

Supplementary Presentation Material of FY2022 Full-Year Financial Results ANEST IWATA Corporation

May 9, 2023

**Tokyo Stock Exchange Prime Market - Machinery
Securities Code 6381**

Overseas sales drove overall sales throughout the year.

Profit ratio increased due to improvement in cost-to-sales ratio due to the price hike implemented in Japan in last October and the fluctuations in the product mix

(million yen)

Sales	48,515			
	Air energy 29,349 (60.5%)	Coating 19,165 (39.5%)		
Operating profit	5,838			
	Air energy 3,269 (56.0%)	Coating 2,569 (44.0%)		

Unit (million yen)	Air energy business			Coating business		
	FY2022	Year-on-year		FY2022	Year-on-year	
	Actual	Increase/decrease	Increase/decrease rate (%)	Actual	Increase/decrease	Increase/decrease rate (%)
Sales	29,349	+4,334	+17.3	19,165	+1,843	+10.6
Operating profit	3,269	+755	+30.1	2,569	+302	+13.3
Operating profit ratio (%)	11.1	+1.1pts	—	13.4	+0.3 pts	—

- In India, the sales of general-purpose models and that of oil-free air compressors for specific markets* continued to be strong throughout the year. In China, SCR's export sales were favorable, contributing to sales expansion
- In China and North America, the sale of vacuum pumps for lithium-ion battery manufacturing-related equipment grew

- In Europe, sale of new spray guns continued to expand due to successful marketing strategy
- In Japan, the remaining orders of coating systems were delivered. In China, sales declined due to the impact of activity restrictions and the reaction to the booking of large-scale properties in the previous fiscal year

*Specific markets: 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.

Earnings grew more than expected due to the success of business strategies that have been promoted since the previous medium-term management plan.

Sales and all profit indicators have reached record highs since the Company's foundation in 1926.

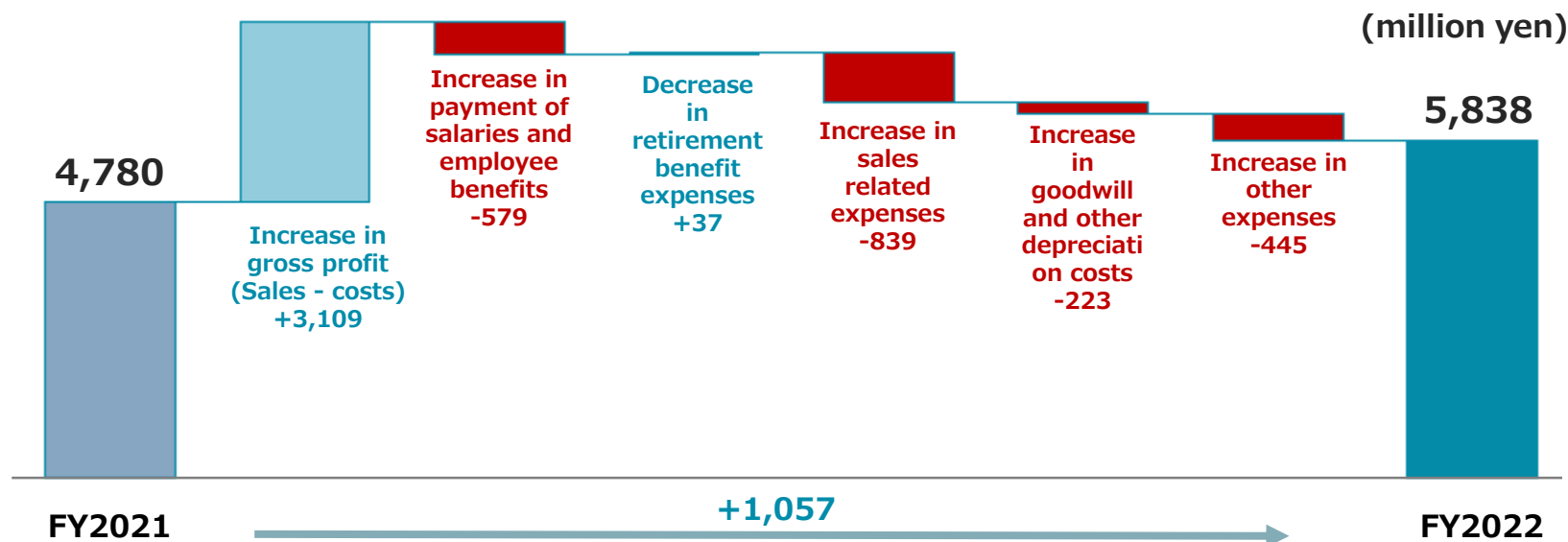
- Sales are driven by overseas markets (especially Europe, and India and its surrounding areas). The impact of foreign exchange is +3,487 million

