

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

**February 9, 2023**

**Tokyo Stock Exchange Prime Market - Machinery**

**Securities Code 6381**

Note: This document has been translated from the original document in Japanese. In the event of any discrepancy between this English translation and the original document in Japanese, the original document in Japanese shall prevail.

Overseas sales continue to drive overall growth. Improved cost-to-sales ratio due to domestic price hike from October, as well as changes in product mix resulted in increase in profit (million yen)

Sales	34,832	
	Air energy 21,464 (61.6%)	Coating 13,368 (38.4%)
Operating profit	4,114	
	Air energy 2,393 (58.2%)	Coating 1,720 (41.8%)

Unit (million yen)	Air energy business			Coating business		
	FY2022 3Q	Year-on-year		FY2022 3Q	Year-on-year	
	Actual	Increase/decrease	Increase/decrease rate (%)	Actual	Increase/decrease	Increase/decrease rate (%)
Sales	21,464	+3,137	+17.1	13,368	+1,465	+12.3
Operating profit	2,393	+365	+18.0	1,720	+220	+14.7
Operating profit ratio(%)	11.1	+0.0pts	—	12.9	+0.3pts	—

- In addition to sales of general-purpose air compressors, sales of oil-free air compressors for specific markets\* continued to be strong in India. In China, export sales of SCR and sales of compressors for fuel cell manufacturing were strong.
- Vacuum pumps for semiconductor manufacturing-related equipment and fuel cell manufacturing grew in China.

- Overseas sales of coating equipment grew, mainly in Europe, where sales of new spray guns continued to be effective
- Steady delivery of order backlog for coating systems in Japan. Activities including acquisition of unfilled orders for the next fiscal year will be continued

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

- (Notes) 1. The operating profit 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.

**Domestic prices were raised from October 2022 in response to soaring raw material prices. Shift to higher sales and profits partly due to improved cost-to-sales ratio**

- Sales are driven by overseas markets (especially Europe, and India and its surrounding areas). The impact of foreign exchange is +2,508 million yen.
- Steady progress in line with the full-year forecast that was revised upward in November last year

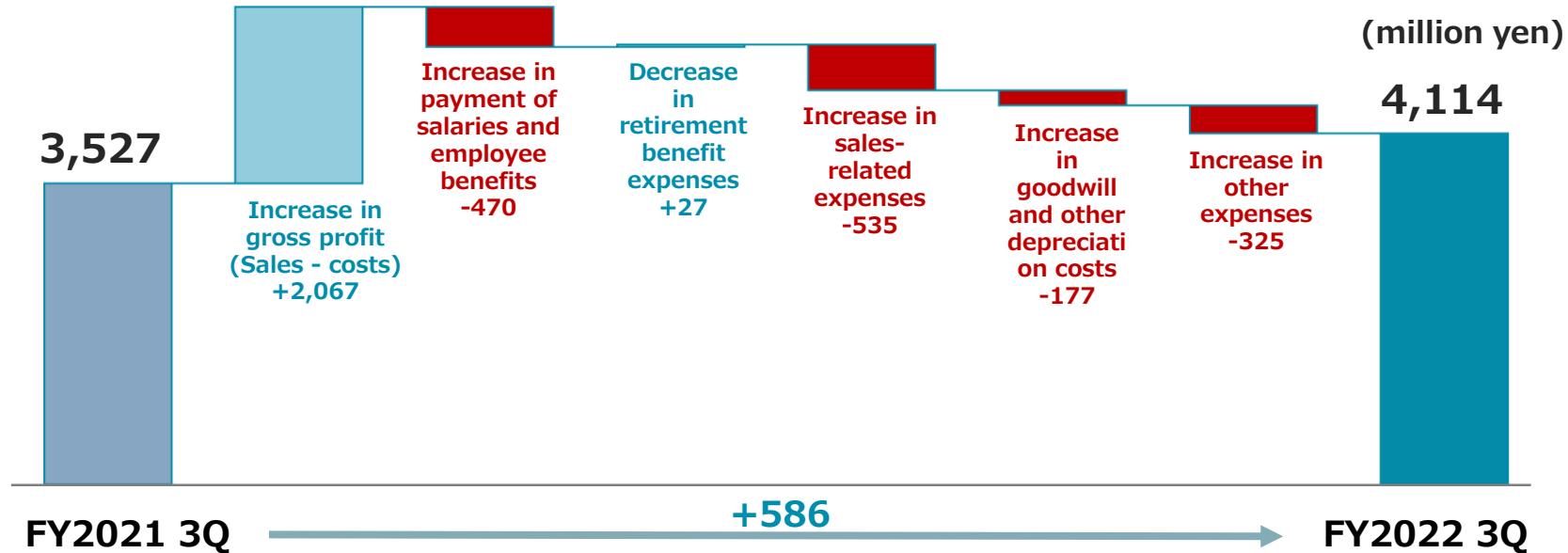
		FY2021 3Q		FY2022 3Q		Year-on-year			Performance forecast FY2022 After revision (announced on Nov. 9, 2022)	
		Actual (million yen)	Profit ratio (%)	Actual (million yen)	Profit ratio (%)	Increase/ decrease amount (million yen)	Increase/ decrease rate (%)	Profit ratio change (Points)	Forecast (million yen)	Progress rate (%)
Sales		30,229	—	34,832	—	+4,603	+15.2	—	48,000	72.6
Operating profit		3,527	11.7	4,114	11.8	+586	+16.6	+0.1	5,000	82.3
Ordinary profit		4,015	13.3	4,852	13.9	+837	+20.9	+0.6	6,200	78.3
Profit attributable to owners of parent		2,533	8.4	3,069	8.8	+535	+21.1	+0.4	3,650	84.1
Average exchange rate of yen to	USD	108.50 yen		128.05 yen		Depreciated by 19.55 yen			133.30 yen	
	EUR	129.83 yen		135.95 yen		Depreciated by 6.12 yen			138.27 yen	
	CNY	16.78 yen		19.35 yen		Depreciated by 2.57 yen			19.78 yen	

