

# **Presentation Material for FY2022 Full-Year Financial Results and Updated Medium-Term Business Plan ANEST IWATA Corporation**

**May 26, 2023**

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

- **FY2022 Financial Highlights**
- **Highlights of FY2022 Financial Results**
- **Difference Between Initial Forecast and Actual Figures**
- **Analysis of Causes of Increase/Decrease in Operating Profit**
- **Sales by Area and by Product**
- **Statement of Cash Flow**
- **Overview of Balance Sheet**
- **Capital Investment Plan and R&D Cost**
- **Prospects for FY2023**
- **Premises for Performance Forecasts for FY2023**
- **Shareholder Return Measures**

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
Operating profit	5,838				
	Air energy	3,269	(56.0%)	Coating	2,569

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	+1.1 pts	—	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.

# Highlights of FY2022 Financial Results

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

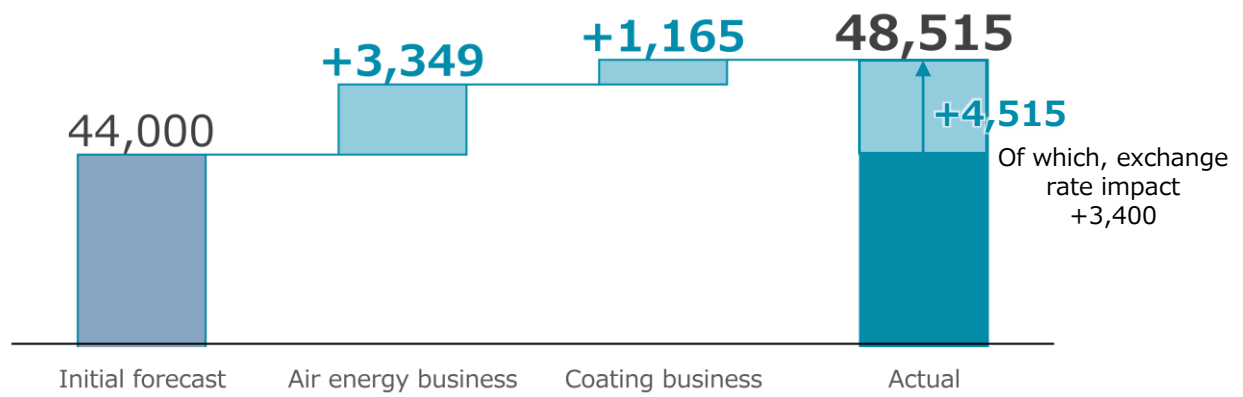
		FY2021		FY2022		Year-on-year			Performance forecast FY2022	
		Actual (million yen)	Profit ratio (%)	Actual (million yen)	Profit ratio (%)	Increase/ decrease amount (million yen)	Increase/ decrease rate (%)	Profit ratio change (Points)	Initial forecast	Announced on March 10
									Forecast (million 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. <sup>4</sup>

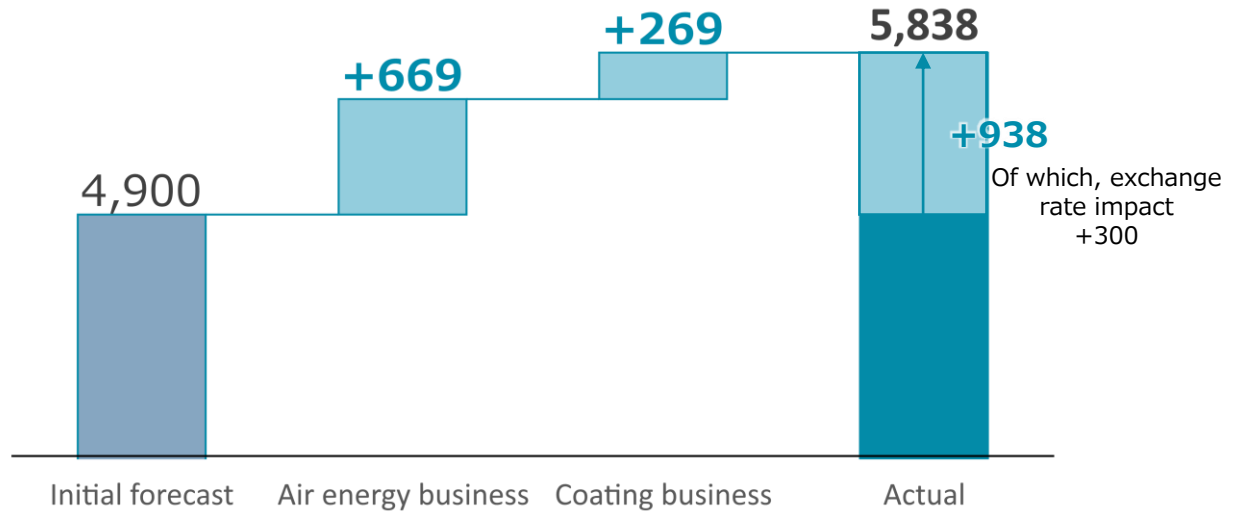
Significantly exceeded the initial forecast due to increased demand in overseas markets and the effects of the weaker yen, etc.

Sales (Unit: Million yen)



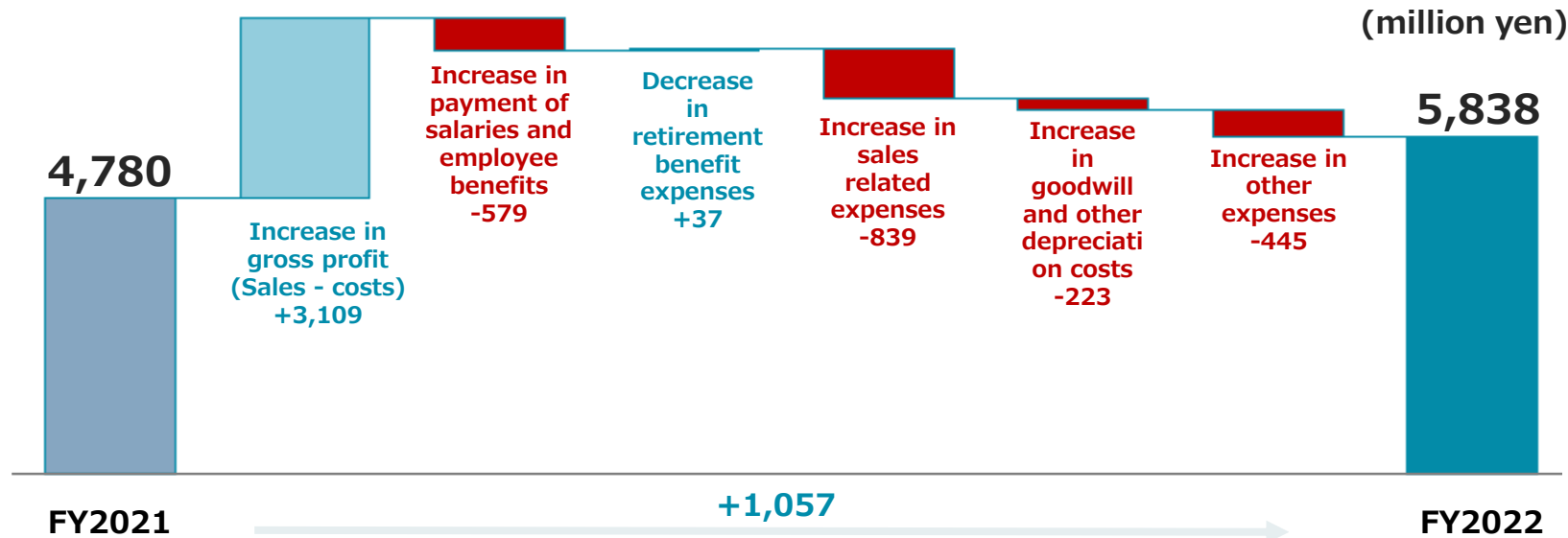
- Key Points**
- Shared
    - [+] Impact of exchange rates (yen depreciation) due to overseas sales growth
    - [+] Japan: Increase in product unit price due to implementation of price increases along with continued rising raw material costs, etc.
  - Air energy business
    - [+] Japan: Normalization of component procurement for air compressors
    - [+] China: Early recovery of demand from the impact of the zero-corona policy
    - [+] Other: sales growth in India
  - Coating business
    - [+] Japan: In 4Q delivered backlog of orders for coating systems including large-scale projects
    - [+] Europe: Promising sales of new spray guns launched in 2Q

Operating profit (Unit: Million yen)



- Key Points**
- Shared
    - [+] Increase in gross profit due to increase in sales
    - [+] Japan: Decrease in cost-to-sales ratio due to implementation of price increases along with continued rising raw material costs, etc.
    - [+] Decrease in cost-to-sales ratio due to changes in product mix
    - [+] Decrease in procurement costs due to stable material supply

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

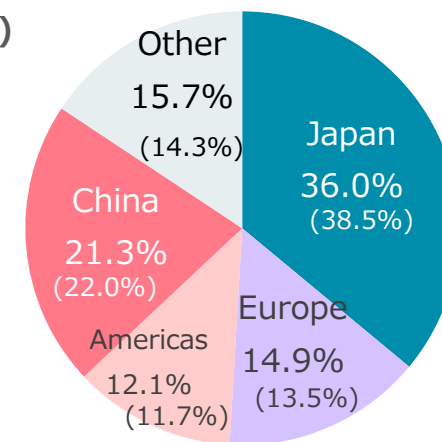
- Japan** ■ Revenue increased. Sales of air compressors increased due to increased willingness for capital expenditure towards the end of the fiscal year and a recovering trend in the procurement of electronic components. On the other hand, the sale of vacuum pumps slowed down as the semiconductor market 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

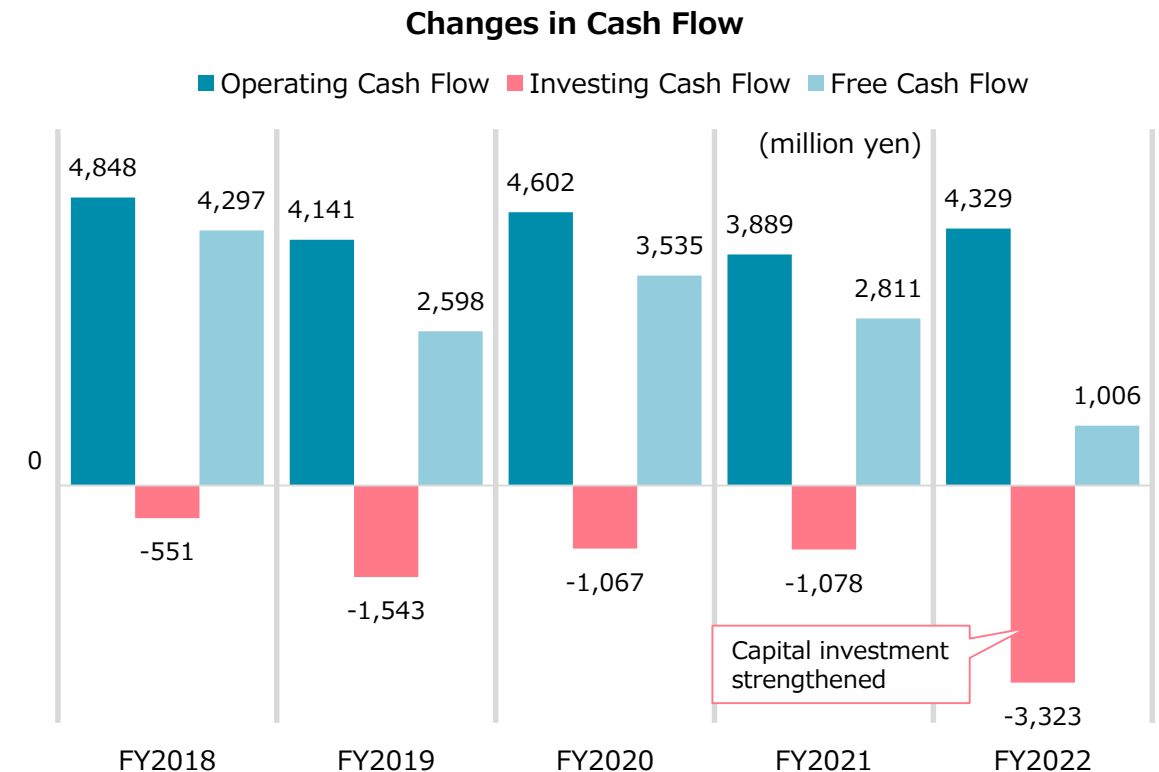
■ Composition Ratio  
 FY2022  
 (FY2021)



**Investing CF increased due to increased capital investment. Cash and cash equivalents were 12 billion yen**

- **Operating CF:** [+] "Profit before income taxes" increased by 1,549 million yen  
[+] Income increased by 1,780 million yen due to fluctuations in "increase/decrease amount in inventory"
- **Investing CF:** [-] "Purchase of property, plant and equipment" increased by 980 million yen due to increased capital investment in the Fukushima Factory, etc.
- **Financing CF:** [-] "Dividend paid" increased by 312 million yen

	FY2021	FY2022	Year-on-year
(million yen)	Actual	Actual	Increase/decrease amount
Operating CF	3,889	<b>4,329</b>	<b>439</b>
Investing CF	-1,078	<b>-3,323</b>	<b>-2,244</b>
Free CF	2,811	<b>1,005</b>	<b>-1,805</b>
Financing CF	-2,103	<b>-2,357</b>	<b>-254</b>
Cash and cash equivalents	12,916	<b>12,080</b>	<b>-835</b>





