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To whom it may concern:

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## Notice of the New Mid-term Business Plan

We have formulated a new mid-term business plan that starts in the fiscal year ending March 2023 (from FY2022 through FY2024).

### 1. Review

In the final year (FY2021) of the previous mid-term business plan, when we marked the 96th anniversary of the company's foundation, our sales and operating income reached record highs.

Under the previous mid-term business plan that started in fiscal year 2019, we drove forward business activities on a group-wide basis to become a true world-class company and a true development-oriented company, heading toward the 100th anniversary of the establishment of the company. During this period, the worldwide recession caused by the spreading COVID-19 infection forced us to change the target values for the final year of the plan. On the other hand, we saw this unprecedented crisis as an opportunity and accelerated work reforms including changes in the sales style.

As a result, in the final year (FY2021) of the plan, we posted 42.33 billion yen in sales compared to the revised sales target of 35.8 billion yen (the initial sales target was 47 billion yen). The operating income ratio and ROE were 11.3% (4.78 billion yen) and 10.4%, respectively, compared to the target of 10% or more. While we could not meet the initial sales target, we reached record highs in sales, operating income, and other profit indicators.

Under the new mid-term business plan, which starts in fiscal year 2022, we are going to achieve a return to a true development-oriented company and even greater growth, seeing overseas markets as a source of growth, as we approach the 100th anniversary.

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### 2. About the new mid-term business plan

#### ① Numerical goals

New mid-term business plan logo

Key goal indicators (KGI) for fiscal year 2024

1. Consolidated sales: 50 billion yen or more
2. Consolidated operating income: 5.5 billion yen or more
3. ROE: 10% or more

(These goals assume organic growth in principle. A breakdown is provided below for reference purposes.)



(a) Air energy business

1. Consolidated sales: 29.5 billion yen or more      2. Consolidated operating income: 2.9 billion yen or more

(b) Coating business

1. Consolidated sales: 20.5 billion yen or more      2. Consolidated operating income: 2.6 billion yen or more

② What we aim to do

- Work together on a group-wide basis (ONE ANEST IWATA) to take our GLOBAL ONE vision even further and exceed the profit goals
- Attain the NUMBER ONE share by providing unique (ONLY ONE) products in each individual market
- See overseas markets as a source of growth and keep providing high-performance, high-quality products that impress all customers as a true development-oriented company

③ Concept

We are a manufacturer, and it is our mission to create products and technologies that help solve social issues in target markets and provide those products and technologies widely in society. Pursuing such social value and seizing new business opportunities leads to our growth.

④ Business environment and target markets

What characterizes us:

We contribute to society through manufacturing across the world, using our core technologies of compressing gas and atomizing liquid. We need to promote environmental measures for decarbonization and deploy energy-saving production equipment and facilities on a global basis.

(a) In air energy business, we deal with gases, mainly air (air compressors and vacuum pump equipment).

- The main products are environment-friendly oil-free air compressors and energy-saving products.  
Oil-free air compressors account for about 60% of the consolidated sales (FY2021).
- Japan: Our share of the small-size air compressor market is estimated to be the second largest.
- We estimate that our share of the global market (about 1,400 billion yen in size) is a little over 1%. Since the overseas competitive situation is different from that in Japan, price competition has only a limited effect. Therefore, we see overseas markets as a source of growth.
- We intend to penetrate further into the general-purpose product market with the middle- and large-size air compressors that we have acquired through M&A, as well as into specific markets with small-size oil-free air compressors.
- We seek to partner with more equipment vendors through oil-free scroll-type vacuum pumps specifically designed for the American, Chinese, and Japanese markets.

(b) In coating business, we deal with liquid, mainly paint (coating equipment and

systems).

- We provide spray guns ideal for environment-friendly paint and water-based paint that came to the European and American markets first.
- Japan: We have the largest share of the hand spray gun market (75% or more).
- We have a production system to produce and supply high-quality spray guns in large quantities.
- We intend to mainly focus on the high-end segment of the global market (estimated to be about 130 billion yen in size) while providing mid-price range products to emerging economies.
- We have technologies and know-how to provide cutting-edge coating films and put systems into operation remotely.
- We develop environment-friendly coating systems with zero organic solvent emissions.

### 3. Enhancement of sustainability management

① We are a manufacturer, and the driving force behind the record profits in fiscal year 2021 is our commitment to ESG. The core idea of 500&Beyond is to continue and strengthen that commitment. With Vision 2030 in place, which is aimed to add color to the world and bring about an enriched society with fluid and air technologies, we consider materiality and set sustainable goals.

#### ② Investment and development of human resources

• The current mid-term business plan focuses on investment in human resources. Total labor cost management increases each employee's ability to make profits and improves labor productivity.

• We evolve the work style reform and continue health management to enhance our corporate value.

#### ③ We develop products and contribute to society from the perspective of SDGs.

### 4. Individual business strategies

#### ① Air energy business

(a) Main products: Small- and mid-size oil-free air compressors

(b) Target markets: Emerging general-purpose product markets/specific markets for healthcare, research and development, food and beverage production, vehicle-mounted devices, etc.

#### ② Coating business

(a) Main products: Atomizers (spray guns)

(b) Target markets: Advance coating markets (mid-price range to high-price range/highly automated markets (where the latest film technology is required))

### 5. Business strategy

① Capture the No. 1 share (NUMBER ONE) of each market by creating unique (ONLY ONE) products tailored to the needs of each region around the world

② Maximize synergies between subsidiaries

③ Expand the service business in Japan and change the business model

④ Develop new businesses

## 6. Other measures

- ① Continue the performance-based stock compensation plan to achieve goals
- ② Increase shareholder returns
  - Agile stock buy-backs of about 1.5 billion yen
  - Profit growth-based continued stable dividend with a payout ratio as high as 35%

## Information

About the company name and its philosophy

"**ANEST**" in ANEST IWATA combines the two qualities that our corporate philosophy stands for.

- ① **ANEST**: Earnest and honest

The corporate motto "Makoto no Kokoro" means being trustworthy and sincere.

- ② **ANEST**: Active with **Newest Technology**

A development-oriented company that is consistently vibrant and equipped with innovative technologies

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