

# **Supplementary Presentation Material of FY2023 Second Quarter Financial Results ANEST IWATA Corporation**

**November 9, 2023**

**Tokyo Stock Exchange Prime Market - Machinery**

**Securities Code 6381**

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

In the Air energy business, overseas sales drove total sales as in the Q1, but in terms of profit, overseas expenses increased due to participation in large exhibitions. In the Coating business, sales and profits of coating equipment in Europe and coating systems in Japan increased.

Net sales	25,898		(million yen)
	Air energy 15,967 (61.7%)	Coating 9,930 (38.3%)	
Operating profit	2,866		
	Air energy 1,413 (49.3%)	Coating 1,452 (50.7%)	

Unit (million yen)	Air energy business			Coating business		
	FY2023 2Q	Year-on-year		FY2023 2Q	Year-on-year	
	Actual	Increase/decrease	Increase/decrease rate (%)	Actual	Increase/decrease	Increase/decrease rate (%)
Net sales	15,967	+2,265	+16.5	9,930	+1,018	+11.4
Operating profit	1,413	+82	+6.2	1,452	+442	+43.9
Operating profit ratio (%)	8.9	-0.9 pts	—	14.6	+3.3 pts	—

- In China, export sales of SCR\* and sales of air compressors used in the lithium-ion battery manufacturing continued to be strong even after the first quarter. In the Americas, sales of air compressors for vehicle installation also increased.
- In China, sales of vacuum pumps for semiconductor production-related equipment and lithium-ion battery manufacturing increased. In the United States, sales of vacuum pumps remained strong due to the effect of partial acquisition of sales business in the first quarter.

- Sales of coating equipment increased as the positive impact of new spray guns continued in Europe. The backlog of orders for environmental equipment in Japan increased due to orders received before the price hikes.
- In China, orders and sales of coating systems declined due to continued weakness in the appetite for capital investment, whereas in Japan, sales increased due to deliveries involving large-scale projects.

\*SCR: Shanghai Screw Compressor Co., Ltd.

(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 in the preparation of the consolidated financial statements is three months behind.

Sales grew both overseas, mainly in the air energy business in China, and in Japan, mainly in coating systems. Operating profit increased due to the effect of price hikes, changes in product mix, and improved profits from coating systems projects. In addition, ordinary profit and profit attributable to owners of parent also increased due to higher equity in earnings of an affiliate in the USA and foreign exchange gains.

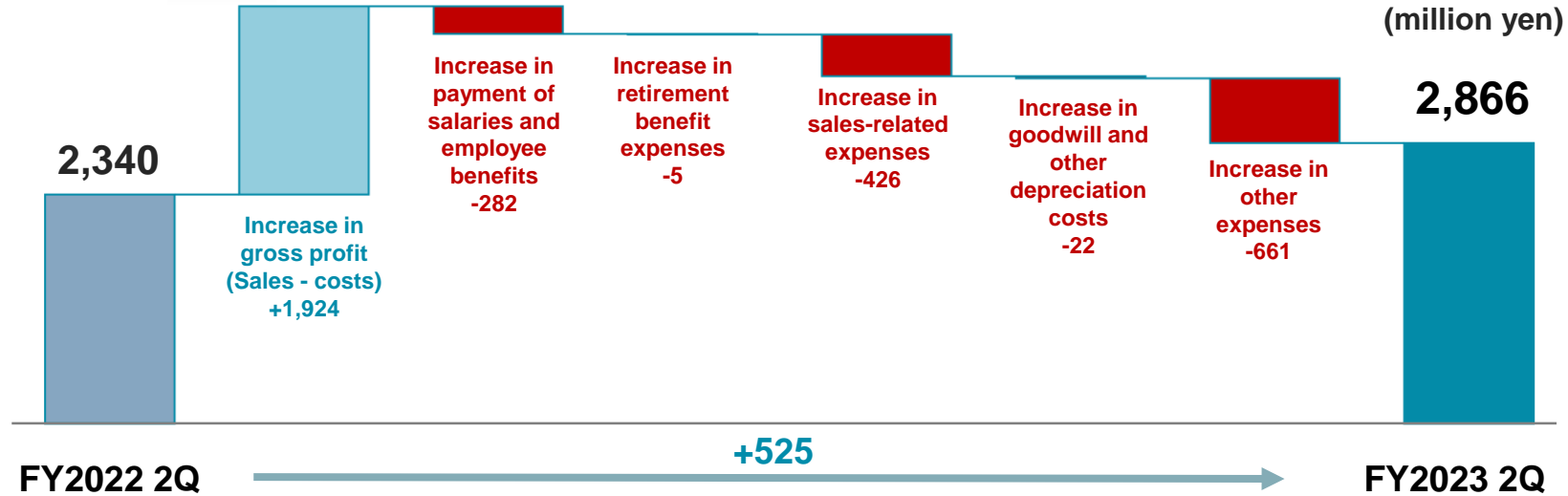
- The impact of foreign exchange on sales: +839 million yen