- 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
	<b>Assets</b>	<b>55,818</b>	<b>60,136</b>	<b>+4,317</b>	<b>+7.7</b>	
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 "Retirement benefit liability" due to the establishment of a retirement benefit trust -1,043 million yen
	<b>Liabilities</b>	<b>15,608</b>	<b>14,881</b>	<b>-727</b>	<b>-4.7</b>	
	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	
	<b>Net assets</b>	<b>40,210</b>	<b>45,255</b>	<b>+5,045</b>	<b>+12.5</b>	
<b>Liabilities and net assets</b>	<b>55,818</b>	<b>60,136</b>	<b>+4,317</b>	<b>+7.7</b>		

<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)

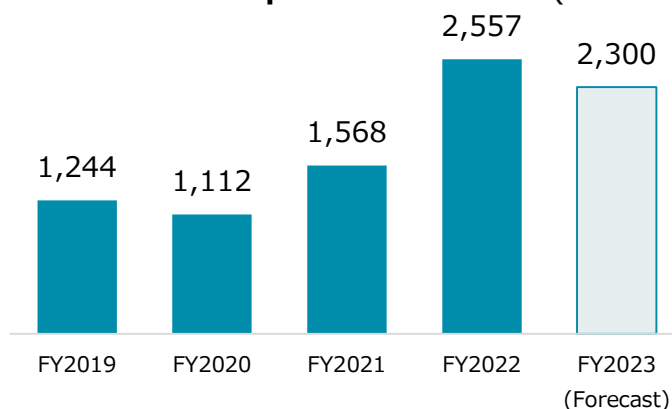
- Includes acquisition of non-current assets (460 million yen) that occurred in 2Q by a subsidiary in the United States selling airbrushes\*1 and auxiliary equipment

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

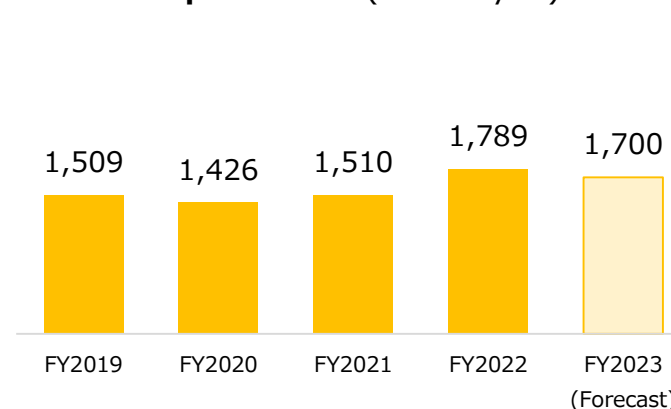
(million yen)	Actual Results for FY2022		
	Amount of capital investment	Depreciation	R&D cost*2
Actual	2,557	1,789	1,355
Plan	2,000	1,680	1,200
Progress rate	127.9	106.5	112.9
Description	<ul style="list-style-type: none"> <li>IT related investment (establishment of product site system and product information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

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

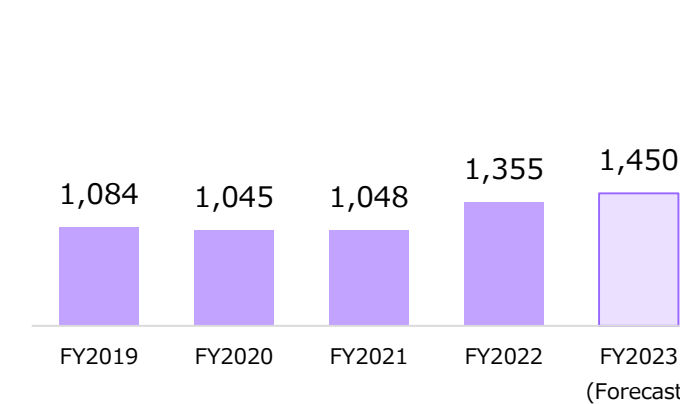
Amount of capital investment (million yen)



Depreciation (million yen)



R&D cost (million yen)



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

		FY2022 (Actual)	
		Actual (million yen)	Composition ratio (%)
<b>Sales</b>		<b>48,515</b>	<b>100.0</b>
<b>Air energy</b>	Air compressors	26,983	55.6
	Vacuum equipment	2,366	4.9
	Subtotal	29,349	60.5
<b>Coating</b>	Coating equipment	16,512	34.0
	Coating systems	2,652	5.5
	Subtotal	19,165	39.5
<b>Operating profit</b>		<b>5,838</b>	<b>12.0</b>
<b>Air energy</b>		3,269	—
<b>Coating</b>		2,569	—
<b>Ordinary profit</b>		<b>7,043</b>	<b>14.5</b>
<b>Profit attributable to owners of parent</b>		<b>4,381</b>	<b>9.0</b>
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 (%)
<b>51,800</b>	—	<b>+3,284</b>	<b>+6.8</b>
—	—	—	—
—	—	—	—
<b>31,300</b>	<b>60.4</b>	<b>+1,950</b>	<b>+6.6</b>
—	—	—	—
—	—	—	—
<b>20,500</b>	<b>39.6</b>	<b>+1,334</b>	<b>+7.0</b>
<b>6,100</b>	<b>11.8</b>	<b>+261</b>	<b>+4.5</b>
<b>3,380</b>	—	<b>+110</b>	<b>+3.4</b>
<b>2,720</b>	—	<b>+150</b>	<b>+5.9</b>
<b>7,100</b>	<b>13.7</b>	<b>+56</b>	<b>+0.8</b>
<b>4,407</b>	<b>8.5</b>	<b>+25</b>	<b>+0.6</b>
136.00	<b>(Forecast)</b>	Depreciated by 4.57 yen	
142.00		Depreciated by 3.96 yen	
19.15		Appreciated by 0.33 yen	
<b>17 yen + 23 yen = 40 yen</b>			

\*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

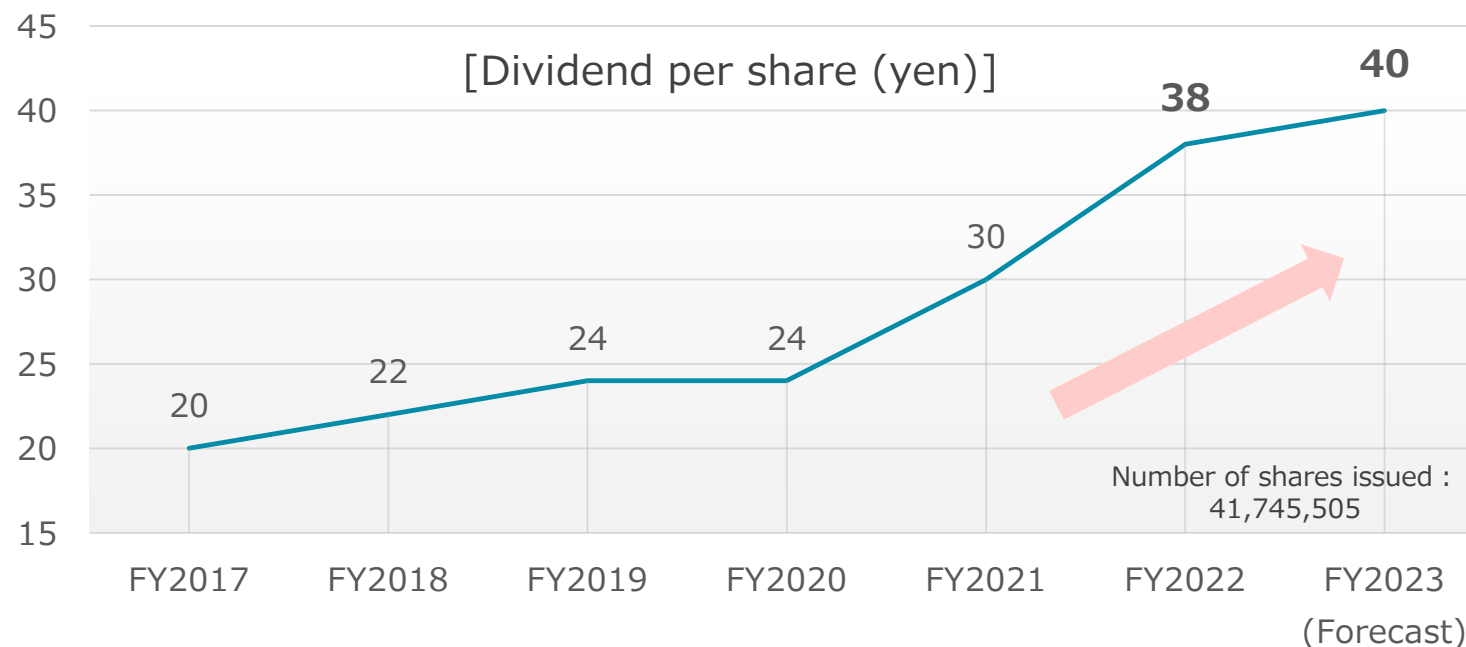
- Ensuring internal reserves for investment in growth and stable dividends
- The dividend payout ratio is roughly 35%

### 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	<b>16</b>	<b>22 (Planned)</b>	<b>38 (Planned)</b>	35.1 (Planned)
FY2023 Forecast	<b>17</b>	<b>23</b>	<b>40</b>	<b>36.9</b>

### Stock buyback

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



# Medium-Term Business Plan "500 & Beyond" (FY2022 to FY2024) Update



- **Updated Content of Medium-Term Business Plan**
  - Summary of medium-term business plan
  - Performance review
  - Updated prospects for FY2024
    - Towards FY2023 (air energy business)
    - " (coating business)
    - " (domestic sales)
- **ANEST IWATA's ESG Management (The Status of Effort for Each Measure)**
- **Business Model of ANEST IWATA (Business Strategy)**
- **Promotion of M&A and Development of New Business**
- **Capital Policy**
- **With a View to Becoming a Company with Sales of 100 Billion Yen**
- **<Reference material> About ANEST IWATA**

# Updated Content of Medium-Term Business Plan



## 3-year medium-term business plan

# "500 & Beyond"

**Aim for organic sales of 55.5 billion yen or greater in the final year, FY2024. Plan M&As for the main purpose of expanding the area coverage in both businesses.**

**The capital source is cash on hand and borrowings. In addition, as our vision for 2030 and beyond, we aim to achieve sales of 100 billion yen or more.**

**First step of the long-term vision "Vision 2030"**

### Business strategy

Targeting at the overseas markets, which are growing, increase the sales of air compressors and high- to mid-price range coating equipment (spray guns).

- Input high value-added, competitive, environmentally friendly oil-free air compressors and medium-size general-purpose air compressors.
- Promote the sales of spray guns for highly difficult coating, as well as reasonable ones that meet certain specifications mainly for emerging countries.
- Achieve both profitability improvement and quantitative expansion, thereby accelerating growth.

Overseas market

Because the markets are growing, increase in sales volume to accelerate business expansion.

Domestic market

Because the market is mature, increase profitability by increasing the unit price with high value-added products.

### Investment

**The capital source is the operating cash flow and cash and deposits.**

Capital investment mainly to increase production capacity; and IT investment mainly in ERP (enterprise resource planning) to reinforce the management foundation.  
M&As are also important options for growth. Debt financing as the case may be.

### Shareholder returns

**Active shareholder returns**

- Conduct active shareholder returns with an aim to increase the annual dividend.
- Establish new indicators and achieve them, with a dividend payout ratio of 35% as a rough guide.
- Our Company's stock purchase limit: 1.5 billion yen (about 4% of the total number of shares outstanding)

Note: No revisions to business strategies and investment policies accompanying the update

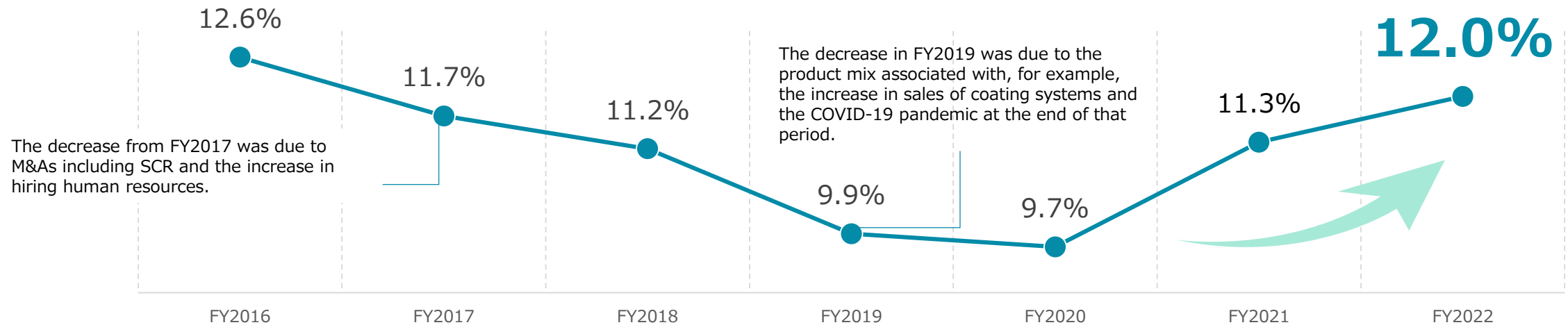
## Sales increased mainly overseas. The work reform we had promoted accelerated, and the operating profit ratio is in an upward trend.

Starting in 2016, we gained a solid footing by expanding overseas bases, acquiring human resources, mainly engineers, complementing the product range with M&As, and organizing and reinforcing the production line.

Starting in 2021 amid the COVID-19 pandemic, the sales and work reforms, including IT investment, accelerated, promoting the development of a system that can increase sales while suppressing selling, general & administrative expenses.

