vision 2030. Looking ahead, it will therefore be important to continuously develop and assign human resources to support our global business. To this end, we provide education and training opportunities to young employees based on our global human resources registration system, which registers employees who wish to take on the challenge of overseas postings and overseas-related work, and we respect the autonomy and willingness of employees to take on new challenges.

Overseas Training Program

We provide one-year short-term practical training where employees learn about business activities, market trends, and customer relations at overseas subsidiaries. The program aims to cultivate the abilities and perspectives necessary for the growth of global business in each job category, such as development, sales, service, and administration.



A trainee explains processing technology to a customer at a U.S. subsidiary

Interview with an Overseas Program Trainee

AMADA processing technology engineer (Age: 30s, male) dispatched to AMADA AMERICA, INC.

I took on the challenge of overseas training because I wanted to hear directly from the local community and customers, and to acquire the skills to be able to communicate in the local environment there while maintaining a broad perspective. As for my future goals, I would like to be involved in machine development and customer support, taking a position close to

the customers, listening carefully to feedback from overseas subsidiaries and to local and customer issues that were out of my reach at the head office. In addition, I would like to understand the overseas subsidiary, capture the ideas of the organization from the standpoint and perspective of a trainee, and, while building a bridge between the subsidiary and Japan, contribute to the creation of a foundation on which the younger generation can further develop their careers.

Developing Female Leaders

Diversification of human resources is essential for growth in the global market. The AMADA Group is working to make improvements to an environment where female employees have less access to growth opportunities than their male counterparts due to life events and other reasons, and where it is difficult to develop female leaders because of the large share of male employees.

To this end, we offer career design training to young and mid-career female workers who are preparing for life events, to foster a stronger awareness of their career advancement path ahead and to relieve their anxiety. In addition, in order to cultivate future leaders, we provide training for female leaders to manager candidates and training to support their development to managers who have female employees under their supervision. With these programs, we are working to foster a corporate culture that encourages active roles for women at AMADA.

In this way, we aim to create a workplace where all female employees can demonstrate their individuality and abilities and play an active role by continuously providing them with motivation in accordance with their age and experience.

Developing the Next Generation of Young and Mid-Career Human Resources

We are focusing our efforts on education and training for systematic career development of young to mid-career professionals.

In our six-month new employee training program, participants learn business fundamentals and the fundamentals of metalworking, including sheet metal processing and stamping press processing. We provide extensive hands-on training using our own facilities, machines, and software. The same level of education and training is also provided for mid-career hires. This leads to the provision of high-quality products and services, and is the foundation of the trust customers have placed in the AMADA Group.

In addition, even after new employees are assigned to their respective departments after their training, they spend much of their time acquiring specialized knowledge and skills, through on-the-job training (OJT) as well as off-the-job training (OFF-JT). By supporting our employees in passing various skill tests and acquiring technical certifications, we can measure their achievements and cultivate their ambition to further improve their skills.

Training to Support the Success of Female Leaders

We provide training for female manager candidates and their superiors at each Group company with the aim of developing female leaders. In addition to honing management and communication skills, the training program also helps participants formulate and implement action plans after the training while checking with their superiors, to ensure well-established awareness and actions as leaders.



An intra-Group training program to support the success of female leaders

Manufacturing Training for Young Engineers

KANTO SEIKO Co., Ltd., the AMADA Group's customer and manufacturing partner, held a manufacturing training program in which young engineers processed and assembled products at their plant. By using the Group's machines at the customer's site, and coming into direct physical contact with and hearing the unfiltered sounds of the machines' functionalities and workability, employees can harness this experience in future technological development and supporting customers at the exhibition site.



A young engineer processing products with employees at a KANTO SEIKO factory

Key Issues Promoting Diversity and Creating a Rewarding Workplace



Basic Policy

Based on the concept of “take good care of people and the earth’s environment” found in our Management Philosophy, it is our fundamental belief to respect the human rights of all stakeholders, including the socially vulnerable, regardless of individual attributes

such as gender or nationality. With respect to our employees, we promote workplaces where diverse employees can work with enthusiasm and create an environment where they can work safely and in good health, both physically and mentally.

To Provide All Employees with Satisfaction in Their Work

AMADA’s growth strategy includes strategic investments to further strengthen its management foundation, one of which is human resources. As human resources continue to diversify, we aim to create workplaces where each employee can maximize their individuality and abilities and achieve self-fulfillment and growth through their work.

Furthermore, we are rolling out a range of initiatives that consider the shrinking labor force, such as promoting diversity.

We have identified employment of persons with disabilities, promoting women’s active participation, and creating a rewarding workplace as key issues, and we are working to improve our corporate culture, expand our personnel system, and establish a human resources development system.

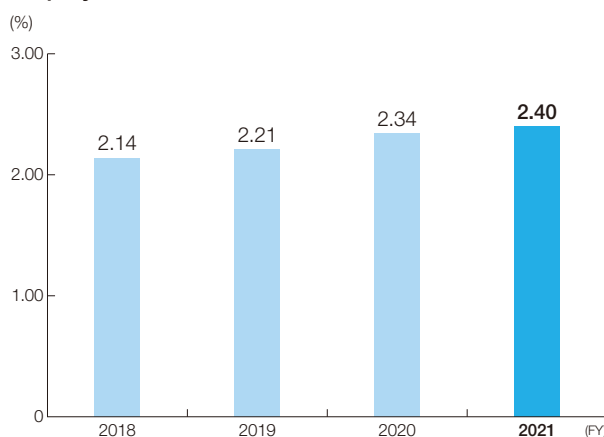
Employment of Persons with Disabilities

The AMADA Group, in cooperation with its special subsidiary AMADA PLANTECH CO., LTD., established the AMADA Group Employment Steering Committee for Employees with Disabilities to expand job opportunities for employees with disabilities. In fiscal 2021, we welcomed persons with mental disabilities to workplace training and tours and linked these activities to enhanced recruitment activities, working toward proactive hiring. In addition, we introduced uniforms that emphasize functionality while working, making their internal activities more visible.

We also worked to expand the scope of application of special subsidiaries and added three Group companies (AMADA AUTOMATION SYSTEMS CO., LTD., AMADA WELD TECH CO., LTD., and AMADA SANKO CO., LTD.) to the scope of Group application.

Going forward, we will continue to expand the opportunities for employees with disabilities and help as many people as possible to become independent.

Employment Rate for Persons with Disabilities



Promoting Women’s Active Participation

The AMADA Group considers the promotion of women’s active participation as a key issue in the promotion of diversity, and has established the Team for Promoting the Active Participation of Women to actively address this issue.

Activities include training for female manager candidates and their superiors to support the success of female leaders, appointing female outside directors, training female technical personnel, and reinforcing recruitment.

		Scope of Data	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021
Female managers	Persons	Operating companies in Japan*1	6	8	9	9
Rate of female new graduates hired	%	Non-consolidated*2	29.2	32.3	25.8	18.5

*1 Applies to four operating companies in Japan

*2 Nonconsolidated refers to AMADA CO., LTD

In addition, since fiscal 2021, we have conducted an awareness survey on active participation by women in order to understand the state of and issues related to women's activities. The results of the survey are published in our internal newsletter and used to formulate measures that will lead to the creation of workplaces where each and every employee can work with enthusiasm.

Going forward, we will continue our efforts to promote the active participation of women through such measures as their career development and the establishment of workplace environments.

Item	Initiatives
Appointing female managers	Proactive appointment of women to managerial positions
Recruitment/expanding job opportunities	Reinforcing recruitment of female new graduate and mid-career hires, expanding workplace environments where women can play an active role
Education/awareness-raising	Transforming mindsets through the establishment of a development system, training, and internal newsletters
Institutional and environmental improvement	System design for diverse workstyles

Implementing Diversity Training

In our new diversity training program, which is part of new employee training, participants deepened their understanding of diversity in general and the AMADA Group's efforts in this area.

In gamified group work, participants learned whether they were affected by unconscious bias when working with people with diverse values, providing an opportunity to rethink their own behavior. We will continue to raise awareness throughout the organization by encouraging an understanding of diversity.



Messaging through Internal Newsletters

Our internal newsletter, Partnership, consistently features reports on the results of awareness surveys on the active participation of women, as well as interviews with female employees who are active in the AMADA Group.



Partnership, our internal newsletter

Creating a Rewarding Workplace

The AMADA Group believes that creating a workplace environment that suits its employees' diverse values and life stages leads to a rewarding place to work.

To create work-life balance, we are taking various measures with the aim of increasing the paid leave acquisition rate, including encouraging supervisors to individually encourage employees to take paid leave.

In addition to the usual annual paid leave, we have introduced systems that respects employees' lifestyles and goes above and beyond what is legally required. This includes a system providing two days of leave a year for attending school observations, which can be taken until the child graduates from junior high school, and a system allowing for shortened working hours that can be used until the child graduates from elementary school (the legal requirement is up to three years of age). In addition, to encourage male employees to take childcare leave, we created a booklet about the childcare leave system that includes testimonials from male employees who have taken childcare leave. In this way, we are implementing workstyle reforms founded on operating personnel systems and taking actions that provide employees with a sense of job satisfaction.

		Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021
Paid leave acquisition rate		50.2%	59.7%	52.5%	57.5%
Childcare leave acquisition rate	Men	0.0%	14.7%	22.5%	37.9%
	Women	100.0%	100.0%	100.0%	100.0%

Interview with a Worker Who Took Paternity Leave

Male AMADA sales employee (Age: 30s)

I took leave for about two months to coincide with my wife giving birth to our second child. Though I had experienced taking care of a child before, having to take care of two at the same time was more than twice as hard as I had experienced before. Still, what I am most happy for is that I was able to support my wife during this very challenging time.

Stakeholder Engagement

Based on our Management Philosophy and the AMADA Group Corporate Code of Conduct, the AMADA Group places great importance on dialogue with its stakeholders. Through dialogue, we always consider what we can do as a corporate citizen in addition to contributing through our core business, and strive to build relationships with our stakeholders.

