

# **Supplementary Presentation Material of FY2024 Third Quarter Financial Results ANEST IWATA Corporation**

**February 10, 2025**

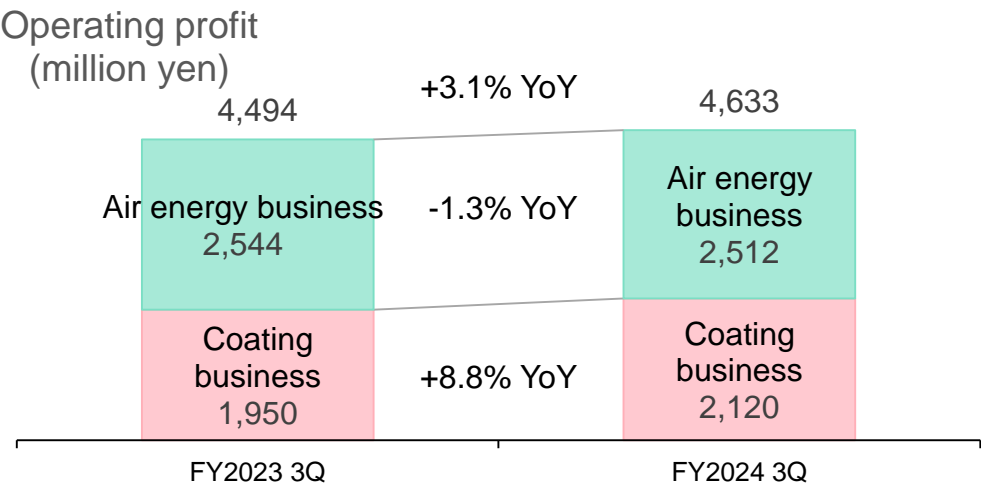
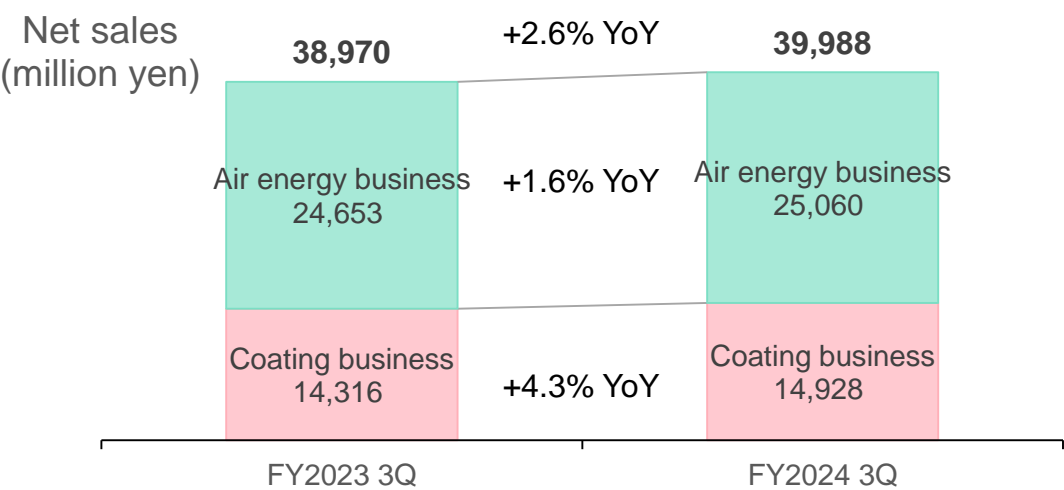
**Tokyo Stock Exchange Prime Market - Machinery**

**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.

Results for FY2024 3Q

- Net sales increased to 39,988 million yen (+2.6% year-on-year). Driven by sales of coating equipment in Europe and air compressors of SCR\*.
- Operating profit slightly increased to 4,633 million yen (+3.1% year-on-year). However, due to yen depreciation, overseas selling, general, and administrative expenses, particularly labor costs, have risen, resulting in a higher SG&A expense ratio.
- Ordinary profit and profit decreased mainly due to a decline in foreign exchange gains. However, the rate of decrease for both profits was smaller than in the interim period.



