



May 14, 2026

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Notice Concerning Formulation of “Medium-term Business Plan 2030”

AMADA CO., LTD. (the “Company”) hereby announces that it has formulated a new five-year medium-term business plan covering fiscal 2026 through fiscal 2030. The details are described below.

1) Background to the formulation of the “Medium-term Business Plan 2030”

In the previous medium-term business plan (fiscal 2023–fiscal 2025), we utilized the funds allocated for growth investments to successfully complete two large-scale M&A transactions, including the acquisitions of a semiconductor substrate drilling machine manufacturer and a comprehensive press machine manufacturer. As a result, net sales reached 437.3 billion yen, exceeding the target of 400.0 billion yen, while also establishing a solid foundation for entry into growth areas.

However, profitability declined due to the impact of cost increases caused by factors such as delays in the rollout of new products and soaring material and labor costs, and both the operating profit margin and ROE fell short of their targets. In addition, structural issues requiring further transformation became increasingly apparent as well as rising costs caused by delays in the rationalization and the best optimization of sales and production sites.

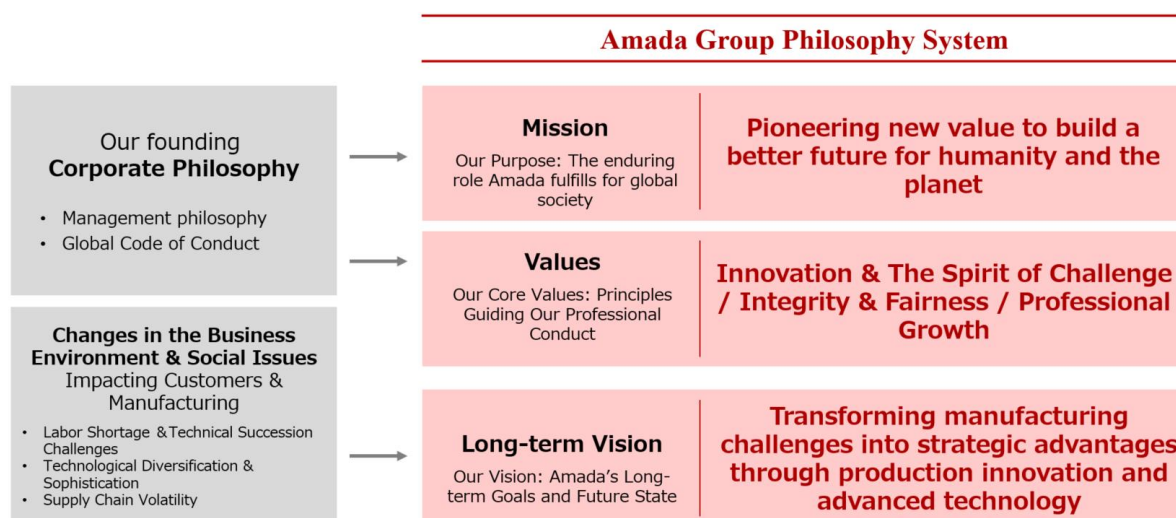
Meanwhile, the social environment surrounding the Company is changing at an unprecedented pace due to a complex combination of factors, including a declining and aging workforce, rapid changes in digital infrastructure driven by AI and other technologies, accelerated investment in GX (Green Transformation) investments, as well as geopolitical risks and supply chain instability. Manufacturing sites operated by our customers are also facing challenges, such as severe human resource shortages, difficulties in passing down technical expertise, and the need to address increasingly advanced and diversified technological requirements in response to green and digital transformation initiatives.

For many years, the Company has continued to support manufacturing in local communities and achieve business growth by maintaining a direct sales and direct service system, which enables close relationships with customers. As uncertainty increases, there is an urgent need for swift transformation in our customers' manufacturing sites, such as the adoption of new materials and processing technologies. We believe that the Company must continue to serve as a manufacturer capable of supporting these transformations by leveraging the strengths we have cultivated over many years. Against this backdrop, achieving sustainable growth will require the Company to fundamentally improve its earnings structure. At the same time, it is essential to accelerate investments in growth areas by utilizing the business foundations acquired through M&A and other initiatives. Based on these considerations, we have formulated a new medium-term business plan aimed at further strengthening Amada's intrinsic earning power and accelerating business growth with a robust and distinctive business portfolio.