Support for the Sheet Metal Industry

Since our founding, the AMADA Group has placed great importance on dialogue with its customers through direct sales and service. Here, we have built a business model that allows us to grow together with our customers by incorporating customer feedback gained from this dialogue into product development and providing products that meet their needs. The sheet metal industry, which we

have built up as a leading company in this area, is facing a lack of successors and workers due to Japan's declining birthrate and aging population, as well as retirement of veteran engineers. In response to these issues, we are taking various initiatives to revitalize the sheet metal industry and build relationships with people (customers) involved in sheet metal.

AMADA SCHOOL

In 1978, we launched the AMADA SCHOOL, which provides skill development (manufacturing) and support education (personnel development) for employees working at our customers' plants. In addition to education on the fundamentals of sheet metal processing and machine operation, the school provides courses with the goal of supporting human resources development for new employees, administrative staff, and supervisory staff as well as Junior Management College (JMC) courses for those progressing to managerial positions. In addition, since 1989, we have held the Precision Sheet Metal Technology Fair to promote the improvement of sheet metal processing technology and skills.



Sheet Metal Industry Associations

In a variety of ways, we provide support to activities by sheet metal industry associations, which bring together companies involved in the sheet metal processing industry in each region of Japan. These associations have been established to promote the planning, proposal, implementation, and research of activities for the prosperity and global expansion of member companies. To date, 26 such industry associations have been established in Japan. To help improve the skills of all association member companies, train human resources, and promote industry development. AMADA provides assistance through the industry association secretariats and takes such measures as dispatching lecturers for workshops.



Contributing to Local Communities

Each of our business sites engages in various activities as a corporate citizen, aiming to coexist with the local community.

Examples include participating in cleanup activities in cooperation with local organizations, sponsoring and hosting local events, sponsoring sporting events, holding factory tours, and holding seminars for students.

Because we are a B2B organization making products not easily perceived by the general public, many in the local community may not have a firm grasp on what it is we do. In an effort to demystify our corporate image, the Ono Plant (Hyogo Prefecture) opens to the

public every April and holds a cherry blossom viewing event. There is a cherry blossom viewpoint on the premises, where local residents are able to interact with employees' families. The plant also offers tours to local students, accepts interns, and holds seminars, introducing our business and providing career support to students. These interactions not only improve our visibility but also provide important opportunities for dialogue, such as receiving feedback from local residents and discovering new community issues where we may be able to offer our support.

Communication with Our Suppliers

Based on our Management Philosophy and the AMADA Group Corporate Code of Conduct, the AMADA Group works with its suppliers on a daily basis to not only ensure compliance with laws and regulations but also to practice procurement that contributes to further improvement of product quality and environmental friendliness.

Conducting Quality Diagnostics

Once a year, our procurement teams visit suppliers' plants, using supplier evaluation sheets and quality diagnostic checklists to assess whether or not they are appropriate suppliers for us. This assessment focuses on areas such as production capacity, legal compliance, quality, and environmental friendliness. In the interest of strong governance, these assessments are not conducted by any single person. For suppliers that receive a lower rating in the area of quality, we ask them to submit corrective measures, and after implementing these measures, we reassess them in an effort to maintain and improve quality.

Initiatives Alongside Our Suppliers

Zero emissions/Improved transportation efficiency

We strive to build relationships with our suppliers that go beyond the bounds of business transactions and that allow for mutual growth.

For example, in the interest of environmental friendliness and improved transportation efficiency, we have adopted a recyclable return box system for packaging materials used for parts delivery, and we use a transportation jig to efficiently transport items with complex-shaped items in fewer trips. From the machine design stage, we consult with suppliers on efficient transportation methods, and collaborate with them on production and other tasks.

Support for information security

In light of the recent increase in information security issues at suppliers' plants, our ICT unit has been guiding suppliers on security measures and providing technical support, considering the risk to both parties. We conducted a survey of our suppliers in this area for the first time and found that some of them have information security issues, such as inadequate use of virus software, inappropriate access control to important information, lack of employee guidance, and unestablished response flow in the event of security incidents. In order to continue safe and secure procurement transactions, we will work with our business partners to strengthen their information security.

Initiatives for protecting human rights

In the mineral procurement process, we strive to procure raw materials that are free from conflict, criminal involvement, and human rights violations. We will continue to promote these initiatives so that appropriate information can be disclosed to our customers and other stakeholders.

Initiatives for Building Relationships with Our Suppliers

We hold briefings to explain our management policies and other matters to representatives of our suppliers as appropriate. These provide important opportunities for us to engage in dialogue, exchanging opinions with our suppliers. In order to foster the shared awareness that is important to our partnerships, we strive to build good relationships on a daily basis by holding social gatherings and briefings, visiting business partners, and more.

Green Procurement

Not only do we use quality checklists to check for environmental friendliness but we also position "green procurement," procuring materials with low environmental load, as one of our important environmental conservation activities. Our products are not subject to the RoHS directives enforced since July 2006, but we promote the nonuse of RoHS-regulated substances due to the fact that the regulated substances may come in contact with our customers' products that are made with AMADA machines.

Our approach toward green procurement

In order to promote green procurement, the AMADA Group is implementing the following approaches.

- (1) Prioritization of business partners who are active in environmental protection activities
 1. Survey and evaluate the environmental protection activities carried out by our business partners
 2. Request for cooperation based on the evaluation results and dealings with priority business partners
- (2) Procurement of materials with little environmental impact (procurement of items that do not use controlled chemical substances)
 1. Survey and evaluate of the environmental impact of procured materials
 2. Select materials based on evaluation results and prioritize procurement methods
- (3) Compliance with environmental laws

Corporate Governance

Basic Policy

At the Company, we believe that sound corporate activities based upon high ethical standards and fairness make up a crucial part of our business philosophy, and thus we shall endeavor to strengthen

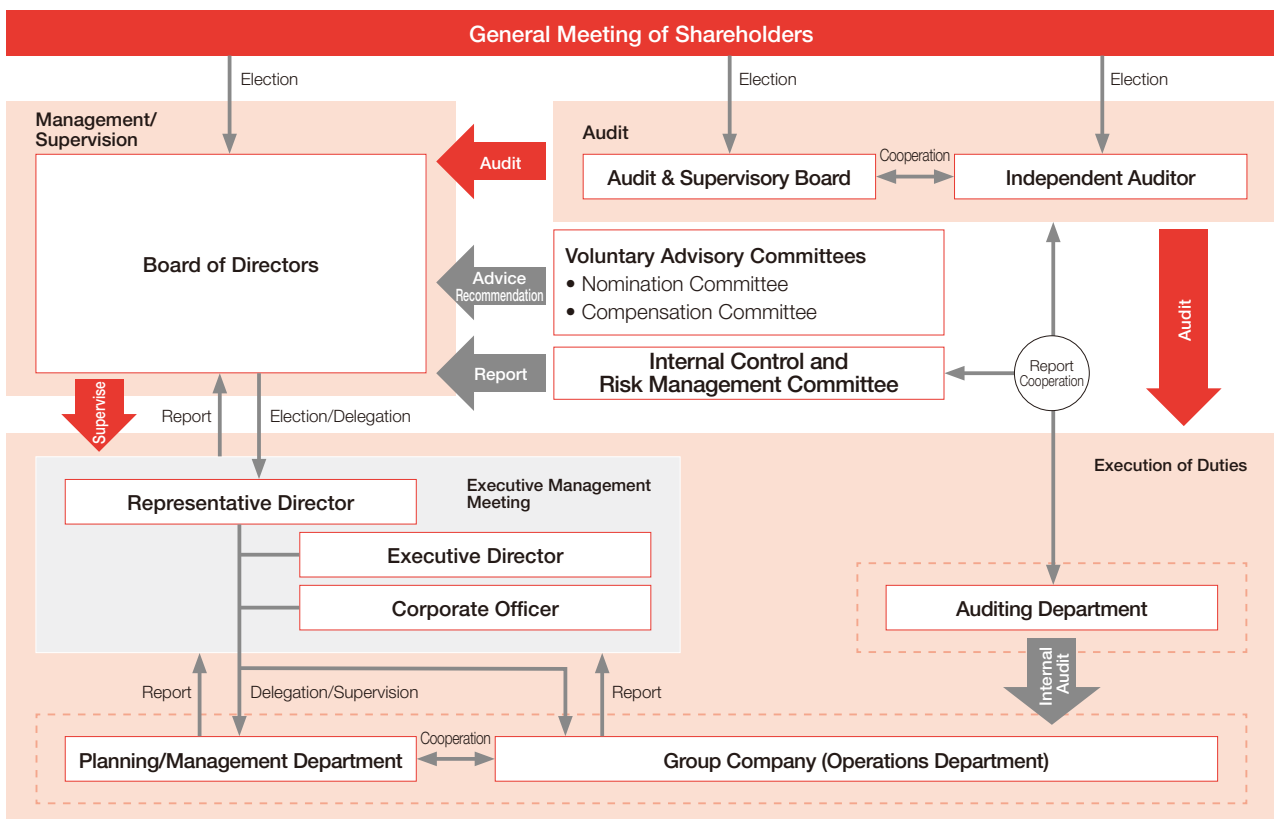
corporate governance according to the principles stated below, ensuring transparency and compliance across our management and operations as our fundamental objective:

