

# **Supplementary Presentation Material of FY2021 Third Quarter Financial Results ANEST IWATA Corporation**

**February 10, 2022**

**First Section of the Tokyo Stock  
Exchange - Machinery**

**Securities Code 6381**

Overseas markets contributed to increases in the sales of both general-purpose and customized products. Coupled with the cost control through the work reform accelerated by the COVID-19 pandemic, these markets helped us achieve continuous increases in sales and income. The profit ratio also improved.

**Sales: 30,229 million yen (up 4,717 million yen, or 18.5%, from last year)**

**Operating income: 3,527 million yen (up 1,056 million yen, or 42.7%, from last year)**

## Air energy business

- Sales of general-purpose air compressors grew mainly in China, as in the 2nd quarter.

- Sales of vacuum pumps also continued to grow mainly in Japan and East Asia.

Sales: 18,326 million yen (up 3,344 million yen, or 22.3 %, from last year)

(Reference)

Operating income: 2,028 million yen (up 704 million yen, or 53.2%, from last year)

Operating income ratio: 11.1 % (up 2.3 points from last year)

## Coating business

- Sales of products, mainly spray guns, grew in the U.S., Europe, and China.
- Demand for airbrushes also continued.

Sales: 11,903 million yen (up 1,372 million yen, or 13.0 %, from last year)

(Reference)

Operating income: 1,499 million yen (up 352 million yen, or 30.7 %, from last year)

Operating income ratio: 12.6 % (up 1.7 points from last year)

(Notes) 1. The operating income by business was calculated using our unique standards.

2. In Japan and India, the year ends in March while in other areas, it ends in December, so that the period of the consolidated financial settlement in other areas differs by three months.

## As in the 2nd quarter, income exceeded the pre-COVID levels.\*1

The U.S., European, Chinese, and Indian markets led increases in sales. The impact of fluctuations in foreign exchange rates was 1.1 billion yen.

The increase in the operating income ratio was due to the improved product mix and continued control of selling, general & administrative expenses.

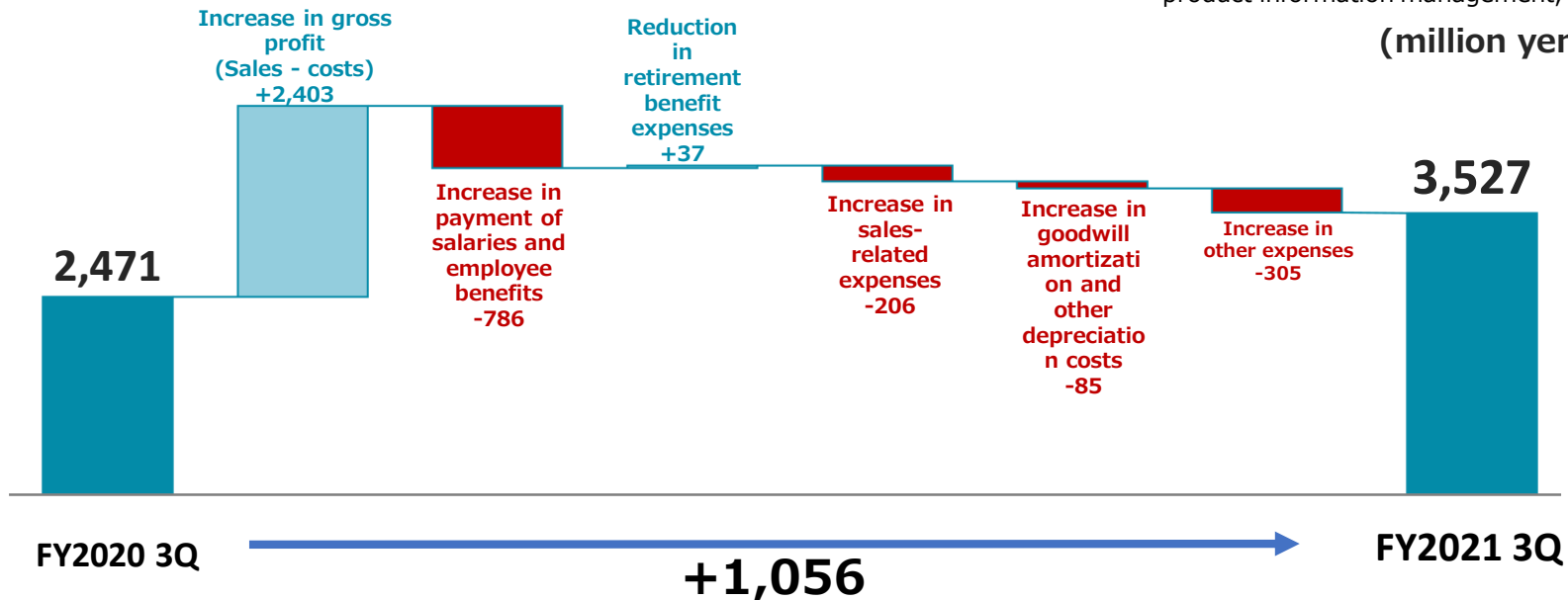
\*1 Comparison with FY2019 3Q: Sales 28,201 million yen, up 7.2 %, operating income 2,845 million yen, up 24.0%

