

# Presentation Material for FY2023 Full-Year Financial Results ANEST IWATA Corporation

**May 17, 2024**

**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.

## 1. Results for FY2023

- Driven by overseas sales, consolidated net sales increased by 10.1% year-on-year, and consolidated operating profit increased by 5.8%
- Consolidated net sales and consolidated profits at each stage hit record highs
- Sales grew in all areas and for products except for coating equipment in the China and coating systems in Japan and the China.
- The end-of-term dividend will be 27 yen per share, an increase of 4 yen compared to the latest forecast, and the annual dividend per share will be 49 yen (an increase of 11 yen from the previous year)

## 2. Plan for FY2024

- Aim to increase sales and profits by expanding overseas income, mainly in the Americas and India
- Consolidated operating profit is planned to be covered by sales growth, despite expected increase in personnel costs and continued aggressive investment in growth.
- Ordinary profit is expected to decrease due to a decline in non-operating income (foreign exchange gains)
- The annual dividend per share is expected to be 50 yen

## 3. Progress of the current mid-term business plan (FY2022 to FY2024)

- The target for the final year has been revised based on the results for FY2023. Various initiatives underway to achieve goals
- Started formulating the next mid-term business plan while aiming to further improve EPS (scheduled to be announced in May 2025)

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# 1. Results for FY2023

Although demand for coating systems and domestic sales in China decreased, sales grew, driven by export sales from the SCR company in China and coating equipment and other products in Europe

For air compressors, profit margin declined because of continued investment to expand sales and increased costs due to enhanced risk management

(million yen)

Net sales	53,425			
	Air energy	33,286	(62.3%)	Coating 20,139 (37.7%)
Operating profit	6,176			
	Air energy	3,357	(54.4%)	Coating 2,818 (45.6%)

Unit (million yen)	Air energy business			Coating business		
	FY2023	Year-on-year		FY2023	Year-on-year	
	Actual	Increase/decrease	Increase/decrease rate (%)	Actual	Increase/decrease	Increase/decrease rate (%)
Net sales	33,286	+3,936	+13.4	20,139	+974	+5.1
Operating profit	3,357	+88	+2.7	2,818	+249	+9.7
Operating profit ratio (%)	10.1	-1.1pts	—	14.0	+0.6pts	—

- The export sales of air compressors from the SCR company in China remained strong throughout the year. In addition, sales of oil-free air compressors are increasing in Japan, Europe, and other countries
- Sales of vacuum equipment increased due to the effect of the takeover of part of the business in the USA and the intake of equipment manufacturers. Sales in other areas were also strong.

- Sales of coating equipment increased due to increased sales of equipment for woodworking coating, particularly in North America, including spray guns for the European car repair market, despite a decline in domestic demand in China.
- Sales of coating systems decreased due to a decline in orders caused by stagnant capital investment and delays in some customers' construction plans.

(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.

3. Image of profit margin by product : Vacuum equipment > Coating equipment > Air compressors > Coating systems

## The success of the business strategies implemented since the previous mid-term business plan led to record highs in net sales and each profit indicator

- Sales are driven by overseas markets (especially Europe and other regions, mainly India). The impact of foreign exchange is +1,679 million
- Operating profit growth rate is slower compared to sales due to increases in labor costs, continued growth investments and depreciation in line with accelerated capital investment
- Growth in equity in earnings of affiliates and foreign exchange gains due to strong sales of vehicle-mounted air compressors at an American equity-method affiliate contributed to the increase in ordinary profit

	FY2022		FY2023		Year-on-year			FY2023 result forecasts Revised on November 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 (%)
Sales	<b>48,515</b>	—	<b>53,425</b>	—	<b>+4,910</b>	<b>+10.1</b>	—	<b>52,900</b>	<b>101.0</b>
Operating profit	<b>5,838</b>	<b>12.0</b>	<b>6,176</b>	<b>11.6</b>	<b>+338</b>	<b>+5.8</b>	<b>-0.5</b>	<b>6,100</b>	<b>101.2</b>
Ordinary profit	<b>7,043</b>	<b>14.5</b>	<b>7,986</b>	<b>14.9</b>	<b>+942</b>	<b>+13.4</b>	<b>+0.4</b>	<b>7,700</b>	<b>103.7</b>
Profit attributable to owners of Parent	<b>4,381</b>	<b>9.0</b>	<b>4,931</b>	<b>9.2</b>	<b>+549</b>	<b>+12.5</b>	<b>+0.2</b>	<b>4,600</b>	<b>107.2</b>
Average exchange rate of yen to USD	131.43 yen		<b>140.56</b> yen		Depreciated by 9.13 yen			<b>138.00</b> yen	
Average exchange rate of yen to EUR	138.04 yen		<b>152.00</b> yen		Depreciated by 13.96 yen			<b>149.00</b> yen	
Average exchange rate of yen to CNY	19.48 円		<b>19.82</b> yen		Depreciated by 0.34 yen			<b>19.60</b> yen	
<b>Annual dividend per share</b>	<b>38</b> yen		<b>49</b> Yen (planned)		<b>Increased by 11</b> yen			<b>45</b> yen	

[Foreign exchange sensitivity] Trend value based on operating profit (**The currency ratio is not reflected in the following**)

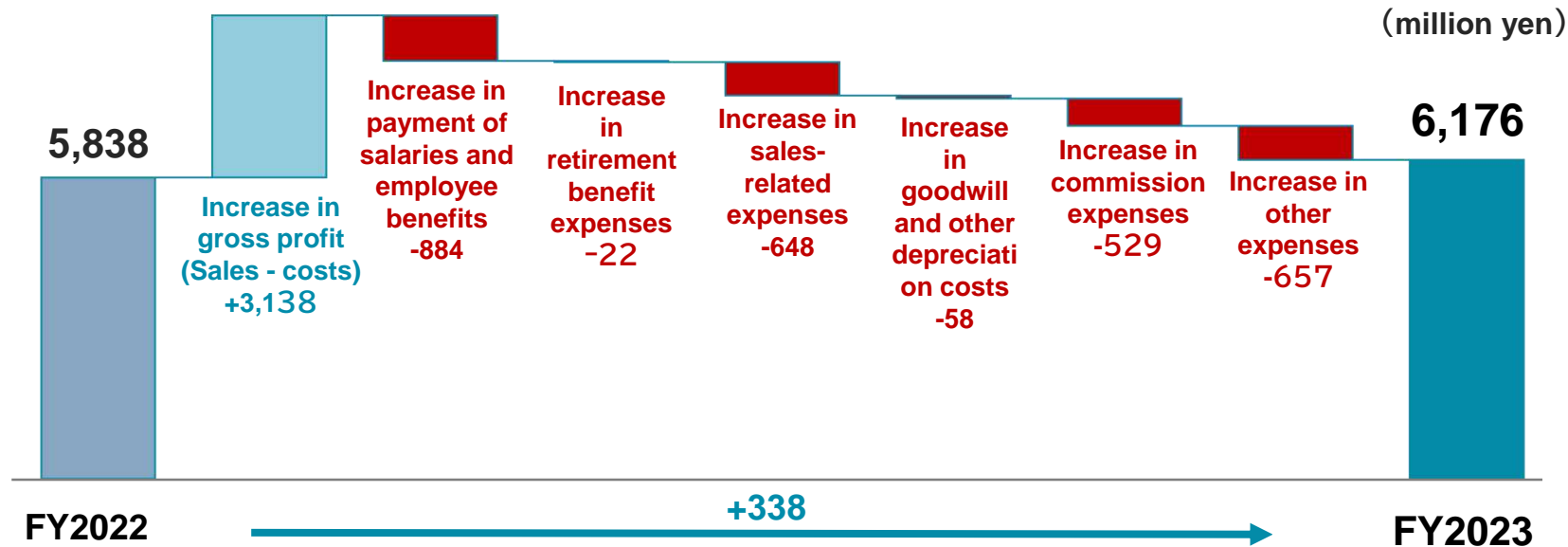
Due to the depreciation of 1 yen, the respective increase was US dollar: 10 million yen/year, Euro: 10 million yen/year, Chinese Yuan: 30 million yen/year.

Although domestic sales in China decreased due to the economic slowdown, sales exceeded expectations due to sales growth in other overseas markets and the effects of yen depreciation

(million yen)	Forecast	Actual	Difference	
<b>Net sales</b>	<b>52,900</b>	53,425	<b>+525</b> +1.0%	[+] Impact of exchange rates (yen depreciation) due to overseas sales growth
– Air energy	<b>32,500</b>	33,286	<b>+786</b> +2.4%	[+] Increase in product unit prices due to price increases in Japan and overseas
– Coating	<b>20,400</b>	20,139	<b>-261</b> -1.3%	<div style="background-color: #e0f2f7; padding: 5px; margin-bottom: 5px;">                     Air energy                 </div> [+] Air compressors: Increased export sales due to the effects of China's SCR's participation in Hannover Messe* in Germany. Development of sales channels for vehicle-mounted air compressors in Brazil. [+] Vacuum: Utilization of the American sales channel acquired through partial business takeover in 1Q
<b>Operating profit</b>	<b>6,100</b>	6,176	<b>+76</b> +1.2%	<div style="background-color: #e0f2f7; padding: 5px; margin-bottom: 5px;">                     Coating                 </div> [-] Coating equipment: Discontinuation of sales of some spray guns in Japan due to the review of the group sales structure [-] Coating systems: Decrease in orders due to a decline in appetite for capital investment, especially in China
– Air energy	<b>3,380</b>	3,357	<b>-23</b> -0.7%	[+] Increase in gross profit due to increase in sales
– Coating	<b>2,720</b>	2,818	<b>+98</b> +3.6%	[+] Improvement in cost ratio due to increasing exposure to increase in prices
<b>Ordinary profit</b>	<b>7,700</b>	7,987	<b>+287</b> +3.7%	[-] Increase in fees paid for measures taken for mid- to long-term business performance enhancement such as new business development
<b>Profit attributable to owners of parent</b>	<b>4,600</b>	4,931	<b>+331</b> +7.2%	[-] Increase in expenses due to labor costs, advertising costs, and travel expenses mainly overseas
				[+] Increase in equity method profits due to continued increase in sales at American affiliate companies [-] Increase in profit ratio attributable to non-controlling interests because of the enhancement in performances of consolidated subsidiaries [-] Losses exceeding initial expectations

\* One of the world's largest industrial exhibitions

Despite an increase in the selling, general & administrative expenses due to increases in labor costs and growth investments, profits increased due to increased revenue and a decline in the cost-to-sales ratio



Total	Cost-to-sales ratio (%)	Selling, general and administrative expenses ratio (%)
FY2022 4Q	56.0	31.9
FY2023 1Q	54.4	35.2
2Q	55.1	33.8
3Q	54.8	33.7
4Q	54.2	34.3

## [+] Increase in gross profit: Up 3,138 million yen year-on-year

- Impact of increase in net sales: (+4,910 million yen)
- the cost-to-sales ratio improved due to the effect of domestic and overseas price increases and the improvement in the cost ratio of Coating systems in the first half of the year
- Foreign exchange impact on gross profit: +741 million yen

## [-] Increase in selling, general & administrative expenses: Up 2,800 million yen year-on-year

- Labor costs are rising in all areas, mainly in Europe and the United States
- System design costs (Commission expenses) increased due to migration of ERP system to the cloud, sales reform and responding to changing tax laws
- Commission expenses increased due to the continuation of measures aimed at mid to long-term business expansion, such as new business development and M&A consideration
- Due to increased business activities, operation expenses such as travel expenses and advertising costs associated with exhibiting at domestic and overseas exhibitions have increased



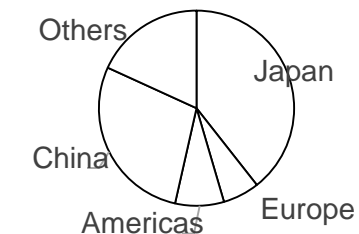
# Sales by Area and by Product (Air Energy Business)

[Segment category] Others: Asia excluding China, and Australia and South Africa [Year-on-year] ◎ 10% or more ○ 3% to 10% △ 0% to 3% ▽ 0% to -3% ● -3% to 10% × -10% or less