		FY2022 2Q		FY2023 2Q		Year-on-year			Performance forecast FY2023 (announced on May 9)	
		Actual (million yen)	Profit ratio (%)	Actual (million yen)	Profit ratio (%)	Increase/ decrease amount (million yen)	Increase/ decrease rate (%)	Profit ratio change (Points)	Forecast (million yen)	Progress rate (%)
Net sales		22,613	—	25,898	—	+3,284	+14.5	—	51,800	50.0
Operating profit		2,340	10.3	2,866	11.1	+525	+22.5	+0.7	6,100	47.0
Ordinary profit		3,098	13.7	3,951	15.3	+852	+27.5	+1.6	7,100	55.6
Profit attributable to owners of parent		1,973	8.7	2,623	10.1	+649	+32.9	+1.4	4,407	59.5
Average exchange rate of yen to	USD	122.89 yen		134.85 yen		Depreciated by 11.96 yen			136.00 yen	
	EUR	134.25 yen		145.79 yen		Depreciated by 11.54 yen			142.00 yen	
	CNY	18.94 yen		19.45 yen		Depreciated by 0.51 yen			19.15 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.

Despite an increase in the selling, general & administrative expenses ratio, profits increased due to a reduction in the cost-to-sales ratio



	FY2022 2Q		FY2023 2Q	
	Actual (million yen)	Composition ratio (%)	Actual (million yen)	Composition ratio (%)
Net sales	22,613	—	25,898	—
Cost of sales	12,917	57.1	14,277	55.1
SG&A	7,355	32.5	8,754	33.8

## [+] Decline in cost-to-sales ratio: 55.1% (-2.0 pts year-on-year)

- Changes in product mix due to increased sales of high-margin spray guns and vacuum pumps, and cost improvements in coating systems.
- Price revision : Increase in domestic and overseas prices - Japan: Due to rising electricity and logistics costs, the Company plans to raise prices of air compressors and parts by 5 to 15% starting from orders in January 2024, following the price increase for coating equipment.

## [-] Increase in selling, general & administrative expenses ratio: 33.8% (+1.3 pts year-on-year)

- Increase in overseas labor cost
- In the Air compressors, Increase in expenses related to sales activities aimed at increasing sales, such as advertising costs and travel expenses, etc., related to large-scale exhibitions overseas.
- Increase in provision of allowance for doubtful accounts to cover collection risk in China
- Increase in commission expenses related to server cloud migration, system design, etc.
- Increase in investments for new business development and other measures to expand business performance in the medium term.

Sales remained strong due to exports from China's SCR, growth in sales of air compressors and vacuum equipment for specific markets, continued sales effect of new spray guns in Europe, and increased sales of environmental equipment and coating systems in Japan (overseas sales ratio: 64.9%)

## Japan

Revenue increased. In air compressors, sales of general-purpose oil-free air compressors increased due to stronger property management. Sales of coating equipment also increased as result of effective sales campaigns for spray guns and improved accuracy in property management of environmental equipment. In coating systems, large-scale projects were delivered and sales grew.

## Europe

Revenue increased. Continued positive impact of new spray guns for the car repair market and growth in sales of airbrushes by a German subsidiary. Also in air compressors, sales of oil-free air compressors increased due to continued growth in demand from OEM customers. Positive outlook for sales in other areas due to success in Europe, a preceding spray gun market.

## Americas

Revenue increased. Following the trend of the first quarter, sales of in-vehicle air compressors increased in Brazil and the United States. Sales of vacuum pumps also increased due to the effect of partial acquisition of a sales business and superiority in terms of delivery time. The new spray guns that were previously launched in Europe are now available for sale and have been well received.