Million yen	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
<b>Sales</b>	<b>29,548</b>	<b>32,817</b>	<b>38,807</b>	<b>39,091</b>	<b>35,588</b>	<b>42,337</b>	<b>48,515</b>
Air energy	16,090	18,133	23,053	22,224	20,866	25,015	29,349
Coating	13,457	14,682	15,752	16,866	14,722	17,321	19,165
<b>Operating profit</b>	<b>3,733</b>	<b>3,824</b>	<b>4,339</b>	<b>3,876</b>	<b>3,444</b>	<b>4,780</b>	<b>5,838</b>

### Changes in operating profit ratio



Based on the latest performance trends and market environment, we revised the target value for the final year of the current medium-term business plan

## Vision for 2030 and beyond

- Sales of 100 billion yen or more
- Operating profit ratio of 10% or greater  
(Expand sales scale and maintain the profit ratio above a certain level)
- Increase in overseas sales ratio
- Expansion of domestic service business
- Suppression of SG&A expenses with IT investment effect, total personnel cost management, and work reform

		FY2021 (Actual at the time of initial plan announcement)	
		Actual (million yen)	Ratio (%)
Sales		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	10.0
Coating		2,267	13.1

FY2024 (Initial plan)	
Organic target value (million yen)	Composition ratio (%)
50,000	100.0
—	—
—	—
29,500	59.0
—	—
—	—
20,500	41.0
5,500	11.0
2,900	9.8
2,600	12.7

FY2024 (After revision)	
Organic target value (million yen)	Composition ratio (%)
55,500	100.0
—	—
—	—
33,500	60.4
—	—
—	—
22,000	39.6
6,500	11.7
3,650	10.9
2,850	13.0

### Indicators to place particular emphasis on

Overseas sales composition	
Air energy	54.1%
Coating	73.7%
Oil-free product consolidated sales ratio	60%
SG&A ratio	31.8%

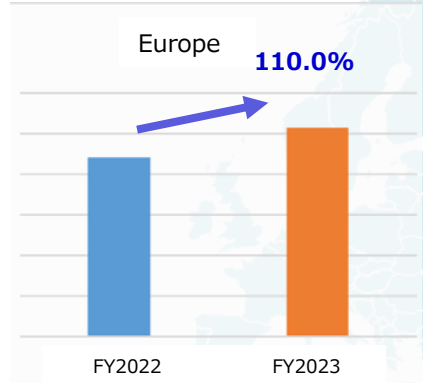
55.9%
71.5%
60% or more
30% or less

55.9%
71.5%
60% or more
30% or less

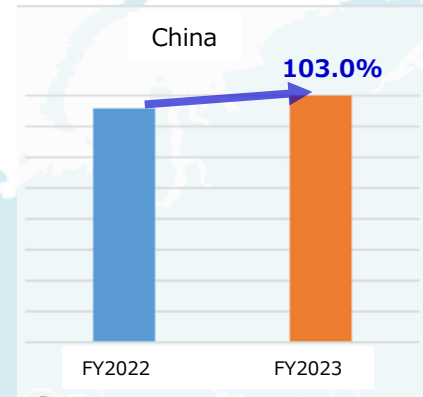
Unit: Million yen

Especially in Europe and the United States, sales to specific markets are further expanding

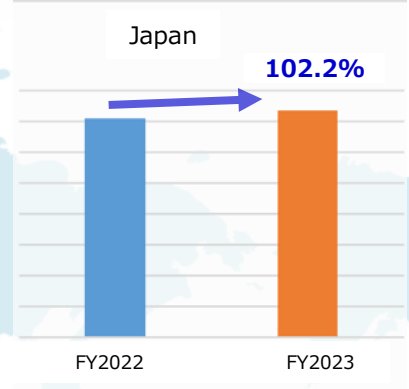
## Sales plan and various measures by area for FY2023



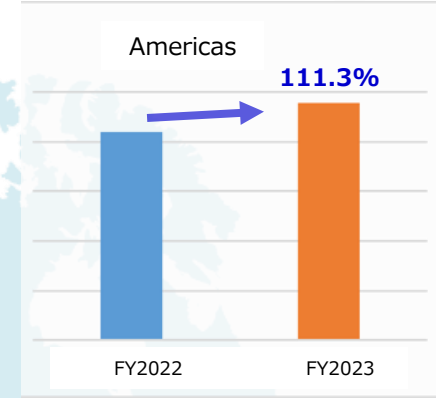
- [Europe]
- Expand sales by utilizing SCR's sales network
  - Expansion of milking market
  - Expansion of the dental and analysis market
  - Expansion of air compressor sales for vehicles with EMS



- [China]
- Expand sales of SCR's products (including exports)
  - Expansion of scroll air compressors lineup
  - Expand sales of booster compressors and vacuum pumps for lithium-ion battery production
  - Increase in sales of auxiliary equipment

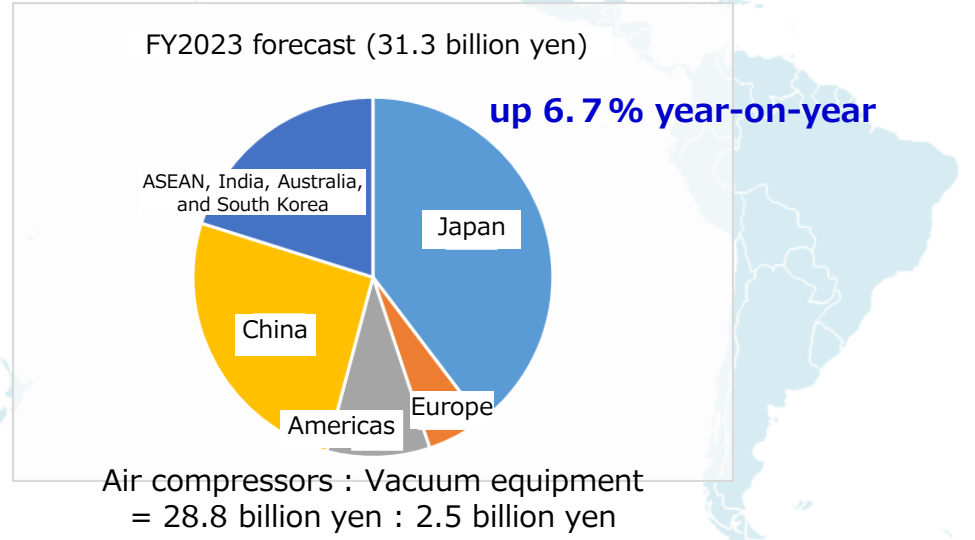
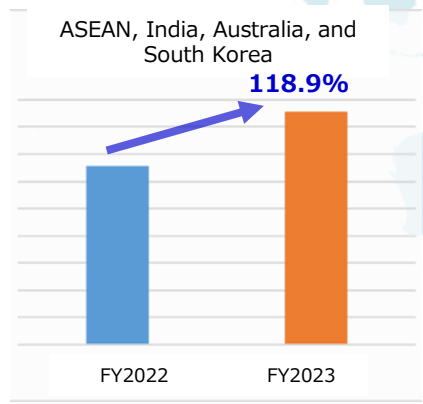


- [Japan]
- Increase in sales of medium-sized machines and auxiliary equipment
  - Expand sales of products for specific markets such as gas generators, dental, and compressors for laser processing machines
  - Extending our track record using online business negotiations



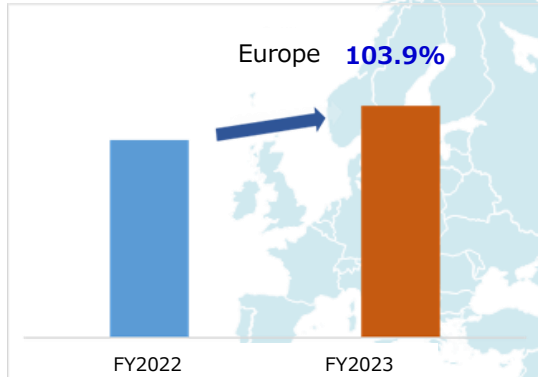
- [Americas]
- Expansion of air compressor sales for medical and vehicle use
  - Increase in sales of vacuum pumps
  - Started sales of SCR's products

- [ASEAN, India, Australia, and South Korea]
- Expand cooperation with local agencies
  - Increase in sales of vacuum pump
  - Model change of reciprocating compressor



Sales expansion of new spray guns and expansion of area development through the activities of the global technical team

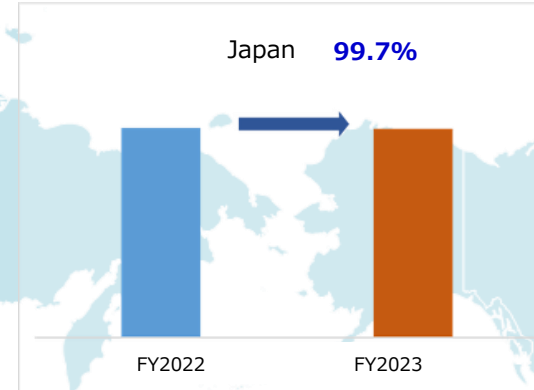
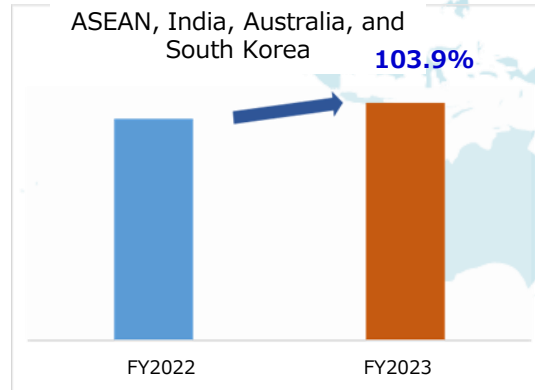
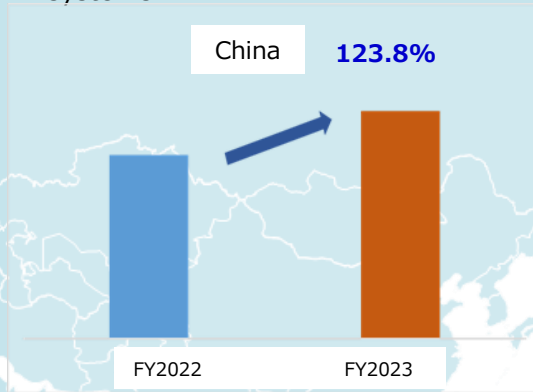
## Sales plan and various measures by area for FY2023



- [Europe]
- Sales growth and stable product supply capability
  - Increasing the share of the car repair market
  - Sales expansion in general industrial market
  - Start of direct sales of airbrushes
  - Increasing production capacity through capital investment

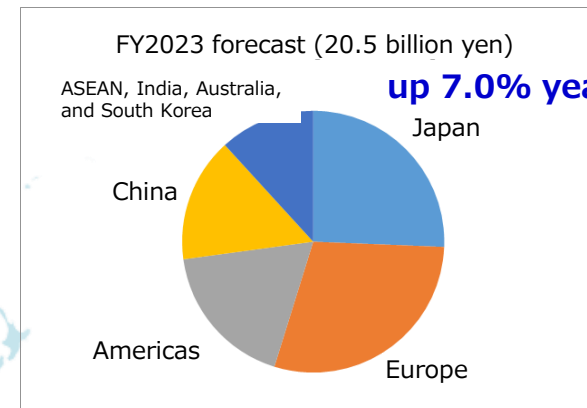
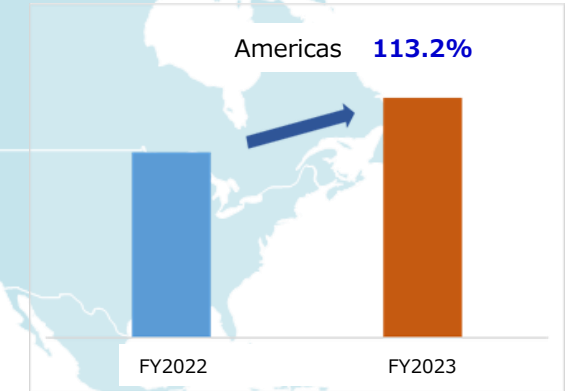
- [ASEAN, India, Australia, and South Korea]
- Expanding the scope of activities and market areas
  - Sales expansion through collaboration with paint manufacturers
  - Entry into new markets (leather, enamel, etc.)
  - Accepting orders from local companies (non-Japanese companies) for coating systems

- [China]
- Recoup the negative impact of COVID-19 in 2022
  - Capturing the car repair market
  - Market penetration of intermediate guns
  - Accepting orders from local companies (non-Japanese companies) for coating systems



- [Japan]
- Year-on-year decrease in FY2023 due to the impact of large-scale coating systems in FY2022
  - Development and marketing of eco-friendly coating equipment
  - Increasing direct sales ratio
  - Start of "subscription" for coating robots

- [Americas]
- Expansion of strategic products
  - Start of new WS/LS sales
  - Capturing the woodwork market
  - Introducing new DIY products
  - Start of paint coating booths sale



Coating equipment : Coating systems  
= 17.4 billion yen : 3.1 billion yen



## Continue to promote sales reforms

While accumulating the customer database built in the previous medium-term business plan, expand its utilization

### 1. Operating sales activities using information and communication technology (ICT)

In order to improve the quality of property handling, we set up a negotiation flow in which highly skilled employees follow up on business negotiations using a remote negotiation system for negotiations in very difficult fields. Improvement in the number of business negotiations as well as in order rates are realized by managing and improving the quality of business negotiations with SFA.



### 2. Using the web system, carrying out service personnel training and sales education

Eligible personnel are divided by skills, and equipment-related service courses are conducted on the web. We carry out web transmission using the training equipment at the Technical Training Center in the Headquarters. For salesperson training, we foster sales skills for problem-solving through external web courses.



### 3. Creation of opportunities for continuous connection with customers (Improvement of service capabilities and service quality)

Work completion report to be submitted to the customer is digitized. We aim to digitize work results and their submission in order to enhance the report quality.

In order to provide future services to our customers, from April 2022, A&C Service Corporation started full-scale operations as a service business company. We have our own service bases in 6 locations in Japan.



