

FY2022 First Quarter Consolidated Financial Results [Japan GAAP] (April 1, 2022 through June 30, 2022)

August 9, 2022

Company Name	: ANEST IWATA Corporation
Stock Exchanges on Which the Shares Are Listed	: Tokyo Stock Exchange in Japan
Code Number	: 6381
URL	: https://www.anestiwata-corp.com/
Representative	: Shinichi Fukase, President, Representative Director Chief Executive Officer
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Scheduled Filing Date of Quarterly Securities Report	: August 10, 2022
Scheduled Payment Date of Cash Dividends	: -
Supplemental Materials Prepared for Quarterly Financial Results	: Yes
Holding of Quarterly Financial Results Meeting	: None

(Amounts are rounded to the nearest million yen)

1. Consolidated Results for FY2022 1st Quarter (April 1, 2022 through June 30, 2022)

(1) Consolidated Financial Results (% figures represent year-on-year increase or decrease)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Parent Company Shareholders	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
FY2022 1st Quarter	9,999	9.9	820	(8.1)	1,291	15.9	808	15.5
FY2021 1st Quarter	9,100	31.6	893	117.8	1,114	98.5	700	61.0

(Note) Comprehensive Income: FY2022 1st Quarter 2,149 million yen (up 24.0%), FY2021 1st Quarter 1,733 million yen (—%)

	Net Income per Share - Basic	Net Income per Share - Diluted
	Yen	Yen
FY2022 1st Quarter	19.96	—
FY2021 1st Quarter	17.05	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Million Yen	Million Yen	%
As of June 30, 2022	56,456	41,223	64.6
As of March 31, 2022	55,818	40,210	63.8

(Reference) Equity Capital: As of June 30, 2022 36,447 million yen, As of March 31, 2022 35,623 million yen

2. Cash Dividends

	Annual Cash Dividends per Share				
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2021	—	13.00	—	17.00	30.00
FY2022	—				
FY2022 (forecast)		15.00	—	16.00	31.00

(Note) Revisions to the forecast of cash dividends since latest announcement: None

3. Forecast of Consolidated Results for FY2022 (April 1, 2022 through March 31, 2023)

(% figures represent year-on-year increase or decrease)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Parent Company Shareholders		Net Income per Share - Basic
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
FY2022 Half Year (total)	21,500	5.6	2,430	2.1	2,750	3.0	1,700	0.7	41.63
FY2022	44,000	3.9	4,900	2.5	5,650	1.4	3,580	1.1	87.67

(Note) Revisions to the forecast of consolidated results since latest announcement: None

* Notes

- (1) Changes in significant subsidiaries during the current consolidated cumulative first quarter: None
 New: — (Company name:) Excluded: — (Company name:)
- (2) Application of account processing specific to the creation of quarterly consolidated financial statements: None
- (3) Change in accounting policy, change in accounting estimates and restatements
- (i) Change in accounting policy due to the revision of accounting standards, etc. : None
 - (ii) Change in accounting policy for other reasons : None
 - (iii) Change in accounting estimates : None
 - (iv) Restatements : None

(4) Number of shares issued (common share)

(i) Number of shares issued (including treasury shares) at the period-end	As of June 30, 2022	41,745,505 shares	As of March 31, 2022	41,745,505 shares
(ii) Number of treasury shares at the period-end	As of June 30, 2022	1,284,292 shares	As of March 31, 2022	1,089,092 shares
(iii) Average number of shares outstanding in the period (quarterly total)	FY2022 1st Quarter	40,514,963 shares	FY2021 1st Quarter	41,078,157 shares

(Note) We have introduced the performance-based stock compensation plan, "Board Benefit Trust (BBT)," since FY2019. Accordingly, in the calculation of the net income per share - basic, the company shares owned by the Trust are included in the treasury shares, which are deducted in the calculation of the number of treasury shares at the period-end and the average number of shares outstanding in the period.