	FY2020 3Q		FY2021 3Q		Year-on-year			FY2021 result forecasts	
	Actual million yen	Profit ratio %	Actual million yen	Profit ratio %	Increase/ decrease amount million yen	Increase/ decrease rate %	Profit ratio change Point	Revised forecast (Announced on Nov. 5, 2021)	
								Forecast million yen	Progress rate %
Sales	<b>25,512</b>	—	<b>30,229</b>	—	<b>4,717</b>	<b>18.5</b>	—	<b>40,500</b>	<b>74.6</b>
Operating income	<b>2,471</b>	<b>9.7</b>	<b>3,527</b>	<b>11.7</b>	<b>1,056</b>	<b>42.7</b>	<b>2.0</b>	<b>4,250</b>	<b>83.0</b>
Ordinary income	<b>3,010</b>	<b>11.8</b>	<b>4,015</b>	<b>13.3</b>	<b>1,004</b>	<b>33.4</b>	<b>1.5</b>	<b>4,770</b>	<b>84.2</b>
Net income attributable to parent company shareholders	<b>1,941</b>	<b>7.6</b>	<b>2,533</b>	<b>8.4</b>	<b>592</b>	<b>30.5</b>	<b>0.8</b>	<b>2,960</b>	<b>85.6</b>
Average exchange rate of yen to the US dollar	107.59 yen		<b>108.50 yen</b>		<b>Depreciated by 0.91 yen</b>			<b>109.00 yen</b>	
Average exchange rate of yen to the euro	120.90 yen		<b>129.83 yen</b>		<b>Depreciated by 8.93 yen</b>			<b>130.00 yen</b>	
Average exchange rate of yen to RMB	15.37 yen		<b>16.78 yen</b>		<b>Depreciated by 1.41 yen</b>			<b>16.80 yen</b>	

The growth in sales compensated for the cost increase resulting from increased activities, contributing to the rise in income.

- [+] **Increase in sales:** 30,229 million yen (up 4,717 million yen from last year)
- [+] **Improvement in cost-to-sales ratio:** 56.6% (down 1.4 points from last year)
  - Changes in the product mix (up for coating equipment and down for coating systems), increase in income of the U.S. subsidiary that acquired a business, etc.
- [+] **Improvement in selling, general & administrative expenses ratio:** 31.7% (down 0.6 points from last year)
  - Continued cost control through the use of the Web and optimization of face-to-face sales activities, etc.
- [-] **Increase in goodwill amortization:** 189 million yen (up 36 million yen from last year)
  - Acquisition of a business (sale of coating equipment) in the U.S., etc.
- [-] **Increase in commission fees included in other expenses** (up 224 million yen from last year)
  - The commission fees\*<sup>1</sup> related to IT investments are approx. 94 million yen.