Prospects for FY2024

- We have revised our full-year forecast downward in light of the factors such as slower-than-expected recovery in the Chinese market

\*Shanghai Screw Compressor Co., Ltd.: Air compressors manufacturing and sales subsidiary in China

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Increased sales and operating profit. Continued decrease in ordinary profit and profit due to the impact of foreign exchange rate trends

- The impact of foreign exchange on net sales: +1,949 million yen

■ Realized foreign exchange gains of 153 million yen (-385 million yen year-on-year)

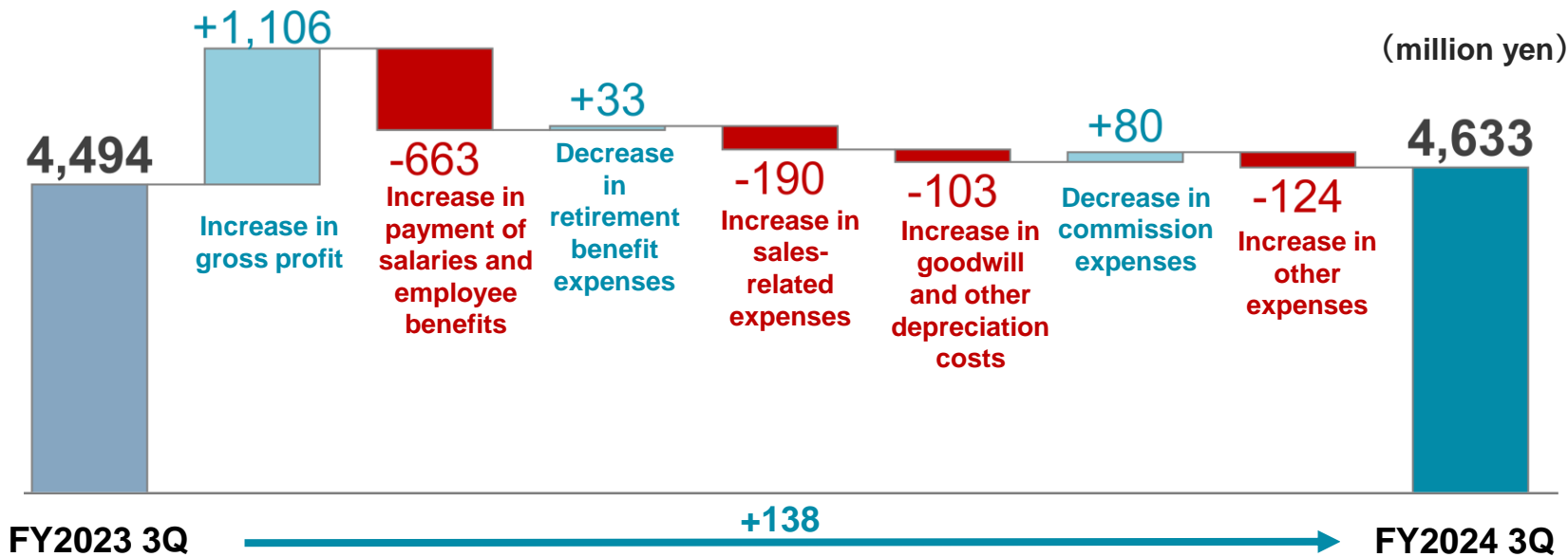
Revised full-year forecast downward based on the results of the third quarter (see page 9)

	FY2023 3Q		FY2024 3Q		Year-on-year			FY2024 result forecasts	
	Actual (million yen)	Profit ratio (%)	Actual (million yen)	Profit ratio (%)	Increase/ decrease amount (million yen)	Increase/ decrease rate (%)	Profit ratio change (Points)	Forecast (million yen)	Progress rate (%)
Net sales	38,970	—	39,988	—	+1,018	+2.6	—	58,000	68.9
Operating profit	4,494	11.5	4,633	11.6	+138	+3.1	+0.1	6,800	68.1
Ordinary profit	5,856	15.0	5,718	14.3	-137	-2.3	-0.7	7,800	73.3
Profit attributable to owners of parent	3,635	9.3	3,576	8.9	-59	-1.6	-0.4	4,950	72.2
Average exchange rate of yen to USD	138.11 yen		151.29 yen		Depreciated by 13.18 yen			145.00 yen	
Average exchange rate of yen to EUR	149.62 yen		164.40 yen		Depreciated by 14.78 yen			156.33 yen	
Average exchange rate of yen to CNY	19.61 yen		20.97 yen		Depreciated by 1.36 yen			19.95 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.

Profit increased due to higher sales and improved cost ratios, leading to a rise in gross profit. However, the selling, general, and administrative expenses ratio increased as a result of higher overseas labor costs, partly influenced by yen depreciation.