## China

Revenue increased. Export sales by SCR along with sales of air compressors and vacuum pumps for the lithium-ion battery manufacturing market also remained strong. On the other hand, sales of general-purpose air compressors, coating equipment, and coating systems declined due to weak appetite for capital investment. Doubtful debt allowances have already been recognized for extent of the currently recognized risk.

## Others

Revenue increased. In India, sales of air compressors increased due to partial completion of capital investment. Moreover, in coating equipment, sales of coating material feeding equipment increased in Southeast Asia.

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

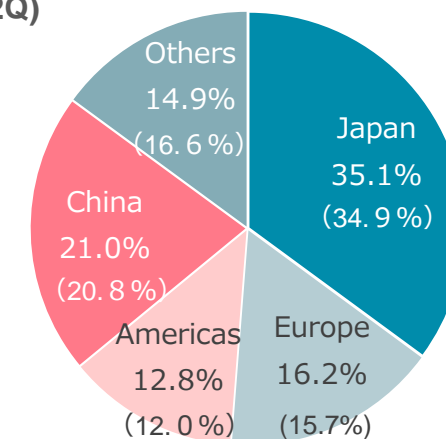
[Segment category] Americas: US, Mexico, Brazil; Others: Asia excluding China, and Australia and South Africa

(million yen)	FY2022 2Q	FY2023 2Q	Year-on-year		Air energy business		Coating business	
			Increase/ decrease amount	Increase/ decrease rate (%)	Air compressors	Vacuum equipment	Coating equipment	Coating systems
Japan	7,890	9,085	+1,194	+15.1	○	○	○	◎
Europe	3,560	4,184	+623	+17.5	◎	◎	◎	—
Americas	2,704	3,316	+611	+22.6	◎	◎	○	◎
China	4,710	5,445	+735	+15.6	◎	◎	▽	×
Others	3,747	3,866	+119	+3.2	○	○	○	×
Total	22,613	25,898	+3,284	+14.5	◎	◎	○	◎

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

## Composition Ratio

FY2023 2Q  
(FY2022 2Q)



# Overview of Balance Sheet

- Non-current assets increased as a result of acquisition of a portion of sales business from vacuum equipment distributors in the Americas and capital investment to increase production capacity.
- Net assets increased due to improved performance and the impact of foreign exchange rates.