2) Formulation of Mission, Values, and Long-term Vision

Since our founding in 1946, the Company has supported manufacturing around the world as a global manufacturer of metalworking machinery. As we approach the milestone of our 80th anniversary, we have revisited our history and redefined our Mission and Values based on our corporate philosophy. This was done to reaffirm what role we should fulfill for society and our customers going forward, as well as the values that each individual at AMADA should cherish. At the same time, we have redefined our Long-term Vision with the aim of clarifying our target profile.

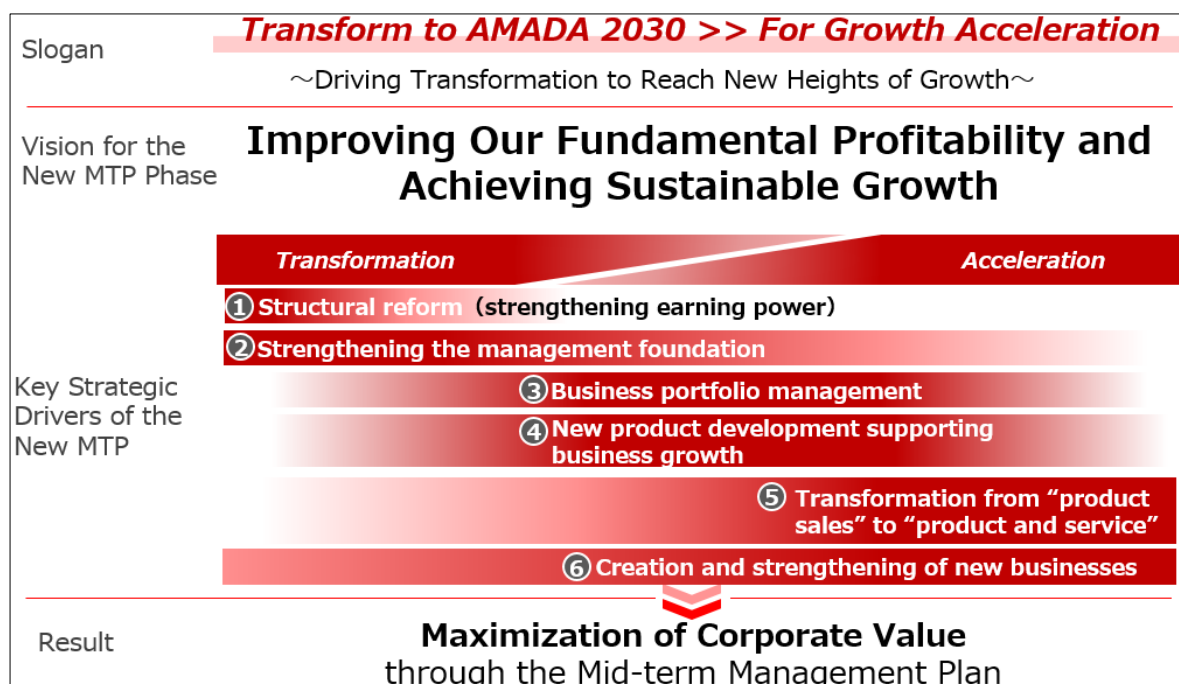
Based on our management philosophy and corporate code of conduct, which are the starting points for overcoming numerous difficulties, we regard the resolution of social issues as the significance of our existence, and will strive to create sustainable corporate value under the following philosophy system.



3) Overview of the “Medium-term Business Plan 2030”

In this Medium-term Business plan, as an execution plan for realizing our Long-term Vision, we have set the slogan “Transform to AMADA 2030 >> For Growth Acceleration - Driving transformation toward a new stage of growth.” The five-year plan period is divided into two phases: the first two years as a “Transformation and Growth Phase (Structural Reform),” and the latter three years as an “Acceleration of Growth Phase.” We will conduct flexible and rigorous progress management in response to changes in the business management, and aim to maximize corporate value by advancing six key strategies as the core pillars toward achieving our targets.