[+] Improvement in cost-to-sales ratio: 53.2% (-1.6 pts year-on-year)

- Decreased cost-to-sales ratio due to sales growth of high-margin coating equipment and changes in the product mix resulting from decreased sales of low-margin coating systems
- Foreign exchange impact on cost of sales (21,264 million yen: -88 million yen year-on-year): +908 million yen

[-] Increase in SG&A expense ratio: 35.2% (+1.6 pts year-on-year)

- Increased labor costs in Europe and the U.S. to secure human resources, and increased costs associated with the hiring of technical personnel in China
- Increase in depreciation related to construction of a prototype building to speed up development in Japan and other factors (+141 million yen year-on-year)
- Impact of foreign exchange on SG&A expenses (14,091 million yen: +968 million yen year-on-year): +630 million yen

Although sales of coating systems in Japan decreased, sales of coating equipment in Europe and the U.S. increased, which drove the sales.

	FY2023 3Q		FY2024 3Q		Year-on-year		
	Actual (million yen)	Composition ratio (%)	Actual (million yen)	Composition ratio (%)	Increase/ decrease amount (million yen)	Increase/ decrease rate (%)	Composition ratio change (points)
Japan	13,400	34.4%	13,244	33.1%	-156	-1.2	-1.3
Europe	6,241	16.0%	6,714	16.8%	+473	+7.6	+0.8
Americas	5,046	12.9%	5,472	13.7%	+426	+8.4	+0.7
China	8,321	21.4%	8,617	21.5%	+296	+3.6	+0.2
Others	5,959	15.3%	5,939	14.9%	-20	-0.3	-0.4
Total	38,970	—	39,988	—	+1,018	+2.6	—

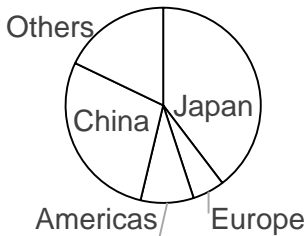
- (Notes)
- 1. In Japan and India, the year ends in March, while in other areas, it ends in December, so the period of the consolidated financial settlement in other areas is three months behind.
  - 2. Segment category: Others = Asia excluding China, and Australia and South Africa

Decreased air compressor sales in Europe and India, primarily due to the rebound from the previous fiscal year's exceptional performance. Meanwhile, export sales from China, mainly to European markets, remained strong.

Net sales	Category	FY2023 3Q	FY2024 3Q	Year-on-year		Overview
				Increase/ decrease amount	Increase/ decrease rate (%)	
	Air compressors	22,438	22,889	+450	+2.0	
	Vacuum equipment	2,215	2,171	-44	-2.0	
	Total	24,653	25,060	+406	+1.6	
Operating profit	Air energy	2,544	2,512	-32	-1.3	Operating profit ratio: 10.0% (-0.3 pts year-on-year) <sup>*1</sup> ↓ Increased cost-to-sales ratio of vacuum pumps ↑ Cost-to-sales ratio of air compressors improved due to the review of SCR's procurement process among other factors.

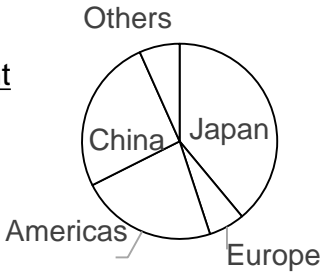
[Image of sales composition ratio by area and year-on-year comparison<sup>\*2</sup>]

Air compressors



Japan: ○  
Europe: ▽  
Americas: ○  
China: △  
Others: ▽

Vacuum equipment



Japan: △  
Europe: ×  
Americas: ×  
China: ◎  
Others: ×

<sup>\*1</sup>: Image of product-wise profit ratio  
Vacuum equipment > Coating equipment > Air compressors > Coating systems  
<sup>\*2</sup>: Year-on-year comparison  
◎ 10% or more    ○ 3% to 10%    △ 0% to 3%  
▽ 0% to -3%    ● -3% to 10%    × -10% or less

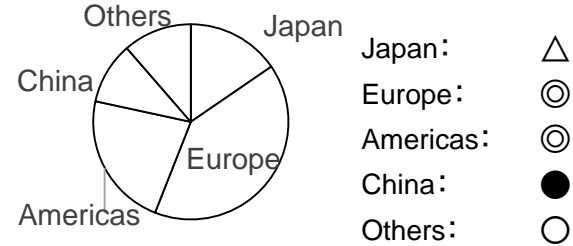
Despite downward pressure on sales from Japanese coating systems, order trends show signs of recovery. Coating equipment in Europe continued to drive overall sales.