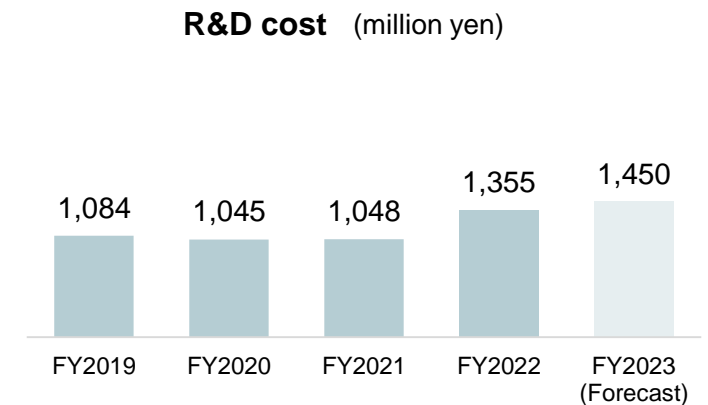
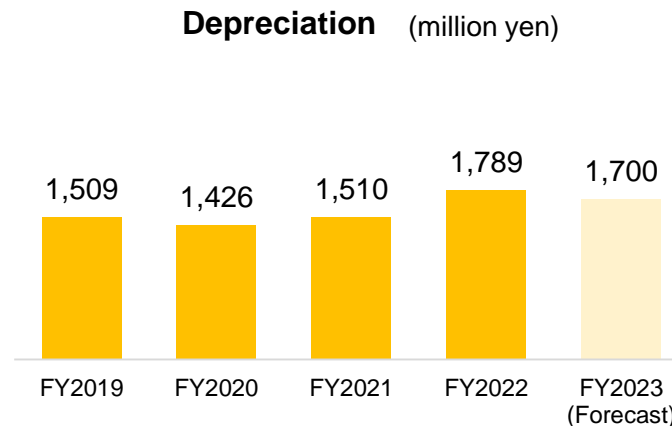
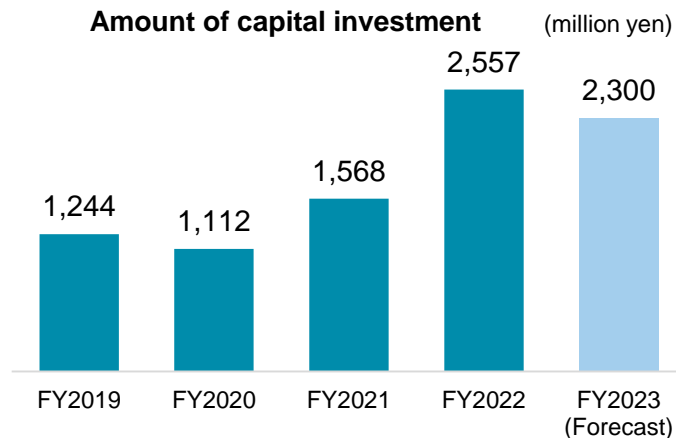
		FY2022	FY2023	Difference against the end of the previous period		
		End of full year	2Q	Increase/ decrease amount (million yen)	Increase/ decrease rate (%)	Primary factors for increase or decrease
		Actual (million yen)	Actual (million yen)			
Assets	Current assets	36,773	39,672	+2,899	+7.9	• Increase in "Notes and accounts receivable-trade" +1,294 million yen • Increase in "Raw materials and supplies" +655 million yen
	Non-current assets	23,363	24,407	+1,044	+4.5	• Increase in "Goodwill" +104 million yen • Increase in "Investment securities" +217 million yen
	<b>Assets</b>	<b>60,136</b>	<b>64,080</b>	<b>+3,944</b>	<b>+6.6</b>	
Liabilities and capital	Current liabilities	11,719	11,828	+108	+0.9	• Increase in "Notes and accounts payable-trade" +253 million yen
	Non-current liabilities	3,161	3,190	+28	+0.9	• Increase in "Retirement benefit liability" +64 million yen
	<b>Liabilities</b>	<b>14,881</b>	<b>15,018</b>	<b>+137</b>	<b>+0.9</b>	
	Shareholders' equity	37,466	39,216	+1,749	+4.7	• Increase in "Retained earnings" +1,729 million yen
	Accumulated other comprehensive income	2,558	4,225	+1,666	+65.1	• Increase in "Foreign currency translation adjustment" +1,394 million yen
	Non-controlling interests	5,229	5,621	+391	+7.5	
	<b>Net assets</b>	<b>45,255</b>	<b>49,062</b>	<b>+3,807</b>	<b>+8.4</b>	
<b>Liabilities and net assets</b>	<b>60,136</b>	<b>64,080</b>	<b>+3,944</b>	<b>+6.6</b>		

## <Capital investment>

Capital investments to increase production capacity for air compressors and spray guns in Japan are proceeding largely as planned.

(million yen)	FY2023 Actual Results		
	Amount of capital investment	Depreciation	R&D cost*
Actual	1,108	946	711
Plan	2,300	1,700	1,450
Progress rate	48.2	55.7	49.0
Description	<ul style="list-style-type: none"> <li>• Renewal and enhancement of production lines</li> <li>• Machine tools (new installation/renewal)</li> <li>• IT-related investment (PLM implementation, etc.)</li> </ul>		

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



Despite the first half results and price hikes in Japan (for coating equipment products and parts from October orders and for compressors from January 2024 orders), we have revised our full-year consolidated forecasts, taking into account the recovery situation in China and the outlook for orders for general-purpose products, mainly in Japan, in the second half of the fiscal year.

		FY2022 (Actual)	
		Actual (million yen)	Composition ratio (%)
<b>Sales</b>		<b>48,515</b>	<b>100.0</b>
Air energy	Air compressors	26,983	55.6
	Vacuum equipment	2,366	4.9
	Subtotal	29,349	60.5
Coating	Coating equipment	16,512	34.0
	Coating systems	2,652	5.5
	Subtotal	19,165	39.5
<b>Operating profit</b>		<b>5,838</b>	<b>12.0</b>
Air energy		3,269	—
Coating		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+Term end = FY		16 yen + 22 yen = 38 yen	