[Foreign exchange sensitivity] Trend value based on operating profit (**The currency ratio is not reflected in the following**)

Due to the depreciation of 1 yen, the respective increase was US dollar: 10 million yen/year, Euro: 10 million yen/year, Chinese Yuan: 30 million yen/year.

Gross profit increased due to lower cost-to-sales ratio

The selling, general and administrative expenses ratio was 31.8% due to the control on overseas expenses (lower compared to 32.5% in 2Q).



**[ + ] Increase in gross profit: 15,174 million yen (up 2,067 million yen year-on-year)**

- Impact of sales increase: +4,603 million yen
- Increased raw material costs and logistics costs were covered by price hikes in Japan. Cost-to-sales ratio decreased (56.4%: -0.2pts year-on-year)
- Foreign exchange impact on cost of sales: +1,748 million yen

**[ - ] Increase in selling, general and administrative expenses: 11,060 million yen (up 1,480 million yen year-on-year)**

- Travel expenses and advertising costs associated with participation in real exhibitions increased despite continued control of activities to meet actual demand
- Increase in labor expenses overseas
- Amortization costs pertaining to software related to sales reforms increased and depreciation costs amounted to +154 million yen

## Overseas sales were strong due to the continued effect of new spray gun sales and the effect of expanded sales of compressors for specific markets (Overseas sales ratio: 65.2%)

### Japan

- Revenue increased. Demand for air compressors for machine tools increased as subsidies were utilized. On the other hand, sales of vacuum pumps for semiconductor manufacturing-related equipment have come to a standstill. Sales increased due to steady deliveries of coating systems. Penetration of price increases implemented from October (around 5-20% of selling price)

### Europe

- Revenue increased. Sales increased for oil free compressors for specific markets due to expansion of demand and the development of new sales channels for new spray guns for the car repair market

### Americas

- Revenue increased. Sales of air compressors for specific markets in Brazil increased. Demand growing for coating equipment for manufacturing wood products in the United States

### China

- Revenue increased. Export sales of SCR continued to be strong. Demand for air compressors and vacuum pumps for the fuel cell manufacturing market is expanding. Sales of spray guns for vehicle manufacturing is trending towards recovery

### Other

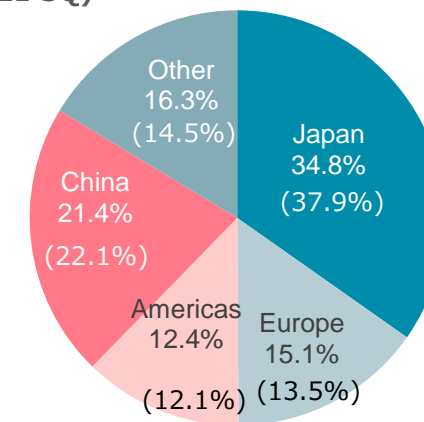
- Revenue increased. In India, demand for air compressors for general-purpose as well as specific markets continues to grow. Sales of spray guns for car repair in Southeast Asia increased due to the activities of our global technical team specializing in car repair coating

