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[Documents to be submitted]	Annual Securities Report
[Clause of stipulation]	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act
[Submit to]	Director-General of the Kanto Local Finance Bureau
[Date of submission]	June 24, 2025
[Fiscal year]	79th term (From April 1, 2024 to March 31, 2025)
[Company name]	ANEST IWATA Kabushiki Kaisha
[English name]	ANEST IWATA Corporation
[Title and name of representative]	Eisuke Miyoshi, President, Representative Director and Chief Executive Officer
[Location of head office]	3176 Shinyoshida-cho, Kohoku-ku, Yokohama-shi, Kanagawa
[Telephone number]	Yokohama (045) 591-9344
[Administrative contact name]	Hitoshi Iwata, Managing Executive Officer, Chief Operating Officer of Business Administration Division and General Manager of Corporate Planning Department
[Nearest contact location]	3176 Shinyoshida-cho, Kohoku-ku, Yokohama-shi, Kanagawa
[Telephone number]	Yokohama (045) 591-9344
[Administrative contact name]	Hitoshi Iwata, Managing Executive Officer, Chief Operating Officer of Business Administration Division and General Manager of Corporate Planning Department
[Places for public inspection]	Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo)

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.

Part 1 [Corporate Information]

Section 1 [Company Overview]

1. [Trends in major management indicators, etc.]

(1) Consolidated management indicators, etc.

Term	75th term	76th term	77th term	78th term	79th term
Fiscal-year end	March 2021	March 2022	March 2023	March 2024	March 2025
Net sales (million yen)	35,588	42,337	48,515	53,425	54,411
Ordinary profit (million yen)	4,253	5,572	7,043	7,986	7,139
Profit attributable to owners of parent (million yen)	2,623	3,541	4,381	4,931	4,276
Comprehensive income (million yen)	3,223	5,900	7,064	8,169	6,627
Net assets (million yen)	36,133	40,210	45,255	50,074	53,561
Total assets (million yen)	49,458	55,818	60,136	66,144	69,202
Net assets per share (yen)	784.91	876.20	989.09	1,109.65	1,190.89
Basic earnings per share (yen)	63.34	86.32	108.25	122.13	108.21
Diluted earnings per share (yen)	—	—	—	—	—
Equity ratio (%)	65.2	63.8	66.6	66.8	67.7
Return on equity (ROE) (%)	8.3	10.4	11.6	11.7	9.4
Price earnings ratio (PER) (times)	16.2	9.6	9.3	11.1	10.6
Cash flows from operating activities (million yen)	4,602	3,889	4,329	6,770	9,746
Cash flows from investing activities (million yen)	(1,067)	(1,078)	(3,323)	(1,260)	(3,255)
Cash flows from financing activities (million yen)	(1,958)	(2,103)	(2,357)	(3,584)	(3,932)
Cash and cash equivalents at end of period (million yen)	11,643	12,916	12,080	14,608	17,686
Number of employees (persons)	1,748	1,764	1,799	1,865	1,906

(Notes) 1. The number of employees refers to the number of full-time employees.

2. The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other standards have been applied from the beginning of the 76th term, and the management indicators for this term and hereafter have been obtained after application of the said accounting standards.

3. The amount of diluted earnings per share is not included because there are no dilutive shares such as bonds with subscription rights to shares.

4. The Company has introduced the "Board Benefit Trust (BBT)," a performance-based stock compensation plan, since the 74th fiscal year. 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.

(2) Management indicators of the submitting company, etc.

Term	75th term	76th term	77th term	78th term	79th term
Fiscal-year end	March 2021	March 2022	March 2023	March 2024	March 2025
Net sales (million yen)	20,962	22,806	24,770	25,715	24,023
Ordinary profit (million yen)	2,965	3,666	4,288	4,891	6,160
Profit (million yen)	3,708	2,751	3,356	3,689	5,437
Share capital (million yen)	3,354	3,354	3,354	3,354	3,354
Total number of shares issued (shares)	41,745,505	41,745,505	41,745,505	41,745,505	41,745,505
Net assets (million yen)	27,852	29,190	31,198	32,700	35,061
Total assets (million yen)	35,662	37,842	38,806	40,676	42,938
Net assets per share (yen)	678.03	717.99	770.96	821.71	891.17
Dividend per share (yen)	24.00	30.00	38.00	49.00	45.00
[Interim dividend per share] (yen)	[12.00]	[13.00]	[16.00]	[22.00]	[22.00]
Basic earnings per share (yen)	89.54	67.06	82.92	91.37	137.58
Diluted earnings per share (yen)	—	—	—	—	—
Equity ratio (%)	78.1	77.1	80.4	80.4	81.7
Return on equity (ROE) (%)	13.9	9.6	11.1	11.5	16.0
Price earnings ratio (PER) (times)	11.5	12.3	12.1	14.8	8.3
Dividends payout ratio (%)	26.8	44.7	45.8	53.6	32.7
Number of employees (persons)	624	612	601	606	610
Total shareholder return (%)	106.1	88.8	109.9	150.2	133.3
[Comparative index: TOPIX including dividends] (%)	[142.1]	[145.0]	[153.4]	[216.8]	[213.4]
Highest share price (yen)	1,180	1,098	1,035	1,373	1,700
Lowest share price (yen)	756	720	790	961	1,142

(Notes) 1. The number of employees refers to the number of full-time employees.

2. The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other standards have been applied from the beginning of the 76th term, and the management indicators for this term and hereafter have been obtained after application of the said accounting standards.
3. The amount of diluted earnings per share is not included because there are no dilutive shares such as bonds with subscription rights to shares.
4. The highest and lowest share prices are as quoted on the First Section of the Tokyo Stock Exchange prior to April 3, 2022, and as quoted on the Prime Market of the Tokyo Stock Exchange on April 4, 2022 and after.
5. The Company has introduced the "Board Benefit Trust (BBT)," a performance-based stock compensation plan, since the 74th term. 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.
6. The ordinary general shareholders' meeting, which is set for June 25, 2025, will decide the year-end dividend of 23.00 yen out of the 45.00 yen per share for the 79th term.

2. [History]

May 1926	Founded by Iwata Seisakusho
Apr. 1957	Established Iwata Air Compressor Manufacturing Co., Ltd.
Aug. 1961	Stock is listed on the Second Section of the Tokyo Stock Exchange
Oct. 1972	Established Tohoku Iwata Coating Equipment Co., Ltd. (Presently Akita Factory)
Aug. 1973	Stock is listed on the First Section of the Tokyo Stock Exchange
Sep. 1975	Established Fukushima Iwata Coating Equipment Co., Ltd. (Presently Fukushima Factory)
Aug. 1987	Engaged in full-scale business activities after capital participation in Taiwan Iwata Coating Equipment Ltd. (Presently ANEST IWATA Taiwan Corporation, consolidated subsidiary)
Mar. 1991	Introduced the world's first oil-free scroll air compressor
May 1993	Introduced the world's first air-cooling oil-free vacuum pump
Apr. 1994	Introduced the world's first spray gun compliant with European environmental regulations
Oct. 1996	Company name changed to ANEST IWATA Corporation
Dec. 2000	Established ANEST IWATA MOTHERSON Ltd. (Presently ANEST IWATA MOTHERSON Pvt. Ltd., consolidated subsidiary)
Apr. 2006	Introduced the corporate officer system
Nov. 2009	Capital participation in ANEST IWATA FEELER Corporation (Presently consolidated subsidiary)
Jun. 2011	Introduced Independent Directors
Apr. 2012	Established non-statutory Nominating and Compensation Committees
Jun. 2016	Transitioned to a company with Audit and Supervisory Committee
Jan. 2017	Capital participation by ANEST IWATA Deutschland GmbH into HARDER & STEENBECK GmbH & Co.KG (Presently consolidated subsidiary)
Dec. 2017	Capital participation in Shanghai Screw Compressor Co., Ltd. (Presently consolidated subsidiary) and its subsidiary Shanghai Globe Screw Technology Co., Ltd. (Presently consolidated subsidiary)
Jul. 2018	Capital participation in ANEST IWATA SPARMAX Co., Ltd. (Formerly: Han Shen Corporation, presently consolidated subsidiary)
Feb. 2020	Introduced performance-based stock compensation plan
Apr. 2022	Moved from the First Section to the Prime Market due to revision of the market classification of the Tokyo Stock Exchange

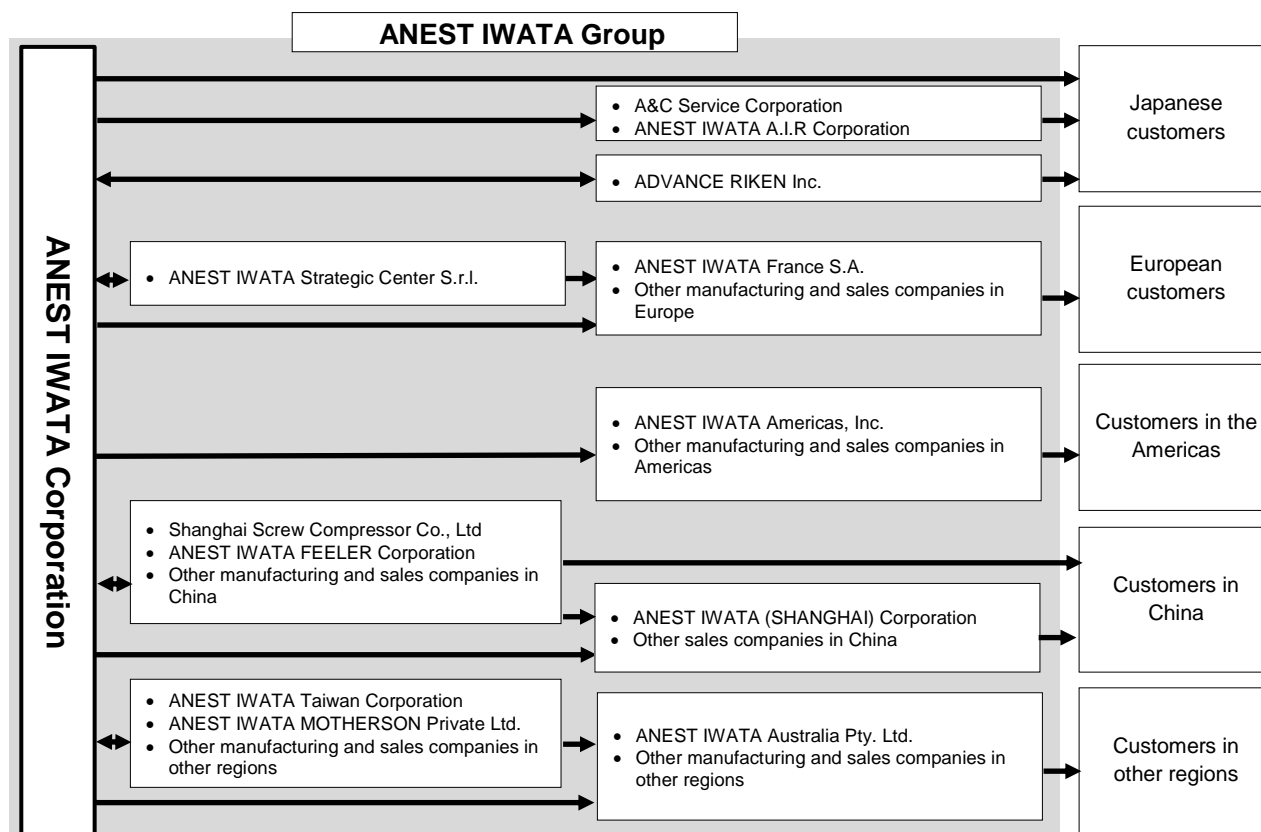
3. [Business description]

Our Group, consisting of our Company, 31 subsidiaries, and 2 affiliates, manufactures and sells air compressors, vacuum equipment, and coating equipment/systems exclusively, and is in a single business configuration because of similarities in product market, product use, and so on.

The Company mainly handles sales functions within Japan. We have established subsidiaries with sales functions in overseas regions and seek to provide products and services that are appropriate for each respective region.

Our factories in Japan as well as our overseas subsidiaries that have their own factories handle the manufacturing function.

The following diagram provides an overview of these functions.



In some cases, the Group companies manufacture their own brand of air compressors (mainly screw compressors) and coating equipment (mainly airbrushes) and sell them directly to customers in non-regional areas or via Group companies, including the Company.

Refer to "Section 1 [Company Overview] – 4. [Status of affiliated companies]" for details regarding our subsidiaries.

4. [Status of affiliated companies]

Name	Address	Share capital or investments in capital	Description of the main business	Ratio of voting rights holding (%)	Ratio of voting rights (held) (%)	Relation
(Consolidated subsidiaries)						
(Japan)						
A&C Service Corporation	Tsuzuki Ward, Yokohama	60 million yen	Sales, repair, and incidental work of air compressors, vacuum equipment, and coating systems	100.0	—	Sales, repair and incidental work of air compressors, vacuum equipment, coating equipment and coating systems in Japan. Financial assistance from parent company: Yes
ANEST IWATA A.I.R Corporation	Kohoku Ward, Yokohama	50 million yen	Sales of consumer products and mobility after-sales service business	100.0	—	Sales of consumer products and development of mobility after-sales service business in Japan. Financial assistance from parent company: Yes
(Europe)						
ANEST IWATA Deutschland GmbH	Sachsen, Germany	400 thousand EUR	Sales of coating equipment	100.0	—	Mainly in charge of sales and services within Germany. Interlocking officers, etc.: Yes Financial assistance from parent company: Yes
ANEST IWATA Europe GmbH	Baden-Württemberg, Germany	598 thousand EUR	Manufacture and sales of air compressors, and sale of vacuum equipment	100.0	—	Manufacture of products with built-in air compressor units and sales in Europe. Sales of vacuum equipment. Lease of buildings owned by parent company: Yes
HARDER & STEENBECK GmbH & Co. KG	Hamburg, Germany	125 thousand EUR	Manufacture and sales of coating equipment	100.0 (100.0)	—	Mainly involved in the manufacture and sale of airbrushes in Europe.
ANEST IWATA Strategic Center S.r.l.	Lombardy, Italy	956 thousand EUR	Manufacture and sales of coating equipment	100.0	—	Manufacture of coating equipment and supply to this Company. Supervising sales and logistics in Europe. Interlocking officers, etc.: Interlocking officers, etc.: Yes Financial assistance from parent company: Yes
ANEST IWATA France S.A.	Saint-Quentin-Fallavier, France	160 thousand EUR	Sales of air compressors and coating equipment	100.0	—	Mainly in charge of sales and services within France. Interlocking officers, etc.: Yes
ANEST IWATA (UK) Ltd.	Cambridgeshire, United Kingdom	1,677 thousand GBT	Sales of coating equipment	100.0	—	Mainly in charge of sales and services within United Kingdom. Interlocking officers, etc.: Yes
ANEST IWATA Scandinavia AB	Partille, Sweden	800 thousand SEK	Sales of coating equipment	100.0	—	In charge of sales and services in Scandinavia. Interlocking officers, etc.: Yes
ANEST IWATA Iberica S.L.U.	Barcelona, Spain	500 thousand EUR	Sales of coating equipment	100.0	—	Mainly in charge of sales and services within Spain and Portugal as well as in South America. Interlocking officers, etc.: Yes
ANEST IWATA Polska Sp. Z o.o.	Poznań, Poland	200 thousand EUR	Sales of coating equipment	100.0	—	In charge of sales and services within Poland. Interlocking officers, etc.: Yes
ANEST IWATA RUS LLC	Moscow, Russia	6,500 thousand RUB	Sales of coating equipment	100.0	—	Mainly in charge of sales and services within Russia and CIS countries. Interlocking officers, etc.: Yes

Name	Address	Share capital or investments in capital	Description of the main business	Ratio of voting rights holding (%)	Ratio of voting rights (held) (%)	Relation
(Americas)						
ANEST Iwata-Medea, Inc.	Oregon, USA	500 thousand USD	Manufacture and sales of coating equipment	51.0	—	Supervising the airbrush business and sales mainly to art and beauty markets. Interlocking officers, etc.: Yes Financial assistance from parent company: Yes
ANEST IWATA Americas, Inc. (Specified)	Ohio, USA	4,700 thousand USD	Manufacture and sales of air compressors, vacuum equipment, and coating systems, and sales of coating equipment	100.0	—	Manufacture of products with built-in air compressor units, vacuum equipment, and coating systems, with sales mainly in the United States. Sales of coating equipment. Interlocking officers, etc.: Yes
ANEST IWATA Mexico, S. De R.L. De C.V.	Guanajuato, Mexico	26,282 thousand MXP	Sales of air compressors, coating equipment, and coating systems	100.0 (1.0)	—	Sales mainly within Mexico. Interlocking officers, etc.: Yes
AIRZAP ANEST IWATA Industria e Comercio Ltda.	Sao Paulo, Brazil	3,843 thousand BRL	Manufacture and sales of air compressors, and sales of vacuum equipment and coating equipment	51.0	—	Manufacture of air compressors and sales mainly within Brazil. Sales of vacuum equipment and coating equipment. Financial assistance from parent company: Yes
(China)						
ANEST IWATA INDUSTRIAL MACHINERY (JIAXING) Co., Ltd.	Jiaxing City, Zhejiang Province, People's Republic of China	2,300 thousand USD	Manufacture and sales of coating equipment and coating systems	100.0	—	Manufacture of coating equipment and coating systems and sales mainly within China. Interlocking officers, etc.: Yes Financial assistance from parent company: Yes
ANEST IWATA (SHANGHAI) Corporation	Shanghai, People's Republic of China	200 thousand USD	Sales of coating equipment and coating systems	100.0	—	Mainly in charge of sales and services within China. Interlocking officers, etc.: Yes
ANEST IWATA FEELER Corporation (Specified)	Hangzhou City, Zhejiang Province, People's Republic of China	9,000 thousand USD	Manufacture and sales of air compressors, and sales of vacuum equipment	65.0 (30.0)	—	Manufacture of air compressor products and mainly supply them to this Company and sales within China. Sale of vacuum equipment. Financial assistance from parent company: Yes
Shanghai Screw Compressor Co., Ltd. (Specified) (Note 5)	Shanghai, People's Republic of China	35,000 thousand CNY	Manufacture and sales of air compressors	51.0	—	Manufacture of air compressors with sales mainly within China, and supply to Europe, Asia, and North America. Interlocking officers, etc.: Yes
Shanghai Globe Screw Technology Co., Ltd.	Shanghai, People's Republic of China	17,000 thousand CNY	Manufacture and sales of air compressors	93.4 (93.4)	—	Manufacture of air compressor units and supply mainly to Shanghai Screw Compressor Co., Ltd.
(Others)						
ANEST IWATA Taiwan Corporation (Specified)	Hsinchu, Taiwan, Republic of China	33,000 thousand TWD	Sales of air compressors and vacuum equipment, and manufacture and sales of coating equipment	50.1	—	Manufacture of coating equipment and supply to this Company and sales within Taiwan. Sales of air compressors and vacuum equipment within Taiwan. Interlocking officers, etc.: Yes
ANEST IWATA SPARMAX Co., Ltd.	Datong District, Taipei City, Republic of China	60,000 thousand TWD	Manufacture and sales of air compressors and coating equipment	51.0	—	Manufacture of air compressors and coating equipment with sales within Taiwan, and supply to Europe, Asia, and North America. Interlocking officers, etc.: Yes
ANEST IWATA MOTHERSON Pvt. Ltd. (Specified)	New Delhi, India	457 million INR	Manufacture and sales of air compressors, coating equipment, and coating systems	51.0	—	Manufacture of air compressors, coating equipment and coating systems, supply to this Company and sales in India. Interlocking officers, etc.: Yes
ANEST IWATA Southeast Asia Co., Ltd.	Bangkok, Thailand	90,000 thousand THB	Manufacture and sales of air compressors and coating equipment, and sales of vacuum equipment and coating systems	100.0	—	Manufacture of products with built-in air compressor units and coating equipment, and sales within the ASEAN region. Sale of vacuum equipment and coating systems.

Name	Address	Share capital or investments in capital	Description of the main business	Ratio of voting rights holding (%)	Ratio of voting rights (held) (%)	Relation
ANEST IWATA KOREA Corporation	Ansan, Republic of Korea	1,500 million KRW	Manufacture and sales of air compressors, and sales of vacuum equipment and coating equipment	51.0	—	Manufacture of products with built-in air compressor units and sales within South Korea. Sales of vacuum equipment and coating equipment. Interlocking officers, etc.: Yes
ANEST IWATA VIETNAM Co., Ltd.	Ho Chi Minh, Vietnam	910 thousand USD	Sales of air compressors, coating equipment, and coating systems	100.0	—	Mainly in charge of sales and services within Vietnam.
PT.ANEST IWATA Indonesia	Special Capital Region of Jakarta, Indonesia	1,200 thousand USD	Sales of air compressors, vacuum equipment, coating equipment, and coating systems	100.0 (1.0)	—	Mainly in charge of sales and services within Indonesia.
ANEST IWATA Australia Pty. Ltd. (Specified)	New South Wales, Australia	6,511 thousand AUD	Sales of air compressors and coating equipment	99.6	—	In charge of sales and services within Oceania.
ANEST IWATA South Africa (Pty) Ltd.	Johannesburg, South Africa	24,697 thousand ZAR	Sales of coating equipment	100.0	—	In charge of sales and services within Southern Africa. Interlocking officers, etc.: Yes
ANEST IWATA A.I.R. Philippines Inc.	Pampanga, the Philippines	40 million PHP	Sales of consumer products and mobility after-sales service business	100.0 (100.0)	—	Development of mobility after-sales service business in the Philippines. Interlocking officers, etc.: Yes
(Entities accounted for using equity method)						
(Japan)						
ADVANCE RIKEN Inc.	Yawata City, Kyoto	80 million yen	Manufacture and sales of oxygen, nitrogen, and ozone gas generators	29.6	—	Manufacture and sales of products with built-in air compressor units. Interlocking officers, etc.: Yes
(Americas)						
Powerex Iwata Air Technology, Inc.	Ohio, USA	1,632 thousand USD	Manufacture and sales of air compressors and vacuum equipment	33.0	—	Manufacture of products with built-in air compressor units and sales mainly in the United States. Interlocking officers, etc.: Yes

- (Notes) 1. Description of the main business includes operating categories such as manufacturing, sales, and service (and repair) by product category.
2. None of the above companies has filed a securities registration statement or Annual Securities Report.
3. Figures in parentheses of the ratio of voting rights holding are the indirect ownership ratios and are included in the ratio of voting rights holding.
4. (Specified) after the name denotes a specified subsidiary.
5. Shanghai Screw Compressor Co., Ltd. represents more than 10% of the consolidated net sales (excluding internal sales between segments).

Principal profit/loss information (Unit: Million yen)

Shanghai Screw Compressor Co., Ltd.	
Net sales	8,634
Ordinary profit	860
Profit	790
Net assets	5,028
Total assets	8,886

6. ANEST IWATA A.I.R. Corporation, a Japanese company, was established on July 12, 2024.
7. ANEST IWATA Strategic Center S.r.l. in Italy merged with ANEST IWATA Italia S.r.l. on January 1, 2024.
8. ANEST IWATA A.I.R. Philippines Inc., a Philippine company, was established on January 16, 2025.

5. [Status of employees]

(1) Status of consolidated companies

Employees of the Company and its consolidated subsidiaries are as listed below.

(As of March 31, 2025)

Segment	Fiscal year ended March 31, 2025 (persons)	Fiscal year ended March 31, 2024 (persons)	Increase/decrease (persons)
Japan	663	641	22
Europe	216	210	6
Americas	120	110	10
China	442	435	7
Others	465	469	(4)
Total	1,906	1,865	41

(Note) Employees are full-time employees.

(2) Status of the submitting company

The table below shows data for the Japan segment.

(As of March 31, 2025)

Number of employees (persons)	Average age (age)	Average years of service (years)	Average annual pay (thousand yen)
610	42.3	15.2	5,821

(Notes) 1. Employees are full-time employees

2. Average annual pay includes bonuses and extra wages.

(3) Labor union status

The Company has the JAM ANEST IWATA Labor Union (with 458 union members), which is a member union of JAM (Japanese Association of Metal, Machinery, and Manufacturing Workers).

Matters regarding labor-management relations are of no particular note.

(4) Percentage of female employees in management positions, percentage of male employees taking childcare leave, and difference in pay by gender

Submitting company

Fiscal year ended March 31, 2025					Supplementary details
Percentage of female employees in management positions (%) (Note 1)	Percentage of male employees taking childcare leave (%) (Note 2)	Difference in pay by gender (%) (Note 1) (Note 3)			
		All workers	Full-time workers	Part-time and fixed-term workers	
2.8	90.0	70.4	73.4	59.3	We take a variety of measures to create a workplace where diverse human resources can play an active role. For details, refer to “(ii) Internal environmental improvement policy” in “Section 2 [Status of Business] – 2 [Approach to sustainability and its initiatives] – (3) Strategies.”

(Notes) 1. Calculated based on the provisions of the "Act on Promotion of Women's Active Engagement in Professional Life" (Act No. 64 of 2015).

2. Acquisition rate of childcare leave, etc. as stipulated in Article 71-6, Item 1 of the "Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Ministry of Labor Ordinance No. 25 of 1991) is calculated based on the provisions of the "Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Act No. 76 of 1991).

3. Difference in pay by gender indicates the ratio of the average annual pay of female employees to the average annual pay of male employees. However, there is no difference in pay for the same job type, and this is due to the difference in the composition of the number of employees in each rank.

Section 2 [Status of Business]

1. [Management policy, management environment, and issues to be addressed]

Matters referring to the future are based on the judgment of the Group as of the end of the current consolidated fiscal year and may be affected by economic conditions in Japan and overseas, etc., and therefore are not guaranteed.

(1) Group Management Vision

Our Group has established the "Group Management Vision," described below, toward a "100-year-old company."

- become a development-oriented company full of vigor and novelty that is capable of providing high-performance, high-quality products and services in a sincere manner from the customer's point of view;
- shift from enhancement-based product development focused on cost cutting and internal core technologies to become a flexible company that collaborates with many different businesses based on an accurate understanding of market needs; and
- aim to become a "True World-Class Company" where all employees of the Group work as one in order to maximize customer satisfaction and constantly create innovative technologies and products for achieving the world's No. 1 position.

(2) Management policy and strategy, etc.

The Company has started business activities based on a new three-year Medium-Term Business Plan from the fiscal year ending March 31, 2026.

Based on this plan, we have positioned overseas as our growth market and will continue to provide "product development that impresses all customers" and "high performance and high quality" as a "true development-oriented company."

(Outline of the new Medium-Term Business Plan)

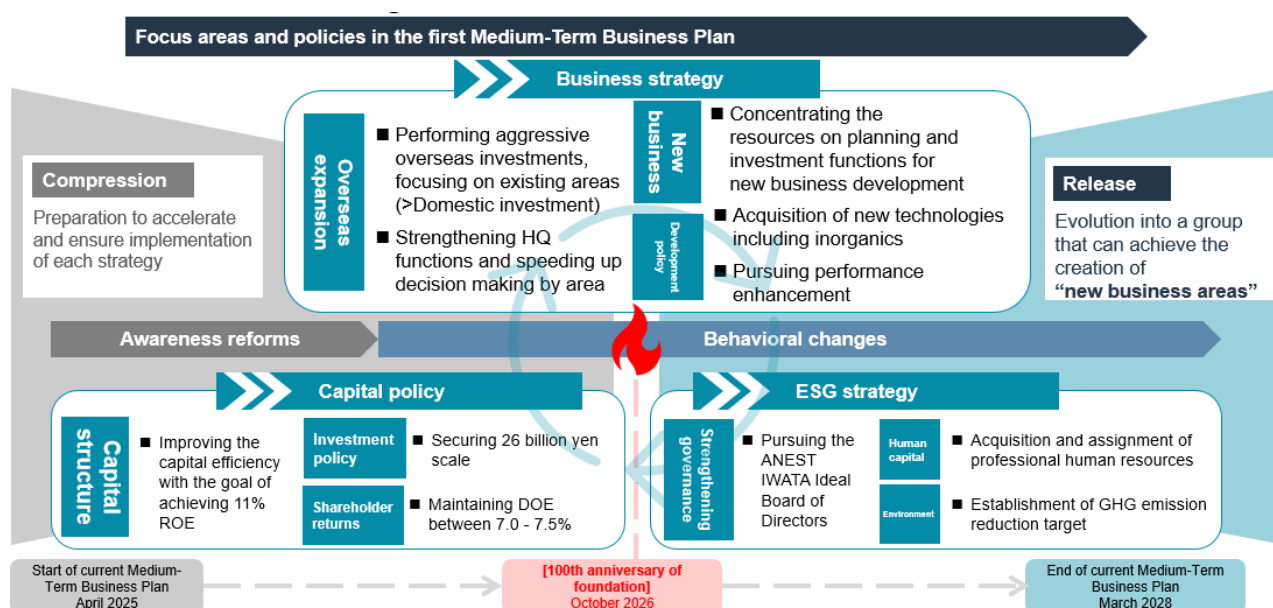
(i) Numerical targets

Key Goal Indicators (KGIs) for the fiscal year ending March 31, 2028

Consolidated net sales of 62 billion yen or more, consolidated operating profit of 6.17 billion yen or more, EPS of 132.0 yen or more, ROE of 11.0% or more

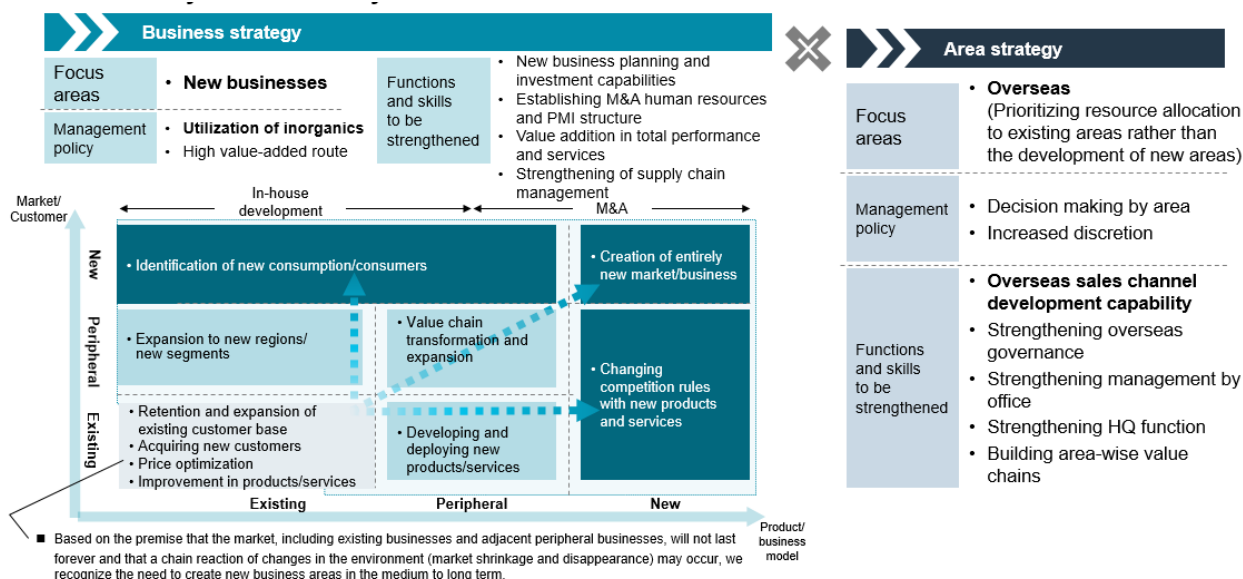
(ii) Concept

We have positioned the new Medium-Term Business Plan as the first Medium-Term Business Plan and the first step towards achieving "Vision 2035," which aims to reach consolidated net sales of 100 billion yen in the fiscal year ending March 31, 2036. We will take the first step toward transformation by encouraging each employee to reform awareness that leads to change in behavior.



