

# **Supplementary Presentation Material of FY2022 First Quarter Financial Results ANEST IWATA Corporation**

**August 9, 2022**

**Tokyo Stock Exchange Prime Market - Machinery**

**Securities Code 6381**

The sharp rise in raw material costs was higher than expected, but it recovered in the second half due to price rise. Selling, general & administrative expenses increased due to active face-to-face sales promotion, thus overseas sales were strong.

Sales: 9,999 million yen (up 898 million yen, or 9.9%, year-on-year)

Operating income: 820 million yen (down 72 million yen, or 8.1%, year-on-year)

## Air energy business

- SCR, which was acquired and made a subsidiary in FY2018, continues to make favorable contributions. Sales of general-purpose air compressors mainly in China and oil-free air compressors for specific markets\* in India increased.
- Sales of vacuum pumps for semiconductor-related equipment increased, mainly in China.

Sales: 6,101 million yen (up 628 million yen, or 11.5%, year-on-year)

Operating income: 505 million yen (up 57 million yen, or 12.9%, year-on-year)

Operating income ratio: 8.3% (up 0.1 points year-on-year)

\*Specific market: Specific applications such as medical care, in-vehicle use, and analysis

## Coating business

- Sales of coating equipment, mainly spray guns, grew except in Japan.
- In the coating system field, sales decreased due to delays in delivery of large-scale projects owing to delays in construction plans of customers.

Sales: 3,897 million yen (up 270 million yen, or 7.4%, year-on-year)

Operating income: 315 million yen (down 130 million yen, or 29.3%, year-on-year)

Operating income ratio: 8.1% (down 4.2 points year-on-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 the period of the consolidated financial settlement in other areas is three months behind.

Although sales, ordinary/net income increased, operating income decreased slightly due to soaring raw material costs, increased sales promotion costs, and delays in delivery of coating systems due to factors attributable to customers. The full-year plan remains unchanged due to price increases from October 1, increase in domestic and overseas sales, and steady delivery of coating systems.

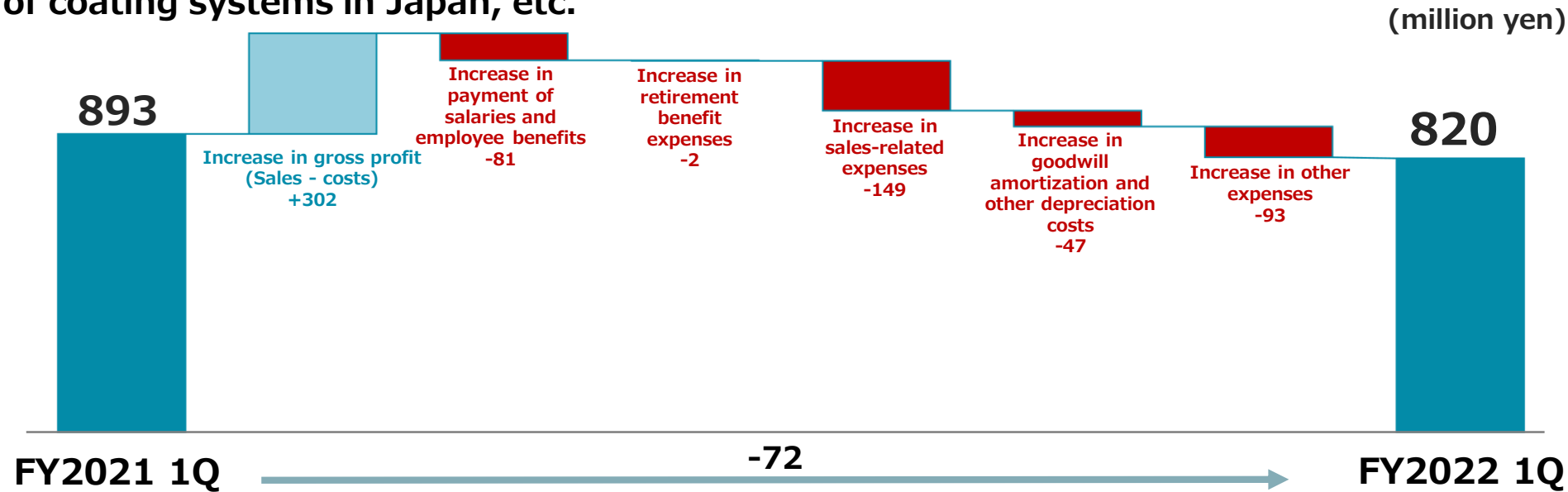
- Sales are driven by overseas markets (especially Europe and China). The impact of foreign exchange is 497 million yen.
- Operating income decreased due to increased cost of sales owing to further sharp rise in raw material prices and increased transportation and sales activity costs.