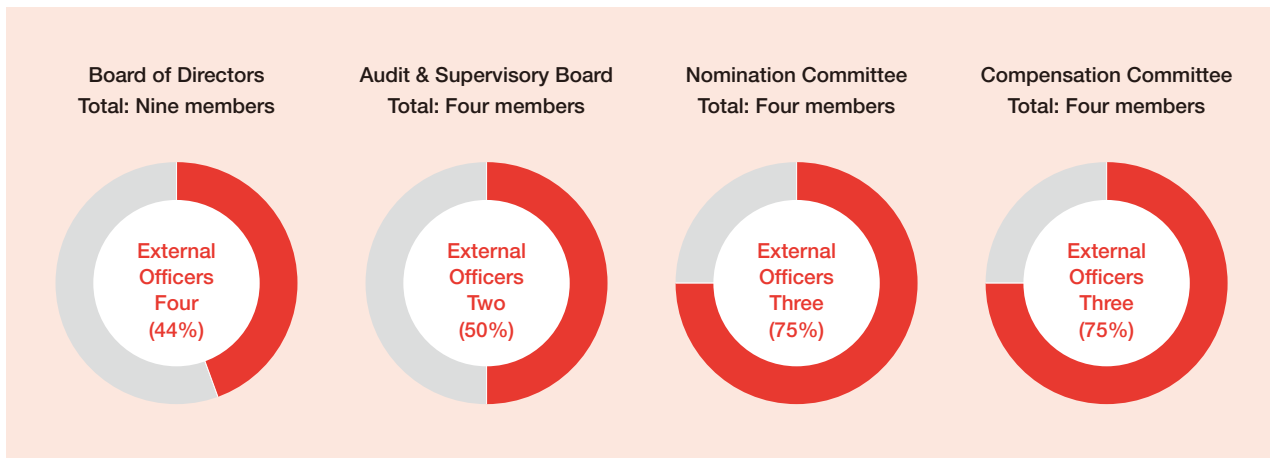
- 1 Strive to protect shareholders' rights and ensure the equitable treatment of all shareholders
- 2 Strive to appropriately collaborate with stakeholders other than shareholders
- 3 Strive to ensure proper disclosure and transparency of information
- 4 Strive to have the Board of Directors appropriately fulfill its roles and responsibilities, reflecting upon fiduciary duty and accountability to the shareholders
- 5 Strive to have constructive dialogue with shareholders

The Company has established the Corporate Governance Guidelines, resolved by the Board of Directors, for the purpose of realizing the best possible corporate governance for achieving sustainable growth of the Group and improving the Company's

long-term corporate value so that the Company's shares are held on a long-term basis by its shareholders. The Corporate Governance Guidelines can be viewed on the Company's website.

◆ Chart of Corporate Governance Structure





Structure and Institutional Design

1. Board of Directors

The Board of Directors limits the number of directors to a maximum of 10 as stipulated in the Articles of Incorporation. The Board currently comprises nine directors, including four external directors, all of whom are independent officers. The Board of Directors makes decisions on matters stipulated by laws and regulations and other important matters related to general management, and is positioned as an entity that oversees business execution. To fulfill this role, Board meetings are held as required in order to make prompt and flexible management decisions.

Furthermore, to increase the functionality and effectiveness of the Board of Directors, management meetings are held in a timely manner. During these, participants deliberate over important matters related to business execution and time is allotted for discussions on a select set of topics.

2. Audit & Supervisory Board

The Company has transitioned to a Company with an Audit & Supervisory Board. As stipulated in the Articles of Incorporation, the number of Audit & Supervisory Board members shall be limited to a maximum of four. At least half of the Audit & Supervisory Board members shall be independent external officers with neutrality and independence. Currently, two of the four members of the Audit & Supervisory Board are independent external officers.

As an organization that is independent from the management, the Audit & Supervisory Board audit the execution of duties by directors, corporate officers and other employees, internal control systems, accounting, and the like. To ensure the independence and quality of accounting auditors, the Audit & Supervisory Board shall formulate criteria for proper evaluation of the incumbent accounting auditors and regularly confirm whether or not they meet the set criteria.

3. Voluntary Committees

In April 2020, the Company established the Nomination Committee and Compensation Committee, both of which are chaired by an independent external director, to serve as voluntary advisory bodies for the Board of Directors with the purpose of utilizing the knowledge and advice of external directors and enhancing the independence, objectivity, and accountability of the Board of Directors. Each committee is composed of four members, with three members—over half of each committee—being independent external directors.

The Nomination Committee deliberates on the appointment and dismissal of directors, and the Compensation Committee deliberates on the policies and specifics of remuneration and other compensation received by directors and key employees. Both committees provide advice and recommendations to the Board of Directors.

Reason for Selection of External Officers

1. Directors

Michiyoshi Mazuka	Mr. Michiyoshi Mazuka, who held management posts at a global company and also served as a member of various advisory committees, possesses not only expertise as a business manager but also deep insight on corporate governance. From that perspective, he is overseeing business execution appropriately as External Director of the Company, such as by actively expressing his opinions at the Board of Directors' meetings. As Chairman of the Nomination Committee and a member of the Compensation Committee, he attends meetings of these committees, where he gives timely and appropriate opinions. Therefore, we have appointed Mr. Mazuka as External Director, expecting that he will appropriately perform his duties as External Director of the Company based on his experience and knowledge.
Toshitake Chino	Mr. Toshitake Chino has expertise as company manager and insight into the industrial society acquired from his experience working as the editor and later president at the Nikkan Kogyo Shimbun, Ltd. From that perspective, he is overseeing business execution appropriately as External Director of the Company, such as by actively expressing his opinions at the Board of Directors' meetings. As Chairman of the Compensation Committee and a member of the Nomination Committee, he attends meetings of these committees, where he gives timely and appropriate opinions. Therefore, we have appointed Mr. Chino as External Director, expecting that he will appropriately perform his duties as External Director of the Company based on his experience and knowledge.
Hidekazu Miyoshi	Mr. Hidekazu Miyoshi has expertise in intellectual property rights, which he acquired through many years of service as a patent attorney, and experience as a business manager of a patent office. From that perspective, he is overseeing business execution appropriately as External Director of the Company, such as by actively expressing his opinions at the Board of Directors' meetings. As Chairman of the Nomination Committee and a member of the Compensation Committee, he attends meetings of these committees, where he gives timely and appropriate opinions. Therefore, we have appointed Mr. Miyoshi as External Director, expecting that he will appropriately perform his duties as External Director of the Company based on his experience and knowledge.
Harumi Kobe	Ms. Harumi Kobe has broad experience and a high level of expertise in Japan and abroad, which she acquired through many years of service at the Ministry of Finance, holding various important positions including serving as the first female Regional Commissioner of the Hiroshima Regional Taxation Bureau. Therefore, we have appointed Ms. Kobe as External Director, expecting that she will appropriately perform her duties as External Director of the Company, such as by providing beneficial opinion and advice from new perspective, based on her experience and knowledge.

2. Audit & Supervisory Board Members

Akira Takenouchi	Mr. Akira Takenouchi is a lawyer familiar with legal affairs, and has broad experience and track record in the legal circle, including his position as President of Tokyo Bar Association. Therefore, we have appointed Mr. Takenouchi as External Audit & Supervisory Board Member, having determined that he is an appropriate candidate capable of providing beneficial advice to the Company's audit system based on his experience and knowledge.
Seiji Nishiura	Mr. Seiji Nishiura, who served as district director of tax offices, etc., is well-versed in corporate taxation as a tax accountant and possesses high-level professional expertise in finance and accounting. Therefore, we have appointed Mr. Nishiura as External Audit & Supervisory Board Member, having determined that he is an appropriate candidate capable of providing beneficial advice to the Company's audit system based on his experience and knowledge.

Skills Matrix for Directors and Audit & Supervisory Board Members

Our basic policy is that the Board of Directors shall consist of internal directors who have professional expertise and knowledge that they can leverage for business management, research and development, production, sales and services from a global perspective regardless of gender or nationality, and external directors who can provide

opinions and raise questions from a professional and independent standpoint, so that the Board can perform appropriate and flexible decision-making on the Company's business activities and supervision of their execution.

Name			Expertise, experience					
			Corporate management	Finance/Accounting	Legal affairs/Risk management/Compliance	Global	Sales/Marketing	R&D/Manufacturing
Directors	Tsutomu Isobe		○	○	○	○		
	Takaaki Yamanashi		○			○		○
	Masahiko Tadokoro		○			○	○	
	Koji Yamamoto		○			○	○	
	Kazuhiko Miwa		○	○	○			
	Michiyoshi Mazuka	External Independent	○		○	○	○	○
	Toshitake Chino	External Independent	○		○			
	Hidekazu Miyoshi	External Independent	○		○			○
	Harumi Kobe	External Independent			○	○		
Audit & Supervisory Board members	Takaya Shigeta		○	○				
	Kotaro Shibata		○			○	○	
	Akira Takenouchi	External Independent			○			
	Seiji Nishiura	External Independent		○				

Participation in Meetings of the Board of Directors and as Voluntary Advisor

Name	Title	Memberships	Meeting Attendance in Fiscal 2021			
			Board of Directors	Audit & Supervisory Board	Voluntary Advisory Committees	
					Nomination	Compensation
Tsutomu Isobe	Representative Director	Chairman of the Board of Directors, Member of the Nomination Committee and Compensation Committee	8/8 meetings	—	3/3 meetings	1/1 meeting
Takaaki Yamanashi	Director, Senior Executive Officer		7/7 meetings	—	—	—
Masahiko Tadokoro	Director, Senior Executive Officer		New election	—	—	—
Koji Yamamoto	Director, Executive Officer		New election	—	—	—
Kazuhiko Miwa	Director, Executive Officer		8/8 meetings	—	—	—
Michiyoshi Mazuka	External Director	Independent External Director, Chairman of the Nomination Committee, Member of the Compensation Committee	8/8 meetings	—	3/3 meetings	1/1 meeting
Toshitake Chino	External Director	Independent External Director, Chairman of the Compensation Committee, Member of the Nomination Committee	8/8 meetings	—	3/3 meetings	1/1 meeting
Hidekazu Miyoshi	External Director	Independent External Director, Member of the Nomination Committee, Member of the Compensation Committee	8/8 meetings	—	3/3 meetings	1/1 meeting
Harumi Kobe	External Director	Independent External Director	New election	—	—	—
Takaya Shigeta	Audit & Supervisory Board Member		8/8 meetings	9/9 meetings	—	—
Kotaro Shibata	Audit & Supervisory Board Member		8/8 meetings	9/9 meetings	—	—
Akira Takenouchi	External Audit & Supervisory Board Member	Independent External Audit & Supervisory Board Member	8/8 meetings	9/9 meetings	—	—
Seiji Nishiura	External Audit & Supervisory Board Member	Independent External Audit & Supervisory Board Member	8/8 meetings	9/9 meetings	—	—

* The attendance of Mr. Takaaki Yamanashi at Board of Directors' meetings only covers the Board of Directors' meetings held after his appointment on June 25, 2021.