FY2023 (Planned)				
Beginning-of-term forecast (announced on May 9)	Revised forecast (announced on Nov. 9)	Composition ratio (%)	As compared with the initial plan (%)	Year-on-year (%)
<b>51,800</b>	<b>52,900</b>	—	<b>+2.1</b>	<b>+9.0</b>
—	—	—	—	—
—	—	—	—	—
<b>31,300</b>	<b>32,500</b>	<b>61.4</b>	<b>+3.8</b>	<b>+10.7</b>
—	—	—	—	—
—	—	—	—	—
<b>20,500</b>	<b>20,400</b>	<b>38.6</b>	<b>-0.5</b>	<b>+6.4</b>
<b>6,100</b>	<b>6,100</b>	<b>11.5</b>	<b>0</b>	<b>+4.5</b>
<b>3,380</b>	<b>3,380</b>	—	<b>0</b>	<b>+3.4</b>
<b>2,720</b>	<b>2,720</b>	—	<b>0</b>	<b>+5.9</b>
<b>7,100</b>	<b>7,700</b>	<b>14.6</b>	<b>+8.5</b>	<b>+9.3</b>
<b>4,407</b>	<b>4,600</b>	<b>8.7</b>	<b>+4.4</b>	<b>+5.0</b>
136.00	138.00	(plan)		
142.00	149.00			
19.15	19.60			
<b>17 [22] yen +23 yen = 45 [40] yen</b>				
(note) Figures in [ ] are the expected dividend at the beginning of the period.				



- Assumptions of the external environment remain difficult due to geopolitical risks, such as conflicts in Eastern Europe, and monetary policies in each country.
- Although the future situation needs to be closely examined, Aim to increase revenues and profits by improving profitability through the penetration of price increases and continued operational reforms in each country.
- Continue to invest in preparation for measures to expand performance, such as new business development, for growth in the current medium-term management plan period and beyond.

## Premises

### Net sales of 52,900 million yen (up 9.0% year-on-year)

- Although energy/resource prices and logistics costs have soared, raw material prices and purchasing prices for materials remain the same.
- The status quo regarding the supply of semiconductors and electronic components remains the same.
- Exchange rate levels continue the trend of the second quarter.
- Steady orders and deliveries of coating systems both in Japan and overseas
- Demand for general-purpose and specific market air compressors continues to grow worldwide.

### Operating profit of 6,100 million yen (up 4.5% year-on-year)

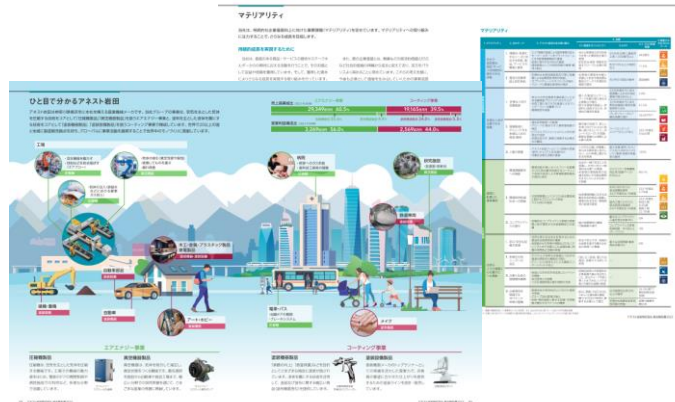
- Price hikes as required domestically and internationally and the continuation of the effects of such hikes
- Continuation of sales reform and operational efficiency improvement
- Increase in investment expenses for new businesses

## Release of "Integrated Report 2023" (Japanese version)

Published on our corporate website in September 2023  
An English version is scheduled to be published in December of the same year.

### Main contents (total 71 pages)

- Medium-Term Business Plan "500 & Beyond"/business overview
- Materiality
- Interview with the President/Three-way Discussion between Independent Directors
- Environment (including TCFD compliance)
- Non-financial information such as human capital and corporate governance



Japanese : <https://www.anestiwata-corp.com/jp/ir/library/integrated-report>

English : <https://www.anestiwata-corp.com/ir/library/integrated-report>

## Participation in international exhibitions

In order to expand sales channels and promote development that captures demand, we actively promote participation in exhibitions where we can expect a certain level of effect.

### Examples of major exhibits during the mentioned period

#### ■ HANNOVER MESSE 2023 (Germany)

Duration: April 17 to 21, 2023

Number of visitors: Approx. 130,000

Overview: One of the world's largest industrial exhibitions. More than 4,000 companies from around the world exhibited

Purpose Improvement in name recognition in the European market

**In addition to exhibiting SCR's oil-lubricated air compressors for general-purpose markets and oil-free air compressors for specific markets, we also held environmental seminars.**



Hannover International Trade Fair Market  
Our Group exhibition booth

# <Reference Information> Details of Statement of Income

- Operating profit: The cost-to-sales ratio decreased (-2.0 pts year-on-year) due to the effect of price increases in Japan, but the selling, general & administrative expenses ratio increased (+1.3 pts).
- Ordinary profit: Among non-operating income, equity in earnings of an affiliates in the USA increased (+222 million yen year-on-year), and foreign exchange gains also increased (+46 million yen year-on-year).