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

(million yen)	FY2021 3Q	FY2022 3Q	Increase/ decrease amount	Increase/ decrease rate (%)	Air energy business		Coating business	
					Air compressors	Vacuum equipment	Coating equipment	Coating systems
Japan	11,445	12,109	+664	+5.8	○	▽	○	○
Europe	4,082	5,272	+1,190	+29.2	◎	◎	◎	-
Americas	3,649	4,318	+669	+18.3	◎	◎	◎	◎
China	6,678	7,441	+763	+11.4	◎	◎	◎	×
Other	4,373	5,690	+1,317	+30.1	◎	○	◎	◎
Total	30,229	34,832	+4,603	+15.2	◎	◎	◎	×

Year-on-year : ◎ 10% or more ○ 3% to 10% △ 0% to 3% ▽ 0% to -3% ● -3% to 10% × -10% or less

■ Composition Ratio  
FY2022 3Q  
(FY2021 3Q)



- Though there is an increase in current assets due to the strategy to ensure a stable supply of materials and components, inventory optimization is underway towards the end of the period.
- Net assets increased significantly due to the impact of yen depreciation.

		FY2021	FY2022	Difference against the end of the previous period		
		End of full year	3Q			
		Actual (million yen)	Actual (million yen)	Increase/ decrease amount (million yen)	Increase/ decrease rate (%)	Primary factors for increase or decrease
Assets	Current assets	34,326	36,803	+2,477	+7.2	• Increase in "Notes and accounts receivable-trade" +837 million yen • Increase in "Raw materials and supplies" +1,170 million yen
	Non-current assets	21,492	23,307	+1,814	+8.4	• Increase in "Buildings and structures, net" +641 million yen
	<b>Assets</b>	<b>55,818</b>	<b>60,110</b>	<b>+4,292</b>	<b>+7.7</b>	
Liabilities and capital	Current liabilities	11,616	11,991	+375	+3.2	• Increase in "Notes and accounts payable-trade" +468 million yen
	Non-current liabilities	3,992	3,192	-799	-20.0	• Decrease in the "Retirement benefit liability" due to the establishment of contribution to retirement benefit trust -981 million yen
	<b>Liabilities</b>	<b>15,608</b>	<b>15,183</b>	<b>-424</b>	<b>-2.7</b>	
	Shareholders' equity	34,582	36,148	+1,565	+4.5	
	Accumulated other comprehensive income	1,040	3,484	+2,444	+235.0	• Increase in "Foreign currency translation adjustment" +2,333 million yen
	Non-controlling interests	4,586	5,293	+706	+15.4	
	<b>Net assets</b>	<b>40,210</b>	<b>44,926</b>	<b>+4,716</b>	<b>+11.7</b>	
	<b>Liabilities and net assets</b>	<b>55,818</b>	<b>60,110</b>	<b>+4,292</b>	<b>+7.7</b>	

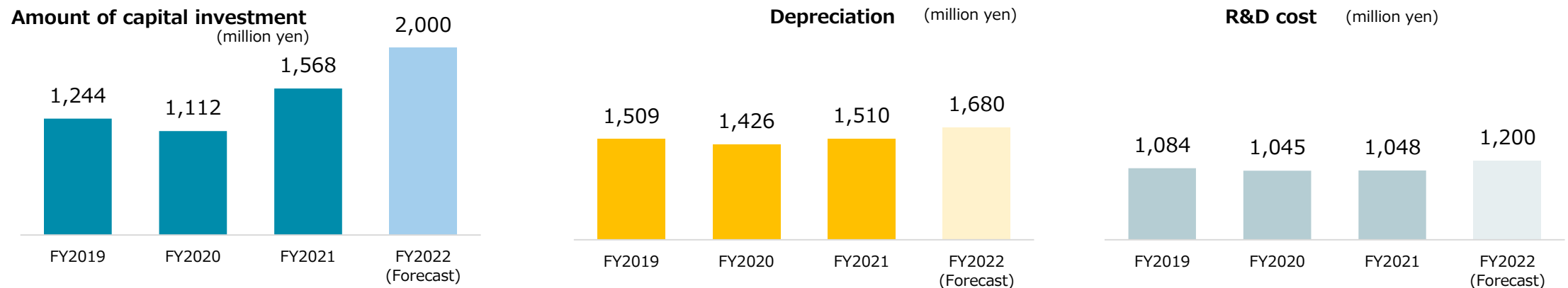
## <Capital investment> Progressing almost as planned