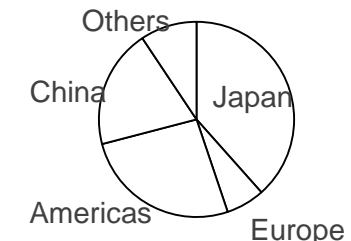
Consolidated net sales	FY2022		FY2023		Year-on-year		Air energy business	
	Actual (million yen)	Composition ratio (%)	Actual (million yen)	Composition ratio (%)	Increase/decrease amount (million yen)	Increase/decrease rate (%)	Air compressors	Vacuum equipment
Japan	17,473	36.0	18,207	34.1	+734	+4.2	○	◎
Europe	7,233	14.9	8,663	16.2	+1,430	+19.8	◎	◎
Americas	5,863	12.1	6,862	12.8	+999	+17.0	◎	◎
China	10,336	21.3	11,419	21.4	+1,083	+10.5	◎	◎
Others	7,608	15.7	8,273	15.5	+665	+8.7	○	◎
Total	48,515	—	53,425	—	+4,910	+10.1	◎	◎
Air compressors	26,983	55.6	30,302	56.7	+3,318	+12.3		
Vacuum equipment	2,366	4.9	2,983	5.6	+617	+26.1		
Air energy business	29,349	60.5	33,286	62.3	+3,936	+13.4		

[Sales composition ratio by area]

Air compressors



Vacuum equipment



## Air energy sales grew in all regions, including strong sales at China's SCR, centered on exports

Japan	<ul style="list-style-type: none"> <li>■ (AC; Air Compressor) we fulfilled the end-of-year demand on the supply side, mainly for general-purpose air compressors, and the sales of oil-free air compressors for set manufacturers increased, including those in the medical field</li> <li>■ (VE; Vacuum Equipment) Sales of vacuum pumps for semiconductor production-related equipment(SPE), including exports, increased despite the semiconductor market continued to undergo an adjustment</li> </ul>
Europe	<ul style="list-style-type: none"> <li>■ (AC) Sales of oil-free air compressors remained strong due to demand trends from OEM customers</li> <li>■ (AC) Continue to develop sales channels mainly in specific markets</li> <li>■ (VE) Result of the efforts to develop sales channels in Eastern Europe</li> </ul>
Americas	<ul style="list-style-type: none"> <li>■ (AC) Sales of vehicle-mounted and medical air compressors increased mainly in the United States and Brazil</li> <li>■ (VE) Sales of Vacuum pump through sales channels acquired through partial business takeover in 1Q were strong</li> <li>■ (VE) Growing demand from equipment manufacturers</li> </ul>
China	<ul style="list-style-type: none"> <li>■ (AC) Export sales of air compressors of SCR are strong</li> <li>■ (AC) Sales of air compressors for lithium-ion battery manufacturing-related equipment remained strong</li> <li>■ (VE) Sales of vacuum pumps for lithium-ion battery manufacturing-related equipment increased</li> <li>■ (VE) Continued to cultivate new equipment manufacturers</li> </ul>
Others	<ul style="list-style-type: none"> <li>■ (AC) Sales of general-purpose air compressors are strong in India</li> <li>■ (AC) We are continuing to train air compressors sales staff at our Southeast Asian subsidiaries and local agencies</li> <li>■ (VE) Boom in demand for FPD (Flat Panel Display) manufacturing-related Vacuum pump in South Korea</li> <li>■ (VE) Demand for semiconductor manufacturing-related Vacuum pump is recovering in Taiwan</li> </ul>

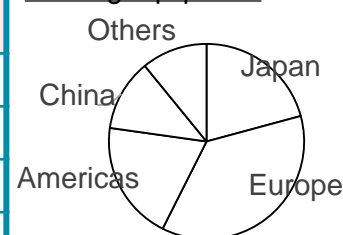
# Sales by Area and by Product (Coating Business)

[Segment category] Others: Asia excluding China, and Australia and South Africa [Year-on-year] ◎ 10% or more ○ 3% to 10% △ 0% to 3% ▽ 0% to -3% ● -3% to 10% × -10% or less

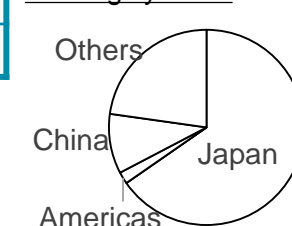
Consolidated net sales	FY2022		FY2023		Year-on-year		Coating business	
	Actual (million yen)	Composition ratio (%)	Actual (million yen)	Composition ratio (%)	Increase/decrease amount (million yen)	Increase/decrease rate (%)	Coating equipment	Coating systems
Japan	17,473	36.0	18,207	34.1	+734	+4.2	○	×
Europe	7,233	14.9	8,663	16.2	+1,430	+19.8	◎	-
Americas	5,863	12.1	6,862	12.8	+999	+17.0	○	◎
China	10,336	21.3	11,419	21.4	+1,083	+10.5	▽	×
Others	7,608	15.7	8,273	15.5	+665	+8.7	△	◎
Total	48,515	—	53,425	—	+4,910	+10.1	○	×
Coating equipment	16,512	34.0	17,851	33.4	+1,338	+8.1		
Coating systems	2,652	5.5	2,288	4.3	-364	-13.7		
Coating business	19,165	39.5	20,139	37.7	+974	+5.1		

[Sales composition ratio by area]

Coating equipment



Coating systems



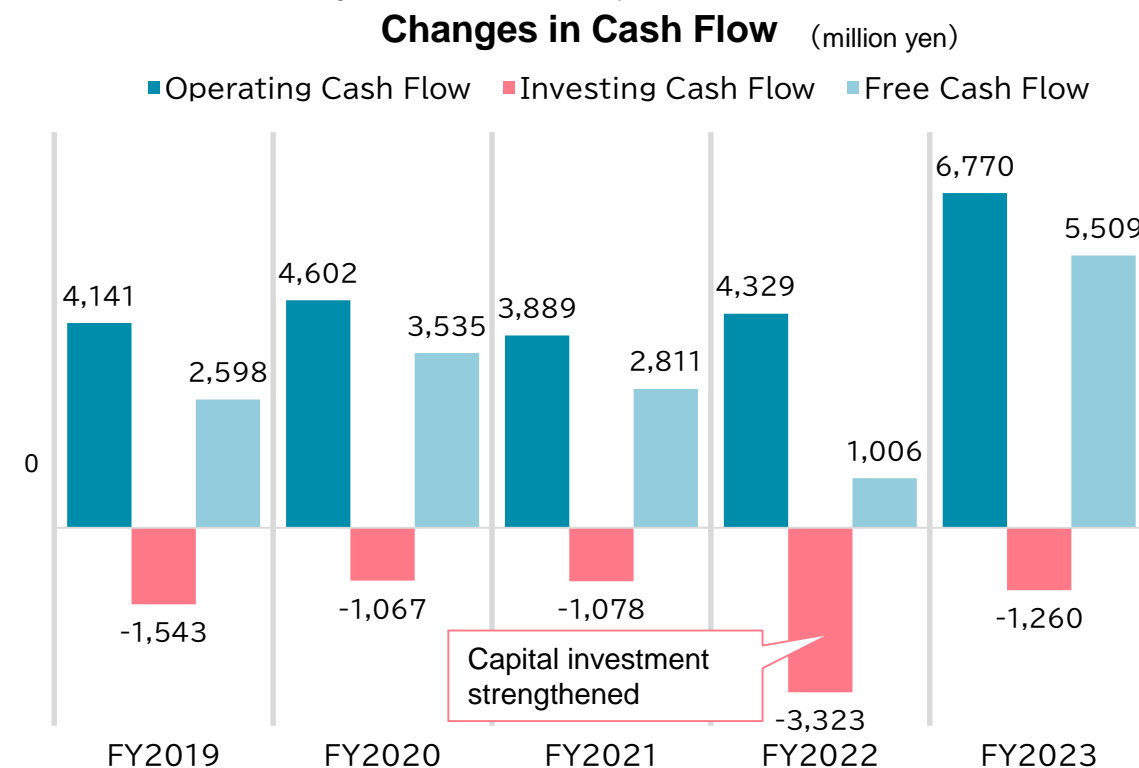
## Sales are supported by coating equipment sales in Europe and other areas, despite the decreasing demand for coating equipment and systems in China

Japan	<ul style="list-style-type: none"> <li>■ (Coating Equipment; CE) Impact from discontinuation of sales of some spray guns in 3Q</li> <li>■ (CE) Sales of environmental system increased due the strengthened property management with increased use of IT tools</li> <li>■ (Coating System; CS) Sales of Coating systems decreased as fewer orders were received as compared to the previous fiscal year and as some projects will be recorded in the next fiscal year</li> <li>■ (CS) Reactionary downturn from the previous fiscal year due to the presence or absence of large Coating systems properties</li> </ul>
Europe	<ul style="list-style-type: none"> <li>■ (CE) Sales of coating equipment, mainly new spray guns for the car repair market, were strong</li> </ul>
Americas	<ul style="list-style-type: none"> <li>■ (CE) Succeeded in developing and cultivating the industrial coating market</li> <li>■ (CE) Airbrush sales recovery is at a standstill</li> <li>■ (CE) We are also focusing on sales of new spray guns for the car repair market and intermediate-range spray guns for hardware stores</li> </ul>
China	<ul style="list-style-type: none"> <li>■ (CE) Decline in sales of Coating equipment throughout the fiscal year, with no sign of recovery in business confidence</li> <li>■ (CS) There is no sign of recovery in capital investment, especially for Japanese companies, and sales of Coating systems have decreased</li> </ul>
Others	<ul style="list-style-type: none"> <li>■ (CE) Sales of spray guns grew mainly for the industrial coating market</li> <li>■ (CE) We have started to develop markets of spray guns in South Asia, including India, where there is room to expand our market share</li> <li>■ (CS) Sales of coating systems for coating car parts and wood products increased</li> <li>■ (CS) Implementation of optimal personnel allocation from China to Southeast Asia, India, and other countries</li> </ul>

**Operating CF income increased due to business expansion. Increased expenditure for financing CF due to the purchase of treasury shares. Cash and cash equivalents were 14.6 billion yen**

- **Operating CF** : [ + ] "Profit before income taxes" increased by 895 million yen  
 [ + ] Income increased by 748 million yen due to fluctuations in "increase/decrease amount in inventory"
- **Investing CF** : [ + ] "Proceeds from withdrawal of time deposits" increased by 1,091 million yen
- **Financing CF** : [ - ] "Purchase of treasury shares" increased by 732 million yen

	FY2022	FY2023	Year-on-year
(million yen)	Actual	Actual	Increase/decrease amount
Operating CF	4,329	6,770	2,440
Investing CF	-3,323	-1,260	2,062
Free CF	1,005	5,509	4,503
Financing CF	-2,357	-3,584	-1,227
Cash and cash equivalents	12,080	14,608	2,527



## Increase in assets due to the growth in business performance and the impact of yen depreciation

		FY2022	FY2023	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	36,773	40,571	+3,798	+10.3	•Increase in “Cash and deposits” +2,419 million yen
	Non-current assets	23,363	25,573	+2,209	+9.5	•Increase in “Buildings and structures, net” +388 million yen •Increase in “Investment securities” +805 million yen
	<b>Assets</b>	60,136	66,144	+6,008	+10.0	
Liabilities and capital	Current liabilities	11,719	12,789	+1,069	+9.1	•Increase in “Notes and accounts payable-trade” +330 million yen
	Non-current liabilities	3,161	3,280	+119	+3.8	•Increase in “Lease liabilities” +367 million yen
	<b>Liabilities</b>	14,881	16,069	+1,188	+8.0	
	Shareholders' equity	37,466	39,737	+2,271	+6.1	•Increase in “Retained earnings” +3,142 million yen
	Accumulated other comprehensive income	2,558	4,421	+1,862	+72.8	•Increase in “Foreign currency translation adjustment” +1,173 million yen
	Non-controlling interests	5,229	5,915	+685	+13.1	
	<b>Net assets</b>	45,255	50,074	+4,819	+10.6	
	<b>Liabilities and net assets</b>	60,136	66,144	+6,008	+10.0	

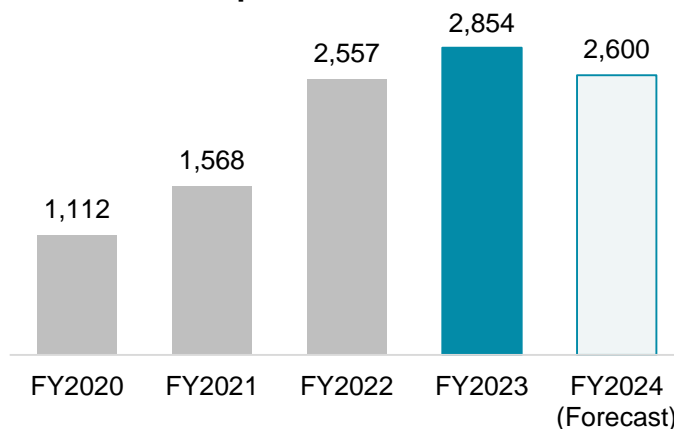
Capital investment is expected to be higher than planned due to the expansion of production facilities related to the manufacture of compressors (plants in Japan and India) and coating equipment (plant in Italy), where sales are growing, as well as the bringing forward of some plans.