Officer Remuneration System

1. Policy for Determining Officer Remuneration

The Company has established the following policy for determining the details of individual director remuneration.

a. Basic policy

The Company's basic policy is to determine the remuneration of each director at an appropriate level based on their position and responsibilities, with a remuneration system aware of the shareholder standpoint and designed to function as sufficient incentive to seek the sustainable improvement of corporate value. Specifically, the remuneration of directors shall consist of basic remuneration, which is fixed remuneration, and performance-linked remuneration, etc. External directors, who are responsible for supervisory functions, shall be paid only basic remuneration in consideration of their independent position from the execution of business.

b. Policy on determining individual basic remuneration amount (including policy on determining remuneration timing and conditions)

Basic remuneration for the Company's directors shall be monthly fixed remuneration in cash, and the amount to be paid to each individual director shall be determined based on a predetermined remuneration base amount in accordance with their position and responsibilities.

c. Policy on determining performance-linked remuneration details and amount, as well as method for calculation (including policy on determining remuneration timing and conditions)

Performance-linked remuneration, etc., shall be cash remuneration reflecting a performance indicator, with these bonuses positioned as short-term incentives, and shall be paid at a certain time each year. The indicator used shall be profit attributable to owners of parent (hereinafter referred to as "profit") for a single fiscal year. This is because it is an important management indicator and a source of dividends, hence it is conscious of management from the shareholder

standpoint. Specifically, the total amount to be paid shall be determined by taking into account the number of persons to be paid and the growth rate of dividends, up to a maximum amount calculated by multiplying the profit for the fiscal year in question by 1/50th of the dividend payout ratio (%). Individual allocation shall be determined based on position and responsibility, and the amount shall be calculated by modifying a certain percentage based on performance.

d. Policy for determination of the ratio of basic remuneration and performance-linked remuneration as a share of individual director remuneration

Under the current director remuneration system, the share of performance-linked bonuses is not fixed at a certain level, but is designed so that the percentage of performance-linked bonuses

in total director remuneration increases as the Company's performance grows. Therefore, the Company shall not establish a policy regarding the determination of the ratio of performance-linked remuneration to the total amount of remuneration for directors.

e. Matters related to determining individual director remuneration details

The Board of Directors shall have the authority to determine the amount of remuneration, etc., of the Company's directors or the method of calculation thereof, within the total amount of remuneration resolved at the General Meeting of Shareholders after deliberation by the voluntary Compensation Committee chaired by an external director.

2. Total Officer Remuneration

Officer Category	Total Remuneration Amount (Millions of yen)	Total Remuneration Amount by Type (Millions of yen)		Number of Eligible Officers
		Basic Remuneration	Performance-Linked Remuneration	
Directors (External)	387 (24)	187 (24)	200 (—)	9 (3)
Audit & Supervisory Board members (External)	41 (12)	41 (12)	—	4 (2)
Total	428	228	200	13 (5)

* Bonuses are paid to directors (excluding external directors) as performance-linked remuneration.

Evaluating the Effectiveness of the Board of Directors

In accordance with the Company's Corporate Governance Guidelines, we conducted an assessment of the effectiveness of the Board of Directors as a whole in fiscal 2021. The following is a summary of the results.

1. Evaluation Method

A questionnaire on the effectiveness of the Board of Directors was distributed to directors and Audit & Supervisory Board members, including external directors and external Audit & Supervisory Board members. Responses were received from all eligible respondents. The content of the responses were aggregated and analyzed by the secretariat of the Board of Directors. Subsequently, the Board of Directors used the outside opinions provided by the external directors and external Audit & Supervisory Board members based on the analysis results to analyze and evaluate the effectiveness of the Board of Directors as a whole at a meeting held on August 5, 2022. At this meeting, members also discussed current issues and future initiative policies.

Questionnaire Items

- (1) Composition of the Board of Directors
- (2) Roles and responsibilities of the Board of Directors
- (3) Operation of the Board of Directors
- (4) Effectiveness of the Board of Directors

2. Summary of Evaluation Results

As a result of the aforementioned evaluation, we confirmed that the Company's Board of Directors is generally functioning appropriately. A summary of these results is as follows.

- (1) The Company's Board of Directors has an appropriate composition in terms of its size and the independence of independent external directors, and has a system in place to appropriately make important management decisions and supervise business execution.
- (2) An environment within the Board of Directors has been created for its members to freely and openly express their opinions at its meetings, and candid opinions and useful advice is being acquired from external directors. Therefore, the supervisory

function of the Board of Directors as a whole is being appropriately maintained.

(3) Some progress was made on issues identified in the previous fiscal year, including the disclosure of basic policies on various sustainability issues and the vitalization of discussions on risk management.

While some expressed expectations that the invitation of a female external director would enable the Board of Directors to hear multifaceted opinions, others cited the formulation and prompt execution of specific growth strategies to realize the long-term vision as an issue.

Cross-Shareholdings

The number of shares of other companies that the Company holds as cross-shareholdings shall be kept to the minimum necessary, and the Board of Directors shall annually assess whether or not to hold individual cross-shareholdings, closely examining whether the benefits and risks from each holding cover the Company's cost of capital. Our policy is to proceed with the sale of any shares not deemed sufficiently significant to hold as a result of these examinations.

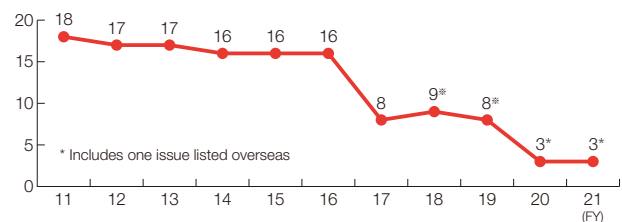
Furthermore, in the event that a holder of cross-shareholdings in the Company expresses an intention to sell the Company's shares, the Company shall not prevent sale.

3. Policy for Future Efforts to Improve Effectiveness

Based on the results of this evaluation, the Company's Board of Directors will continue to deepen discussions on the formulation of growth strategies and strive to oversee business progress.

Number of Issues Held (Listed Stocks)

(Issues)



	Fiscal 2020 (Ended March 31, 2021)	Fiscal 2021 (Ended March 31, 2022)
Number of issues held	7 issues (3 listed / 4 unlisted)	7 issues (3 listed / 4 unlisted)
Carrying value	¥15,090 million	¥17,732 million
Percentage of total assets	2.71%	2.89%

Dialogue with Shareholders

The Company will actively enter into constructive dialogues with shareholders and investors with the aim of sustaining growth and boosting medium- to long-term corporate value. We will strive to further create value by reflecting their opinions and issues from these dialogues in our operations to improve our business. We also provide quarterly results briefings and individual interviews with institutional investors, and answer inquiries from individual investors as required in order for them to deepen their understanding of business conditions, details of the business, and strategies of the Company.

Activities in Fiscal 2021

- Ordinary General Meeting of Shareholders: 1 meeting
- Results briefings for institutional investors and analysts: 4 briefings (held online)
- Briefings for individual investors: 2 briefings (held online)
- "To Our Shareholders and Investors": 2 issues
- Annual reports: 1 issue
- Environmental and social reports: 1 issue
- ESG Data Book: 1 update
- Investor relations website: Updated as needed
- Individual interviews with institutional investors: Conducted as needed
- Responses to inquiries from individual investors: Conducted as needed

Internal Control System

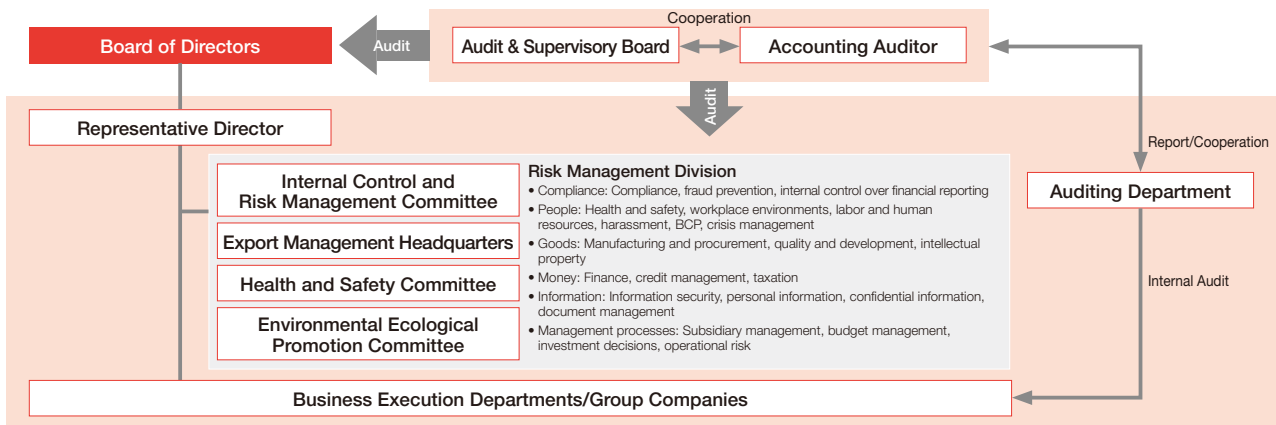
Basic Policy

The AMADA Group has established the AMADA Group Management Philosophy and the AMADA Group Corporate Code of Conduct as common standards for the Group. Furthermore, it has established the Internal Control and Risk Management Committee to ensure that the basic policies of its internal control system are well known to all employees and to maintain and improve its internal control, compliance, and risk management systems. In addition, we have established an internal control reporting system to ensure the reliability of financial reporting, and we carry out effective and efficient operation and evaluation of this system. The Auditing Department conducts internal audits of the Group with respect to the maintenance and operation of these compliance systems and internal controls over financial reporting.