(iii) Business strategy overview

While focusing on particular aspects in existing businesses, we will not be limited to our traditional fields, but will instead focus on inorganic "creation of new business areas" such as M&A in peripheral areas and new fields, as well as extending sales channels, primarily in critical overseas regions.



For details, refer to the "Presentation Material for FY2024 Full-Year Financial Results," disclosed on May 15, 2025, on our website (URL: <https://www.anestiwata-corp.com/jp/ir/news>).

(3) Businesses and financial issues to be addressed on priority

In the fiscal year ending March 31, 2026, we will establish a powerful management foundation based on the new Medium Term Business Plan that will not be affected by various uncertainties, including trade policies, financial market trends and geopolitical risks in each country. We will position overseas markets as the main focus of business expansion, formulate individual growth strategies tailored to the characteristics of each region, and promote the effective utilization of management resources throughout the Group, even in the face of increasing global uncertainty.

In such a management environment, our Group will intensify multilateral investments, including M&A, to secure sustainable growth. We will develop new businesses to create new needs and increase human investments and development investments to foster a variety of human resources that can promote global expansion, aiming to become a "true development-oriented company" that can inspire all customers beyond our 100th anniversary.

• Addressing of social issues in business promotion

In air energy business, we will continue to contribute to the reduction of CO₂ emissions by further promoting the oil-free scroll air compressors first developed and launched by our Company to improve energy efficiency and achieve energy savings. In addition, we will increase the sales ratio of oil-free machines, with the aim to reduce the environmental burden of CO₂ emissions released during the production of industrial lubricants.

In coating business, in order to reduce the emissions of volatile organic compounds (VOCs) generated during the coating process, we will continue to pursue coating technologies and focus on developing coating equipment and facilities to suppress the energy costs during coating, drying and transportation, as much as possible. We also plan to promote indium mirror coating system, which is low-cost, environment-friendly and can produce highly precise, uniform thin films. This will be a good alternative to plating, which has a high environmental impact in terms of wastewater treatment, and evaporation, which is expensive to implement.

• Promotion of M&A and new businesses

We are exploring new strategies without relying solely on our conventional business domains to advance to the next stage of growth. Our mid- to long-term plan is to achieve sales of 100 billion yen by the fiscal year ending March 31, 2036, and we believe that bold M&A activities and new businesses will prove crucial to reaching this target.

We want to efficiently promote M&A activities by strengthening our internal structure to cover the entire process, right from identifying potential target companies to assessing their corporate value and ensuring the smooth execution of integration. Our approach of strategically partnering with or integrating valuable companies will generate synergies and enhance our overall competitiveness.

In our new business venture, we are exploring potential in new markets through collaboration with various

partners, while steadily accumulating practical knowledge to achieve tangible results. These efforts will support our plan to establish new sources of revenue and support the overall growth of the Company. Such initiatives will encourage us to take on new challenges with a resilient corporate structure that is flexible enough to adapt to changes and enhance our comprehensive corporate strength.

- DX promotion

We are aware of how crucial it is to promote DX in order to strengthen our earnings structure and evolve our value offerings. We are already making progress in utilizing data and digital technology in our production sites and sales activities, and we intend to expand and deepen these efforts in order to improve operational efficiency and create new business models.

We also recognize that in order to promote DX, it is imperative to develop human resources with specialized skills and reform our organizational structure to enable effective use of digital technology. We are implementing latest security technologies and establishing appropriate risk management systems as important measures against rising cyber risks.

We seek to tackle such issues through system integration, migration to a cloud environment, enhancement of human resource development programs, and strengthening of security measures in order to achieve sustainable corporate growth and competitiveness.

- Optimization of the supply chain

We establish a Business Continuity Plan (BCP) for each supplier to avoid the supply chain from being severed due to any of the various uncertainties. For parts that require special materials, processing and treatment, and for centralized production in a single country overseas, we assist suppliers in the conditions of transactions and promote the addition of suppliers and production sites.

We have proceeded with the reform of the production plan with an aim to improve the production efficiency and stabilize the supply chain for some time. We will promote this reform more powerfully to achieve stable production and product supply.

- Organizational activation by maintaining employee health and "job satisfaction"

We recognize the necessity of a healthy work environment focusing on the health and satisfaction of our employees as a part of our contribution to building an affluent society and achieving sustainable growth. President, Representative Director and Chief Executive Officer of the Company holds the position of Chief Health Officer (CHO). The Health Management Promotion Committee and other related departments are working together to reform work styles to improve health literacy and to ensure life-work balance. In the current consolidated fiscal year, a series of our activities were highly evaluated and we were recognized as an "Outstanding Health and Productivity Management Organization (White 500)" by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi for the fifth consecutive year.

Moreover, we are actively reviewing our personnel system, knowing that improving employee motivation and "job satisfaction" is an important factor in achieving maximum performance. We are developing a system to reasonably evaluate employees based on performances for a sole purpose of creating a work environment where employees can have a sense of "job satisfaction."

We intend to continue such efforts to strengthen and promote measures that support the health and "job satisfaction" of our employees and maximize their performance, thereby improving the competitiveness of the entire Company.

2. [Approach to sustainability and its initiatives]

The Group's approach to sustainability and its initiatives are as follows. Matters related to future statements are based on the judgment of the Group as of the end of the consolidated fiscal year under review.

(1) Governance

The Group has created the "ANEST IWATA Corporate Philosophy," with the "corporate policy" and "Group Management Policy" at its core, and shares this with the Group's stakeholders. This involves the creation of our Group's basic policy, which also cover sustainability-related topics, and the promotion of efforts by each division in accordance with their respective responsibilities, such as product development and information disclosure. In addition, we have established the Sustainability Promotion Committee as a non-statutory committee under the Corporate Officer Committee to promote the realization of these goals. The Committee consists of the President and Chief Executive Officer and the heads of related divisions and is chaired by the President and Chief Executive Officer, with the Corporate Planning Department serving as the secretariat. The committee aims to share issues by regularly reporting and discussing matters mainly related to sustainability promotion activities. Additionally, as necessary, the committee submits reports and information to the Management Conference and the Corporate Officer Committee.

<Sustainability Promotion System>



(2) Risk management

Our Group has created the promotion system described in "(1) Governance" above, and as part of Company-wide risk management that includes sustainability, Corporate Officers (including executives concurrently serving as Directors) identify and assess risks that may have a significant impact on corporate value and operating results, each year. The results are then discussed at the Management Conference and the Corporate Officer Committee to establish a system for responding to risks and crises. In addition, the Sustainability Promotion Committee meets regularly to discuss ESG-related risks and opportunities, thereby promoting the strengthening of risk management systems.

Refer to "Section 2 [Status of Business] – 3. [Business risks] – (2) Risks related to human resources" for details of risks related to human resources.

(3) Strategies

As we approach our 100th anniversary, to become a "True World-Class Company" and continue sustainable growth, we are aggressively investing in human resources, which form the core of our management resources. We will promote talent management that will allow us to place diverse human resources in the right places to bring out the best performance in each individual and combine their strengths to create synergy as an organization and create greater added value. Specifically, we will consolidate and manage various data and information on the competence, experience, personality, qualities, and achievements of each individual human resource and reallocate human resources based on this data and information.

In addition, to attract talented people, it is necessary to balance "ease of work" and "job satisfaction." We promote Company-wide health management, diversity, and inclusion, and encourage every employee to take on challenges, grow, and succeed by appointing and evaluating employees based on their individual competencies and achievements, rather than a seniority-based approach.

Moreover, human resource development policies that ensure diversity of human resources and policies to improve the internal environment are difficult to uniformly introduce to the entire Group because they are closely involved in the legal systems and cultural background of each country/region. Therefore, the policies of the submitting company, which operates the main business of our Group, are described below. Various measures are implemented for consolidated subsidiaries based on the mandates of the representatives, granting discretionary authority over operational policies that conform to the systems and actual conditions in their respective countries.

(i) Human resource development policy

We have adopted "change and growth" as keywords and set three goals for the employees to achieve in human resource development, namely, "Be an OWNER, be involved," "WILL, aspire and accomplish," and "OPEN, be attentive to outside competition." We believe that respect for our employees who fearlessly accept challenges, create opportunities for growth and success, and express themselves will bring us closer to our goal to become a "True World-Class Company." As specific initiatives, we are implementing the following measures:

a. Career development support

To promote employee career growth, we provide career training to all employees, as well as meetings with superiors and consultations with career counselors.

Additionally, as a continuous initiative, we conduct a career planning survey once a year for all employees to assess the effectiveness of training and other initiatives. As a result, we continuously support each employee so that they can think proactively about their own career and continue to grow.

b. Self-development support

To foster a culture where each employee voluntarily learns, and to support the growth of our most important asset, "people," we subsidize costs related to learning, such as correspondence courses, seminar attendance fees. In addition to correspondence courses, this applies to self-improvement methods such as e-learning services, English learning apps, books, and seminars, and to learning that focuses on acquiring skills and knowledge applicable to current work, as well as learning aimed at skill enhancement with an eye on future career development.

c. Training by position

In FY2024, we conducted a training program for managers at the section-head level and above to learn the "communication skills" necessary for building an organization that enhances performance. Our goal is to enhance corporate relationships and outcomes by understanding, learning, and practicing the importance of communication.

Additionally, we conducted a training program for mid-level employees with the theme "Experiential Learning Cycle." We aim to cultivate the ability to continue evolving by adopting a work attitude that emphasizes Check and Action in the PDCA cycle and on reflection, by learning from experience, and by establishing the habit of applying those lessons to the next step.

(ii) Internal environmental improvement policy

Our Group actively implements initiatives to promote "Diversity & Inclusion" and "Health Management" as key topics in our internal environmental improvement efforts.

1) Diversity & Inclusion

We will continue working to ensure diversity by establishing an environment where everyone may participate and shine throughout their entire professional life, regardless of characteristics such as age, gender, or lifestyle. The specific activities are as follows:

a. LGBTQ training

We conducted LGBTQ training for managers to deepen their understanding of basic knowledge about LGBTQ issues, matters to consider in the workplace, and harassment prevention. It also gave people an opportunity to become more conscious of their own cognitive biases by giving them the chance to hear firsthand stories from those who were directly involved. Even from now, we will continue to cultivate a corporate culture of mutual respect and support, and work to foster an atmosphere in which individuals with varied values can thrive.

b. Nursing care support

We conducted interviews with employees who are currently providing care, and circulated a survey to all employees to identify the challenges that our employees experience in caregiving. On top of that, we invited a care manager and held a seminar to support the balance between work and caregiving. At the seminar, in addition to explaining the nursing care insurance system and our Company's nursing care support system, we also provided information on how to care for the mental health of the person receiving the care and of their family. We also encouraged the idea that it is possible to continue working while providing care.

2) Health management

Our Group believes that "productivity improvement" and "motivation" of each individual are essential to corporate growth, and the health of our employees and their families forms the foundation of this development. The President, Representative Director and Chief Executive Officer is appointed as CHO (Chief Health Officer) to promote health management. Various measures for meals, exercise, and communication are being implemented, in addition to enhancing the personnel system and employee benefits. We will continue to strategically drive various health maintenance and promotion activities so our employees and their families can "smile and shine brightly" in the future. The specific activities are as follows:

a. Health promotion events

We organized a company-wide sports day in which employees' families could also participate, to encourage communication and boost health awareness. We organized the event in three locations: the headquarters, Akita, and Fukushima, and about half of the employees attended the event. It became a valuable opportunity that contributed to fostering communication and teamwork among employees.

For more information on our health management initiatives, please refer to our website (URL <https://www.anestiwata-corp.com/jp/sustainability/society/health-management>).

For information on sustainability, and other ESG initiatives, please refer to the Integrated Report 2025, scheduled for publication on our website in September 2025 (URL <https://www.anestiwata-corp.com/jp/ir/library/integrated-report>).

(4) Indicators and targets

The Group uses the following indicators for policies in "(3) Strategies," described above. Targets and results for these indicators are provided by the submitting company, which carry out the main businesses of the consolidated companies.

Indicator	Target	Results (fiscal year ended March 31, 2025)
Percentage of female employees in management positions (Note 1)	5% by 2028	2.8%
Percentage of male employees taking childcare leave (Note 2)	Maintain 80% or higher until 2027	90.0%

(Notes) 1. Calculated based on the provisions of the "Act on Promotion of Women's Active Engagement in Professional Life" (Act No. 64 of 2015).

2. Acquisition rate of childcare leave, etc. as stipulated in Article 71-6, Item 1 of the "Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Ministry of Labor Ordinance No. 25 of 1991) is calculated based on the provisions of the "Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Act No. 76 of 1991).

3. [Business risks]

Among matters related to the "Status of Business," "Status of Accounting," etc. described in the Annual Securities Report, major risks recognized by management which may significantly impact corporate value, financial position, operating results and the cash flow situation (hereinafter referred to as the "results of operations, etc.") of the Group are as follows.

Matters related to the future appearing in this text have been judged as of the last day of the current consolidated fiscal year, and may be influenced by the economic conditions in and out of Japan, and the risks of businesses, etc. are not limited to the ones described below.

(1) Risks related to business activities

(i) Changes in business environment

Since its establishment, our Group has contributed to global manufacturing by providing products such as coating equipment and air compressors, as well as related services, to the market. As a result, with overseas sales accounting for a majority of the Group's total sales, and with the diversification of human resources, products and services, and flow of funds, the Group is even more strongly affected by the rapidly changing business environment.

Therefore, adhering to existing markets, products, and business models may increase risks arising from changes in the market environment, such as structural changes in markets in various countries and declining demand for existing products. This may have a significant impact on the Group's sustainable growth and operating results, etc. In addition, as a result of our global business development, our Group's sales, material procurement, and other transactions involve foreign currency denominated transactions. So there is a risk that our business performance may be affected by unpredictable and sudden fluctuations in exchange rates. Furthermore, we recognize that uncertainties associated with changes in laws and regulations in various countries are also factors that promote changes in the business environment. We are striving to enhance our risk management system and prompt response measures in response to the situation.

To prevent such risks, we will continue to develop products that contribute to solving social issues such as climate change through constant efforts to improve quality in our existing businesses and through manufacturing based on a global perspective, while also proactively developing new businesses and building a business foundation that will serve as a pillar of our Company. For that reason, we will foster a corporate culture that encourages bold challenges without fear of failure, and actively promote business alliances with various partner companies to strengthen and diversify our business base based on business portfolio management. In addition, we will further enhance interaction and information gathering within the Group, strive to accurately grasp market needs, and aim to establish a system and management strategy that responds flexibly and quickly to changes in the business environment, with due consideration given to the characteristics of each country and region. At the same time, we are steadily taking measures to strengthen our supply chain, including the use of multiple purchasing and the restructuring of our logistics network, in order to ensure a stable supply of products even in times of increased demand and rising logistics costs. If we are unable to achieve sustainable growth and our business performance is adversely affected, we will promptly hold discussions among the Board of Directors and other decision-making bodies to restructure our business strategy and implement necessary risk management measures.

(ii) Product quality

In the event that a product that does not meet quality standards is supplied to the market due to a defect in the development, design, procurement of materials, processing, assembly, or other processes of a product, and if there is damage caused by such a defect, the Group incurs significant costs due to liability for compensation, claims handling, product recall and replacement, and other costs. In addition, there is a risk of significant impact on the Group's business performance due to loss of customer confidence.

For this reason, in order to prevent the occurrence of product defects, the Group thoroughly complies with regulations, rules and standards that set out strict quality standards. In addition, the quality assurance division intervenes from the early stages of product development from an objective standpoint to detect and correct potential problems as early as possible. Furthermore, at our production bases both in Japan and overseas, we are establishing systems to ensure compliance with the market demands and quality standards of each country by obtaining ISO9001

certification or operating quality control systems suited to the local area.

In addition, if an unforeseen incident occurs, it is promptly reported to the Management Conference or the Corporate Officer Committee and the Quality Assurance Committee, and the quality assurance division takes the lead in quickly taking necessary measures such as recalls. We are also further strengthening our service system, which is centered on our wholly owned service company in Japan, and our subsidiaries overseas, which handle everything from sales to service.

(iii) Business expansion with M&As

In order to accelerate the strengthening of its business foundation and ensure sustainable growth, the Group is actively pursuing capital participation in companies it recognizes as necessary and comprehensive business alliances with collaborating partners, including acquisitions.

However, after an M&A is completed, there is a possibility that the trust of customers in the target company's existing sales area may be lost due to insufficient sharing of management policies and strategies during the integration process or inconsistencies in the collaborative structure. In addition, if the initially anticipated effects and profits are not fully realized, the target company's performance may decline, or it may be unable to maintain the expected profitability and its actual value may decline significantly. This could have a significant impact on the Group's business performance and other factors. To address such risks, we clearly define the items to be confirmed in relation to M&A, carefully consider in advance the risks and returns, the target company's financial situation, contractual relationships, and other important matters, and only after due diligence, we proceed with the transaction if we determine that sufficient synergy effects will be obtained. In addition, after the M&A enactment is completed, we properly implement post-merger integration (PMI) plans and establish a close management support system between the management team and the relevant business divisions in order to detect and prevent any risks at an early stage.

If, for some unavoidable reason, any of these risks materialize, we will make appropriate management decisions promptly by determining whether to renew contracts, determining losses, and implementing swift measures appropriate to the circumstances, and will endeavor to prevent larger losses.

(2) Risks related to human resources

(i) Securing human resources

Our Group recognizes that in order to achieve sustainable growth and respond flexibly to rapid changes in the market environment, it is extremely important to secure and develop human resources with diverse personalities and capabilities. For this reason, we conduct recruitment throughout the year in Japan and are working to strengthen the recruitment of mid-career employees in a wide range of positions in addition to new graduates.

However, if the current recruitment strategy, post-recruitment training policy and personnel evaluation system are not sufficiently reviewed and improved in response to changes in the market environment and business strategies, there is a risk that it will be difficult to secure the necessary level of human resources in the future, and this may result in concerns that the measures intended at increasing corporate value will not progress as planned. Furthermore, if working conditions and compensation systems are not sufficiently reviewed, there is a risk of losing personnel.

In order to respond to such risks, we will focus on enhancing our human resources development programs to ensure that we place the right people in the right positions in each department under proper labor management, restructuring our personnel evaluation system to incorporate a global perspective, and strengthening diversity management. In addition, we will further strengthen our system for recruiting multinational personnel, enhance training programs for evaluators, and review employment conditions and compensation systems, while actively promoting the automation and digitization of operations in order to effectively utilize the workforce and improve the efficiency of the entire organization. Furthermore, in order to respond quickly and flexibly to changes in the business environment and market trends, we have established a system where we continuously monitor the relevant risks and fundamentally review our recruitment strategies and human resource development measures as necessary.

(ii) Enhancing organizational performance through health management

In order to strengthen organizational performance and continuously elevate competitiveness, the Group is proactively implementing various measures under the "Health Management Declaration," with the President, Representative Director and Chief Executive Officer as the person in charge of promoting health management, in

order to maintain and promote the health of each employee, who is the foundation of our business activities.

However, if health management measures do not progress as planned and activities stagnate or are scaled down, there are concerns that employee health risks will increase, leading to a deterioration in the working environment and a decline in the performance of the entire organization, which may have an adverse effect on business performance, etc.

To address such risks, the Group regularly evaluates employees' health conditions and monitors the working environment, while also verifying the effectiveness of health management measures and promptly implementing improvement measures as and when necessary. Additionally, we are further strengthening our health management efforts throughout the organization, including training and awareness-raising activities aimed at promoting work-life balance and improving health literacy, as well as strengthening our labor management system, and are establishing a system for rapid response in the event of a risk occurrence.

In the past, our Group has been recognized by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi as an "Outstanding Health and Productivity Management Organization (White 500)" for five consecutive years for its efforts to become the "top White 500 company in the machinery sector." We will continue to enhance the effectiveness of health management by establishing a corporate culture that maximizes creativity and teamwork supported by vitality and technological innovation.

(iii) Labor issues

A majority of the employees of our Group are foreign nationals working at our overseas sites. In an environment that needs working styles that are suited to the social conditions and working environments of each country, there is a risk that problems may arise between labor unions over working conditions and other matters, both domestic and overseas. If a labor dispute occurs and cannot be settled promptly, it could have a serious negative impact on the stability of business operations and the supply of products, and we may lose the trust of our customers, thereby directly affecting our enterprise value and business performance.

Our Company is working to promote "ANEST IWATA Corporate Philosophy," with our corporate motto, "Makoto no Kokoro" (Trustworthy & Sincere), at the core, and to raise a sense of belonging in accordance with the employment conditions and evaluation system suited for the systems in their respective countries. Overseas, we believe that the Company has established a system in which all of its subsidiaries handle everything from sales to service, thereby contributing to the prevention and early resolution of labor issues in the local area and to the stability of business operations.

3) Risks related to IT

(i) IT investment

We consider that, for the reinforcement of competitiveness in global expansion, it is vital to reform our business model, develop high-value-added products, and improve business efficiency by introducing IT, in which constant innovations are under way. However, if our Group loses its IT knowledge and expertise accumulated within the Company due to unforeseen circumstances, it could cause the implementation of IT strategies to stagnate, or delay the development of products in line with the latest IT trends, competitiveness and management efficiency may be impaired, thereby adversely affecting business performance. For this reason, our Group formulates mid- to long-term IT strategies based on its management plan and regularly verifies the effects of IT investment on corporate growth.

In the event that a risk becomes apparent, we will implement measures to minimize the impact of the risk by proactively recruiting IT specialists, expanding collaboration with partner companies, and putting in place a system to quickly rebuild our management base by timely amortizing obsolete IT assets.

(ii) Information security

To promote business activities in a stable and sustainable manner, the importance of maintaining the safety and reliability of information systems is increasing year by year. Our Group exercises strict control over confidential information and personal information related to technology development and sales that is acquired in the course of business activities. However, information leakage, falsification, or a system fault may occur due to a natural disaster, unexpected cyberattack, unauthorized access attributable to a computer virus, etc. or if information is leaked by an employee intentionally or negligently. Furthermore, we recognize that if this information is misused, it may have an

adverse effect on our business performance because we need to bear liability for compensation.

In order to respond to this, our Group prepares an appropriate information security system to take necessary and sufficient security measures such as acquiring appropriate backups of important data and, at the same time, provides ongoing education to employees.

In the unlikely event that any of these risk occurs, we will create a system to promptly determine the cause and the details and take appropriate measures and, at the same time, disclose information about the damage, if necessary, thereby endeavoring to minimize secondary damage and restore trust.

(4) Risks related to laws and regulations, etc.

(i) Compliance with laws and regulations related to business activities

Our Group's business activities are conducted in a wide variety of countries and regions, and it is essential to comply with the laws, regulations and standards of each country and region. In recent years, international agreements and the development of domestic systems have further heightened expectations for corporate social responsibility and governance. Specifically, they cover a wide range of fields, including import and export control, product safety, intellectual property rights, working environment and personal information protection, and consideration for human rights and environment throughout the Company's business activities and supply chain. Furthermore, if regulations are newly established or revised, if supervision by administrative authorities is strengthened, or if laws and regulations are tightened at a faster pace or scope that exceeds expectations, our Group may face unexpected cost burdens or require changes to its business plans, which could adversely affect its business and performance.

In order to accurately grasp the trends in these various laws and regulations and the changes in the business environment, our Group has established an information gathering system, centered on its business bases in each region. In particular, we will scrutinize relevant information and flexibly review the direction of business expansion, product development and service provision in preparation for acceleration of reviews specific to regions and target fields.

(ii) Fraudulent acts by violating laws and regulations, etc.

In recent years, an increasing number of misconduct cases, etc. by companies have been reported. If such incidents as infringement of intellectual property rights, quality fraud, bribery, or harassment occur in our Group, this may have a short-term impact on the results of operations due to compensation liability and other factors. In addition to that, this could result in a significant loss of credibility, which could impede sales and recruitment activities, leading to a decline in corporate value in the long term and, in the worst case, threatening the very existence of the Company.

For this reason, our Group has created systems and structures for ensuring that officers and employees commit no fraudulent acts, and promotes healthy management assistance for Group companies. At the same time, the Group has established a whistle-blowing system including overseas subsidiaries and creates a monitoring system with the Audit and Supervisory Committee and the internal audit division, thereby endeavoring to prevent malpractices of violating laws and regulations, etc.

We have a system in place whereby, if such an incident occurs, this can be promptly reported to our Board of Directors and we can take measures such as researching with third parties, disclosing facts, and punishing the relevant people properly, developing recurrence prevention measures, and promptly disclosing them.

(iii) Intelligent property

Our Group aims to become a development-oriented company full of energy and novelty that is capable of providing high performance, high-quality products and services to customers all over the world. In the course of these efforts, we run the risk of having a third party imitate any of the products, technologies, business models, and so on that our Group reserves at present or will develop in the future, or of infringing the intellectual property rights, patent rights or trademark rights of third parties.

If such a situation were to occur, in addition to the need to pay compensation and litigation costs, the Group may be forced to restrict its use of the technology itself or to use it under unfavorable conditions, which could have an adverse effect on the Group's business performance, etc.

Based on this, our Group has been building a global rights network by acquiring patents, design rights, trademark rights and other related rights in Japan and overseas for its technologies and products. In addition, we conduct

infringement prevention surveys and periodic surveys of other companies' applications for each development project, and we respect the intellectual property of third parties and prevent unintended infringement. Furthermore, we are working to avoid risks and minimize their impact by strengthening our management system and cooperating with relevant external organizations.

(iv) International tax affairs

Our Group has subsidiaries in major areas in the world, expanding business activities globally. In inter-Group company transactions, we comply with laws and regulations such as transfer pricing taxation and strive to set fair transaction prices to address international tax risks. However, if differences in opinion arise with the tax authorities and a complaint is filed, additional taxation may be imposed, which could have an adverse effect on the Group's business performance.

In response to this, the Group is closely monitoring international tax trends and working with external specialist institutions to ensure that transactions are based on an accurate legal understanding, thereby putting in place a system to prevent any disagreements with tax authorities.

(v) Accounting of impairment loss, etc. of non-current assets

Appropriate accounting of impairment loss, etc. of non-current assets requires a business plan that appropriately estimates a future cash flow. As mentioned in (iii) of (1), our Group makes investment in subsidiaries, etc. actively, including M&As. To make the following accounting decisions, in particular, an appropriate business plan for each subsidiary, etc. is necessary.

- Judgment on the impairment loss on shares, etc. of affiliated companies in our non-consolidated financial statements
- Judgment on the impairment loss on non-current assets of subsidiaries, etc., which is used as basic data for consolidated financial statements
- Calculation of the years of depreciation when posting goodwill in consolidated financial statements and judgment on impairment loss

We understand that if the business plan at the points of these judgments is not an appropriate one, we run the risk of losing the trust in us remarkably because that means that inappropriate accounting has been performed as a consequence.

For this reason, in establishing the business plan for each subsidiary, etc., the business division and account division of us, the supervising company, are actively involved. Such business plans are reported to the Board of Directors, of which Independent Directors, who are knowledgeable about management and accounting, account for a majority, to seek their guidance and supervision. With such transparent procedures, the appropriateness of the business plans is ensured.

(5) Other risks

(i) Unexpected events

Our Group expands business operations to various countries in the world. It may be exposed to a variety of geopolitical risks, including unpredictable political and economic fluctuations, war and terrorism, outbreaks of infectious diseases, and large-scale natural disasters. These events could have a significant impact on product supply due to damage to business premises, stronger regulations due to protectionism, and trade friction that could disrupt raw material procurement and logistics, resulting in increased costs. Furthermore, if the risks get prolonged or expand, this could have a significant adverse effect on the Group's business performance through reduced profitability and impairment of non-current assets.

In response, the Group is working to strengthen its supply system and accurately understand the business environment by formulating a BCP, decentralizing production bases, and considering alternative procurement methods among Group companies, thereby making its business activities more resilient.

4. [Management's analysis of financial condition, results of operations and cash flow]

An overview of the financial position, operating results and cash flow (hereinafter referred to as "operating results, etc.") of the Group (the Company, consolidated subsidiaries and equity-method-applied companies) in the current consolidated fiscal year, as well as the recognition, analysis and examination of the Group's operating results, etc. from the management's perspective are as follows.

Matters related to the future appearing in this text are based on judgements as of the last day of the current consolidated fiscal year.