- In FY2024, we plan to make capital investments in factories related to coating equipment production in Europe and the export of air compressors made in China, which continues to perform well

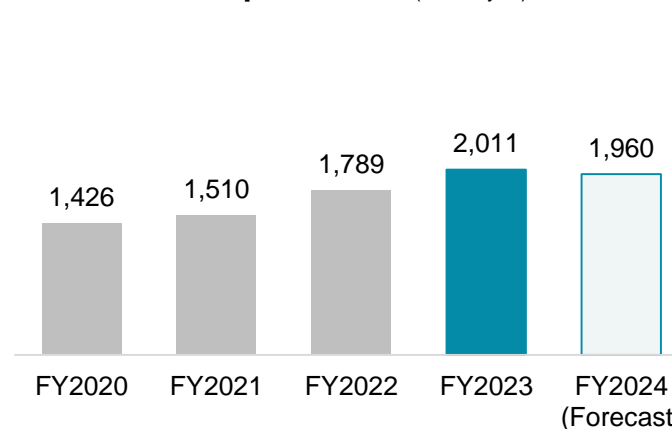
(million yen)	FY2023 Actual Results		
	Amount of capital investment	Depreciation	R&D cost*
Actual	<b>2,854</b>	<b>2,011</b>	<b>1,468</b>
Plan	<b>2,300</b>	<b>1,700</b>	<b>1,450</b>
Progress rate	<b>124.1</b>	<b>118.3</b>	<b>101.3</b>
Description	<ul style="list-style-type: none"> <li>• IT-related investment (e.g. server cloud, compliance with revised tax laws)</li> <li>• Building refurbishment</li> <li>• Office relocation</li> <li>• Upgrading and enhancement of production lines</li> <li>• Machine tools (new ones and upgrading existing ones)</li> <li>• Establishment of communication infrastructure</li> </ul>		

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

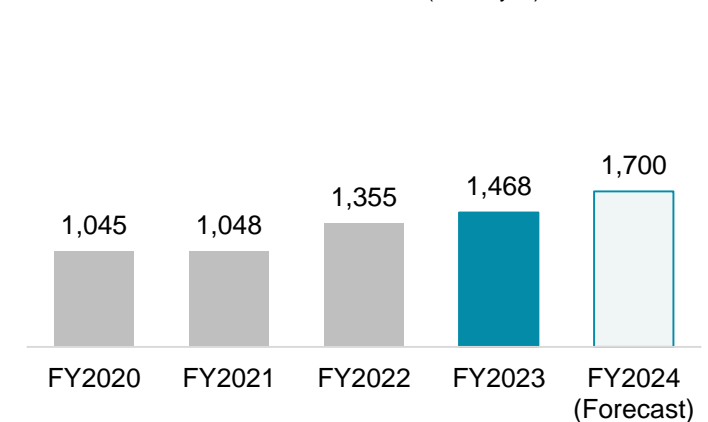
Amount of capital investment (million yen)



Depreciation (million yen)



R&D cost (million yen)



## 2. Plan for FY2024

		FY2023 (Actual)	
		Actual (million yen)	Composition ratio (%)
<b>Sales</b>		53,425	100.0
<b>Air energy</b>	Air compressors	30,302	56.7
	Vacuum equipment	2,983	5.6
	Subtotal	33,286	62.3
<b>Coating</b>	Coating equipment	17,851	33.4
	Coating systems	2,288	4.3
	Subtotal	20,139	37.7
<b>Operating profit</b>		6,176	11.6
<b>Air energy</b>		3,357	—
<b>Coating</b>		2,818	—
<b>Ordinary profit</b>		7,986	14.9
<b>Profit attributable to owners of parent</b>		4,931	9.2
Average exchange rate of yen to	USD	140.56 yen	
	EUR	152.00 yen	
	CNY	19.82 yen	
Amount of capital investment		2,854	—
Depreciation		2,011	—
R&D cost		1,468	—

FY2024 (Forecast)			
Target value (million yen)	Composition ratio (%)	Increase/decrease amount (million yen)	Composition ratio (%)
<b>58,000</b>	—	<b>+4,574</b>	<b>+8.6</b>
—	—	—	—
—	—	—	—
<b>35,600</b>	<b>61.4</b>	<b>+2,313</b>	<b>+7.0</b>
—	—	—	—
—	—	—	—
<b>22,400</b>	<b>38.6</b>	<b>+2,260</b>	<b>+11.2</b>
<b>6,800</b>	<b>11.7</b>	<b>+623</b>	<b>+10.1</b>
<b>3,685</b>	—	<b>+327</b>	<b>+9.7</b>
<b>3,115</b>	—	<b>+296</b>	<b>+10.5</b>
<b>7,800</b>	<b>13.4</b>	<b>-186</b>	<b>-2.3</b>
<b>4,950</b>	<b>8.5</b>	<b>+18</b>	<b>+0.4</b>
145.00 yen		Depreciated by 4.44 yen	
156.33 yen		Depreciated by 4.33 yen	
19.95 yen		Depreciated by 0.13 yen	
<b>2,600</b>	—		
<b>1,960</b>	—		
<b>1,700</b>	—		

Although labor costs and costs for mid-term business performance expansion are expected to increase, the increase in overseas income will offset the expenses

## Premises

- Energy/resource prices, logistics costs, raw material prices, and purchasing prices for components are also expected to rise
- Yen depreciation is assumed for the exchange rate
- Chinese market conditions heading for gradual recovery

FY2024 (million yen)	Forecast	Year-on-year
<b>Sales</b>	<b>58,000</b>	<b>+8.6%</b>
– Air energy	35,600	+7.0%
– Coating	22,400	+11.2%
<b>Operating profit</b>	<b>6,800</b>	<b>+10.1%</b>
– Air energy	3,685	+9.7%
– Coating	3,115	+10.5%
<b>Ordinary profit</b>	<b>7,800</b>	<b>-2.3%</b>
<b>Profit Attributable to Owners of Parent</b>	<b>4,950</b>	<b>+0.4%</b>

- Overseas sales lead the overall sales
  - Air energy: Expansion of China's SCR exports and air compressor sales for the Indian market
  - Coating: Expanding demand with the release of new spray guns in the Americas, and the development of industrial coatings
- Recovery in appetite for capital investment, particularly in China, is expected to be moderate
- The cost of sales ratio remains at the same level as the fiscal year ending March 2024
- Labor costs, including human resource investment, are increasing in all areas
- Continued proactive growth investments such as R&D investment, capital investment, and IT investment (increase in commission expenses)
  - Purposes include improving the development environment, reinforcing and updating production equipment, M&A considerations, and developing new businesses
- Investment costs covered by increased gross profit due to sales growth
- Decrease in foreign exchange gains



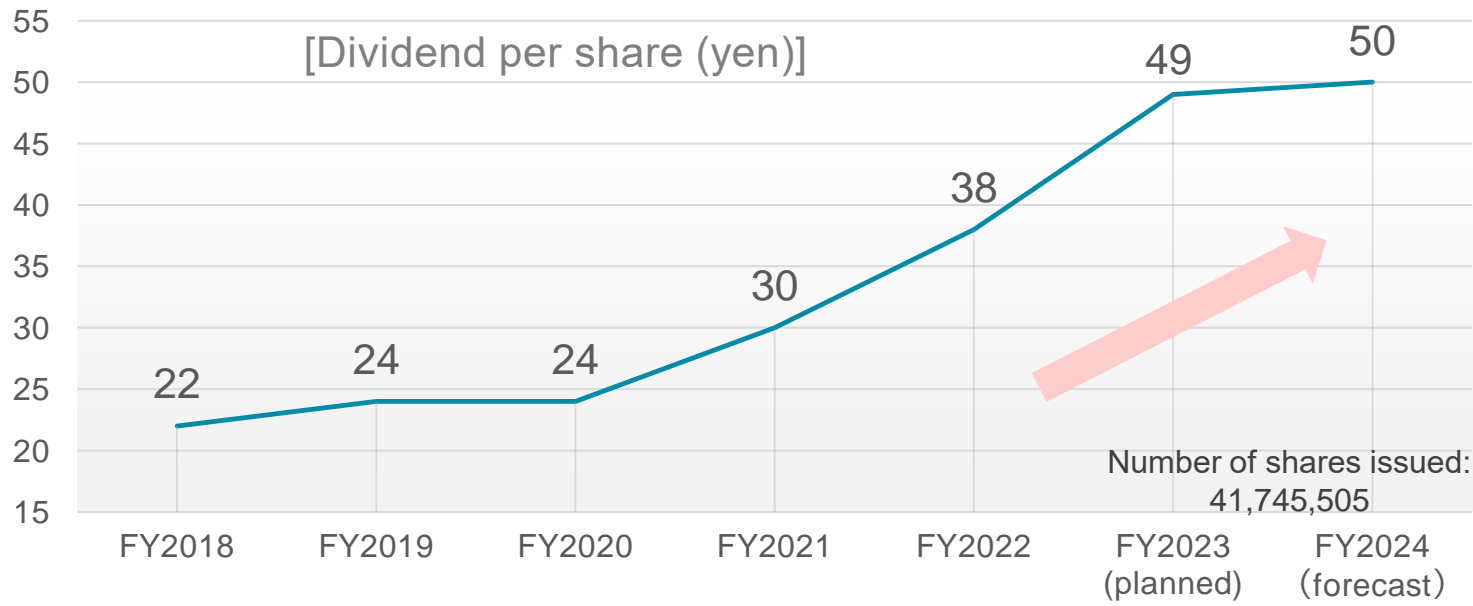
The annual dividend per share for FY2024 is expected to be 50 yen, an increase of 1 yen from the previous fiscal year.

### Dividend policy

- Ensuring internal reserves for investment in growth and stable dividends
- The dividend payout ratio is roughly 40%

Dividend	Interim (yen)	Year-end (yen)	Annual (yen)	Dividend payout ratio (%)
FY2022 (actual )	16	22	38	35.1
FY2023 (actual )	22	27 (Planned)	49 (Planned)	40.1 (Planned)
FY2024 (forecast)	<b>22</b>	<b>28</b>	<b>50</b>	<b>40.4</b>

note: The year-end dividend for FY2023 will be formally decided at the 78th ordinary general shareholders' meeting to be held on June 25.



