

FY2023 First Quarter Consolidated Financial Results [Japan GAAP] (April 1, 2023 through June 30, 2023)

August 9, 2023

Company Name	: ANEST IWATA Corporation
Stock Exchanges on Which the Shares Are Listed	: Tokyo Stock Exchange in Japan
Code Number	: 6381
URL	: https://www.anestiwata-corp.com
Representative	: Shinichi Fukase, President, Representative Director and Chief Executive Officer
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Scheduled Filing Date of Quarterly Securities Report	: August 10, 2023
Scheduled Payment Date of Cash Dividends	: -
Supplemental Materials Prepared for Quarterly Financial Results	: Yes
Holding of Quarterly Financial Results Meeting	: None

(Amounts are rounded to the nearest million yen)

1. Consolidated Results for FY2023 1st Quarter (April 1, 2023 through June 30, 2023)

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

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
FY2023 1st Quarter	12,175	21.8	1,269	54.7	2,001	54.9	1,376	70.2
FY2022 1st Quarter	9,999	9.9	820	(8.1)	1,291	15.9	808	15.5

(Note) Comprehensive Income: FY2023 1st Quarter 2,026 million yen (down 5.7%), FY2022 1st Quarter 2,149 million yen (up 24.0%)

	Basic Earnings per Share	Diluted Earnings per Share
	Yen	Yen
FY2023 1st Quarter	34.01	—
FY2022 1st Quarter	19.96	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Million Yen	Million Yen	%
As of June 30, 2023	60,461	46,033	67.5
As of March 31, 2023	60,136	45,255	66.6

(Reference) Equity Capital: As of June 30, 2023 40,836 million yen, As of March 31, 2023 40,025 million yen

2. Cash Dividends

	Annual Cash Dividends per Share				
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2022	—	16.00	—	22.00	38.00
FY2023	—				
FY2023 (forecast)		17.00	—	23.00	40.00

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

3. Forecast of Consolidated Results for FY2023 (April 1, 2023 through March 31, 2024)

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

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent		Basic Earnings per Share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
FY2023 Half Year (total)	25,700	13.6	2,780	18.8	3,240	4.6	2,000	1.3	49.21
FY2023	51,800	6.8	6,100	4.5	7,100	0.8	4,407	0.6	108.44

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

* Notes

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

(4) Number of shares issued (common share)

(i) Number of shares issued (including treasury shares) at the period-end	As of June 30, 2023	41,745,505 shares	As of March 31, 2023	41,745,505 shares
(ii) Number of treasury shares at the period-end	As of June 30, 2023	1,278,652 shares	As of March 31, 2023	1,278,572 shares
(iii) Average number of shares outstanding in the period (quarterly total)	FY2023 1st Quarter	40,466,913 shares	FY2022 1st Quarter	40,514,963 shares

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

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

* Explanation of the appropriate use of the expected results of operations, other special notes
 (Regarding changes in the unit of monetary presentation)

Previously, the amounts for accounts presented in the Company's quarterly consolidated financial statements and other items were presented in the units of thousand yen. However, we have changed it to the units of million yen from the first quarter of the current consolidated accounting period and the first quarter of the current consolidated cumulative period. In order to facilitate comparison, the figures for the previous consolidated fiscal year and the first quarter of the previous consolidated cumulative period are also presented in the units of million yen.

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

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.

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1. Qualitative information for financial results of the current quarter

(1) Explanation for results of operations and financial condition

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

(i) Overview and results of operations

During the first quarter of the current consolidated cumulative period, the global economy showed increasing signs of stagnation due to high levels of inflation, higher interest rates, and the proliferation of instability in the financial systems across Europe and the United States. Despite these global conditions, the Japanese economy showed a gradual recovery trend due to expanding service consumption and inbound demand, as well as an improved appetite for capital investment.

Under these circumstances, our business performance for the current consolidated cumulative first quarter is as follows: net sales standing at 12,175 million yen (up 21.8% from the same consolidated cumulative quarter of the previous fiscal year), operating profit at 1,269 million yen (up 54.7%), ordinary profit at 2,001 million yen (up 54.9%) and profit attributable to owners of parent at 1,376 million yen (up 70.2%).