(1) Explanation of performance

(i) Operating results

The results for the current consolidated fiscal year were net sales of 54,411 million yen (up 1.8% from the previous consolidated fiscal year), operating profit of 5,903 million yen (down 4.4%), ordinary profit of 7,139 million yen (down 10.6%), and profit attributable to owners of parent of 4,276 million yen (down 13.3%).

(Reference values) Results of each division

(Amount: million yen)

Business category	(Product category)	Fiscal year ended March 31, 2025			
		Consolidated net sales	(Change from the previous fiscal year)	Consolidated operating profit	(Change from the previous fiscal year)
Air energy business		33,609	1.3%	3,388	2.8%
	Air compressors	30,787	2.0%		
	Vacuum equipment	2,822	(5.4)%		
Coating business		20,679	2.7%	2,608	(7.5)%
	Coating equipment	17,943	6.6%		
	Coating systems	2,736	(17.1)%		
Others		123	10.2%	(94)	(253.1)%
Total		54,411	1.8%	5,903	(4.4)%

(Notes) 1. Consolidated operating profit by business category is calculated with our Group's unique standard.

2. Product category has been changed from the current consolidated fiscal year. Previously, environmental equipment that improves the working environment during coating was classified as "coating equipment," but from the perspective of the nature of the product and sales system, etc., it has been reclassified as "coating systems." Furthermore, revenues from consumer business, including EC site sales, which were formerly classified as "air energy business" and "coating business," have been reclassified as "others" to ease comparability in terms of business strategy importance. Note that the figures in the comparative information by product category for the previous consolidated fiscal year have been reclassified to reflect the new business and product categories for comparison.

3. "Others" includes revenues from the consumer business, mobility after-sales services, etc.

(ii) Analysis of financial condition

1) Assets

For assets, our current assets stood at 45,229 million yen (up 11.5% from the previous consolidated fiscal year). This was mainly due to an increase of 4,404 million yen in "Cash and deposits." Our non-current assets stood at 23,973 million yen (down 6.3%). This was mainly due to a decrease of 3,096 million yen in "Investment securities." As a result, our total assets stood at 69,202 million yen (up 4.6%).

2) Liabilities

For liabilities, our current liabilities stood at 12,161 million yen (down 4.9%). This was mainly due to a decrease of 845 million yen in "Income taxes payable." Our non-current liabilities stood at 3,479 million yen (up 6.1%). This was mainly due to increases of 89 million yen in "Long-term borrowings" and 50 million yen in "Retirement benefit liability." As a result, our total liabilities stood at 15,641 million yen (down 2.7%).

3) Net assets

Our net assets stood at 53,561 million yen (up 7.0%). This was mainly due to increases of 2,324 million yen in "Retained earnings" and 1,528 million yen in "Foreign currency translation adjustment." Our equity capital, which is calculated by subtracting the non-controlling interests from the net assets, stood at 46,853 million yen, increasing

our equity ratio by 0.9 percentage points to 67.7%, from 66.8% at the end of the previous consolidated fiscal year.

(iii) Cash flow

Cash and cash equivalents (referred to as "funds" in the remainder of this document) for the current consolidated fiscal year increased by 3,077 million yen from the end of the previous consolidated fiscal year, to 17,686 million yen (up 21.1%) at the end of the current consolidated fiscal year. Each cash flow in the current consolidated fiscal year, as well as the causes, are as described below.

1) Cash flows from operating activities

As a result of operating activities, the fund balance shows earnings of 9,746 million yen (up 44.0%), with an increase of 2,976 million yen from the end of the previous consolidated fiscal year, mainly due to a 2,420 million yen increase in equity in earnings of affiliates as a result of dividends received from equity-method affiliates, as well as a 518 million yen increase in cash inflows resulting from changes in inventories.

2) Cash flows from investing activities

As a result of investing activities, the fund balance shows expenses of 3,255 million yen (up 158.2%), with an increase of 1,994 million yen in expenses from the end of the previous consolidated fiscal year, mainly due to an increase of 1,745 million yen in "Payments into time deposits."

3) Cash flows from financing activities

As a result of financing activities, the fund balance shows expenses of 3,932 million yen (up 9.7%), with an increase of 347 million yen in expenses from the end of the previous consolidated fiscal year, mainly due to an increase of 233 million yen in expenses because of fluctuations in "Net increase (decrease) in short-term borrowings."

(2) Status of production, orders received and sales

(i) Production results

Actual production in the current consolidated fiscal year is as follows.

Segment	Amount (million yen)	Year-on-year increase/decrease rate (%)
Japan	19,093	(8.5)
Europe	4,106	36.8
Americas	1,194	7.6
China	8,850	3.5
Others	6,181	(0.7)
Total	39,427	(0.8)

(Note) The growth in Europe is mainly due to the increased production of coating equipment.

(ii) Orders received and order backlog

Orders received for coating systems in the current consolidated fiscal year are as follows.

Segment	Orders received (million yen)	Year-on-year increase/decrease rate (%)	Order backlog (million yen)	Year-on-year increase/decrease rate (%)
Japan	3,292	77.2	1,735	308.4
Europe	—	—	—	—
Americas	23	38.3	10	—
China	654	101.3	308	183.6
Others	220	(38.1)	62	(45.6)
Total	4,190	63.9	2,117	226.4

(Notes) 1. These orders received and order backlog are for coating system products. Orders received and order backlog are not subject to management because of the short time from order to sale, except for coating system products.

2. Product category has been changed from the current consolidated fiscal year. Previously, environmental equipment that improves the working environment during coating was classified as "coating equipment," but from the perspective of the nature of the product and sales system, etc., it has been reclassified as

"coating systems." In addition, when comparing with the previous consolidated fiscal year, the figures after applying the relevant changes are used.

3. The increase in orders received and order backlog in Japan was mainly due to acquisitions of capital investment projects related to automobile production.
4. The increase in orders received and order backlog in China was mainly due to securing capital investment projects for paint manufacturers.
5. The decrease in orders received in Others was mainly due to a slowdown in the acquisition of capital investment projects related to automobile production in India.

(iii) Sales results

Actual sales in the current consolidated fiscal year is as follows.

Segment	Amount (million yen)	Year-on-year increase/decrease rate (%)
Japan	18,312	0.6
Europe	9,310	7.5
Americas	7,075	3.1
China	11,520	0.9
Others	8,191	(1.0)
Total	54,411	1.8

(3) Analysis and examination details regarding the status of operating results, etc. from the management's perspective

(i) Overview and results of operations

During the current consolidated fiscal year, the global economy showed favorable employment and personal consumption, particularly in the United States, while recovery in Europe and China differed by area due to high interest rates and a sluggish real estate market. Overall, the global economy continued to recover gradually as a result of the ongoing impact of monetary tightening and geopolitical risks, as well as stagnant capital investment. In Japan, the spread of pay increases and a sense of relief from rising prices aided the recovery of personal spending, but due to the global economic slump, exports and capital investment failed to expand. Corporate performance and employment environment generally remained strong; however, uncertainty about the future persisted due to the influence of the Bank of Japan's monetary policy trends and exchange rate fluctuations. In spite of this, modest recovery trend was maintained overall.

Under such circumstances, our business performance for the current consolidated fiscal year is as follows: sales stood at 54,411 million yen (up 1.8% from the previous consolidated fiscal year), operating profit at 5,903 million yen (down 4.4%), ordinary profit at 7,139 million yen (down 10.6%), and profit attributable to owners of parent at 4,276 million yen (down 13.3%). From these results, the ROE in the current consolidated fiscal year stood at 9.4% (down 2.3 points), and the equity ratio increased by 0.9 points to 67.7%.

(ii) Results of operations by segment

Results of operations by regional segment, which our Group adopts, are as described below. For details of the results of our operations by segment, refer to (Segment information, etc.) in "Section 5 [Status of Accounting] – 1. [Consolidated financial statements, etc.] – (1) [Consolidated financial statements] – [Notes]."

(Japan)

Net sales stood at 24,847 million yen (down 5.6% from the previous consolidated fiscal year), and segment profit stood at 2,620 million yen (down 23.6%). The main reason for the decrease in profit was due to lower sales of products in general, primarily high-profit ratio products such as vacuum equipment.

In the air compressor field, although the overall shipment volume of small compressors in the industry stagnated, sales increased due to the penetration of price revisions and the effectiveness of promotional campaigns.

In the vacuum equipment field, sales of vacuum pumps for semiconductor manufacturing-related equipment to domestic equipment manufacturers declined as a result of a drop in demand in the Chinese market, where these items are ultimately sold.

In the coating equipment field, while sales of hand spray guns remained stable, sales of coating material feeding equipment and equipment for applying liquids other than paint increased, leading to overall sales growth.

In the coating systems field, we were unable to cover the low initial order backlog for coating systems, mainly in automotive production with orders received during the period, resulting in a decrease in sales.

(Europe)

Net sales stood at 10,137 million yen (up 8.1% from the previous consolidated fiscal year), and segment profit stood at 828 million yen (down 0.1%). The main reason for the decline in profit was a decrease in sales of high-profit ratio oil-free air compressors.

In the air compressor field, sales of oil-free air compressors decreased due to changes in demand trends from OEM customers. Additionally, we have begun rebuilding the sales systems across Europe and our subsidiaries to improve this situation.

In the coating equipment field, sales increased throughout Europe due to continued firm sales of spray guns for the car repair market, coating units for the woodwork market, and favorable sales of airbrushes at our German subsidiaries.

(Americas)

Net sales stood at 7,446 million yen (up 2.6% from the previous consolidated fiscal year), and segment profit stood at 898 million yen (down 3.2%). The main reason for the decline in profit was a decrease in sales of high-profit ratio oil-free air compressors in South America.

In the air compressor field, sales of oil-free scroll air compressors for the medical market increased mainly in the United States.

In the vacuum equipment sector, sales decreased due to the lack of spot demand in the United States seen in the previous fiscal year. At the same time, we are focusing on developing new sales channels.

In the coating equipment field, sales increased due to steady sales of painting units for the woodwork market in the United States and strong sales of hand spray guns in Brazil.

(China)

Net sales stood at 12,567 million yen (up 1.3% from the previous consolidated fiscal year), and segment profit stood at 882 million yen (up 9.1%).

In the air compressor field, while export sales by local subsidiaries remained steady, a slowdown was observed towards the end of the fiscal year. Additionally, domestic sales continued to be in a difficult state, and overall sales decreased.

In the vacuum equipment field, sales of vacuum pumps for lithium-ion battery manufacturing-related equipment supported business performance. However, demand decreased toward the end of the fiscal year.

In the coating equipment field, sales declined as a result of the Chinese economy's continued slowdown.

In the coating systems field, sales increased due to completed deliveries of coating systems related to the production of machine parts and resin products in particular.

(Others)

Net sales stood at 9,948 million yen (down 1.2% from the previous consolidated fiscal year), and segment profit stood at 1,546 million yen (down 3.4%).

In the air compressor field, while sales of medium-sized air compressors in the general market in India fell short of the previous year's figures, sales of small-sized compressors increased. In East Asia, the demand for small air compressors for the general market expanded, leading the overall growth.

In the coating equipment field, sales of hand spray guns for the car repair market and the industrial coating market in India and Australia increased.

In the coating systems field, not only the initial backlog of orders but also the acquisition of orders during the period remained challenging in Southeast Asia. In India as well, inquiries did not lead to sales during the period, resulting in a decrease in sales.

(iii) Analysis of financial resources and liquidity of funds

Financial resources of the Group are basically funded by equity capital, but partly procured through borrowing from financial institutions. Working capital of the Group is primarily needed to purchase raw materials and operating expenses such as manufacturing, selling, general and administrative expenses. The capital needs for investment are due to capital investment including overseas subsidiaries, M&A, etc.

Cash and cash equivalents at end of period of the current consolidated fiscal year of the Group were 17,686 million yen against short-term borrowings of 858 million yen, ensuring liquidity of funds. We have an overdraft limit and a commitment line agreement amount of approximately 7,949 million yen, and based on these contracts, the balance of executed loans at the end of the current consolidated fiscal year was 96 million yen.

(iv) Significant accounting estimates and assumptions using such estimates

Consolidated financial statements of the Group are prepared in accordance with generally accepted accounting standards in Japan. For the important accounting policies adopted by the Company, refer to "Section 5 [Status of Accounting] – 1. [Consolidated financial statements, etc.] - (1) [Consolidated financial statements] - [Notes] (Basic, important matters for preparing consolidated financial statements)." When preparing the consolidated financial statements for matters that require estimates, such accounting estimates are based on reasonable standards. Regarding these estimates, authority is clearly defined and judgments based on appropriate information are sought. However, actual results may differ from these estimates due to uncertainties.

Important accounting estimates and assumptions used in the preparation of consolidated financial statements are as follows. For details, refer to (Significant accounting estimates) in "Section 5 [Status of Accounting] – 1. [Consolidated financial statements, etc.] - (1) [Consolidated financial statements] - [Notes]."

(Impairment of property, plant and equipment and intangible assets including goodwill)

Determining recognition of impairment losses for non-current assets is based on business plans that estimate future cash flow. Since the Group actively invests in subsidiaries, including M&A, for business expansion, determination of impairment losses on non-current assets and goodwill held by affiliated companies, etc. and calculation of the amortization period when recording goodwill are especially recognized to have significant impact on the performance of the Group, and the appropriateness of the estimates and assumptions used in these calculations is ensured by careful consideration and supervision by the Board of Directors. However, if the assumptions for estimating future cash flows change due to changes in the market environment, etc., such may significantly impact the determination of whether to recognize impairment losses and the amount of such impairment losses.

5. [Important contracts, etc.]

There are no relevant matters.

6. [Research and development activities]

The research and development activities of the Group are in the form of joint promotion with affiliated companies, led by the Company. In addition to making environmental conservation a major objective in our technological development, we actively promote development of new products and improvement of existing products to meet the needs of our customers, while promoting the advancement of our unique technology and the application development of advanced technology.

Total R&D cost for the current period was 1,011 million yen. In addition, 762 million yen used to improve and modify products has been allocated for manufacturing costs. Reporting segments are Japan, Europe and China, and Japan accounts for 1,417 million yen of the total of 1,774 million yen.

Section 3 [Status of Facilities]

1. [Outline of capital investments]

Based on the basic policy of "transformation into a corporate structure and corporate culture that is not affected by economic fluctuations," the Group has made a total capital investment of 3,351 million yen, mainly to update and rationalize production facilities and improve the environment.

By segment, in Japan, we invested 2,032 million yen principally to strengthen development capabilities, including the establishment of a prototype building to improve the efficiency of new product development. In Europe, 381 million yen was invested, mainly to expand production facilities. In the Americas, 117 million yen was invested, mainly to expand production facilities. In China, 192 million yen was invested, mainly to expand production facilities. In the Others segment, 628 million yen was invested, mainly to expand production facilities.

Required funds are provided by cash-on-hand and lease agreements.

2. [Status of major facilities]

Major facilities of the Company and its consolidated subsidiaries are as listed below.

(1) Segment-wise breakdown

As of March 31, 2025

Segment	Book value (million yen)						Number of employees (persons)
	Buildings and Structures	Machinery, equipment and vehicles	Leased assets	Land (Area; m ²)	Other	Total	
Japan	3,511	1,185	1,618	1,246 (215,401.9) [1,726.0]	581	8,144	663
Europe	536	646	121	137 (17,270.0)	125	1,566	216
Americas	947	136	3	110 (13,091.2)	18	1,216	120
China	499	290	—	—	49	839	442
Others	947	611	40	990 (11,401.2)	155	2,744	465
Total	6,442	2,870	1,784	2,485 (257,164.3) [1,726.0]	929	14,511	1,906

(Notes) 1. Book value does not include construction in progress, 583 million yen.

2. Land, buildings, vehicles and other parts are leased. Rent expenses or lease fees are 814 million yen. Land area of rented land is described in square brackets [].

3. No major facilities are out of service.

(2) Submitting company

As of March 31, 2025

Office name□(location)	Segment	Facility details	Book value (million yen)						Number of employees (persons)
			Buildings and structures	Machinery, equipment and vehicles	Leased assets	Land (Area; m ²)	Other	Total	
Head office/factory (Kohoku Ward, Yokohama City)	Japan	Supervisory business facilities, etc.	2,077	348	124	665 (36,716.8) [1,726.0]	342	3,559	319
Akita Factory (Daisen City, Akita Prefecture)	Japan	Coating equipment production facilities	495	410	56	40 (33,937.3)	44	1,047	66
Fukushima Factory (Yabuki Town, Nishishirakawa District, Fukushima Prefecture)	Japan	Air compressors production facilities, etc.	871	424	1,426	414 (143,527.6)	126	3,264	155
Sales office (Nagoya City, Aichi Prefecture, etc.)	Japan	Other facilities	53	—	—	126 (1,220.3)	29	209	70
Rental real estate to subsidiaries (Baden-Württemberg, Germany)	Europe	Air compressors production facilities, etc.	34	17	—	21 (2,238.0)	—	73	—
Total			3,532	1,201	1,608	1,268 (217,639.9) [1,726.0]	543	8,154	610

(Notes) 1. Book value does not include construction in progress, 319 million yen.

2. Land, buildings, vehicles and other parts are leased. Land area of rented land is described in square brackets [].

3. Major rental and lease facilities are as follows.

Office name	Segment	Facility details	Rent expenses or lease fees (million yen)
Head office/factory (Kohoku Ward, Yokohama City)	Japan	Other facilities	107
Akita Factory (Daisen City, Akita Prefecture)	Japan	Coating equipment production facilities	6
Fukushima Factory (Yabuki Town, Nishishirakawa District, Fukushima Prefecture)	Japan	Air compressor production facilities, etc.	104
Sales office (Nagoya City, Aichi Prefecture, etc.)	Japan	Other facilities	58

(3) Domestic subsidiary

As of March 31, 2025

Office name (location)	Segment	Facility details	Book value (million yen)						Number of employees (persons)
			Buildings and structures	Machinery, equipment and vehicles	Leased assets	Land (Area; m ²)	Other	Total	
A&C Service Corporation (Tsuzuki Ward, Yokohama City)	Japan	Other facilities	12	0	3	—	32	49	43
ANEST IWATA A.I.R. Corporation (Kohoku Ward, Yokohama City)	Japan	Other facilities	—	1	6	—	5	14	10

(4) Overseas subsidiaries

As of March 31, 2025

Office name (location)	Segment	Facility details	Book value (million yen)						Number of employees (persons)
			Buildings and structures	Machinery, equipment and vehicles	Leased assets	Land (Area; m ²)	Other	Total	
ANEST IWATA Deutschland GmbH (Sachsen,, Germany)	Europe	Other facilities	—	5	—	—	18	24	9
ANEST IWATA EUROPE GmbH (Baden-Württemberg, Germany)	Europe	Air compressors production facilities, etc.	14	0	—	—	7	21	12
HARDER & STEENBECK GmbH & Co. KG (Hamburg, Germany)	Europe	Coating equipment production facilities, etc.	—	196	—	—	42	239	36
ANEST IWATA Strategic Center S.r.l. (Lombardy, Italy)	Europe	Coating equipment production facilities, etc.	461	391	121	108 (12,724.0)	21	1,104	89
ANEST IWATA France S.A. (Saint-Quentin-Fallavier, France)	Europe	Other facilities	—	1	—	—	24	25	26
ANEST IWATA (UK) Ltd. (Cambridgeshire, United Kingdom)	Europe	Other facilities	—	11	—	—	8	20	11
ANEST IWATA Scandinavia AB (Partille, Sweden)	Europe	Other facilities	9	6	—	7 (2,308.0)	—	23	6
ANEST IWATA Iberica, S.L.U. (Barcelona, Spain)	Europe	Other facilities	15	3	—	—	2	20	9
ANEST IWATA Polska Sp. z o.o. (Poznań, Poland)	Europe	Other facilities	0	11	—	—	—	12	10
ANEST IWATA RUS LLC (Moscow, Russia)	Europe	Other facilities	—	0	—	—	—	0	8
ANEST Iwata-Medea, Inc. (Oregon, USA)	Americas	Other facilities	735	4	—	79 (4,249.0)	4	824	24
ANEST IWATA Americas, Inc. (Ohio, USA)	Americas	Air compressors production facilities, etc.	209	99	3	30 (8,842.2)	2	345	47
ANEST IWATA Mexico, S. De R. L. De C.V. (Guanajuato, Mexico)	Americas	Other facilities	2	21	—	—	1	26	12
AIRZAP ANEST IWATA Industria e Comercio Ltda. (Sao Paulo, Brazil)	Americas	Air compressors production facilities, etc.	—	10	—	—	8	19	37
ANEST IWATA INDUSTRIAL MACHINERY (JIAXING) COMPANY LIMITED (Jiaxing City, Zhejiang Province, People's Republic of China)	China	Coating equipment production facilities	22	46	—	—	9	78	38
ANEST IWATA (SHANGHAI) Corporation (Shanghai, People's Republic of China)	China	Other facilities	—	—	—	—	16	16	46
ANEST IWATA FEELER Corporation (Hangzhou City, Zhejiang Province, People's Republic of China)	China	Air compressors production facilities, etc.	188	52	—	—	5	246	64
Shanghai Screw Compressor Co., Ltd. (Shanghai, People's Republic of China)	China	Air compressors production facilities, etc.	207	55	—	—	15	278	248
Shanghai Globe Screw Technology Co., Ltd. (Shanghai, People's Republic of China)	China	Air compressors production facilities, etc.	81	135	—	—	1	218	46
ANEST IWATA Taiwan Corporation (Hsinchu, Taiwan, Republic of China)	Others	Coating equipment production facilities, etc.	436	188	—	658 (3,610.0)	13	1,295	46
ANEST IWATA SPARMAX Co., Ltd. (Datong District, Taipei City,	Others	Air compressors production	—	29	—	—	23	53	86

Office name (location)	Segment	Facility details	Book value (million yen)						Number of employees (persons)
			Buildings and structures	Machinery, equipment and vehicles	Leased assets	Land (Area; m ²)	Other	Total	
Republic of China)		facilities, etc.							
ANEST IWATA MOTHERSON Private Ltd. (New Delhi, India)	Others	Air compressors production facilities, etc.	351	279	40	—	114	786	229
ANEST IWATA Southeast Asia Co., Ltd. (Bangkok, Thailand)	Others	Air compressors production facilities, etc.	45	35	—	110 (4,484.0)	1	193	47
ANEST IWATA KOREA Corporation (Ansan, Republic of Korea)	Others	Air compressors production facilities, etc.	113	3	—	221 (3,307.2)	2	341	13
ANEST IWATA VIETNAM Co., Ltd. (Ho Chi Minh, Vietnam)	Others	Other facilities	—	7	—	—	—	7	12
PT. ANEST IWATA Indonesia (Special Capital Region of Jakarta, Indonesia)	Others	Other facilities	—	1	—	—	0	1	8
ANEST IWATA A.I.R. Philippines Inc. (Pampanga, the Philippines)	Others	—	—	—	—	—	—	—	—
ANEST IWATA Australia Pty. Ltd. (New South Wales, Australia)	Others	Other facilities	—	58	—	—	—	58	21
ANEST IWATA South Africa (Pty) Ltd. (Johannesburg, South Africa)	Others	Other facilities	—	6	—	—	0	6	3

(Note) Book value does not include construction in progress, 264 million yen.

3. [Planned new installations and removals, etc. of facilities]

Capital investment by the Company and its consolidated subsidiaries is planned based on the Medium-Term Business Plan, comprehensively taking into consideration the ratio of investment to profit. Domestic subsidiaries are included in the investment plan of the submitting company, and overseas subsidiaries are individually planned. However, adjustments to avoid any duplication of investment overall is sought.

As of the end of the current consolidated fiscal year, the amount of capital investment related to planned new installations and repairs, etc. of important facilities is 3,450 million yen, and appropriation of the required funds from cash-on-hand and lease agreements is planned.

Planned new installations and removals, etc. of important facilities are as follows.

(1) New installations of important facilities

New installations of facilities of the Company and its consolidated subsidiaries are as listed below.

As of March 31, 2025			
Segment	Amount planned at the end of March 2025 (million yen)	Main content and purpose of facilities, etc.	Fund-raising method
Japan	1,956	Enhancement of production facilities, IT investment, etc.	Cash-on- hand/leasing
Europe	975	Enhancement of production facilities, etc.	Same as above
Americas	136	Same as above	Same as above
China	191	Same as above	Same as above
Others	192	Same as above	Same as above
Total	3,450		

(2) Removal of important facilities

There are no plans for removal of important facilities.

Section 4 [Status of the Submitting Company]

1. [Status of shares, etc.]

(1) [Total number of shares, etc.]

(i) [Total number of shares]

Class	Total number of shares authorized to be issued (shares)
Common shares	189,290,000
Total	189,290,000

(ii) [Shares issued]

Class	Number of shares issued as of the end of the fiscal year (shares) (March 31, 2025)	Number of shares issued as of the date of submission (shares) (June 24, 2025)	Name of listed stock exchange or registered authorized financial instruments firms association	Description
Common shares	41,745,505	41,745,505	Prime Market of Tokyo Stock Exchange	Number of shares constituting one unit: 100 shares
Total	41,745,505	41,745,505	—	—

(2) [Status of subscription rights to shares, etc.]

(i) [Details of the stock option plan]

There are no relevant matters.

(ii) [Details of the rights plan]

There are no relevant matters.

(iii) [Status of other subscription rights to shares, etc.]

There are no relevant matters.

(3) [Status of exercise of bonds with subscription rights to shares with exercise price amendment clause, etc.]

There are no relevant matters.

(4) [Changes in the total number of shares issued, share capital, etc.]

Date	Changes in the total number of shares issued (shares)	Balance of the total number of shares issued (shares)	Changes in share capital (million yen)	Balance of share capital (million yen)	Changes in legal capital surplus (million yen)	Balance of legal capital surplus (million yen)
December 25, 2015	(140,000)	41,745,505	—	3,354	—	1,380

(Note) The decrease was due to the cancellation of treasury shares.

(5) [Status by owner]

As of March 31, 2025

AS of March 31, 2023

Classification	Status of shares (Number of shares per trading unit: 100 shares)								Shares representing less than one unit (shares)
	National and local governments	Financial institution	Financial instruments business operator	Other legal entities	Foreign corporation, etc.		Individuals and other	Total	
					Non-individual	Individual			
Number of shareholders (persons)	—	14	24	117	133	10	5,980	6,278	—
Number of shares held (unit)	—	120,687	5,857	27,977	104,322	24	157,087	415,954	150,105
Percentage of shares held (%)	—	29.01	1.41	6.73	25.08	0.01	37.77	100.00	—

(Note) Out of 2,156,489 treasury shares, 21,564 units are described as "Individuals and other" and 89 shares are described as "Shares representing less than one unit."

The actual number of shares held is same as the number of shares on the shareholder registry as of March 31, 2025.

(6) [Status of major shareholders]

As of March 31, 2025

Name	Address	Number of shares held (thousand shares)	Ratio of number of shares held to total number of shares issued (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	1-8-1 Akasaka, Minato-ku, Tokyo	4,911	12.4
The Dai-ichi Life Insurance Company, Limited	1-13-1 Yurakucho, Chiyoda-ku, Tokyo	2,272	5.7
ANEST IWATA Customers' Stockholding	3176 Shinyoshida-cho, Kohoku-ku, Yokohama-shi	1,988	5.0
ANEST IWATA Suppliers' Stockholding	3176 Shinyoshida-cho, Kohoku-ku, Yokohama-shi	1,897	4.8
Meiji Yasuda Life Insurance Company	2-1-1 Marunouchi, Chiyoda-ku, Tokyo	1,520	3.8
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	1,479	3.7
The Bank of New York 133652 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Service Department)	Boulevard Anspach 1, 1000 Brussels Belgium (2-15-1 Konan, Minato-ku, Tokyo)	1,279	3.2
Northern Trust Co. (AVFC) Re UKUC UCITS Clients Non Lending 10PCT Treaty Account (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch, Custody Services Department)	50 Bank Street Canary Wharf London E14 5NT, UK (3-11-1 Nihonbashi, Chuo-ku, Tokyo)	1,136	2.9
ANEST IWATA Employees' Stockholding	3176 Shinyoshida-cho, Kohoku-ku, Yokohama-shi	867	2.2
KIA Fund 136 (Standing proxy: Citibank, N.A., Tokyo Branch)	Minitries Complex PO Box 64 Satat 13001 Kuwait (6-27-30 Shinjuku, Shinjuku-ku, Tokyo)	801	2.0
Total		18,150	45.8

(Notes) 1. Shareholding ratio is calculated after deducting treasury shares (2,156,489 shares).

2. The amendment report to the Report of Large Volume Holding dated November 18, 2024, made available for public inspection by Mitsubishi UFJ Financial Group, Inc. (joint shareholders: Mitsubishi UFJ Trust and Banking Corporation, Mitsubishi UFJ Asset Management Co., Ltd., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., and First Sentier Investors (UK) IM Limited) states that as of November 11, 2024, the company held 3,899,800 shares. However, the company has not been included in the above major shareholders as we have been unable to confirm the actual number of shares held by the company as of March 31, 2025.

(7) [Status of voting rights]

(i) [Shares issued]

As of March 31, 2025

Classification	Number of shares (shares)	Number of voting rights (units)	Description
Non-voting shares	—	—	—
Shares with restricted voting rights (treasury shares, etc.)	—	—	—
Shares with restricted voting rights (other)	—	—	—
Shares with full voting rights (treasury shares, etc.)	(Treasury shares) Common shares 2,156,400	—	—
Shares with full voting rights (other)	Common shares 39,439,000	394,390	—
Shares constituting less than one unit	Common shares 150,105	—	Shares less than one unit (100 shares)
Total number of shares issued	41,745,505	—	—
Voting rights of all shareholders	—	394,390	—

(ii) [Treasury shares, etc.]