### Stock buyback

- Acquisition is in progress from January 2024, with the upper limit of 1,500 million yen planned in the current mid-term business plan

### 3. Progress of the Mid-Term Business Plan "500 & Beyond" (FY2022 to FY2024)



## 3-year mid-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.

\*See P42

Overseas market

Because the markets are growing, increase 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

**A well-balanced implementation of strengthening shareholder returns while prioritizing growth investments**

- Achieve a +40% increase in EPS from the final year of the previous mid-term plan
- Actively implemented shareholder returns to continuously increase dividends
- Dividend payout ratio: Roughly 40%
- Our Company's stock purchase limit: 1.5 billion yen (about 4% of the total number of shares outstanding)

## 3-year mid-term business plan "500 & Beyond"

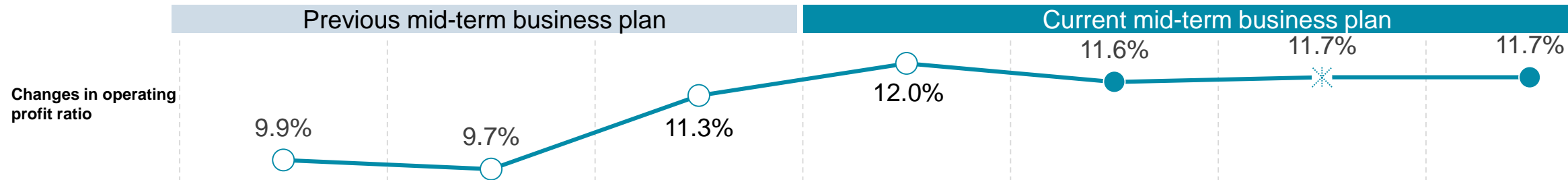
### First step of the long-term vision "Vision 2030"

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.

Management foundation	<b>Improvement of management power through investment in management foundation</b> <ul style="list-style-type: none"><li>■ Strengthening the governance system</li><li>■ Promoting ESG management to sustainably increase corporate value</li></ul>
Human resources	<b>Building a personnel strategy through group-wide optimization</b> <ul style="list-style-type: none"><li>■ Building systems to train human resources who are capable of being active overseas</li><li>■ Promoting talent management</li><li>■ Promoting diversity &amp; inclusion</li></ul>
Supply chain	<b>Stabilization and optimization to support production and sales increases</b> <ul style="list-style-type: none"><li>■ Strengthening supply chain management including BCP measures</li><li>■ Building strong production systems</li></ul>
Quality assurance	<b>Aimed-for quality = Customer satisfaction</b> <ul style="list-style-type: none"><li>■ Enhance product safety</li><li>■ Enhance quality reliability</li><li>■ Review the quality system</li></ul>

The target for the final year of the mid-term plan has been revised upwards due to an increase in overseas sales and other factors (+1,150 million yen for FY2023 compared to the revised plan of November last year). On the other hand, it is expected that it will be difficult to achieve the target selling, general & administrative expenses ratio due to increases in labor costs and continued investment

million yen	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	
						Last forecast announced in May 2023	Latest forecast announced in May 2024
<b>Sales</b>	<b>39,091</b>	<b>35,588</b>	<b>42,337</b>	<b>48,515</b>	<b>53,425</b>	<b>55,500</b>	<b>58,000</b>
– Air energy	22,224	20,866	25,015	29,349	33,286	33,500	35,600
(Overseas sales ratio)	47.0%	50.3%	53.2%	58.4%	61.0%	55.9%	63%
(Oil-free product sales ratio)	—	54%	60%	51%	53%	60% or more	60% or more
– Coating	16,866	14,722	17,321	19,165	20,139	22,000	22,400
(Overseas sales ratio)	68.1%	66.7%	73.4%	72.5%	74.1%	71.5	75%
<b>Operating profit</b>	<b>3,876</b>	<b>3,444</b>	<b>4,780</b>	<b>5,838</b>	<b>6,176</b>	<b>6,500</b>	<b>6,800</b>
(SG&A ratio)	32.5%	32.3%	31.8%	31.9%	34.3%	30% or less	30% or less
– Air energy	1,774	1,821	2,513	3,269	3,357	3,650	3,685
– Coating	2,101	1,623	2,267	2,569	2,818	2,850	3,115



Vision for 2030 and beyond

■ Sales of 100 billion yen or more

■ Operating profit ratio of 10% or greater

## Aiming for quantitative expansion in overseas markets to drive growth and increased value addition in the domestic market

	Review of the current mid-term business plan (FY2021 to FY2023)	Future initiatives (FY2024 onwards)
<b>Air Energy Business</b>	<ul style="list-style-type: none"> <li>■ Increased sales of general-purpose air compressors manufactured by SCR for the Indian and European markets</li> <li>■ Growth in sales of air compressors for vehicle-mounting applications (America, Brazil)</li> <li>■ Growth in sales of medical air compressors (America, India, ASEAN, Japan)</li> <li>■ Promotion of oil-free products following the increase in environmental needs</li> </ul>	<ul style="list-style-type: none"> <li>■ Establishment of sales channels in Europe and ASEAN</li> <li>■ Establishment of a supply system for general-purpose medium-sized air compressors made by SCR at a subsidiary in India</li> <li>■ Continue the development of new products and markets</li> </ul>
<b>Coating Business</b>	<ul style="list-style-type: none"> <li>■ Increased sales of new spray guns for the car repair market through collaboration with major European and American paint manufacturers</li> <li>■ Started expansion into the American hardware store market to increase sales opportunities for intermediate-range spray guns</li> <li>■ Promoted automatic coating for the industrial coating market in Europe and America</li> </ul>	<ul style="list-style-type: none"> <li>■ Expand sales of environmental equipment overseas</li> <li>■ Research in South Asia including India and expand sales of coating equipment</li> <li>■ Continue the development of new products and markets</li> </ul>
<b>Sales Services</b>	<ul style="list-style-type: none"> <li>■ Increased sales by leveraging sales channels acquired through partial business transfer from distributors in America (coating equipment and vacuum equipment)</li> <li>■ Strengthened service capabilities mainly for air compressors due to an increase in service locations in Japan (6 -&gt; 10 locations)</li> <li>■ Increased sales due to subscription, rental/reuse business, and new products (Japan)</li> </ul>	<ul style="list-style-type: none"> <li>■ Clarify the long-term vision in Japan and build a system that will lead to better results with the slogan "Sales reform and beyond"</li> <li>■ Increase the direct sales ratio including service companies in Japan</li> </ul>

## Promotion in investment in each field such as technological development, production, and sales based on the mid-term business plan

Review of the current mid-term business plan (FY2021 to FY2023)

Future initiatives (FY2024 onwards)

	Review of the current mid-term business plan (FY2021 to FY2023)	Future initiatives (FY2024 onwards)
<p>M&amp;A and investment considerations</p>	<ul style="list-style-type: none"> <li>■ Considering the latest technology in Japan, expanding regional coverage and product range overseas, and increasing production capacity, sales, and service capabilities</li> <li>■ Targeting both new market development for existing businesses and new business development</li> </ul>	<ul style="list-style-type: none"> <li>■ Set priorities and continue proactive considerations</li> </ul> <p style="text-align: right;">*: See P29</p>
<p>IT investment</p>	<ul style="list-style-type: none"> <li>■ Accumulate integrated customer data, improve accuracy, and increase direct sales ratio (+270%) (Japan)</li> <li>■ Increase the use of business negotiation management and remote business negotiation systems through Salesforce (1.9x increase in the number of business negotiations managed, 1.4x increase in the number of orders received) (Japan)</li> <li>■ Promote the integration of the dispersed integrated customer databases and ERP system (Europe and Americas)</li> </ul>	<ul style="list-style-type: none"> <li>■ Enter the integrated customer data utilization phase (Japan)</li> <li>■ Build digital infrastructure including establishment of PLM</li> <li>■ Promote DX at the Japanese factory, which is the core of production</li> </ul>
<p>Capital investment</p>	<ul style="list-style-type: none"> <li>■ Increase spray gun production capacity (Italy)</li> <li>■ Increase production capacity for small air compressors (India)</li> <li>■ Automation of air tank manufacturing (Japan)</li> </ul>	<ul style="list-style-type: none"> <li>■ Reinforce and update existing systems</li> <li>■ Establish a joint development environment for both businesses</li> <li>■ Complete the assembly line for medium-sized air compressors manufactured by SCR (India)</li> </ul>

## Promotion of capital policy aimed at improving EPS. A well-balanced implementation of strengthening shareholder returns while prioritizing growth investments

### Review of the current mid-term business plan (FY2021 to FY2023)

### Future initiatives (FY2024 onwards)

		Review of the current mid-term business plan (FY2021 to FY2023)	Future initiatives (FY2024 onwards)
Profitability improvement	Growth investment	<ul style="list-style-type: none"> <li>Active investment in growth and business expansion -See the last page for details</li> </ul>	<ul style="list-style-type: none"> <li>Prioritize growth investment while returning surplus funds to shareholders</li> </ul>
	Capital efficiency improvement	<ul style="list-style-type: none"> <li>EPS growth rate: Established a target of +40% for the final year of the previous mid-term business plan (FY2021: 86.32 yen)</li> <li>Maintain ROE at 10 to 12%</li> <li>Reorganization of group companies in Asia</li> </ul>	<ul style="list-style-type: none"> <li>Maintain and secure a financial base that can withstand proactive investment strategies such as M&amp;A</li> <li>Review the group company management system including the investment ratio</li> <li>Improve the selling, general &amp; administrative expenses ratio and cost-to-sales ratio</li> <li>Management practices while being aware of capital costs based on balance sheets</li> </ul>
Shareholder returns	Dividend policy	<ul style="list-style-type: none"> <li>The annual dividend per share for FY2023 is expected to be 49 yen, an increase of 19 yen from the final year of the previous medium-term plan</li> <li>Raise the payout ratio to 40%</li> </ul>	<ul style="list-style-type: none"> <li>Aim to increase annual dividend per share</li> <li>Plan to increase the annual dividend per share by 1 yen to 50 yen for FY2024</li> </ul>
	Acquisition of own shares	<ul style="list-style-type: none"> <li>January 2024 onwards: Implement stock buyback of up to 1.5 billion yen as originally planned (3.69% of the issued shares) *Progress as of FY2023 (based on amount): 59.4%</li> </ul>	<ul style="list-style-type: none"> <li>Consider effective uses for own shares, including payback and employee incentives</li> <li>Implement flexible stock buybacks to improve capital efficiency</li> </ul>