AMADA Group Corporate Code of Conduct

1. Develop Customers' Trust
2. Interact with Local Communities
3. Contribution to the International Community
4. Compliance with Regulations
5. Establishing a Relationships of Mutual Trust with Business Partners
6. Sound Relationships with Government and Administrations
7. Response to Antisocial Forces
8. Promotion of Communication with Communities
9. Creation of an Environment in which Employees can Achieve Personal Development and Satisfaction
10. Contribution to Environmental Protection

◆ Chart of Internal Control and Risk Management System

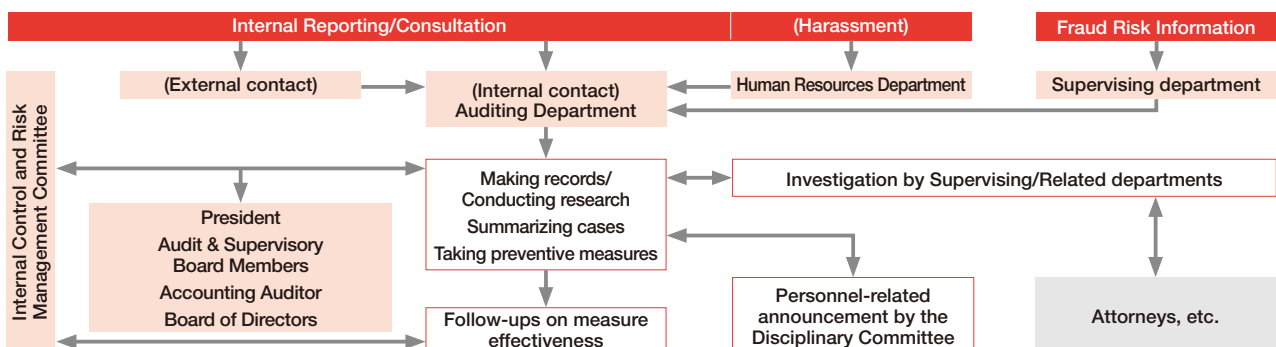


Compliance

In addition to providing training to ensure thorough compliance, the Group has clarified procedures for responding to instances of compliance violations and disseminated these procedures to each of the Group companies. In addition, for the purpose of early

detection and correction of legal violations and misconduct, we operate an internal reporting system that allows anonymous reporting through the Auditing Department and/or outside contractors. In addition, the Internal Reporting Treatment Rules

◆ Investigation, Clarification, and Communication Channels for Misconduct and Risk Information



obligate us to maintain confidentiality with regard to whistleblowers and those who cooperate in investigations, and require that they not be subject to any disadvantageous treatment. To promote compliance education and awareness-raising activities, we continuously provide collective education, as well as online education programs that can be taken at any time.

Risk Management

In order to prevent and minimize any loss, the AMADA Group has established the Basic Risk Management Rules covering the basics of risk management and is striving to manage risks by, among others, examining countermeasures on a regular basis. The Internal Control and Risk Management Committee centrally manages risks the Group is exposed to and implements measures across the organization. Individual risk management is managed and handled by expert committees such as the Export Management Headquarters. In addition to the above, the risk management division set up under the Internal Control and Risk Management Committee has established policies on important risks at the Group level related to people, goods, money, information, etc., and is working to respond to them. Furthermore, in the event of a serious incident, accident, natural disaster, or other emergency that is deemed to require a Companywide response, the Group will establish emergency headquarters, etc., for prompt crisis management.

Summary of Risk Management Activities

The risk management division or the department in charge of risk management identifies and assesses risks and specifies countermeasures, their scope, goals, deadlines, etc. It then implements each of these countermeasures, monitors their implementation status and effectiveness, and takes necessary corrective and improvement measures. The Internal Control and Risk Management Committee centrally manages the identified risk items and the implementation status of their countermeasures as Companywide risk management activities and reports major risk items to the Board of Directors.

Results of Internal Reporting and Consultation (Number of Cases on a Consolidated Basis)

Fiscal 2022	27
Fiscal 2021	26
Fiscal 2020	43
Fiscal 2019	29

Major Risks and Risk Responses

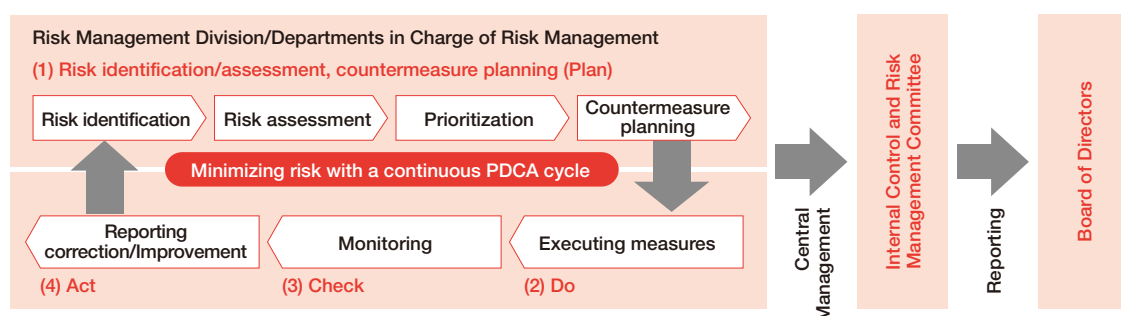
Information Security

The AMADA Group possesses customer and personal information required for its business activities and has put in place a strict control system to maintain the confidentiality of such information. In case of illegal access or information leakage due to a cyberattack or computer virus, however, confidence in the Group may deteriorate or the Group may be subject to a claim for damages or other events, which could affect its operating results. The Group has strengthened its information security measures, including the introduction of robust systems to respond to cyberattacks and minimize damage in the event of a computer virus infection. In addition, the Group is working to raise awareness of information security through employee education.

Material Procurement

The AMADA Group purchases parts and materials from more than one supplier. Purchase prices of these materials may fluctuate depending on changes in prices of raw materials and energy prices, including the price of crude oil. In addition, the supply and demand situation in the industry and conditions of suppliers, as well as natural disasters may become an obstacle to the stable supply of materials, which is expected to lower our productivity. Since the COVID-19 pandemic is making it difficult to procure semiconductors and other control parts, the Group is taking measures to minimize the impact on production, such as placing advance orders, substituting products, and changing designs.

◆ Summary Chart of Risk Management Activities



Officers

Directors



Representative Director
Tsutomu Isobe
May 19, 1961

Career Summary

December 1985 Joined Amada Metreco Co., Ltd. (later merged to become the current Company)
April 2000 Joined the Company upon the merger
April 2003 General Manager of Corporate Secretariat Office
June 2007 Director, Executive General Manager of Corporate Planning Div.
June 2009 Director, Corporate Officer, Senior Executive General Manager of Corporate Planning HQ
June 2010 Director, Executive Officer, Senior Executive General Manager of Corporate Management HQ
April 2013 Director, Senior Executive Officer, Senior Executive General Manager of Corporate Management HQ, Senior Executive General Manager of Financial HQ
April 2015 Representative Director, President of the Company Representative Director, President of AMADA CO., LTD. (merged to become the current Company)
October 2015 Representative Director, President, Senior Executive General Manager of Corporate Management HQ
April 2018 Representative Director, President of the Company Representative Director, President of AMADA CO., LTD. (merged to become the current Company)
April 2020 Representative Director, President Corporate Officer
April 2022 Representative Director, President (incumbent)



Director, Senior Executive Officer
Takaaki Yamanashi
December 9, 1963

Career Summary

April 1987 Joined the Company
April 2009 General Manager of Blanking Machinery Development Dept. II, Solution Development Div., Development and Manufacturing HQ for Sheetmetal Solution
January 2016 President of AMADA Advanced Technology (Germany)
April 2018 Senior Corporate Officer, Senior Executive General Manager of Blanking Machinery Development HQ of the Company
April 2020 Executive Officer, Executive General Manager of Blanking Machinery Development Div., Laser Technology Development Div.
June 2021 Executive Officer, in charge of Sheet Metal Technology Development HQ, Production HQ
April 2022 Director, Senior Executive Officer, Senior Executive General Manager of Sheet Metal Technology Development & Production HQ (incumbent)



Director, Senior Executive Officer
Masahiko Tadokoro
February 26, 1962

Career Summary

April 1982 Joined Amada Metreco Co., Ltd. (later merged to become the current Company)
April 2003 President of AMADA MACHINERY AMERICA, INC.
June 2006 Director, Executive Vice President of AMADA MACHINERY CO., LTD.
April 2007 Representative Director, President of AMADA MACHINERY CO., LTD.
April 2014 Corporate Officer of AMADA MACHINERY CO., LTD. President of AMADA MACHINERY EUROPE GmbH
October 2015 Director, Executive Vice President of AMADA MACHINERY CO., LTD.
April 2016 Representative Director, President of AMADA MACHINERY CO., LTD.
April 2021 Executive Officer of the Company Representative Director, President of AMADA MACHINERY CO., LTD.
April 2022 Senior Executive Officer, Senior Executive General Manager of Sheet Metal Sales Business & Service HQ of the Company
June 2022 Director, Senior Executive Officer, Senior Executive General Manager of Sheet Metal Sales Business & Service HQ (incumbent)



Director, Executive Officer
Koji Yamamoto
January 29, 1961

Career Summary

April 1984 Joined the Company
April 2006 Executive General Manager of Overseas Business Div.
April 2009 Corporate Officer, Executive General Manager of Sales Planning Div. and Asia & China Div.
April 2010 Corporate Officer, Executive General Manager of Corporate Management Div. of AMADA MACHINERY CO., LTD.
April 2011 Director, Senior Executive General Manager of Corporate Management HQ of AMADA MACHINERY CO., LTD.
April 2013 Corporate Officer, Executive General Manager of Corporate Management Div. of the Company
June 2015 Director, Executive General Manager of Corporate Management Div.
October 2016 Corporate Officer of the Company, President of AMADA ASIA PACIFIC CO., LTD., President of AMADA (THAILAND) CO., LTD.
April 2019 Corporate Officer of the Company, President of AMADA (CHINA) CO., LTD.
April 2022 Executive Officer, Executive General Manager of Corporate Management Div., Executive Supervisor of China & ASEAN region of the Company
June 2022 Executive Officer, Executive General Manager of Corporate Management Div., Executive Supervisor of China & ASEAN region of the Company (incumbent)