\*1 Small coating tools used in hobby, art, and makeup markets

- Includes the acquisition of non-current assets (460 million yen) by a subsidiary selling airbrushes\*1 and auxiliary equipment in the U.S., as stated in 2Q

(million yen)	FY2022 3Q Actual Results		
	Amount of capital investment	Depreciation	R&D cost*2
Actual	1,825	1,310	973
Plan	2,000	1,680	1,200
Progress rate	91.3	78.0	81.1
Description	<ul style="list-style-type: none"> <li>• IT related investment (creation of product site system and product information management system)</li> <li>• Office relocation</li> <li>• Upgrading and enhancement of production lines</li> <li>• Machine tools (creation of new ones and upgrading of existing ones)</li> <li>• Establishment of communication infrastructure</li> </ul>		

\*2 R&D cost: Total of general administrative expenses and manufacturing costs related to research and development



## No change from the full-year plan announced on November 9, 2022

		FY2021 (Actual)	
		Actual (million yen)	Composition ratio(%)
<b>Sales</b>		42,337	100.0
Air energy	Air compressors	22,950	54.2
	Vacuum equipment	2,064	4.9
	Subtotal	25,015	59.1
Coating	Coating equipment	14,451	34.1
	Coating systems	2,869	6.8
	Subtotal	17,321	40.9
Operating profit		4,780	11.3
Air energy		2,513	—
Coating		2,267	—
Ordinary profit		5,572	13.2
Profit attributable to owners of parent		3,541	8.4
Average exchange rate of yen to	USD	109.80	(Actual)
	EUR	129.89	
	CNY	17.01	
Dividend: Interim + year-end = Annual		13 yen + 17 yen = 30 yen	

FY2022 (Planned)				
Initial forecast (announced on May 10)	Revised forecast (announced on Nov. 9)	Composition ratio (%)	As compared with the initial plan (%)	Year-on-year (%)
<b>44,000</b>	<b>48,000</b>	<b>100.0</b>	<b>+9.1</b>	<b>+13.4</b>
—	—	—	—	—
—	—	—	—	—
<b>26,000</b>	<b>28,600</b>	<b>59.6</b>	<b>+10.0</b>	<b>+14.3</b>
—	—	—	—	—
—	—	—	—	—
<b>18,000</b>	<b>19,400</b>	<b>40.4</b>	<b>+7.8</b>	<b>+12.0</b>
<b>4,900</b>	<b>5,000</b>	<b>10.4</b>	<b>+2.0</b>	<b>+4.6</b>
<b>2,600</b>	<b>2,850</b>	—	<b>+9.6</b>	<b>+13.4</b>
<b>2,300</b>	<b>2,150</b>	—	<b>-6.5</b>	<b>-5.2</b>
<b>5,650</b>	<b>6,200</b>	<b>12.9</b>	<b>+9.7</b>	<b>+11.3</b>
<b>3,580</b>	<b>3,650</b>	<b>7.6</b>	<b>+2.0</b>	<b>+3.1</b>
118.00	<b>133.30</b>	(Plan)	Depreciated by 15.30 yen	Depreciated by 23.50 yen
137.00	<b>138.27</b>		Depreciated by 1.27 yen	Depreciated by 8.38 yen
18.50	<b>19.78</b>		Depreciated by 1.28 yen	Depreciated by 2.77 yen
<b>16 yen (15 yen)+16 yen = 32 yen (31 yen)</b>				

(Note) Figures in parentheses indicate initial dividend forecast



- Assumptions of the external environment remain difficult due to geopolitical risks, such as conflicts in Eastern Europe, and monetary policies in each country
- Aim to increase sales and profits by raising prices and their penetration in each country, and by continuing with operational reforms to improve profitability

## Premises

Sales of 48,000 million yen (up 13.4% year-on-year)