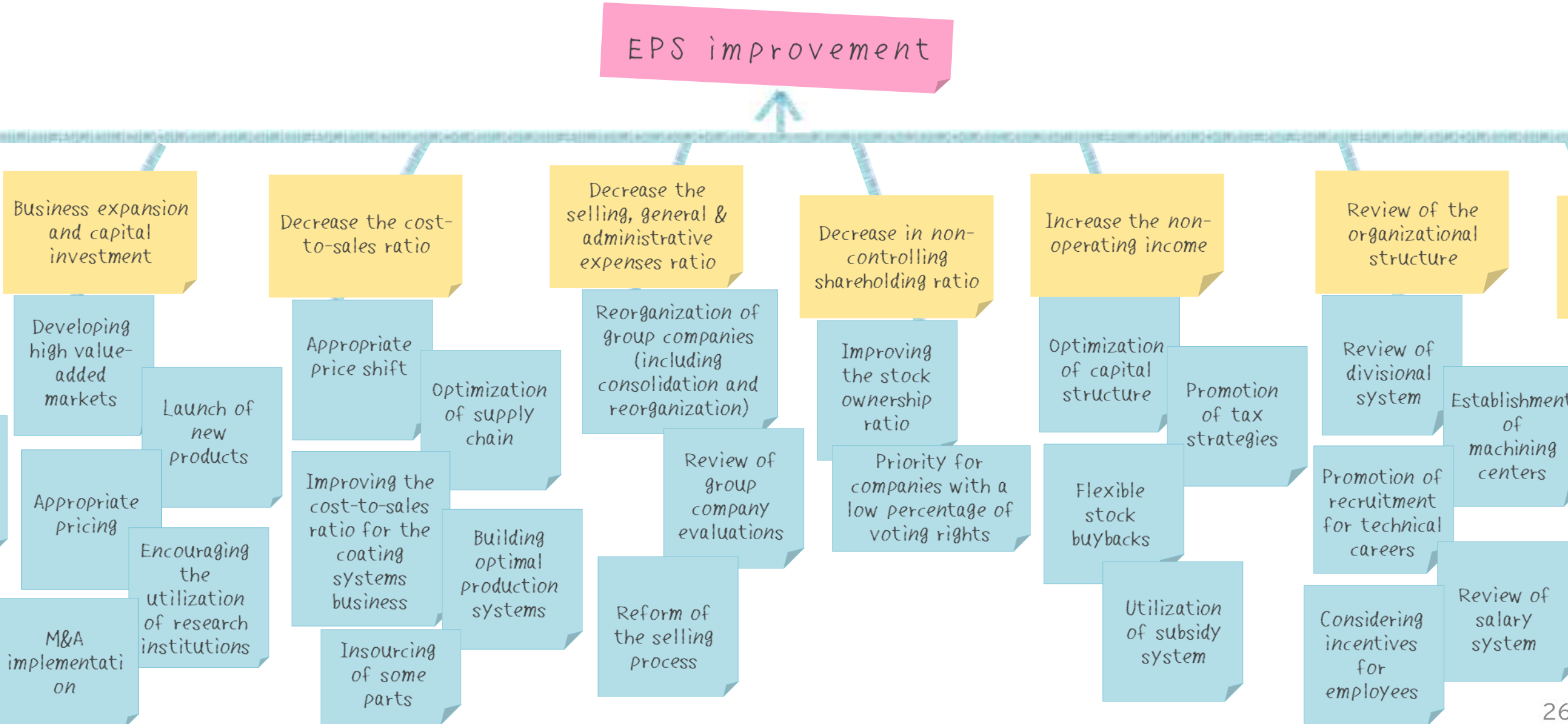


## Expand initiatives aimed at reducing management risks and increasing corporate value

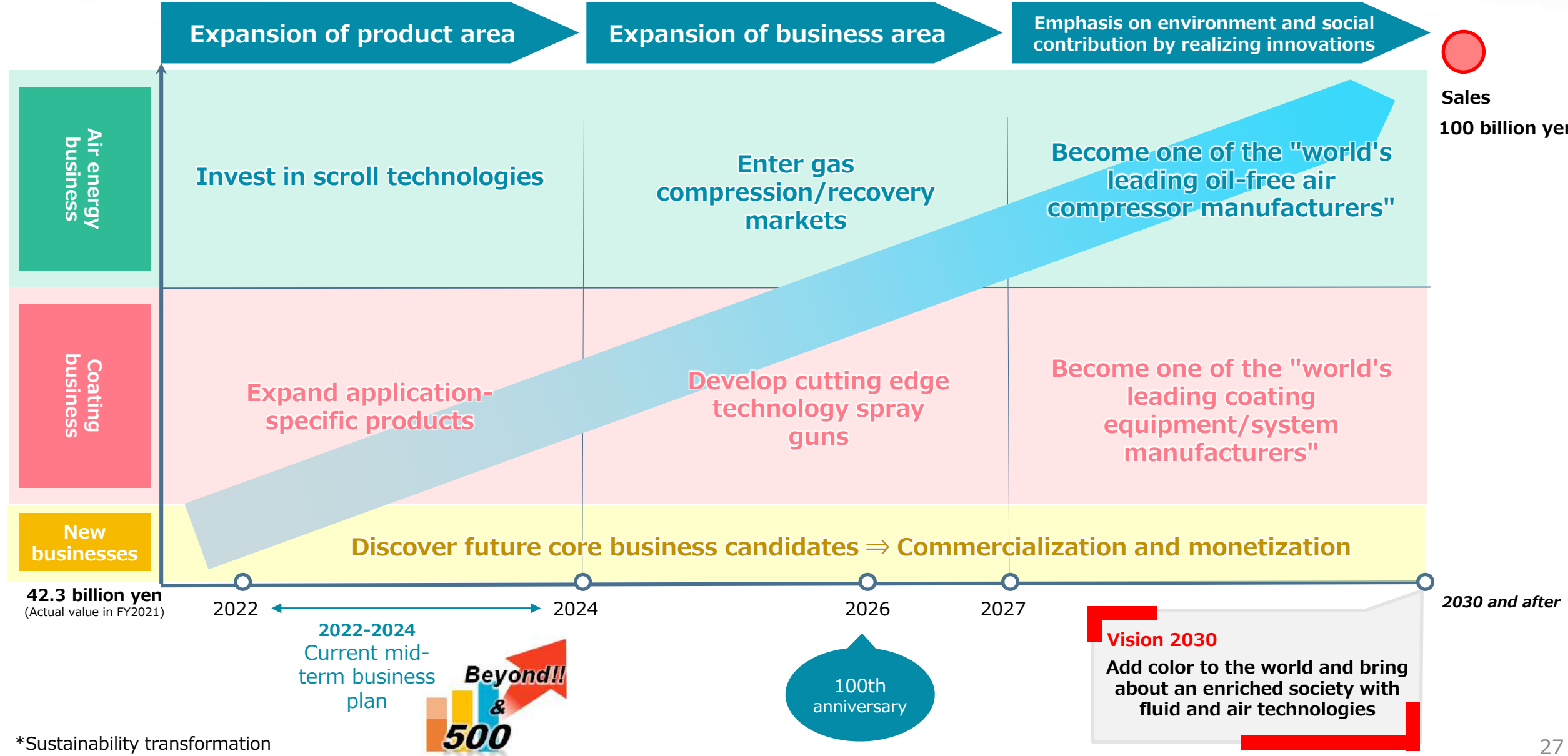
	Review of the current mid-term business plan (FY2021 to FY2023)	Future initiatives (FY2024 onwards)
<p><b>E S G</b></p> <p>Environmental</p>	<ul style="list-style-type: none"> <li>■ The oil-free ratio in consolidated air compressor sales for FY2023 is approximately 56% (target 60%)</li> <li>■ Considerations for environmentally-friendly packaging</li> <li>■ Started disclosing information according to the international framework (TCFD)</li> </ul>	<ul style="list-style-type: none"> <li>■ Promote sales of oil-free air compressors</li> <li>■ Develop new environmentally friendly products</li> <li>■ Expand the scope of information disclosure in line with TCFD recommendations</li> </ul>
<p><b>E S G</b></p> <p>Human resources (Japan)</p>	<ul style="list-style-type: none"> <li>■ Expanded training programs including those for management candidates</li> <li>■ Strengthened the data collection and management systems related to human resources</li> <li>■ Encouraged men to take childcare leave and revised the evaluation system during leave</li> </ul>	<ul style="list-style-type: none"> <li>■ Train management candidates from young ranks</li> <li>■ Strengthen personnel exchanges with overseas group companies</li> <li>■ Search for optimal human resource allocation as a group</li> <li>■ Pursue work comfort and job satisfaction for employees who have diverse attributes, including women</li> </ul>
<p>Supply chain</p>	<ul style="list-style-type: none"> <li>■ Appropriately passed on price increases in response to soaring raw material and purchasing prices</li> <li>■ Developed BCP in preparation for domestic and international emergencies</li> <li>■ Rebuilt the domestic logistics system including warehouse transfer</li> </ul>	<ul style="list-style-type: none"> <li>■ Consider measures to strengthen procurement base based on supplier evaluation</li> <li>■ Establish traceability</li> <li>■ Strengthen the export control system including overseas subsidiaries</li> </ul>
<p><b>E S G</b></p> <p>Governance</p>	<ul style="list-style-type: none"> <li>■ Started the "Director's Opinion Exchange Meeting" to candidly discuss improving corporate value</li> <li>■ Invited Independent Directors with extensive knowledge in the technology field to support the "improvement of technology development capabilities" from a management perspective</li> </ul>	<ul style="list-style-type: none"> <li>■ Continue discussions regarding the optimal composition and authority of the Board of Directors</li> <li>■ Expand training opportunities for newly appointed and Independent Directors</li> </ul>

## 4. The Next Mid-Term Business Plan and Beyond

## Currently considering the next mid-term business plan while aiming to further improve EPS (scheduled to be announced in May 2025)

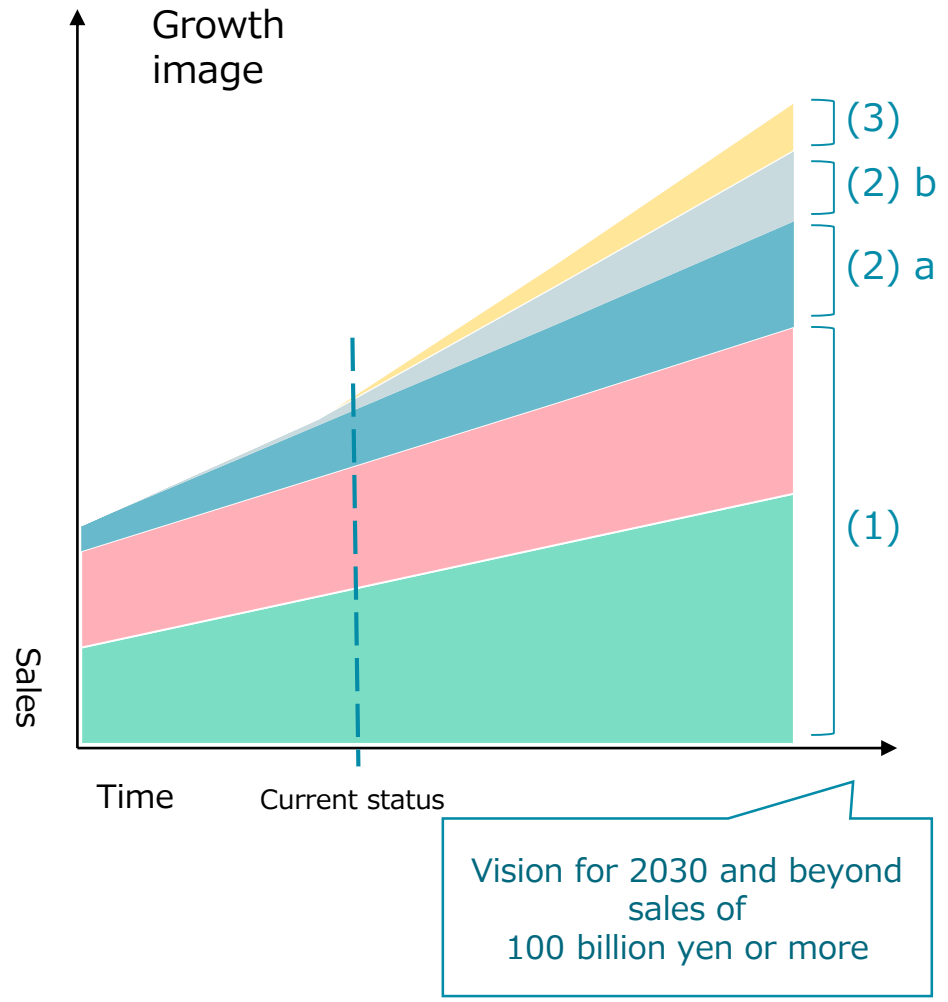


The current medium-term business plan is the first step towards medium- to long-term vision, "Vision 2030." Improve corporate value by aiming for ESG and earning power (SX\*)



\*Sustainability transformation

## Aim to achieve Vision2030 through M&A, new market development, and new business development, in addition to growth of existing businesses



### (1) Growth of existing businesses

Consider overseas as a growth market, and develop individual growth strategies for each area characteristic



### (2) Implementation of M&A

Mainly consider M&A (a) as an extension of existing business for the purpose of regional coverage, etc., and also consider M&A (b) for the development of new business by acquiring new business models



### (3) New market development and new business development

Actively promote the development of new markets and new businesses to ensure the further growth

- Develop markets, new products, and services by utilizing the core technologies and know-how cultivated over the years
- Enter new areas that are not extensions of conventional business



## Business divisions lead the selection of candidates and actively consider M&A

### 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

M&A target areas

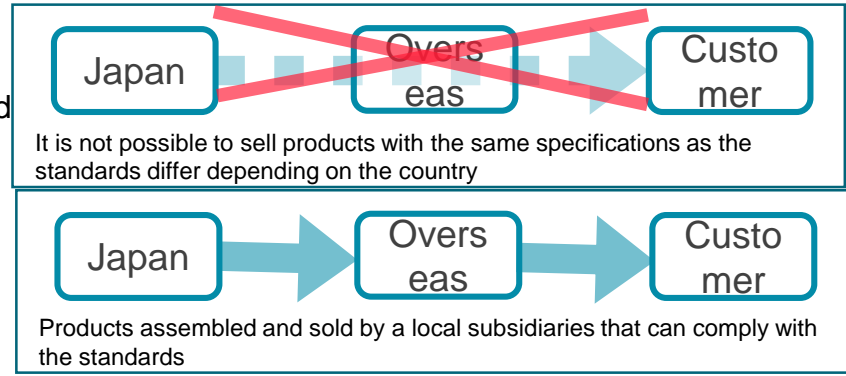
	Japan	Overseas
Technology	☆	
Production and products		☆
Sales and Services		☆