	FY2021 1Q		FY2022 1Q		Year-on-year			FY2022 result forecasts (Announced on May 10, 2022)	
	Actual million yen	Profit ratio %	Actual million yen	Profit ratio %	Increase/ decrease amount million yen	Increase/ decrease rate %	Profit ratio change Point	Forecast million yen	Progress rate %
Sales	9,100	—	9,999	—	+898	+9.9	—	44,000	22.7
Operating income	893	9.8	820	8.2	-72	-8.1	-1.6	4,900	16.7
Ordinary income	1,114	12.2	1,291	12.9	+177	+15.9	+0.7	5,650	22.8
Net income attributable to parent company shareholders	700	7.7	808	8.1	+108	+15.5	+0.4	3,580	22.6
Average exchange rate of yen to U.S. dollar	105.90 yen		116.20 yen		Depreciated by 10.30 yen			118.00 yen	
Average exchange rate of yen to euro	127.69 yen		130.39 yen		Depreciated by 2.70 yen			137.00 yen	
Average exchange rate of yen to RMB	16.36 yen		18.29 yen		Depreciated by 1.93 yen			18.50 yen	

[Foreign exchange sensitivity] Trend value based on operating income

Due to the depreciation of 1 yen, the respective increase was U.S. dollar: 10 million yen/year, Euro: 10 million yen/year, RMB: 30 million yen.

Income declined due to further sharp rise in raw material costs, active face-to-face sales promotion, delays in delivery of coating systems in Japan, etc.



[+] **Increase in sales: 9,999 million yen (up 898 million yen year-on-year)**

[-] **Rise in cost-to-sales ratio: 56.1% (up 1.0 point year-on-year)**

- Purchase prices rose due to a further sharp increase in raw material cost after the price increase (Japan: September 2021 onwards, overseas: January 2022 onwards).

[-] **Increase in selling, general & administrative expenses ratio: 35.6% (up 0.6 points year-on-year)**

- Travel expenses continue to be controlled, but increased as an activity that meet actual demand.
- Advertising costs increased due to participation in large-scale real exhibitions overseas.
- Overseas labor and transportation costs increased.
- Depreciation costs pertaining to software related to sales reform increased.

\* Overseas market progressed favorably, and overseas sales ratio improved (66.8%).

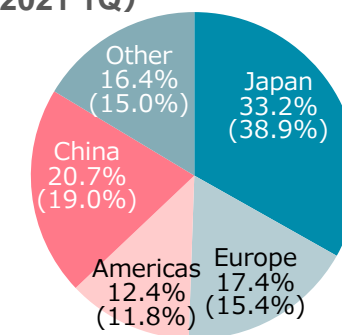
\* With the formulation of the current mid-term business plan, the method of classifying segments by location has changed from the current consolidated fiscal year.

- Japan**
  - Sales decreased. Impact of delayed supply of components for air compressors (approx. 100 million yen), decrease in sales of Spray Booth
- Europe**
  - Sales increased. Sales of spray guns for the mainstream automobile repair market and that of oil-free air compressors increased.
- Americas**
  - Sales increased. Sales of spray guns for the automobile repair market in the U.S. and that of medical air compressors in Brazil increased.
- China**
  - Sales increased. Sales of general-purpose air compressors for domestic use in China and coating equipment for the 3C market of computers, mobile phones, and consumer electronics, etc. increased.
- Other**
  - Sales increased. Sales of air compressors for medical use and in-vehicle use in India and that of coating equipment in Southeast Asia increased.