### 4. Unification of customer support desks (Strengthening of contact center operations)

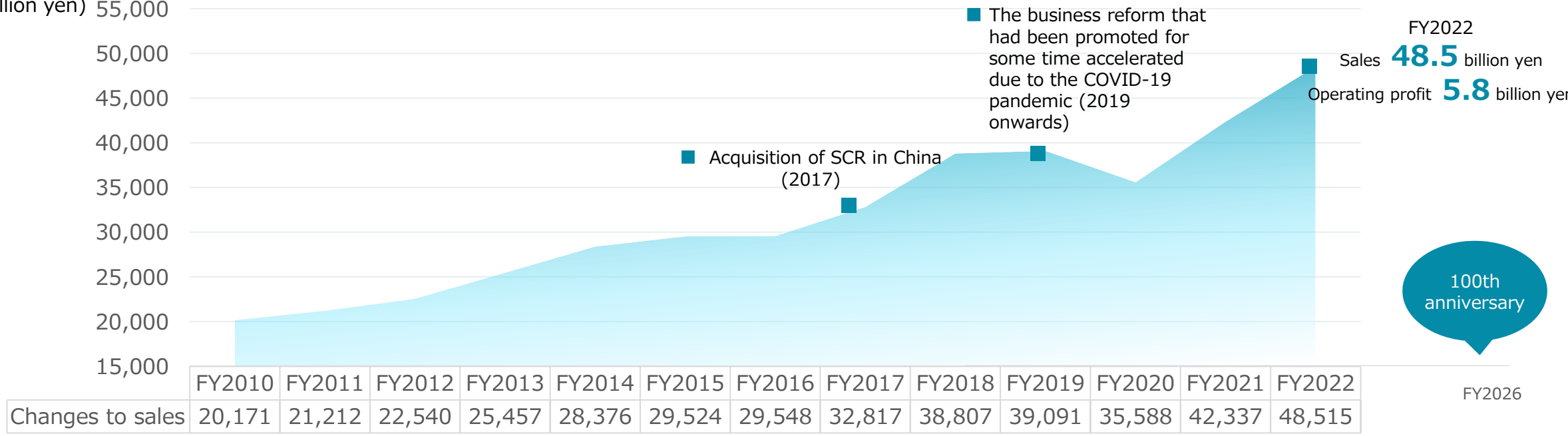
In April 2022, we have expanded our contact point for customer inquiries to a nationwide area-free service. Inquiries are recorded in Q&A as SFA input. Frequently asked questions are disclosed on the FAQ site of our website. We share sample responses within the Company in order to align the quality of responses from in-house operators.



# **Anest Iwata's ESG Management (The Status of Effort for Each Measure)**

By placing ESG at the base of management, we have gotten over several recessions for 97 years since our foundation, achieving record high sales and operating profit.

(Unit: Million yen)



**ESG management: Accumulation of detailed experiences is the key to success. Continuing to enhance each of E, S, and G is a driver for growth.**

- We were aware of environmental issues from early on, and mass-produced oil-free air compressors, which compress air with no oil.
- Faced with regulations in the United States and Europe, we developed and mass-produced spray guns that can atomize paint not containing organic solvents and reduce air pollution.
- As long as there are production plants somewhere in the world, there will be no changes in the basic structure, which requires air compressor (compressed air).
- Accumulation of detailed experiences is the key to success. Continuing to enhance each of E, S, and G is the point for long-term prosperity.
- The business reform, which we had been promoting for some time, accelerated due to the COVID-19 pandemic, so that we achieved record highs with 48.5 billion yen in sales and 5.8 billion yen in operating profit in FY2022.
- Increase in sales overseas contributed to growth. We dedicated ourselves to increasing the shares in the overseas air compressor markets, in particular, where our superiority is easy to bring out.





To secure growth in the global market: we need to develop and commercialize products that are excellently environment-friendly.

Sales promotion of environment-conscious products

Promoting development

"Pure-play manufacturers like us cannot survive unless we continue to consider **what products can contribute to the world.**"



1980's President

Air energy

Oil-free (no use of lubricating oil)

Developed the world's first air-cooled oil-free air compressor based on small-size scroll type air compressors  
(See next page for details)

In addition to responding to environmental needs, in food and beverage manufacturing, medical care, etc., we expanded our business through new market development

Coating

Dealing with water-based paint

Water-based paints that do not contain VOC\* are more difficult to atomize than general solvent-based paints

Reduction in paint usage

Increasing demand for spray guns that can easily form coated film of required quality, and can also reduce the working hours

Development of water-based paints that are difficult to atomize and spray guns for car repair coating specialized for difficult-to-apply paints with an enhanced design.

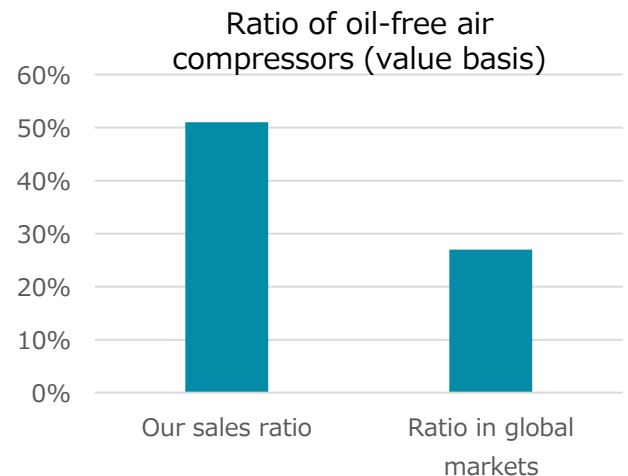
\*VOC: Volatile organic compounds. One of the causes of destruction of atmospheric environment or health damage

# ESG Status of our initiatives towards promoting oil-free products

- Advantages of oil free products as compared with the oil feed type
  - Environmentally friendly
  - Improved quality of compressed air
  - Increased productivity
- Oil-free air compressors account for approximately 50% in the domestic market in number of units. The sales ratio of oil-free air compressors in ANEST IWATA is about 57%. In the global market, it is estimated to be less than 30% on a value basis, there is large room for increase in the overseas markets, in particular.
- The oil-free air compressors of our Group account for about 51% of total air compressor sales (FY2022)

For reference: Due to the increase in sales of SCR in China, the ratio on a consolidated basis is on a downward trend

- The only manufacturers that mass-produce air compressors of various models are ANEST IWATA and one domestic integrated manufacturer. The integrated manufacturer has not been successful in developing sales channels for air compressors alone in the overseas markets.
- We expanded the OEM supply of oil-free air compressor main units to air compressor-specializing large manufacturers overseas.
- Oil-free machines are about 1.5 times higher in price than the oil feed type. The profit ratio is higher than that of the oil feed type.
- The overseas air compressor markets are less severe in price competition than the Japanese market.
- As compared with an operating profit ratio of about 10% in Japan, it is possible to secure 10% to 20% overseas. (Details on page 37.)
- Raising prices due to soaring material costs was implemented twice in Japan as well. In the overseas markets, periodic price revision and price increase become widespread.





# Improvement of management power through investment in management foundation: Human resources

## Human resource investment

### Previous medium-term business plan measure

Improve the work environment

### Achievements

- Recognized in the "Health and Productivity Outstanding Organization "White 500" system (since 2021)
- Selected as Health and Productivity Management Brand\* (since 2022)

\*One company from each industry is selected 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 "Health and Productivity Outstanding Organizations."

### Measures

#### Achieve the placement of the right people at the right place

System for training human resources so that they can be active overseas

#### Changes in employment structure

Adopt job-type employment

#### Infrastructure personnel management

Promote talent management

#### Diversity & Inclusion

Implementation of a system in which diverse human resources can exhibit their abilities, including the promotion of women's active participation

### Effort status for FY2022

- Development of PJ activities to promote women's active participation in the workplace for the next generation consisting of volunteer female employees
- Selected as Health and Productivity Management Brand 2023 (2 years in a row)
- Considering the introduction of career planning system
- Implementation of organization diagnosis (once a year)

## Develop personnel strategies through Group-wide optimization



Improvement of management power through investment in management foundation: DX

DX promotion

Previous mid-term business plan measure

Enhance infrastructures and networks

Achievements

- Build a customer integrated database
- Open an official EC site
- Business efficiency system (Improvement of responses to inventory confirmation, delivery, distribution confirmation, etc.)



Increase in the number of higher-accuracy inquiries due to domestic sales reform

Measures

Visualization of global business management and improvement of efficiency of consolidated accounting

- Make preparations for renovating the core system
- Study digitalizing design technology information
- Improve the functions of estimation and order-receiving systems

Effort status for FY2022

- Shifting core systems to the cloud (Ready for testing)
- Started the study of next-generation core system
- Continue the study of design technology information digitization
- Completed the improvement of the functions of estimation and order-receiving systems
- Started business improvement through RPA utilization



After confirming further domestic sales reform, we plan to expand DX reform to the overseas markets.



Enhancement of the supply chain: Stabilization and optimization to support production and sales increases

Impacts on the results of operations

Money amount (operating profit)

Effort status for FY2022

Profit-increasing factors

- Cost rate improvement
- Establishment of a logistics department
- Optimization of the collaboration system through supplier evaluation

+0.5 billion yen

Profit-decreasing factors

- Soaring prices of raw materials and other purchased goods
- Shortage of logistics resources
- Global supply-demand imbalance

-1 billion yen

- Product price increases in Japan/overseas
- Capital investment for a strong production system
- Review of domestic logistics bases
- Strengthening of supply chain management (BCP measures)
- Promotion of multiple purchases

Though a negative impact was expected at the beginning of the plan, product price increase and improved delivery time of components contributed to increased revenue and profit



**Quality assurance**

- Realize safe and secure product quality, so that:
- Sales personnel in our Group can propose and sell with confidence.
  - Dealers and service shops can recommend to customers with a sense of security.
  - After purchase, customers can be satisfied with product quality.
- ⇒Divide three activity policies into nine issues and promote them.

**Assurance policy**

**Aimed-for quality = Customer satisfaction**

KGI: Customer satisfaction  
 KPI: Customer complaint rate

**The target is a 20% reduction from the FY2021 level at the end of the mid-term in the next period.**

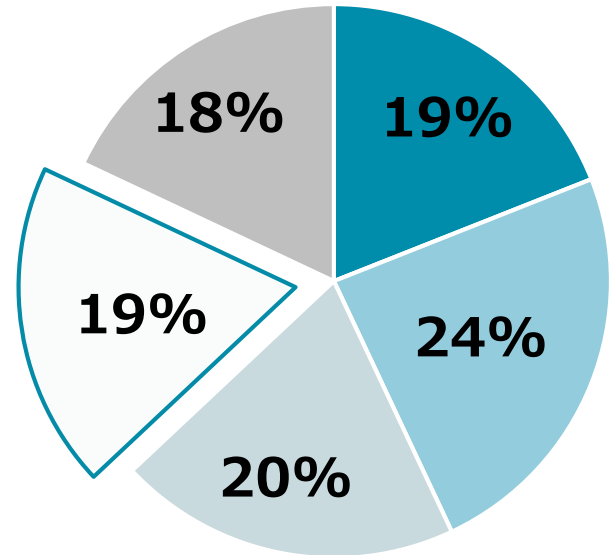


**Issues**

<p><b>Rules that can be followed</b> Downsizing</p>	<p><b>Global</b> Share the assurance policy</p>	<p><b>Monitoring</b> Transmit information timely and improve efficiency</p>
<p><b>Complaint handling</b> Standardize analysis keys</p>	<p><b>Defect prevention</b> Increase quality by, for example, making changes to existing products</p>	<p><b>Recurrence prevention</b> Identify causes, increase the quality of measures, and expand them horizontally</p>
<p><b>Product risk management</b> Clarify the corporate attitude</p>	<p><b>Product safety</b> Prevent risks from occurring</p>	<p><b>Compliance</b> Respond to product accidents and PL</p>



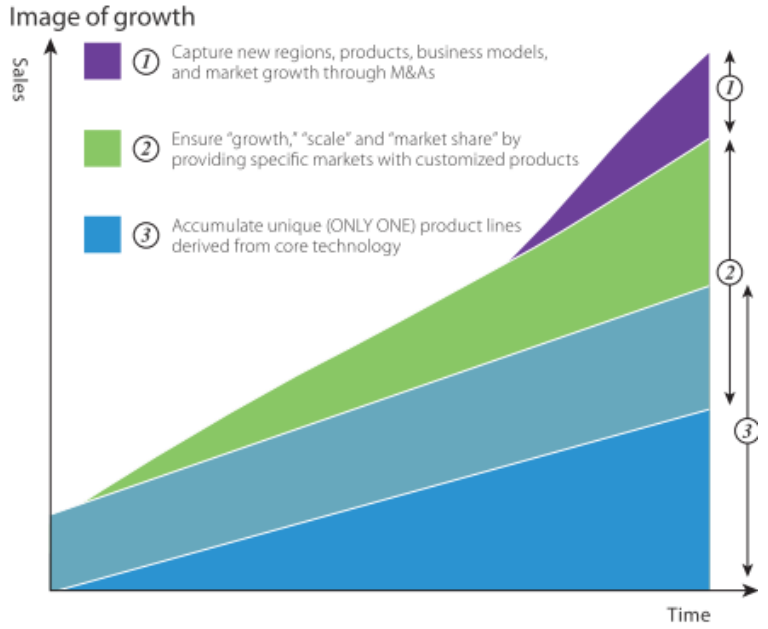
Business model with the dispersion of risks in mind. During bad times, customized products supported our business performance. During good times, general-purpose products contributed to revenue.