☆: Priority targets

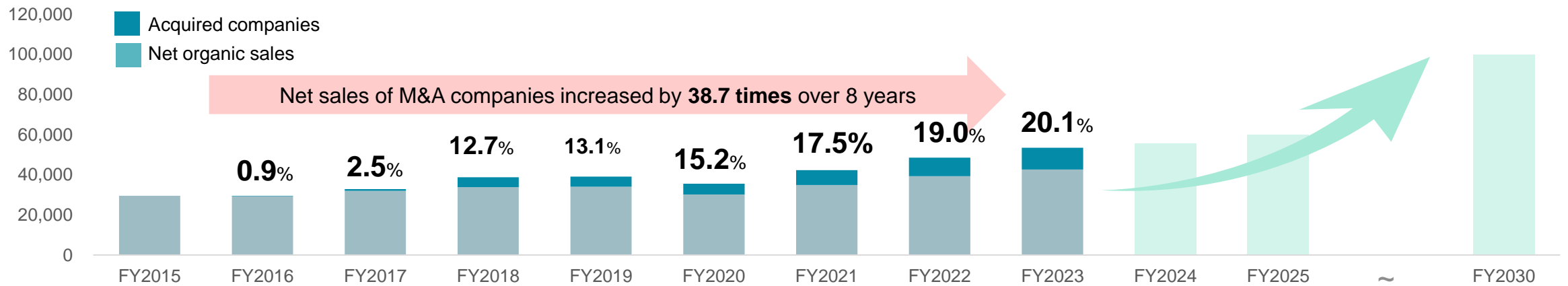
### Candidate examples

- 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

### Air compressor export and standards



### Sales trends of major M&A overseas subsidiaries



**By leveraging the brand and management of the partner companies as much as possible, the companies continue to contribute to sales expansion after M&A , led by SCR**

## 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 operates in 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. (Approx. 2 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 outside 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.

### New market development and new business development are also in progress for further growth.

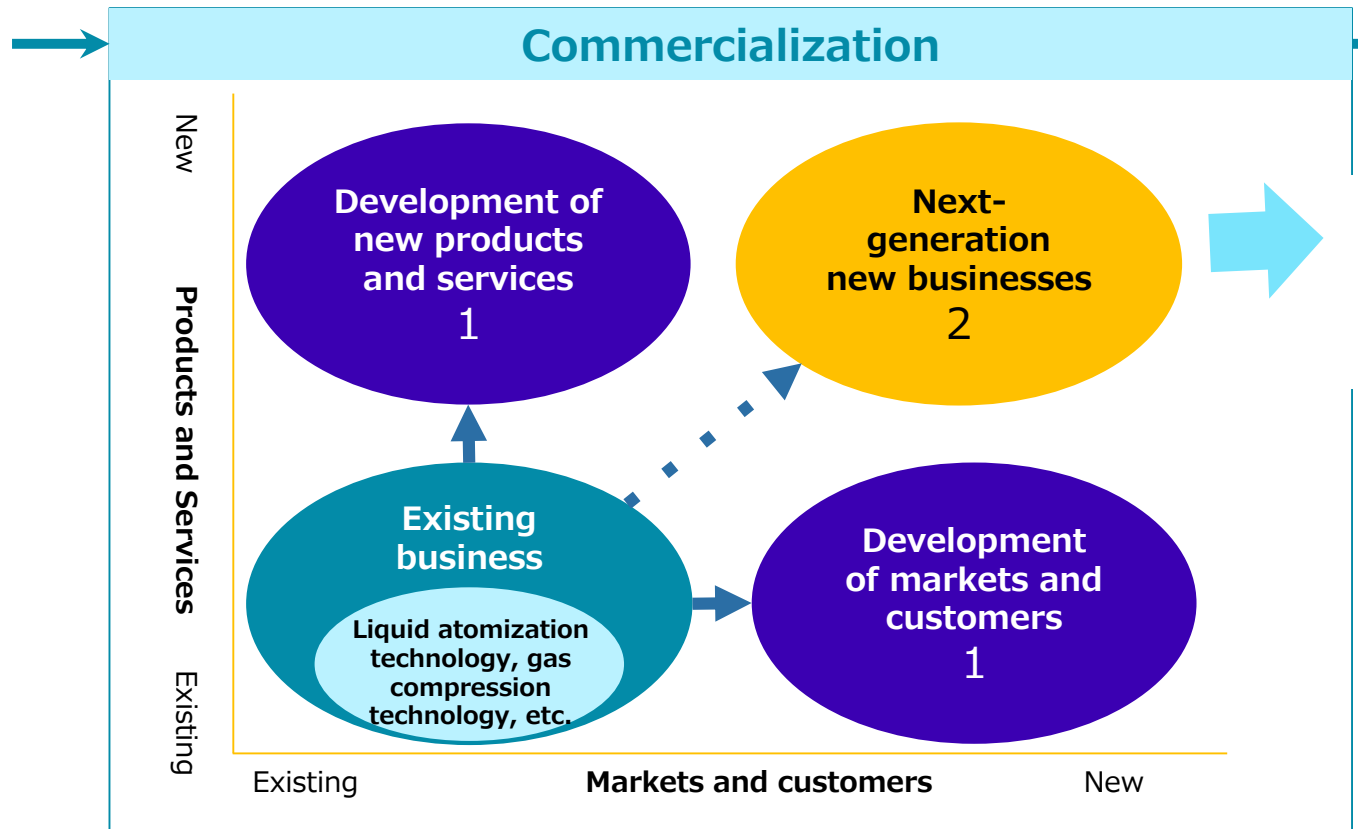
1 Create markets and develop new products and services by utilizing the core technologies and know-how cultivated thus far  
 ⇒ "Gas compression/recovery businesses" by utilizing scroll compression technologies, "development of particle/coated film formation devices" by expanding liquid spray technologies, etc.

2 From the sustainability viewpoint, enter new areas that are not an extension of conventional businesses  
 ⇒ Build relationships with related industries through participation in motorsports (platform for new business development) ▶ See P32

Discovery and training of our company entrepreneurs



Groundwork



Towards earnings contribution

Discovery of future core business candidates



## Discovering origins for new business using motorsports, which we have been participating in since 2023, as a platform

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.



March 2023  
Announced our business partnership with "HW ELECTRO," which manufactures and sells multi-purpose commercial EV vehicles

Accepted pre-delivery inspection (PDI) for HW ELECTRO's commercial EV vehicles and assembly work for other vehicles

Complete process design and training and begin start-up at the Fukushima factory

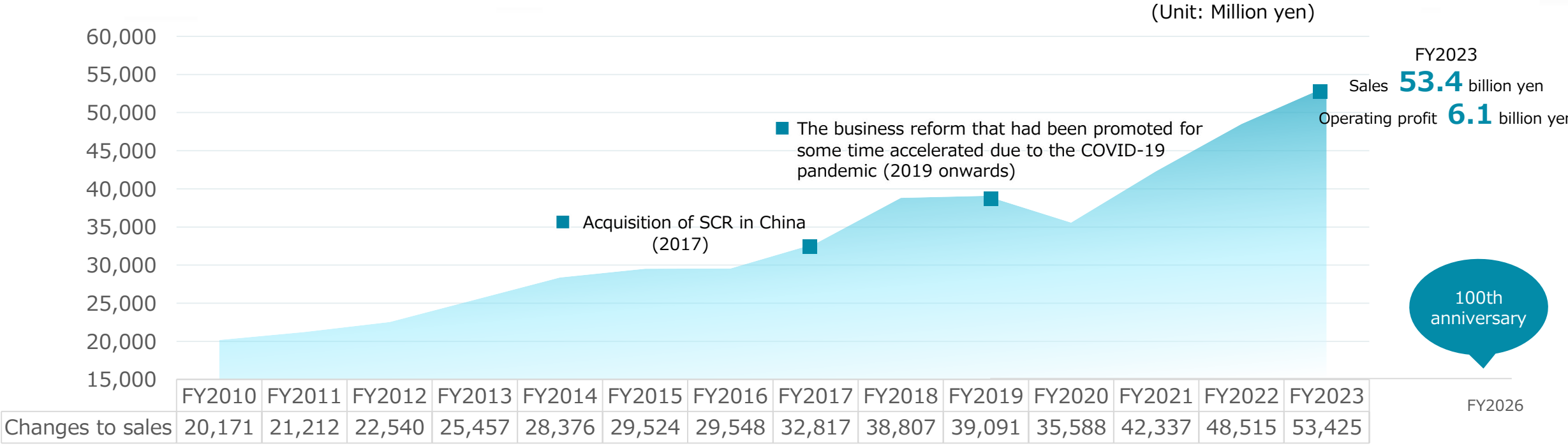
Strengthen ties with other industries and businesses such as material manufacturers and trading companies

Promotion of various projects in progress

Gran Turismo 7:TM/©2022 Sony Interactive Entertainment Inc. Developed by Polyphony Digital Inc.

# <Reference Material 1> Anest Iwata's ESG Management

By placing ESG at the base of management, we have gotten over several recessions for 98 years since our foundation, achieving record high sales and operating profit.



**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 53.4 billion yen in sales and 6.1 billion yen in operating profit in FY2023.
- 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.

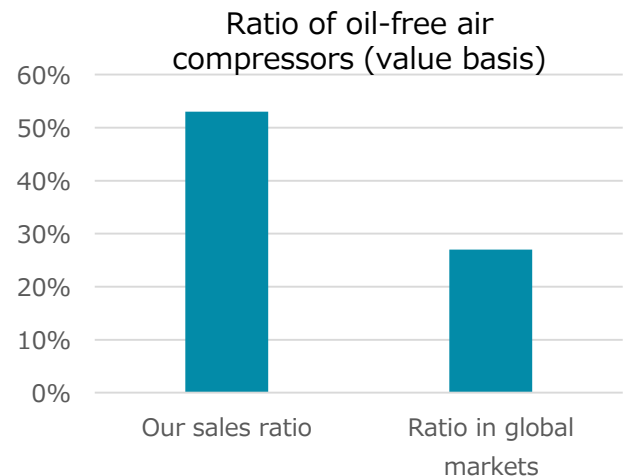
\*VOC: Volatile organic compounds. One of the causes of destruction of atmospheric environment or health damage

# 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 56%. 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 53% of total air compressor sales (FY2023)

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 42.)
- Raising prices due to soaring material costs was implemented three times in Japan as well. In the overseas markets, periodic price revision and price increase become widespread.



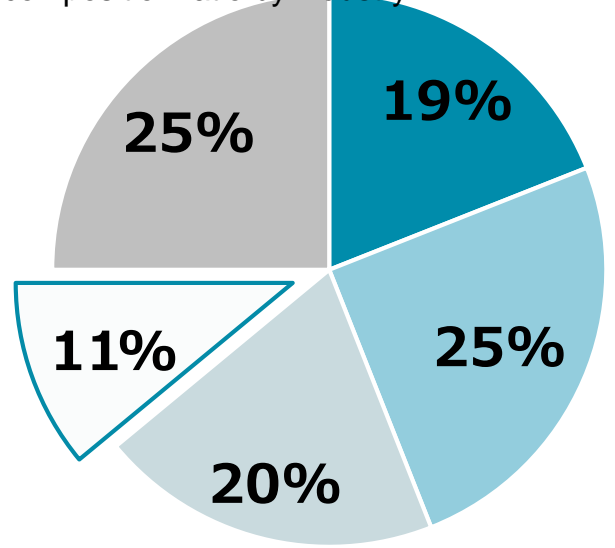


## Build a business model that takes risk diversification into account

- During bad times, customized products supported our business performance. During good times, general-purpose products contributed to revenue.
- Since there is no deviation in the sales ratio by area, the sales composition is less affected by business sentiment in a specific region

### ■ Air compressors:

Sales composition ratio by industry

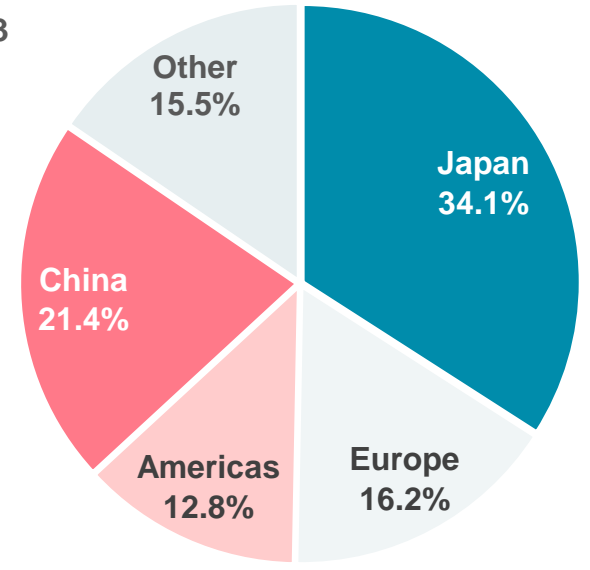


- Manufacturing of automobiles and other transportation equipment
- Manufacturing of general machinery and electric/electronic equipment
- Manufacturing of food and beverages
- Specific markets (medical/vehicle-mounted)
- OEM, specific markets (excluding the above), other

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.)