* These quarterly financial results are not subject to quarterly reviews by certified public accountants or audit corporations.

* Explanation of the appropriate use of the expected results of operations, other special notes

Forecasts for operations and other descriptions about the future that are contained in this document are based on the information acquired at the time of publication, as well as certain premises that we judge reasonable. The actual results of operations and so on may change greatly as a result of various factors. For information about the conditions acting as the premise for the expected results of operations and notes on the use of the expected results of operations, see "(2) Explanation for the information on future prospects including the expected consolidated results of operations" on page 3 of Attachment.

Contents of Attachment

1. Qualitative information for financial results of the current quarter	2
(1) Explanation for results of operations and financial condition	2
(2) Explanation for the information on future prospects including the expected consolidated results of operations.....	3
2. Quarterly consolidated financial statements and main notes	4
(1) Quarterly consolidated balance sheets.....	4
(2) Quarterly consolidated profit and loss statements and quarterly consolidated statements of comprehensive income.....	6
(3) Notes on quarterly consolidated financial statements.....	8
(Notes on the premise of a going concern)	8
(Notes relating to cases in which there are significant changes in the amount of shareholders' equity)	8
(Additional information)	8
(Segment information, etc.)	9

1. Qualitative information for financial results of the current quarter

(1) Explanation for results of operations and financial condition

Matters related to the future appearing in this text have been judged by our group as of the last day of the current consolidated fiscal first quarter.

(i) Overview and results of operations

During the current consolidated cumulative first quarter, while economic activities are normalizing in the global economy, the sense of uncertainty about the future has increased due to increased shortage of components such as semiconductors, a sharp rise in raw material cost and resource cost, and disrupted logistics.

In the Japanese economy, although business sentiment is showing an improving trend due to the recovery of consumption and capital investment, the situation continues to lack power due to factors of decline such as growing uncertainty about the future of global economy.

Under these circumstances, our business performance for the current consolidated cumulative first quarter is as follows: sales standing at 9,999 million yen (up 9.9% from the same consolidated cumulative quarter of the previous fiscal year), operating income at 820 million yen (down 8.1%), ordinary income at 1,291 million yen (up 15.9%) and net income attributable to parent company shareholders at 808 million yen (up 15.5%).

(Reference values) Results of each division

(Amount: Million Yen)

Division	(Product category)	Current consolidated cumulative first quarter April 1, 2022 - June 30, 2022			
		Consolidated net sales	Change from the corresponding period of the previous fiscal year	Consolidated operating income	Change from the corresponding period of the previous fiscal year
Air Energy Division		6,101	11.5%	505	12.9%
	Air Compressors	5,583	10.3%		
	Vacuum Equipment	518	25.8%		
Coating Division		3,897	7.4%	315	(29.3%)
	Coating Equipment	3,726	12.5%		
	Coating Systems	171	(45.9%)		
Total		9,999	9.9%	820	(8.1%)

(Note) The consolidated operating income of each division is calculated with our group's unique standard.

(ii) Results of operations by segment

Results of operations by regional segment, which our group adopts, are as described below. The classification of report segments has changed from the current consolidated cumulative first quarter. For details, refer to (Segment information, etc.) in "2. Quarterly consolidated financial statements and main notes - (3) Notes on quarterly consolidated financial statements."

Japan

Sales stood at 5,051 million yen (down 3.1% from the same consolidated cumulative quarter of the previous fiscal year), and segment income stood at 490 million yen (down 28.4%). The decrease in income was mainly due to the rise in purchase prices resulting from a steep rise in raw material cost.

In the air compressor field, sales have declined due to the impact of supply shortages in electric motors and electrical equipment. Further, in the latter half of the current consolidated first quarter, the procurement status of some materials is showing an improving trend.

In the vacuum equipment field, boosted by the boom in the semiconductor market, the demand for vacuum pumps for semiconductor manufacturing-related equipment is declining, but sales are progressing favorably.