		FY2021		FY2022		Year-on-year			Performance forecast FY2022	
		Actual (million yen)	Profit ratio (%)	Actual (million yen)	Profit ratio (%)	Increase/ decrease amount (million yen)	Increase/ decrease rate (%)	Profit ratio change (Points)	Initial forecast	Announced on March 10
									Forecast (million yen)	Forecast (million yen)
Sales		42,337	—	48,515	—	+6,178	+14.6	—	44,000	48,500
Operating profit		4,780	11.3	5,838	12.0	+1,057	+22.1	+0.7	4,900	5,500
Ordinary profit		5,572	13.2	7,043	14.5	+1,471	+26.4	+1.3	5,650	6,600
Profit attributable to owners of parent		3,541	8.4	4,381	9.0	+840	+23.7	+0.7	3,580	4,100
Average exchange rate of yen to	USD	109.80 yen		131.43 yen		Depreciated by 21.63 yen			118.00	133.30
	EUR	129.89 yen		138.04 yen		Depreciated by 8.15 yen			137.00	138.27
	CNY	17.03 yen		19.48 yen		Depreciated by 2.45 yen			18.50	19.78
Annual dividend per share		30 yen		38 yen		Increase by 8 yen			31 yen	36 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. 2

The selling, general and administrative expenses increased due to increase in operating activities and overseas labor costs; however, the profits increased due to growth in revenue and thorough control on overseas expenses



Total	Cost-to-sales ratio (%)	Selling, general & administrative expenses ratio (%)
FY2021 4Q	56.9	31.8
FY2022 1Q	56.1	35.6
2Q	57.1	32.5
3Q	56.4	31.8
4Q	56.0	31.9

[+] Increase in gross profit : up 3,109 million yen year-on-year

- Impact of sales increase: (+6,178 million yen)
- Cost-to-sales ratio decreased (-0.9 pts year-on-year) due to the penetration of price hikes implemented in Japan in October of the previous year
- Foreign exchange impact on cost of sales: +2,232 million yen

[-] Increase in selling, general and administrative expenses: up 2,051 million yen year-on-year

- Travel expenses and advertising costs associated with participation in real exhibitions increased in line with actual demand, along with the increase in economic activities
- Increase in labor expenses overseas
- Increase in amortization costs related to software and fees paid in connection with sales reform. Depreciation costs were +192 million yen year-on-year

Overseas sales progressed favorably (Overseas sales ratio: 64.0%) due to continued effects of sales of new spray guns in Europe, and expansion of air compressors sales in China and India