[Segment category] Europe: Added Russia to the existent Europe category, Americas: US, Mexico, Brazil, Other: Asia excluding China, Australia, South Africa

(million yen)	FY2021 1Q	FY2022 1Q	Increase/ decrease amount	Increase/ decrease rate (%)	Air energy business		Coating business	
					Air compressor	Vacuum equipment	Coating equipment	Coating systems
Japan	3,537	3,315	-221	-6.3	●	○	×	○
Europe	1,400	1,737	+336	+24.0	◎	◎	◎	-
Americas	1,073	1,236	+163	+15.3	○	○	◎	×
China	1,728	2,067	+339	+19.7	◎	◎	◎	×
Other	1,361	1,641	+279	+20.6	◎	◎	◎	×
Total	9,100	9,999	+898	+9.9	◎	◎	◎	×

■ Composition Ratio  
FY2022 1Q  
(FY2021 1Q)



- A strategy that prioritizes securing inventory of components since before the COVID-19 pandemic. Even though current assets have increased, the delivery time for air compressors tends to be shortened.
- Net assets increased due to the impact of yen depreciation.

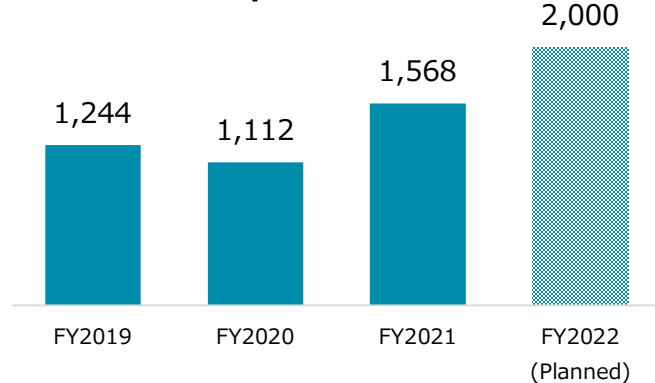
		FY2021	FY2022	Difference against the end of the previous period		
		End of full year	1Q	Increase/ decrease amount (million yen)	Increase/ decrease rate (%)	Primary factors for increase or decrease
		Actual (million yen)	Actual (million yen)	Increase/ decrease amount (million yen)	Increase/ decrease rate (%)	Primary factors for increase or decrease
Assets	Total current assets	34,326	34,676	+350	+1.0%	• Decrease in cash and deposits -355 million yen • Increase in raw materials and supplies +663 million yen
	Total non-current assets	21,492	21,779	+287	+1.3%	• Increase in buildings and structures, net +87 million yen
	<b>Total assets</b>	55,818	56,456	+637	+1.1%	
Liabilities and equity	Total current liabilities	11,616	11,096	-519	-4.5%	• Decrease in income taxes payable -445 million yen
	Total non-current liabilities	3,992	4,136	+143	+3.6%	• Increase in lease obligations with the introduction of production equipment +92 million yen
	<b>Total liabilities</b>	15,608	15,232	-375	-2.4%	
	Total shareholders' equity	34,582	34,537	-44	-0.1%	
	Total accumulated other comprehensive income	1,040	1,909	+868	+83.5%	• Increase in foreign currency translation adjustments +894 million yen
	Non-controlling shareholders' equity	4,586	4,776	+189	+4.1%	
	<b>Total net assets</b>	40,210	41,223	+1,013	+2.5%	
<b>Total liabilities and net assets</b>	55,818	56,456	+637	+1.1%		

Progress was almost as planned, including production facility investment in the Fukushima Factory carried over from the previous fiscal year. R&D cost: Advancing at 27.3%