In the coating equipment field, the sales of spray guns progressed steadily. On the other hand, although there were signs indicating gradual recovery in the order status of coating booths from the latter half of the current consolidated first quarter, the resultant sales declined. This caused a decline in overall sales.

In the coating system field, sales increased due to steady delivery of items ordered in the previous consolidated fiscal year, centered around coating systems for painting automobile parts.

Europe

Sales stood at 1,790 million yen (up 21.7% from the same consolidated cumulative quarter of the previous fiscal year) and segment income stood at 136 million yen (down 25.4%). The decrease in income was mainly due to increased labor costs and increased costs related to sales promotion activities for coating equipment.

In the air compressor field, the sales of oil-free air compressors progressed favorably in European countries.

In the vacuum equipment field, sales progressed steadily, and we are planning for further sales expansion by undertaking the development of new clients.

In the coating equipment field, sales increased as the demand for spray guns for the automobile repair market

progressed stably.

Americas

Sales stood at 1,332 million yen (up 13.6% from the same consolidated cumulative quarter of the previous fiscal year), and segment income stood at 153 million yen (up 12.8%).

In the air compressor field, sales increased centered around medical air compressors in Brazil.

In the vacuum equipment field, sales of vacuum pumps increased, mainly for equipment manufacturers.

In the coating equipment field, the sales of spray guns for the automobile repair market progressed steadily due to the cultivation of market through the partial transfer of the business conducted in the previous fiscal year. Also, the sales of spray units for the woodworking and furniture market increased, resulting in an increase in overall sales. Further, there was a sense of pause in special demand for airbrushes that started with stay-at-home demand.

China

Sales stood at 2,320 million yen (up 24.3% from the same consolidated cumulative quarter of the previous fiscal year), and segment income stood at 105 million yen (up 535.2%). The increase in income was mainly due to decreased selling, general & administrative expenses ratio at local subsidiaries.

In the air compressor field, domestic sales in China progressed favorably.

In the vacuum equipment field, demand of vacuum pumps for semiconductor manufacture-related equipment increased, resulting in increased sales.

In the coating equipment field, the sales of spray guns increased for the general industrial coating market, which is said to be the 3C market of computers, mobile phones, consumer electronics, etc.

In the coating system field, sales decreased due to the reaction to whether there were large-scale projects in the previous consolidated fiscal year.

Other

Sales stood at 2,109 million yen (up 21.2% from the same consolidated cumulative quarter of the previous fiscal year), and segment income stood at 311 million yen (up 41.3%).

In the air compressor field, the sales of air compressors for medical use and in-vehicle use increased in India.

In the vacuum equipment field, the sales of vacuum pumps for semiconductor manufacture-related equipment progressed favorably in South Korea and Taiwan.

In the coating equipment field, sales increased in Southeast Asia due to the normalization of economic activities.

In the coating system field, sales decreased due to the reaction to whether there were large-scale projects in the previous consolidated fiscal year.

(iii) Analysis of financial condition

For assets, our current assets stood at 34,676 million yen (up 1.0% from the previous consolidated fiscal year). This was mainly due to an increase of 663 million yen in "raw materials and supplies." Our non-current assets stood at 21,779 million yen (up 1.3%). This was mainly due to an increase of 87 million yen in "buildings and structures, net." As a result, our total assets stood at 56,456 million yen (up 1.1%).

For liabilities, our current liabilities stood at 11,096 million yen (down 4.5%). This was mainly due to a decrease of 445 million yen in "income tax payable." Our non-current liabilities stood at 4,136 million yen (up 3.6%). This was mainly due to an increase of 92 million yen in lease obligations included in "other" due to the introduction of production equipment. As a result, our total liabilities stood at 15,232 million yen (down 2.4%).