(Reference values) Results of each division

(Amount: million yen)

Division	(Product category)	Three months ended June 30, 2023			
		Consolidated net sales	Change from the corresponding period of the previous fiscal year	Consolidated operating profit	Change from the corresponding period of the previous fiscal year
Air Energy Division		7,543	23.6%	626	24.0%
	Air Compressors	6,798	21.7%		
	Vacuum Equipment	745	43.9%		
Coating Division		4,632	18.9%	643	104.0%
	Coating Equipment	4,281	14.9%		
	Coating Systems	350	105.1%		
Total		12,175	21.8%	1,269	54.7%

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

(ii) Results of operations by segment

Results of operations by regional segment, which our Group adopts, are as described below. For details, refer to (Segment information, etc.) in "2. Quarterly consolidated financial statements and main notes - (3) Notes on quarterly consolidated financial statements."

Japan

Sales stood at 6,241 million yen (up 23.6% from the same consolidated cumulative quarter of the previous fiscal year), and segment income stood at 770 million yen (up 57.1%). The increase in income was mainly due to the increase in sales of air compressors.

In the air compressor field, sales of oil-free air compressors for medical and beauty care applications increased, in addition to growing demand for general-purpose air compressors supported by firm corporate willingness to make capital investments.

In the vacuum equipment field, demand for applications in semiconductor manufacturing-related equipment showed a recovery trend, leading to increased sales.

In the coating equipment field, strong demand for spray guns, including those for the industrial coating market, and an increase in orders for environmental equipment through online business negotiations led to an increase in sales. Furthermore, in response to rising electricity and logistics costs, the Company decided to raise prices for orders received from October 1 onward.

In the coating system field, sales increased due to steady delivery of the backlog of orders from the previous fiscal year, particularly for coating systems used in the coating of automobile parts. In addition, we are focusing on activities to acquire orders from customers outside the automotive parts manufacturing industry.

Europe

Sales stood at 2,350 million yen (up 31.3% from the same consolidated cumulative quarter of the previous fiscal year) and segment income stood at 324 million yen (up 138.4%). The increase in income is largely due to higher sales of coating equipment and the completion of amortization of goodwill of a subsidiary acquired in 2017.

In the air compressor field, in addition to increased demand from OEM customers, sales of oil-free air compressors increased due to continued efforts in cultivating equipment manufacturers and distributors.

In the coating equipment field, sales grew due to continued solid performance of new spray guns launched in the previous consolidated fiscal year, which are targeted at the car repair market.

Americas

Sales stood at 1,629 million yen (up 22.3% from the same consolidated cumulative quarter of the previous fiscal year), and segment income stood at 159 million yen (up 3.5%). The decrease in the income growth ratio was mainly due to a decrease in the sales ratio of high-margin coating equipment in the U.S.

In the air compressor field, in addition to the U.S., which witnessed a recovery trend in sales of air compressors designed for installation in vehicles, Brazil also reported sales growth on the back of increased demand from newly cultivated customers.

In the vacuum equipment field, sales increased as an effect of acquiring a portion of the sales business from a vacuum equipment distributor in the U.S. in the first quarter of the current consolidated accounting period and increased demand as customers switched to us from other companies' products thanks to our superiority in terms of delivery time.

In the coating equipment field, sales of airbrushes declined, while the development of the industrial coating market and steady sales of spray guns for the car repair market helped to boost overall sales.

China

Sales stood at 2,907 million yen (up 25.3% from the same consolidated cumulative quarter of the previous fiscal year), and segment income stood at 135 million yen (up 28.3%).

In the air compressor field, sales grew due to continued solid export performance by Shanghai Screw Compressor Co., Ltd. in the previous fiscal year and increased demand of air compressors in the manufacturing of lithium-ion batteries.

In vacuum equipment, sales grew for vacuum pumps used in the manufacturing of semiconductors and lithium-ion batteries.

In the coating equipment field, sales declined due to a delay in the recovery of demand after the shift to the Zero-COVID policy. In addition, we will focus on expanding sales of intermediate range spray guns by focusing on EC sites.