Director, Executive Officer
Kazuhiko Miwa
March 10, 1963

Career Summary

April 1986 Joined Dai-ichi Kangyo Bank (current Mizuho Bank, Ltd.)
February 2004 Councilor of IR Department, Mizuho Financial Group, Inc.
January 2006 Councilor of Overseas Credit Department, Mizuho Corporate Bank, Ltd. (current Mizuho Bank, Ltd.)
March 2006 Senior Credit Officer of Overseas Credit Department, Mizuho Corporate Bank, Ltd.
November 2011 Deputy General Manager of Marketing Department No. 15, Mizuho Corporate Bank, Ltd.
January 2016 Joined the Company, General Manager of Corporate Planning Dept.
April 2016 General Manager of President Office
April 2018 Corporate Officer, Executive General Manager of Corporate Management Div. of the Company
June 2018 Director, Executive General Manager of Corporate Management Div.
April 2020 Director, Executive Officer, Senior Executive General Manager of Corporate Management HQ
April 2021 Director, Executive Officer, Executive General Manager of Financial Div.
April 2022 Director, Executive Officer, Executive General Manager of Financial Div., in charge of Legal Affairs (incumbent)

External Directors



External Director
Michiyoshi Mazuka
October 17, 1943

Career Summary

April 1968 Joined Fujitsu FACOM Co., Ltd.
April 1971 Joined Fujitsu Limited
June 2001 Director of Fujitsu Limited
June 2008 Chairman and Representative Director of this company
September 2009 Chairman, President and Representative Director of this company
October 2009 Member of the Executive Nomination Committee and Compensation Committee of this company
April 2010 Chairman and Representative Director of this company
June 2012 Chairman and Director of this company
June 2014 Senior Executive Advisor and Director of this company
June 2015 External Director of NIPPON CONCRETE INDUSTRIES CO., LTD. (incumbent)
June 2016 Senior Executive Advisor of Fujitsu Limited External Director of the Company (incumbent)
April 2018 Senior Advisor of Fujitsu Limited
June 2018 External Director of TSUKISHIMA KIKAI CO., LTD. (incumbent)
June 2019 Retired as Senior Advisor of Fujitsu Limited



External Director
Toshitake Chino
October 17, 1946

Career Summary

April 1971 Joined the Nikkan Kogyo Shimbun, Ltd.
April 1995 General Manager of Economics Department, Editing Bureau of this company
June 2002 Director of this company
April 2003 Representative Director, President of AMADA MACHINERY CO., LTD.
November 2010 Senior Advisor of this company
March 2011 Retired as Senior Advisor of this company
April 2011 Specially-appointed Professor of The University of Electro-Communications (incumbent)
June 2014 External Director of the Company (incumbent)
April 2017 Director of Social Welfare Organization Saiseikai Imperial Gift Foundation, Inc. (incumbent)



External Director
Hidekazu Miyoshi
July 17, 1950

Career Summary

April 1974	Joined Miyoshi International Patent Office
April 1978	Registered as patent attorney (current)
April 1989	President of Miyoshi & Miyoshi (Patent Office)
August 1999	Representative Director of Miyoshi Industrial Property Rights Research Center K.K. (incumbent)
April 2004	Chairman of Miyoshi & Miyoshi (Patent Office) (incumbent)
June 2015	External Director of the Company (incumbent)



External Director
Harumi Kobe
April 6, 1962

Career Summary

April 1985	Joined Ministry of Finance
July 1991	District Director of Kakegawa Tax Office
May 2000	First Secretary of The Mission of Japan to the European Union (Counselor from January 2002), Embassy of Japan in Belgium
July 2003	Director, Minister's Secretariat (International Organizations Division, International Bureau) of Ministry of Finance
July 2005	Assistant Regional Commissioner of First Taxation Department, Tokyo Regional Taxation Bureau
July 2006	Director of Liquor Tax and Industry Division, Taxation Department, National Tax Agency
July 2008	Director of Large Enterprise Examination Division, Large Enterprise Examination and Criminal Investigation Department, National Tax Agency
October 2009	Director of Customs Clearance Division, Customs and Tariff Bureau, Ministry of Finance
July 2010	Director of Planning Division, Commissioner's Secretariat, National Tax Agency
July 2011	Director of Accounts Division, Commissioner's Secretariat, National Tax Agency
June 2013	Regional Commissioner of Hiroshima Regional Taxation Bureau
July 2014	Deputy Director-General of Customs and Tariff Bureau, Minister's Secretariat, Ministry of Finance
June 2016	Deputy Director-General for Cybersecurity and Information Technology Management, Minister's Secretariat, Ministry of Finance
July 2018	Deputy Director-General of Minister's Secretariat, Minister's Secretariat, Ministry of Finance, Vice President of Policy Research Institute, Ministry of Finance
July 2019	Professor at National Graduate Institute for Policy Studies (Policy Research)
July 2021	Retired from Ministry of Finance
November 2021	Adviser of Aioi Nissay Dowa Insurance Co., Ltd. (incumbent)
June 2022	External Director of the Company (incumbent)

Audit & Supervisory Board Members



Audit & Supervisory Board Member
Takaya Shigeta
September 26, 1951

Career Summary

March 1974	Joined the Company
April 2006	Executive General Manager of Financial Dept.
June 2010	Director, Corporate Officer, Executive General Manager of Financial Dept.
April 2013	Director, Corporate Officer, Deputy Executive General Manager of Financial HQ
April 2015	Audit & Supervisory Board Member (incumbent)



Audit & Supervisory Board Member
Kotaro Shibata
January 7, 1953

Career Summary

January 1980	Joined the Company
October 2001	Executive General Manager of Punching Business Div.
June 2009	Corporate Officer, Executive General Manager of Sales Control Div.
June 2010	Director, Corporate Officer, Deputy Executive General Manager of Sales Control HQ
June 2012	Director, Executive Officer
	Deputy Executive General Manager of Engineering Business HQ
April 2013	Director, Executive Officer, in charge of Sales
April 2015	Director, Executive Vice President of AMADA CO., LTD. (merged to become the current Company)
April 2017	Representative Director, President of AMADA CO., LTD.
June 2017	Senior Managing Director of the Company
April 2018	Senior Managing Director, Senior Corporate Officer, Assistant to the President, President of AMADA (CHINA) CO., LTD.
April 2019	Senior Managing Director, Assistant to the President
April 2020	Audit & Supervisory Board Member (incumbent)

External Audit and Supervisory Board Members



External Audit & Supervisory Board Member
Akira Takenouchi
May 26, 1947

Career Summary

April 1979	Registered as an attorney with the Tokyo Bar Association (current)
	Joined Makoto Tsuji Law Office (current)
June 2002	Outside Corporate Auditor, Alps Electric Co., Ltd.
June 2005	Retired as Outside Corporate Auditor of Alps Electric Co., Ltd.
April 2011	Chairman, Tokyo Bar Association
	Vice Chairman, Japan Federation of Bar Associations
April 2013	Member of the Supreme Court's Advisory Panel on the Operation of the Lay Judge System
June 2014	External Audit & Supervisory Board Member of the Company (incumbent)



External Audit & Supervisory Board Member
Seiji Nishiura
October 7, 1952

Career Summary

April 1971	Joined the Fukuoka Regional Taxation Bureau
July 2003	Special National Tax Examiner of First Investigation Department, Osaka Regional Taxation Bureau
July 2008	Supervising National Tax Examiner of Third Investigation Department, Tokyo Regional Taxation Bureau
July 2012	District Director of Kamakura Tax Office
July 2013	Retired from the Kamakura Tax Office
August 2013	Registered as a tax accountant (current)
	Director, Nishiura Tax Accountant Office (incumbent)
June 2017	External Audit & Supervisory Board Member of the Company (incumbent)

Financial Review

Earnings

During the fiscal year under review, the global economy showed signs of recovery, particularly in developed countries, thanks to the spread of vaccinations against COVID-19, government fiscal policies, and monetary easing by central banks in various countries. Similarly, capital investment improved significantly, but toward the end of the fiscal year there were signs of a slowdown in economic growth. This was due to economic impact arising from the emergence of COVID-19 variants and supply constraint issues for parts and materials, as geopolitical problems also arose such as Russia's invasion of Ukraine.

Regarding operating results for the fiscal year under review,

revenue rose to ¥312,658 million, an increase of 24.8% year on year. Breaking this down, domestic revenue increased 12.5% year on year, to ¥126,954 million, and overseas revenue increased 35.0% year on year, to ¥185,704 million.

Regarding profit and loss, profit on sales improved thanks to higher revenue, improved utilization rates, and improved selling prices despite some impact from rising parts and materials prices, and the yen trended weaker on exchange markets. As a result, operating profit and profit attributable to owners of parent increased to ¥38,538 million (up 44.3% year on year) and ¥27,769 million (up 49.6% year on year), respectively.

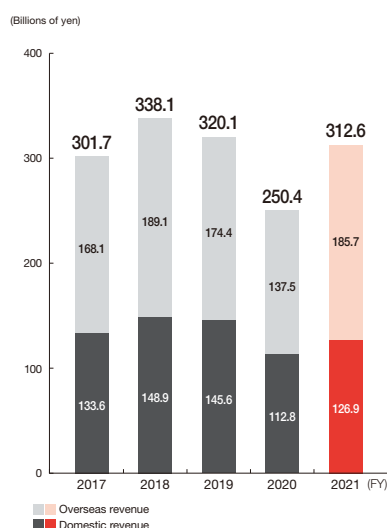
Financial Position

Due to a recovery in sales levels, cash and cash equivalents, trade receivables, and inventories increased. As a result, total current assets amounted to ¥364,132 million, up ¥57,122 million from the previous fiscal year, and total noncurrent assets came to ¥250,307 million, up ¥18 million from the previous fiscal year. Total assets amounted to ¥614,439 million, up ¥57,141 million from the end of the previous fiscal year.