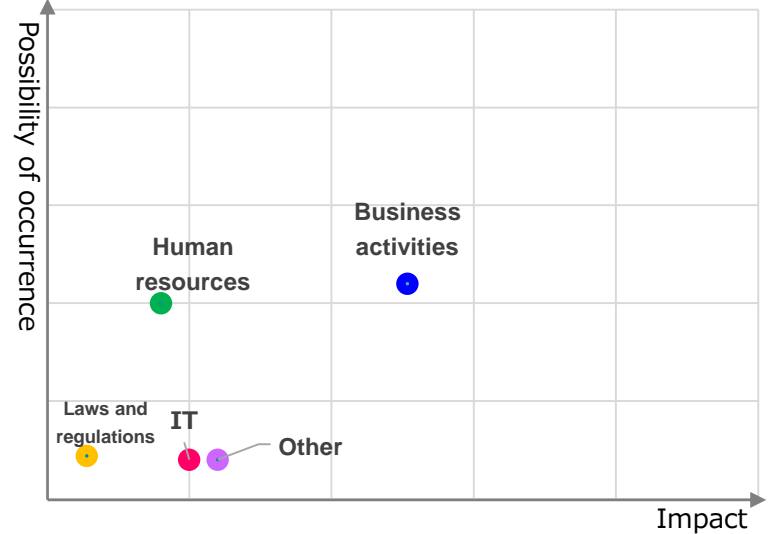
- Manufacturing of automobiles and other transportation equipment
- Manufacturing of general machinery and electric/electronic equipment
- Manufacturing of food and beverages
- Specific markets (Medical/Vehicle-mounting, etc)
- OEM, other

Customize: Manufacture and pricing according to customer specifications  
 Note: Specific uses such as medical, car-mount, analysis uses  
 (The ratio of oil-free air compressors are very high.)

Estimates based on our domestic data collected in FY2022



<Recognize risks and respond to them>  
Risk distribution chart



- ① Risks related to business activities
  - Changes in business environment
  - Product quality
  - Business expansion including M&As
  - Damage to corporate value due to a hostile large-scale purchase of our Company's shares
- ② Risks related to human resources
  - Securing of human resources
  - Enhancing organizational performance through health management
  - Labor problems
- ③ Risks related to IT
  - IT investment
  - Information security
- ④ Risks related to laws and regulations
  - Misconduct due to legal violation of regulations and standards related to global environment and climate change
  - Fraudulent acts violating laws and regulations
  - Intellectual property
  - International taxation
  - Accounting including impairment loss of non-current assets, etc.
- ⑤ Other risks

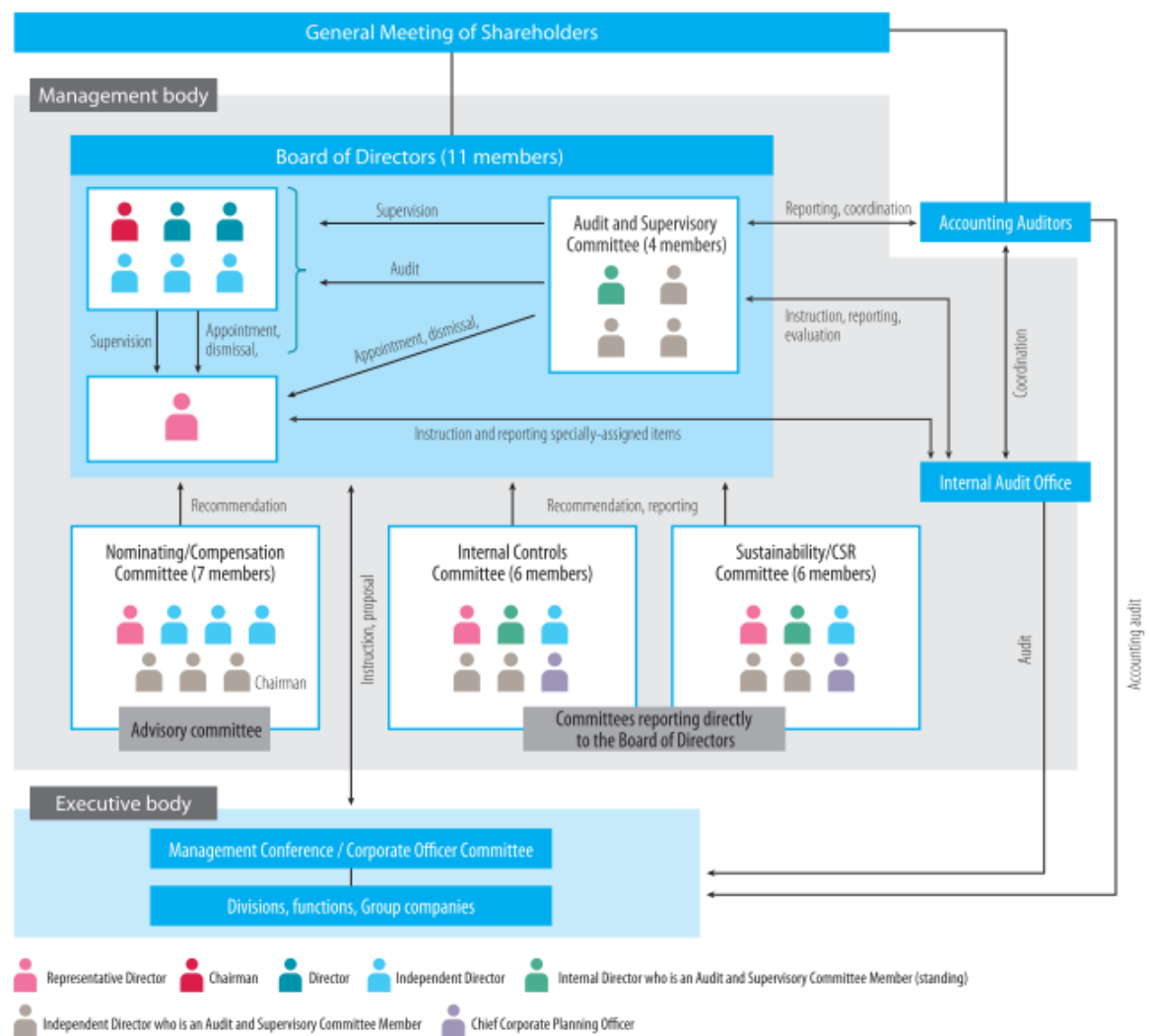




**Appoint multiple independent directors from early on to acquire external knowledge and, at the same time, create a transparent governance system. (The ratio of external, independent directors at our Board of Directors is about 55%.)**

**To enhance governance, establish a Management Conference with independent officers as observers.**

Governance Structure (Diagram) As of the end of the 76th Annual General Meeting of Shareholders (June 24, 2022)



The Role and Composition of the Supervisory Organization ★ represents chairperson/chairman

Organization	Composition	Purpose
Board of Directors		In addition to receiving reports on the status of business execution, decides the basic matters of the Company's business execution, and monitors and supervises the execution.
Audit and Supervisory Committee		Exchanges opinions with Directors and the execution bodies, audits the execution of duties by Directors and prepares audit reports, etc.
Management Conference		Holds discussions and shares information between Corporate Officers—including those concurrently serving as Directors—and Independent Directors, and discusses and deliberates mainly matters relating to business operations • Corporate Officers not concurrently serving as Directors (4 persons)
Corporate Officer Committee		Communicates the matters to be resolved at the Board of Directors meetings, and deliberates the matters to be resolved at the Corporate Officer Committee and the matters to be proposed to the Board of Directors meetings. • Other Corporate Officers not concurrently serving as Directors (4 persons)
Nominating/Compensation Committee		A non-statutory advisory committee under the Board of Directors, which discusses the selection, the promotion/demotion, the assessment and compensation of Directors and Corporate Officers and makes recommendations to the Board of Directors
Internal Controls Committee		A non-statutory committee established under the Board of Directors, which reports on the development and operation and the implementation status of internal control systems
Sustainability/CSR Committee		A non-statutory committee under the Board of Directors, which is in charge of compliance and risk management, deliberates related matters and develops an operational framework

Representative Director  
 Chairman  
 Director  
 Independent Director  
 Internal Director who is an Audit and Supervisory Committee Member (standing)  
 Independent Director who is an Audit and Supervisory Committee Member  
 Chief Corporate Planning Officer

President, Representative Director and Chief Executive Officer  
 Chairman  
 Internal Director Senior Managing Executive Officers/ Managing Executive Officer  
 Independent Director  
 Internal Director who is an Audit and Supervisory Committee Member (standing)  
 Independent Director who is an Audit and Supervisory Committee Member  
 Chief Corporate Planning Officer

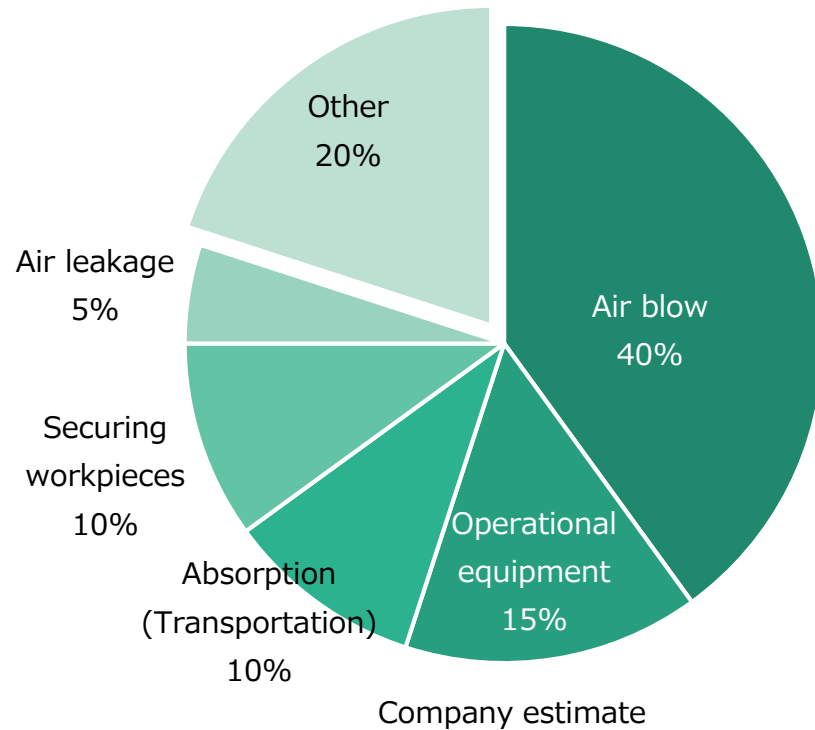


# **Business Model of ANEST IWATA (Business Strategy)**

## Conventional uses

- Blowing away the chips generated during machining with a machine tool (air blow)
- Operation of air cylinders that can be seen in robot motion, etc. (operational equipment)
- In the graph below, "Other" includes painting and coating.

Main uses of compressed air at production plants



## Applications for our specialized oil-free machines (specific markets)

- Manufacture of food, beverages, pharmaceuticals, etc.
- Physics and chemistry/Research and development
- Medical treatment at hospitals, dental clinics, etc.
- In-vehicle mounting of braking system for commercial cars
- OEM  
(including the supply of oil-free air compressor main units to top-class air compressor manufacturers overseas)



Both air compressors and spray guns (coating equipment) are sold mostly to automobiles and general industries. Application development by introducing products that meet the specifications required by customers contributed to sales. Oil feed type air compressors, which have been widely used in the past, have been the mainstay of air compressor sales, but the introduction of oil-free air compressors has successfully cultivated new demand in food and beverage industries, specific markets, OEMs, etc.

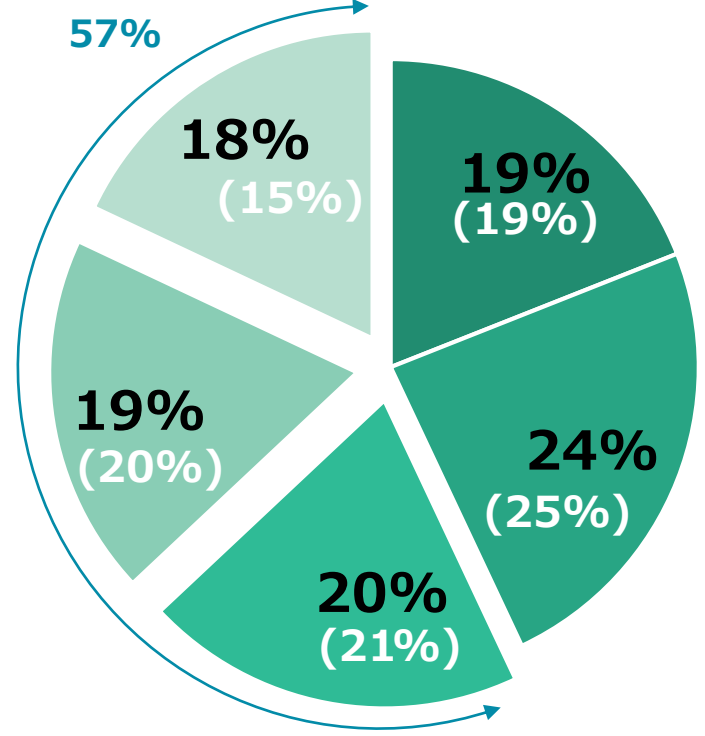
## Air energy business

## Coating business

### Air Compressors

Ratio of development of new uses

FY2022  
Values shown in parentheses are for FY2021

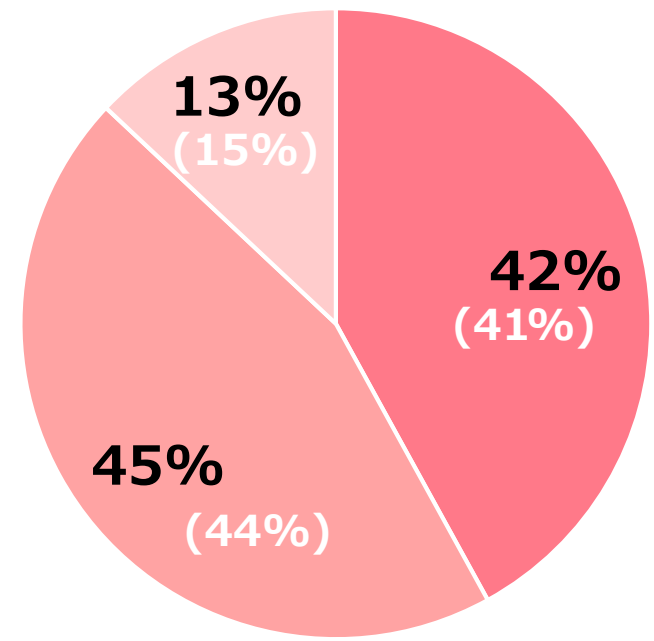


- Manufacturing of automobiles and other transportation equipment
- Manufacturing of general machinery and electric/electronic equipment
- Manufacturing of food and beverages
- Specific markets (Medical/Vehicle-mounting, etc)
- OEM, other