In the coating system field, sales decreased due to a shortfall in outstanding orders at the beginning of the period, reflecting the cautious stance of companies toward capital investment in the previous fiscal year.

Others

Sales stood at 2,174 million yen (up 3.1% from the same consolidated cumulative quarter of the previous fiscal year), and segment income stood at 317 million yen (up 2.0%).

In the air compressor field, in addition to strong sales of oil-free air compressors targeted toward food and pharmaceutical manufacturing in South Korea.

In the coating equipment field, sales remained strong mainly in East Asia.

(iii) Analysis of financial condition

For assets, our current assets stood at 37,097 million yen (up 0.9% from the previous consolidated fiscal year). This was mainly due to an increase of 824 million yen in "Raw materials and supplies." Our non-current assets stood at 23,364 million yen (up 0.0%). This was mainly due to an increase of 121 million yen in "Goodwill" and a decrease of 147 million yen in "Investment securities." As a result, our total assets stood at 60,461 million yen (up 0.5%).

For liabilities, our current liabilities stood at 11,348 million yen (down 3.2%). This was mainly due to a decrease of 431 million yen in "Provision for bonuses." Our non-current liabilities stood at 3,079 million yen (down 2.6%). This was mainly due to a decrease of 83 million yen in long-term borrowings included in "Other." As a result, our total liabilities stood at 14,427 million yen (down 3.0%).

Our net assets stood at 46,033 million yen (up 1.7%). This was mainly due to an increase of 481 million yen in "Retained earnings." Our equity capital, which is calculated by subtracting the non-controlling interests from the net assets, stood at 40,836 million yen, increasing our equity ratio by 0.9 percentage points to 67.5%, from 66.6% at the end of the previous consolidated fiscal year.

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

At present, the expected consolidated results of operations and the expected dividend for the full year announced on May 9, 2023 remain unchanged.

2. Quarterly consolidated financial statements and main notes

(1) Quarterly consolidated balance sheet

(Amount: million yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	14,512	14,645
Notes and accounts receivable-trade	9,102	9,203
Merchandise and finished goods	6,842	6,472
Work in process	1,261	1,063
Raw materials and supplies	3,740	4,564
Other	1,693	1,616
Allowance for doubtful accounts	(377)	(467)
Total current assets	36,773	37,097
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,590	5,551
Other, net	6,870	7,114
Total property, plant and equipment	12,461	12,665
Intangible assets		
Goodwill	757	879
Other	2,447	2,506
Total intangible assets	3,204	3,385
Investments and other assets		
Investment securities	5,464	5,317
Other	2,243	2,006
Allowance for doubtful accounts	(10)	(10)
Total investments and other assets	7,696	7,313
Total non-current assets	23,363	23,364
Total assets	60,136	60,461

(Amount: million yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable-trade	5,355	5,497
Short-term borrowings	908	928
Income taxes payable	888	587
Provision for bonuses	844	413
Other provisions	268	212
Other	3,452	3,709
Total current liabilities	11,719	11,348
Non-current liabilities		
Retirement benefit liability	1,188	1,216
Provision for share awards for directors (and other officers)	181	193
Other	1,791	1,668
Total non-current liabilities	3,161	3,079
Total liabilities	14,881	14,427
Net assets		
Shareholders' equity		
Share capital	3,354	3,354
Capital surplus	1,008	1,008
Retained earnings	34,282	34,764
Treasury shares	(1,179)	(1,179)
Total shareholders' equity	37,466	37,948
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	527	668
Foreign currency translation adjustment	2,034	2,220
Remeasurements of defined benefit plans	(3)	0
Total accumulated other comprehensive income	2,558	2,888
Non-controlling interests	5,229	5,197
Total net assets	45,255	46,033
Total liabilities and net assets	60,136	60,461

(2) Quarterly consolidated statement of income and comprehensive income
Quarterly consolidated statement of income
Consolidated cumulative first quarter