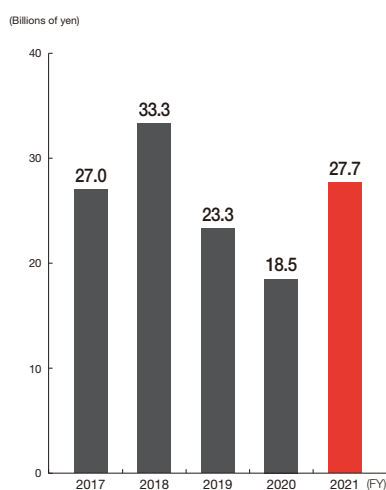
Total liabilities increased to ¥130,405 million, up ¥23,919 million from the end of the previous fiscal year, due to an increase in

current liabilities such as trade payables, similarly reflecting a recovery in sales levels. In addition, total equity amounted to ¥484,034 million, up ¥33,221 million, mainly due to the accumulation of retained earnings and an increase in foreign currency translation adjustments resulting from the depreciation of the yen. As a result, the ratio of equity attributable to owners of parent decreased 2.1 percentage points from the end of the previous fiscal year, from 80.2% to 78.1%, although it continues to maintain a high level.

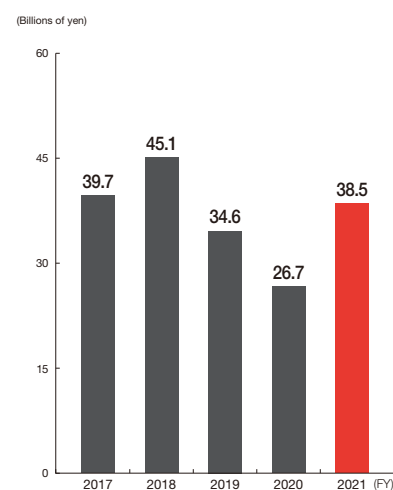
Domestic Revenue and Overseas Revenue



Profit Attributable to Owners of Parent



Operating Profit



Cash Flows

Consolidated cash and cash equivalents at the end of the fiscal year under review amounted to ¥106,791 million, up ¥30,923 million from the end of the previous fiscal year.

Cash Flows from Operating Activities

Net cash provided by operating activities totaled ¥56,865 million, down ¥714 million from the previous fiscal year. This result mainly reflected an increase in trade receivables and inventories due to the recovery of sales levels.

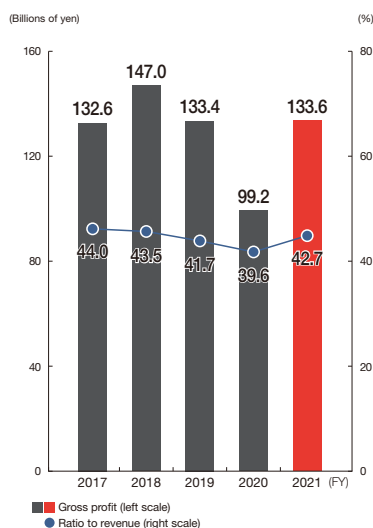
Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥7,921 million, a decrease of ¥805 million compared with the previous fiscal year. The main cause for this was a decrease in expenditures for the purchase of property, plant and equipment and intangible assets due to less capital investment.

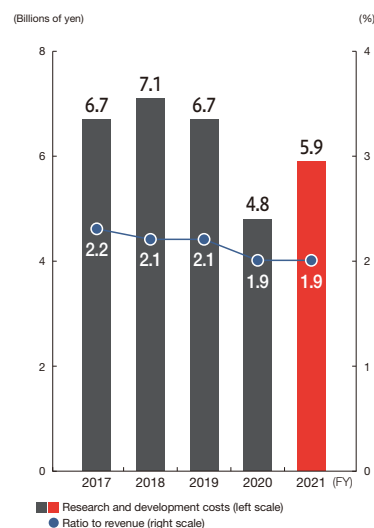
Cash Flows from Financing Activities

Net cash used in financing activities totaled ¥22,308 million, a decrease of ¥588 million compared with the previous fiscal year. The main cause for this was a decrease in dividends paid.

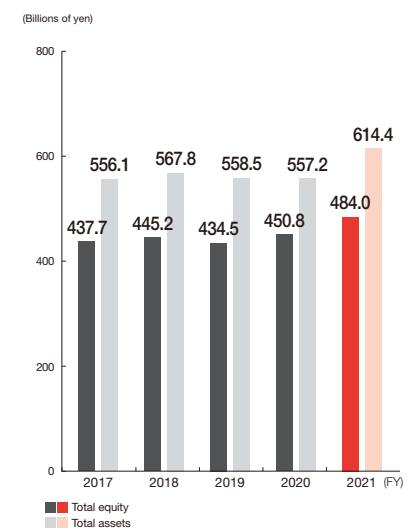
Gross Profit and Ratio to Revenue



Research and Development Costs and Ratio to Revenue



Total Equity and Total Assets



Data

Consolidated Financial Statements

Consolidated Statement of Financial Position

AMADA CO., LTD. and Its Consolidated Subsidiaries
March 31, 2022

Assets	(Millions of yen)		(Thousands of U.S. dollars)
	2021	2022	2022
Current assets			
Cash and cash equivalents	¥ 75,868	¥106,791	\$ 872,410
Trade and other receivables	115,534	123,468	1,008,647
Inventories	81,765	101,885	832,332
Other financial assets	25,679	23,388	191,062
Other current assets	8,161	8,598	70,240
Total current assets	307,009	364,132	2,974,693
Noncurrent assets			
Property, plant and equipment	160,270	164,429	1,343,267
Goodwill	6,067	6,251	51,071
Intangible assets	13,532	11,900	97,221
Investments accounted for using the equity method	420	487	3,985
Other financial assets	54,766	52,834	431,623
Deferred tax assets	6,124	5,343	43,650
Other noncurrent assets	9,106	9,059	74,009
Total noncurrent assets	250,288	250,307	2,044,829
Total assets	¥557,298	¥614,439	\$5,019,522

Liabilities and equity	(Millions of yen)		(Thousands of U.S. dollars)
	2021	2022	2022
Liabilities			
Current liabilities			
Trade and other payables	¥ 42,009	¥ 58,828	\$ 480,582
Borrowings	11,220	4,822	39,398
Income taxes payable	2,034	9,120	74,508
Other financial liabilities	3,014	4,172	34,082
Provisions	1,755	2,076	16,962
Other current liabilities	25,085	32,635	266,609
Total current liabilities	85,118	111,655	912,144
Noncurrent liabilities			
Borrowings	3,690	2,244	18,336
Other financial liabilities	10,127	9,712	79,344
Retirement benefit liabilities	3,072	3,025	24,718
Provisions	6	7	62
Deferred tax liabilities	1,116	503	4,111
Other noncurrent liabilities	3,352	3,255	26,597
Total noncurrent liabilities	21,367	18,749	153,172
Total liabilities	106,485	130,405	1,065,316
Equity			
Share capital	54,768	54,768	447,416
Capital surplus	143,883	143,883	1,175,426
Retained earnings	252,315	269,067	2,198,081
Treasury shares	(12,092)	(12,095)	(98,812)
Other components of equity	8,202	24,164	197,404
Total equity attributable to owners of parent	447,077	479,788	3,919,517
Noncontrolling interests	3,735	4,246	34,688
Total equity	450,813	484,034	3,954,206
Total liabilities and equity	¥557,298	¥614,439	\$5,019,522

Consolidated Statement of Profit or Loss

AMADA CO., LTD. and Its Consolidated Subsidiaries
Years ended March 31

	(Millions of yen)		(Thousands of U.S. dollars)
	2021	2022	2022
Revenue	¥ 250,448	¥ 312,658	\$ 2,554,191
Cost of sales	(151,246)	(179,015)	(1,462,422)
Gross profit	99,201	133,643	1,091,768
Selling, general and administrative expenses	(81,547)	(94,432)	(771,447)
Other income	14,150	1,568	12,812
Other expenses	(5,098)	(2,240)	(18,304)
Operating profit	26,705	38,538	314,829
Finance income	2,942	3,899	31,854
Finance costs	(864)	(2,067)	(16,891)
Share of profit of investments accounted for using equity method	35	126	1,035
Profit before tax	28,818	40,496	330,827
Income tax expense	(10,081)	(12,497)	(102,092)
Profit for the year	18,737	27,999	228,735
Profit attributable to:			
Owners of parent	18,564	27,769	226,857
Noncontrolling interests	173	229	1,877
Profit for the year	¥ 18,737	¥ 27,999	\$ 228,735

	(Yen)		(U.S. dollars)
	2021	2022	2022
Earnings per share			
Basic earnings per share	¥53.40	¥79.88	\$0.65
Diluted earnings per share	—	—	—

Consolidated Statement of Comprehensive Income

AMADA CO., LTD. and Its Consolidated Subsidiaries
Years ended March 31

	(Millions of yen)		(Thousands of U.S. dollars)
	2021	2022	2022
Profit for the year	¥18,737	¥27,999	\$228,735
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit plans	(1,231)	121	993
Equity financial assets measured at fair value through other comprehensive income	2,120	1,811	14,796
Total of items	889	1,932	15,790
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	10,178	14,563	118,970
Debt financial assets measured at fair value through other comprehensive income	193	(14)	(119)
Share of other comprehensive income of investments accounted for using equity method	1	14	118
Total of items	10,373	14,563	118,969
Total other comprehensive income	11,262	16,495	134,759
Total comprehensive income for the year	30,000	44,495	363,495
Comprehensive income attributable to:			
Owners of parent	29,546	43,839	358,137
Noncontrolling interests	453	655	5,357
Total comprehensive income for the year	¥30,000	¥44,495	\$363,495

Consolidated Statement of Changes in Equity

AMADA CO., LTD. and Its Consolidated Subsidiaries
Years ended March 31

(Millions of yen)

