

FY2023 Third Quarter Consolidated Financial Results [Japan GAAP] (April 1, 2023 through December 31, 2023)

February 9, 2024

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
Contact Person	: Eisuke Miyoshi, Director and Managing Executive Officer, Chief Operating Officer of Business Administration Division Tel. +81-(0)45-591-9344
Scheduled Filing Date of Quarterly Securities Report	: February 13, 2024
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 3rd Quarter (April 1, 2023 through December 31, 2023)

(1) Consolidated Financial Results (Cumulative) (% 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 3rd Quarter	38,970	11.9	4,494	9.2	5,856	20.7	3,635	18.4
FY2022 3rd Quarter	34,832	15.2	4,114	16.6	4,852	20.9	3,069	21.1

(Note) Comprehensive Income: FY2023 3rd Quarter 6,841 million yen (up 2.3%), FY2022 3rd Quarter 6,684 million yen (up 59.3%)

	Basic Earnings per Share	Diluted Earnings per Share
	Yen	Yen
FY2023 3rd Quarter	89.81	—
FY2022 3rd Quarter	75.82	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Million Yen	Million Yen	%
As of December 31, 2023	64,978	49,888	67.5
As of March 31, 2023	60,136	45,255	66.6

(Reference) Equity Capital: As of December 31, 2023 43,888 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	—	22.00	—		
FY2023 (forecast)				23.00	45.00

(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	52,900	9.0	6,100	4.5	7,700	9.3	4,600	8.7	113.65

(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 third 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 December 31, 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 December 31, 2023	1,258,652 shares	As of March 31, 2023	1,278,572 shares
(iii) Average number of shares outstanding in the period (quarterly total)	FY2023 3rd Quarter	40,478,877 shares	FY2022 3rd Quarter	40,482,689 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 consolidated accounting period and the first quarter of the consolidated cumulative period. In order to facilitate comparison, the figures for the previous consolidated fiscal year and the third quarter of the previous consolidated cumulative period are also presented in the units of million yen.

(Descriptions about the future)

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 third quarter.

(i) Overview and results of operations

During the current consolidated cumulative third quarter, the global economy faced further instability in international affairs, while inflationary trends continued because of the impact of ongoing monetary tightening and other factors, that increased the uncertainty of the future. In the Japanese economy, although there was a lull in capital investment, individual consumption continued to recover gradually as price hikes subsided and other factors which remained generally resilient.

Under these circumstances, our business performance for the current consolidated cumulative third quarter is as follows: net sales standing at 38,970 million yen (up 11.9% from the same consolidated cumulative quarter of the previous fiscal year), operating profit at 4,494 million yen (up 9.2%), ordinary profit at 5,856 million yen (up 20.7%) and profit attributable to owners of parent at 3,635 million yen (up 18.4%).

(Reference values) Results of each division

(Amount: million yen)

Division	(Product category)	Nine months ended December 31, 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		24,653	14.9%	2,544	6.3%
	Air Compressors	22,438	13.8%		
	Vacuum Equipment	2,215	26.5%		
Coating Division		14,316	7.1%	1,950	13.3%
	Coating Equipment	12,905	6.1%		
	Coating Systems	1,411	16.6%		
Total		38,970	11.9%	4,494	9.2%

(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 - (4) Notes on quarterly consolidated financial statements."

Japan

Net sales stood at 19,426 million yen (up 10.8% from the same consolidated cumulative quarter of the previous fiscal year), and segment profit stood at 2,609 million yen (up 5.1%). The modest segment profit growth rate compared to the Net sales growth rate was mainly because of the increase in selling, general and administrative expenses.

In the air compressor field, sales of reciprocating compressors increased because of the optimized delivery response and favorable sales in the dental market.

In the vacuum equipment field, demand for vacuum pumps for semiconductor production-related equipment increased.

In the coating equipment field, sales of hand spray guns decreased due to the discontinuation of some models; on the other hand, orders for environmental equipment increased due to the thorough property management, because of which the overall sales remained strong.

In the coating system field, sales of coating systems for automotive parts increased.

Europe

Net sales stood at 6,773 million yen (up 24.0% from the same consolidated cumulative quarter of the previous fiscal year) and segment profit stood at 735 million yen (up 79.2%). The increase in profit 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, sales of oil-free air compressors were satisfactory because of the ongoing demands from OEM customers.

In the vacuum equipment field, sales increased as a result of the development of sales channels, including in Eastern Europe.

In the coating equipment field, sales of spray guns, mainly for the car repair market, remained strong amid weak business sentiments in the European economy.

Americas

Net sales stood at 5,361 million yen (up 15.6% from the same consolidated cumulative quarter of the previous fiscal year), and segment profit stood at 722 million yen (up 35.8%).