- Slowdown in the global economy due to soaring raw material and resource prices
- Supply shortages of semiconductors and electronic components gradually resolved
- Flexible review of assumed exchange rates
- Steady delivery of unfilled orders for coating systems, mainly in Japan
- Little impact on ongoing delays in shipments of new cars by car manufacturers
- Continually increasing demand for general-purpose and market-specific air compressors, especially overseas

Operating profit of 5,000 million yen (up 4.6% year-on-year)

- Continuation of sales reform and operational efficiency improvement
- Generate profit by allocating expenses according to sales based on each country's currency
- Steady penetration of price increases in response to soaring raw material and logistics costs

## Dividend policy

- Ensuring internal reserves for investment in growth and stable dividends
- The dividend payout ratio is roughly 35%

## Dividend

- FY2022 (forecast) : **The dividend forecasts were revised up. (Announced on Nov. 9, 2022)**

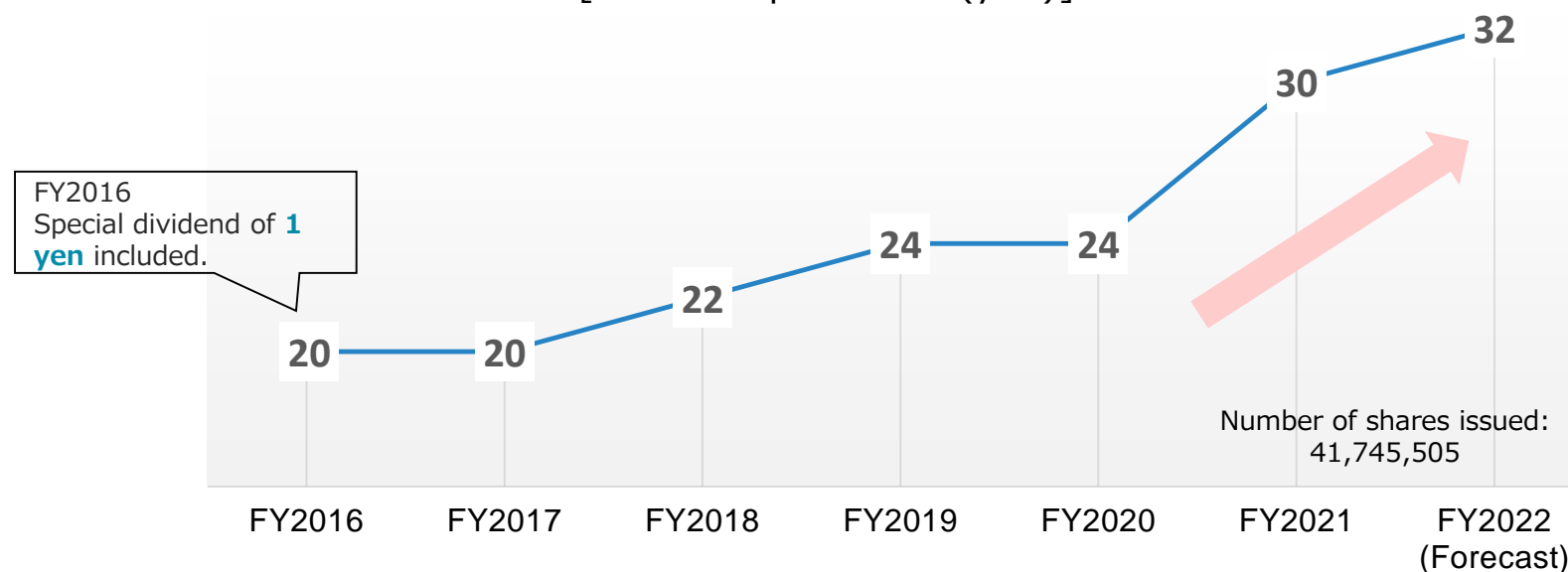
Dividend	Interim	Year-end	Annual
Initial forecast	15 yen	16 yen	31 yen
Revised forecast	<b>16 yen</b>	<b>16 yen</b>	<b>32 yen</b>

Total dividend (forecast):  
1,300 million yen

## Stock buyback

- About 1,500 million yen is planned in the current mid-term business plan

[Dividend per share (yen)]



- **Operating profit:** The cost-to-sales ratio improved (-0.2pts) due to the effect of price increase in Japan, etc.
- **Ordinary profit:** Foreign exchange gains increased 206 million yen year-on year.
- **Extraordinary income:** Liquidation of a subsidiary in China for improving management efficiency generated 56 million yen in 2Q.