As of March 31, 2025

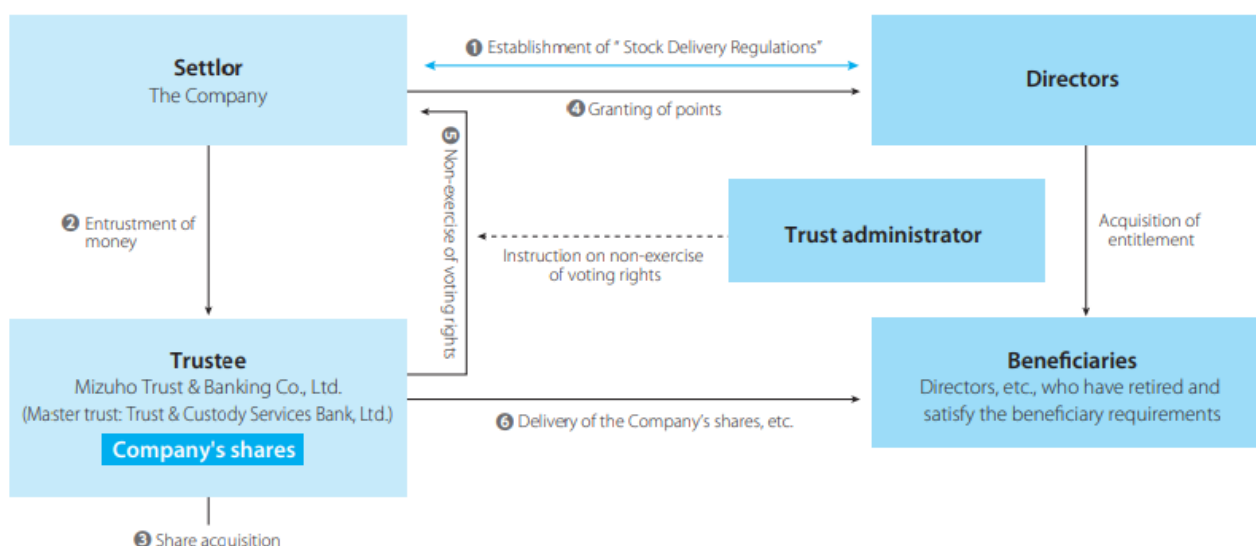
Name of owner	Address of owner	Number of shares held under own name (shares)	Number of shares held under the names of others (shares)	Total number of shares held (shares)	Ratio of number of shares held to total number of shares issued (%)
(Treasury shares) ANEST IWATA Corporation	3176 Shinyoshida-cho, Kohoku-ku, Yokohama-shi	2,156,400	—	2,156,400	5.17
Total	—	2,156,400	—	2,156,400	5.17

(8) [Description of officer/employee shares ownership plan]

Based on the resolution of the 73rd Ordinary General Shareholders' Meeting (hereinafter referred to as the "General Shareholders' Meeting") held on June 25, 2019, a performance-based stock compensation plan, "Board Benefit Trust (BBT)" (hereinafter referred to as the "plan"), was introduced for Directors (excluding Chairman, Directors who are Audit and Supervisory Committee Members, and other Directors who are Independent Directors) and corporate officers who do not hold a concurrent position as a Director (hereinafter referred to as "Directors and others").

1. Overview of the plan

The plan is a performance-based stock compensation plan whereby the trust established by the Company (the trust established in accordance with the plan is hereinafter referred to as the "trust") acquires Company shares by using the money contributed by the Company as a fund and through the trust, Company shares and money equivalent to the amount of money resulting from translating Company shares at market value (hereinafter referred to as "Company shares, etc.") to Directors and others according to the rules for granting shares. In addition, the purpose is to clarify the connection between the compensation of Directors and others and the Company's business performance and stock value, and to raise awareness of the need to share not only the benefits of rising shares prices but also the risks of falling shares prices with shareholders thereby contributing to better medium- to long-term business performance and increasing corporate value. In order to achieve the goals of the Medium-Term Business Plan that started in the fiscal year ending March 31, 2026, we will further strengthen the executive function of the management body and further promote the sharing of value with our shareholders.



- ① At the 73rd Ordinary General Shareholders' Meeting, we passed a resolution regarding officer compensation for the plan, and established the rules for granting shares within the scope of the framework approved at the General Shareholders' Meeting.
- ② We shall entrust money within the scope approved by the resolution of the General Shareholders' Meeting in ①.
- ③ The trust shall acquire Company shares using the money entrusted in ② as a fund, through the stock exchange market or by subscribing to the disposal of the Company's treasury shares.
- ④ We shall award points to Directors and others based on the rules for granting shares.
- ⑤ The trust shall follow the instructions of the trust administrator independent from the Company and shall not exercise voting rights pertaining to the Company shares in the trust account.
- ⑥ The trust shall provide Company shares to eligible persons who meet the beneficiary requirements stipulated in the rules for granting shares (hereinafter referred to as "beneficiaries") in accordance with the number of points granted to such beneficiaries. However, if Directors and others meet the requirements stipulated in the rules for granting shares, a certain percentage of points shall be paid in cash equivalent to the market value of the Company shares.

2. Maximum total number of shares to be provided to Directors and others
285,000 shares

3. Scope of persons who can receive beneficiary rights and other rights under the plan
Eligible persons who meet the beneficiary requirements as stipulated in the rules for granting shares

2. [Status of purchase, etc. of treasury shares]

[Types of shares, etc.]

Acquisition of common shares pursuant to Article 155, Item 3 and Article 155, Item 7 of the Companies Act

(1) [Status of acquisition by resolution at a general shareholders' meeting]

There are no relevant matters.

(2) [Status of acquisition by resolution at a Board of Directors meeting]

Classification	Number of shares (shares)	Total value (thousand yen)
Board of Directors resolution status (January 10, 2024) (Acquisition period: January 11, 2024 to June 28, 2024)	1,500,000	1,500,000
Acquired treasury shares before the fiscal year under review	691,100	891,488
Acquired treasury shares in the fiscal year under review	176,100	233,220
Total number and value of remaining resolution shares	632,800	375,291
Unexercised percentage as of the last day of the fiscal year under review (%)	42.2	25.0
Acquired treasury shares during the current period	—	—
Unexercised ratio as of submission date (%)	42.2	25.0

(Note) Regarding the aforementioned acquisition of treasury shares, due to the influence of our Company's share price increase during the acquisition period, the total number of shares acquired and the total acquisition cost did not ultimately reach the upper limits set by the resolution.

Classification	Number of shares (shares)	Total value (thousand yen)
Board of Directors resolution status (September 10, 2024) (Acquisition period: September 11, 2024 to February 28, 2025)	400,000	400,000
Acquired treasury shares before the fiscal year under review	—	—
Acquired treasury shares in the fiscal year under review	284,600	399,882
Total number and value of remaining resolution shares	115,400	117
Unexercised percentage as of the last day of the fiscal year under review (%)	28.9	0.0
Acquired treasury shares during the current period	—	—
Unexercised ratio as of submission date (%)	28.9	0.0

(3) [Description of matters not based on a resolution at a general shareholders' meeting or a resolution at a Board of Directors meeting]

Classification	Number of shares (shares)	Total value (thousand yen)
Acquired treasury shares in the fiscal year under review	237	347
Acquired treasury shares during the current period	—	—

(Note) Acquired treasury shares during the current period do not include the number of shares acquired through the purchase of shares less than one unit from June 1, 2025 to the date of submission of the Annual Securities Report.

(4) [Processing status and holding status of acquired treasury shares]

Classification	Fiscal year under review		Current period	
	Number of shares (shares)	Total disposition amount (thousand yen)	Number of shares (shares)	Total disposition amount (thousand yen)
Acquired treasury shares for which subscribers were solicited	—	—	—	—
Acquired treasury shares that have been canceled	—	—	—	—
Acquired treasury shares that have been transferred due to a merger, shares exchange, shares delivery, or company split	—	—	—	—
Other (Sale due to the request for the additional purchase of shares less than one unit)	—	—	—	—
(Disposal of treasury shares through third-party allotment due to additional contributions to the Board Benefit Trust (BBT))	100,000	134,700	—	—
Number of treasury shares held	2,156,489	—	2,156,489	—

(Notes) 1. The number treasury shares held during the current period does not include the number of shares acquired through the purchase of shares less than one unit from June 1, 2025 to the date of submission of the Annual Securities Report.

2. The 245,400 shares held by the Board Benefit Trust are not included in the number of treasury shares held.

3. [Dividend policy]

Our Group would like to enhance our corporate value and meet shareholder expectations by actively injecting money into the development of human resources, research and development, production capacity increase, production rationalization, M&A, etc. and improving our consolidated financial results from a mid- and long-term perspective.

The range of "profit attributable to our shareholders" in consolidated financial results and a consolidated dividend payout ratio of 40% have always served as standards for our dividend policy. Based on this policy, we intend to propose an ordinary dividend of 23.0 yen per share at the ordinary general shareholders' meeting scheduled to be held on June 25, 2025, for the year-end dividend of the current fiscal year.

Starting from the fiscal year ending March 31, 2026, which is the first year of the new Medium-Term Business Plan, we will adopt dividend on equity (DOE) as a new indicator instead of the previous dividend payout ratio. During the current Medium-Term Business Plan, except in cases of sudden fluctuations in consolidated performance and financial condition, we aim for a DOE of 7.0-7.5% and set a minimum annual dividend of 83 yen per share, implementing progressive increases in dividends.

The Articles of Incorporation stipulate that interim dividends may be paid as prescribed in Article 454, Paragraph 5 of the Companies Act.

The Company's basic policy is to pay dividends from surplus twice a year, one interim and one year-end. The Board of Directors determines the amount of the interim dividends and the Shareholders determine the amount of the year-end dividends at the general shareholders' meeting.

Dividends of surplus for the 79th term are as follows.

Resolution date	Total amount of dividends (million yen)	Dividend per share (yen)
November 11, 2024 Resolution by Board of Directors	874	22.0
June 25, 2025 Resolution by ordinary general shareholders' meeting (Scheduled)	910	23.0

4. [Status of corporate governance]

(1) [Overview of Corporate Governance]

(i) Basic approach to corporate governance

We aim to achieve sustained growth and to maximize corporate value. To this end, we consider it imperative to improve the agility and transparency of management and to strengthen oversight of it, and to improve the effectiveness of corporate governance, taking into account the perspectives of shareholders, employees, customers, business partners, and regional communities, among others.

(ii) Corporate governance system

<Overview and reasons for adopting the system>

The Company operates as a company with an Audit and Supervisory Committee. The Nominating/Compensation Committee has also been established as a non-statutory advisory committee under the Board of Directors, and the Internal Controls Committee assists the Board of Directors. In order to ensure flexible decision-making in response to the changing business environment, the Company has also adopted the corporate officer system.

The Company, recognizing the enhancement of corporate governance to be a management priority, has proactively appointed independent Directors with diverse expertise and insight, in addition to having Directors who are Audit and Supervisory Committee Members conduct supervision and audits in a timely and appropriate manner, thereby ensuring the fairness and transparency of management. Through these initiatives, the Company ensures the enhancement of corporate value and its sustained growth for each one of its stakeholders.

1) Board of Directors

The Board of Directors is comprised of nine Directors (including five Independent Directors), including four whom are Directors who are Audit and Supervisory Committee Members (three Independent Directors). The Board of Directors meets at least once a month to receive reports on company management decision-making and the business execution status, and to monitor and supervise business execution by the Representative Director and Corporate Officers. The number of Members of the Board of Directors shall be 11 or less, and dismissal shall be subject to special resolution by the general shareholders' meeting.

Furthermore, the Company has proposed the "election of five Directors (excluding Directors, Audit and Supervisory Committee Members)" as an agenda item (resolution matter) for the 79th Ordinary General Shareholders' Meeting, which will be held on June 25, 2025. Even if this agenda item is approved as originally proposed, the number of directors mentioned above will remain the same.

2) Audit and Supervisory Committee

The Audit and Supervisory Committee consists of four Audit and Supervisory Committee Members (including three Independent Directors). In principle, the Audit and Supervisory Committee meets once a month. In addition to attending important meetings such as the Management Conference and Corporate Officer Committee, the Audit and Supervisory Committee reviews materials and minutes, and regularly exchanges opinions with Directors and employees. We strive to improve the quality of audits through regular audit discussions between the accounting auditor, the internal audit division, and the Audit and Supervisory Committee based on the audit policy and audit plan formulated by the Audit and Supervisory Committee. Expert employees who assist Audit and Supervisory Committee Members are designated as the internal audit division, which is organized within the management body. Expenses needed for audits by Audit and Supervisory Committee Members, including any provisional payments, are determined by the Audit and Supervisory Committee.

3) Non-statutory committees within the management body

a. Nominating/Compensation Committee

A non-statutory advisory committee under the Board of Directors, it consists of six members: the Representative Director and five Independent Directors. It is chaired by an Independent Director, and the Chief Human Resources Officer assumes the role of the secretariat. The Nominating/Compensation Committee reports to the Board of Directors regarding nominations for the post of Representative Director and Director, the revision and abolition of compensation rules for the Representative Director and Directors, and the evaluations regarding the Representative Director and Inside Directors who are not Audit and Supervisory Committee Members.

Furthermore, the Company has proposed the "election of five Directors (excluding Directors, Audit and Supervisory Committee Members)" as an agenda item (resolution matter) for the 79th Ordinary General Shareholders' Meeting, which will be held on June 25, 2025. If this agenda item is approved as originally proposed, the committee will consist of seven members: the Representative Director and six Directors (including five Independent Directors).

b. Internal Controls Committee

A non-statutory committee established under the Board of Directors, it consists of six members: the Representative Director, four Directors, and the Chief Corporate Planning Officer. It is chaired by the Representative Director, and the Chief Internal Audit Officer assumes the role of the secretariat. It reports to the Board of Directors on the development of policies such as the basic internal control policy, the maintenance policy for the internal control system, and the corporate governance policy, and their quarterly implementation status.

Furthermore, the Company has proposed the "election of five Directors (excluding Directors, Audit and Supervisory Committee Members)" as an agenda item (resolution matter) for the 79th Ordinary General Shareholders' Meeting, which will be held on June 25, 2025. If this agenda item is approved as originally proposed, the Chief Corporate Planning Officer will be appointed as a Director.

4) Management Conference

The Management Conference consists of Corporate Officers (including the Representative Director and one Director who concurrently serve as Corporate Officers) with voting rights elected by the Board of Directors, and general managers, is held at least once a month, and is chaired by the President and Chief Executive Officer. This conference is held to discuss and deliberate on matters related to business operations for the purpose of contributing to more effective business execution.

Furthermore, the Company has proposed the "election of five Directors (excluding Directors, Audit and Supervisory Committee Members)" as an agenda item (resolution matter) for the 79th Ordinary General Shareholders' Meeting, which will be held on June 25, 2025. If this agenda item is approved as originally proposed, the number of Directors who also serve as Corporate Officers will be three, including the Representative Director.

5) Corporate Officer Committee

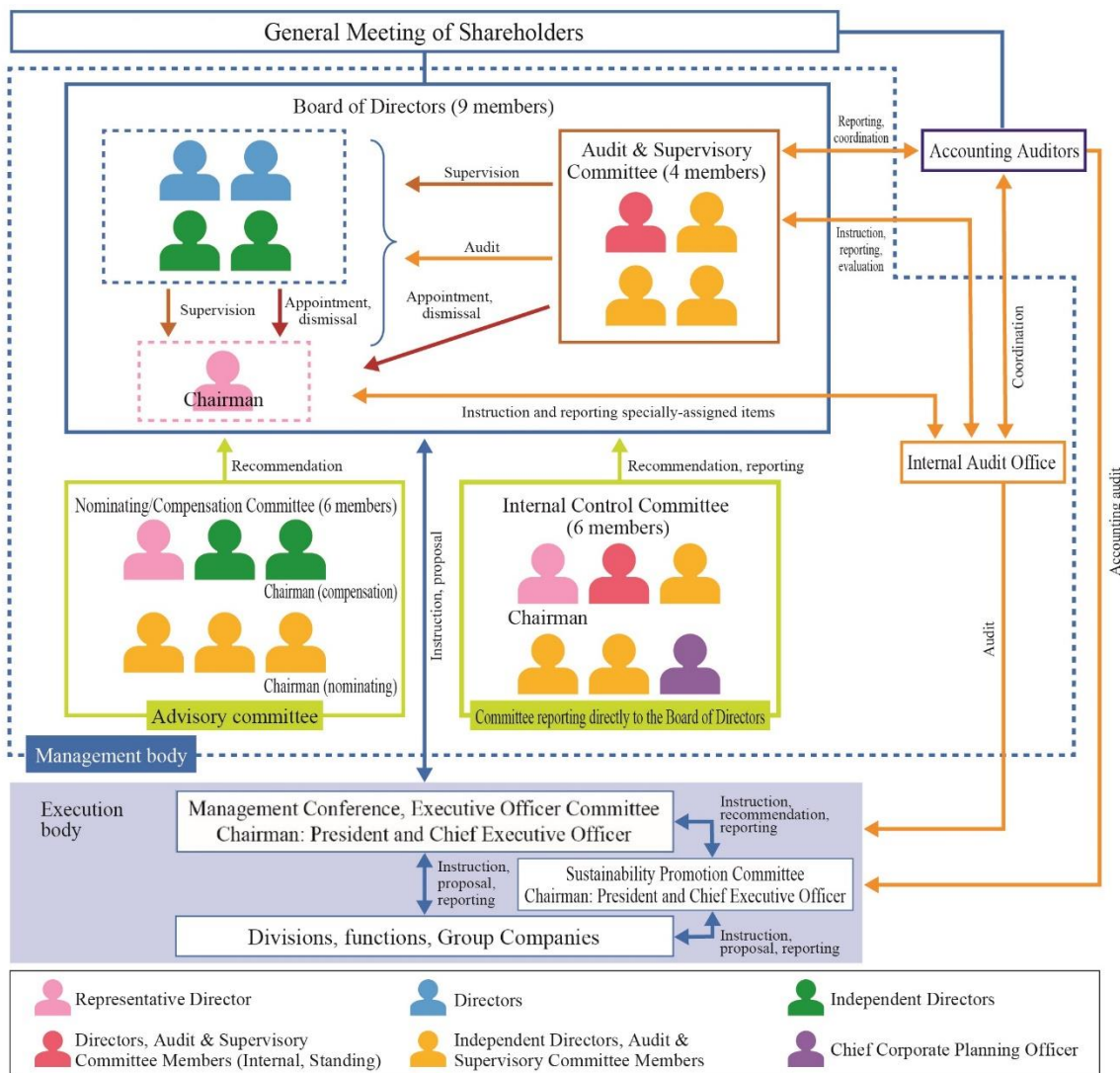
The Corporate Officer Committee is composed of nine Corporate Officers appointed by the Board of Directors (including the Representative Director and one Director who concurrently serve as Corporate Officers) and supports the decision-making of the President and Chief Executive Officer under the management policies resolved by the Board of Directors.

Furthermore, the Company has proposed the "election of five Directors (excluding Directors, Audit and Supervisory Committee Members)" as an agenda item (resolution matter) for the 79th Ordinary General Shareholders' Meeting, which will be held on June 25, 2025. If this agenda item is approved as originally proposed, the number of Directors who also serve as Corporate Officers will be three, including the Representative Director.

6) Sustainability Promotion Committee

This voluntary committee is established under the Corporate Officer Committee and consists of the President and Chief Executive Officer and the heads of related divisions, and is chaired by the President and Chief Executive Officer, with the Corporate Planning Department serving as the secretariat. The Committee discusses and deliberates matters mainly related to sustainability promotion activities and reports to the Management Conference and the Corporate Officer Committee as necessary.

A schematic diagram of the Company's corporate governance structure is shown below.



The Company has proposed the "election of five Directors (excluding Directors, Audit and Supervisory Committee Members)" as an agenda item (resolution matter) for the 79th Ordinary General Shareholders' Meeting, which will be held on June 25, 2025. If this agenda item is approved as originally proposed, the Nominating/Compensation Committee will consist of seven members: the Representative Director and six Directors (including five Independent Directors). Additionally, the Chief Corporate Planning Officer in the Internal Controls Committee will be appointed as a Director.

The structure of each committee is as follows.

		Board of Directors	Audit and Supervisory Committee	Nominating/ Compensation Committee	Internal Controls Committee	Remarks	
Directors	Eisuke Miyoshi	Chairman		✓	Chairman	Concurrently serves as Corporate Officer	
	Kenichi Osawa	✓				Concurrently serves as Corporate Officer	
	Shinichi Fukase	✓					
	Yoshitsugu Asai	✓		Chairman (Compensation Committee)			Outside Officer
	Makoto Shimamoto	✓		✓			Outside Officer
Directors, Audit and Supervisory Committee Members	Katsumi Takeda	✓	Chairman		✓		
	Kazumichi Matsuki	✓	✓	Chairman (Nominating Committee)	✓		Outside Officer
	Reiko Ohashi	✓	✓	✓	✓		Outside Officer
	Yuko Shirai	✓	✓	✓	✓		Outside Officer

The Company has proposed the "election of five Directors (excluding Directors, Audit and Supervisory Committee Members)" as an agenda item (resolution matter) for the 79th Ordinary General Shareholders' Meeting, which will be held on June 25, 2025. If this agenda item is approved as originally proposed, the structure of each committee will be as follows:

		Board of Directors	Audit and Supervisory Committee	Nominating/ Compensation Committee	Internal Controls Committee	Remarks	
Directors	Eisuke Miyoshi	Chairman		✓	Chairman	Concurrently serves as Corporate Officer	
	Kenichi Osawa	✓				Concurrently serves as Corporate Officer	
	Hitoshi Iwata	✓		✓	✓	Concurrently serves as Corporate Officer	
	Makoto Shimamoto	✓		✓			Outside Officer
	Takahiro Kanayama	✓		✓			Outside Officer
Directors, Audit and Supervisory Committee Members	Katsumi Takeda	✓	Chairman		✓		
	Kazumichi Matsuki	✓	✓	Chairman (Nominating Committee)	✓		Outside Officer
	Reiko Ohashi	✓	✓	✓	✓		Outside Officer
	Yuko Shirai	✓	✓	Chairman (Compensation Committee)	✓		Outside Officer

<Other matters>

1) Internal control development status

- a. The ANEST IWATA Corporate Philosophy, which stipulates the basic policies of the Group, guidelines for all employees working in the Group to act responsibly, and observance of laws and regulations, Articles of Incorporation, policies, internal regulations, etc., is compiled and promoted. In addition to the legal division continuously conducting compliance education, we confirm the penetration status by arranging the internal audit division.
- b. The Company's business division or sales management division provides guidance and support as the supervisor for each Group company. In addition, each Group company regularly reports to the Company on its financial status and the results of deliberations by the Board of Directors.
- c. We have established a point of contact for whistleblowing, the ANEST IWATA Hotline and the ANEST IWATA Group Hotline, in order to reduce the risk of fraud and construct a system for early detection and response to legally questionable acts. In addition, we have also set up a "Suggestion Post" for consultation.

2) Regulations and other systems to manage risk of loss in the Company and the Group

- a. We have established Risk and Crisis Management Regulations in order to identify and prevent risks and maintain corporate value in the event risks appear.
- b. Based on the Risk and Crisis Management Regulations, we have established a Crisis Management Committee chaired by the President and Chief Executive Officer as a unified risk management system. In the event of an emergency, "Crisis Management Committee" will be convened for a prompt and appropriate response and to take preventative measures.
- c. We have established an independent quality assurance division to appropriately respond in the unlikely event that there is a problem with a product of our Group, and to improve customer satisfaction.

3) Outline of the contents of the contract for limitation of liability

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, a contract with Directors who are not Executive Directors has been concluded to limit his or her liabilities for damages under Article 423, Paragraph 1 of the same Act.

Contents of the contract shall limit liability for damages to the minimum liability amount as stipulated in Article 425, Paragraph 1 of the Companies Act, provided that the performance of duties is done in good faith and without gross negligence.

4) Overview of the contents of the officers' liability insurance contract

An officers' liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act has been concluded, and covers damages in the event the insured is held responsible for the performance of his or her duties or a claim related to the pursuit of such liability is made.

Persons covered by this insurance contract are the Company's Directors, Corporate Officers, and other key business executives, and the Company bears the full amount of the insurance premiums for all insured persons. Persons receiving remuneration from the Company's subsidiaries are excluded. In addition, persons who have not concluded a direct employment contract with the Company are excluded.

(iii) Activities of the Board of Directors

During the current fiscal year, meetings are held once a month in principle and whenever necessary. During the fiscal year ended March 31, 2025, 14 meetings were held. Attendance status of each Director is as follows.

		Number of meetings	Number of times attended	Remarks	
Directors	Eisuke Miyoshi	14	14	Concurrently serves as Corporate Officer	
	Kenichi Osawa	14	14	Concurrently serves as Corporate Officer	
	Shinichi Fukase	14	14	Concurrently serves as Corporate Officer	
	Yoshitsugu Asai	14	14		Outside Officer
	Makoto Shimamoto	14	14		Outside Officer
Directors, Audit and Supervisory Committee Members	Katsumi Takeda	14	14		
	Kyosuke Oshima	3	3		Outside Officer
	Kazumichi Matsuki	14	13		Outside Officer
	Reiko Ohashi	14	14		Outside Officer
	Yuko Shirai	14	14		Outside Officer

(Note) Kyosuke Oshima retired from his position at the completion of his term of office at the 78th Ordinary General Shareholders' Meeting held on June 25, 2024.

In addition to matters specified by laws and regulations or the Company's Articles of Incorporation, the Board of Directors shall make decisions on fundamental issues related to the execution of the Company's business and supervise the implementation of such matters. Main items for discussion are as follows

- Basic corporate governance system of the ANEST IWATA Group
- Medium-to long-term management policies and Medium-Term Business Plan
- Fiscal year management policies and business plan
- Promotion of new businesses and M&A
- Capital policy of the Group
- Change of Representative Director

(iv) Basic policy regarding persons who control decisions on financial and business policies

(Overview of basic policy)

As a listed company, we permit free trading of our shares and our Board of Directors does not unconditionally reject so-called "hostile takeovers" carried out without its consent as long as they add to corporate value and the common interests of shareholders. We believe that it should ultimately be up to the shareholders who own the Company's shares to decide whether or not to sell their shares in response to a large-scale purchase by a specific person.

