



November 9, 2023

To Whom It May Concern

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 Director and Chief Executive Officer
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Notice Regarding Difference Between Forecast and Actual Consolidated Financial Results for Second Quarter of Fiscal Year Ending March 31, 2024 and Revision of Full-Year Consolidated Financial Forecast, and Dividends of Surplus (Interim Dividend)

We would like to inform you that due to the difference between the forecast (announced on May 9, 2023) and the actual consolidated financial results (announced today) for the second quarter of the fiscal year ending March 31, 2024 (cumulative), we have decided to revise the consolidated financial forecast for the fiscal year ending March 31, 2024 at the Board of Directors meeting held today.

Additionally, we would like to inform you that we have decided to distribute dividends of surplus with a record date of September 30, 2023.

1. Regarding Consolidated Financial Forecast

(1) Difference between forecast and actual consolidated cumulative financial results for the second quarter of the fiscal year ending March 31, 2024 (April 1, 2023 - September 30, 2023)

	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)
Previously announced forecast (A)	25,700	2,780	3,240	2,000	49.21
Currently announced actual results (B)	25,898	2,866	3,951	2,623	64.82
Difference (B - A)	198	86	711	623	
Difference (in %)	0.8	3.1	21.9	31.2	
(Reference) Results for the second quarter of the previous fiscal year (second quarter of the fiscal year ended March 31, 2023)	22,613	2,340	3,098	1,973	48.75

(2) Revision of consolidated cumulative financial results forecast for the fiscal year ending March 31, 2024 (April 1, 2023 - March 31, 2024)

	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)
Previously announced forecast (A)	51,800	6,100	7,100	4,407	108.44
Currently revised forecast (B)	52,900	6,100	7,700	4,600	113.65
Difference (B - A)	1,100	0	600	193	
Difference (in %)	2.1	0.0	8.5	4.4	
(Reference) Previous fiscal year results (fiscal year ended March 31, 2023)	48,515	5,838	7,043	4,381	108.25

(3) Reasons for difference and revision

As for the consolidated cumulative period of second quarter of the fiscal year ending March 31, 2024, sales of air compressors, mainly in overseas markets, and sales of new spray guns for the automobile repair market, which were first launched in Europe last year, increased and in addition, net sales exceeded the planned level, mainly due to the contribution of the weaker yen to performance. Although the operating expenses aimed at expanding sales such as personal expenses, advertising expenses, and travel expenses increased, the operating profit exceeded expectations because of the effects of price hike in Japan and overseas and lower cost-to-sales ratio of coating systems. Ordinary profit and profit attributable to owners of parent exceeded previous forecasts due to strong sales of air compressors designed for specific markets in an affiliate accounted for using equity method in the United States and an increase in foreign exchange gains.

As the uncertainties such as geopolitical risks and economic slowdown in China continue to prevail, we have revised our previous full-year consolidated financial forecast as shown above, taking into consideration the actual consolidated cumulative results for the second quarter and the impact of price hike in Japan.

In addition, in view of the trend in foreign exchange rates, we have changed the assumed exchange rates from the third quarter onward to 138.00 yen to the US dollar, 149.00 yen to the euro, and 19.60 yen to the Chinese yuan.

2. Regarding Dividends of Surplus (Interim Dividends)

(1) Details of dividends

	Decided Value	Most Recent Dividend Forecast (Announced on May 9, 2023)	Actual Value in Second Quarter of Previous Fiscal Year (Fiscal Year Ended March 31, 2023)
Record date	September 30, 2023	Same as on the left	September 30, 2022
Dividend per share	22.00 yen	17.00 yen	16.00 yen
Total dividend amount	894 million yen	—	650 million yen
Effective date	December 7, 2023	—	December 6, 2022
Dividend capital	Retained earnings	—	Retained earnings

(2) Reasons

Our Group has made it an important mission to provide stable return of profits to all our shareholders, and have set a basic policy of paying stable dividends by striving to strengthen our profitability.

Based on the above policy, and after comprehensively taking into account factors such as recent performance improvements, we have decided to increase the interim dividend for the fiscal year ending March 31, 2024 to 22 yen per share from 17 yen per share (i.e. by 5 yen), which was the dividend forecast announced on May 9, 2023.

As a result, the annual dividend will be 45.00 yen per share, including the year-end dividend of 23.00 yen.

(Note) The above statements regarding the future, such as business performance forecasts, are forecasts determined by the Company based on information available as of the date of announcement, and actual business performance may differ from the forecast figures due to various factors in the future.

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.