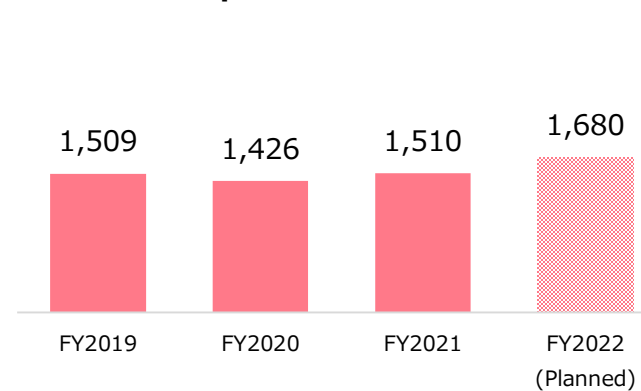
(million yen)	FY2023 1Q Actual Results			
	Amount of capital investment	Depreciation cost	R&D cost*	Sales
Actual (progress rate)	<b>503</b> (25.2%)	<b>411</b> (24.5%)	<b>327</b> (27.3%)	<b>9,999</b>
Plan	<b>2,000</b>	<b>1,680</b>	<b>1,200</b>	—
Contents	<ul style="list-style-type: none"> <li>• Machine tools (creation of new ones and upgrading of existing ones)</li> <li>• Upgrading and enhancement of production lines</li> <li>• Establishment of communication infrastructure</li> <li>• IT-related investments</li> </ul>			

\*R&D cost: Total of general administrative expenses and manufacturing costs related to research and development

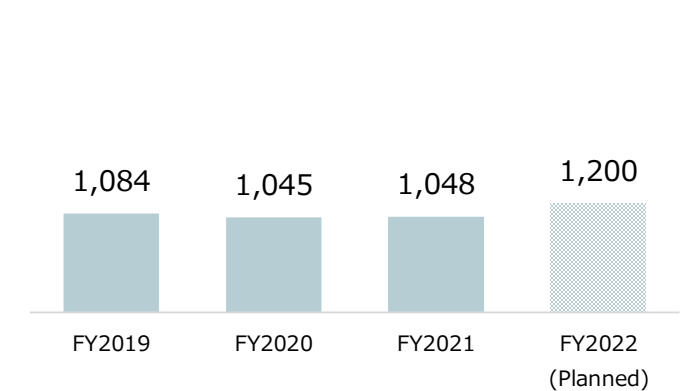
Amount of capital investment (million yen)



Depreciation cost (million yen)



R&D cost (million yen)



Price increases were implemented in Japan on October 1 to pass on the rise in component costs to prices. Delays in delivery of coating systems will be resolved in the second half. The full-year forecast remains as is.

		FY2021 (Actual)	
		Actual (million yen)	Composition ratio (%)
<b>Sales</b>		42,337	100.0
<b>Air energy</b>	Air compressor	22,950	54.2
	Vacuum equipment	2,064	4.9
	<b>Subtotal</b>	25,015	59.1
<b>Coating</b>	Coating equipment	14,451	34.1
	Coating systems	2,869	6.8
	<b>Subtotal</b>	17,321	40.9
<b>Operating income</b>		4,780	11.3
<b>Air energy</b>		2,513	—
<b>Coating</b>		2,267	—
<b>Ordinary income</b>		5,572	13.2
<b>Net income attributable to parent company shareholders</b>		3,541	8.4
Average exchange rate of yen to U.S. dollar		109.80	(Actual)
Average exchange rate of yen to euro		129.89	
Average exchange rate of yen to RMB		17.01	
* Dividend (interim + year-end = annual)		13 yen + 17 yen = 30yen	