Net sales	Category	FY2023 3Q	FY2024 3Q	Year-on-year		Overview
				Increase/ decrease amount	Increase/ decrease rate (%)	
	Coating equipment	12,181	13,242	+1,060	+8.7	
	Coating systems	2,134	1,686	-448	-21.0	
Operating profit	Total	14,316	14,928	+611	+4.3	
	Coating	1,950	2,120	+170	+8.8	Operating profit ratio: 14.2% (+0.6 pts year-on-year)*1 ↓ Decline in profit ratio for coating systems due to lower sales ↑ Decreased cost-to-sales ratio due to changes in product mix

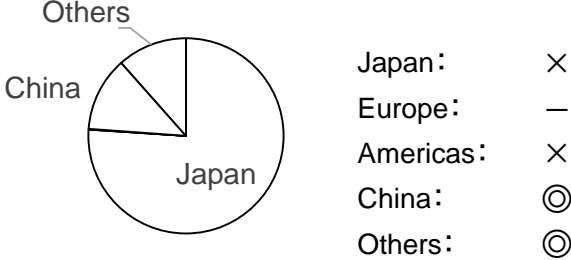
(Note) Starting this fiscal year, the product category for "environmental equipment" that improves the working environment during coating has been changed from "coating equipment" to "coating systems."  
Prior period figures have been restated to reflect the change in product categories.

[Image of sales composition ratio by area and year-on-year comparison\*2]

Coating equipment



Coating systems



\*1: Image of product-wise profit ratio  
Vacuum equipment > Coating equipment > Air compressors > Coating systems

\*2: Year-on-year comparison  
◎ 10% or more    ○ 3% to 10%    △ 0% to 3%  
▽ 0% to -3%    ● -3% to 10%    × -10% or less

Increased non-current assets due to the construction of a prototype building at the headquarters in anticipation of further growth and investment in production facilities for air compressors in India

Equity ratio was 69.0% (+2.2 pts compared to the end of the previous fiscal year).

		FY2023	FY2024	Difference against the end of the previous period		
		End of full year	3Q			
		Actual (million yen)	Actual (million yen)	Increase/ decrease amount (million yen)	Increase/ decrease rate (%)	Primary factors for increase or decrease
Assets	Current assets	40,571	39,459	-1,111	-2.7	•Decrease in “Cash and deposits” -1,117 million yen
	Non-current assets	25,573	26,266	+693	+2.7	•Increase in “Construction in progress” +627 million yen
	Assets	66,144	65,726	-418	-0.6	
Liabilities and capital	Current liabilities	12,789	10,709	-2,079	-16.3	•Decrease in “Income taxes payable” -991 million yen
	Non-current liabilities	3,280	3,341	+60	+1.9	•Increase in “Retirement benefit liability” +58 million yen
	Liabilities	16,069	14,051	-2,018	-12.6	
	Shareholders' equity	39,737	40,735	+997	+2.5	•Increase in “Retained earnings” +1,623 million yen
	Accumulated other comprehensive income	4,421	4,618	+196	+4.5	•Increase in “Foreign currency translation adjustment” +252 million yen
	Non-controlling interests	5,915	6,321	+405	+6.9	
	Net assets	50,074	51,675	+1,600	+3.2	
	Liabilities and net assets	66,144	65,726	-418	-0.6	