	FY2021 3Q		FY2022 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 (points)
<b>Sales</b>	<b>30,229</b>	—	<b>34,832</b>	—	<b>+4,603</b>	<b>+15.2</b>	—
Cost of sales	17,121	56.6	19,657	56.4	+2,536	+14.8	-0.2
<b>Gross profit</b>	<b>13,107</b>	43.4	<b>15,174</b>	43.6	<b>+2,067</b>	<b>+15.8</b>	<b>+0.2</b>
Selling, general and administrative expenses	9,579	31.7	11,060	31.8	+1,480	+15.5	+0.1
<b>Operating profit</b>	<b>3,527</b>	<b>11.7</b>	<b>4,114</b>	<b>11.8</b>	<b>+586</b>	<b>+16.6</b>	<b>+0.1</b>
Non-operating income	557	1.8	798	2.3	+241	+43.2	+0.4
Non-operating expenses	70	0.2	60	0.2	-9	-14.1	-0.1
<b>Ordinary profit</b>	<b>4,015</b>	<b>13.3</b>	<b>4,852</b>	<b>13.9</b>	<b>+837</b>	<b>+20.9</b>	<b>+0.6</b>
Extraordinary income	15	0.1	61	0.2	+46	+302.8	+0.1
Extraordinary losses	5	0.0	6	0.0	+0	+5.3	-0.0
<b>Profit before income taxes</b>	<b>4,024</b>	<b>13.3</b>	<b>4,908</b>	<b>14.1</b>	<b>+883</b>	<b>+22.0</b>	<b>+0.8</b>
Income taxes	993	3.3	1,214	3.5	+221	+22.3	+0.2
Profit attributable to non-controlling interests	497	1.6	624	1.8	+126	+25.5	+0.1
<b>Profit attributable to owners of parent</b>	<b>2,533</b>	<b>8.4</b>	<b>3,069</b>	<b>8.8</b>	<b>+535</b>	<b>+21.1</b>	<b>+0.4</b>

# <Reference Information> FY2022 Changes in Business Results

Active with Newest Technology



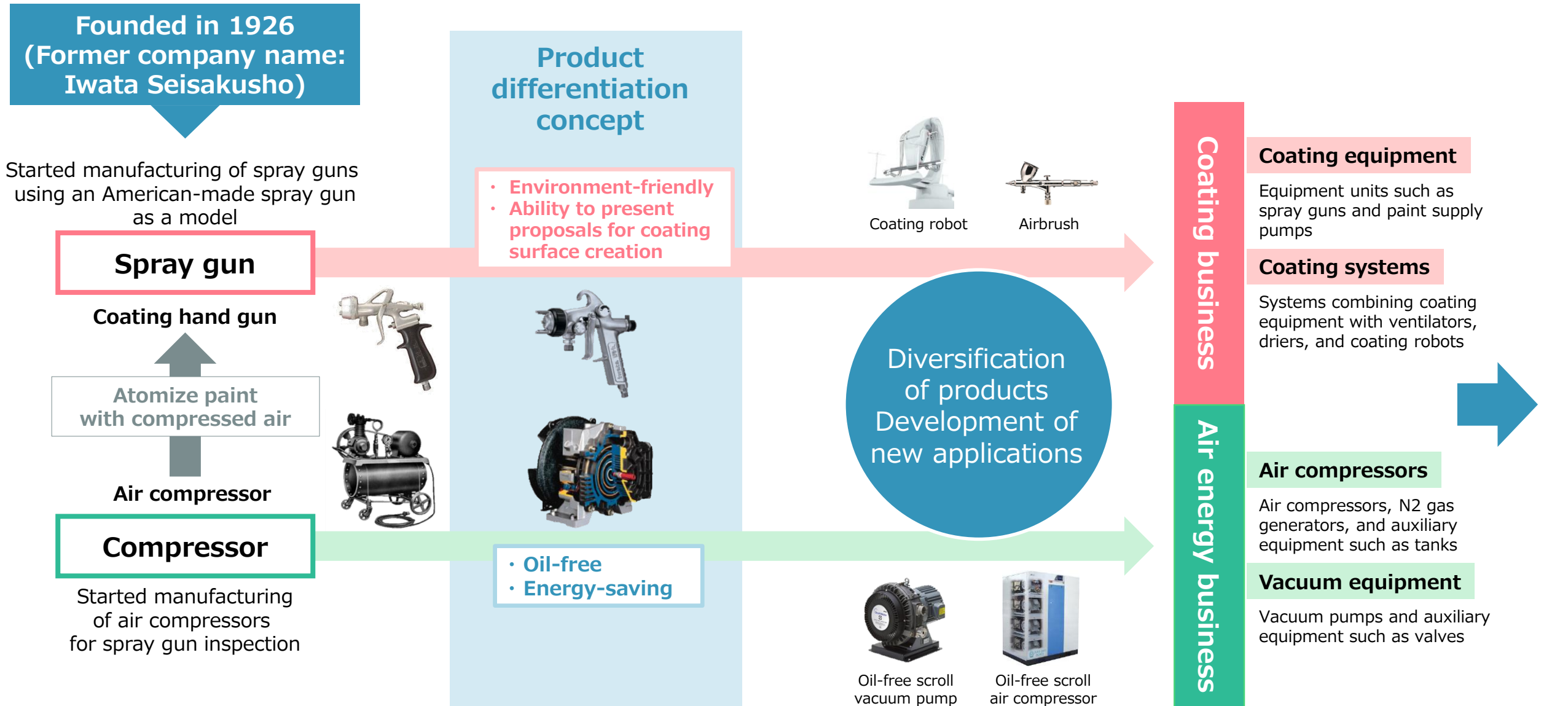
[Total]