In the air compressor field, sales were driven by the continued favorable sales of air compressors required for vehicle installation in the U.S. and Brazil.

In the vacuum equipment field, sales were favorable, because of the continuous demand for switching from other company products due to their predominance in terms of delivery and increase in the motivation for capital investment toward the end of the fiscal year.

In the coating equipment field, mainly the sales of spray guns increased, because of the development in the industrial coating market.

China

Net sales stood at 9,085 million yen (up 11.9% from the same consolidated cumulative quarter of the previous fiscal year), and segment profit stood at 522 million yen (down 16.8%). The decline in profit was due to higher purchasing prices at the local subsidiaries, a decline in net sales, and increase in labor costs.

In the air compressor field, sales increased due to continued strong export sales at Shanghai Screw Compressor Co., Ltd.,.

In the vacuum equipment field, sales remained strong because of the support by sales of vacuum pumps for lithium-ion battery manufacturing, despite the impact of the sluggishness of the semiconductor market.

In the coating equipment field, sales declined due to a slow recovery in demand by the impact of the lack of momentum and other factors in the Chinese economy.

In the coating system field, sales declined due to the continued passive stand of companies towards capital investments.

Others

Net sales stood at 7,365 million yen (up 4.1% from the same consolidated cumulative quarter of the previous fiscal year), and segment profit stood at 1,219 million yen (up 12.2%).

In the air compressor field, we are further promoting sales through measures to strengthen the sales capacities of local subsidiaries in Southeast Asian countries, starting with Thailand, in addition to an increase in sales in India against a backdrop of business sentiments.

In coating equipment field, sales of spray guns in India and sales of coating material feeding equipment in Southeast Asia increased.

In the coating system field, sales decreased as a reaction to the projects delivered in the previous consolidated fiscal year, but the order backlog is showing an increasing trend.

(iii) Analysis of financial condition

For assets, our current assets stood at 40,069 million yen (up 9.0% from the previous consolidated fiscal year). This was mainly due to increases of 2,223 million yen in "Cash and deposits," 812 million yen in "Notes and accounts receivable-trade" and 689 million yen in "Raw materials and supplies." Our non-current assets stood at 24,908 million yen (up 6.6%). This was mainly due to an increase of 496 million yen in "Investment securities." As a result, our total assets stood at 64,978 million yen (up 8.1%).

For liabilities, our current liabilities stood at 11,765 million yen (up 0.4%). This was mainly due to an increase of 497 million yen in "Notes and accounts payable-trade." Our non-current liabilities stood at 3,324 million yen (up 5.2%). This was mainly due to an increase of 161 million yen in "Lease liabilities (Non-current)" included in "Other." As a result, our total liabilities stood at 15,089 million yen (up 1.4%).

Our net assets stood at 49,888 million yen (up 10.2%). This was mainly because of an increase of 1,847 million yen in "Retained earnings" and an increase of 1,740 million yen in the "Foreign currency translation adjustment" due to depreciation of yen. Our equity capital, which is calculated by subtracting the non-controlling interests from the net assets, stood at 43,888 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 November 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 December 31, 2023
Assets		
Current assets		
Cash and deposits	14,512	16,735
Notes and accounts receivable-trade	9,102	9,914
Merchandise and finished goods	6,842	6,664
Work in process	1,261	890
Raw materials and supplies	3,740	4,429
Other	1,693	1,950
Allowance for doubtful accounts	(377)	(515)
Total current assets	36,773	40,069
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,590	5,935
Other, net	6,870	7,374
Total property, plant and equipment	12,461	13,309
Intangible assets		
Goodwill	757	815
Other	2,447	2,602
Total intangible assets	3,204	3,418
Investments and other assets		
Investment securities	5,464	5,960
Other	2,243	2,230
Allowance for doubtful accounts	(10)	(10)
Total investments and other assets	7,696	8,180
Total non-current assets	23,363	24,908
Total assets	60,136	64,978

(Amount: million yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable-trade	5,355	5,853
Short-term borrowings	908	996
Income taxes payable	888	708
Provision for bonuses	844	502
Other provisions	268	244
Other	3,452	3,459
Total current liabilities	11,719	11,765
Non-current liabilities		
Retirement benefit liability	1,188	1,267
Provision for share awards for directors (and other officers)	181	190
Other	1,791	1,866
Total non-current liabilities	3,161	3,324
Total liabilities	14,881	15,089
Net assets		
Shareholders' equity		
Share capital	3,354	3,354
Capital surplus	1,008	1,008
Retained earnings	34,282	36,130
Treasury shares	(1,179)	(1,159)
Total shareholders' equity	37,466	39,333
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	527	774
Foreign currency translation adjustment	2,034	3,775
Remeasurements of defined benefit plans	(3)	4
Total accumulated other comprehensive income	2,558	4,554
Non-controlling interests	5,229	6,000
Total net assets	45,255	49,888
Total liabilities and net assets	60,136	64,978