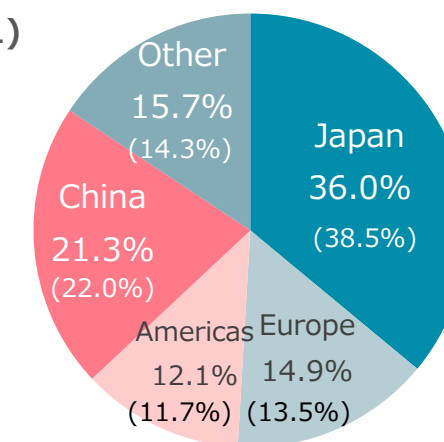
- Japan** ■ Revenue increased. Sales of air compressors increased due to increased willingness for capital expenditure towards the end of the fiscal year and a recovering trend in the procurement of electronic components. On the other hand, the sale of vacuum pumps slowed down as the semiconductor market entered an adjustment phase. Completed the deliveries of unfilled orders for coating systems
- Europe** ■ Revenue increased. Demand for new spray guns for car repair market expanded. Promoted strategic marketing activities and strengthening of sales channel development for air compressors
- Americas** ■ Revenue increased. Sales of air compressors for in-vehicle use increased throughout the area, as did the sales of medical air compressors in South America and that of coating equipment for the industrial coating market in North America. Demand expanded for vacuum pumps for lithium-ion battery manufacturing market.
- China** ■ Revenue increased. Export sales of SCR continued to be strong. Demand expanded for air compressors and vacuum pumps for lithium-ion battery manufacturing market. Sales of coating equipment increased due to the effects of exchange rates, etc., while the impact of activity restrictions due to the zero-coronavirus policy remained
- Other** ■ Revenue increased. In India, demand continued to expand for air compressors for general and specific markets. Development of sales channels is underway in Southeast Asia. Sales of spray guns for the car repair market in Southeast Asia increased due to the results of the activities of Global Technical Team consisting of engineers from multiple areas.

[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	FY2022	Year-on-year		Air energy business		Coating business	
			Increase/decrease amount	Increase/decrease rate (%)	Air compressors	Vacuum equipment	Coating equipment	Coating systems
Japan	16,313	17,473	+1,160	+7.1	○	●	○	◎
Europe	5,705	7,233	+1,528	+26.8	◎	◎	◎	—
Americas	4,970	5,863	+893	+18.0	◎	◎	◎	◎
China	9,299	10,336	+1,037	+11.2	◎	◎	◎	×
Other	6,047	7,608	+1,561	+25.8	◎	○	◎	◎
Total	42,337	48,515	+6,178	+14.6	◎	◎	◎	●

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

■ Composition Ratio
FY2022
(FY2021)



- Inventory optimization is underway in line with the stabilization of supply of components (raw materials and supplies were -653 million yen compared to 3Q)
- Net assets increased significantly due to improved performance and the impact of yen depreciation

		FY2021	FY2022	Difference against the end of the previous period		
		End of full year	End of full year	Increase/decrease amount (million yen)	Increase/decrease rate (%)	Primary factors for increase or decrease
		Actual (million yen)	Actual (million yen)			
Assets	Current assets	34,326	36,773	+2,447	+7.1	• Increase in "Notes and accounts receivable-trade" +1,097million yen • Increase in "Raw materials and supplies" +517 million yen
	Non-current assets	21,492	23,363	+1,870	+8.7	• Increase in "Buildings and structures" +903 million yen • Increase in "Investment securities" +934 million yen
	Assets	55,818	60,136	+4,317	+7.7	
Liabilities and capital	Current liabilities	11,616	11,719	+103	+0.9	• Increase in "Notes and accounts payable-trade" +130 million yen
	Non-current liabilities	3,992	3,161	-831	-20.8	• Decrease in 'Liabilities for retirement benefits' due to the establishment of a retirement benefit trust -1,043 million yen
	Liabilities	15,608	14,881	-727	-4.7	
	Shareholders' equity	34,582	37,466	+2,883	+8.3	• Increase in "Retained earnings" +3,037 million yen
	Accumulated other comprehensive income	1,040	2,558	+1,518	+146.0	• Increase in "Foreign currency translation adjustment" +1,355 million yen
	Non-controlling interests	4,586	5,229	+643	+14.0	
	Net assets	40,210	45,255	+5,045	+12.5	
Liabilities and net assets	55,818	60,136	+4,317	+7.7		