Basic Policies of the Medium-term Business Plan 2030	
1. Slogan	Transform to AMADA 2030 >> For Growth Acceleration Driving transformation toward a new stage of growth
2. Key management indicators	(1) Net sales: 520.0 billion yen (2) Operating profit: 73.0 billion yen (3) ROE: 10% or more
3. Cash allocation	(1) Growth investment: 150.0 billion yen (2) Shareholder returns 250.0 billion yen



(1) Key strategy: Structural reform (strengthening earning power)

We will clarify authority and profit responsibility by introducing a “Business Unit (BU) system” (Note) and a “matrix organization” that combine business, regional, and functional axes. In addition, we will implement global consolidation and optimization of manufacturing, sales, and service bases, and establish standardized company-wide processes. Through these initiatives, we will pursue thorough fixed-cost rationalization and reduction of manufacturing costs.

(2) Key strategy: Strengthening the management foundation

To implement a fundamental reform of our business structure, we will implement a transition to a Company with an Audit & Supervisory Committee. This will enable both “offensive governance” through swift decision-making and “defensive governance” that ensures transparency and fairness in management, thereby supporting the execution of key strategies toward achieving the Medium-term Business Plan targets and strengthening our earning power. In addition, we will promote business process transformation leveraging AI and DX, and build an intelligent management foundation that enables data-driven and swift management decisions.

(3) Key strategy: Business portfolio management

We will clarify the positioning of each BU and classify them into “Foundation Business (Sheet Metal Solutions BU),” focused on stable earnings; “Growth Driver Businesses (Joining Technologies BU, Electronics Process BU),” focused on market growth potential; and “Transformation Businesses (Cutting Fabricators BU, Grinding Technologies BU, Advanced Forming Solutions BU),” aiming to improve profitability and growth potential, and we will execute a disciplined and strategic allocation of resources according to the role of each BU.

(4) Key strategy: New product development supporting business growth

As a comprehensive processing manufacturer, we will continuously launch new products that support business growth into the market. By cross-functionally utilizing the global information and technological assets held by each BU, we will create new demand in existing markets and accelerate expansion into growth areas. Furthermore, by maximizing synergies with companies that have joined the Group, we will promote the development of new markets that were previously unattainable, thereby achieving sustainable growth.

(5) Key strategy: Transformation from “product sales” to “product and service” business model

Leveraging our strength in a “direct sales and direct service system”, we will move beyond product provision to deploy AI proposal tools to solve processing issues, operation assurance through operation

monitoring and predictive maintenance, and smart factory proposals to solve management issues of the entire factory. Through these initiatives, we will transition to a lifecycle business that maximizes customers' factory operating rates and upgrade our earnings structure.

(6) Key strategy: Creation and strengthening of new businesses

Leveraging the laser welding technology and grinding technology that have been repeatedly verified at the "Innovation LABO," we will continuously introduce high value-added new products to the market aimed at growth sectors such as e-Mobility and semiconductors, and seek to cultivate new markets and customer segments. In addition, we will advance the sophistication of large-scale presses and cutting-edge substrate processing solutions through synergies with companies that have joined the Group, while also taking on the challenge of new M&A in growth areas to aim for discontinuous growth. Furthermore, we will strengthen alliances with other companies toward the realization of "autonomous factories" where humans, robots, and AI collaborate, thereby leading next-generation manufacturing.

Note: Transition to a Business Unit (BU) System

Current business name	Vision	BU name
Sheet Metal	From "processes" to "the entire factory": A partner running alongside the evolution of sheet metal processing	Sheet Metal Solutions (SMS)
Micro Welding	A technology manufacturer that meets various "joining" demands and creates new processing	Joining Technologies (JT)
Cutting	Creating value that guides "steel materials" processing to the future and making future manufacturing sustainable	Cutting Fabricator (CF)
Grinding	A creator that realizes new processing needs with accumulated "high-precision" grinding technology	Grinding Technologies (GT)
Press	Expanding the processing range of "presses" and creating solutions to solve issues	Advanced Forming Solutions (AFS)
Via Mechanics	Driving the evolution of "cutting-edge substrates and expanding areas from via processing	Electronics Process (EP)