(2) [Status of officers]

(i) List of officers

1) The status of our officers as of June 24, 2025 (the date of filing the Annual Securities Report) is as follows:

Males: 7, Females: 2 (ratio of female officers: 22.2%)

Job title	Name	Date of birth	Brief personal record		Term of office	Number of shares held
President, Representative Director and Chief Executive Officer	Eisuke Miyoshi	April 22, 1970	Apr. 1993 Apr. 2012 Apr. 2014 Apr. 2016 Jan. 2018 Apr. 2019 Jan. 2020 Aug. 2020 Apr. 2021 Apr. 2023 Jun. 2023 Apr. 2024 Apr. 2025	Joined the Company President of ANEST IWATA Coating Service Corporation President of ANEST IWATA Coating Solutions Corporation Corporate Officer of the Company General Manager of Coating Marketing Department of the Company Deputy Chief Operating Officer of Business Administration Division and General Manager of HR & General Administration Department of the Company Chief Operating Officer of Business Administration Division and General Manager of HR & General Administration Department of the Company Chief Operating Officer of Business Administration Division, General Manager of HR & General Administration Department, and General Manager of Financial and Accounting Department of the Company Managing Executive Officer, Chief Operating Officer of Business Administration Division, and General Manager of Financial and Accounting Department of the Company Managing Executive Officer and Chief Operating Officer of Business Administration Division of the Company Director of the Company Managing Executive Officer and Chief Operating Officer of Sales Division of the Company President, Representative Director and Chief Executive Officer of the Company (current position)	(Note) 2	6,720
Director and Senior Managing Executive Officer Chief Operating Officer of Sales Division	Kenichi Osawa	January 19, 1970	Apr. 1990 Jan. 2010 Jun. 2012 Apr. 2014 Apr. 2015 Jan. 2018 May 2019 Jan. 2020 Apr. 2020 Jun. 2020 Apr. 2025	Joined the Company President of ANEST IWATA (SHANGHAI) Corporation President of ANEST IWATA Shanghai Trading Corporation General Manager of Fluid Engineering Department of the Company Corporate Officer of the Company Corporate Officer and General Manager of Coating Development Department of the Company Executive Vice President and General Manager of East Asia Region of the Company Assistant Chief Operating Officer of Coating Division of the Company Senior Managing Executive Officer and Chief Operating Officer of Coating Division of the Company Director of the Company (current position) Senior Managing Executive Officer and Chief Operating Officer of Sales Division of the Company (current position)	(Note) 2	7,198
Director	Shinichi Fukase	May 13, 1965	Apr. 1988 Apr. 2008 Apr. 2010 Apr. 2016 Apr. 2019	Joined the Company President of ANEST IWATA CAMPBELL K.K. Corporate Officer and General Manager of Vacuum Equipment Department of the Company Corporate Officer and Factory Manager of Fukushima Factory, Air Energy Division of the Company Executive Vice President, Chief Operating Officer of Air Energy Division, and Factory Manager of Fukushima Factory of the Company	(Note) 2	36,200

Job title	Name	Date of birth	Brief personal record		Term of office	Number of shares held
			Jun. 2019 Apr. 2020 Apr. 2022 Apr. 2025	Director of the Company Senior Managing Executive Officer and Chief Operating Officer of Air Energy Division of the Company President, Representative Director and Chief Executive Officer of the Company Director of the Company (current position)		
Director	Yoshitsugu Asai	May 16, 1954	Apr. 1977 Jul. 1989 Oct. 2000 Jun. 2004 Apr. 2006 Apr. 2011 Apr. 2016 Jun. 2017 Jun. 2020	Joined BROTHER INDUSTRIES, LTD. Seconded to BROTHER INDUSTRIES (AUST) PTY LTD. Representative Director & President of BROTHER INDUSTRIES (AUST) PTY LTD. General Manager of General Planning Department of BROTHER INDUSTRIES, LTD. Executive Officer, EVP* of I&D Company, and General Manager of Corporate Planning Department of BROTHER INDUSTRIES, LTD. Executive Officer and General Manager of Human Resources Department of BROTHER INDUSTRIES, LTD. Managing Executive Officer and General Manager of Legal & General Affairs Department responsible for Corporate Communications (Public Relations) Department of BROTHER INDUSTRIES, LTD. Managing Executive Officer responsible for Finance & Accounting Department, Law, Environment & General Affairs Department and CSR & Corporate Communication Department of BROTHER INDUSTRIES, LTD. Outside Director of FUJIMI INCORPORATED (current position) Independent Director of the Company (current position) *EVP: Executive Vice President	(Note) 2	17,560
Director	Makoto Shimamoto	August 19, 1960	Apr. 1983 Jan. 2007 Jan. 2010 Jan. 2012 Jan. 2014 Mar. 2014 Jan. 2015 Mar. 2015 Jan. 2017 Mar. 2017 Jan. 2018 Jan. 2020 Jan. 2021 Mar. 2022 Jun. 2023	Joined Yamaha Motor Co. Ltd. General Manager of Engine Designing Division, Product Development Section, MC ^{*1} Business Operations of Yamaha Motor Co., Ltd. Senior General Manager of Cost Innovation Section, Procurement Center of Yamaha Motor Co., Ltd. Director and President of Yamaha Motor Asian Center Co., Ltd. Senior General Manager of PF ^{*2} Model Development Section, PF Model Unit of Yamaha Motor Co., Ltd. Executive Officer of Yamaha Motor Co., Ltd. Chief General Manager of PF Model Unit and Senior General Manager of PF Model Development Section, PF Model Unit of Yamaha Motor Co., Ltd. Senior Executive Officer of Yamaha Motor Co., Ltd. Chief General Manager of Technology Center and Chief General Manager of PF Model Unit of Yamaha Motor Co., Ltd. Senior Executive Officer and Director of Yamaha Motor Co., Ltd. Chief General Manager of Mobility Technology Center of Yamaha Motor Co., Ltd. Chief General Manager of Mobility Technology Center and Chief General Manager of Advanced Technology Center of Yamaha Motor Co., Ltd. Technical Advisor of Yamaha Motor Co., Ltd. Advisor of Yamaha Motor Co., Ltd. Independent Director of the Company (current position) *1 MC: Motorcycle *2 PF: Platform	(Note) 2	1,438
Director, Audit and Supervisory Committee	Katsumi Takeda	March 28, 1967	Apr. 1989 Apr. 2008	Joined the Company Executive Officer and General Manager of Coating Equipment Division of the Company	(Note) 3	22,014

Job title	Name	Date of birth	Brief personal record		Term of office	Number of shares held
Member (Full-time)			Apr. 2011 Apr. 2014 Apr. 2016 Apr. 2020 Apr. 2021 Apr. 2022 Jun. 2022 Apr. 2024 Jun. 2024	General Manager of Fluid Engineering Department of the Company General Manager of Coating System Marketing and R&D Department of the Company Executive Officer and General Manager of Coating System Marketing and R&D Department, Coating Division of the Company Managing Executive Officer and General Manager of Coating System Marketing and R&D Department, Coating Division of the Company Managing Executive Officer, Chief Operating Officer of Domestic Sales Division, and General Manager of Partner Alliance Department of the Company Managing Executive Officer and Chief Operating Officer of Sales Division of the Company Director of the Company Managing Executive Officer of the Company Director (Audit and Supervisory Committee Member, full-time) of the Company (current position)		
Director, Audit and Supervisory Committee Member	Kazumichi Matsuki	August 17, 1951	Apr. 1976 Jun. 1979 Jan. 2003 Apr. 2007 May 2007 Apr. 2009 Apr. 2010 Apr. 2011 Jun. 2011 Jun. 2016 Jun. 2018 Mar. 2019 Jun. 2020 Jun. 2023	Joined Mitsubishi Corporation Master of Laws (LL.M) from Harvard Law School General Manager of Legal Department of Mitsubishi Corporation Senior Vice President of Mitsubishi Corporation Chairman of the Association of Corporate Legal Departments Senior Vice President, Assistant Corporate Officer, and Chief of Compliance Department of Mitsubishi Corporation Visiting Professor of the University of Tokyo Graduate Schools for Law and Politics Executive Officer of Hokuetsu Kishu Paper Co., Ltd. (currently Hokuetsu Corporation) Director of Hokuetsu Kishu Paper Co., Ltd. Member of the Special Committee on Criminal Justice for a New Era, Legislative Council Outside Director (Audit & Supervisory Committee Member) of Dream Incubator Inc. Outside Auditor of Sanden Holdings Corporation Independent Director of the Company Outside Director of the Board of Nissha Co., Ltd. (current position) Independent Director (Audit and Supervisory Committee Member) of the Company (current position) Outside Director of Toyo Construction Co., Ltd. (current position)	(Note) 3	7,669
Director, Audit and Supervisory Committee Member	Reiko Ohashi	July 31, 1962	Oct. 1991 Mar. 1995 Jul. 2009 Jun. 2014 Oct. 2015 Sep. 2020 Jun. 2021 Jun. 2022 Jun. 2025	Joined Century Audit Corporation (currently Ernst & Young ShinNihon LLC) Registered as a certified accountant Director of Ohashi Certified Accountant Office (current position) Representative employee of Yakumo Audit Corporation (current position) Auditor of Japan Sport Council (current position) Auditor of Tokyo University of Agriculture and Technology Independent Director of the Company Independent Director (Audit and Supervisory Committee Member) of the Company (current position) Outside Director of Net Resource Management, Inc. (current position)	(Note) 3	5,496
Director, Audit and Supervisory Committee Member	Yuko Shirai	Feb. 11, 1954	Apr. 1986 Apr. 1991 Apr. 2004 Apr. 2005 May 2009	Registered as an attorney-at-law (member of Tokyo Bar Association) (current position) Established Wing Law Office, Partner Director of Kanto Federation of Bar Associations Expert Committee Member and Conciliation Committee Member of Tokyo District Court Chair of Shinjuku Ward Board of Education	(Note) 3	6,013

Job title	Name	Date of birth	Brief personal record		Term of office	Number of shares held
			Apr. 2010 Apr. 2011 Apr. 2012 Oct. 2013 Jun. 2015 Apr. 2016 Jun. 2021 Jun. 2022 Jun. 2024	Auditor of Japan Federation of Bar Associations Auditor of Japan Intellectual Property Arbitration Center Vice-President of Tokyo Bar Association Chair of Shinjuku Ward Board of Education Outside Director of Seika Corporation Audit Commissioner of Shinjuku Ward, Tokyo Independent Director of the Company Outside Director (Audit & Supervisory Committee Member) of Seika Corporation (current position) Independent Director (Audit and Supervisory Committee Member) of the Company (current position)		
Total						110,311

- (Notes) 1. Directors Yoshitsugu Asai, Makoto Shimamoto, Kazumichi Matsuki, Reiko Ohashi, and Yuko Shirai are Independent Directors. These five Directors meet the requirements for independency, as stipulated by the Tokyo Stock Exchange, and are registered as Independent Officers.
2. The term of office shall be from the time of the closing of the ordinary general shareholders' meeting for the fiscal year ended March 31, 2024 until the time of the closing of the ordinary general shareholders' meeting for the fiscal year ended March 31, 2025.
3. The term of office shall be from the time of the closing of the ordinary general shareholders' meeting for the fiscal year ended March 31, 2024 until the time of the closing of the ordinary general shareholders' meeting for the fiscal year ending March 31, 2026.
4. The number of the Company's shares held represents the actual number of shares owned as of March 31, 2025, including interests under the Officers' Shareholding Association of the Company.

2) The Company has proposed the "election of five Directors (excluding Directors, Audit and Supervisory Committee Members)" as an agenda item (resolution matter) for the 79th Ordinary General Shareholders' Meeting, which will be held on June 25, 2025. If this agenda item is approved and passed, the status of our officers will be as follows. Furthermore, in terms of officer jobs, we have included information about the resolution matters (jobs and other details) that will be made at the Board of Directors meeting, which is planned to take place immediately following the aforementioned general shareholders' meeting.

Males: 7, Females: 2 (ratio of female officers: 22.2%)

Job title	Name	Date of birth	Brief personal record		Term of office	Number of shares held
President, Representative Director and Chief Executive Officer	Eisuke Miyoshi	April 22, 1970	Apr. 1993 Apr. 2012 Apr. 2014 Apr. 2016 Jan. 2018 Apr. 2019 Jan. 2020 Aug. 2020 Apr. 2021 Apr. 2023 Jun. 2023	Joined the Company President of ANEST IWATA Coating Service Corporation President of ANEST IWATA Coating Solutions Corporation Corporate Officer of the Company General Manager of Coating Marketing Department of the Company Deputy Chief Operating Officer of Business Administration Division and General Manager of HR & General Administration Department of the Company Chief Operating Officer of Business Administration Division and General Manager of HR & General Administration Department of the Company Chief Operating Officer of Business Administration Division, General Manager of HR & General Administration Department, and General Manager of Financial and Accounting Department of the Company Managing Executive Officer, Chief Operating Officer of Business Administration Division, and General Manager of Financial and Accounting Department of the Company Managing Executive Officer and Chief Operating Officer of Business Administration Division of the Company Director of the Company	(Note) 2	6,720

Job title	Name	Date of birth	Brief personal record		Term of office	Number of shares held
			Apr. 2024 Apr. 2025	Managing Executive Officer and Chief Operating Officer of Sales Division of the Company President, Representative Director and Chief Executive Officer of the Company (current position)		
Director and Senior Managing Executive Officer Chief Operating Officer of Sales Division	Kenichi Osawa	January 19, 1970	Apr. 1990 Jan. 2010 Jun. 2012 Apr. 2014 Apr. 2015 Jan. 2018 May 2019 Jan. 2020 Apr. 2020 Jun. 2020 Apr. 2025	Joined the Company President of ANEST IWATA (SHANGHAI) Corporation President of ANEST IWATA Shanghai Trading Corporation General Manager of Fluid Engineering Department of the Company Corporate Officer of the Company Corporate Officer and General Manager of Coating Development Department of the Company Executive Vice President and General Manager of East Asia Region of the Company Assistant Chief Operating Officer of Coating Division of the Company Senior Managing Executive Officer and Chief Operating Officer of Coating Division of the Company Director of the Company (current position) Senior Managing Executive Officer and Chief Operating Officer of Sales Division of the Company (current position)	(Note) 2	7,198
Director and Managing Executive Officer Chief Operating Officer of Business Administration Division and General Manager of Corporate Planning Department	Hitoshi Iwata	March 29, 1969	Apr. 1991 Apr. 1995 Jul. 1998 Apr. 2010 Oct. 2017 Apr. 2019 Apr. 2020 Apr. 2021 Apr. 2022 Apr. 2024 Apr. 2025 Jun. 2025	Joined Mitsubishi Heavy Industries, Ltd. Resigned from Mitsubishi Heavy Industries, Ltd. Joined the Company Representative Director of ANEST IWATA CAMPBELL K.K. General Manager of Business Administration Department and HR & General Administration Department of the Company President of ANEST IWATA Air Engineering, Inc. General Manager of Vacuum Equipment Department of the Company and President of ANEST IWATA Air Engineering, Inc. Corporate Officer of the Company Managing Executive Officer and Chief Operating Officer of Air Energy Division of the Company Managing Executive Officer and Chief Operating Officer of Business Administration Division of the Company Managing Executive Officer, Chief Operating Officer of Business Administration Division and General Manager of Corporate Planning Department of the Company (current position) Director of the Company (Proposed)	(Note) 2	52,640
Director	Makoto Shimamoto	August 19, 1960	Apr. 1983 Jan. 2007 Jan. 2010 Jan. 2012 Jan. 2014 Mar. 2014 Jan. 2015 Mar. 2015 Jan. 2017 Mar. 2017	Joined Yamaha Motor Co. Ltd. General Manager of Engine Designing Division, Product Development Section, MC ^{*1} Business Operations of Yamaha Motor Co., Ltd. Senior General Manager of Cost Innovation Section, Procurement Center of Yamaha Motor Co., Ltd. Director and President of Yamaha Motor Asian Center Co., Ltd. Senior General Manager of PF ^{*2} Model Development Section, PF Model Unit of Yamaha Motor Co., Ltd. Executive Officer of Yamaha Motor Co., Ltd. Chief General Manager of PF Model Unit and Senior General Manager of PF Model Development Section, PF Model Unit of Yamaha Motor Co., Ltd. Senior Executive Officer of Yamaha Motor Co., Ltd. Chief General Manager of Technology Center and Chief General Manager of PF Model Unit of Yamaha Motor Co., Ltd. Senior Executive Officer and Director of Yamaha	(Note) 2	1,438

Job title	Name	Date of birth	Brief personal record		Term of office	Number of shares held
			Jan. 2018 Jan. 2020 Jan. 2021 Mar. 2022 Jun. 2023	Motor Co., Ltd. Chief General Manager of Mobility Technology Center of Yamaha Motor Co., Ltd. Chief General Manager of Mobility Technology Center and Chief General Manager of Advanced Technology Center of Yamaha Motor Co., Ltd. Technical Advisor of Yamaha Motor Co., Ltd. Advisor of Yamaha Motor Co., Ltd. Independent Director of the Company (current position) *1 MC: Motorcycle *2 PF: Platform		
Director	Takahiro Kanayama	January 23, 1963	Apr. 1986 Oct. 2015 Jun. 2017 Jun. 2020 Jun. 2021 Jun. 2024 Jun. 2025	Joined Sumitomo Metal Mining Co., Ltd. General Manager of Human Resources Department of Sumitomo Metal Mining Co., Ltd. Executive Officer and General Manager of Besshi-Niihama District Division of Sumitomo Metal Mining Co., Ltd. Executive Officer and General Manager of Human Resources Department of Sumitomo Metal Mining Co., Ltd. Director and Managing Executive Officer of Sumitomo Metal Mining Co., Ltd. Advisor to Sumitomo Metal Mining Co., Ltd. (current position) Director of the Company (Proposed)	(Note) 2	—
Director, Audit and Supervisory Committee Member (Full-time)	Katsumi Takeda	March 28, 1967	Apr. 1989 Apr. 2008 Apr. 2011 Apr. 2014 Apr. 2016 Apr. 2020 Apr. 2021 Apr. 2022 Jun. 2022 Apr. 2024 Jun. 2024	Joined the Company Executive Officer and General Manager of Coating Equipment Division of the Company General Manager of Fluid Engineering Department of the Company General Manager of Coating System Marketing and R&D Department of the Company Executive Officer and General Manager of Coating System Marketing and R&D Department, Coating Division of the Company Managing Executive Officer and General Manager of Coating System Marketing and R&D Department, Coating Division of the Company Managing Executive Officer, Chief Operating Officer of Domestic Sales Division, and General Manager of Partner Alliance Department of the Company Managing Executive Officer and Chief Operating Officer of Sales Division of the Company Director of the Company Managing Executive Officer of the Company Director (Audit and Supervisory Committee Member, full-time) of the Company (current position)	(Note) 3	22,014
Director, Audit and Supervisory Committee Member	Kazumichi Matsuki	August 17, 1951	Apr. 1976 Jun. 1979 Jan. 2003 Apr. 2007 May 2007 Apr. 2009 Apr. 2010 Apr. 2011 Jun. 2011 Jun. 2016 Jun. 2018 Mar. 2019 Jun. 2020	Joined Mitsubishi Corporation Master of Laws (LL.M) from Harvard Law School General Manager of Legal Department of Mitsubishi Corporation Senior Vice President of Mitsubishi Corporation Chairman of the Association of Corporate Legal Departments Senior Vice President, Assistant Corporate Officer, and Chief of Compliance Department of Mitsubishi Corporation Visiting Professor of the University of Tokyo Graduate Schools for Law and Politics Executive Officer of Hokuetsu Kishu Paper Co., Ltd. (currently Hokuetsu Corporation) Director of Hokuetsu Kishu Paper Co., Ltd. Member of the Special Committee on Criminal Justice for a New Era, Legislative Council Outside Director (Audit & Supervisory Committee Member) of Dream Incubator Inc. Outside Auditor of Sanden Holdings Corporation Independent Director of the Company Outside Director of the Board of Nissha Co., Ltd. (current position) Independent Director (Audit and Supervisory	(Note) 3	7,669

Job title	Name	Date of birth	Brief personal record		Term of office	Number of shares held
			Jun. 2023	Committee Member) of the Company (current position) Outside Director of Toyo Construction Co., Ltd. (current position)		
Director, Audit and Supervisory Committee Member	Reiko Ohashi	July 31, 1962	Oct. 1991 Mar. 1995 Jul. 2009 Jun. 2014 Oct. 2015 Sep. 2020 Jun. 2021 Jun. 2022 Jun. 2025	Joined Century Audit Corporation (currently Ernst & Young ShinNihon LLC) Registered as a certified accountant Director of Ohashi Certified Accountant Office (current position) Representative employee of Yakumo Audit Corporation (current position) Auditor of Japan Sport Council (current position) Auditor of Tokyo University of Agriculture and Technology Independent Director of the Company Independent Director (Audit and Supervisory Committee Member) of the Company (current position) Outside Director of Net Resource Management, Inc. (current position)	(Note) 3	5,496
Director, Audit and Supervisory Committee Member	Yuko Shirai	Feb. 11, 1954	Apr. 1986 Apr. 1991 Apr. 2004 Apr. 2005 May 2009 Apr. 2010 Apr. 2011 Apr. 2012 Oct. 2013 Jun. 2015 Apr. 2016 Jun. 2021 Jun. 2022 Jun. 2024	Registered as an attorney-at-law (member of Tokyo Bar Association) (current position) Established Wing Law Office, Partner Director of Kanto Federation of Bar Associations Expert Committee Member and Conciliation Committee Member of Tokyo District Court Chair of Shinjuku Ward Board of Education Auditor of Japan Federation of Bar Associations Auditor of Japan Intellectual Property Arbitration Center Vice-President of Tokyo Bar Association Chair of Shinjuku Ward Board of Education Outside Director of Seika Corporation Audit Commissioner of Shinjuku Ward, Tokyo Independent Director of the Company Outside Director (Audit & Supervisory Committee Member) of Seika Corporation (current position) Independent Director (Audit and Supervisory Committee Member) of the Company (current position)	(Note) 3	6,013
Total						109,191

- (Notes) 1. Directors Makoto Shimamoto, Takahiro Kanayama, Kazumichi Matsuki, Reiko Ohashi, and Yuko Shirai are Independent Directors. These five Directors meet the requirements for independency, as stipulated by the Tokyo Stock Exchange, and are registered as Independent Officers.
2. The term of office shall be from the time of the closing of the ordinary general shareholders' meeting for the fiscal year ended March 31, 2025 until the time of the closing of the ordinary general shareholders' meeting for the fiscal year ending March 31, 2026.
3. The term of office shall be from the time of the closing of the ordinary general shareholders' meeting for the fiscal year ended March 31, 2024 until the time of the closing of the ordinary general shareholders' meeting for the fiscal year ending March 31, 2026.
4. The number of the Company's shares held represents the actual number of shares owned as of March 31, 2025, including interests under the Officers' Shareholding Association of the Company.

(ii) Status of Outside Officers

The Company has proposed the "election of five Directors (excluding Directors, Audit and Supervisory Committee Members)" as an agenda item (resolution matter) for the 79th Ordinary General Shareholders' Meeting, which will be held on June 25, 2025. If this agenda item is approved and passed, the Company will have five Independent Directors (including three Directors, Audit and Supervisory Committee Members). Independent Directors are selected from among experts and managers who have no direct interest in the Company. These Independent Directors make management decisions from an objective standpoint without any involvement in the execution of the Company's business, thus strengthening the supervisory function of the Board of Directors.

In accordance with Article 427, Paragraph 1 of the Companies Act, the Company enters an agreement with Independent Directors to limit their liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability for damages under such agreements is the amount stipulated by laws and regulations. Such limitation on liability for damages is valid only when said Independent Director has acted in good faith and without gross negligence in the execution of his/her duties which cause such liability.

Independent Director Makoto Shimamoto has accumulated a wealth of knowledge in the engineering division of a small vehicle manufacturer and has been involved in the management of overseas subsidiaries, and has a wide range of insights that will strengthen the governance functionalities of the Company's Board of Directors. As an Independent Director, he actively participates in the Board of Directors meetings to enhance the transparency and fairness, as well as appropriately supervise, the management of the Company. He does not have any personal, capital or significant business relationships with the Company, nor does he hold any other interests in the Company. Based on the above, he is considered to be independent and has been appointed as an Independent Director. Also, his term as an Independent Director of the Company will be two years upon the conclusion of the general shareholders' meeting in June 2025.

Takahiro Kanayama is expected to be newly appointed as an Independent Director if the agenda item (resolution matter) for the "election of five Directors (excluding Directors, Audit and Supervisory Committee Members)" at the 79th Ordinary General Shareholders' Meeting scheduled to be held on June 25, 2025 is approved and passed. Based on his experience in designing human resource systems and organizational reforms in the human resource department, he possesses extensive knowledge in human resource operations and has a broad perspective that helps our Board of Directors enhance its governance functions. He does not have any personal, capital or significant business relationships with the Company, nor does he hold any other interest in the Company. He also serves as an advisor to Sumitomo Metal Mining Co., Ltd. However, there are no personal, capital or significant business relationships, or other interests between the Group and Sumitomo Metal Mining Co., Ltd. or its affiliated companies. Based on the above, we consider him independent.

Independent Director Kazumichi Matsuki, an Audit and Supervisory Committee Member, has extensive business experience in various companies, including those in the manufacturing industry, and is particularly knowledgeable in the areas of legal affairs and compliance. As an Independent Director, he actively participates in the Board of Directors meetings and Advisory Committee meetings to enhance the transparency and fairness, as well as appropriately supervise, the management of the Company. He does not have any personal, capital or significant business relationships with the Company, nor does he hold any other interests in the Company. He also serves as an Independent Outside Director of the Board to Nissha Co., Ltd and an Outside Director of Toyo Construction Co., Ltd. However, there are no personal, capital or significant business relationships, or other interests between the Group and Nissha Co., Ltd. or its affiliated companies. Based on the above, he is considered to be independent and has been appointed as an Independent Director. Also, his term as an Independent Director of the Company will be two years and his term as a Director, Audit and Supervisory Committee Member will be five years upon the conclusion of the general shareholders' meeting in June 2025.

Independent Director Reiko Ohashi, an Audit and Supervisory Committee Member, has extensive experience and a wide range of knowledge in finance and accounting as a certified public accountant. As an Independent Director of the Company, she actively participates in the Board of Directors meetings and Advisory Committee meetings to enhance the transparency and fairness, as well as appropriately supervise, the management of the Company. She does not have any personal, capital or significant business relationships with the Company, nor does she hold any other interests in the Company. She concurrently serves as a Director of Ohashi Certified Accountant Office, a representative employee of Yakumo Audit Corporation, and an Outside Director of Net Resource Management, Inc. However, there are no personal, capital or significant business relationships, or other interests between the Group and the above-mentioned organizations or its affiliated companies. Based on the above, she is considered to be independent and has been appointed as an Independent Director. Also, her term as an Independent Director of the Company will be one year and her term as a Director, Audit and Supervisory Committee Member will be three years upon the conclusion of the general shareholders' meeting in June 2025.

Independent Director Yuko Shirai, an Audit and Supervisory Committee Member, has extensive experience and a wide range of knowledge in corporate legal affairs as an Attorney at Law. As an Independent Director, she actively participates in the Board of Directors meetings and Advisory Committee meetings, etc. to improve transparency and fairness, as well as appropriately supervises the management of the Company from an objective viewpoint that takes into account the entire corporate community, including laws and regulations. She does not have any personal, capital or significant business relationships with the Company, nor does she hold any other interests in the Company. She concurrently serves as an Attorney-at-Law and an Outside Director at Seika Corporation (Audit & Supervisory Committee Member). However, there are no personal, capital or significant business relationships, or other interests between the Group and the above mentioned companies or its affiliated companies. Transactions between Seika Corporation and the Company amounts to less than 2% of the Company's total consolidated net sales on average for the latest fiscal year and the past three fiscal years, which satisfies criteria of the Company for independency. Based on the above, she is considered to be independent and has been appointed as an Independent Director. Also, her term as an Independent Director of the Company will be three years and her term as a Director, Audit and Supervisory Committee Member will be one year upon the conclusion of the general shareholders' meeting in June 2025.

The Company has established criteria regarding independence in the appointment of Independent Directors in accordance with the "Practical Considerations for Securing Independent Officers" (criteria for independence of Independent Officers, etc.) stipulated by the Tokyo Stock Exchange. All five Independent Directors have been registered with the Tokyo Stock Exchange as Independent Officers in accordance with the Tokyo Stock Exchange's regulations, based on the Company's judgment that they will provide objective and neutral opinions on the Company's business based on their backgrounds and expertise.

(Independence criteria for Independent Directors of the Company)

1. Independent Directors must not fall under any of the following.

- a. Persons involved in the execution (Note 1) of our Company's business or that of its subsidiaries, and persons who have been involved in the execution of our Company's business in the past.
- b. Persons whose main business partner is our Company or any of its subsidiaries (Note 2), persons who execute their business, and persons who have executed their business in the past.
- c. Major business partners (Note 3) of our Company or any of its subsidiaries, persons who execute their business, and persons who have executed their business in the past.
- d. Consultants, accounting professionals, or legal professionals (in case of corporate entities and other organizations, persons who belong to or have belonged to the organization in the past) who receive considerable compensation in money or other assets (Note 4) from our Company or its subsidiaries, apart from officer compensation.
- e. Major shareholders (Note 5) of our Company (in case of corporate entities, persons who have executed the business of the corporate entity or have executed the business of the corporate entity in the past).
- f. Relatives (Note 6) of persons described in a. to e.
- g. Persons from a company, or its parent company or subsidiary, that has accepted directors from our company or our subsidiaries.

Note 1. "Persons involved in the execution" refers to Executive Directors and employees.

Note 2. "Persons whose main business partner is our Company or any of its subsidiaries" refers to any of our business partners for which payments received from our Company amount to 2% or more of its consolidated net sales for the most recent fiscal year or averaged over the past three years.

Note 3. "Major business partners" refers to any of our business partners which account for 2% or more of our Company's consolidated net sales for the most recent fiscal year or averaged over the past three years.

Note 4. "Considerable compensation in money or other assets" refers to an annual amount of 10 million yen or more, or 2% or more of their consolidated net sales, for the most recent fiscal year or averaged over the past three years.

Note 5. "Major shareholders" refers to shareholders with voting shares of 10% or more.

Note 6. "Relatives" refers to any relative up to the second degree, or cohabiting relatives.

Note 7. "In the past" in a. to d. shall refer to the past described in the standards for independence prescribed by the Exchange.

2. Independent Directors must not have possible conflicts of interest even for reasons other than those considered above in Paragraph 1.
3. Even if a person falls under Paragraphs 1 and 2 above, if the person is deemed suitable as an Independent Director of our Company in light of such aspects as their character and insight, the Company may appoint the person as an Independent Director, on the condition that the Company provide an explanation to outside parties on the reasons it considers the person suitable as an Independent Director.
4. In consideration of their independence, Independent Directors, and Directors who are Audit and Supervisory Committee Members, shall not be reappointed past eight years of service. However, if the Nominating/Compensation Committee makes a special recommendation in exception of the above, depending on the situation, the Board of Directors may deliberate and make a resolution.

(iii) Mutual cooperation between supervision or audits by Independent Directors and internal audits; audits by the Audit and Supervisory Committee and accounting audits; and their relationship with internal control division

An Independent Director provides advice from an independent standpoint and supervises the execution of business operations by attending Board of Directors meetings and also reviewing the deliberations of the Management Conference and the Corporate Officer Committee.

In addition, Independent Directors who are Audit and Supervisory Committee Members, attend Audit and Supervisory Committee meetings to share information and exchange opinions with the accounting auditors and the internal audit division, in order to improve the effectiveness of supervision and auditing.

(3) [Status of audits]

(i) Status of audits by the Audit and Supervisory Committee

For the Audit and Supervisory Committee to make appropriate judgments, the Company has established a system in which, three Independent Directors who are Audit and Supervisory Committee Members in a completely independent position, and one Director who is an Audit and Supervisory Committee Member from within the Company with a thorough knowledge of internal affairs, shall serve as full-time members, allowing the committee to maintain its independence and objectivity while monitoring a wide range of internal affairs. In addition, one certified public accountant and persons with experience as a manager, etc., who possess extensive knowledge in accounting, finance, and legal affairs which is necessary to serve as Audit and Supervisory Committee Members, shall be appointed. Directors who are Audit and Supervisory Committee Members attend meetings of the Board of Directors, supervise the execution of business by the Directors, and conduct audits based on the audit reports from the accounting auditor and the internal audit division.

In the current fiscal year, the Company held 15 meetings of the Audit and Supervisory Committee. Attendance status of each Director who is an Audit and Supervisory Committee Member is as follows. Katsumi Takeda and Yuko Shirai were appointed as Directors, Audit and Supervisory Committee Members at the 78th Ordinary General Shareholders' Meeting held on June 25, 2024, thus the table shows their attendance after the date of the meeting. Kyosuke Oshima retired from office due to the completion of his term of office at the conclusion of the same general shareholders' meeting.

Name	Number of meetings	Number of times attended
Katsumi Takeda	10	10
Kyosuke Oshima	5	5
Kazumichi Matsuki	15	15
Reiko Ohashi	15	15
Yuko Shirai	10	10

Specific matters to be considered by the Audit and Supervisory Committee include audits on the execution of duties by Directors and preparation of audit reports, quarterly and annual financial audits, selection of a candidate for Director who is not an Audit and Supervisory Committee Member, decision of opinions on compensation for Directors, evaluation of the accounting auditor, determination of election proposals, consent to audit fees, etc.

In addition, full-time Directors who are Audit and Supervisory Committee Members attend important meetings, request reports from business execution bodies as necessary, obtain information on the operating status of internal controls from the internal audit division, collect other information on the status of business execution from related divisions, and report such information to the Audit and Supervisory Committee.

(ii) Status of internal audits

The Internal Audit Office within the internal audit division, is organized directly under the Audit and Supervisory Committee, and is comprised solely of full-time employees, is independent from divisions executing business.

Basically, reports are given only to the Audit and Supervisory Committee, but monthly reports on the status of operations are also made to the Representative Director. Personnel evaluations are handled under the Audit and Supervisory Committee, but the Representative Director shall appoint the General Manager of the internal audit division based on the evaluation by the Audit and Supervisory Committee.