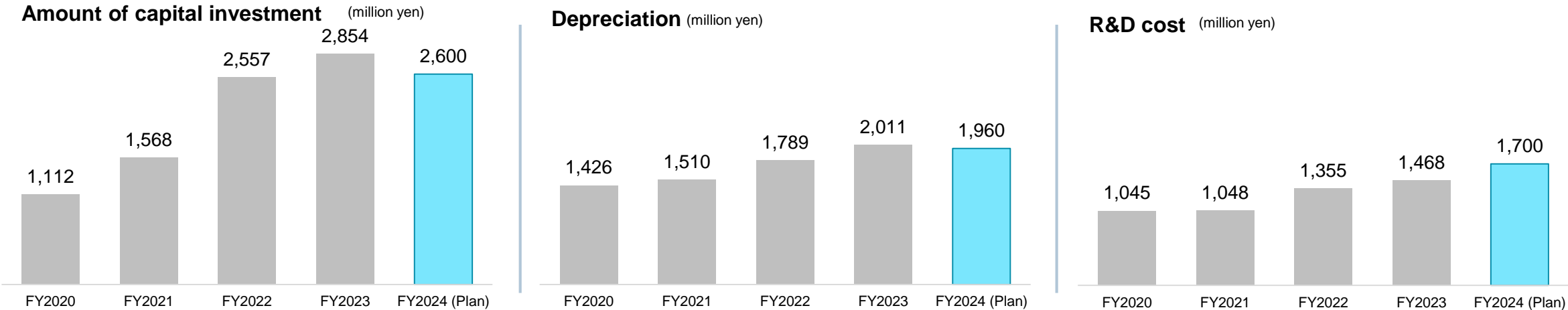


Despite revising our earnings forecast, we maintain our investment plans with a focus on future growth.  
New facility under construction to serve as the core of our management strategy

- <Japan> Prototype building: Aims to shorten the development cycle by enhancing the functionality of the prototyping process (to be completed in the summer of 2025)
- <India> Assembly factory for medium-sized air compressors: Aims to capture the growing demand for medium-sized air compressors (to be completed around March 2025)

(million yen)	FY2024 3Q Actual Results		
	Amount of capital investment	Depreciation	R&D cost*
Actual	2,522	1,688	1,328
Plan	2,600	1,960	1,700
Progress rate	97.0%	86.1%	78.1%
Description	<div>• Construction of a prototype building and a new factory in India</div> <div>• Upgrading and enhancement of production lines</div> <div>• IT-related investments, etc.</div>		

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



In light of changes in the business environment, the full-year outlook has been revised downward from the initial forecast. Consequently, the dividend forecast has also been reviewed.

- Based on changes in demand trends due to the delayed recovery of the Chinese market, we have revised our net sales forecast.
- In addition to the decrease in gross profit due to the downward revision of our sales plan, we anticipate an increase in selling, general and administrative expenses primarily driven by rising costs resulting from the weaker yen and higher overseas labor costs. Consequently, we have revised our various profit projections.

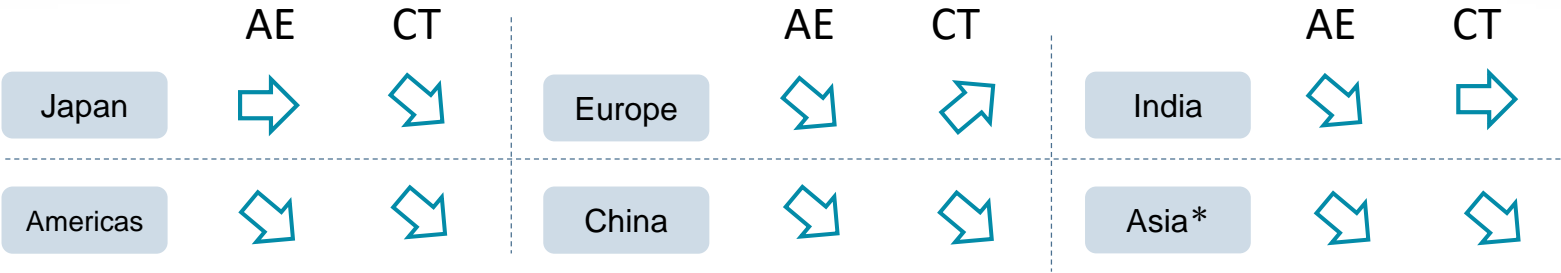
million yen		FY2023	Initial forecast	Revised Forecast			
		Actual	2024/5 Announcements	2025/2 Announcements	Year-over-Year		Initial Forecast Comparisons
Net sales		53,425	58,000	54,500	+1,074	+2.0%	-3,500 -6.0%
– Air energy business		33,286	35,600	34,000	+713	+2.1%	-1,600 -4.5%
– Coating business		20,139	22,400	20,500	+360	+1.8%	-1,900 -8.5%
Operating profit		6,176	6,800	5,700	-476	-7.7%	-1,100 -16.2%
– Air energy business		3,357	3,685	3,200	-157	-4.7%	-485 -13.2%
– Coating business		2,818	3,115	2,500	-318	-11.3%	-615 -19.7%
Ordinary profit		7,986	7,800	7,100	-886	-11.1%	-700 -9.0%
Profit attributable to owners of parent		4,931	4,950	4,400	-531	-10.8%	-550 -11.1%
Average exchange rate	yen to USD	140.56	145.00	151.50			
	yen to EUR	152.00	156.33	164.00			
	yen to CNY	19.82	19.95	21.00			

In light of changes in the business environment, the forecast has been revised downward from the initial forecast.