Estimates based on our domestically collected data

### Spray guns (Coating equipment)

FY2022  
Values shown in parentheses are for FY2021



- Automotive (Manufacturing and repair)
- Manufacturing of general industrial products (wooden, metal, and plastic products, etc.)
- Hobby, art, etc. (Airbrush)

Estimates based on our domestically collected data

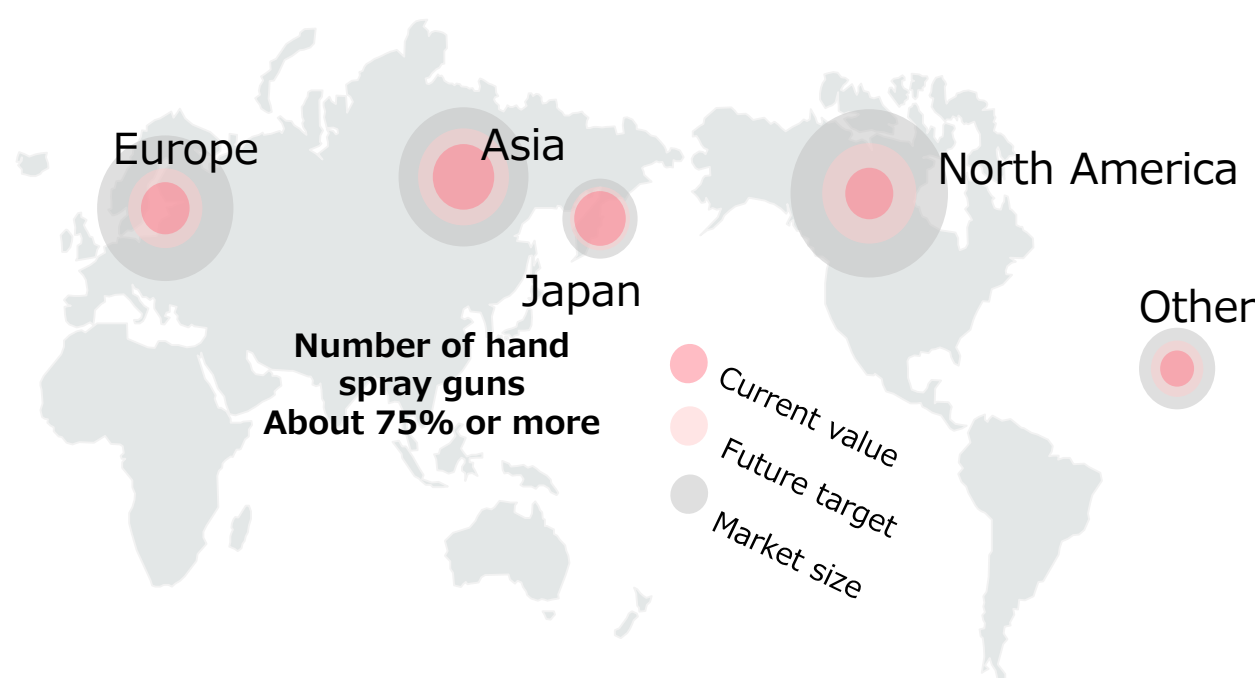
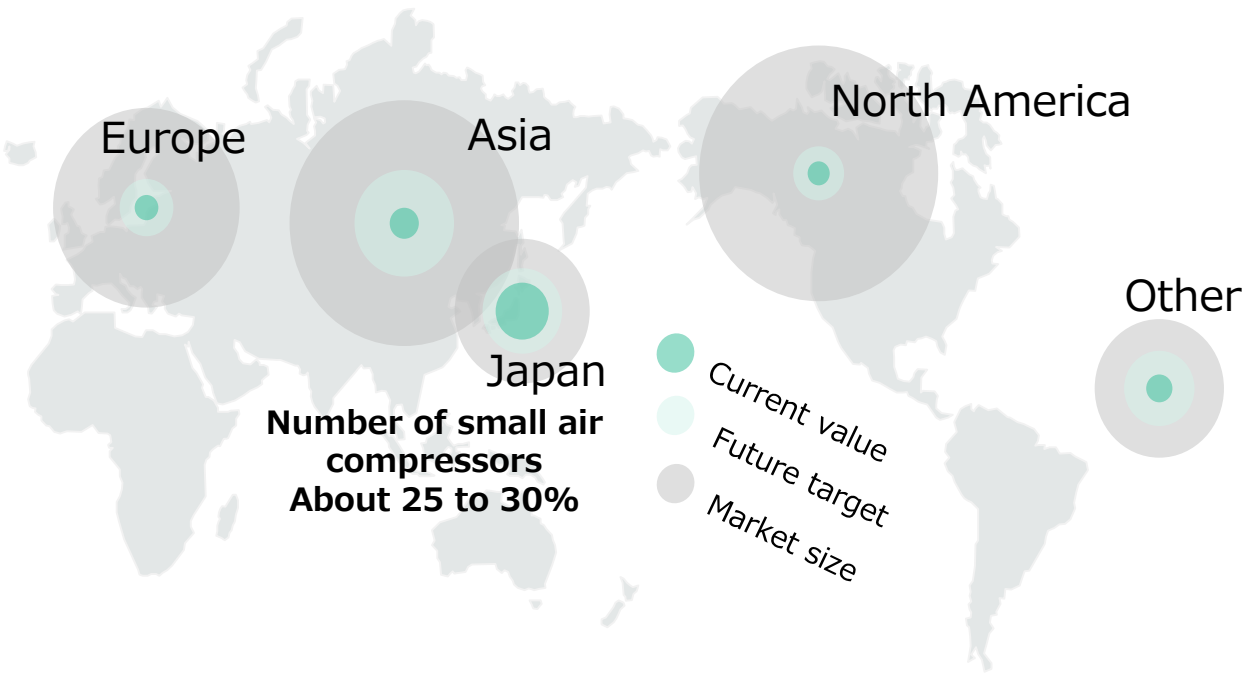
The global market scale is expanding for both. Growth drivers are overseas, and there is no change in the policy of expanding sales of air compressors in particular.

**Global air compressor market**  
**Approx. 1,800 billion yen** (About 29% increase in approx. 6 years)

**Global spray gun market (coating equipment):**  
**About 150 billion yen** (About 15% increase in approx. 6 years)

**Our share of the amount**  
**About 1%**

**Our share in Europe and America**  
**30 to 35%**



Share and market sizes are estimated by ANEST IWATA

Overseas market	Price competition is more lenient than Japan. Profit expansion will be achieved by increasing shares in overseas market
Domestic market	Earnings will be secured with oil-free machines and other value-added products in a mature market

## Overseas market "that is huge and where high profit margin is estimated"

## Domestic market "that is mature and increasingly eco-conscious"

Market size	Approx. 1,800 billion yen	About 85 billion yen (about 5% of the global market)
Competitors	Multiple manufacturers almost solely specializing in air compressors	Major electronic manufacturer A, steel manufacturer B, etc.
Major player's operating profit ratio	<b>About 10 to 20%</b>	<b>Less than 10%</b>
Market structure	Several major companies are considering this as their main business, and price competition is lenient	Price competition is always severe as all-round manufacturers supply air compressors alongside other products.
Profitability evaluation	There is price competition, <b>but there is much room for us to increase our share and profits, compared to the domestic market</b>	The market is mature. Price competition is severe and <b>increasing profits is difficult.</b>
Our sales and share	15.8 billion (approx. 1% share)	11.1 billion yen (Approx. 13% share, mainly small size air compressors)
<b>Our strategy</b>	<b>Expanding overseas sales, including M&amp;A</b>	<b>Increasing the composition high-margin products (Oil-free scroll-type, etc.)</b>

Investigated or estimated by ANEST IWATA

Air energy business strategy ≙ Air compressor strategy (air compressors account for approx. 92% of sales composition in FY2022)

## Overseas market

In addition to the competitive high-end range, we will seek to achieve growth in mid-range spray gun market.

## Domestic market

Although this is a mature market, we will secure profit with value-added products by leveraging our large market share (our hand spray guns have a share of approx. 75%).

### Overseas market "that is huge and can be developed according to local characteristics"

### Domestic market "that is mature and where there is need for value-added products"

#### Main players

SATA GmbH & Co. KG, Carlisle Fluid Technologies (Devilbiss brand), etc.

Carlisle Fluid Technologies (Devilbiss brand), Meiji Air Compressor MFG. Co., Ltd., etc.  
Our products: WIDER, 'kiwami Series, etc.

#### Market size

Approx. 150,000 million yen

Approx. 14,900 million yen

#### Background for expected increase in market share overseas

Major competitors have strengths in our main high-end range. Products of high-end range are often not necessary in emerging nations. We can contribute to improving productivity and expect to increase sales by setting product specifications and price ranges for each individual area before supply.

Major competitors have strengths in the high-end range, and it remains difficult for brand changes to take place. However, if use of water-based paint increases as environmental regulations are tightened, there is potential for us to increase sales due to the know-how gained from years of operation in the European and American markets, and the launch of commercial models in these markets. We will meet demand for mid-range products by marketing a second brand.

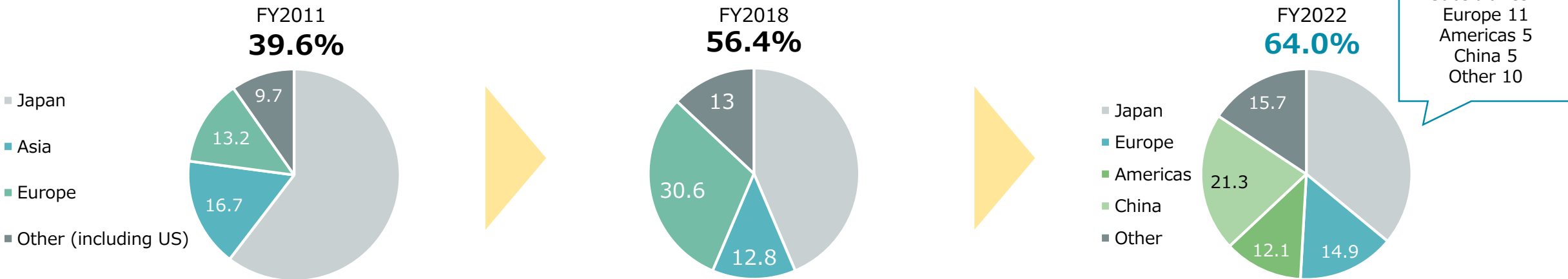
Market sizes and values are researched and estimated by ANEST IWATA in FY2022

# Promotion of M&A and Development of New Business



Overseas sales expanded from 39.6% to 64.0% in the past 11 years. With a technical tie-up with SCR in China, acquired through M&A in November 2017, the sales of oil feed type screw air compressors were expanded toward the global market (including the Japanese market).

Overseas sales (%)

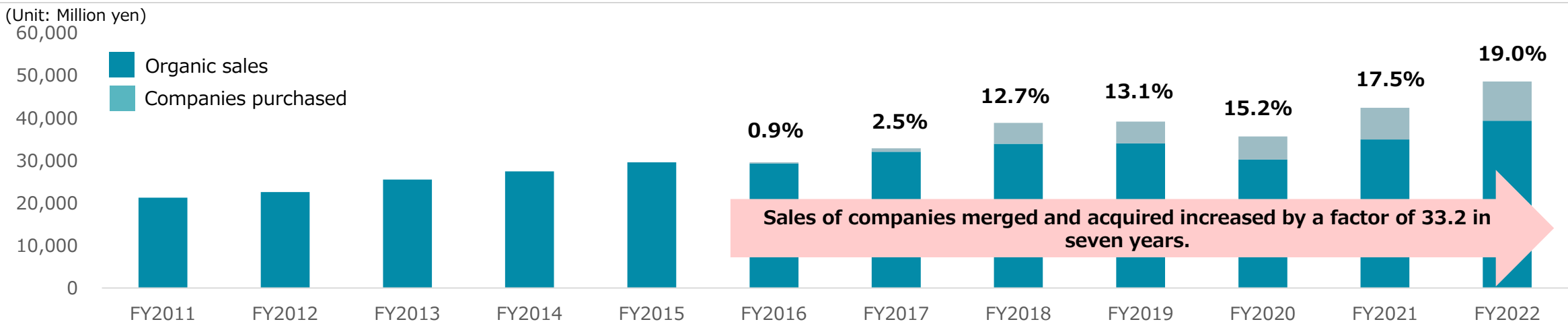


<Overseas Subsidiaries>  
 Europe 11  
 Americas 5  
 China 5  
 Other 10

Note) Figures for FY2011 and FY2018 are converted to actual sales in each individual area

From FY2022 segmentation method by location was changed

Changes in sales of main overseas companies merged and acquired



Sales of companies merged and acquired increased by a factor of 33.2 in seven years.