4) Basic Financial Strategy Policies

Aiming for sustainable profit growth and maximization of corporate value, we will execute a financial strategy that strongly promotes and links the three axes of "improvement of profitability," "upgrading of balance sheet management," and "strategic capital allocation." As a basic policy, we will focus on strengthening earning power and optimizing capital and assets, and by turning the two wheels of "offensive growth investments" and "thorough improvement of capital efficiency," we will continuously generate returns that exceed the cost of capital and transition to an optimal capital structure. In doing so, we will fundamentally improve asset efficiency, and achieve and stably secure an ROE of 10% or more.

(1) Cash allocation policy and medium-term investment plan

In addition to generating operating cash flow totaling approximately 350.0 billion yen over the five years, by utilizing cash and promoting balance sheet reform, we will appropriately allocate the financial resources (approximately 50.0 billion yen + extra), to the further growth of the business and the improvement of capital efficiency. For the investment plan toward growth, we have set a cumulative framework of approximately 150.0 billion yen over five years. Specifically, we will focus our allocation on strengthening research and development to improve the competitiveness of existing businesses, upgrading through the implementation of physical AI, etc., constructing new processing technologies, development of environmentally friendly product, executing M&A in growth sectors, and reinforcing the management foundation such as AI and DX investments for productivity improvement and human resources investments.

(2) Shareholder returns

We will build a progressive and stable return structure accompanied by sustainable profit growth. For dividends, we will target a consolidated dividend payout ratio of 50%, while introducing a dividend on

equity (DOE) range of 3% to 5%, with an emphasis on achieving an ROE of 10%, in order to maintain stable dividend payments. In addition, to promptly optimize the level of equity capital that has accumulated excessively through past business activities, we will execute aggressive share buyback of 150.0 billion yen in 5 year, ensuring our equity capital remains within the target level (below 500.0 billion yen). The total return amount, combining dividends and the share buyback, is scheduled to be approximately 250.0 billion yen or more (Total Payout Ratio approx.120%: 5 year cumulative). Through these measures, we will maximize earnings per share (EPS) and strongly promote the improvement of total shareholder return (TSR) and the achievement of an ROE of 10% or more.

5) Sustainability Strategy

Toward the realization of the Long-term Vision, we have identified materiality, which are important issues that Amada should prioritize. We quantitatively evaluate the impact the Company has on the environment and society, as well as the financial risks and opportunities for the Company, and have defined 11 materialities in 5 areas. We will tackle issues that support the strategies of the Medium-term Business Plan



(1) Indicators and targets

We have set the following indicators that contribute to the contribution value toward the realization of the Long-term Vision.

Area	Initiative policy	Indicator	FY2025 results	FY2030 targets
Reducing Environmental Footprint	Providing environmentally friendly products and services	GHG emissions (Scope 3)	72.5% reduction	75% reduction
Advancing Human Capital Management	Enhancing labor productivity and employee engagement	Engagement score (eNPS*)	—	Positive response rate improvement of 20% or more
Enhancing Total Quality	Pursuing trusted quality and robust business continuity	Security maturity compliant with NIST CSF (*)	All-industry average	Improvement of 15% or more
Accelerating Technological Innovation	Delivering products and services that contribute to sustainable manufacturing	Sales growth rate in new areas (*)	—	60% or more

Scope: GHG emissions, security maturity, sales growth rate in new areas: Consolidated / Engagement score: Domestic

Base year: GHG emissions: Fiscal 2013 / Engagement score, security maturity, sales growth rate in new areas: Fiscal 2025

Note: This document has been translated from the Japanese original for reference purpose only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

*eNPS: Employee Net Promoter Score

*NIST CSF: Cybersecurity framework by the National Institute of Standards and Technology (USA)

*Sales in new areas: Sales in new areas (new markets, growth markets)

For more details on the “Medium-term Business Plan 2030,” please refer to the “FY2025 4th Quarter Financial Results Announcement” on our web site.