



November 11th 2021

Amada Co., Ltd.

**FY2021 2nd Quarter (First Half) Financial Results Announcement
Analyst and Investor Briefing Q&A (Summary)**

【Speakers】

Isobe Tsutomu (Representative Director, President, Corporate Officer)

Miwa Kazuhiko (Executive Officer, Executive General Manager of Financial Div.)

【Summary】

Q What is the reason why the annualized BEP (break-even point) for first half results was below JPY200 billion?

A The weakening of the yen is one factor, but the main reason is that we have been able to continue our cost-control measures that we have been carrying out since last fiscal year, in addition to the improvement in factory utilization. However, taking into account the fact that we are in an expansion phase with record high orders, and therefore expenses will also increase, we are assuming that BEP will slightly exceed JPY200 billion in our full-year forecast.

Q What about the impact of soaring prices of parts and raw materials?

A The impact of the sharp rise in prices of parts and raw materials was minimal as of the first half and we have been able to absorb it through streamlining our manufacturing process but we expect the impact of the cost increase to be about JPY1.6 billion for the full year. However, we expect to be able to absorb about half of the impact of the cost increase by streamlining our manufacturing process, including the use of alternative products and design changes.

Q What are the factors behind the strong orders?

A In addition to the return of demand due to the economic recovery in various countries, we also forecast that there were some transitory factors such as pent-up demand due to the decline in the previous fiscal year, rush demands due to subsidies and other factors. I believe that these factors were behind the strong orders we had.

On the other hand, we believe that these demands are supported by structural demands such as automation and labor-saving needs in response to the labor shortage and environment-friendly investments for decarbonization, such as the renewal of machines to AMADA Eco-Products such as fiber lasers machines.



Q What are some of the parts that you are seeing shortages or concerns about?

A Although there are no problems in the procurement of oscillators, which are the engine of fiber lasers, there are shortages and concerns about the future procurement of resin parts and parts in which semiconductors are embedded.

Q What are your thoughts on Balance Sheet reform?

A We are aware that installment receivables included in trade receivables are an issue from the standpoint of efficiency, and we are considering liquidating them. In addition, we will consider selling non-core assets such as leased assets and policy-holding stocks. Reducing inventories, which are our core assets, is also an issue to be considered, and we plan to continue working toward our goal of improving efficiency.

Q What is the appeal of your new fiber laser machine BREVIS?

A Fiber laser machines are large machines and require a large space, but this new product is characterized by its compactness and is an entry-level model that can be installed in a space as large as 4.5 tatami mats (8.2 m²). Therefore, there are many inquiries from customers who use it as a sub-machine or in urban areas in Japan where the factory is too small to install a fiber laser. As for familiar example, demand has been seen in industrial high schools and university laboratories.