Our net assets stood at 41,223 million yen (up 2.5%). This was mainly due to an increase of 894 million yen in "foreign currency translation adjustments" owing to the depreciation of yen. Our equity capital, which is calculated by subtracting the non-controlling shareholders' equity from the net assets, stood at 36,447 million yen, increasing our equity ratio by 0.8 percentage points to 64.6%, from 63.8% at the end of the previous consolidated fiscal year.

(2) Explanation for the information on future prospects including the expected consolidated results of operations

At present, the expected consolidated results of operations and the expected dividend for the full year announced on May 10, 2022 remain unchanged.

2. Quarterly consolidated financial statements and main notes

(1) Quarterly consolidated balance sheets

(Amount: thousand yen)

	Previous consolidated fiscal year (As of March 31, 2022)	Current consolidated first quarter (As of June 30, 2022)
Assets		
Current assets		
Cash and deposits	14,319,597	13,964,499
Notes and accounts receivable-trade	8,004,883	7,658,385
Merchandise and finished goods	6,326,762	6,429,687
Work in process	1,280,101	1,341,995
Raw materials and supplies	3,222,945	3,886,596
Other	1,434,802	1,682,012
Allowance for doubtful accounts	(262,772)	(286,308)
Total current assets	34,326,320	34,676,868
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,193,424	5,280,851
Other, net	6,255,105	6,425,741
Total property, plant and equipment	11,448,530	11,706,592
Intangible assets		
Goodwill	981,998	965,711
Other	2,324,697	2,483,598
Total intangible assets	3,306,695	3,449,309
Investments and other assets		
Investment securities	4,530,045	4,404,947
Other	2,217,671	2,229,454
Allowance for doubtful accounts	(10,725)	(10,725)
Total investments and other assets	6,736,991	6,623,676
Total non-current assets	21,492,217	21,779,579
Total assets	55,818,537	56,456,447

(Amount: thousand yen)

	Previous consolidated fiscal year (As of March 31, 2022)	Current consolidated first quarter (As of June 30, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	5,225,044	5,473,723
Short-term loans payable	867,228	924,162
Income taxes payable	902,879	457,713
Provision for bonuses	751,950	405,746
Provision for other	336,655	276,644
Other	3,532,522	3,558,901
Total current liabilities	11,616,282	11,096,892
Non-current liabilities		
Retirement benefit liability	2,231,837	2,240,773
Provision for share-based remuneration for directors	136,788	157,192
Other	1,623,624	1,738,105
Total non-current liabilities	3,992,250	4,136,071
Total liabilities	15,608,532	15,232,963
Net assets		
Shareholders' equity		
Capital stock	3,354,353	3,354,353
Capital surplus	1,008,864	1,008,864
Retained earnings	31,245,575	31,360,026
Treasury shares	(1,025,936)	(1,185,263)
Total shareholders' equity	34,582,856	34,537,980
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	378,134	350,229
Foreign currency translation adjustments	679,490	1,573,816
Remeasurements of defined benefit plans	(17,285)	(14,744)
Total accumulated other comprehensive income	1,040,339	1,909,301
Non-controlling shareholders' equity	4,586,809	4,776,201
Total net assets	40,210,005	41,223,483
Total liabilities and net assets	55,818,537	56,456,447

(2) Quarterly consolidated profit and loss statements and quarterly consolidated statements of comprehensive income
Quarterly consolidated profit and loss statements
Consolidated cumulative first quarter

(Amount: thousand yen)