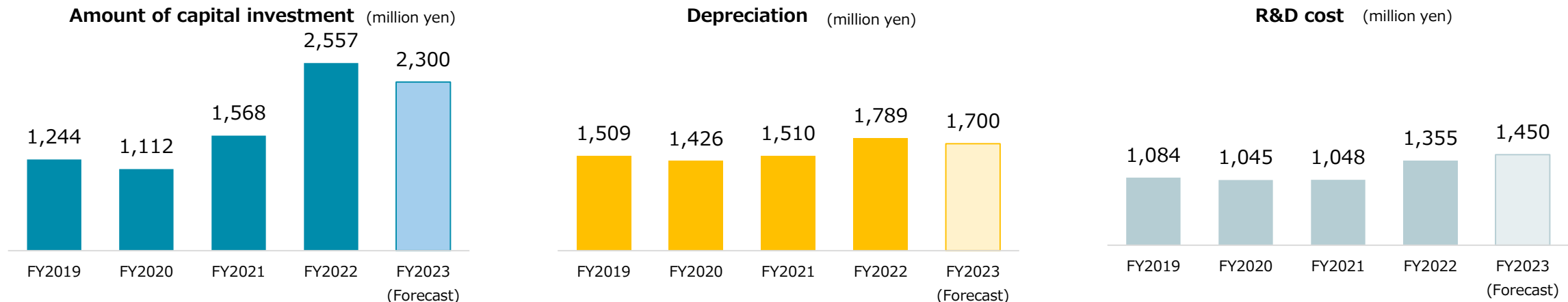
<Capital investment> The plan swung upward due to activities such as IT investment and investment in production facilities including the Fukushima Factory (manufacturing of air compressors)

- Includes acquisition of non-current assets (460 million yen) that occurred in 2Q by a subsidiary in the United States selling airbrushes*1 and auxiliary equipment

*1 A small coating tool used in the hobby, art and makeup markets

(million yen)	Actual Results for FY2022		
	Amount of capital investment	Depreciation	R&D cost*2
Actual	2,557	1,789	1,355
Plan	2,000	1,680	1,200
Progress rate	127.9	106.5	112.9
Description	<ul style="list-style-type: none"> IT related investment (establishment of product site system and product information management system) Office relocation Renewal and enhancement of production lines Machine tools (new installation/renewal) Development of communication infrastructure 		

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



Sales: 51,800 million yen (up 6.8% year-on-year), Operating profit: 6,100 million yen (up 4.5% year-on-year)

★The revisions to the mid-term business plan will be explained at the financial results briefing session to be held of May 26

		FY2022 (Actual)	
		Actual (million yen)	Composition ratio (%)
Sales		48,515	100.0
Air energy	Air compressors	26,983	55.6
	Vacuum equipment	2,366	4.9
	Subtotal	29,349	60.5
Coating	Coating equipment	16,512	34.0
	Coating systems	2,652	5.5
	Subtotal	19,165	39.5
Operating profit		5,838	12.0
Air energy		3,269	—
Coating		2,569	—
Ordinary profit		7,043	14.5
Profit attributable to owners of parent		4,381	9.0
Average exchange rate of yen to	USD	131.43	(Actual)
	EUR	138.04	
	CNY	19.48	
*Dividend: Interim + year-end = Annual		16 yen + 22 yen = 38 yen	

FY2023 (Planned)			
Target value (million yen)	Composition ratio (%)	Increase/decrease amount (million yen)	Increase/decrease rate (%)
51,800	—	+3,284	+6.8
—	—	—	—
—	—	—	—
31,300	60.4	+1,950	+6.6
—	—	—	—
—	—	—	—
20,500	39.6	+1,334	+7.0
6,100	11.8	+261	+4.5
3,380	—	+110	+3.4
2,720	—	+150	+5.9
7,100	13.7	+56	+0.8
4,407	8.5	+25	+0.6
136.00	(Forecast)	Depreciated by 4.57 yen	
142.00		Depreciated by 3.96 yen	
19.15		Appreciated by 0.33 yen	
17 yen + 23 yen = 40 yen			

*Dividend: The year-end dividend for FY2022 will be formally decided at the 77th ordinary general shareholder's meeting to be held on June 23. The FY2023 values are forecasts.