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

(Amount: million yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net sales	34,832	38,970
Cost of sales	19,657	21,353
Gross profit	15,174	17,617
Selling, general and administrative expenses	11,060	13,122
Operating profit	4,114	4,494
Non-operating income		
Interest and dividend income	100	168
Foreign exchange gains	267	538
Share of profit of entities accounted for using equity method	336	602
Other	94	128
Total non-operating income	798	1,437
Non-operating expenses		
Interest expenses	34	49
Other	25	26
Total non-operating expenses	60	75
Ordinary profit	4,852	5,856
Extraordinary income		
Gain on sale of non-current assets	4	10
Gain on sale of investment securities	—	14
Gain on liquidation of subsidiaries	56	—
Total extraordinary income	61	24
Extraordinary losses		
Loss on sale and retirement of non-current assets	6	12
Total extraordinary losses	6	12
Profit before income taxes	4,908	5,867
Income taxes - current	1,258	1,636
Income taxes - deferred	(43)	(176)
Total income taxes	1,214	1,460
Profit	3,693	4,407
Profit attributable to non-controlling interests	624	772
Profit attributable to owners of parent	3,069	3,635

Quarterly consolidated statement of comprehensive income
 Consolidated cumulative third quarter

(Amount: million yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	3,693	4,407
Other comprehensive income		
Valuation difference on available-for-sale securities	103	247
Foreign currency translation adjustment	2,334	1,813
Remeasurements of defined benefit plans, net of tax	7	7
Share of other comprehensive income of entities accounted for using equity method	545	365
Total other comprehensive income	2,990	2,433
Comprehensive income	6,684	6,841
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,513	5,630
Comprehensive income attributable to non-controlling interests	1,170	1,210

(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 third quarter, the book price of the treasury shares is 153 million yen, and the number of shares is 154,200.

(Segment information, etc.)

[Segment information]

I Nine months ended December 31, 2022

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

(Amount: million yen)

	Reporting segment					Total
	Japan	Europe	Americas	China	Others (Note)	
Net sales						
Revenue from contracts with customers	12,109	5,272	4,318	7,441	5,690	34,832
Sales to external customers	12,109	5,272	4,318	7,441	5,690	34,832
Internal sales or transfers between segments	5,423	189	321	677	1,383	7,994
Total	17,532	5,461	4,640	8,119	7,074	42,827
Segment profit	2,482	410	531	628	1,086	5,139

(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 profit 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	5,139
Company-wide expenses (Note)	(692)
Inter-segment transactions erased	(332)
Operating profit in the quarterly consolidated statement of income	4,114

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

II Nine months ended December 31, 2023

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

(Amount: million yen)

	Reporting segment					Total
	Japan	Europe	Americas	China	Others (Note)	
Net sales						
Revenue from contracts with customers	13,400	6,241	5,046	8,321	5,959	38,970
Sales to external customers	13,400	6,241	5,046	8,321	5,959	38,970
Internal sales or transfers between segments	6,025	532	314	764	1,406	9,042
Total	19,426	6,773	5,361	9,085	7,365	48,012
Segment profit	2,609	735	722	522	1,219	5,809

(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 profit 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	5,809
Company-wide expenses (Note)	(813)
Inter-segment transactions erased	(501)
Operating profit in the quarterly consolidated statement of income	4,494

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

(Important subsequent events)

(Purchase of treasury shares)

At a meeting of the Board of Directors held on January 10, 2024, our Company has resolved matters related to the purchase of treasury shares in accordance with Article 156 of the Companies Act as applied pursuant to Article 165, Paragraph 3 of the same Act.

(1) Reason for purchase of treasury shares

As part of its shareholder return and capital policy, the Company's policy is to maintain the financial base necessary to implement its growth strategy and to purchase treasury shares in a timely and flexible manner. Based on this policy, the Company intends to strengthen shareholder returns further and improve capital efficiency through the purchase of treasury shares.

(2) Details of purchase related matters

(i) Type of shares to be purchased	Common shares of our Company
(ii) Total number of shares to be purchased	1,500,000 shares (Upper limit) (3.69% of the total number of shares issued (excluding treasury shares))
(iii) Total purchase price of shares	1,500 million yen (Upper limit)
(iv) Purchase period	January 11, 2024 to June 28, 2024
(v) How to purchase	Market purchase in Tokyo Stock Exchange