\*1 Related to the order-receiving system including product information management, etc.



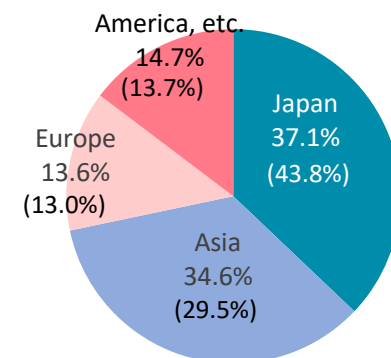
## Sales of general-purpose products grew as the economy recovered in Asia and other areas, excluding the ASEAN region.

- Japan: While the delayed supply of compressor motors impacted us in October, our business slowly recovered after that, except for coating systems. As for coating systems, the backlog of unfulfilled orders for next year and beyond is increasing.
- Europe: The promotion for the car repair market continued, and the sales of coating equipment, mainly spray guns, grew. Sales of air compressors for cow milking increased as we marketed those products in the EU region. Sales of vacuum pumps recovered as well.
- Asia: Sales of air compressors in China as well as their export by SCR\*<sup>1</sup> remained brisk. Sales of vacuum pumps in East Asia and sales of coating equipment and systems in China drove the entire Asian market.
- North America, etc.: Sales of air compressors for the medical market in the U.S. and Brazil remained strong. Sales of coating equipment in the U.S. also continued to grow as a result of the partial acquisition of business in the car repair market.

\*1 SCR: Shanghai Screw Compressor Co., Ltd.

(million yen)	FY2020 3Q	FY2021 3Q	Increase/ decrease amount	Increase/ decrease rate (%)	Air energy business		Coating business	
					Air compressor	Vacuum equipment	Coating equipment	Coating system
Japan	11,183	<b>11,220</b>	+37	+0.3	○	◎	◎	×
Europe	3,311	<b>4,104</b>	+793	+24.0	○	◎	◎	-
Asia	7,519	<b>10,470</b>	+2,950	+39.2	◎	◎	◎	◎
North America, etc.	3,497	<b>4,433</b>	+936	+26.8	◎	◎	◎	×
Total	25,512	<b>30,229</b>	+4,717	+18.5	◎	◎	◎	×

■ Composition ratio  
FY2021 3Q  
(FY2020 3Q)



Note) Converted to actual sales in each individual area

◎ ≥ 10%, 3% ≤ ○ < 10%, 0% < △ < 3%,  
0% > ▼ > -3%, -3% ≥ ● > -10%, × ≤ -10%

The prospects for the full year and dividend forecasts remain unchanged.

Amount: million yen		FY2020 (Actual)	
		Actual	Composition ratio %
Sales		35,588	100.0
Air energy	Air compressor	19,304	54.2
	Vacuum equipment	1,561	4.4
	Subtotal	20,866	58.6
Coating	Coating equipment	11,483	32.3
	Coating system	3,239	9.1
	Subtotal	14,722	41.4
Operating income		3,444	9.7
Air energy		1,821	—
Coating		1,623	—
Ordinary income		4,253	12.0
Net income attributable to parent company shareholders		2,623	7.4
Average exchange rate of yen to U.S. dollar		106.82	Actual
Average exchange rate of yen to euro		121.81	
Average exchange rate of yen to RMB		15.48	
Dividend (interim + year-end = annual)		12 yen + 12 yen = 24 yen	