- 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 51,800 million yen (up 6.8% year-on-year)

- Slowing growth of the global economy due to soaring energy prices, resource prices, and component purchase prices
- Supply shortages of semiconductors and electronic components gradually resolved
- Flexible review of assumed exchange rates
- Steady increase in orders for coating systems, both in Japan and overseas
- 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 6,100 million yen (up 4.5% year-on-year)

- Effect of price hikes implemented within and outside Japan
- Continuation of sales reform and operational efficiency improvement
- Investments in new projects

Dividend increased by 7 yen from the initial forecast due to increased business performance

Dividend policy

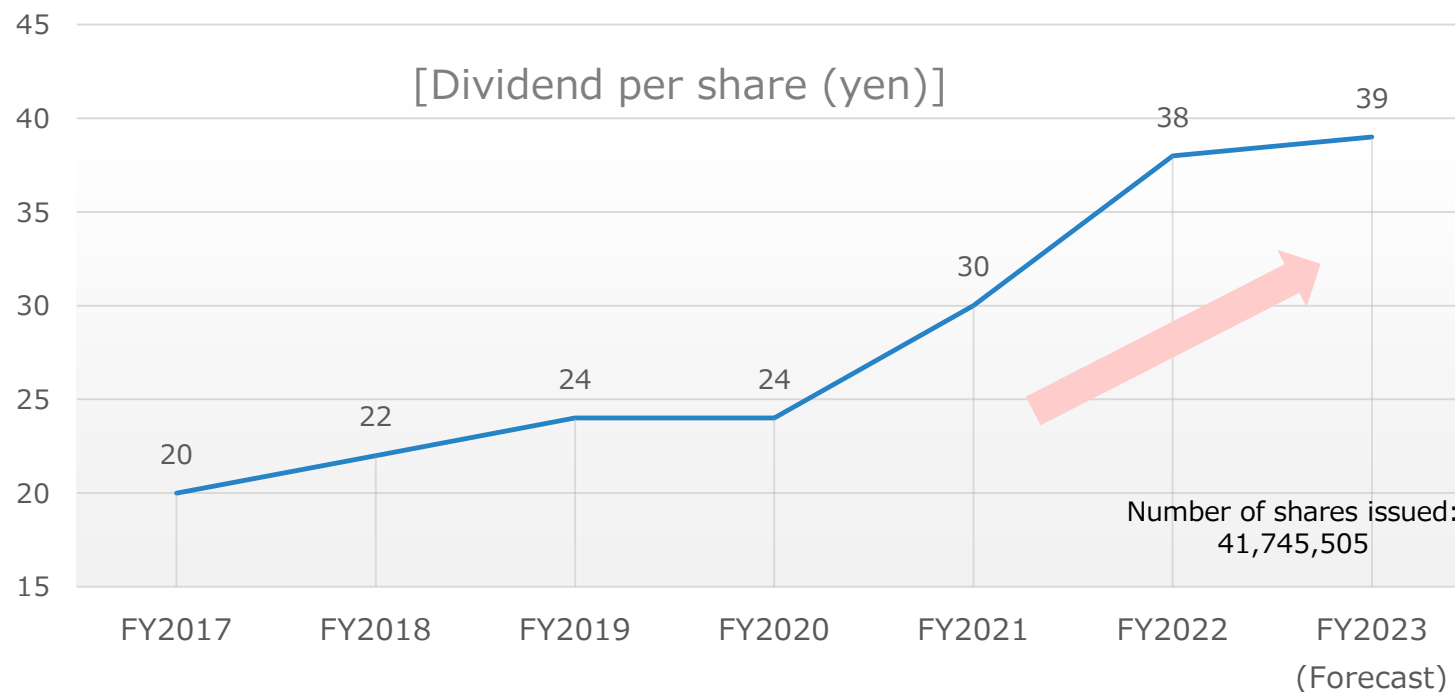
- Ensuring internal reserves for investment in growth and stable dividends
- The dividend payout ratio is roughly 35%

Dividend

Dividend	Interim (yen)	Year-end (yen)	Annual (yen)	Dividend payout ratio(%)
FY2021 Actual	13	17	30	34.8
FY2022 Initial forecast	15	16	31	—
Actual	16	22 (Planned)	38 (Planned)	35.1 (Planned)
FY2023 Forecast	17	23	40	36.9