Unit: Million yen		FY2022			
		1Q	1 to 2Q	1 to 3Q	1 to 4Q
<b>Sales</b>		9,999	22,613	34,832	
Year-on-year		+9.9%	+11.1%	+15.2%	
Air energy	<b>Air compressors</b>	5,583	12,586	19,712	
	Year-on-year	+10.3%	+12.4%	+16.7%	
	<b>Vacuum equipment</b>	518	1,115	1,751	
	Year-on-year	+25.8%	+22.0%	+21.9%	
<b>Sales</b>		6,101	13,701	21,464	
Year-on-year		+11.5%	+13.1%	+17.1%	
Coating	<b>Coating equipment</b>	3,726	8,055	12,157	
	Year-on-year	+12.5%	+12.6%	+16.4%	
	<b>Coating systems</b>	171	856	1,210	
	Year-on-year	-45.9%	-21.4%	-16.8%	
<b>Sales</b>		3,897	8,911	13,368	
Year-on-year		+7.4%	+8.1%	+12.3%	
<b>Operating profit</b>		820	2,340	4,114	
Year-on-year		-8.1%	-1.6%	+16.6%	
Air energy	<b>Operating profit</b>	505	1,330	2,393	
	Year-on-year	+12.9%	+6.4%	+18.0%	
Coating	<b>Operating profit</b>	315	1,009	1,720	
	Year-on-year	-29.3%	-10.5%	+14.7%	

[Quarterly]

Unit: Million yen		FY2022			
		1Q	2Q	3Q	4Q
<b>Sales</b>		9,999	12,614	12,219	
Year-on-year		+9.9%	+12.0%	+23.8%	
Air energy	<b>Air compressors</b>	5,583	6,974	7,126	
	Year-on-year	+10.3%	+13.6%	+25.3%	
	<b>Vacuum equipment</b>	518	625	636	
	Year-on-year	+25.8%	+24.4%	+21.6%	
<b>Sales</b>		6,101	7,600	7,762	
Year-on-year		+11.5%	+14.4%	+25.0%	
Coating	<b>Coating equipment</b>	3,726	4,329	4,102	
	Year-on-year	+12.5%	+12.6%	+24.7%	
	<b>Coating systems</b>	171	685	354	
	Year-on-year	-45.9%	-11.3%	-3.4%	
<b>Sales</b>		3,897	5,014	4,456	
Year-on-year		+7.4%	+8.6%	+21.9%	
<b>Operating profit</b>		820	1,519	1,774	
Year-on-year		-8.1%	+2.3%	+54.4%	
Air energy	<b>Operating profit</b>	505	825	1,062	
	Year-on-year	+12.9%	+2.8%	+36.7%	
Coating	<b>Operating profit</b>	315	694	711	
	Year-on-year	-29.3%	+1.7%	+91.3%	

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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