\*Excluding China and India

Forecast for domestic demand  
in major regions (Compared to Initial  
Forecast)

AE: Air energy business  
CT: Coating business



< Breakdown of Net sales Adjustments >

million yen	Net sales	
	AE	CT
Initial forecast	35,600	22,400
- Japan	+ 200	-820
- Europe	-300	+ 450
- Americas	-350	-560
- China	-50	-520
- Others	-1,100	-450
Revised Forecast	34,000	20,500

Sales revision factors

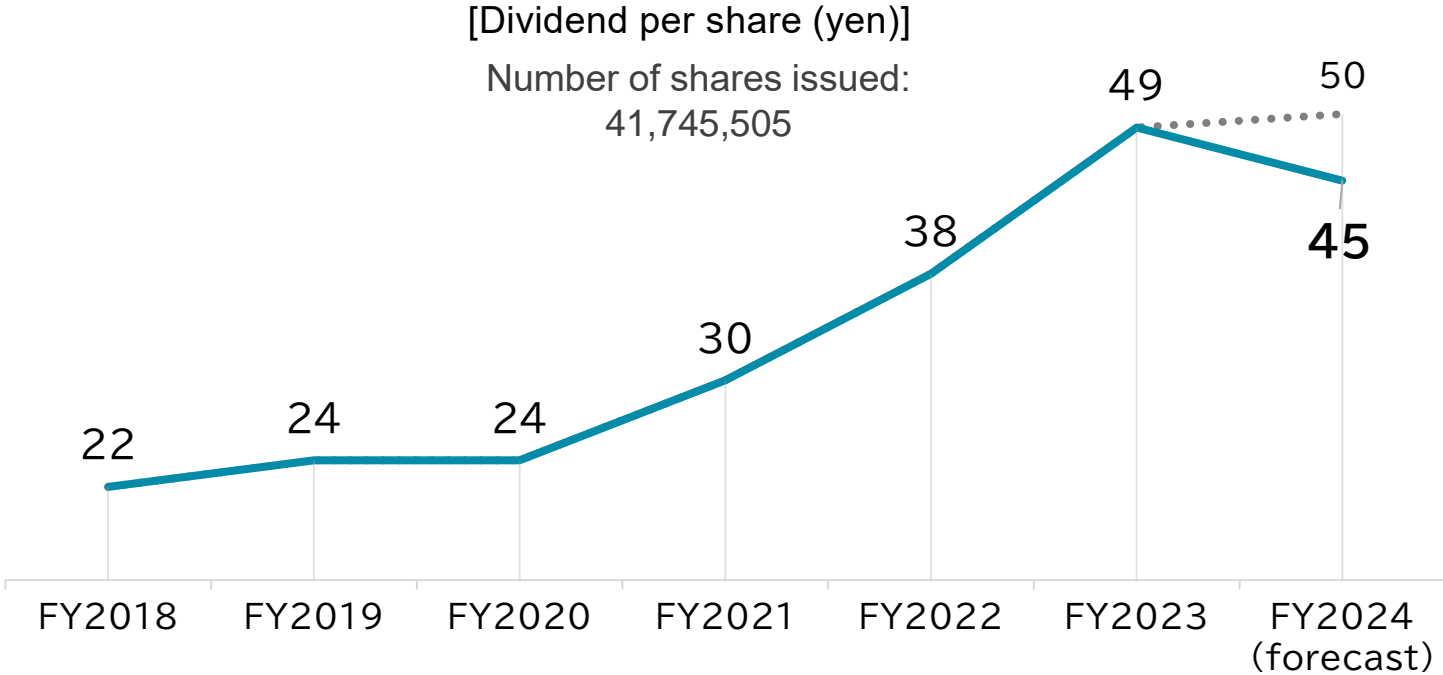
- <Common>
  - Decrease in demand for general-purpose market products due to slow recovery of the Chinese market
- <Air compressors>
  - Accelerating decline in demand from OEM customers in Europe
  - Decrease in demand for automotive air compressors due to policy trends in South America
  - Sales stagnation affected by slowing economic growth in India
- <Vacuum equipment>
  - Temporary easing of demand trends from manufacturers of lithium-ion battery manufacturing-related equipment in the Americas and China
- <Coating equipment>
  - Slow progress of sales plans in North America
  - Delayed penetration of intermediate spray guns in target areas
- <Coating systems>
  - Impact of insufficient order backlog in Japan up to the first half of the fiscal year
  - Decline in demand due to sluggish growth of Japanese automotive manufacturers in China and ASEAN countries

The year-end dividend has been revised to 23 yen, which is a decrease of 5 yen from the forecast announced in May 2024, based on the revised performance outlook and dividend policy.