Stock buyback

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



We cultivated new areas with motor sports as the platform. Discovering new sources of business

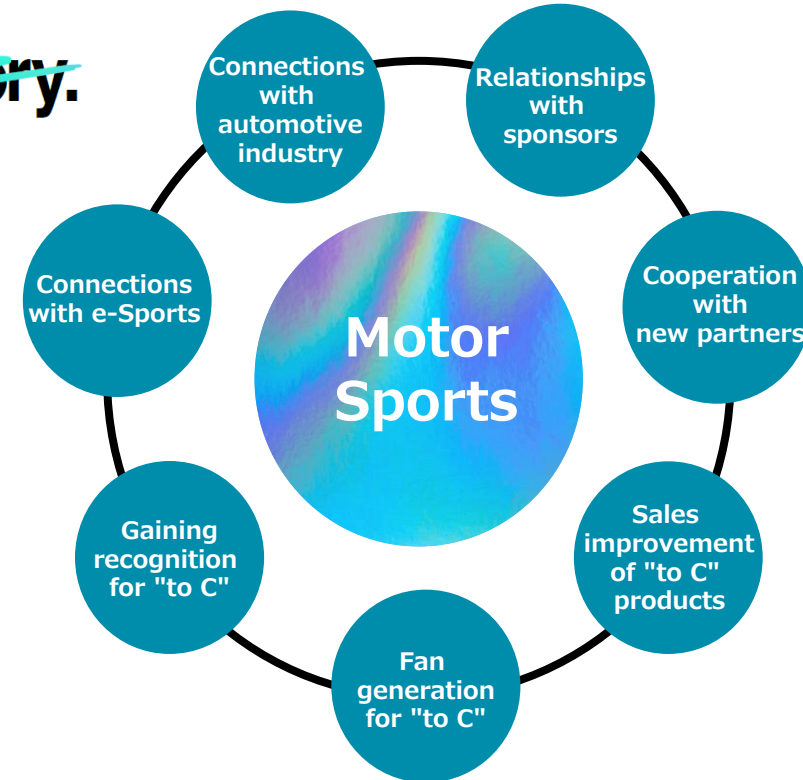
Participation in motor sports as "ANEST IWATA Racing" from 2023 (Announcement on February 7, 2023)
 Participation in Super GT GT300 Class in the 2023 season with a strong tag of "Gran Turismo"



Gran Turismo 7:TM/©2022 Sony Interactive Entertainment Inc. Developed by Polyphony Digital Inc.

We will use motorsports as a breakthrough, meet new partners and customers, make the new corporate image a keystone for molding the branding with parties both inside and outside the Company, and using it as a platform for new business creation.

No Theory.
 夢ある無謀を。



Propagation effect of cultivating new areas

Molding new corporate image

Gaining recognition from new customers

Changes in recognition by existing customers

Changes in in-house awareness

Health management is underway with the aim to become No. 1 in companies with good standing in the machinery sector. As for the success of the initiative, we were selected in the "Health and Productivity Management Brands" for the second consecutive year, and recognized in the "Outstanding Health and Productivity Management Organizations (White 500)" for the third consecutive year

Our aim for health: Implementation of "Smiles and bright shine"



What are "Health and Productivity Management Brands"?

"Health and Productivity Management Brands" is a system in which one company is selected per industry sector from among the top 500 "White 500" listed companies that have been jointly certified by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange as "Outstanding Health and Productivity Management Organizations."

What is "Certification System for Outstanding Health and Productivity Management Organizations"?

The Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi jointly have a system that honors the corporations that implement the best health and productivity practices considering the health of employees and other executives, and the top 500 companies are certified as "White 500."