	FY2022 2Q		FY2023 2Q		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>Net sales</b>	<b>22,613</b>	—	<b>25,898</b>	—	<b>+3,284</b>	<b>+14.5</b>	—
Cost of sales	12,917	57.1	14,277	55.1	+1,360	+10.5	-2.0
<b>Gross profit</b>	<b>9,696</b>	42.9	<b>11,620</b>	44.9	<b>+1,924</b>	<b>+19.8</b>	<b>+2.0</b>
Selling, general and administrative expenses	7,355	32.5	8,754	33.8	+1,398	+19.0	+1.3
<b>Operating profit</b>	<b>2,340</b>	<b>10.3</b>	<b>2,866</b>	<b>11.1</b>	<b>+525</b>	<b>+22.5</b>	<b>+0.7</b>
Non-operating income	806	3.6	1,128	4.4	+321	+39.8	+0.8
Non-operating expenses	48	0.2	43	0.2	-5	-11.1	-0.0
<b>Ordinary profit</b>	<b>3,098</b>	<b>13.7</b>	<b>3,951</b>	<b>15.3</b>	<b>+852</b>	<b>+27.5</b>	<b>+1.6</b>
Extraordinary income	60	0.3	20	0.1	-39	-65.6	-0.2
Extraordinary losses	3	0.0	10	0.0	+6	+157.8	+0.0
<b>Profit before income taxes</b>	<b>3,155</b>	<b>14.0</b>	<b>3,961</b>	<b>15.3</b>	<b>+806</b>	<b>+25.6</b>	<b>+1.3</b>
Income taxes	832	3.7	920	3.6	+88	+10.6	-0.1
Profit attributable to non-controlling interests	349	1.5	417	1.6	+68	+19.7	+0.1
<b>Profit attributable to owners of parent</b>	<b>1,973</b>	<b>8.7</b>	<b>2,623</b>	<b>10.1</b>	<b>+649</b>	<b>+32.9</b>	<b>+1.4</b>

# <Reference Information> FY2023 Changes in Business Results

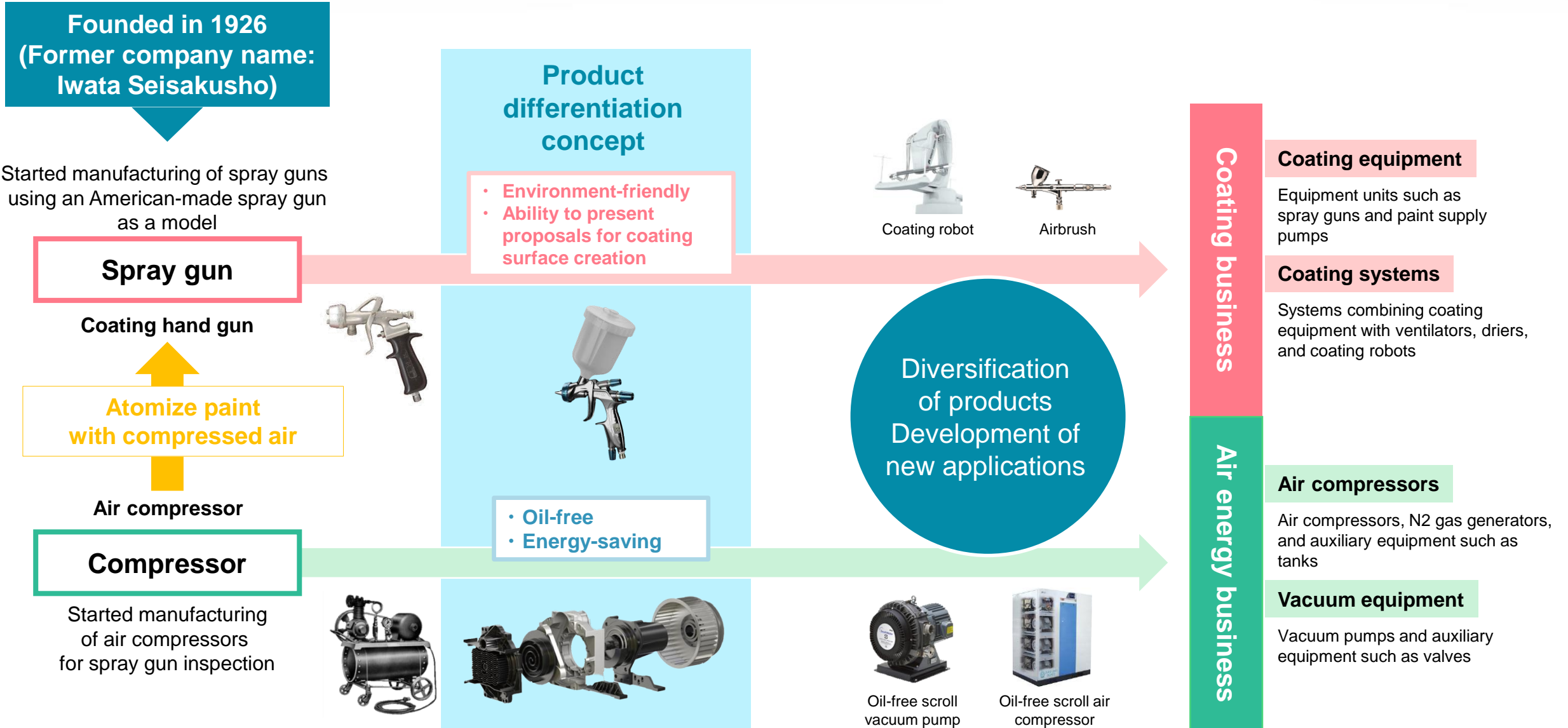
[Total]