FY2021 (Prospect)				
Beginning-of-term forecast (announced on May 10)	Revised forecast (announced on Nov. 5)	Composition ratio %	As compared with the initial plan (%)	Year-on-year %
38,500	<b>40,500</b>	<b>100.0</b>	<b>5.2</b>	<b>13.8</b>
—	—	—	—	—
—	—	—	—	—
22,400	<b>24,000</b>	<b>59.3</b>	<b>7.1</b>	<b>15.0</b>
—	—	—	—	—
—	—	—	—	—
16,100	<b>16,500</b>	<b>40.7</b>	<b>2.5</b>	<b>12.1</b>
3,600	<b>4,250</b>	<b>10.5</b>	<b>18.1</b>	<b>23.4</b>
1,868	<b>2,210</b>	—	<b>18.3</b>	<b>21.4</b>
1,732	<b>2,040</b>	—	<b>17.8</b>	<b>25.7</b>
4,100	<b>4,770</b>	<b>11.8</b>	<b>16.3</b>	<b>12.2</b>
2,515	<b>2,960</b>	<b>7.3</b>	<b>17.7</b>	<b>12.8</b>
103.00	<b>109.00</b>		<b>+6.00</b>	<b>+2.18</b>
118.00	<b>130.00</b>		<b>+12.00</b>	<b>+8.19</b>
15.00	<b>16.80</b>		<b>+1.80</b>	<b>+1.32</b>
<b>13 yen + 13 yen = 26 yen</b>				

<The projected amount of capital investment was revised.>

**(Actual) 3Q: Amount of capital investment 44.1%, R&D cost 68.2%**

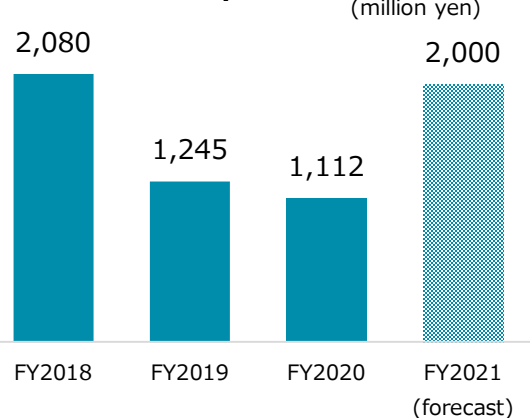
IT-related investments: The annual investment amount, such as the construction of work reform-related systems, improving networks, etc. , is expected to slightly exceed the planned annual amount of 700 million yen.

Other investments: With factory capital investment, we will consider increasing production from the initial plan, and slide to the next fiscal year. The annual plan of 1,800 million yen for this term has been reduced to 1,300 million yen. The same applies to depreciation.

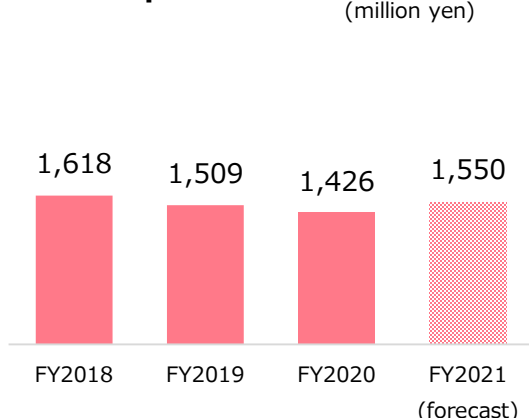
(million yen)	FY2021 3Q actual			
	Amount of capital investment	Depreciation cost	R&D cost*	Sales
Actual (Progress rate)	<b>882 (44.1%)</b>	<b>1,097 (70.8%)</b>	<b>784 (68.2%)</b>	<b>30,229</b>
Plan	2500→ <b>2,000</b>	1,600→ <b>1,550</b>	1,150	—
Contents	<ul style="list-style-type: none"> <li>• Machine tools (creation of new ones and upgrading of existing one)</li> <li>• Upgrading and enhancement of production lines</li> <li>• Establishment of communication infrastructure</li> <li>• IT-related investments</li> </ul>			

(Note) R&D cost: Total of general administrative expenses and manufacturing costs related to research and development