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 (%)
FY2023 Actual	22	27	49	40.1
FY2024 Initial forecast	22	28	50	—
Actual Results	22			
Revised Forecast		23	45	40.5



- Operating profit: Cost-to-sales ratio improved, but SG&A expenses ratio increased due to increased labor costs and other factors. Impact of foreign exchange on SG&A: +630 million yen
- Non-operating expenses: Foreign exchange gain of 153 million yen was recorded (down 385 million yen year-on-year).

	FY2023 3Q		FY2024 3Q		Year-on-year		
	Actual (million yen)	Composition ratio (%)	Actual (million yen)	Composition ratio (%)	Increase/ decrease amount (million yen)	Increase/ decrease rate (%)	Composition ratio change (points)
Net sales	38,970	—	39,988	—	+1,018	+2.6	—
Cost of sales	21,353	54.8	21,264	53.2	-88	-0.4	-1.6
Gross profit	17,617	45.2	18,724	46.8	+1,106	+6.3	+1.6
SG&A expenses	13,122	33.7	14,091	35.2	+968	+7.4	+1.6
Operating profit	4,494	11.5	4,633	11.6	+138	+3.1	+0.1
Non-operating income	1,437	3.7	1,206	3.0	-231	-16.1	-0.7
Non-operating expenses	75	0.2	120	0.3	+44	+58.5	+0.1
Ordinary profit	5,856	15.0	5,718	14.3	-137	-2.3	-0.7
Extraordinary income	24	0.1	5	0.0	-19	-78.5	-0.0
Extraordinary losses	12	0.0	28	0.1	+16	+124.0	+0.0
Profit before income taxes	5,867	15.1	5,695	14.2	-172	-2.9	-0.8
Income taxes	1,460	3.7	1,325	3.3	-134	-9.2	-0.4
Profit attributable to non-controlling interests	772	2.0	793	2.0	+21	+2.7	+0.0
Profit attributable to owners of parent	3,635	9.3	3,576	8.9	-59	-1.6	-0.4