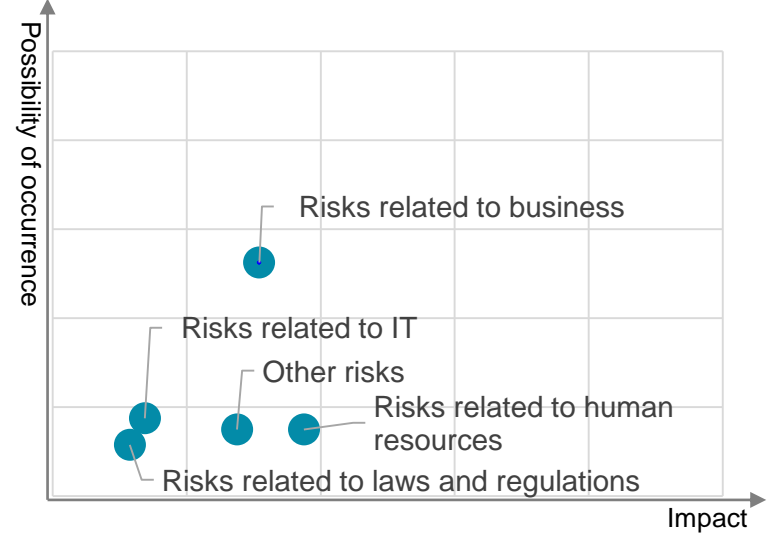
Estimates based on our domestic data collected in FY2023

■ Consolidated sales composition ratio by area FY2023



### <Recognize risks and respond to them>

Risk distribution chart

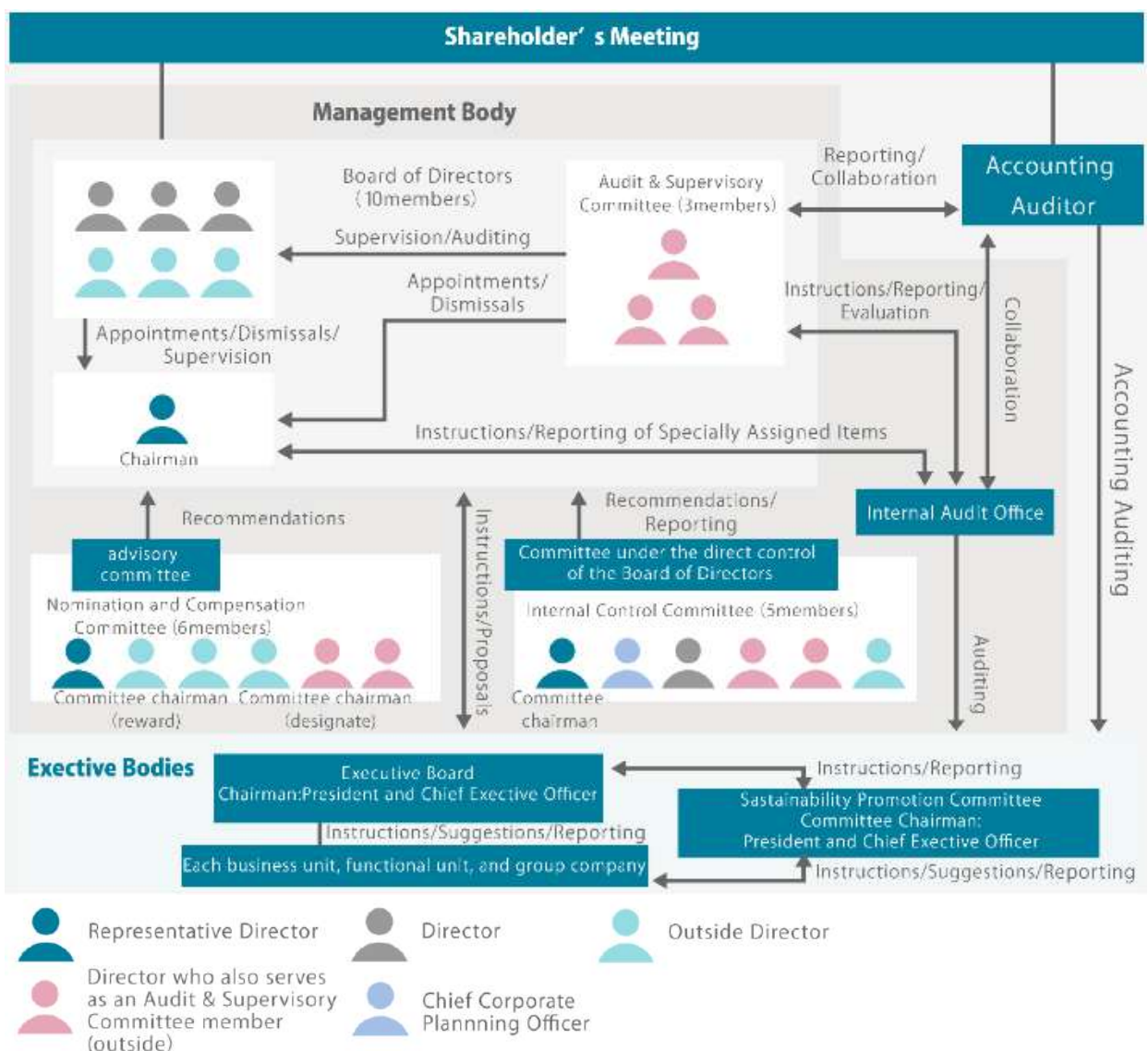


- ① Risks related to business activities
  - Changes in business environment
  - Product quality
  - Business expansion including M&As
  - Damage to corporate value due to a hostile large-scale purchase of our Company's shares
- ② Risks related to human resources
  - Securing of human resources
  - Enhancing 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 60%.)**

<As of April 1, 2024>



Management body	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.
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
Management body	Purpose
Corporate Officer Committee	Comprises 10 Corporate Officers (including Corporate Officers serving concurrently as Directors) and 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.

# <Reference Material 2> Business Model of ANEST IWATA



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

**Founded in 1926**  
(Former company name: Iwata Seisakusho)

Started manufacturing of spray guns using an American-made spray gun as a model

**Spray gun**

Coating hand gun

Atomizing paint with compressed air

Air compressor

**Compressor**

Started manufacturing of air compressors for spray gun inspection

**Product differentiation concept**

- Environment-friendly
- Ability to present proposals for coating surface creation



- Oil-free
- Energy-saving



Coating robot



Airbrush

Diversification of products  
Development of new applications



Oil-free scroll vacuum pump



Oil-free scroll air compressor

**Coating business**

**Coating equipment**  
Tools for painting and coating by spraying paints and other liquids, and machines for transporting liquids  
Equipment units such as spray guns and paint supply pumps

**Coating systems**  
Systems that handle a coating process and processes before and after it in a series of flows, including coating equipment  
Systems combining coating equipment with ventilators, driers, and coating robots

**Air energy business**

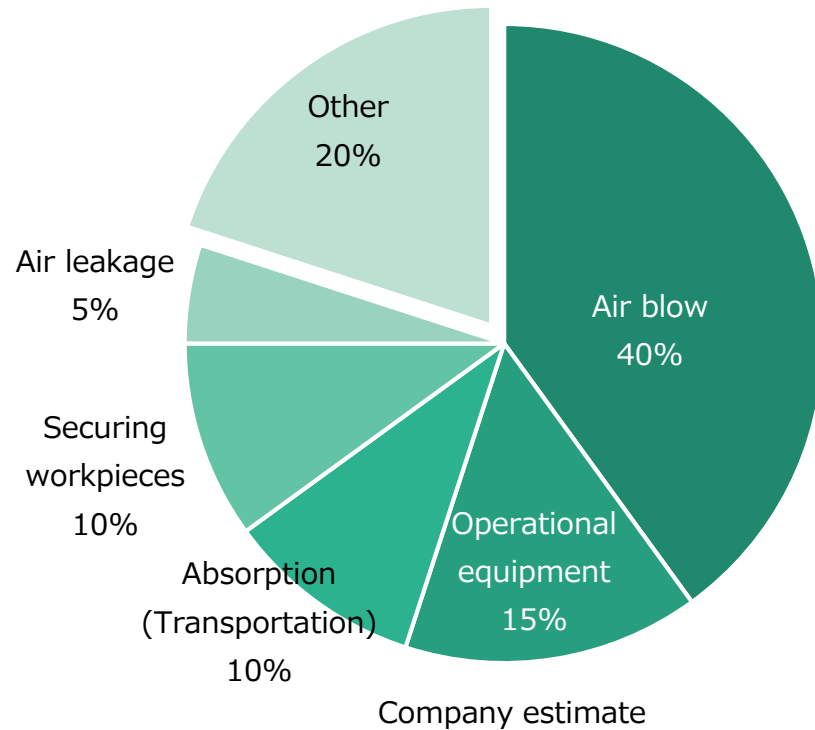
**Air compressors**  
Machines that compress gas, mainly air  
Air compressors, N2 gas generators, and auxiliary equipment such as tanks

**Vacuum equipment**  
Machines that suck in gas to reduce the pressure, creating a vacuum  
Vacuum pumps and auxiliary equipment such as valves

## 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



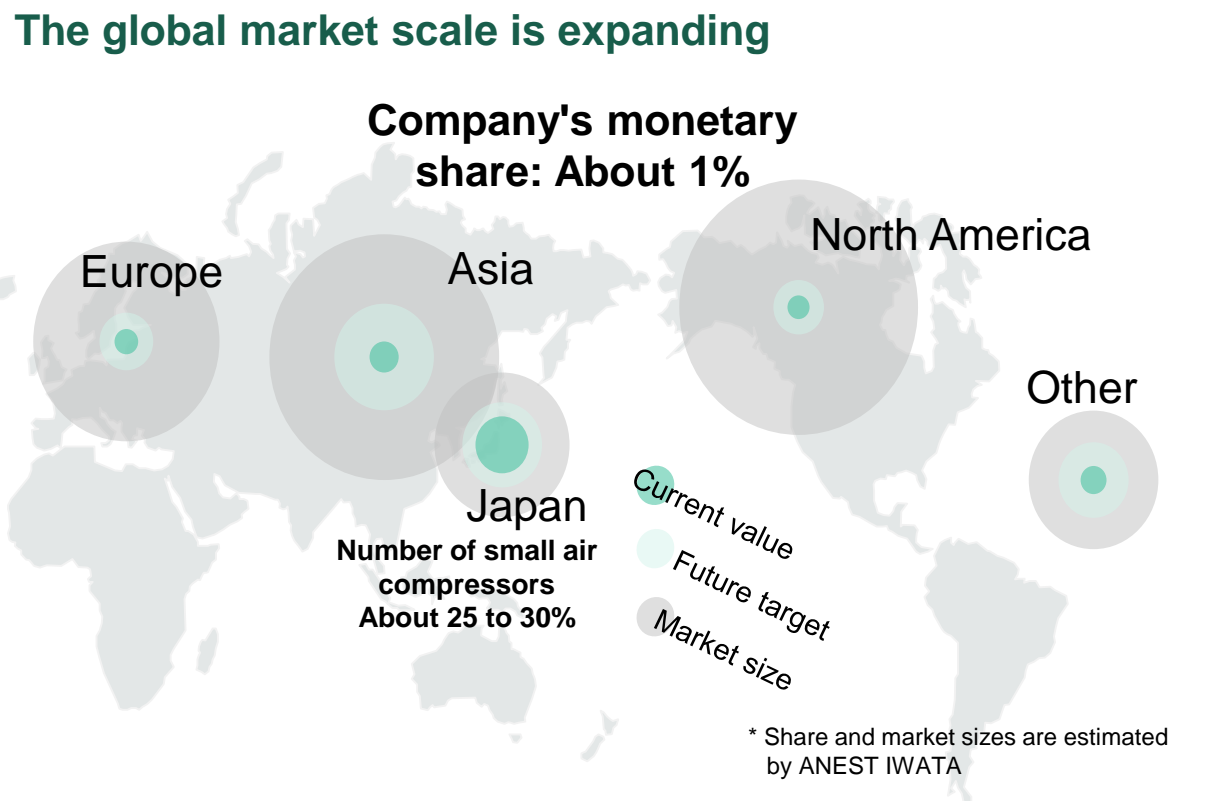
## Applications for our specialized oil-free machines (specific markets)