	Previous consolidated cumulative first quarter (April 1, 2021 through June 30, 2021)	Current consolidated cumulative first quarter (April 1, 2022 through June 30, 2022)
Net sales	9,100,889	9,999,160
Cost of sales	5,018,197	5,613,722
Gross profit	4,082,691	4,385,438
Selling, general & administrative expenses	3,189,314	3,564,539
Operating income	893,377	820,898
Non-operating income		
Interest and dividend income	52,148	42,268
Foreign exchange gains	53,913	344,085
Share of profit of entities accounted for using equity method	75,953	74,460
Other	64,227	33,023
Total non-operating income	246,243	493,838
Non-operating expenses		
Interest expenses	14,491	13,106
Other	10,424	9,843
Total non-operating expenses	24,915	22,949
Ordinary income	1,114,704	1,291,787
Extraordinary income		
Gain on sales of non-current assets	648	2,573
Total extraordinary income	648	2,573
Extraordinary losses		
Loss on sales and retirement of non-current assets	851	1,055
Total extraordinary losses	851	1,055
Net income before income taxes	1,114,501	1,293,306
Income taxes - current	232,112	263,864
Income taxes - deferred	61,895	59,999
Total income taxes	294,007	323,864
Net income	820,493	969,442
Net income attributable to non-controlling shareholders	120,199	160,771
Net income attributable to parent company shareholders	700,293	808,670

Quarterly consolidated statements of comprehensive income
 Consolidated cumulative first quarter

(Amount: thousand yen)

	Previous consolidated cumulative first quarter (April 1, 2021 through June 30, 2021)	Current consolidated cumulative first quarter (April 1, 2022 through June 30, 2022)
Net income	820,493	969,442
Other comprehensive income		
Valuation difference on available-for-sale securities	47,074	(27,904)
Foreign currency translation adjustments	719,854	1,056,756
Remeasurements of defined benefit plans, net of tax	29,747	2,540
Share of other comprehensive income of entities accounted for using equity method	116,798	149,137
Total other comprehensive income	913,474	1,180,529
Comprehensive income	1,733,967	2,149,971
Breakdown of comprehensive income		
Comprehensive income attributable to parent company shareholders	1,412,019	1,677,632
Comprehensive income attributable to non-controlling shareholders	321,948	472,339

(3) Notes on quarterly consolidated financial statements

(Notes on the premise of a going concern)

There are no relevant matters.

(Notes relating to cases in which there are significant changes in the amount of shareholders' equity)

There are no relevant matters.

(Additional information)

(Performance-based stock compensation plan for directors and corporate officers)

In accordance with a resolution at the 73rd ordinary general shareholders' meeting, held on June 25, 2019, we have introduced a performance-based stock compensation plan, "Board Benefit Trust (BBT)" (referred to as "this plan" in the remainder of this document), targeted at our directors (excluding audit and supervisory committee members and independent directors) and corporate officers who do not concurrently serve as directors (referred to collectively as "directors and others"), for the purposes of improving mid- to long-term results of operations, increasing our corporate value, and promoting management awareness that puts shareholders first.

(1) Overview of this plan

This plan is a performance-based stock compensation plan whereby the trust established by us (the trust established in accordance with this plan is referred to as "this trust" in the remainder of this document) acquires company shares by using the money contributed by us as a fund and through this trust, company shares and money equivalent to the amount of money resulting from translating company shares at market value (referred to collectively as "company shares, etc." in the remainder of this document) to directors and others according to the rules for granting shares. The time at which directors and others can be granted company shares, etc. is, in principle, the time at which the directors and others retire.

(2) Company shares that remain in the trust

Company shares that remain in the trust are recorded as treasury shares in Net assets at the book value (excluding the amount of money of incidental costs) in the trust. At the end of the previous consolidated fiscal year, the book price of the treasury shares is 179,733 thousand yen, and the number of shares is 180 thousand. At the end of the current consolidated fiscal first quarter, the book price of the treasury shares is 179,733 thousand yen, and the number of shares is 180 thousand.

(Accounting estimates concerning the impact of spread of COVID-19)

There are no significant changes in the assumptions and accounting estimates contained in the financial statements for the previous fiscal year, including when the impact of COVID-19 will end.

(Segment information, etc.)