<Reference Information> FY2024 Changes in Business Results

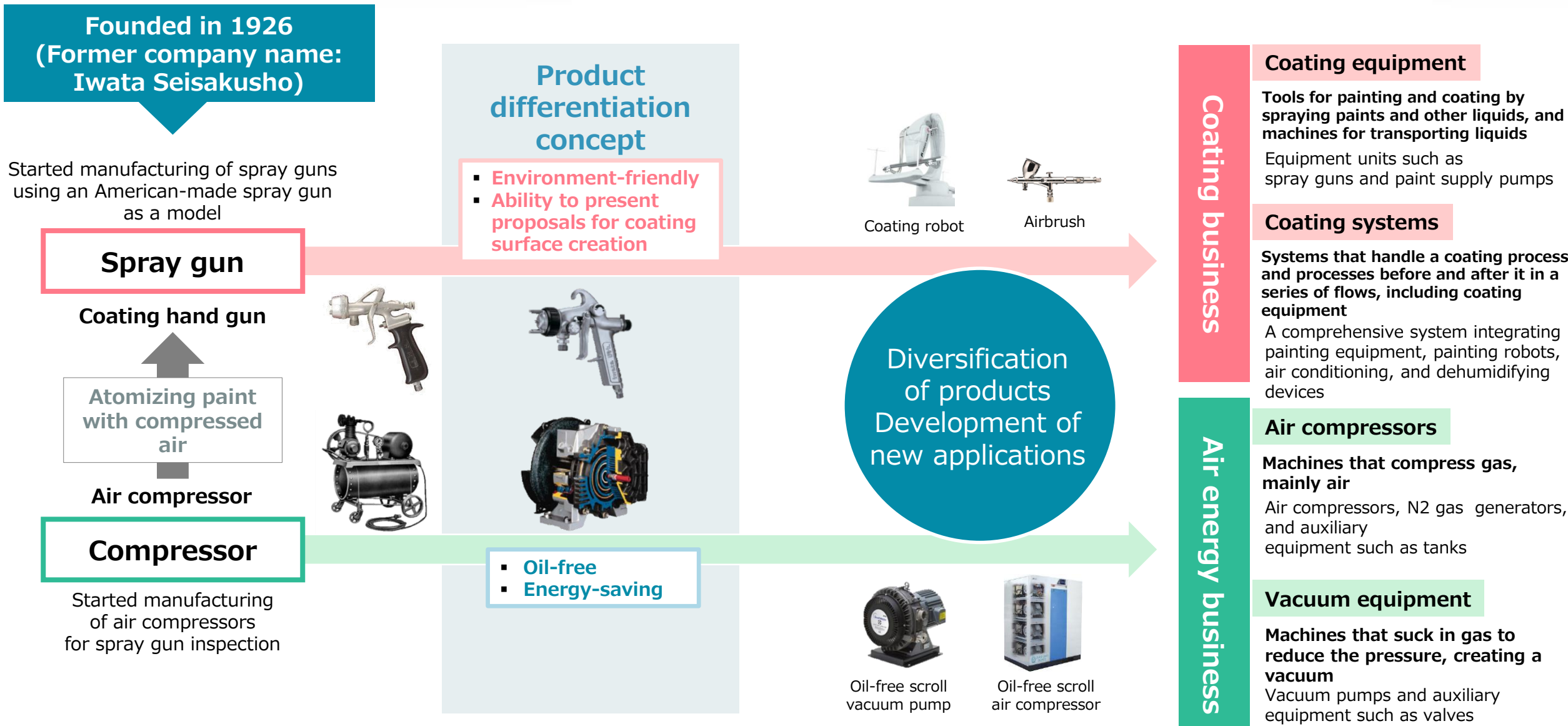
[Total]

Unit: Million yen		FY2024			
		1Q	1 to 2Q	1 to 3Q	1 to 4Q
Net sales		12,484	27,060	39,988	
Year-on-year		+2.5%	+4.5%	+2.6%	
Air energy	Air compressors	6,862	15,133	22,889	
	Year-on-year	+1.0%	+4.2%	+2.0%	
	Vacuum equipment	748	1,509	2,171	
	Year-on-year	+0.5%	+4.4%	-2.0%	
	Net sales	7,611	16,642	25,060	
	Year-on-year	+0.9%	+4.2%	+1.6%	
Coating	Coating equipment	4,348	9,172	13,242	
	Year-on-year	+8.2%	+10.7%	+8.7%	
	Coating systems	524	1,245	1,686	
	Year-on-year	-14.7%	-24.4%	-21.0%	
	Net sales	4,872	10,417	14,928	
	Year-on-year	+5.2%	+4.9%	+4.3%	
Operating profit		1,017	2,962	4,633	
Year-on-year		-19.9%	+3.3%	+3.1%	
Air energy	Operating profit	577	1,517	2,512	
	Year-on-year	-7.9%	+7.3%	-1.3%	
Coating	Operating profit	441	1,445	2,120	
	Year-on-year	-31.5%	-0.5%	+8.8%	

[Quarterly]

Unit: Million yen		FY2024			
		1Q	2Q	3Q	4Q
Net sales		12,484	14,575	12,928	
Year-on-year		+2.5%	+6.2%	-1.1%	
Air energy	Air compressors	6,862	8,270	7,755	
	Year-on-year	+1.0%	+7.1%	-2.0%	
	Vacuum equipment	748	760	661	
	Year-on-year	+0.5%	+8.6%	-14.1%	
	Net sales	7,611	9,030	8,417	
	Year-on-year	+0.9%	+7.2%	-3.1%	
Coating	Coating equipment	4,348	4,824	4,069	
	Year-on-year	+8.2%	+13.1%	+4.4%	
	Coating systems	524	720	440	
	Year-on-year	-14.7%	-30.2%	-9.5%	
	Net sales	4,872	5,545	4,510	
	Year-on-year	+5.2%	+4.7%	+2.8%	
Operating profit		1,017	1,944	1,671	
Year-on-year		-19.9%	+21.8%	+2.6%	
Air energy	Operating profit	577	939	995	
	Year-on-year	-7.9%	+19.4%	-12.0%	
Coating	Operating profit	441	1,004	675	
	Year-on-year	-31.5%	+24.2%	+35.7%	

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



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

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

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

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