**Our Group extracts candidates, led by both Air Energy and Coating Divisions, and evaluates them together with the Headquarters. The capital source for M&As are cash on hand and borrowings.**

## Examples of our desired purposes of M&As

- Regional coverage  
(Example: For air compressors, the standards for electrical equipment, pressure vessels, etc. differ from country to country. By acquiring local manufacturers, we can obtain local procurement routes for parts conforming to standards. Moreover, we can acquire optimal sales channels and service functions for local areas.)
- Complement of product ranges
- Technology and know-how related to products and parts

## Candidate examples

- Companies that reserve necessary standards. Manufacturers that have procurement, production, sale, and service systems.  
(Emphasis is placed on securing standards. The company size does not matter.)
- Sales channels possessing technical service skills
- Ingredients and material manufacturers

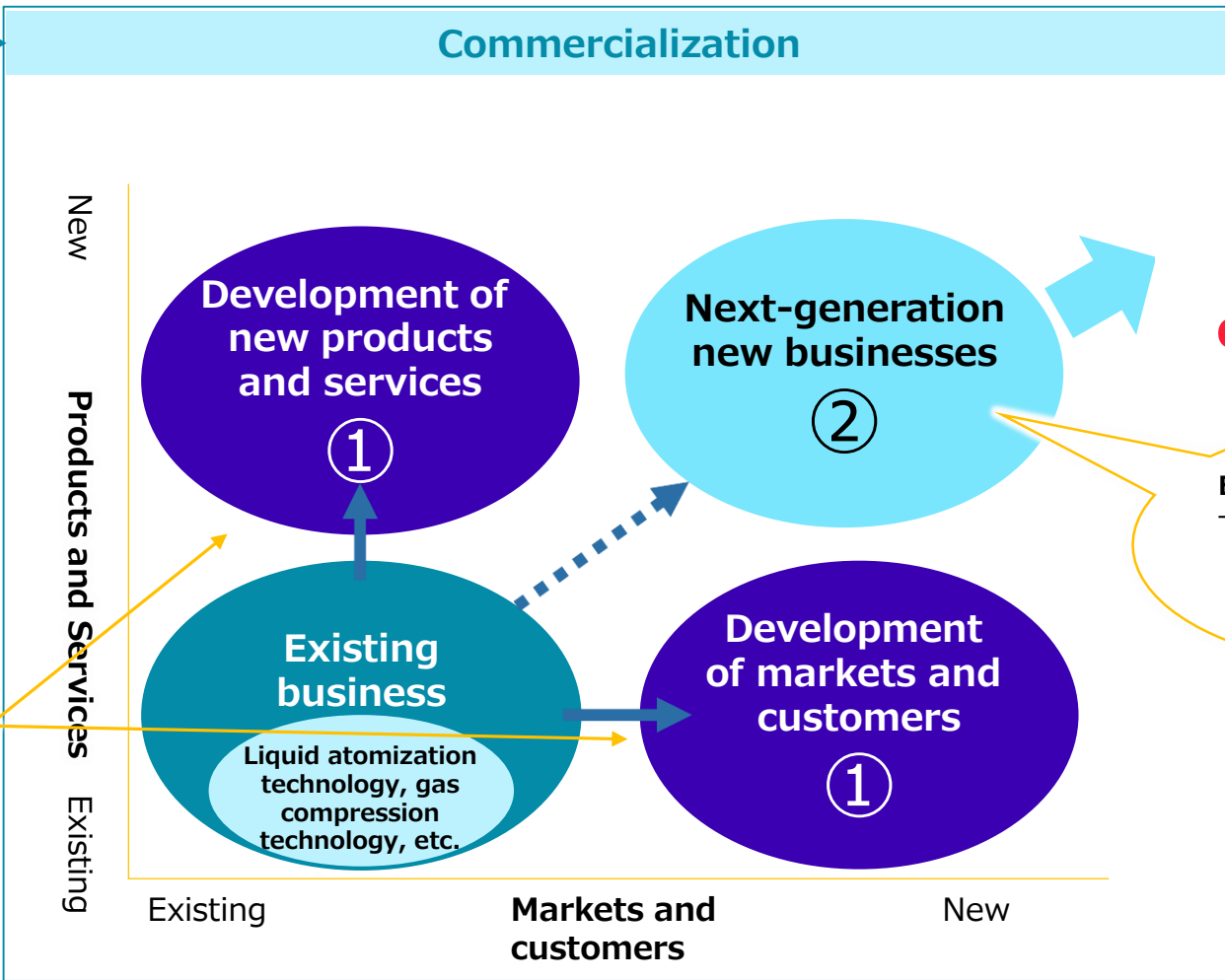
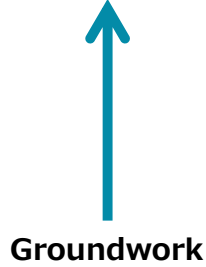
**By making the most of the partner company's brand and management as much as possible, the Company maintains its desire to grow even after the M&A.**

## Examples of successful M&A and business acquisitions

- Shanghai Screw Compressor Co., Ltd. (SCR) : China  
Manufacture and sale of mid- to large-size air compressors. It has a strong sales base as a mid-range brand manufacturer in China. In addition, it has expanded to more than 40 countries, mainly in Asia and Europe. By utilizing our Company's (Japan) and our overseas subsidiary's sales channels, sales increased considerably. (1.8 times compared to FY2018)  
  
While promoting the sales expansion of oil-free scroll air compressors, by taking advantage of the sales channel of SCR, the ratio of exports to countries other than China is expected to increase further.
- HARDER & STEENBECK GmbH & Co. KG (H&S): Germany  
Manufacture and sale of airbrushes. Being a leading brand in Europe, it has expanded its sales destinations to US, Asia, etc. with the help of production facility enhancement.
- Air compressor manufacturer: Brazil  
We acquired an air compressor manufacturer as a subsidiary, and started mass-production of oil-free air compressors. In addition to the existing dental market, this subsidiary in Brazil developed its own sales channels and established sales channels to local hospitals, leading to increased sales of oil-free air compressors. Sales of oil-free air compressors for EV vehicles have also started.
- Coating equipment distributors: USA  
Acquired the sales business mainly for the car repair market. After the acquisition, the local Group subsidiary conducts direct promotion to sales companies beyond the distributors. Not only the car repair market, but the sales of coating equipment for industrial coating market too had increased. This has contributed significantly to profit growth.

- ① Create markets and develop new products and services by utilizing the core technologies and know-how cultivated thus far ("gas compression/recovery businesses" by utilizing scroll compression technologies, "development of particle/coated film formation devices" by expanding liquid spray technologies, etc.)
- ② From the sustainability viewpoint, enter new areas that are not an extension of conventional businesses

Discovery and training of our company entrepreneurs



"Gas compression/recovery businesses"  
"Development of particle and coating film forming systems," etc.

Towards earnings contribution

Discovery of future core business candidates

Entry into motor sports  
→Platform for new business development  
(See next page for details)

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

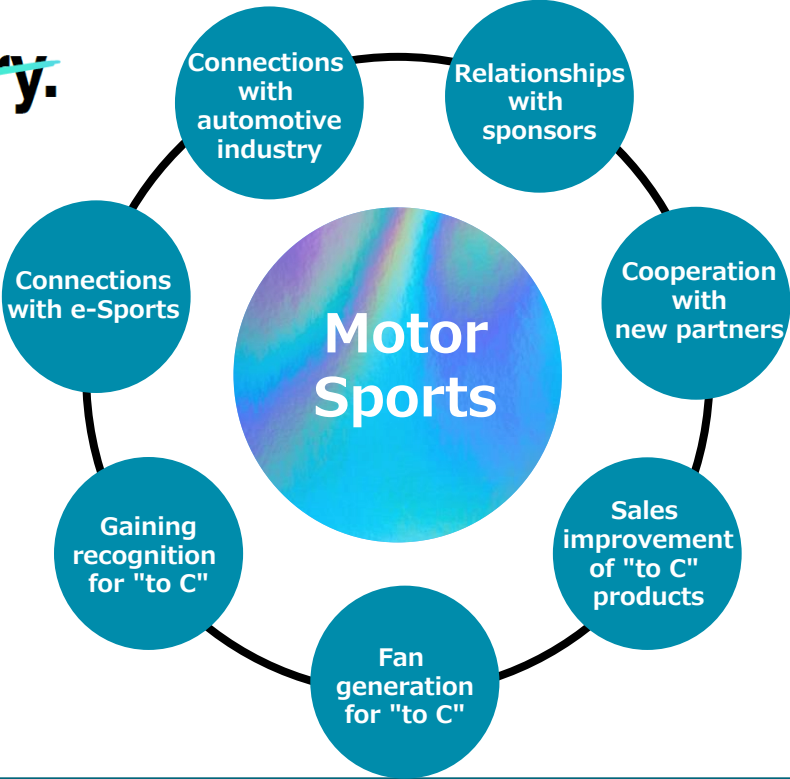
Participation in motor sports as "ANEST IWATA Racing" from 2023 (Announcement on February 7, 2023)  
 Participation in Super GT GT300 Class in the 2023 season with a strong tag of "Gran Turismo"



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

In March 2023, the company announced a partnership with HW ELECTRO, a manufacturer and seller of small commercial EV vehicles, to launch a pre-delivery inspection (PDI) business for vehicles. Various other projects are underway.

# Capital Policy

**Active investment for growth and the expansion of the business scale**

Three years (April 2022 to March 2025)  
Cumulative operating cash flow

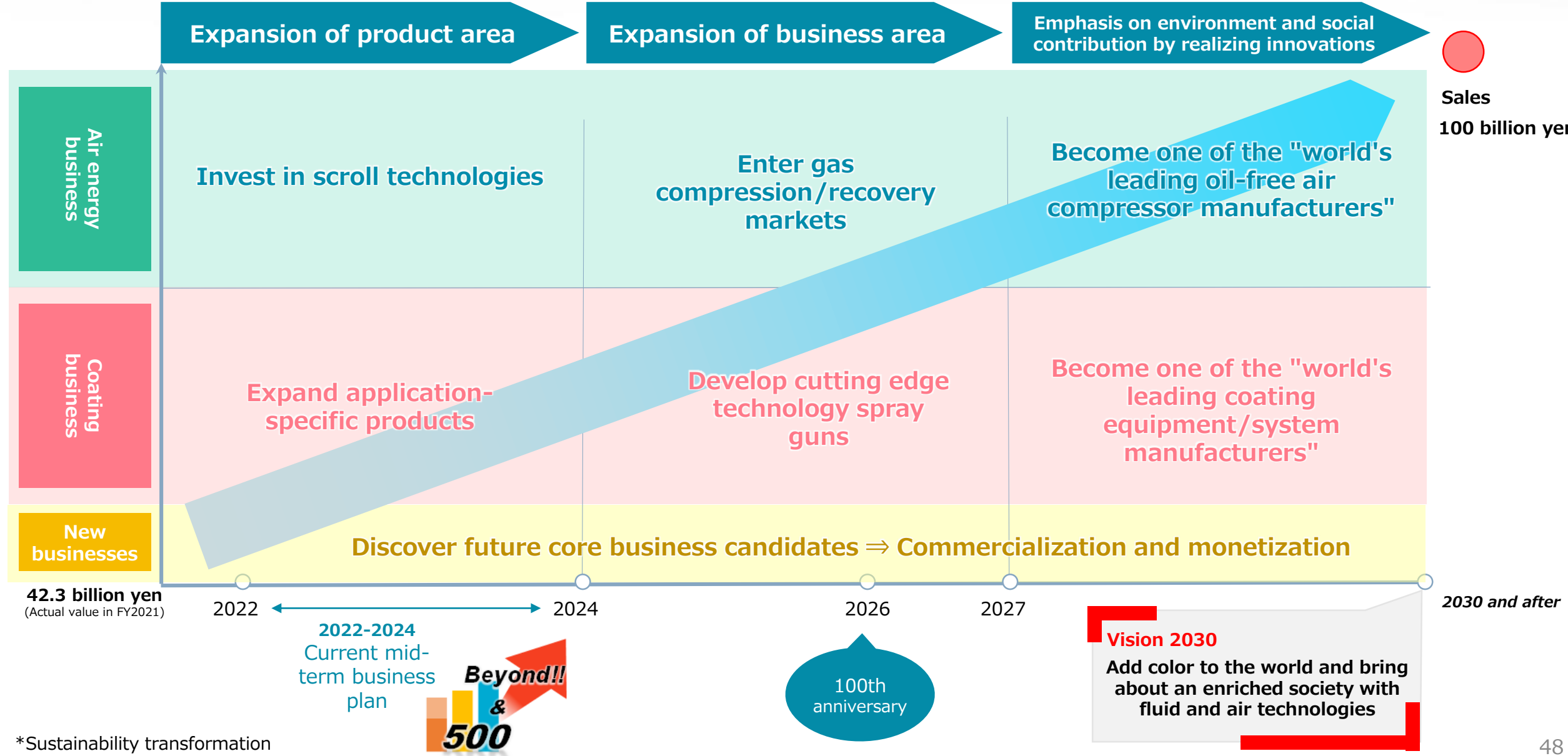
**We are considering updating our capital policy. Aiming to formulate by the time of reporting interim financial results for FY2023**

Illustration of distributing money amounts

<p><b>Operating cash flow 15 to 16 billion yen</b></p>	<p><b>Capital investment 5 to 6 billion yen</b> Breakdown Equipment maintenance and replacement/Production capacity increase 3 to 4 billion yen IT investment 2 billion yen</p>	<ul style="list-style-type: none"> <li>■ <b>Investment for production capacity increase</b> Promote the capacity of Fukushima and Akita Factories (installation of additional lines and replacement with advanced equipment) to increase products to be exported overseas</li> <li>■ <b>IT investment</b> To promote global management, enhance enterprise resource planning (ERP) Promote business management and consolidated accounting including overseas bases</li> </ul>
	<p><b>Research and development/New expansion/M&amp;As, etc. 5 billion yen</b></p>	<ul style="list-style-type: none"> <li>■ <b>For M&amp;As, use our own funds and borrowings</b></li> </ul>
	<p><b>Shareholder returns/dividend/stock buyback 5 billion yen</b></p>	<ul style="list-style-type: none"> <li>■ <b>Aim to achieve an ROE of 10.0% or greater (FY2024)</b></li> <li>■ <b>Payout ratio: Roughly 35%</b></li> <li>■ <b>Our Company's stock purchase limit: 1.5 billion yen or greater</b></li> </ul>