(Amount: million yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net sales	9,999	12,175
Cost of sales	5,613	6,621
Gross profit	4,385	5,554
Selling, general and administrative expenses	3,564	4,284
Operating profit	820	1,269
Non-operating income		
Interest and dividend income	42	60
Foreign exchange gains	344	463
Share of profit of entities accounted for using equity method	74	188
Other	33	41
Total non-operating income	493	753
Non-operating expenses		
Interest expenses	13	12
Other	9	9
Total non-operating expenses	22	22
Ordinary profit	1,291	2,001
Extraordinary income		
Gain on sale of non-current assets	2	2
Total extraordinary income	2	2
Extraordinary losses		
Loss on sale and retirement of non-current assets	1	0
Total extraordinary losses	1	0
Profit before income taxes	1,293	2,003
Income taxes - current	263	398
Income taxes - deferred	59	45
Total income taxes	323	444
Profit	969	1,559
Profit attributable to non-controlling interests	160	183
Profit attributable to owners of parent	808	1,376

Quarterly consolidated statement of comprehensive income
 Consolidated cumulative first quarter

(Amount: million yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	969	1,559
Other comprehensive income		
Valuation difference on available-for-sale securities	(27)	140
Foreign currency translation adjustment	1,056	293
Remeasurements of defined benefit plans, net of tax	2	2
Share of other comprehensive income of entities accounted for using equity method	149	30
Total other comprehensive income	1,180	467
Comprehensive income	2,149	2,026
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,677	1,705
Comprehensive income attributable to non-controlling interests	472	321

(3) Notes on quarterly consolidated financial statements

(Notes on the premise of a going concern)

There are no relevant matters.

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

There are no relevant matters.

(Additional information)

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

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

(1) Overview of this plan

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

(2) Company shares that remain in the trust

Company shares that remain in the trust are recorded as treasury shares in Net assets at the book value (excluding the amount of money of incidental costs) in the trust. At the end of the previous consolidated fiscal year, the book price of the treasury shares is 173 million yen, and the number of shares is 174,200. At the end of the current consolidated fiscal first quarter, the book price of the treasury shares is 173 million yen, and the number of shares is 174,200.

(Segment information, etc.)

[Segment information]

I Three months ended June 30, 2022

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

(Amount: million yen)

	Reporting segment					Total
	Japan	Europe	Americas	China	Others (Note)	
Sales						
Revenue from contracts with customers	3,315	1,737	1,236	2,067	1,641	9,999
Sales to external customers	3,315	1,737	1,236	2,067	1,641	9,999
Internal sales or transfers between segments	1,735	53	95	252	468	2,606
Total	5,051	1,790	1,332	2,320	2,109	12,605
Segment income	490	136	153	105	311	1,197

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

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

(Amount: million yen)

Income	Amount
Reporting segment total	1,197
Company-wide expenses (Note)	(246)
Inter-segment transactions erased	(130)
Operating profit in the quarterly consolidated statement of income	820

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

II Three months ended June 30, 2023

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

(Amount: million yen)

	Reporting segment					Total
	Japan	Europe	Americas	China	Others (Note)	
Sales						
Revenue from contracts with customers	4,146	2,131	1,554	2,610	1,733	12,175
Sales to external customers	4,146	2,131	1,554	2,610	1,733	12,175
Internal sales or transfers between segments	2,095	219	75	296	440	3,127
Total	6,241	2,350	1,629	2,907	2,174	15,303
Segment income	770	324	159	135	317	1,707

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

2. Difference between the total amounts of incomes of the reporting segments and the amount reported in the quarterly consolidated statement of income, as well as the main items of the difference (matters related to difference adjustment)
(Amount: million yen)

Income	Amount
Reporting segment total	1,707
Company-wide expenses (Note)	(280)
Inter-segment transactions erased	(156)
Operating profit in the quarterly consolidated statement of income	1,269

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

3. Information about the impairment losses, goodwill, etc. in non-current assets in each reporting segment
(Important fluctuations in the amount of goodwill)

In the "Americas" segment, ANEST IWATA Americas, Inc., a consolidated subsidiary in the United States, acquired part of a business of selling vacuum equipment products in the consolidated fiscal first quarter. The increase in goodwill due to this event is 165 million yen.