Internal quality assurance is carried out every year to maintain and improve the quality of the audits. We also promote the acquisition of expert qualifications, and assign one Certified Internal Auditor (CIA), one Certified Information Systems Auditor (CISA) and one Certified Fraud Examiner (CFE) to the internal audit division.

The scope of auditing shall cover the overall business execution of the Group, including internal control over financial reporting. Based on the internal audit regulations approved by the Board of Directors, risk-based audits are carried out and the improvement status of business execution divisions is supervised as needed.

In addition, the General Manager of the internal audit division serves as the secretariat for the three-way audit conferences held regularly with the Audit and Supervisory Committee and accounting auditors, and as necessary, directly cooperates with the full-time Audit and Supervisory Committee Members and accounting auditors to ensure effective and efficient audits.

(iii) Status of accounting audit

The accounting auditor discusses the accounting audit plan and review of the system with the Audit and Supervisory Committee Members, and also receives accounting audit reports and reports on necessary matters once every three months.

(Audit corporation name)

Fujimi Audit Corporation

Pursuant to Article 426, Paragraph 1 of the Companies Act, according to the Articles of Incorporation of this Company, liability for damages by accounting auditors (including those who were accounting auditors) as prescribed in Article 423, Paragraph 1 of the same act may be exempted to the extent provided in laws and regulations by resolution of the Board of Directors, and based on the provisions of Article 427, Paragraph 1 of the Companies Act, a liability limitation contract with the following content has been concluded.

(Continuous audit period)

43 years

The above includes the audit period of Seinan Audit Corporation, which merged with the current Fujimi Audit Corporation and ceased to exist. Prior to this, the Company was audited by an individual firm, the predecessor of Seinan Audit Corporation, for an effective continuous audit period exceeding the above period. However, since this exceeds the scope of our investigation, the description is as above.

(Certified public accountants who executed the business)

Miho Toriumi

Masao Bessho

(Composition of assistants involved in audit work)

Ten certified public accountants assist in the accounting audit of the Company.

(Policies and reasons for selecting the audit corporation)

When selecting and evaluating an accounting auditor, we make a comprehensive judgement based on factors such as familiarity with the industry and business content of the Group, ability to efficiently perform audits, possession of a well-established examination system, and reasonable and appropriate in terms of the number of audit days, audit period, specific audit implementation guidelines, and audit costs. In addition, independence based on the "Guidelines for Independence" established by the Japanese Institute of Certified Public Accountants is confirmed, and the necessary expertise is verified and confirmed.

(Evaluation of the audit corporation by the Audit and Supervisory Committee)

The Audit and Supervisory Committee has carried out an evaluation based on the above selection policy and passed a confirmation resolution regarding the reappointment of the accounting auditor.

(Change of audit corporation)

The Company's auditing corporation has changed as follows:

77th term (consolidated and non-consolidated) Seinan Audit Corporation

78th term (consolidated and non-consolidated) Fujimi Audit Corporation

The items stated in the Extraordinary Report are as follows:

1) Name of the auditing certified public accountant, etc. involved in the change

(i) Name of existing auditing certified public accountant, etc.

Fujimi Audit Corporation

(ii) Dissolving auditing certified public accountants, etc.

Seinan Audit Corporation

2) Date of change: October 2, 2023

3) The most recent date of appointment of the dissolving auditing certified public accountants, etc.: June 23, 2023 (the date of the most recent general shareholders' meeting)

4) Matters related to opinions, etc. in audit reports, etc. or internal control audit reports prepared by the dissolving auditing certified public accountants, etc., for the last three years

There are no relevant matters.

5) Reasons and circumstances leading to the decision to make the change or transfer

Seinan Audit Corporation (dissolving audit corporation), the Company's accounting auditor, merged with Sohken Nichiei Audit Corporation (existing audit corporation) and Nagoya Audit Corporation (dissolving audit corporation) on October 2, 2023, and changed its name to Fujimi Audit Corporation on the same date.

As a result, the auditing certified public accountants, etc. providing audit certification for our Company will be the Fujimi Audit Corporation.

6) Opinion of the dissolving auditing certified public accountants, etc. on the above reasons and background regarding the matters stated in the audit reports, etc. or the internal controls audit reports

We have received a response stating that there are no special comments.

(iv) Details of audit fees, etc.

(Remuneration to auditing certified public accountants, etc.)

Classification	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025	
	Remuneration based on audit certification work (million yen)	Remuneration based on non-audit work (million yen)	Remuneration based on audit certification work (million yen)	Remuneration based on non-audit work (million yen)
Submitting company	36	—	37	—
Consolidated subsidiaries	—	—	—	—
Total	36	—	37	—

(Remuneration for the same network as auditing certified public accountants, etc.)

There are no relevant matters.

(Details of remuneration based on other important audit certification work)

There are no relevant matters.

(Policy to determine audit fees)

The policy to determine audit fees for auditing certified public accountants of this Company is based on multiplying the scheduled time for the audit by a generally acceptable hourly unit price.

(Reasons for consent by the Audit and Supervisory Committee regarding remuneration, etc. for accounting auditors)

Regarding remuneration for accounting auditors, the Audit and Supervisory Committee of this Company comprehensively judged the audit system of the audit plan summary, audit content, validity of audit days, etc., as well as the comparison of audit standards with other companies in the industry, and then decides whether to agree with the amount of remuneration, etc. for the audit corporation.

(4) [Compensation for officers, etc.]

(i) Total amount of compensation, etc. for each officer classification of the submitting company, total amount of compensation, etc. by type, and number of officers targeted

Officer classification	Total amount of compensation, etc. (million yen)	Total amount of compensation, etc. by type (million yen)			Number of officers targeted (persons)
		Monetary compensation		Non-monetary compensation, etc.	
		Fixed compensation	Performance-based bonus	Performance-based stock compensation	
Directors (excluding Audit and Supervisory Committee Members)	201	103	64	33	7
(Of which, Independent Directors)	17	17	—	—	3
Directors (Audit and Supervisory Committee Members)	40	40	—	—	5
(Of which, Independent Directors)	23	23	—	—	4
Total	241	144	64	33	12

(Notes) 1. The above includes one Director (Audit and Supervisory Committee Member) who retired at the conclusion of the 78th Ordinary General Shareholders' Meeting held on June 25, 2024, and two retired Directors (excluding Audit and Supervisory Committee Members) who were appointed as Directors (Audit and Supervisory Committee members).

2. At the 77th Ordinary General Shareholders' Meeting held on June 23, 2023, a resolution was passed stating that the maximum limit of compensation for Directors (excluding those who are Audit and Supervisory Committee Members) to be 300 million yen or less per year (of which, 40 million yen or less for Independent Director). At the time of the resolution, there were seven Directors (excluding Audit and Supervisory Committee Members) (of which, three are Independent Directors).

3. At the 70th Ordinary General Shareholders' Meeting held on June 28, 2016, a resolution was passed stating that the maximum limit of compensation for Directors who are Audit and Supervisory Committee Members to be 60 million yen or less. At the time of the resolution, there were four Directors (Audit and Supervisory Committee Members) (of which, three are Independent Directors).

4. Performance-based bonuses are the provision for bonuses for Directors (and other officers) for the current term.

5. Regarding the performance-based stock compensation plan, at the 73rd Ordinary General Shareholders' Meeting held on June 25, 2019, a resolution was passed stating that the maximum amount of funds to be contributed by the Company to the trust shall be 130 million yen over three fiscal years as funds for acquiring shares to be provided to the Directors (excluding Independent Directors and non-executive Directors) in the future, and that the maximum number of Company shares that will be granted shall be 44,000 shares per fiscal year. In principle, timing to receive Company shares and the amount equivalent to the Company shares converted to market price is set to be at the time of retirement as a Director. There are three Directors (excluding Audit and Supervisory Committee Members) subject to this resolution.

6. The total amount of performance-based stock compensation is the amount recorded as expenses during the current consolidated fiscal year.

(ii) Total amount of consolidated compensation, etc. for each officer of the submitting company

No single person has been awarded a consolidated compensation of 100 million yen or more in total, therefore none are listed.

(iii) Significant employee salaries for employees also serving as officers

There are no relevant matters.

(iv) Matters related to the amount of officer compensation, etc., and policies to determine the calculation method thereof

Directors (excluding Independent Directors) shall receive a fixed monthly compensation, annual performance-based bonuses, and performance-based stock compensation (excluding Directors who are Audit and Supervisory Committee Members). When making specific decisions at the Nominating/Compensation Committee chaired by an Independent Director who is an Audit and Supervisory Committee Member, a report is prepared after comprehensively considering the company's business performance and the responsibilities and achievements of each Director. Based on the contents, the amount is determined by deliberation of the Board of Directors within the limits approved by the resolution of the general shareholders' meeting.

In consideration of their role and independence, compensation for Independent Directors shall only be a fixed compensation to ensure effective execution of the supervisory functions for management. Compensation for Directors who are Audit and Supervisory Committee Members shall be determined through discussions among Directors who are Audit and Supervisory Committee Members.

In addition, the decision policy is deliberated and approved by the Nominating/Compensation Committee, a report is submitted to the Board of Directors, and then a resolution of the Board of Directors is carried out.

When calculating performance-based monetary bonuses, the actual state of profit and loss is evaluated, and consolidated ordinary profit is used as an indicator from the perspective of developing global business activities and implementing effective capital policies. The target for performance-based bonus indicator for the current fiscal year was 7,100 million yen, and the actual result was 7,139 million yen.

(Reasons for the Board of Directors to determine that the content of compensation for Directors is in harmony with the decision policy)

When determining compensation contents, etc. for each individual Director, the Nominating/Compensation Committee, chaired by an Independent Director who is an Audit and Supervisory Committee Member, comprehensively considers the original proposal, including consistency with the decision policy, to ensure fairness and transparency of the deliberation process within the maximum limit of compensation approved at the general shareholders' meeting. The contents have been determined to be in harmony with the decision policy since the Board of Directors makes such decisions while respecting the contents in the reports from the Nominating/Compensation Committee.

(Method to calculate performance-based bonuses for Directors)

At the meeting of the Board of Directors held on May 9, 2025, a resolution stating that performance-based bonuses for the fiscal year ending March 31, 2026 will be paid based on the following calculation method was passed.

Calculation method

The amount of performance-based bonuses paid to each officer shall be the amount obtained by multiplying the ratio specified below by the amount of consolidated ordinary profit for the applicable accounting period.

Position	Points
Representative Director	$1.10\% \times (1.0 \div 2.3)$
Director and Senior Managing Executive Officer	$1.10\% \times (0.5 \div 2.3)$
Director and Managing Executive Officer	$1.10\% \times (0.4 \div 2.3)$

Points to consider

- Director, Senior Managing Executive Officer and Director, Managing Executive Officer shall be executive officers as stipulated in Article 34, Paragraph 1, Item 3 of the Corporation Tax Law.
- The "indicator showing profit status" as stipulated in Article 34, Paragraph 1, Item 3, A of the Corporation Tax Law shall be the consolidated ordinary profit.
- The "fixed amount" as stipulated in Article 34, Paragraph 1, Item 3, A (1) of the Corporation Tax Law shall be limited to 100 million yen. If the total amount of performance-based bonuses paid exceeds 100 million yen, the amount of performance-based bonuses paid to each officer shall be the amount obtained by multiplying the above ratio by 100 million yen.
- If a Director resigns in the midterm of the execution of duties due to unavoidable circumstances, the amount paid will be based on the number of months in office of the Director (fractions less than one month are rounded up) starting from time of execution of duties and ending at the time such duties are discontinued. For resignations after the end of a term, the number of months will not be prorated.

(Contents of non-monetary compensation, etc.)

We have introduced a performance-based stock compensation plan for Directors, etc. (referred to as persons eligible for points, hereafter in this section) to clarify the connection between the compensation of Directors and others and the Company's business performance and stock value, and to raise awareness of the need to share not only the benefits of rising shares prices but also the risks of falling shares prices with shareholders thereby contributing to better medium- to long-term business performance and increasing corporate value.

Under this plan, Company shares are acquired through a trust using money contributed by the Company as funds, and Company shares and money equivalent to the amount of money resulting from translating Company shares at market value are delivered through the trust to eligible Directors, etc. according to the rules for granting shares.

1) Persons eligible for points

Directors (excluding Directors who are Audit and Supervisory Committee Members and other Directors who are Independent Directors) and Corporate Officers who do not concurrently serve as Directors of the Company, excluding non-residents of Japan, during the period of the target Medium-Term Business Plan.

2) Number of points to be granted

a. Target period to grant points

Points are granted to the extent permitted by the resolution of the 73rd Ordinary General Shareholders' Meeting held on June 25, 2019, for scheduled right owners (hereinafter referred to as "prospective recipients," including those who retiring on that day) to receive stock benefits as of the date of each ordinary general shareholders' meeting (excluding the ordinary general shareholders' meeting held in the first year of the Medium-Term Business Plan) held during the target Medium-Term Business Plan period and the date (hereinafter referred to as the "point grant date") of the ordinary general shareholders' meeting held in the year that includes the last day of the final year of the target Medium-Term Business Plan period, as compensation for the performance of duties during the period described below. The number of points for each year of the target Medium-Term Business Plan are granted according to the position of the prospective recipients during the period of performance of duties, as shown in Table 1. If a Director concurrently serves as a Corporate Officer, the number of position points will be granted on the point grant date to the extent permitted by resolution at the General Shareholders' Meeting.

• Period of execution of duties

April 1st of each year to March 31st of the following year

b. Performance indicators linked to compensation

Although consolidated ordinary profit has already selected by the Company as an indicator for performance-based bonuses, consolidated net sales and consolidated earnings per share (EPS) at the end of the final fiscal year of the Medium-Term Business Plan were set as indicators after taking a broad view of business growth and aiming for well-balanced management from the perspective of realizing sustainable profit growth.

<Target value at the end of the final year of the Medium-Term Business Plan (April 1, 2025 to March 31, 2028)>

Consolidated net sales: 62,000 million yen

EPS: 132.0 yen

(Note) The above target values are values set at the time of planning.

c. Number of points to be granted

• Position points (Table 1)

Position	Position point
President, Representative Director and Chief Executive Officer President and Chief Executive Officer	10,400 points
Director and Senior Managing Executive Officer Director and Managing Executive Officer	8,300 points
Senior Managing Executive Officer Managing Executive Officer	6,300 points
Corporate Officer	4,200 points

(Note) 1 point = 1 share.

• Proportional distribution method of position points (Table 2)

The number of position points shall be allocated proportionally and considered as the number of granted position points according to the period in which the person to whom points were granted served in his/her respective position.

(1) Position points to be granted on the first point grant date after assuming office shall be calculated according to the following formula.

Position points as set forth in Table 1 according to position during the period of execution of duties
 \times (Number of months of execution of duties after the month in which the officer assumed office \div 12)

(2) If there is a change in position during the period of execution of duties, the position points to be granted on the point grant date immediately after the change shall be calculated according to the following formula.

Total points calculated by the following formula (a) and by formula (b)

- (a) Position points specified in Table 1 according to the position before the change due to an appropriate reason
 \times (Number of months during which the post was held before such reason occurred during the period of execution of duties \div 12)
- (b) Position points stipulated in Table 1 according to the position after the change due to an appropriate reason
 \times (Number of months during which the post was held after the change within the period of execution of duties \div 12)

(3) In the event of resignation during the period of execution of duties due to expiration of the term of office, or other reason as stipulated by the rules for granting shares, the position points to be granted on the point grant date immediately after the event shall be calculated according to the following formula.

Position points stipulated in Table 1 according to the position before the appropriate reason occurred
 \times (Number of months during which the post was held before the appropriate reason occurred during the period of execution of duties \div 12)

• Benefit standard points

The number of points which form the basis for benefits under this plan for the period of the target Medium-Term Business Plan shall be the number of points calculated by the following formula for each prospective recipient.

Number of position points granted which are accumulated during the target Medium-Term Business Plan
 \times Performance coefficient determined according to the target achievement level in the final year of the target Medium-Term Business Plan (Table 3)

• Performance coefficient (Table 3)

Consolidated net sales target	Achievement rate of Medium-Term Business Plan target 100% or more	Achievement rate of Medium-Term Business Plan target 95% or more and less than 100%	Final year of the previous Medium-Term Business Plan Achievement or better results
Achievement rate of Medium-Term Business Plan target 100% or more	1.0	0.9	0.75
Achievement rate of Medium-Term Business Plan target 95% or more and less than 100%	0.9	0.8	0.6
Final year of the previous Medium-Term Business Plan Achievement or better results	0.75	0.6	0.4

(Notes) 1. Achievement of the consolidated net sales target and EPS target in the Medium-Term Business Plan is evaluated based on profit/loss (budget) including the amount of provision for share awards for Directors (and other officers). In cases where the profit and loss, including the provision for share awards for Directors (and other officers), does not exceed the results for the final year of the previous Medium-Term Business Plan, "fixed points" will not be granted and reevaluation with gains on reversal of benefits will not be carried out.

2. For the consolidated net sales target and EPS target used to determine the performance coefficient, target values set at the time of formulation of the Medium-Term Business Plan are used.

3) Rights to receive benefits, number of shares to be provided and monetary amount

- If a prospective recipient retires by the retirement date of an officer after fulfilling the conditions stipulated in the rules for granting shares (excluding cases where the prospective recipient becomes an employee or is retired due to death), he/she shall be entitled to receive the benefits on the retirement date. However, in the case the prospective recipient becomes an employee, he or she shall be entitled to receive the benefits on the day he or she loses his or her employee status (hereinafter referred to as the "termination date").
- On the other hand, if the prospective recipient is dismissed by resolution at a general shareholders' meeting or by the Board of Directors, if he/she has resigns due to specific misconduct during his/her term of office or between the retirement date and the date on which benefits are paid, or in cases of an inappropriate activity which damages the company during his/her term of office or between the retirement date and the date on which benefits are paid, such prospective recipient shall not be entitled to receive benefits.

4) Formula for the number of shares to be provided and the monetary amount

a. Shares

Number of shares calculated using the following formula, where "1 defined benefit base point = 1 share." However, any fraction less than one unit will be rounded down (the resulting number of shares to be provided will be referred to as the "Number of Granted Shares").

Number of shares = Total of defined benefit base points up to the retirement date (hereinafter referred to as "Number of Points Held") x 70%

b. Money

Monetary amount calculated using the following formula, where "1 defined benefit base point = 1 share"

Monetary amount = (Number of shares according to Number of Points Held – Number of Granted Shares) x

Market value of the shares as of the retirement date

- If the prospective recipient retires at a different time than that of expiration of his/her term of office by personal choice

The Number of Points Held will be paid as "1 point = 1 share" in stock.

- If the prospective recipient dies

If the surviving family of the prospective recipient satisfies the conditions stipulated in the rules for granting shares by the Company by the date separately designated by the Company to the surviving family, the surviving family shall be entitled to receive monetary benefits as a surviving family benefit on the day they express their intention to receive the surviving family benefits to the Company. In addition, the amount is calculated by the following formula.

Survivor benefit = Number of position points granted to the prospective recipient for the fiscal year during the mid-term business period corresponding to the date of death) x Market value of the shares at the date of death

(Note) The market value of the shares shall be the closing price on the major financial instruments exchange on which the shares are listed on the day when the market value of the shares is required to be calculated. If the closing price is not announced on that day, it shall be calculated retroactively to the most recent day on which the closing price can be obtained.

- The maximum number of shares (number of points) for each position in one fiscal year is as follows.

Position	Maximum number of shares
President, Representative Director and Chief Executive Officer President and Chief Executive Officer	10,400 points
Director and Senior Managing Executive Officer Director and Managing Executive Officer	8,300 points
Senior Managing Executive Officer Managing Executive Officer	6,300 points
Corporate Officer	4,200 points

(Note) The maximum number of shares above includes the number of shares to be converted and provided in monetary form at the time of retirement.

(5) [Shareholding status]

(i) Standards and approach to investment stock classification

The Company classifies the brands held as profit securities for the purpose of securing profits such as receiving dividends obtained by owning shares, as investment stocks for net investment purposes and stocks whose ownership is determined to contribute to the maintenance and strengthening of relationships with business partners through business operations, as investment stocks other than net investment purposes.

(ii) Investment stocks held for purposes other than net investment

1) Holding policy and the holding rationale verification method, as well as the details of verification by the Board of Directors, etc. regarding the suitability of individual brand holdings

The Group holds listed shares in order to promote business strategies such as continuous improvement in corporate value and business alliances and stable supply of products. Every year, the Board of Directors verifies the purpose and rationale of holding shares based on qualitative matters (strategic importance at the time of holding, possibility of mid- to long-term development of business relationships, risks in case of postponement or termination of holding, etc.) and quantitative matters (changes in the most recent transaction amounts, market valuations of shares acquired, annual dividend income, etc.). As a result, stocks which are judged as those which continued holding is unnecessary are sold, in consideration of the effect on the market and other factors. Exercise of voting rights is judged based on whether the details are suitable for the holding purpose.

2) Number of brands and balance sheet amount

	Number of brands (brands)	Total balance sheet amount (million yen)
Unlisted shares	7	175
Shares other than unlisted shares	7	1,135

(Brands for which the number of shares increased during the current fiscal year)

There are no relevant matters.

(Brands for which the number of shares decreased during the current fiscal year)

	Number of brands (brands)	Total sales price related to the decrease in the number of shares (million yen)
Unlisted shares	—	—
Shares other than unlisted shares	1	1,014

3) Information on the number of shares for each brand of specified investment stocks and deemed holding stocks,
and the amount recorded on the balance sheet

Specified investment stocks

Brand	As of March 31, 2025	As of March 31, 2024	Purpose of holding, outline of business alliance, etc., quantitative effect of holding and reason for increase in number of shares	Shares held in the Company
	Number of shares (shares)	Number of shares (shares)		
	Balance sheet amount (million yen)	Balance sheet amount (million yen)		
Topre Corporation	252,000	252,000	We have acquired and continue to hold shares for the purpose of maintaining and strengthening relationships in business transactions. As a leading supplier of auxiliary equipment for our air compressor products, our aim is to increase profits and corporate value through transactions, and to achieve sustainable development of our cooperative relationship.	Yes
	474	658		
SUGIMOTO & CO., LTD.	167,900	83,950	We have acquired and continue to hold shares for the purpose of maintaining and strengthening relationships in business transactions. Our aim is to increase profits and corporate value through transactions, utilizing our sales channels and logistics network, and to achieve sustainable development of our cooperative relationship.	Yes
	211	190		
MARUKA FURUSATO Corporation	50,468	50,468	We have acquired and continued to hold shares for the purpose of maintaining and strengthening relationships in business transactions. Based on the knowledge we have gained from each other, we will proceed with the sale of the shares to further strengthen our respective strategies.	None
	120	110		
Dai-ichi Life Holdings, Inc.	98,000	24,500	We have acquired and continue to hold shares for the purpose of maintaining and strengthening relationships in business transactions. Our aim is to exchange information necessary to promote health management, increase profits and corporate value through transactions, and achieve sustainable development of our cooperative relationships.	Yes
	111	94		
YUASA TRADING CO., LTD.	22,800	22,800	We have acquired and continue to hold shares for the purpose of maintaining and strengthening relationships in business transactions. Our aim is to increase profits and corporate value through transactions, utilizing our sales channels and logistics network, and to achieve sustainable development of our cooperative relationship.	Yes
	103	121		
Maruyama Mfg. Co., Inc.	35,906	35,906	We have acquired and continue to hold shares for the purpose of maintaining and strengthening relationships in business transactions. Our aim is to increase	Yes
	73	89		

			profits and corporate value mainly through transactions for business expansion in the agricultural market, and to achieve sustainable development of our cooperative relationship.	
TRUSCO Corporation	21,082	21,082	We have acquired and continue to hold shares for the purpose of maintaining and strengthening relationships in business transactions. Our aim is to increase profits and corporate value through transactions, utilizing our sales channels and logistics network, and to achieve sustainable development of our cooperative relationship.	Yes
	41	54		

(Note) Quantitative holding effects are difficult to describe. Methods to verify the rationality of holdings are as described in (ii)-1) above.

(iii) Investment shares held for the purpose of pure investment

There are no relevant matters.

Section 5 [Status of Accounting]

1 Method to prepare consolidated financial statements and non-consolidated financial statements

(1) Consolidated financial statements of the Company are prepared in accordance with the "Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements" (Ministry of Finance Ordinance No. 28 of 1976, hereinafter referred to as the "Regulation on Consolidated Financial Statements").

(2) Non-consolidated financial statements of the Company are prepared in accordance with the "Regulation on Terminology, Forms, and Preparation Methods of Financial Statements" (Ministry of Finance Ordinance No. 59 of 1963, hereinafter referred to as the "Regulation on Non-Consolidated Financial Statements").

The Company is categorized as a special non-consolidated financial statement submitting company and prepares its non-consolidated financial statements in accordance with Article 127 of the Regulations for Financial Statements.

2 Audit certification

The consolidated financial statements for the consolidated fiscal year (from April 1, 2024 to March 31, 2025) and non-consolidated financial statements for fiscal year (from April 1, 2024 to March 31, 2025) have been audited by Fujimi Audit Corporation in accordance with the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

3 Special efforts to ensure the appropriateness of consolidated financial statements

The Company is a member of the Financial Accounting Standards Foundation to ensure the appropriateness of consolidated financial statements, etc., and is committed to properly understanding the accounting standards and appropriately responding to changes in accounting standards.

1. [Consolidated financial statements, etc.]

(1) [Consolidated financial statements]

(i) [Consolidated balance sheet]

(Amount: million yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	*1 16,931	*1 21,336
Notes and accounts receivable-trade	*2 9,795	*2 10,435
Merchandise and finished goods	7,004	6,931
Work in process	967	1,113
Raw materials and supplies	4,178	3,834
Other	2,062	2,136
Allowance for doubtful accounts	(368)	(558)
Total current assets	40,571	45,229
Non-current assets		
Property, plant and equipment		
Buildings and structures	*1 13,452	*1 14,565
Accumulated depreciation	(7,473)	(8,123)
Buildings and structures, net	5,978	6,442
Machinery, equipment and vehicles	9,339	10,380
Accumulated depreciation	(6,811)	(7,510)
Machinery, equipment and vehicles, net	2,527	2,870
Land	*1 2,422	*1 2,485
Leased assets	3,648	3,892
Accumulated depreciation	(1,857)	(2,108)
Leased assets, net	1,790	1,784
Construction in progress	260	583
Other	3,567	4,102
Accumulated depreciation	(2,831)	(3,172)
Other, net	735	929
Total property, plant and equipment	13,715	15,095
Intangible assets		
Goodwill	733	600
Software	936	849
Other	1,595	1,763
Total intangible assets	3,266	3,213
Investments and other assets		
Investment securities	*3 6,269	*3 3,173
Deferred tax assets	1,151	1,295
Retirement benefit asset	923	919
Other	256	287
Allowance for doubtful accounts	(10)	(10)
Total investments and other assets	8,590	5,664
Total non-current assets	25,573	23,973
Total assets	66,144	69,202

(Amount: million yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable-trade	*1 5,686	*1 5,432
Short-term borrowings	*1, *5 991	*1, *5 858
Current portion of long-term borrowings	*1, *5 154	8
Lease liabilities	308	291
Income taxes payable	1,195	350
Provision for bonuses	841	970
Provision for bonuses for directors (and other officers)	99	76
Provision for share awards for directors (and other officers)	—	61
Provision for product warranties	346	223
Other	*4 3,165	*4 3,888
Total current liabilities	12,789	12,161
Non-current liabilities		
Long-term borrowings	48	*1, *5 138
Lease liabilities	1,571	1,574
Deferred tax liabilities	186	192
Retirement benefit liability	1,170	1,220
Provision for share awards for directors (and other officers)	202	205
Other	100	147
Total non-current liabilities	3,280	3,479
Total liabilities	16,069	15,641
Net assets		
Shareholders' equity		
Share capital	3,354	3,354
Capital surplus	1,008	1,030
Retained earnings	37,425	39,749
Treasury shares	(2,051)	(2,698)
Total shareholders' equity	39,737	41,435
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	999	500
Foreign currency translation adjustment	3,208	4,737
Remeasurements of defined benefit plans	212	179
Total accumulated other comprehensive income	4,421	5,417
Non-controlling interests	5,915	6,707
Total net assets	50,074	53,561
Total liabilities and net assets	66,144	69,202

(ii) [Consolidated statement of income and comprehensive income]

[Consolidated statement of income]

(Amount: million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales	*1 53,425	*1 54,411
Cost of sales	*2 28,950	*2 29,091
Gross profit	24,475	25,320
Selling, general and administrative expenses		
Remuneration, salaries and allowances for directors (and other officers)	6,124	6,679
Provision for bonuses	579	659
Provision for bonuses for directors (and other officers)	99	76
Provision for share awards for directors (and other officers)	49	76
Retirement benefit expenses	214	187
Provision for product warranties	330	235
Provision of allowance for doubtful accounts	100	159
Commission expenses	2,078	2,136
Other	8,721	9,206
Total selling, general and administrative expenses	*3 18,299	*3 19,417
Operating profit	6,176	5,903
Non-operating income		
Interest income	183	224
Dividend income	63	74
Foreign exchange gains	739	21
Share of profit of entities accounted for using equity method	768	936
Other	169	163
Total non-operating income	1,924	1,419
Non-operating expenses		
Interest expenses	72	106
Other	42	76
Total non-operating expenses	114	182
Ordinary profit	7,986	7,139

(Amount: million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Extraordinary income		
Gain on sale of non-current assets	*4 10	*4 21
Gain on sale of investment securities	*5 14	*5 515
Total extraordinary income	24	536
Extraordinary losses		
Loss on valuation of investment securities	—	*6 300
Loss on sale of non-current assets	*7 0	*7 0
Loss on retirement of non-current assets	*8 23	*8 6
Loss on liquidation of subsidiaries	—	*9 72
Other	—	*10 25
Total extraordinary losses	23	404
Profit before income taxes	7,987	7,271
Income taxes - current	2,339	1,825
Income taxes - deferred	(286)	79
Total income taxes	2,052	1,904
Profit	5,934	5,366
Profit attributable to non-controlling interests	1,003	1,089
Profit attributable to owners of parent	4,931	4,276

[Consolidated statement of comprehensive income]