# **With a View to Becoming a Company with Sales of 100 Billion Yen**

The current medium-term business plan is the first step towards medium- to long-term vision, "Vision 2030." Improve corporate value by aiming for ESG and earning power (SX\*)



\*Sustainability transformation

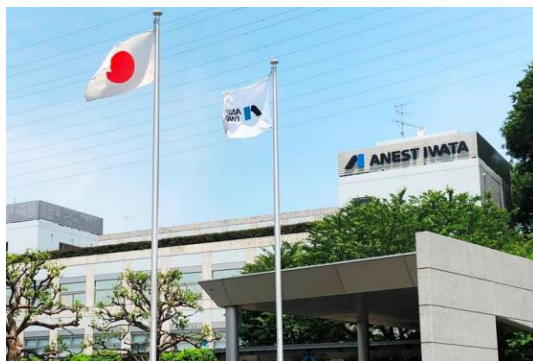


# **<Reference Material> About ANEST IWATA**

<As of March 31, 2023>



Shinichi Fukase, President,  
Representative Director and Chief  
Executive Officer



Headquarters

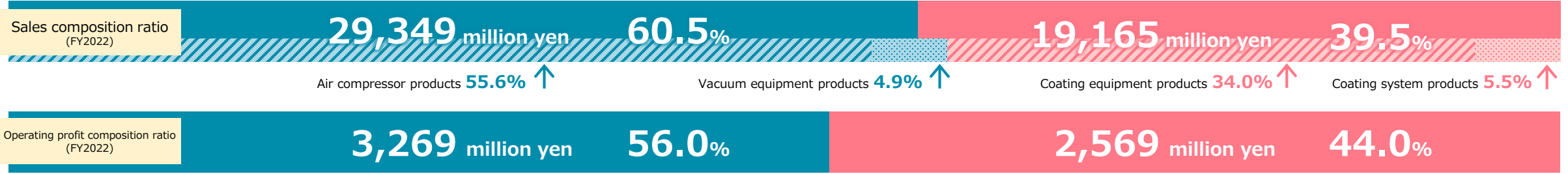
Company Name	ANEST IWATA Corporation
Headquarters	3176, Shinyoshida-cho, Kohoku-ku, Yokohama-shi, Kanagawa 223-8501, Japan
Representative	Shinichi Fukase, President, Representative Director and Chief Executive Officer
Founded	May 1926
Incorporated	June 1948
Capital	3,354 million yen
Line of Business	Manufacture and sale of air compressors, vacuum equipment, coating equipment, coating systems and peripheral equipment
Number of Employees	1,799 (of which 625 are in Japan)
End of Fiscal Year	March 31
Listed Stock Exchange	Prime Market, Tokyo Stock Exchange

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



Manufacturer specializing in air compressors and coating machinery and appliances (spray guns)

**Air energy business for manufacturing air compressors; and coating business for handling coating equipment and systems**



### Air energy business

### Coating business

Air compressor products	Vacuum equipment products
Machines that compress gas, mainly air	Machines that suck in gas to reduce the pressure, creating a vacuum
For use in machine drive sources at factories, train door opening/closing control, hospital facilities, etc.	For use in advanced research institutes, car/food factories, etc.
<p>Factory</p> <p>Train/bus</p> <p>Medical</p> <p>Food</p> <p>Oil-free scroll air compressor</p>	<p>General industry</p> <p>Semiconductor manufacture</p> <p>Food</p> <p>Research institute</p> <p>Oil-free scroll vacuum pump</p>

Coating equipment products	Coating system products
Tools for painting and coating by spraying paints and other liquids, and machines for transporting liquids	Systems that handle a coating process and processes before and after it in a series of flows, including coating equipment
Supply of products related to painting and coating	Design and sale of coating lines
<p>Car</p> <p>Home appliances</p> <p>Wood, metal, and plastic</p> <p>Art and hobbies</p> <p>Spray gun for the car repair coating market</p>	<p>Car parts</p> <p>Railway vehicle</p> <p>Construction machinery/heavy machinery</p> <p>Wood products/home appliances</p> <p>Rotary coating robot</p>

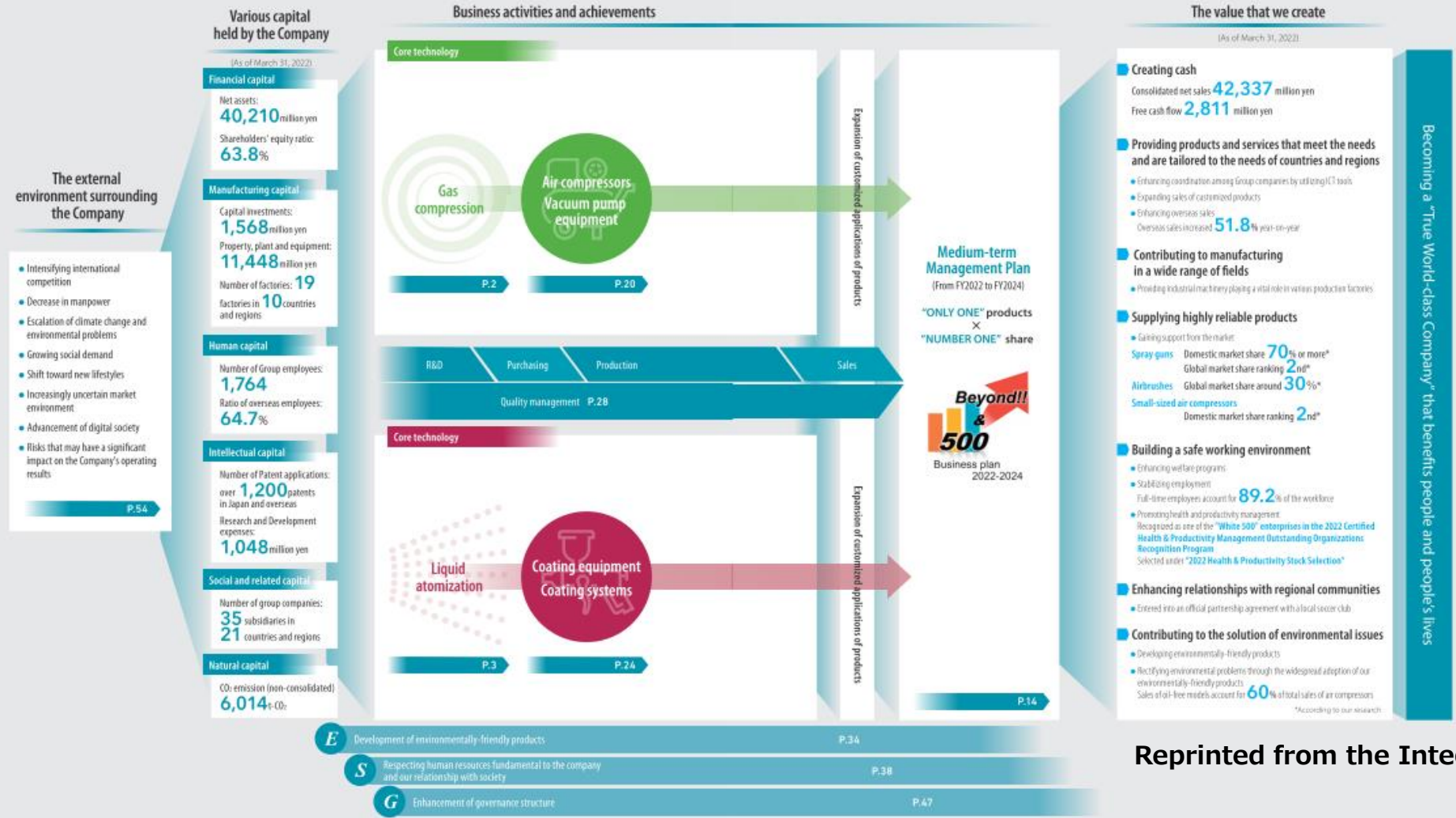


## Value Creation Process

The Company has been stepping up its mission by diversifying applications and launching customized unique (ONLY ONE) products in markets with the use of its core technologies, i.e., "liquid atomization" and "gas compression." Going forward, the Company, in accordance with the ANEST IWATA Corporate Philosophy, will continue contributing to the achievement of a prosperous society that is safe, reliable, and capable of sustained growth by having each one of our employees act in a "trustworthy and sincere" (Makotono kokoro) way and providing the highest level of quality and technologies as a development-oriented company. Also, by creating value for our various stakeholders through our business activities and reinvesting the acquired resources to reinforce various capital, we will aim to achieve the enhancement of corporate value and sustained growth.

Corporate Policy  
誠心  
"Makotono kokoro"  
(Trustworthy & Sincere)

### ANEST IWATA Corporate Philosophy



**E** Development of environmentally-friendly products P.34

**S** Respecting human resources fundamental to the company and our relationship with society P.38

**G** Enhancement of governance structure P.47

# <Reference Information> Details of Profit and Loss Statement for FY2022

- 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)
<b>Sales</b>	<b>42,337</b>	—	<b>48,515</b>	—	<b>+6,178</b>	<b>+14.6</b>	—
Cost of sales	24,109	56.9	27,178	56.0	+3,068	+12.7	-0.9
<b>Gross profit</b>	<b>18,227</b>	<b>43.1</b>	<b>21,337</b>	<b>44.0</b>	<b>+3,109</b>	<b>+17.1</b>	<b>+0.9</b>
Selling, general and administrative expenses	13,447	31.8	15,498	31.9	+2,051	+15.3	+0.2
<b>Operating profit</b>	<b>4,780</b>	<b>11.3</b>	<b>5,838</b>	<b>12.0</b>	<b>+1,057</b>	<b>+22.1</b>	<b>+0.7</b>
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
<b>Ordinary profit</b>	<b>5,572</b>	<b>13.2</b>	<b>7,043</b>	<b>14.5</b>	<b>+1,471</b>	<b>+26.4</b>	<b>+1.4</b>
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
<b>Profit before income taxes</b>	<b>5,541</b>	<b>13.1</b>	<b>7,091</b>	<b>14.6</b>	<b>+1,549</b>	<b>+28.0</b>	<b>+1.5</b>
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
<b>Profit attributable to owners of parent</b>	<b>3,541</b>	<b>8.4</b>	<b>4,381</b>	<b>9.0</b>	<b>+840</b>	<b>+23.7</b>	<b>+0.7</b>

# <Reference Information> FY2022 Changes in Business Results

[Total]

Unit: Million yen		FY2022			
		1Q	1 to 2Q	1 to 3Q	1 to 4Q
<b>Sales</b>		9,999	22,613	34,832	48,515
Year-on-year		+9.9%	+11.1%	+15.2%	+14.6%
Air energy	<b>Air compressors</b>	5,583	12,586	19,712	26,983
	Year-on-year	+10.3%	+12.4%	+16.7%	+17.6%
	<b>Vacuum equipment</b>	518	1,115	1,751	2,366
	Year-on-year	+25.8%	+22.0%	+21.9%	+14.6%
<b>Sales</b>		6,101	13,701	21,464	29,349
Year-on-year		+11.5%	+13.1%	+17.1%	+17.3%
Coating	<b>Coating equipment</b>	3,726	8,055	12,157	16,512
	Year-on-year	+12.5%	+12.6%	+16.4%	+14.3%
	<b>Coating systems</b>	171	856	1,210	2,652
	Year-on-year	-45.9%	-21.4%	-16.8%	-7.6%
<b>Sales</b>		3,897	8,911	13,368	19,165
Year-on-year		+7.4%	+8.1%	+12.3%	+10.6%
<b>Operating profit</b>		820	2,340	4,114	5,838
Year-on-year		-8.1%	-1.6%	+16.6%	+22.1%
Air energy	<b>Operating profit</b>	505	1,330	2,393	3,269
	Year-on-year	+12.9%	+6.4%	+18.0%	+30.1%
Coating	<b>Operating profit</b>	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
<b>Sales</b>		9,999	12,614	12,219	13,682
Year-on-year		+9.9%	+12.0%	+23.8%	+13.0%
Air energy	<b>Air compressors</b>	5,583	6,974	7,126	7,271
		Year-on-year	+10.3%	+13.6%	+25.3%
	<b>Vacuum equipment</b>	518	625	636	614
		Year-on-year	+25.8%	+24.4%	+21.6%
<b>Sales</b>		6,101	7,600	7,762	7,885
Year-on-year		+11.5%	+14.4%	+25.0%	+17.9%
Coating	<b>Coating equipment</b>	3,726	4,329	4,102	4,354
		Year-on-year	+12.5%	+12.6%	+24.7%
	<b>Coating systems</b>	171	685	354	1,441
		Year-on-year	-45.9%	-11.3%	-3.4%
<b>Sales</b>		3,897	5,014	4,456	5,796
Year-on-year		+7.4%	+8.6%	+21.9%	+7.0%
<b>Operating profit</b>		820	1,519	1,774	1,723
Year-on-year		-8.1%	+2.3%	+54.4%	+37.6%
Air energy	<b>Operating profit</b>	505	825	1,062	875
	Year-on-year	+12.9%	+2.8%	+36.7%	+80.4%
Coating	<b>Operating profit</b>	315	694	711	848
	Year-on-year	-29.3%	+1.7%	+91.3%	+10.6%

## 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.

Contact: IR Corporate Communication Office,  
Corporate Planning Department,  
ANEST IWATA Corporation  
Phone: 045-591-9344  
E-mail: [ir\\_koho@anest-iwata.co.jp](mailto:ir_koho@anest-iwata.co.jp)  
URL : <https://www.anestiwata-corp.com/>