<Reference Information> Details of Profit and Loss Statement

- **Operating profit:** Cost-to-sales ratio improved due to price hikes in Japan (-0.9 pts year-on-year)
- **Ordinary profit:** Foreign exchange gains increased 233 million yen year-on-year
- **Extraordinary income:** Liquidation of a subsidiary in China for improving management efficiency generated 56 million yen in 2Q

	FY2021		FY2022		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)
Sales	42,337	—	48,515	—	+6,178	+14.6	—
Cost of sales	24,109	56.9	27,178	56.0	+3,068	+12.7	-0.9
Gross profit	18,227	43.1	21,337	44.0	+3,109	+17.1	+0.9
Selling, general and administrative expenses	13,447	31.8	15,498	31.9	+2,051	+15.3	+0.2
Operating profit	4,780	11.3	5,838	12.0	+1,057	+22.1	+0.7
Non-operating income	892	2.1	1,313	2.7	+421	+47.2	+0.6
Non-operating expenses	99	0.2	108	0.2	+8	+8.1	-0.0
Ordinary profit	5,572	13.2	7,043	14.5	+1,471	+26.4	+1.4
Extraordinary income	15	0.0	65	0.1	+50	+334.3	+0.1
Extraordinary losses	45	0.1	17	0.0	-27	-61.1	-0.1
Profit before income taxes	5,541	13.1	7,091	14.6	+1,549	+28.0	+1.5
Income taxes	1,392	3.3	1,821	3.8	+428	+30.8	+0.5
Profit attributable to non-controlling interests	607	1.4	887	1.8	+280	+46.2	+0.4
Profit attributable to owners of parent	3,541	8.4	4,381	9.0	+840	+23.7	+0.7

<Reference Information> FY2022 Changes in Business Results

Active with Newest Technology



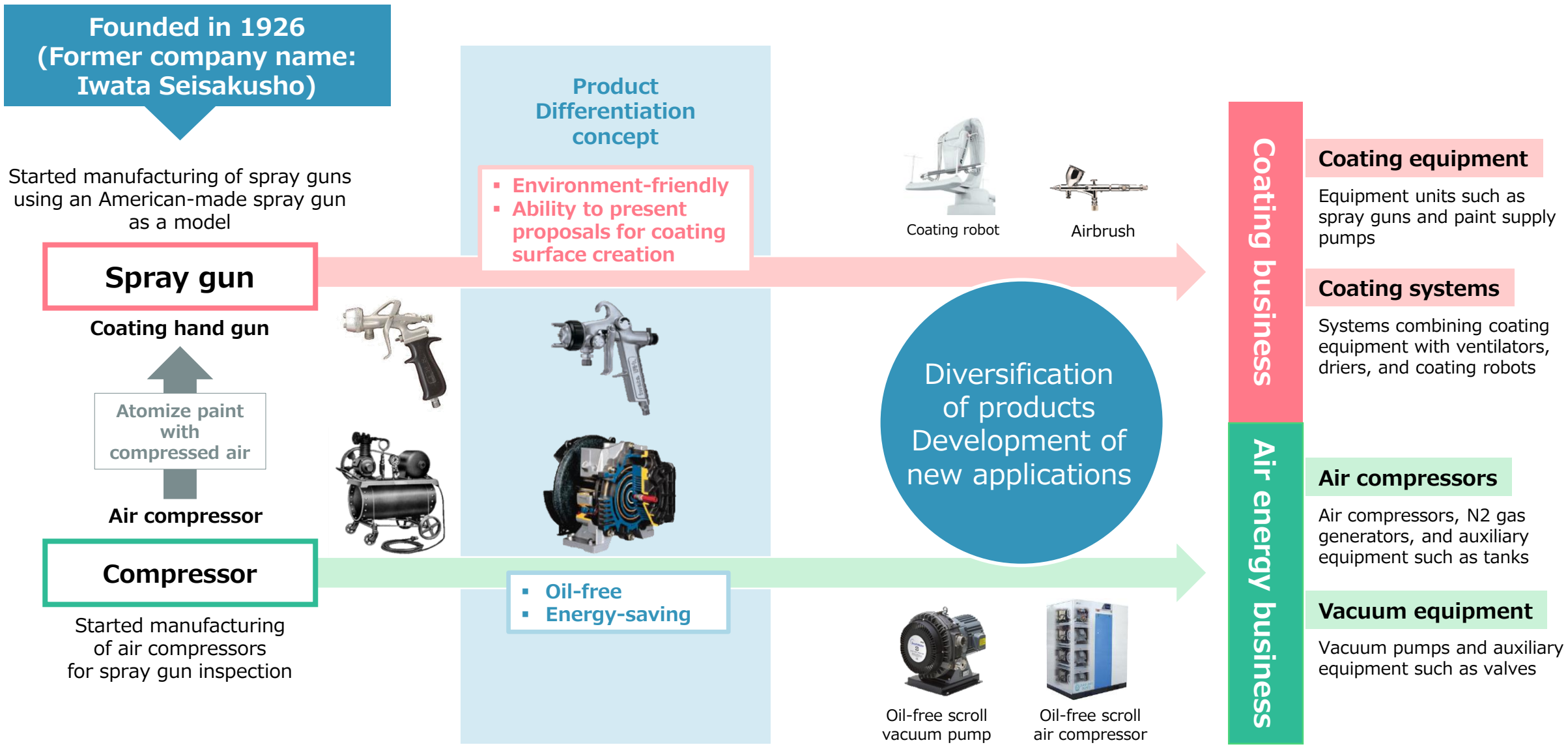
[Total]