FY2022 (Planned)			
Target amount (million yen)	Composition ratio (%)	Increase/ decrease amount (million yen)	Increase/ decrease rate (%)
<b>44,000</b>	<b>100.0</b>	<b>+1,662</b>	<b>+3.9</b>
—	—	—	—
—	—	—	—
<b>26,000</b>	<b>59.1</b>	<b>+984</b>	<b>+3.9</b>
—	—	—	—
—	—	—	—
<b>18,000</b>	<b>40.9</b>	<b>+678</b>	<b>+3.9</b>
<b>4,900</b>	<b>11.1</b>	<b>+119</b>	<b>+2.5</b>
<b>2,600</b>	—	<b>+86</b>	<b>+3.5</b>
<b>2,300</b>	—	<b>+32</b>	<b>+1.5</b>
<b>5,650</b>	<b>12.8</b>	<b>+77</b>	<b>+1.4</b>
<b>3,580</b>	<b>8.1</b>	<b>+39</b>	<b>+1.1</b>
118.00	<b>(Forecast)</b>		
137.00			
18.50			
<b>15 yen+16 yen=31 yen</b>			



Uncertainty is expected to continue globally due to, for example, the conflict in Eastern Europe and the lockdown in China due to COVID-19 pandemic. On the other hand, we aim to achieve increase in sales and income by raising prices further and by continuing their penetration and work reforms.

## Premises

Sales of 44,000 million yen (up 3.9%)

- Global economic slowdown due to the Corona disaster, mainly in Southeast Asia and China
- Slowdown in the global economy, including Europe, due to soaring resource prices caused by conflicts in eastern Europe
- Impact of the short supply of semiconductors and electronic parts on production
- As for the exchange rate, an assumed rate is used as a basis, but will be reviewed flexibly.
- Steady delivery of unfilled orders for coating systems
- Little impact of delays in shipments of new cars by car manufacturers
- Continually increasing demand for air compressors in the present term, especially overseas

Operating income of 4,900 million yen (up 2.5%)

- As in FY2021, the continuation of sales reform and operational efficiency improvement
- As for costs, avoidance of swing back to the situation before COVID-19 pandemic, and aiming for creation of profits
- Further spread of price increases due to soaring raw material and logistics costs. Price increases on a regular basis overseas and for two consecutive years in Japan

**Operating income:** Although the cost-to-sales ratio and selling, general & administrative expenses ratio rose, it is expected to improve in the second half.

**Ordinary income:** Foreign exchange gains increased 290 million yen.

	FY2021 1Q		FY2022 1Q		Year-on-year		
	Actual (million yen)	Composition ratio (%)	Actual (million yen)	Composition ratio (%)	Increase/ decrease amount (million yen)	Increase/ decrease rate (%)	Composition ratio change (points)
<b>Sales</b>	<b>9,100</b>	—	<b>9,999</b>	—	<b>+898</b>	<b>+9.9</b>	—
Cost of sales	5,018	55.1	5,613	56.1	+595	+11.9	+1.0
<b>Gross profit</b>	<b>4,082</b>	44.9	<b>4,385</b>	43.9	<b>+302</b>	<b>+7.4</b>	-1.0
Selling, general & administrative expenses	3,189	35.0	3,564	35.6	+375	+11.8	+0.6
<b>Operating income</b>	<b>893</b>	<b>9.8</b>	<b>820</b>	<b>8.2</b>	<b>-72</b>	<b>-8.1</b>	<b>-1.6</b>
Non-operating income	246	2.7	493	4.9	+247	+100.5	+2.2
Non-operating expenses	24	0.3	22	0.2	-1	-7.9	-0.0
<b>Ordinary income</b>	<b>1,114</b>	<b>12.2</b>	<b>1,291</b>	<b>12.9</b>	<b>+177</b>	<b>+15.9</b>	<b>+0.7</b>
Extraordinary income	0	0.0	2	0.0	+1	+296.8	+0.0
Extraordinary losses	0	0.0	1	0.0	0	+23.8	+0.0
<b>Net income before income taxes</b>	<b>1,114</b>	<b>12.2</b>	<b>1,293</b>	<b>12.9</b>	<b>178</b>	<b>+16.0</b>	<b>+0.7</b>
Income taxes	294	3.2	323	3.2	29	+10.2	+0.0
Net income attributable to non-controlling shareholders	120	1.3	160	1.6	40	+33.8	+0.3
<b>Net income attributable to parent company shareholders</b>	<b>700</b>	<b>7.7</b>	<b>808</b>	<b>8.1</b>	<b>108</b>	<b>+15.5</b>	<b>+0.4</b>