(Amount: million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit	5,934	5,366
Other comprehensive income		
Valuation difference on available-for-sale securities	472	(499)
Foreign currency translation adjustment	1,362	1,451
Remeasurements of defined benefit plans	215	(32)
Share of other comprehensive income of entities accounted for using equity method	184	341
Total other comprehensive income	• 2,235	• 1,261
Comprehensive income	8,169	6,627
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,793	5,273
Comprehensive income attributable to non-controlling interests	1,376	1,354

(iii) [Consolidated statement of changes in equity]

Fiscal year ended March 31, 2024

(Amount: million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,354	1,008	34,282	(1,179)	37,466
Changes during period					
Dividends of surplus			(1,788)		(1,788)
Profit attributable to owners of parent			4,931		4,931
Purchase of treasury shares				(891)	(891)
Disposal of treasury shares					
Treasury stock possession of stock ownership plan trust					
Disposal of treasury shares by stocks payment trust				19	19
Change in ownership interest of parent due to transactions with non-controlling interests					
Net changes in items other than shareholders' equity					
Total changes during period	—	—	3,142	(871)	2,271
Balance at end of period	3,354	1,008	37,425	(2,051)	39,737

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	527	2,034	(3)	2,558	5,229	45,255
Changes during period						
Dividends of surplus						(1,788)
Profit attributable to owners of parent						4,931
Purchase of treasury shares						(891)
Disposal of treasury shares						
Treasury stock possession of stock ownership plan trust						
Disposal of treasury shares by stocks payment trust						19
Change in ownership interest of parent due to transactions with non-controlling interests						
Net changes in items other than shareholders' equity	472	1,173	215	1,862	685	2,548
Total changes during period	472	1,173	215	1,862	685	4,819
Balance at end of period	999	3,208	212	4,421	5,915	50,074

Fiscal year ended March 31, 2025

(Amount: million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,354	1,008	37,425	(2,051)	39,737
Changes during period					
Dividends of surplus			(1,952)		(1,952)
Profit attributable to owners of parent			4,276		4,276
Purchase of treasury shares				(633)	(633)
Disposal of treasury shares		22		112	134
Treasury stock possession of stock ownership plan trust				(134)	(134)
Disposal of treasury shares by stocks payment trust				8	8
Change in ownership interest of parent due to transactions with non-controlling interests		(1)			(1)
Net changes in items other than shareholders' equity					
Total changes during period	—	21	2,324	(647)	1,697
Balance at end of period	3,354	1,030	39,749	(2,698)	41,435

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	999	3,208	212	4,421	5,915	50,074
Changes during period						
Dividends of surplus						(1,952)
Profit attributable to owners of parent						4,276
Purchase of treasury shares						(633)
Disposal of treasury shares						134
Treasury stock possession of stock ownership plan trust						(134)
Disposal of treasury shares by stocks payment trust						8
Change in ownership interest of parent due to transactions with non-controlling interests						(1)
Net changes in items other than shareholders' equity	(499)	1,528	(32)	996	792	1,788
Total changes during period	(499)	1,528	(32)	996	792	3,486
Balance at end of period	500	4,737	179	5,417	6,707	53,561

(iv) [Consolidated statement of cash flows]

(Amount: million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	7,987	7,271
Depreciation	2,011	2,299
Amortization of goodwill	240	186
Increase (decrease) in allowance for doubtful accounts	(30)	165
Increase (decrease) in provision for bonuses	(18)	112
Increase (decrease) in provision for product warranties	155	(120)
Increase (decrease) in retirement benefit liability	51	35
Decrease (increase) in retirement benefit asset	(13)	(30)
Increase (decrease) in provision for bonuses for directors (and other officers)	15	(23)
Increase (decrease) in provision for share awards for directors (and other officers)	20	64
Interest and dividend income	(247)	(298)
Interest expenses	72	106
Share of loss (profit) of entities accounted for using equity method	(490)	1,929
Loss (gain) on sale and retirement of non-current assets	13	(14)
Loss on liquidation of subsidiaries	—	72
Loss (gain) on sale of investment securities	(14)	(515)
Loss (gain) on valuation of investment securities	—	300
Decrease (increase) in trade receivables	(131)	(107)
Decrease (increase) in inventories	409	927
Increase (decrease) in trade payables	(181)	(856)
Other	(1,172)	771
Subtotal	8,677	12,276
Interest and dividends received	248	298
Interest paid	(72)	(106)
Subsidy income received	14	47
Income taxes paid	(2,097)	(2,769)
Net cash provided by (used in) operating activities	6,770	9,746
Cash flows from investing activities		
Payments into time deposits	(3,375)	(5,121)
Proceeds from withdrawal of time deposits	3,779	3,819
Purchase of property, plant and equipment	(1,818)	(2,663)
Proceeds from sale of property, plant and equipment	27	68
Purchase of intangible assets	(348)	(322)
Proceeds from sale of investment securities	263	1,014
Proceeds from redemption of investment securities	300	—
Loan advances	(2)	(2)
Proceeds from collection of loans receivable	9	14
Payments for investments in capital	—	(0)
Other	(94)	(61)
Net cash provided by (used in) investing activities	(1,260)	(3,255)

(Amount: million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	25	(207)
Repayments of lease liabilities	(316)	(334)
Proceeds from long-term borrowings	—	94
Repayments of long-term borrowings	(90)	(158)
Purchase of treasury shares	(891)	(768)
Proceeds from disposal of treasury shares	—	134
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(4)
Dividends paid	(1,787)	(1,951)
Dividends paid to non-controlling interests	(524)	(736)
Net cash provided by (used in) financing activities	(3,584)	(3,932)
Effect of exchange rate change on cash and cash equivalents	603	518
Net increase (decrease) in cash and cash equivalents	2,527	3,077
Cash and cash equivalents at beginning of period	12,080	14,608
Cash and cash equivalents at end of period	* 14,608	* 17,686

[Notes]

(Matters concerning the premise of a going concern)

There are no relevant matters.

(Basic, important matters for preparing consolidated financial statements)

1 Matters concerning the scope of consolidation

(a) Number of consolidated subsidiaries: 31

The names of consolidated subsidiaries are omitted, as they are listed in "4. Status of affiliated companies" in "Section 1."

During the current consolidated fiscal year, ANEST IWATA Italia S.r.l., which was a consolidated subsidiary, is excluded from the scope of consolidation because it was dissolved through an absorption-type merger on January 1, 2024, with ANEST IWATA STRATEGIC CENTER S.r.l., also a consolidated subsidiary, as the surviving company.

In addition, effective from the current consolidated fiscal year, newly established ANEST IWATA A.I.R. Corporation and ANEST IWATA A.I.R. Philippines Inc. is included in the scope of consolidation.

(b) Number of main non-consolidated subsidiaries: 0

2 Matters concerning the application of the equity method

(a) Number of non-consolidated subsidiaries to which the equity method is applied: 0

(b) Number of affiliates to which the equity method is applied: 2

The names of affiliated companies accounted for by the equity method are omitted, as they are listed in "4. Status of affiliated companies" in "Section 1."

(c) Number of non-consolidated subsidiaries to which the equity method is not applied: 0

(d) Number of affiliates to which the equity method is not applied: 0

(e) The accounting dates of the equity method-applied companies differ from the consolidated accounting date, and the financial statements of the individual companies for the most recent fiscal year are used.

3 Matters concerning the fiscal years of consolidated subsidiaries, etc.

Of the consolidated subsidiaries, A&C Service Corporation, ANEST IWATA A.I.R. Corporation, and ANEST IWATA MOTHERSON Pvt. Ltd. have the same accounting date as the consolidated accounting date. For other consolidated subsidiaries, the accounting date is December 31. In preparing consolidated financial statements, the financial statements of the individual consolidated subsidiaries as of their accounting dates are used, and any important transactions made between the accounting dates and consolidated accounting date undergo the necessary adjustments for consolidation.

4 Matters concerning the accounting policy

(a) Valuation criteria and valuation methods for important assets

(i) Securities

Bonds held to maturity

Amortized cost method (straight-line method)

Other securities

Securities other than shares, etc. without a market price

Market value method based mainly on the market price, etc. on the accounting date

(Valuation differences are processed with the full net asset direct entry method and the cost of sales is calculated with the moving average method.)

Shares, etc. without a market price

Cost method mainly based on the moving average method

(ii) Derivatives

Market value method

(iii) Inventories

Cost method mainly based on the first-in first-out method

(Balance sheet values are calculated with the method of devaluing book values based on decreased profitability.)

- (b) Depreciation method for important depreciable assets
- (i) Property, plant and equipment (excluding leased assets)
- Mainly the declining-balance method is employed. For buildings acquired on and after April 1, 1998 by our Company (excluding building accessories), building accessories and structures acquired on and after April 1, 2016, and photovoltaic facilities, the straight-line method is employed. Main useful lives in years are as follows:
- Buildings and structures: 15 to 50 years
- Machinery, equipment and vehicles: 4 to 17 years
- (ii) Intangible assets (excluding leased assets)
- Mainly the straight-line method is employed.
- (iii) Leased assets
- Leased assets pertaining to finance lease transactions under which ownership is not transferred
- We adopt a method whereby the difference between the total lease fee and the amount equivalent to the acquisition price is regarded as the amount equivalent to the interest, with the lease period as the useful life in years, and is distributed to each term with the interest method.
- (c) Recording criteria for important allowances
- (i) Allowance for doubtful accounts
- To prepare for losses due to bad debts, estimated uncollectible amounts are recorded by considering a loan loss ratio for general accounts receivable and collectability for specific credits such as doubtful accounts receivable individually.
- (ii) Provision for bonuses
- To prepare for the payment of bonuses to employees, the estimated payments at the end of the current consolidated fiscal year are recorded.
- (iii) Provision for bonuses for Directors (and other officers)
- To prepare for the payment of Directors' bonuses, the estimated payments at the end of the current consolidated fiscal year are recorded.
- (iv) Provision for share awards for Directors (and other officers)
- To prepare for the granting of Company shares to our Directors and Corporate Officers in accordance with the rules for granting shares, the estimated share-based remuneration obligations at the end of the current consolidated fiscal year are recorded.
- (v) Provision for product warranties
- To prepare for the payment of the costs for after-sales services of products sold, estimated costs according to past experience rates, etc. based on sales are recorded.
- (d) Method of accounting related to retirement benefits
- To prepare for the retirement benefits for employees, the retirement benefit obligations at the end of the current consolidated fiscal year, with pension fund amounts deducted from them, are recorded as the retirement benefit liability. If the pension fund amounts exceed the retirement benefit obligations, the obligations are recorded as the retirement benefit asset.
- (i) Period attribution method for estimated retirement benefits
- In calculating retirement benefit obligations, the method for attributing the estimated retirement benefits to the period up to the end of the current consolidated fiscal year is based on the benefit formula standard.
- (ii) Method for recording actuarial differences and past service costs method for cost
- Past service costs are recorded as costs with the straight-line method based on a certain number of years (10 years) within the average remaining years of service of employees when they are incurred.
- For actuarial differences, the amounts prorated with the straight-line method based on a certain number of years (5 years) within the average remaining years of service of employees when they occur in each consolidated fiscal year are recorded as costs in and after the following consolidated fiscal year.
- (iii) Adoption of the simplified method at small enterprises, etc.
- At some consolidated subsidiaries, for the calculation of the retirement benefit liability and the retirement benefit expenses, a simplified method is applied in which the term-end necessary payment for voluntary retirement pertaining to retirement benefits is used as the retirement benefit obligations.

(e) Recording criteria for important revenue and cost

The main performance obligations and the ordinary time at which the revenue is recognized are as described below.

(i) Revenue recognition related to the sale of goods or products

Revenue related to goods or products is mainly derived from a sale resulting from wholesale or manufacture, etc., and we assume performance obligations to deliver goods or products under the sales contract concluded with the customer. For said performance obligations, we recognize the revenue at the time when control over the goods or products is transferred to the customer.

To domestic sales, however, the alternative treatment specified in Article 98 of the "Implementation Guidance on Accounting Standard for Revenue Recognition" is applied, so that if the period from shipment until control over the goods and products is transferred to the customer is a normal period, the revenue can be recognized at the time of shipment.

Revenue related to the sale of goods and products is recognized by deducting an estimated amount of sales incentives and other amounts according to the transaction volume, transaction value, and collection status in the sale of goods and products from the considerations stipulated in the contract. Estimated amount is calculated based on the Terms of the Contract and the actual sales.

In addition, with regard to the point program operated by our consolidated subsidiaries, we identify the points granted to customers upon product sales as a separate performance obligation, and defer revenue recognition accordingly. Revenue is recognized when the points are redeemed or expire.

These sales transactions are generally due and payable within a short period of time and do not include significant financial elements in the contracts.

(ii) Revenue recognition related to construction contracts, etc.

Revenue related to construction contracts, etc. is mainly derived from contract work including the design, assembly, and installation of facilities, and we assume performance obligations to construct facilities, etc. under the construction contract concluded with the customer. For any performance obligations to be fulfilled for a certain period of time under construction contracts, etc., we estimate the progress related to the fulfillment of the performance obligations and recognize the revenue based on said progress for a certain period of time.

For a construction contract for which the period from the transaction start date in the contract until the performance obligations are expected to be fully fulfilled is very short, we apply an alternative treatment, so that we will recognize the revenue at the time when the performance obligations are fully fulfilled, rather than recognizing the revenue for a certain period of time.

Such transactions are generally due and payable within one year and do not include significant financial elements in the contracts.

(f) Basis for the translation of important foreign currency dominated assets and liabilities into Japanese currency

Monetary foreign currency dominated debts and credits are translated into Japanese currency at the spot exchange rate on the consolidated accounting date, and translation differences are recorded as gains or losses. The assets and liabilities of overseas subsidiaries, etc. are translated into Japanese currency at the spot exchange rate on the accounting dates of the overseas subsidiaries, etc., the revenue and cost are translated into Japanese currency at the average rate in the period, and translation differences are included in foreign currency translation adjustment and non-controlling interests in net assets.

(g) Amortization method and amortization period of goodwill

We make judgment on an item-by-item basis and perform amortization with the straight-line method over 5 to 10 years.

(h) Range of the fund in the consolidated statement of cash flows

Consists of cash on hand, deposits that can be drawn at any time, and short-term investments that are easily convertible and that will mature within three months from the acquisition date so that they have only insignificant risks about value fluctuations.

(i) Other important matters for the preparation of consolidated financial statements

There are no relevant matters.

(Significant accounting estimates)

(Impairment of property, plant and equipment and intangible assets including goodwill)

(1) Amount recorded in the consolidated financial statements for the current consolidated fiscal year

(Million yen)

	As of March 31, 2024	As of March 31, 2025
Property, plant and equipment	13,715	15,095
Intangible assets	3,266	3,213

(2) Information on significant accounting estimates related to identified items

A determination is made as to whether to recognize impairment losses in cases where impairment of property, plant and equipment and intangible assets, including goodwill, recorded by the Group are indicated. The recoverable amount is mainly calculated based on a combination of future cash flow projections and discount rates. In making such calculations, the Group's management forms judgments and assumptions based on market conditions. If the assumed conditions change and the initially expected revenue is not obtained, significant impact on the amount recognized in the consolidated financial statements in the subsequent fiscal year and thereafter may occur.

(Unapplied accounting standards, etc.)

- "Accounting Standard for Leases" (ASBJ Statement No. 34, Sep. 13, 2024)
- "Implementation Guidance on Accounting Standard for Leases" (ASBJ Guidance No. 33, Sep. 13, 2024), etc.

(1) Overview

The Accounting Standards Board of Japan makes efforts to make Japanese accounting standards consistent with international standards. In order to develop accounting standards for leases that recognize assets and liabilities for all lessees, the Accounting Standards Board of Japan conducts discussions taking into account international accounting standards. As a basic policy, the Accounting Standards Board of Japan published lease accounting standards that are based on the single accounting model of IFRS 16, but do not adopt all of the provisions of IFRS 16, and adopt only the main provisions, aiming to be simple and convenient, and to basically eliminate the need for amendments even if the provisions of IFRS 16 are used in non-consolidated financial statements.

As for the lessee's accounting treatment, with regard to the method of allocating lease expenses, regardless of whether the lease is an operating or finance lease, a single accounting model will be applied to all leases, similar to IFRS 16. This model will record depreciation on the right-of-use asset and an amount equal to interest on the lease liability.

(2) Scheduled date of application

Application of the accounting standards is planned for the beginning of the fiscal year ending March 31, 2028.

(3) Effect of application of the accounting standards, etc.

The effect on the consolidated financial statements resulting from the application of the "Accounting Standard for Leases" is under evaluation.

(Changes in presentation method)

"Sales commission," "Packing and transportation costs," "Welfare expenses," and "Rent expenses" which were set down independently under "Selling, general and administrative expenses" in the previous consolidated fiscal year have been revised to improve clarity and they are now included in "Other" from the current consolidated fiscal year. To reflect this change in presentation method, we revised the consolidated financial statements for the previous consolidated fiscal year.

As a result, 665 million yen as "Sales commission," 1,006 million yen as "Packing and transportation costs," 1,449 million yen as "Welfare expenses," 655 million yen as "Rent expenses," and 4,944 million yen as "Other" presented under "Selling, general and administrative expenses" in the consolidated profit and loss statement for the previous consolidated fiscal year, are revised to 8,721 million yen as "Other."

(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)" (hereinafter referred to as "this plan"), 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 hereinafter referred to as "this trust") 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 (hereinafter referred to collectively as "Company shares, etc." 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 incidental costs) in the trust. At the end of the previous consolidated fiscal year, the book value of the treasury shares is 153 million yen, and the number of shares is 154,200. At the end of the current consolidated fiscal year, the book value of the treasury shares is 279 million yen, and the number of shares is 245,400.

(Related to consolidated balance sheet)

*1 Pledged assets and secured debts

Assets offered as collateral and secured debts are as below.

	As of March 31, 2024	As of March 31, 2025
Cash and deposits	296 million yen	359 million yen
Buildings and structures	741 million yen	666 million yen
Land	631 million yen	658 million yen
Total	1,669 million yen	1,684 million yen
Notes and accounts payable-trade	922 million yen	1,137 million yen
Short-term borrowings	637 million yen	693 million yen
Current portion of long-term borrowings	138 million yen	—
Long-term borrowings	—	96 million yen
Total	1,699 million yen	1,927 million yen

*2 Receivables from contracts with customers

The amount of notes and accounts receivable-trade derived from contracts with customers is shown in "Notes (Related to revenue recognition) 3. (1) Balance of contract assets and contract liabilities, etc."

*3 Shares of affiliates in investment securities

	As of March 31, 2024	As of March 31, 2025
	3,447 million yen	1,859 million yen

*4 Contract liabilities

The amount of contract liabilities accounted for as Other is as described in "Notes (Related to revenue recognition) 3. (1) Balance of contract assets and contract liabilities, etc."

*5 Overdraft agreement and commitment line agreement

The Company and certain of its consolidated subsidiaries have entered into overdraft agreement and commitment line agreement with their correspondent banks in order to raise working capital efficiently. The balance of unexecuted loans based on these agreements as of the end of the current consolidated accounting period is as follows.

	As of March 31, 2024	As of March 31, 2025
Overdraft limit and commitment line agreement amount	8,058 million yen	7,949 million yen
Balance of executed loans	335 million yen	96 million yen
Balance of unexecuted loans	7,722 million yen	7,853 million yen

6 Trade notes receivable transferred by endorsement

	As of March 31, 2024	As of March 31, 2025
	1,075 million yen	1,052 million yen

(Related to consolidated statement of income)

*1 Revenue from contracts with customers

Regarding net sales, revenue from contracts with customers and revenues from other sources are not separately classified and presented. The amount of revenue from contracts with customers are described in "Notes (Segment information, etc.)".

*2 Write-downs of inventories based on decreased profitability of inventories included in cost of sales

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
	123 million yen	(39) million yen

*3 Research and development expenses included in general and administrative expenses

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
	853 million yen	1,011 million yen

*4 Gain on sale of non-current assets

Fiscal year ended March 31, 2024

Mainly due to the sales of machinery and equipment, as well as vehicles, etc.

Fiscal year ended March 31, 2025

Mainly due to the sales of machinery and equipment, as well as vehicles, etc.

*5 Gain on sale of investment securities

Fiscal year ended March 31, 2024

This gain was generated from the sale of listed shares.

Fiscal year ended March 31, 2025

This gain was generated from the sale of listed shares.

*6 Loss on valuation of investment securities

Fiscal year ended March 31, 2025

We have performed impairment accounting on the investment securities we own that have drastically dropped in net asset value.

*7 Loss on sale of non-current assets

Fiscal year ended March 31, 2024

Mainly due to the sales of tools, furniture and fixtures, etc.

Fiscal year ended March 31, 2025

Mainly due to the sales of machinery and equipment, as well as vehicles, etc.

*8 Loss on retirement of non-current assets

Fiscal year ended March 31, 2024

Mainly due to the retirement of machinery and equipment, as well as vehicles, etc.

Fiscal year ended March 31, 2025

Mainly due to the retirement of machinery and equipment, as well as vehicles, etc.

*9 Loss on liquidation of subsidiaries

Fiscal year ended March 31, 2025

It is a business restructuring loss due to the reorganization of the consolidated subsidiary ANEST IWATA Europe GmbH in Germany.

*10 Extraordinary losses and others

Fiscal year ended March 31, 2025

It is the amount of loss due to remittance fraud at the overseas subsidiary.

(Related to consolidated statement of comprehensive income)

* Recycling related to other comprehensive income, as well as income taxes and tax effect amounts

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Valuation difference on available-for-sale securities		
Amount incurred in current period	694 million yen	(193) million yen
Recycling	(14) million yen	(515) million yen
Income taxes and amount before tax effect adjustment	680 million yen	(708) million yen
Income taxes and amount of tax effect	(207) million yen	209 million yen
Valuation difference on available-for-sale securities	472 million yen	(499) million yen
Foreign currency translation adjustment		
Amount incurred in current period	1,362 million yen	1,451 million yen
Recycling	—	—
Foreign currency translation adjustment	1,362 million yen	1,451 million yen
Remeasurements of defined benefit plans, net of tax		
Amount incurred in current period	296 million yen	10 million yen
Recycling	13 million yen	(54) million yen
Income taxes and amount before tax effect adjustment	310 million yen	(43) million yen
Income taxes and amount of tax effect	(94) million yen	11 million yen
Remeasurements of defined benefit plans, net of tax	215 million yen	(32) million yen
Share of other comprehensive income of entities accounted for using equity method		
Amount incurred in current period	184 million yen	341 million yen
Share of other comprehensive income of entities accounted for using equity method	184 million yen	341 million yen
Total other comprehensive income	2,235 million yen	1,261 million yen

(Related to consolidated statement of changes in equity)

Fiscal year ended March 31, 2024

1 Matters concerning issued shares

Class of shares	Beginning of the fiscal year ended March 31, 2024	Increase	Decrease	End of the fiscal year ended March 31, 2024
Common shares (shares)	41,745,505	—	—	41,745,505

2 Matters concerning treasury shares

Class of shares	Beginning of the fiscal year ended March 31, 2024	Increase	Decrease	End of the fiscal year ended March 31, 2024
Common shares (shares)	1,278,572	691,180	20,000	1,949,752

(Notes) 1. The breakdown of the increase in treasury shares is as below.

Increase due to the purchase of treasury shares based on the resolution of the Board of Directors
691,100 shares

Increase due to the purchase of fractional shares
80 shares

The breakdown of the decrease in treasury shares is as below.

Decrease due to issuance of shares through Board Benefit Trust (BBT)
20,000 shares

2. Treasury shares at the beginning and end of the current consolidated fiscal year include 174,200 shares and 154,200 of the Company's shares held by the "Board Benefit Trust (BBT)" respectively.

3 Matters concerning dividends

(1) Dividends paid

Resolution	Class of shares	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
June 23, 2023 Ordinary general shareholders' meeting	Common shares	894	22.0	March 31, 2023	June 26, 2023
November 9, 2023 Board of Directors meeting	Common shares	894	22.0	September 30, 2023	December 7, 2023

(Notes) 1. The total amount of dividends determined by the resolution of the ordinary general shareholders' meeting held on June 23, 2023 includes dividends of 3 million yen for the Company's shares held by the "Board Benefit Trust (BBT)."

2. The total amount of dividends determined by the resolution of the Board of Directors meeting held on November 9, 2023 includes dividends of 3 million yen for the Company's shares held by the "Board Benefit Trust (BBT)."

(2) Of the dividends whose record dates are contained in the current consolidated fiscal year, those whose effective dates are in the following consolidated fiscal year

Resolution	Class of shares	Dividend resource	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
June 25, 2024 Ordinary general shareholders' meeting	Common shares	Retained earnings	1,078	27.0	March 31, 2024	June 26, 2024

(Note) The total amount of dividends includes the dividend of 4 million yen for the Company shares owned by the "Board Benefit Trust (BBT)."

Fiscal year ended March 31, 2025

1 Matters concerning issued shares

Class of shares	Beginning of the fiscal year ended March 31, 2025	Increase	Decrease	End of the fiscal year ended March 31, 2025
Common shares (shares)	41,745,505	—	—	41,745,505

2 Matters concerning treasury shares

Class of shares	Beginning of the fiscal year ended March 31, 2025	Increase	Decrease	End of the fiscal year ended March 31, 2025
Common shares (shares)	1,949,752	560,937	108,800	2,401,889

(Notes) 1. The breakdown of the increase in treasury shares is as below.

Increase due to the purchase of treasury shares based on the resolution of the Board of Directors
460,700 shares

Increase due to the purchase of fractional shares
237 shares

Increase due to purchase of treasury shares by the Board Benefit Trust (BBT)
100,000 shares

The breakdown of the decrease in treasury shares is as below.

Decrease due to disposal of treasury shares through third-party allotment to the Board Benefit Trust (BBT)
100,000 shares

Decrease due to issuance of shares through Board Benefit Trust (BBT)
8,800 shares

2. Treasury shares at the beginning and end of the current consolidated fiscal year include 154,200 shares and 245,400 shares of the Company's shares held by the "Board Benefit Trust (BBT)" respectively.

3 Matters concerning dividends

(1) Dividends paid

Resolution	Class of shares	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
June 25, 2024 Ordinary general shareholders' meeting	Common shares	1,078	27.0	March 31, 2024	June 26, 2024
November 11, 2024 Board of Directors meeting	Common shares	874	22.0	September 30, 2024	December 9, 2024

(Notes) 1. The total amount of dividends determined by the resolution of the ordinary general shareholders' meeting held on June 25, 2024 includes dividends of 4 million yen for the Company's shares held by the "Board Benefit Trust (BBT)."

2. The total amount of dividends determined by the resolution of the Board of Directors meeting held on November 11, 2024 includes dividends of 3 million yen for the Company's shares held by the "Board Benefit Trust (BBT)."

(2) Of the dividends whose record dates are contained in the current consolidated fiscal year, those whose effective dates are in the following consolidated fiscal year

Resolution	Class of shares	Dividend resource	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
June 25, 2025 Ordinary general shareholders' meeting	Common shares	Retained earnings	910	23.0	March 31, 2025	June 26, 2025

(Note) The total amount of dividends includes the dividend of 5 million yen for the Company shares owned by the "Board Benefit Trust (BBT)."

(Related to consolidated statement of cash flows)

* Relations between the cash and cash equivalents at end of period and the amounts contained account titles in the consolidated balance sheet

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash and deposits	16,931 million yen	21,336 million yen
Time deposit exceeding 3 months in deposit term	(2,026) million yen	(3,306) million yen
Derivative deposit	(296) million yen	(343) million yen
Cash and cash equivalents	14,608 million yen	17,686 million yen

(Related to lease transactions)

A description is omitted due to low importance.

(Related to financial instruments)

1 Matters concerning the status of financial instruments

(1) Policy for handling financial instruments

Based on the business plan, the Group effectively raise and manage funds to carry out smooth management activities.

Procurement of working capital is carried out through borrowings from financial institutions, etc. However, a portion of the funds required for capital investment may be procured through the use of finance lease transactions. While the Group has a policy not to engage in any speculative transactions, it may engage in derivative transactions strictly for the purpose of risk avoidance.

The Group's policy is to invest temporary surplus funds only in financial assets which have high degree of safety. For this investment, financial assets with a maturity period of one year or longer may be selected. Among these, long-term deposits are limited to highly rated financial institutions. In addition, for bonds held to maturity, the Group only acquire highly rated bonds with minimal credit risk.

Shares held are mainly of business partners and are subject to the risk of market price fluctuations. However, the Group periodically monitors the market values and financial conditions of the issuing companies to protect its rights.

With respect to trade receivables, the Group reduces credit risk by conducting periodic surveys and analyses of business partners and promptly analyzes causes of uncollected amounts.

(2) Description of financial instruments and associated risks

Cash and deposits include saving deposits denominated in foreign currencies for efficient settlement of overseas transactions, etc., and are subject to the risk of exchange rate fluctuations. Notes and accounts receivable-trade, which are trade receivables, are subject to the credit risk associated with business partners. In addition, because receivables denominated in foreign currencies are included, there is also the risk of exchange rate fluctuations. Investment securities are mainly bonds held to maturity and equity securities of business partners, and are subject to the risk of market price fluctuations. Long-term deposits are subject to credit risk associated with financial institutions and market risk associated with interest rate fluctuations.

Notes and accounts payable-trade, which are trade payables, include foreign currency denominated payables and are subject to the risk of exchange rate fluctuations. Borrowings are primarily for temporary working capital shortages, and lease liabilities are primarily for the efficient procurement of capital investment. Borrowings and lease liabilities are subject to market risk associated with interest rate fluctuations. In addition, trade payables and borrowings are subject to the liquidity risk whereby the Group may not be able to make payments by the due date.

(3) Risk management system for financial instruments

(i) Management of credit risk (risks related to nonperformance of contracts by business partners, etc.)

Regarding trade receivables, the Group reduces credit risk by conducting periodic surveys and analyses of business partners and promptly analyzes the causes of uncollected amounts in accordance with the sales management rules. Consolidated subsidiaries are managed in the same manner as the Company.

For bonds held to maturity, the Group acquires only highly rated bonds with minimal credit risk. Among these, long-term deposits are limited to highly rated financial institutions to reduce credit risk.