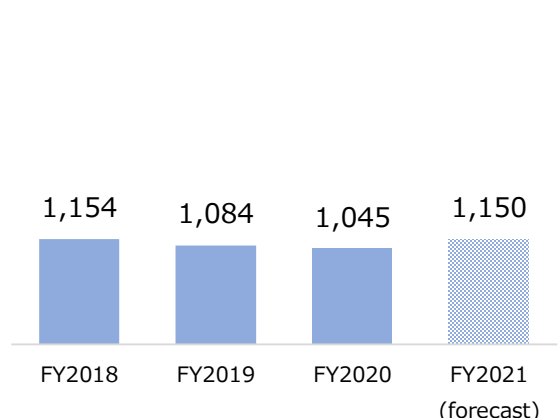
**Amount of capital investment**  
(million yen)



**Depreciation cost**  
(million yen)



**R&D cost** (million yen)



A substantial increase in sales brought the cost-to-sales ratio down. The work reform kept costs under control, leading to a drop in the selling, general & administrative expenses ratio. The operating income ratio rose by 2 points.

	FY2020 3Q		FY2021 3Q		Year-on-year		
	Actual million yen	Composition ratio %	Actual million yen	Composition ratio %	Increase/decrease amount million yen	Increase/decrease rate %	Composition ratio change Point
<b>Sales</b>	<b>25,512</b>	—	<b>30,229</b>	—	<b>4,717</b>	<b>18.5</b>	—
Cost of sales	14,807	58.0	17,121	56.6	2,313	15.6	-1.4
<b>Gross profit</b>	<b>10,704</b>	42.0	<b>13,107</b>	43.4	<b>2,403</b>	<b>22.5</b>	<b>1.4</b>
Selling, general & administrative expenses	8,232	32.3	9,579	31.7	1,346	16.4	-0.6
<b>Operating income</b>	<b>2,471</b>	<b>9.7</b>	<b>3,527</b>	<b>11.7</b>	<b>1,056</b>	<b>42.7</b>	<b>2.0</b>
Non-operating income	664	2.6	557	1.8	-107	-16.1	-0.8
Non-operating expenses	125	0.5	70	0.2	-55	-43.8	-0.3
<b>Ordinary income</b>	<b>3,010</b>	<b>11.8</b>	<b>4,015</b>	<b>13.3</b>	<b>1,004</b>	<b>33.4</b>	<b>1.5</b>
Extraordinary income	81	0.3	15	0.1	-66	-81.3	-0.3
Extraordinary losses	102	0.4	5	0.0	-96	-94.3	-0.4
<b>Net income before income taxes</b>	<b>2,989</b>	<b>11.7</b>	<b>4,024</b>	<b>13.3</b>	<b>1,034</b>	<b>34.6</b>	<b>1.6</b>
Income taxes	767	3.0	993	3.3	225	29.4	0.3
Net income attributable to non-controlling shareholders	281	1.1	497	1.6	215	76.8	0.5
<b>Net income attributable to parent company shareholders</b>	<b>1,941</b>	<b>7.6</b>	<b>2,533</b>	<b>8.4</b>	<b>592</b>	<b>30.5</b>	<b>0.8</b>



[Total]

Amount: million yen		FY2021		
		1Q	2Q	3Q
<b>Sales</b>		<b>9,100</b>	<b>20,360</b>	<b>30,229</b>
Year-on-year		31.6%	23.2%	18.5%
Air energy	<b>Air compressor</b>	<b>5,061</b>	<b>11,199</b>	<b>16,889</b>
	Year-on-year	34.2%	26.4%	21.3%
	<b>Vacuum equipment</b>	<b>411</b>	<b>914</b>	<b>1,437</b>
	Year-on-year	52.0%	36.5%	36.1%
	<b>Sales</b>	<b>5,473</b>	<b>12,114</b>	<b>18,326</b>
	Year-on-year	35.4%	27.1%	22.3%
Coating	<b>Coating equipment</b>	<b>3,311</b>	<b>7,156</b>	<b>10,446</b>
	Year-on-year	22.3%	38.1%	28.9%
	<b>Coating system</b>	<b>316</b>	<b>1,089</b>	<b>1,456</b>
	Year-on-year	92.3%	-40.1%	-40.0%
	<b>Sales</b>	<b>3,627</b>	<b>8,246</b>	<b>11,903</b>
	Year-on-year	26.3%	17.7%	13.0%
<b>Operating income</b>		<b>893</b>	<b>2,378</b>	<b>3,527</b>
Year-on-year		117.8%	66.3%	42.7%
Air energy	<b>Operating income</b>	<b>447</b>	<b>1,250</b>	<b>2,028</b>
	Year-on-year	123.6%	55.8%	53.2%
Coating	<b>Operating income</b>	<b>446</b>	<b>1,128</b>	<b>1,499</b>
	Year-on-year	112.2%	79.7%	30.7%