# <Reference information> FY2022 Changes in business results

Active with Newest Technology



[Total]

Amount: million yen		FY2022			
		1 Q	1 to 2Q	1 to 3Q	1 to 4Q
<b>Sales</b>		9,999			
Year-on-year		+9.9%			
Air energy	<b>Air compressor</b>	5,583			
	Year-on-year	+10.3%			
	<b>Vacuum equipment</b>	518			
	Year-on-year	+25.8%			
<b>Sales</b>		6,101			
Year-on-year		+11.5%			
Coating	<b>Coating equipment</b>	3,726			
	Year-on-year	+12.5%			
	<b>Coating systems</b>	171			
	Year-on-year	-45.9%			
<b>Sales</b>		3,897			
Year-on-year		+7.4%			
<b>Operating income</b>		820			
Year-on-year		-8.1%			
Air energy	<b>Operating income</b>	505			
	Year-on-year	+12.9%			
Coating	<b>Operating income</b>	315			
	Year-on-year	-29.3%			

[Quarterly]

Amount: million yen		FY2022			
		1 Q	2 Q	3 Q	4 Q
<b>Sales</b>		9,999			
Year-on-year		+9.9%			
Air energy	<b>Air compressor</b>	5,583			
	Year-on-year	+10.3%			
	<b>Vacuum equipment</b>	518			
	Year-on-year	+25.8%			
<b>Sales</b>		6,101			
Year-on-year		+11.5%			
Coating	<b>Coating equipment</b>	3,726			
	Year-on-year	+12.5%			
	<b>Coating systems</b>	171			
	Year-on-year	-45.9%			
<b>Sales</b>		3,897			
Year-on-year		+7.4%			
<b>Operating income</b>		820			
Year-on-year		-8.1%			
Air energy	<b>Operating income</b>	505			
	Year-on-year	+12.9%			
Coating	<b>Operating income</b>	315			
	Year-on-year	-29.3%			

## Release of video giving the business overview in FY2021

We released a video that talks about not only the achievements, but also the upcoming 100th anniversary and the future (about 25 minutes, Japanese audio/English subtitles).



(Main content)

- Highlights of closing accounts in FY2021
- Address by the new president
- Product development
- Production reforms
- New projects
- Logistics reform
- Health and productivity
- Group diversity

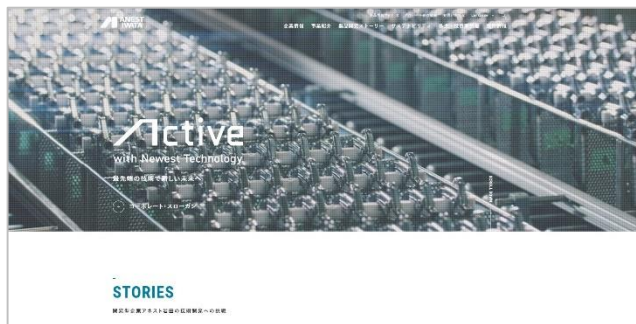


URL: [https://www.anestiwata-corp.com/jp/ir/library/sh-meeting-material/information\\_2021r1](https://www.anestiwata-corp.com/jp/ir/library/sh-meeting-material/information_2021r1)

## Renewal of our website

Reformed the design and composition of the website in order to make it easier to use

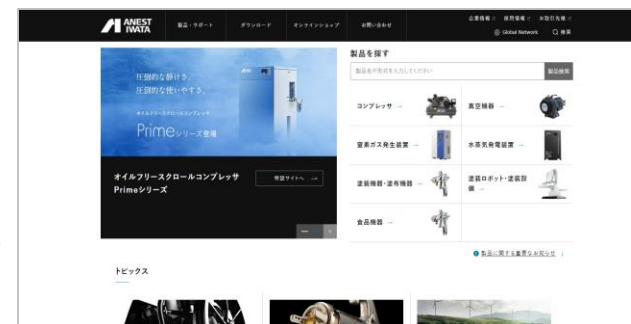
Corporate information website  
April 2022 onwards



(Main content)

- Company overview
- Sustainability
- Shareholder/investor information
- Recruitment information, etc.