- 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)

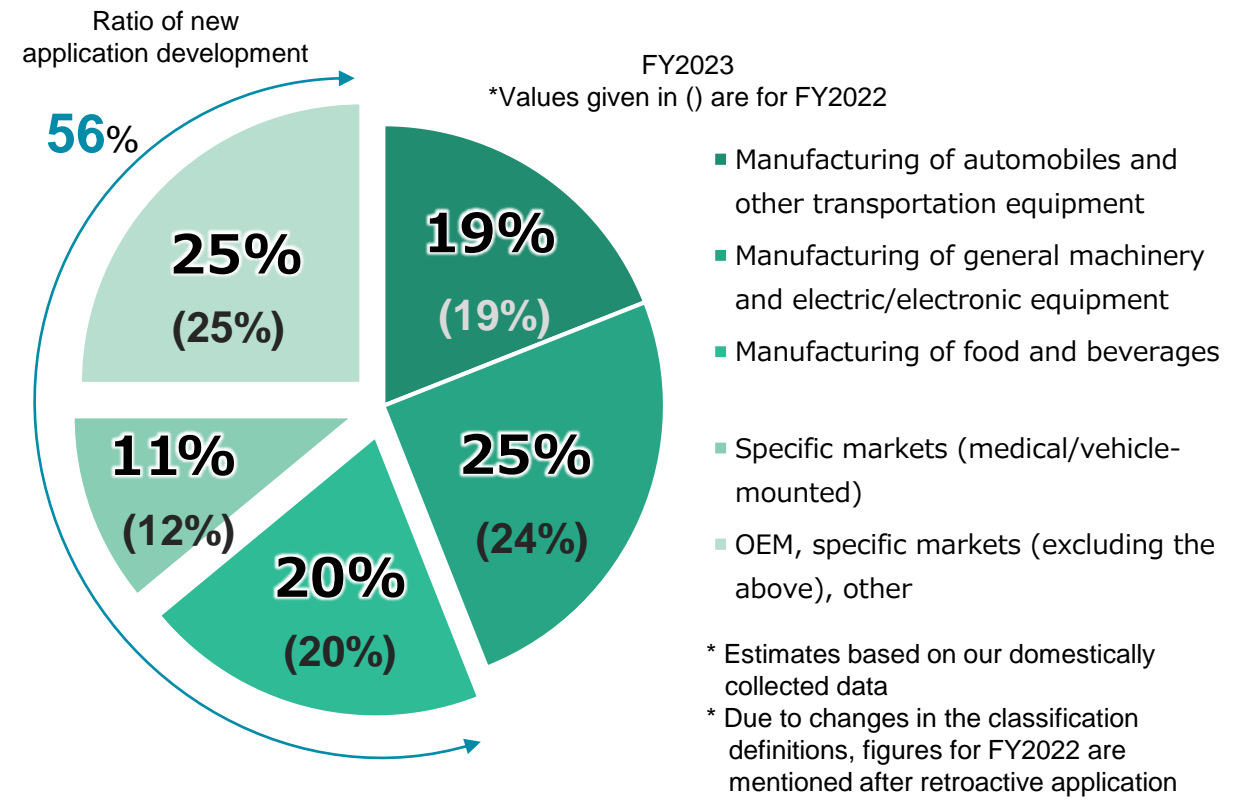


## Global air compressor market Approx. 1,800 billion yen

(About 29% increase in approx. 6 years)



## Consolidated compressor sales composition ratio by industry



### Difference in size

		Small	Medium	Large
Market size image	Number of units	★★★★	★★★★★	★★
	Amount	★★	★★★★	★★★★★
Main price range		Hundreds thousands ~	Millions ~	Tens of millions ~

Specialty area **Increased sales of medium-to-large-size products through the acquisition of SCR**

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>

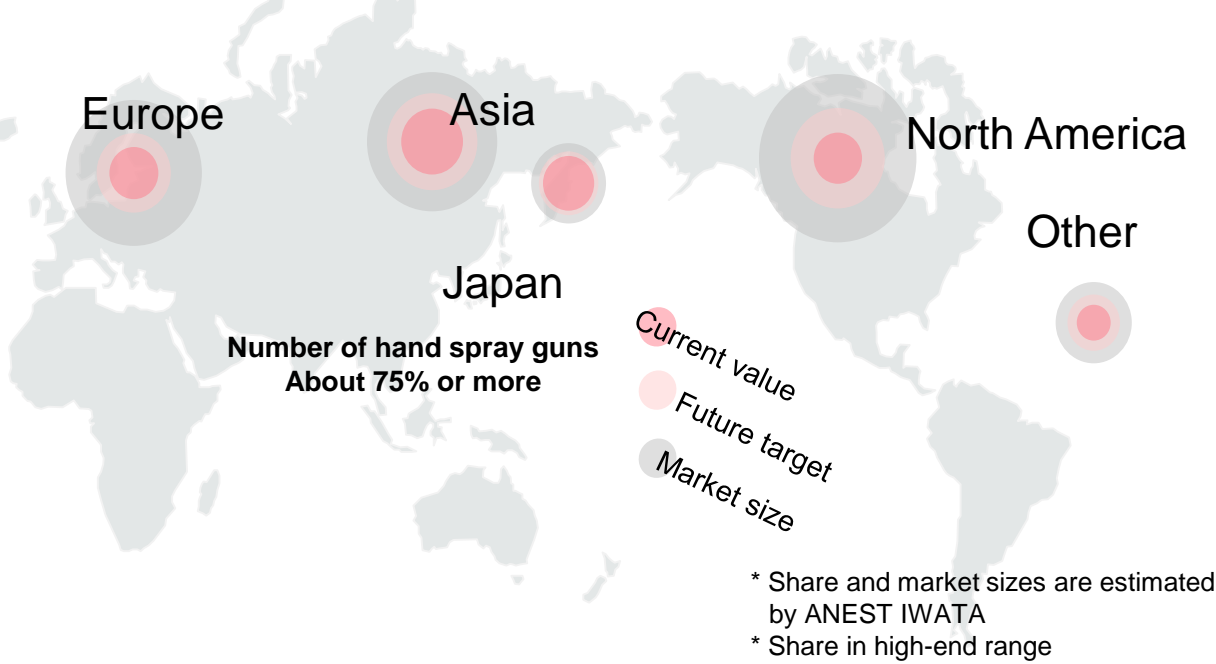
Investigated or estimated by ANEST IWATA

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

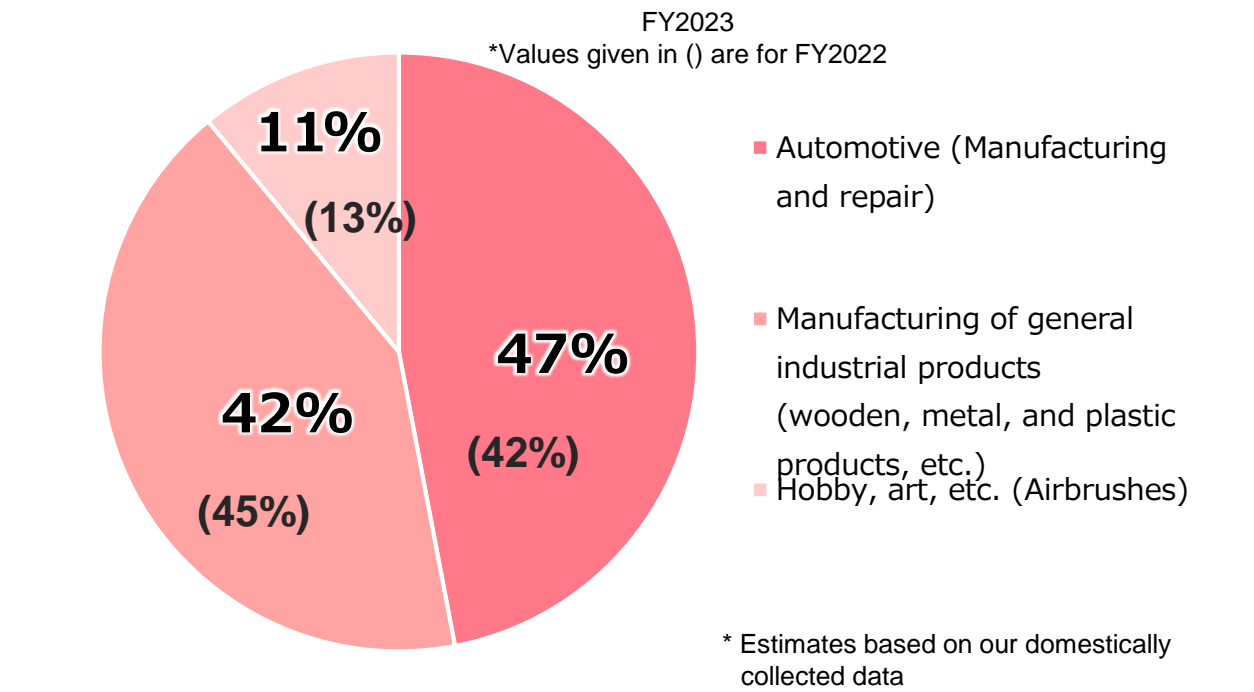
**Global spray gun market (coating equipment):**  
**About 150 billion yen** (About 15% increase in approx. 6 years)

**Scale of the global market is expanding**

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



**Consolidated spray gun sales composition ratio by industry**



**Difference in range**

	Low	Mid	High
Market size image (number of units)	★★★★★★	★★★★	★★
Main price range	Low	Medium	High
Required quality	Low	Medium	High

Expansion of emerging markets, Specialty area sales of mid-range guns

**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.

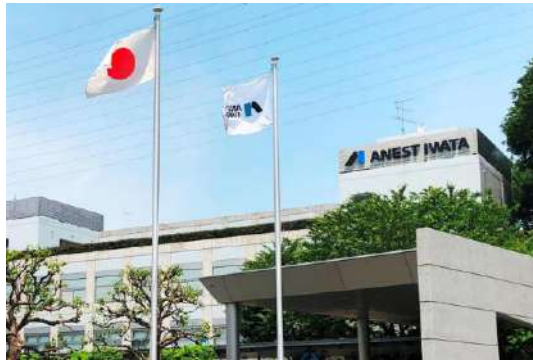
Major competitors have strengths in the high-end range, and it remains difficult for brand changes to take place. However, if use of water-based paint increases as environmental regulations are tightened, there is potential for us to increase sales due to the know-how gained from years of operation in 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

<As of March 31, 2024>



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	1,865 (of which 641 are in Japan)
End of Fiscal Year	March 31
Listed Stock Exchange	Prime Market, Tokyo Stock Exchange

## 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,  
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ANEST IWATA Corporation  
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E-mail: [ir\\_koho@anest-iwata.co.jp](mailto:ir_koho@anest-iwata.co.jp)  
URL : <https://www.anestiwata-corp.com/>