Unit: Million yen		FY2022			
		1Q	1 to 2Q	1 to 3Q	1 to 4Q
Sales		9,999	22,613	34,832	48,515
Year-on-year		+9.9%	+11.1%	+15.2%	+14.6%
Air energy	Air compressors	5,583	12,586	19,712	26,983
	Year-on-year	+10.3%	+12.4%	+16.7%	+17.6%
	Vacuum equipment	518	1,115	1,751	2,366
	Year-on-year	+25.8%	+22.0%	+21.9%	+14.6%
Sales		6,101	13,701	21,464	29,349
Year-on-year		+11.5%	+13.1%	+17.1%	+17.3%
Coating	Coating equipment	3,726	8,055	12,157	16,512
	Year-on-year	+12.5%	+12.6%	+16.4%	+14.3%
	Coating systems	171	856	1,210	2,652
	Year-on-year	-45.9%	-21.4%	-16.8%	-7.6%
Sales		3,897	8,911	13,368	19,165
Year-on-year		+7.4%	+8.1%	+12.3%	+10.6%
Operating profit		820	2,340	4,114	5,838
Year-on-year		-8.1%	-1.6%	+16.6%	+22.1%
Air energy	Operating profit	505	1,330	2,393	3,269
	Year-on-year	+12.9%	+6.4%	+18.0%	+30.1%
Coating	Operating profit	315	1,009	1,720	2,569
	Year-on-year	-29.3%	-10.5%	+14.7%	+13.3%

[Quarterly]

Unit: Million yen		FY2022			
		1Q	2Q	3Q	4Q
Sales		9,999	12,614	12,219	13,682
Year-on-year		+9.9%	+12.0%	+23.8%	+13.0%
Air energy	Air compressors	5,583	6,974	7,126	7,271
		Year-on-year	+10.3%	+13.6%	+25.3%
	Vacuum equipment	518	625	636	614
		Year-on-year	+25.8%	+24.4%	+21.6%
Sales		6,101	7,600	7,762	7,885
Year-on-year		+11.5%	+14.4%	+25.0%	+17.9%
Coating	Coating equipment	3,726	4,329	4,102	4,354
		Year-on-year	+12.5%	+12.6%	+24.7%
	Coating systems	171	685	354	1,441
		Year-on-year	-45.9%	-11.3%	-3.4%
Sales		3,897	5,014	4,456	5,796
Year-on-year		+7.4%	+8.6%	+21.9%	+7.0%
Operating profit		820	1,519	1,774	1,723
Year-on-year		-8.1%	+2.3%	+54.4%	+37.6%
Air energy	Operating profit	505	825	1,062	875
	Year-on-year	+12.9%	+2.8%	+36.7%	+80.4%
Coating	Operating profit	315	694	711	848
	Year-on-year	-29.3%	+1.7%	+91.3%	+10.6%

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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