Unit: Million yen		FY2023			
		1Q	1 to 2Q	1 to 3Q	1 to 4Q
<b>Net sales</b>		12,175	25,898		
Year-on-year		+21.8%	+14.5%		
Air energy	<b>Air compressors</b>	6,798	14,522		
	Year-on-year	+21.7%	+15.4%		
	<b>Vacuum equipment</b>	745	1,445		
	Year-on-year	+43.9%	+29.6%		
<b>Net sales</b>		7,543	15,967		
Year-on-year		+23.6%	+16.5%		
Coating	<b>Coating equipment</b>	4,281	8,755		
	Year-on-year	+14.9%	+8.7%		
	<b>Coating systems</b>	350	1,175		
	Year-on-year	+105.1%	+37.2%		
<b>Net sales</b>		4,632	9,930		
Year-on-year		+18.9%	+11.4%		
<b>Operating profit</b>		1,269	2,866		
Year-on-year		+54.7%	+22.5%		
Air energy	<b>Operating profit</b>	626	1,413		
	Year-on-year	+24.0%	+6.2%		
Coating	<b>Operating profit</b>	643	1,452		
	Year-on-year	+104.0%	+43.9%		

[Quarterly]

Unit: Million yen		FY2023			
		1Q	2Q	3Q	4Q
<b>Net sales</b>		12,175	13,722		
Year-on-year		+21.8%	+8.8%		
Air energy	<b>Air compressors</b>	6,798	7,724		
	Year-on-year	+21.7%	+10.3%		
	<b>Vacuum equipment</b>	745	699		
	Year-on-year	+43.9%	+17.2%		
<b>Net sales</b>		7,543	8,424		
Year-on-year		+23.6%	+10.8%		
Coating	<b>Coating equipment</b>	4,281	4,473		
	Year-on-year	+14.9%	+3.3%		
	<b>Coating systems</b>	350	824		
	Year-on-year	+105.1%	+20.3%		
<b>Net sales</b>		4,632	5,297		
Year-on-year		+18.9%	+5.7%		
<b>Operating profit</b>		1,269	1,596		
Year-on-year		+54.7%	+5.0%		
Air energy	<b>Operating profit</b>	626	787		
	Year-on-year	+24.0%	-4.6%		
Coating	<b>Operating profit</b>	643	808		
	Year-on-year	+104.0%	+16.6%		

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



## Notes on the descriptions about future prospects and other matters

The future prospects for our company mentioned in this document are based on the currently available information. Please be advised that there are various external factors that can impact our business performance, such as the global economy, exchange rate fluctuations, the industry's market conditions, and capital investment trends, and that the actual performance may differ from what is stated herein.

This document is intended to provide investors with relevant information and not meant to invite or recommend anyone to buy or sell shares in our company or any other securities.

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/>