[Segment information]

I Previous consolidated cumulative first quarter (April 1, 2021 through June 30, 2021)

1. Information about the amounts of sales and incomes in each report segment and information about the disaggregation of revenue

(Amount: thousand yen)

	Report segment					Total
	Japan	Europe	Americas	China	Other (Note)	
Sales						
Revenue from contracts with customers	3,537,397	1,400,777	1,073,210	1,728,230	1,361,273	9,100,889
Sales to external customers	3,537,397	1,400,777	1,073,210	1,728,230	1,361,273	9,100,889
Internal sales or transfers between segments	1,678,048	71,108	99,628	139,349	379,326	2,367,461
Total	5,215,446	1,471,886	1,172,839	1,867,579	1,740,600	11,468,351
Segment income	685,080	182,582	136,516	16,575	220,474	1,241,228

(Note) The "Other" category addresses the business activities of local subsidiaries in Taiwan, India, Thailand, South Korea, Vietnam, Indonesia, Australia and South Africa.

2. Difference between the total amounts of incomes of the report segments and the amount reported in the quarterly consolidated profit and loss statements, as well as the main items of the difference (matters related to difference adjustment)

(Amount: thousand yen)

Income	Amount
Report segment total	1,241,228
Company-wide expenses (Note)	(238,217)
Inter-segment transactions erased	(109,633)
Operating income in the quarterly consolidated profit and loss statement	893,377

(Note) Company-wide expenses are mainly selling, general & administrative expenses that cannot be attributed to the report segments.

3. Information about the impairment loss, goodwill, etc. in non-current assets in each report segment

(Important fluctuations in the amount of goodwill)

In the "Americas" segment, ANEST IWATA USA, Inc., a consolidated subsidiary in the United States, acquired part of a business of selling coating equipment from Automotive Spraying Equipment Technologies, LLC in the consolidated fiscal first quarter. The increase in goodwill due to this event is 142,312 thousand yen.

II Current consolidated cumulative first quarter (April 1, 2022 through June 30, 2022)

1. Information about the amounts of sales and incomes in each report segment and information about the disaggregation of revenue

(Amount: thousand yen)

	Report segment					Total
	Japan	Europe	Americas	China	Other (Note)	
Sales						
Revenue from contracts with customers	3,315,838	1,737,501	1,236,887	2,067,858	1,641,075	9,999,160
Sales to external customers	3,315,838	1,737,501	1,236,887	2,067,858	1,641,075	9,999,160
Internal sales or transfers between segments	1,735,942	53,489	95,872	252,807	468,426	2,606,538
Total	5,051,781	1,790,990	1,332,760	2,320,665	2,109,501	12,605,699
Segment income	490,805	136,121	153,922	105,284	311,433	1,197,567

(Note) The "Other" category addresses the business activities of local subsidiaries in Taiwan, India, Thailand, South Korea, Vietnam, Indonesia, Australia and South Africa.

2. Difference between the total amounts of incomes of the report segments and the amount reported in the quarterly consolidated profit and loss statements, as well as the main items of the difference (matters related to difference adjustment)

(Amount: thousand yen)

Income	Amount
Report segment total	1,197,567
Company-wide expenses (Note)	(246,020)
Inter-segment transactions erased	(130,647)
Operating income in the quarterly consolidated profit and loss statement	820,898

(Note) Company-wide expenses are mainly selling, general & administrative expenses that cannot be attributed to the report segments.

3. Matters related to changes, etc. to report segments

From the current consolidated first quarter, the group has changed the previous report segments of "Japan," "Europe" and "Asia" to 5 report segments namely, "Japan," "Europe," "Americas," "Asia" and "Other." With the formulation of the mid-term business plan "500&Beyond" starting from the current consolidated fiscal year, we reviewed the area management classification and changed the classification of report segments for the purpose of aligning with the management strategy in the plan.

As a result, the business activities of local subsidiaries that were classified as "Asia" have been changed to "China" and "Others." In addition, regarding the business activities of local subsidiaries that were classified as business segments not included in the report segments, the classification was changed to "Europe" for Russia, "Americas" for the United States, Mexico and Brazil, and "Other" for Australia and South Africa.

The segment information for the previous consolidated cumulative first quarter is created by the changed classification.