


## Major climate change-related risks and opportunities

| Risks/Opportunities |                       |   | Business Impact      |  | Magnitude of future risk <sup>*1</sup>  |   | Response to Risks/Opportunities  |
|---------------------|-----------------------|---|----------------------|--|---|---|--|
| Major category      | Sub-major category    | Minor category  | Period <sup>*2</sup> | Observations   | 2°C Scenario  | 4°C Scenario  |  |
| Transition risks    | Policies/regulations  | Carbon pricing/emissions trading                            | Long-term            | <ul style="list-style-type: none"> <li>Increasing production costs due to implementation of carbon pricing and emissions trading</li> </ul>  |    |    | Working to reduce the cost of carbon pricing as a percentage of production by reducing CO <sub>2</sub> emissions in accordance with the Medium-term Environmental Plan |
|                     | Market                | Rising energy/raw materials costs                           | Medium/long-term     | <ul style="list-style-type: none"> <li>Rising crude steel prices in response to decarbonization technologies</li> <li>Rising electricity prices due to higher renewable energy levies</li> </ul>   |    |    | 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"> <li>If measures against climate change are insufficient, it may cause reputational damage among investors, increase the cost of meeting disclosure reporting obligations in some countries, and impact funding and recruitment</li> <li>Increasing compliance costs due to stricter ESG disclosure standards</li> </ul> |   |   | 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"> <li>Creation of AMADA Eco-Products (highly efficient, energy-saving products)</li> </ul> <p>Increased revenue in the laser business by offering customers monozukuri (manufacturing) solutions for labor saving and stable operation through fiber optic control technology, automation, and IoT.</p>                   |  |  | 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"> <li>Incidence of droughts, resulting in increasing production costs due to water restrictions and additional investment to improve systems</li> </ul>   |  |  | Promoting reduction of water consumption in production   |
|                     | Acute                 | Intensification of abnormal weather                         | Long-term            | <ul style="list-style-type: none"> <li>Damage to in-house plants caused by typhoons and other factors, resulting in suspended operations, reduced production, and additional investments to restore facilities</li> <li>Production stoppages/decreases due to supply chain disruptions caused by flooding, etc.</li> </ul>                                 |  |  | Taking BCP measures such as installation of in-house power generation equipment and storage batteries  |