	Equity attributable to owners of parent											Noncontrolling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity					Total	Total		
					Remeasurements of defined benefit plans	Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Share of other comprehensive income of investments accounted for using equity method					
Balance at April 1, 2020	¥54,768	¥143,884	¥248,515	¥(12,089)	¥ —	¥2,002	¥(5,982)	¥(5)	¥ (3,986)	¥431,091	¥3,457	¥434,549	
Profit for the year	—	—	18,564	—	—	—	—	—	—	18,564	173	18,737	
Other comprehensive income	—	—	—	—	(1,231)	2,314	9,898	1	10,982	10,982	280	11,262	
Total comprehensive income for the year	—	—	18,564	—	(1,231)	2,314	9,898	1	10,982	29,546	453	30,000	
Dividends	—	—	(13,558)	—	—	—	—	—	—	(13,558)	(174)	(13,733)	
Purchase of treasury shares	—	—	—	(3)	—	—	—	—	—	(3)	—	(3)	
Disposal of treasury shares	—	(0)	—	0	—	—	—	—	—	0	—	0	
Transfer from other components of equity to retained earnings	—	—	(1,205)	—	1,231	(25)	—	—	1,206	0	(0)	—	
Total transactions with owners	—	(0)	(14,764)	(3)	1,231	(25)	—	—	1,206	(13,561)	(175)	(13,736)	
Balance at March 31, 2021	¥54,768	¥143,883	¥252,315	¥(12,092)	¥ —	¥4,291	¥ 3,915	¥(4)	¥ 8,202	¥447,077	¥3,735	¥450,813	

(Millions of yen)

	Equity attributable to owners of parent											Noncontrolling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity					Total	Total		
					Remeasurements of defined benefit plans	Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Share of other comprehensive income of investments accounted for using equity method					
Balance at April 1, 2021	¥54,768	¥143,883	¥252,315	¥(12,092)	¥ —	¥4,291	¥ 3,915	¥(4)	¥ 8,202	¥447,077	¥3,735	¥450,813	
Profit for the year	—	—	27,769	—	—	—	—	—	—	27,769	229	27,999	
Other comprehensive income	—	—	—	—	121	1,796	14,137	14	16,069	16,069	426	16,495	
Total comprehensive income for the year	—	—	27,769	—	121	1,796	14,137	14	16,069	43,839	655	44,495	
Dividends	—	—	(11,125)	—	—	—	—	—	—	(11,125)	(145)	(11,270)	
Purchase of treasury shares	—	—	—	(3)	—	—	—	—	—	(3)	—	(3)	
Disposal of treasury shares	—	0	—	0	—	—	—	—	—	0	—	0	
Transfer from other components of equity to retained earnings	—	—	107	—	(121)	13	—	—	(107)	—	—	—	
Total transactions with owners	—	0	(11,017)	(3)	(121)	13	—	—	(107)	(11,128)	(145)	(11,274)	
Balance at March 31, 2022	¥54,768	¥143,883	¥269,067	¥(12,095)	¥ —	¥6,101	¥18,052	¥ 9	¥24,164	¥479,788	¥4,246	¥484,034	

(Thousands of U.S. dollars)

	Equity attributable to owners of parent											Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity					Total	Noncontrolling interests	
					Remeasurements of defined benefit plans	Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Share of other comprehensive income of investments accounted for using equity method	Total			
Balance at April 1, 2021	\$447,416	\$1,175,426	\$2,061,229	\$(98,784)	\$ —	\$35,055	\$ 31,987	\$(37)	\$ 67,005	\$3,652,293	\$30,518	\$3,682,811
Profit for the year	—	—	226,857	—	—	—	—	—	—	226,857	1,877	228,735
Other comprehensive income	—	—	—	—	993	14,677	115,490	118	131,279	131,279	3,480	134,759
Total comprehensive income for the year	—	—	226,857	—	993	14,677	115,490	118	131,279	358,136	5,358	363,495
Dividends	—	—	(90,884)	—	—	—	—	—	—	(90,884)	(1,188)	(92,072)
Purchase of treasury shares	—	—	—	(28)	—	—	—	—	—	(28)	—	(28)
Disposal of treasury shares	—	0	—	0	—	—	—	—	—	0	—	0
Transfer from other components of equity to retained earnings	—	—	879	—	(993)	113	—	—	(879)	—	—	—
Total transactions with owners	—	0	(90,004)	(27)	(993)	113	—	—	(879)	(90,912)	(1,188)	(92,100)
Balance at March 31, 2022	\$447,416	\$1,175,426	\$2,198,081	\$(98,812)	\$ —	\$49,846	\$147,477	\$ 80	\$197,404	\$3,919,517	\$34,688	\$3,954,206

Consolidated Statement of Cash Flows

AMADA CO., LTD. and Its Consolidated Subsidiaries
Years ended March 31

	(Millions of yen)		(Thousands of U.S. dollars)
	2021	2022	2022
Cash flows from operating activities			
Profit before tax	¥ 28,818	¥ 40,496	\$ 330,827
Depreciation and amortization	17,146	17,609	143,854
Finance income and finance costs	(1,704)	559	4,570
Share of profit of investments accounted for using equity method	(35)	(126)	(1,035)
Loss (gain) on sale of fixed assets	(9,892)	1,674	13,681
Decrease (increase) in inventories	22,117	(15,294)	(124,947)
Decrease (increase) in trade and other receivables	14,309	(1,722)	(14,075)
Increase (decrease) in trade and other payables	(9,115)	15,769	128,821
Increase (decrease) in retirement benefit liabilities	(1,667)	(238)	(1,948)
Increase (decrease) in provisions	(40)	224	1,831
Other	2,499	2,120	17,323
Subtotal	62,437	61,070	498,904
Interest received	692	729	5,956
Dividends received	180	160	1,312
Interest paid	(198)	(145)	(1,186)
Income taxes paid	(5,530)	(4,949)	(40,436)
Net cash provided by operating activities	57,579	56,865	464,549
Cash flows from Investments activities			
Net decrease (increase) in time deposits	59	1,838	15,017
Purchase of marketable securities	(14,000)	(23,000)	(187,893)
Proceeds from sale and maturity of marketable securities	6,967	24,600	200,963
Purchase of investment securities	(144)	(0)	0
Proceeds from sale and maturity of investment securities	7,369	4,547	37,151
Purchase of property, plant and equipment	(16,195)	(12,154)	(99,294)
Proceeds from sale of property, plant and equipment	11,080	587	4,798
Purchase of intangible assets	(3,509)	(3,117)	(25,463)
Other	(354)	(1,223)	(9,995)
Net cash used in investing activities	(8,727)	(7,921)	(64,716)
Cash flows from financing activities			
Proceeds from short-term borrowings	616	200	1,637
Repayments of short-term borrowings	(611)	(221)	(1,807)
Net increase (decrease) in short-term borrowings	(5,706)	(9,203)	(75,189)
Proceeds from long-term borrowings	4,242	2,247	18,361
Repayments of long-term borrowings	(4,949)	(1,685)	(13,769)
Repayments of lease obligations	(2,745)	(2,360)	(19,282)
Payments for purchase of treasury shares	(3)	(3)	(28)
Dividends paid	(13,564)	(11,131)	(90,932)
Dividends paid to noncontrolling interests	(174)	(150)	(1,233)
Other	0	0	0
Net cash used in financing activities	(22,896)	(22,308)	(182,244)
Effect of exchange rate changes on cash and cash equivalents	2,744	4,288	35,033
Net increase (decrease) in cash and cash equivalents	28,700	30,923	252,622
Cash and cash equivalents at beginning of year	47,167	75,868	619,787
Cash and cash equivalents at end of year	¥ 75,868	¥ 106,791	\$ 872,410

As of March 31, 2022

Corporate Profile

Company Name	AMADA CO., LTD.	Share Capital	¥54,768 million
Head Office	200, Ishida, Isehara-shi, Kanagawa 259-1196, Japan Phone: +81-463-96-1111 URL: https://www.amada.co.jp/en/	Number of Employees (Consolidated)	8,774
Founded	September 10, 1946		
Established	May 1, 1948		

Investor Information

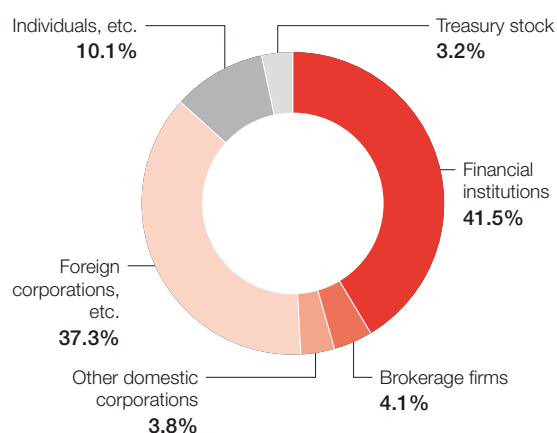
Securities Code	6113	Record Date	Interim dividends: September 30 Year-end dividends: March 31
Fiscal Year-End	March 31	Number of Shares Authorized	550,000,000 shares
Ordinary General Meeting of Shareholders	June	Number of Shares Issued	359,115,217 shares (Including 11,455,307 treasury stock)
Stock Listing	Prime Market of the Tokyo Stock Exchange	Number of Shareholders	43,066
Independent Auditor	Deloitte Touche Tohmatsu LLC		
Shareholder Register Administrator	Mizuho Trust & Banking Co., Ltd. 1-3-3, Marunouchi, Chiyoda-ku, Tokyo 100-8241, Japan		

Major Shareholders

Shareholder	Shares Owned (1,000 shares)	Shareholding ratio* (%)
The Master Trust Bank of Japan, Ltd. (Trust accounts)	69,813	20.08
Custody Bank of Japan, Ltd. (Trust accounts)	32,965	9.48
The AMADA Foundation	9,936	2.86
THE BANK OF NEW YORK MELLON 140044	7,906	2.27
Japan Post Insurance Co., Ltd.	7,389	2.13
BNYM AS AGT / CLTS NON TREATY JASDEC	6,208	1.79
Nippon Life Insurance Company	5,894	1.70
SMBC Nikko Securities Inc.	5,257	1.51
STATE STREET BANK AND TRUST COMPANY 505001	5,157	1.48
Custody Bank of Japan, Ltd. (Securities investment trust accounts)	4,707	1.35

* Ownership percentages have been calculated excluding treasury stock.

Distribution of Shares by Shareholder





AMADA CO., LTD.

200, Ishida, Isehara-shi, Kanagawa
259-1196, Japan