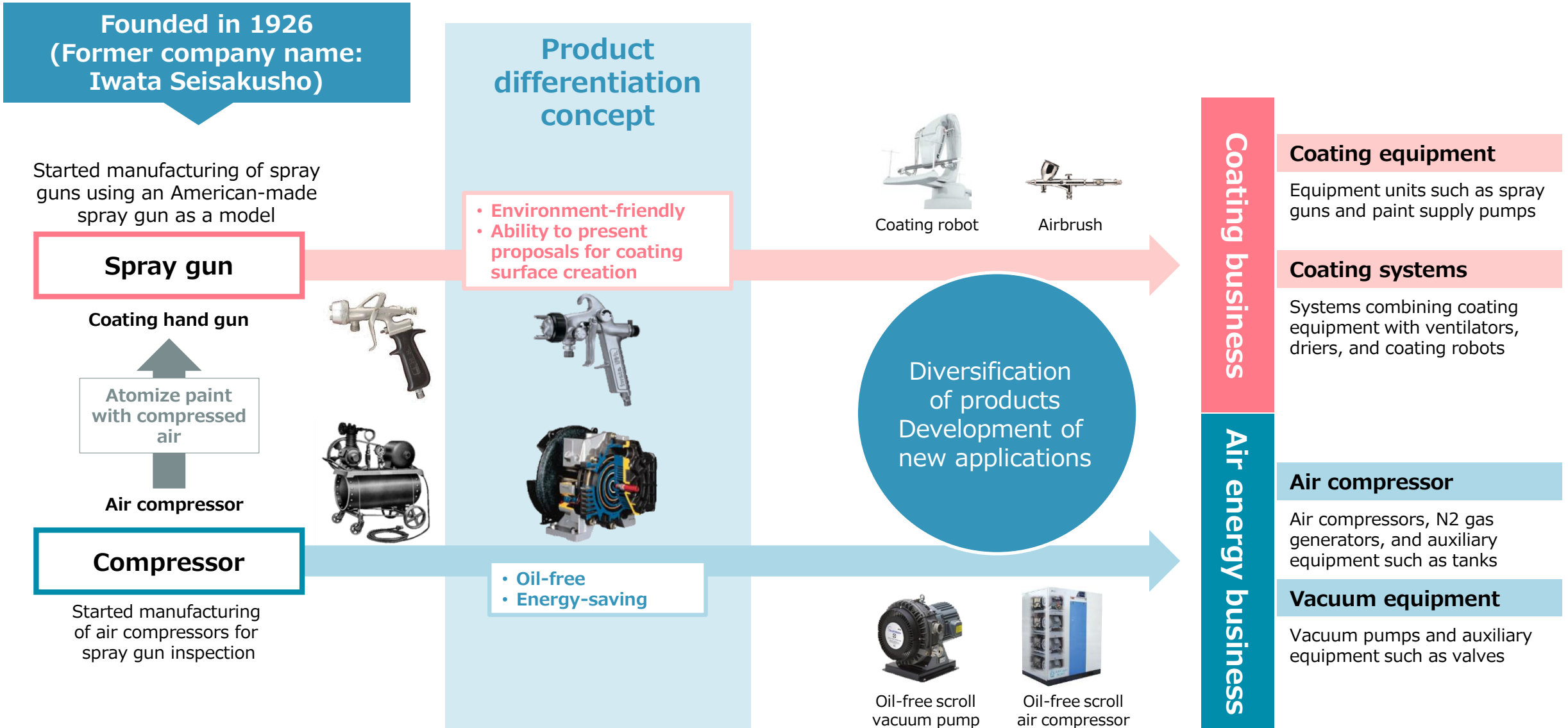
Product information website  
July 2022 onwards



(Main content)

- Product information
- Proposed solutions
- Support information
- EC website
- Guidance about webinars, etc.

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



## 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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