[Quarterly]

Amount: million yen		FY2021		
		1Q	2Q	3Q
<b>Sales</b>		<b>9,100</b>	<b>11,259</b>	<b>9,869</b>
Year-on-year		31.6%	17.1%	9.9%
Air energy	<b>Air compressor</b>	<b>5,061</b>	<b>6,138</b>	<b>5,689</b>
	Year-on-year	34.2%	20.7%	12.3%
	<b>Vacuum equipment</b>	<b>411</b>	<b>502</b>	<b>522</b>
	Year-on-year	52.0%	25.9%	35.4%
	<b>Sales</b>	<b>5,473</b>	<b>6,640</b>	<b>6,212</b>
	Year-on-year	35.4%	21.1%	13.9%
Coating	<b>Coating equipment</b>	<b>3,311</b>	<b>3,845</b>	<b>3,290</b>
	Year-on-year	22.3%	55.3%	12.7%
	<b>Coating system</b>	<b>316</b>	<b>772</b>	<b>366</b>
	Year-on-year	92.3%	-53.3%	-39.5%
	<b>Sales</b>	<b>3,627</b>	<b>4,618</b>	<b>3,657</b>
	Year-on-year	26.3%	11.8%	3.7%
<b>Operating income</b>		<b>893</b>	<b>1,485</b>	<b>1,149</b>
Year-on-year		117.8%	45.6%	10.4%
Air energy	<b>Operating income</b>	<b>447</b>	<b>803</b>	<b>777</b>
	Year-on-year	123.6%	33.4%	49.1%
Coating	<b>Operating income</b>	<b>446</b>	<b>681</b>	<b>371</b>
	Year-on-year	112.2%	63.3%	-28.5%

We started by manufacturing coating spray guns and air compressors for inspecting those guns.

**Founded in 1926**

(Former company name: Iwata Seisakusho)

Product differentiation concept

- Environment-friendly
- Ability to present proposals for coating surface creation

- Oil-free
- Energy-saving

Diversification of products  
Development of new applications

Started manufacturing of spray guns using an American-made spray gun as a model

**Spray gun**

**Coating hand gun**

Atomize paint with compressed air

**Compressor**

**Air compressor**

Started manufacturing of air compressors for spray gun inspection



Coating robot



Airbrush



Oil-free scroll vacuum pump



Oil-free scroll air compressor

**Coating business**

**Coating equipment:**  
Equipment units such as spray guns and paint supply pumps

**Coating system:**  
Systems combining coating equipment with ventilators, driers, and coating robots

**Air energy business**

**Air compressor:**  
Air compressors, N2 gas generators, and auxiliary equipment such as tanks

**Vacuum equipment:**  
Vacuum pumps and auxiliary equipment such as valves

## Notes on the descriptions about future prospects and other matters

The future prospects for our company mentioned in this document are based on the currently available information.

Please be advised that there are various external factors that can impact our business performance, such as the global economy, exchange rate fluctuations, the industry's market conditions, and capital investment trends, and that the actual performance may differ from what is stated herein.

This document is intended to provide investors with relevant information and not meant to invite or recommend anyone to buy or sell shares in our company or any other securities.

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