(ii) Market risk management

Regarding securities and investment securities, the Group periodically monitors market values and financial conditions of issuing companies in accordance with accounting rules to protect its rights against market risks.

(iii) Management of liquidity risks (risk of being unable to make payment by the due date) related to fund procurement

The Company reduces liquidity risk by effectively procuring and managing funds based on its funding plan and by ensuring availability of funds for operations through overdraft agreements, etc. Consolidated subsidiaries are managed in the same manner as the Company.

2 Items related to market value of financial instruments

Amounts recorded on the consolidated balance sheet, market value and their differences are as follows.

As of March 31, 2024

Classification	Amounts recorded on the consolidated balance sheet as of the consolidated balance sheet date (million yen)	Market value (million yen)	Difference (million yen)
(i) Securities and investment securities (Note 3)	2,344	2,344	—
Total assets	2,344	2,344	—
(i) Long-term borrowings (including current portion)	203	198	(4)
(ii) Lease liabilities (including current portion)	1,879	1,957	77
Total liabilities	2,083	2,156	73

(Note 1) Insignificant financial assets and financial liabilities such as loans are excluded.

(Note 2) "Cash and deposits," "Notes and accounts receivable-trade," "Notes and accounts payable-trade" and "Short-term borrowings" are omitted because they are cash and are settled in a short period of time and their market value closely approximates their book value.

(Note 3) Shares and other securities with no market value are not included in "(i) Securities and investment securities." The consolidated balance sheet appropriation amounts of the relevant financial instruments are as follows.

Classification	As of March 31, 2024 (million yen)
Unlisted shares, etc. (including affiliated companies)	3,925

As of March 31, 2025

Classification	Amounts recorded on the consolidated balance sheet as of the consolidated balance sheet date (million yen)	Market value (million yen)	Difference (million yen)
(i) Securities and investment securities (Note 3)	1,135	1,135	—
Total assets	1,135	1,135	—
(i) Long-term borrowings (including current portion)	147	146	(0)
(ii) Lease liabilities (including current portion)	1,866	1,934	68
Total liabilities	2,013	2,080	67

(Note 1) Insignificant financial assets and financial liabilities such as loans are excluded.

(Note 2) "Cash and deposits," "Notes and accounts receivable-trade," "Notes and accounts payable-trade" and "Short-term borrowings" are omitted because they are cash and are settled in a short period of time and their market value closely approximates their book value.

(Note 3) Shares and other securities with no market value are not included in "(i) Securities and investment securities." The consolidated balance sheet appropriation amounts of the relevant financial instruments are as follows.

Classification	As of March 31, 2025 (million yen)
Unlisted shares, etc. (including affiliated companies)	2,037

(1) Redemption schedule for monetary claims and securities with maturity dates after the date of consolidated balance sheet

As of March 31, 2024

Classification	Within 1 year (million yen)	From 1 to 5 years (million yen)	From 5 to 10 years (million yen)
Cash and deposits			
Fixed-term deposits	2,423	—	—
Notes and accounts receivable- trade	9,795	—	—
Total	12,219	—	—

As of March 31, 2025

Classification	Within 1 year (million yen)	From 1 to 5 years (million yen)	From 5 to 10 years (million yen)
Cash and deposits			
Fixed-term deposits	3,665	—	—
Notes and accounts receivable- trade	10,435	—	—
Total	14,101	—	—

(2) Scheduled repayment amounts of short-term borrowings, long-term borrowings, and lease liabilities after the date of consolidated balance sheet

As of March 31, 2024

Classification	Within 1 year□ (million yen)	From 1 to 2 years (million yen)	From 2 to 3 years (million yen)	From 3 to 4 years (million yen)	From 4 to 5 years (million yen)	Over 5 years (million yen)
Short-term borrowings	991	—	—	—	—	—
Long-term borrowings	154	—	1	—	47	—
Lease liabilities	308	262	189	167	153	797
Total	1,454	262	191	167	201	797

As of March 31, 2025

Classification	Within 1 year□ (million yen)	From 1 to 2 years (million yen)	From 2 to 3 years (million yen)	From 3 to 4 years (million yen)	From 4 to 5 years (million yen)	Over 5 years (million yen)
Short-term borrowings	858	—	—	—	—	—
Long-term borrowings	8	1	137	—	—	—
Lease liabilities	291	224	205	195	148	799
Total	1,158	225	343	195	148	799

3. Items related to the breakdown of financial instruments according to the level of the market value hierarchy

Market value of financial instruments is categorized into the following three levels based on the observability and significance of the inputs used to calculate the market value.

Level 1: Market value calculated based on quoted market prices for assets or liabilities that are created in an active market among the inputs for the calculation of observable market value and which are subject to the calculation of such market value.

Level 2: Market value calculated using inputs related to the calculation of observable market value other than Level 1 inputs

Level 3: Market value calculated using inputs related to the calculation of unobservable market value

When multiple inputs which have a significant impact on the calculation of market value are used, the market value is categorized at the lowest priority level in the calculation of market value from among

the levels to which each of these inputs belongs.

(1) Financial instruments recorded on the consolidated balance sheet at market value

As of March 31, 2024

Classification	Market value (million yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Other securities				
Shares	2,344	—	—	2,344
Total assets	2,344	—	—	2,344

As of March 31, 2025

Classification	Market value (million yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Other securities				
Shares	1,135	—	—	1,135
Total assets	1,135	—	—	1,135

(2) Financial instruments other than those recorded on the consolidated balance sheet at market value

As of March 31, 2024

Classification	Market value (million yen)			
	Level 1	Level 2	Level 3	Total
Long-term borrowings (including current portion)	—	198	—	198
Lease liabilities (including current portion)	—	1,957	—	1,957
Total liabilities	—	2,156	—	2,156

As of March 31, 2025

Classification	Market value (million yen)			
	Level 1	Level 2	Level 3	Total
Long-term borrowings (including current portion)	—	146	—	146
Lease liabilities (including current portion)	—	1,934	—	1,934
Total liabilities	—	2,080	—	2,080

(Note) Explanation of valuation techniques used in the calculation of market value and inputs related to the calculation of market value

Securities and investment securities

As a general rule, shares are stated at market value at the end of the current fiscal year, and are mainly classified as Level 1 market value based on market activity. For securities other than shares, the market value is based on the price quoted by the financial institutions with whom the Company does business, and is classified as Level 2 market value.

Long-term borrowings (including current portion)

Market value of long-term borrowings is calculated based on the current value of the total amount of principal and interest discounted at an interest rate calculated by adding the credit spread to an appropriate index such as the yield of government bonds, and is classified as Level 2 market value.

Lease liabilities (including current portion)

The market value of lease liabilities is calculated based on the current value of the total amount of principal and interest discounted at the interest rate that would be applicable if a similar new lease were to be made, and is classified as Level 2 market value.

(Related to securities)

(1) Trading securities

There are no relevant matters.

(2) Bonds held to maturity

There are no relevant matters.

(3) Other securities

As of March 31, 2024

Classification	Amounts recorded on the consolidated balance sheet as of the consolidated balance sheet date (million yen)	Acquisition cost (million yen)	Difference (million yen)
Securities whose consolidated balance sheet amount exceeds their acquisition cost			
Shares	2,344	905	1,438
Subtotal	2,344	905	1,438
Securities whose consolidated balance sheet amount does not exceed their acquisition cost			
Shares	—	—	—
Subtotal	—	—	—
Total	2,344	905	1,438

(Note) Unlisted stocks (amount recorded on consolidated balance sheet: 477 million yen) are not included in "Other securities" in the above table because they do not hold a market price.

As of March 31, 2025

Classification	Amounts recorded on the consolidated balance sheet as of the consolidated balance sheet date (million yen)	Acquisition cost (million yen)	Difference (million yen)
Securities whose consolidated balance sheet amount exceeds their acquisition cost			
Shares	1,135	405	730
Subtotal	1,135	405	730
Securities whose consolidated balance sheet amount does not exceed their acquisition cost			
Shares	—	—	—
Subtotal	—	—	—
Total	1,135	405	730

(Note) Unlisted stocks (amount recorded on consolidated balance sheet: 178 million yen) are not included in "Other securities" in the above table because they do not hold a market price.

(4) Other securities sold during the consolidated fiscal year

Shares

Fiscal year ended March 31, 2024

Amount sold (million yen)	Total gain on sale (million yen)	Total loss on sale (million yen)
263	14	—

Fiscal year ended March 31, 2025

Amount sold (million yen)	Total gain on sale (million yen)	Total loss on sale (million yen)
1,014	515	—

(5) Securities for which impairment losses are recognized

In the current consolidated fiscal year, we have recorded an impairment loss of 300 million yen on investment securities.

In principle, impairment loss is recognized when the market value at the end of the fiscal year has decreased by 50% or more compared to the acquisition cost. In the event market value has decreased by 30-50%, impairment loss shall be recognized for the amount deemed necessary in consideration of the possibility of recovery, etc.

(Related to derivative transactions)

A description is omitted due to low importance.

(Related to retirement benefits)

1 Overview of adopted retirement benefit plans

The Company and its domestic consolidated subsidiaries have adopted both funded and non-funded defined contribution plans and defined contribution plans to cover the payment of retirement benefits to employees. Defined benefit pension plans (all are funded plans.) provide lump-sum payments or pensions based on a points system. The lump-sum retirement benefit plan (a non-funded plan was adopted by the Company, but was changed to a funded plan as a result of the establishment of a retirement benefit trust from the previous consolidated fiscal year.) provides lump-sum payments based on a points-based system as retirement benefits.

Moreover, certain overseas consolidated subsidiaries have adopted both funded and non-funded defined benefit plans and defined contribution plans to cover payment of retirement benefits to employees.

2 Defined benefit plan

(1) Reconciliation of retirement benefit obligations for the beginning of the term balance and the end of the term balance

	(Million yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Balance of retirement benefit obligations at the beginning of the term	4,315	4,177
Service costs	170	195
Interest costs	36	43
Actuarial differences incurred	(70)	(140)
Amount paid for retirement benefits	(283)	(285)
Other	8	10
Balance of retirement benefit obligations at the end of the term	4,177	4,001

(2) Reconciliation of pension assets for the beginning of the term balance and at the end of the term balance

	(Million yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Balance of pension assets at the beginning of the term	3,810	3,930
Expected investment returns	79	99
Actuarial differences incurred	223	(147)
Contribution from the employer	26	5
Amount paid for retirement benefits	(232)	(193)
Other	21	5
Balance of pension assets at the end of term	3,930	3,699

(Note) A retirement benefit trust has been established by the Company.

(3) Reconciliation between the balance of retirement benefit obligations and pension assets at the end of the fiscal year, and retirement benefit liability and retirement benefit asset recorded on the consolidated balance sheet

	(Million yen)	
	As of March 31, 2024	As of March 31, 2025
Retirement benefit obligations for funded plans	4,025	3,821
Pension assets	(3,930)	(3,699)
	94	121
Retirement benefit obligations for non-funded plans	152	179
Net liabilities and assets recorded on the consolidated balance sheet	247	301
Retirement benefit liability	1,170	1,220
Retirement benefit asset	(923)	(919)
Net liabilities and assets recorded on the consolidated balance sheet	247	301

(4) Amount of retirement benefit expenses and item breakdown

	(Million yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Service costs	170	195
Interest costs	36	43
Expected investment returns	(79)	(99)
Amortization of actuarial differences	18	(34)
Amortization of past service costs	(1)	(1)
Retirement benefit expenses related to defined benefit plans	143	101

(5) Remeasurements of defined benefit plans, net of tax

The breakdown of items recorded as remeasurements of defined benefit plans, net of tax (income taxes and before tax effect deductions) is as follows.

	(Million yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Past service costs	(1)	(1)
Actuarial differences	312	(42)
Total	310	(43)

(6) Remeasurements of defined benefit plans

The breakdown of items recorded as remeasurements of defined benefit plans (income taxes and before tax effect deductions) is as follows.

	(Million yen)	
	As of March 31, 2024	As of March 31, 2025
Unrecognized past service costs	(12)	(10)
Unrecognized actuarial differences	(293)	(251)
Total	(306)	(262)

(7) Items related to pension assets

(i) Major breakdown of pension assets

Ratio of total pension assets by major categories are as follows.

	As of March 31, 2024	As of March 31, 2025
Bonds	7%	3%
Shares	6%	5%
General accounts	3%	3%
Special accounts	8%	10%
Cash and deposits	0%	28%
Others	75%	51%
Total	100%	100%

(Notes) 1. Total pension assets include retirement benefit trusts established for lump-sum retirement benefit plans, which accounted for 27% in the previous consolidated fiscal year and 28% in the current consolidated fiscal year.

2. Others are mainly investments in multi-asset management funds, etc.

(ii) Method to determine the expected long-term rate of return on pension assets

To determine the expected long-term rate of return on pension assets, the Company considers current and projected allocation of pension assets along with current and expected future long-term rates of return from the diverse assets comprising the pension assets.

(8) Items related to the fundamentals of actuarial calculations

Fundamentals of major actuarial calculations

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Discount rate	Mainly 0.88% to 1.24%	Mainly 1.53% to 1.78%
Expected long-term rate of return on pension assets	Mainly 2.0%	Mainly 2.0%
Projected salary increase	Mainly 1.0% to 4.1%	Mainly 1.0% to 4.0%

3 Defined contribution plan

The amount the Company and its consolidated subsidiaries needed to contribute to the defined contribution plan in the previous fiscal year was 213 million yen and 209 million yen in the current fiscal year.

(Related to tax effect accounting)

1 Breakdown of principal factors in deferred tax assets and deferred tax liabilities

	As of March 31, 2024	As of March 31, 2025
Deferred tax assets		
Retirement benefit liability	735 million yen	658 million yen
Provision for bonuses	203 million yen	206 million yen
Unrealized gains on inventories	642 million yen	616 million yen
Other	586 million yen	809 million yen
Subtotal of deferred tax assets	2,166 million yen	2,292 million yen
Valuation allowance	(152) million yen	(234) million yen
Offset of deferred tax liabilities	(862) million yen	(762) million yen
Net amount of deferred tax assets	1,151 million yen	1,295 million yen
Deferred tax liabilities		
Retirement benefit asset	(277) million yen	(288) million yen
Market valuation difference due to business combination	(273) million yen	(275) million yen
Valuation difference on available-for-sale securities	(438) million yen	(229) million yen
Other	(59) million yen	(162) million yen
Subtotal of deferred tax liabilities	(1,049) million yen	(955) million yen
Offset of deferred tax assets	862 million yen	762 million yen
Net amount of deferred tax assets	(186) million yen	(192) million yen

2 Breakdown of major factors in the difference between the normal effective statutory tax rate and the effective tax rate after the application of tax-effect accounting

	As of March 31, 2024	As of March 31, 2025
Normal effective statutory tax rate	30.5%	30.5%
(Adjustment)		
Foreign withholding tax on dividends from foreign subsidiaries, etc.	1.2%	3.4%
Special deduction of experimental and research expenses	(1.0)%	(1.2)%
Differences in foreign tax rates, etc.	(5.7)%	(6.2)%
Difference due to equity in earnings of affiliates	(1.9)%	(3.9)%
Amortization of goodwill	0.5%	0.6%
Income taxes for prior periods	2.3%	0.0%
Increase in year-end deferred tax assets due to change in tax rate	—	(0.2)%
Other	(0.2)%	3.2%
Effective tax rate after application of tax-effect accounting	25.7%	26.2%

3 Adjustment of deferred tax assets and deferred tax liabilities due to changes in income tax rate

The Diet passed the "Act on Partial Amendment of the Income Tax Act (Act No. 13 of 2025)" on March 31, 2025, and a "Special Defense Corporate Tax" will be charged in consolidated fiscal years beginning on or after April 1, 2026.

As a result, for deferred tax assets and deferred tax liabilities related to temporary differences expected to be resolved in or after the consolidated fiscal years starting on or after April 1, 2026, we have changed the statutory effective tax rate from 30.5% to 31.4% for calculation purposes.

As a result of this change, the current consolidated fiscal year's deferred tax assets increased by 7 million yen (after deducting the amount of deferred tax liabilities), while the income taxes - deferred decreased by 15 million yen, the valuation difference on available-for-sale securities decreased by 6 million yen, and the remeasurements of defined benefit plans decreased by 2 million yen.

(Related to asset retirement obligations)

A description is omitted due to low of importance.

(Related to rentals and other real estate)

There are no relevant matters.

(Related to revenue recognition)

1. Information that disaggregates revenue from contracts with customers

Information that disaggregates revenue from contracts with customers is described in "Notes (Segment information, etc.)".

2. Information that forms the basis for understanding revenue from contracts with customers

Information that forms the basis for understanding revenue is described in "(Basic, important matters for preparing consolidated financial statements) – 4 Matters concerning the accounting policy – (e) Recording criteria for important revenue and cost."

3. Information related to the relationship between the satisfaction of performance obligations based on contracts with customers and cash flows generated from the contracts, as well as amounts and timing of revenue expected to be recognized in the following fiscal year or later from contracts with customers that existed as of the end of the current fiscal year

(1) Balance of contract assets and contract liabilities, etc.

(Amount: million yen)

	As of March 31, 2024		As of March 31, 2025	
	Beginning balance	Ending balance	Beginning balance	Ending balance
Receivables from contracts with customers				
Notes receivable - trade	502	423	423	488
Accounts receivable - trade	8,599	9,372	9,372	9,947
	9,102	9,795	9,795	10,435
Contract liabilities	712	670	670	1,184

Contract liabilities are primarily advances received, which represent consideration for which the performance obligation has not been satisfied at the end of the period. Contract liabilities are included in "Other" under current liabilities on the consolidated balance sheet.

Moreover, changes in contract liabilities in the previous fiscal year and the current fiscal year were mainly due to the receipt of advances received (increase in contract liabilities) and revenue recognition (decrease in contract liabilities).

(2) Transaction price allocated to remaining performance obligations

Regarding the transaction prices allocated to any remaining performance obligations by the Company and its subsidiaries, since there are no significant performance obligations which exceed one year at the time of the contract, these have been abbreviated. In addition, there are no significant amounts of consideration arising from contracts with customers that are not included in the transaction price.

(Segment information, etc.)

[Segment information]

1 Overview of reporting segments

(1) Overview of reporting segments

The reporting segments of our Group are those of the constituent units for which separate financial information is obtainable and for which the Board of Directors is to periodically consider to decide on the allocation of management resources and evaluate business performance.

(2) Product and service types belonging to each reporting segment

Our Group manufactures and sells air compressors, vacuum equipment, coating equipment, and coating systems exclusively. Japan is in the charge of our Company and the domestic consolidated subsidiaries. Overseas, Europe (mainly Germany, France and Italy), the Americas (USA, Brazil and Mexico), China and other areas (mainly India, Taiwan, and South Korea) are in the charge of their respective local corporations. The local corporations are management units independent of one another. They create comprehensive strategies for the products they handle in their areas, and carry out business activities.

Thus, our Group consists of segments according to location, based on the production and sale system, and regards the five areas, "Japan", "Europe", "Americas", "China", and "Others" as reporting segments.

2 Method of calculating the amounts of the net sales, profit, assets, and other items for each reporting segment

In general, the accounting method for the reported business segments is the same as that used for preparing consolidated financial statements.

3 Information about the amounts of net sales, profit, assets, and other items for each reporting segment and information about the disaggregation of revenue

Fiscal year ended March 31, 2024

(Amount: million yen)

	Reporting segment					Total
	Japan	Europe	Americas	China	Others (note)	
Net sales						
Revenue from contracts with customers	18,207	8,663	6,862	11,419	8,273	53,425
Sales to external customers	18,207	8,663	6,862	11,419	8,273	53,425
Internal sales or transfers between segments	8,118	713	396	986	1,794	12,009
Total	26,326	9,377	7,258	12,405	10,067	65,435
Segment profit	3,431	829	927	808	1,600	7,597
Segment assets	29,442	7,032	6,482	12,935	7,702	63,596
Other items						
Depreciation	1,228	215	77	264	206	1,991
Amortization of goodwill	140	—	99	—	—	240
Increase in property, plant and equipment, and intangible assets	1,978	345	215	70	259	2,869

(Note) The "Others" category addresses the business activities of local subsidiaries in Taiwan, India, Thailand, South Korea, Vietnam, Indonesia, Australia and South Africa.

Fiscal year ended March 31, 2025

(Amount: million yen)

	Reporting segment					Total
	Japan	Europe	Americas	China	Others (note)	
Net sales						
Revenue from contracts with customers	18,312	9,310	7,075	11,520	8,191	54,411
Sales to external customers	18,312	9,310	7,075	11,520	8,191	54,411
Internal sales or transfers between segments	6,534	827	370	1,046	1,756	10,536
Total	24,847	10,137	7,446	12,567	9,948	64,948
Segment profit	2,620	828	898	882	1,546	6,775
Segment assets	33,121	7,739	6,184	12,678	7,748	67,471
Other items						
Depreciation	1,420	266	92	274	228	2,281
Amortization of goodwill	148	—	37	—	—	186
Increase in property, plant and equipment, and intangible assets	2,032	381	117	192	628	3,351

(Note) The "Others" category addresses the business activities of local subsidiaries in Taiwan, India, Thailand, South Korea, Vietnam, Indonesia, the Philippines, Australia and South Africa.

- 4 Difference between the total amounts of the reporting segments and the amounts reported in the consolidated financial statements, as well as the main items of the difference (matters related to difference adjustment)

(Amount: million yen)

Net sales	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Reporting segment total	65,435	64,948
Inter-segment transactions erased	(12,009)	(10,536)
Net sales in the consolidated financial statements	53,425	54,411

(Amount: million yen)

Profit	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Reporting segment total	7,597	6,775
Company-wide expenses (Note)	(1,084)	(1,097)
Inter-segment transactions erased	(336)	225
Operating profit in the consolidated financial statements	6,176	5,903

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

(Amount: million yen)

Assets	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Reporting segment total	63,596	67,471
Company-wide assets (Note)	8,307	6,848
Inter-segment transactions erased	(5,759)	(5,117)
Total assets in the consolidated financial statements	66,144	69,202

(Note) Company-wide assets are mainly the surplus funds and long-term investment funds that cannot be attributed to the reporting segments.

(Amount: million yen)

Other items	Reporting segment total		Adjustment		Amount reported in consolidated financial statements	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Depreciation	1,991	2,281	19	17	2,011	2,299
Amortization of goodwill	240	186	—	—	240	186
Increase in property, plant and equipment, and intangible assets	2,869	3,351	—	—	2,869	3,351

[Related information]

Fiscal year ended March 31, 2024

1 Information by product and service

(Amount: million yen)

	Air compressors	Vacuum equipment	Coating equipment	Coating systems	Others	Total
Sales to external customers	30,190	2,983	16,838	3,300	111	53,425

(Note) Others include consumer business and mobility after-sales service.

2 Information by region

(1) Net sales

(Amount: million yen)

Japan	Europe	Americas	China	Others	Total
18,132	9,865	7,485	8,902	9,039	53,425

(Note 1) Net sales are based on customer location and are classified by country or region.

(Note 2) Among the Americas, the U.S. accounted for 5,844 million yen.

(2) Property, plant and equipment

(Amount: million yen)

Japan	Europe	Americas	China	Others	Total
7,837	1,454	1,121	915	2,386	13,715

(Note) Among Other, Taiwan accounted for 1,389 million yen.

3 Information by major customers

Since there are no sales to external customers which account for 10% or more of the net sales in the consolidated statement of income, this information is not included.

Fiscal year ended March 31, 2025

1 Information by product and service

(Amount: million yen)

	Air compressors	Vacuum equipment	Coating equipment	Coating systems	Others	Total
Sales to external customers	30,787	2,822	17,943	2,736	123	54,411

(Note 1) Product category has been changed from the current consolidated fiscal year. Previously, environmental equipment that improves the working environment during coating was classified as "coating equipment," but from the perspective of the nature of the product and sales system, etc., it has been reclassified as "coating systems." Furthermore, revenues from consumer business, including EC site sales have been reclassified as "others" to ease comparability in terms of business strategy importance. Furthermore, for the previous consolidated fiscal year, the figures are displayed according to the new classifications.

(Note 2) Others include consumer business and mobility after-sales service.

2 Information by region

(1) Net sales

(Amount: million yen)

Japan	Europe	Americas	China	Others	Total
18,303	10,321	8,049	8,057	9,678	54,411

(Note 1) Net sales are based on customer location and are classified by country or region.

(Note 2) Among the Americas, the U.S. accounted for 5,804 million yen.

(2) Property, plant and equipment

(Amount: million yen)

Japan	Europe	Americas	China	Others	Total
8,463	1,622	1,257	931	2,820	15,095

(Note) Among Others, Taiwan accounted for 1,357 million yen.

3 Information by major customers

Since there are no sales to external customers which account for 10% or more of the net sales in the consolidated statement of income, this information is not included.

[Information on impairment losses on non-current assets by reporting segment]

Fiscal year ended March 31, 2024

There are no relevant matters.

Fiscal year ended March 31, 2025

There are no relevant matters.

[Information on goodwill amortization and unamortized balance by reporting segment]

Fiscal year ended March 31, 2024

(Amount: million yen)

	Reporting segment						Adjustment	Total
	Japan	Europe	Americas	China	Others	Subtotal		
Amortization for the period	140	—	99	—	—	240	—	240
Balance at end of period	591	—	141	—	—	733	—	733

Fiscal year ended March 31, 2025

(Amount: million yen)

	Reporting segment						Adjustment	Total
	Japan	Europe	Americas	China	Others	Subtotal		
Amortization for the period	148	—	37	—	—	186	—	186
Balance at end of period	481	—	118	—	—	600	—	600

[Information on gain on bargain purchase by reporting segment]

Fiscal year ended March 31, 2024

There are no relevant matters.

Fiscal year ended March 31, 2025

There are no relevant matters.

[Related party information]

Transactions with related parties

There are no relevant matters.

(Per share information)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net assets per share	1,109.65 yen	1,190.89 yen
Basic earnings per share	122.13 yen	108.21 yen

(Notes) 1. The amount of diluted earnings per share is not included because there are no dilutive shares such as bonds with subscription rights to shares.

2. The Company's shares remaining in the Board Benefit Trust (BBT), which are recorded as treasury shares in shareholders' equity, are included in the treasury shares deducted in calculating the average number of shares during the period when calculating the profit per share. In addition, when calculating net assets per share, the shares are included in the number of treasury shares deducted from the total number of issued shares at the end of the period.

In calculating profit per share, the average number of treasury shares deducted during the period was 160,354 shares in the previous consolidated fiscal year and 163,492 shares in the current consolidated fiscal year. The number of treasury shares at the end of the fiscal year, which were deducted from the calculation of net assets per share, was 154,200 shares in the previous consolidated fiscal year and 245,400 shares in the current consolidated fiscal year.

3. The basis for calculating the basic earnings per share is as below.

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit attributable to owners of parent (million yen)	4,931	4,276
Amount not attributable to common shareholders (million yen)	—	—
Profit attributable to owners of parent related to common shares (million yen)	4,931	4,276
Average number of common shares outstanding in the period (No. of shares)	40,375,671	39,524,077

(Important subsequent events)

There are no relevant matters.

(v) [Consolidated supplementary schedules]

[Schedule of corporate bonds]

There are no relevant matters.

[Schedule of borrowings, etc.]

Classification	Balance at beginning of period (million yen)	Balance at end of period (million yen)	Average interest rate (%)	Repayment deadline
Short-term borrowings	991	858	3.97	—
Current portion of long-term borrowings	154	8	0.65	—
Current portion of lease liabilities	308	291	3.66	—
Long-term borrowings (excluding current portion)	48	138	1.84	October 24, 2026 to December 31, 2027
Lease liabilities (excluding current portion)	1,571	1,574	3.63	April 27, 2026 to January 30, 2032
Total	3,074	2,871	—	—

(Notes) 1. "Average interest rate" is the weighted average interest rate on the outstanding balance of borrowings, etc. at the end of the fiscal year.

2. Scheduled repayments of long-term borrowings and lease liabilities (excluding current portion) due within five years from the consolidated balance sheet date are as follows.

Classification	From 1 to 2 years (million yen)	From 2 to 3 years (million yen)	From 3 to 4 years (million yen)	From 4 to 5 years (million yen)
Long-term borrowings	1	137	—	—
Lease liabilities	224	205	195	148

[Schedule of asset retirement obligations]

Since the amount of asset retirement obligations at the beginning and end of the current consolidated fiscal year is less than one-hundredth of total liabilities and net assets at the beginning and end of the current consolidated fiscal year, respectively, this information is not included.

(2) [Other]

Semi-annual information, etc. for the current consolidated fiscal year

(Cumulative period)	First quarter	Interim period	Third quarter	Fiscal year ended March 31, 2025
Net sales (million yen)	12,484	27,060	39,988	54,411
Profit before income taxes (million yen)	1,703	3,462	5,695	7,271
Profit attributable to owners of parent (million yen)	1,052	2,194	3,576	4,276
Basic earnings per share	26.52 yen	55.35 yen	90.36 yen	108.21 yen

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Basic earnings per share	26.52 yen	28.84 yen	35.02 yen	17.80 yen

(Note) Review of financial information for the consolidated cumulative first quarter and the consolidated cumulative third quarter: Yes

2. [Non-Consolidated Financial Statements, etc.]

(1) [Non-Consolidated Financial Statements]

(i) [Non-consolidated balance sheet]

(Amount: million yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	7,217	10,436
Notes and accounts receivable-trade	*1 6,351	*1 5,664
Merchandise and finished goods	1,734	1,843
Work in process	665	801
Raw materials and supplies	1,292	1,570
Other	*1 1,983	*1 1,655
Total current assets	19,244	21,972
Non-current assets		
Property, plant and equipment		
Buildings	3,037	3,254
Structures	217	278
Machinery and equipment	1,127	1,198
Vehicles	4	3
Tools, furniture and fixtures	447	543
Land	1,268	1,268
Leased assets	1,609	1,608
Construction in progress	140	319
Total property, plant and equipment	7,853	8,473
Intangible assets		
Leasehold interests in land	0	0
Software	783	658
Other	18	88
Total intangible assets	803	747
Investments and other assets		
Investment securities	2,819	1,311
Shares of subsidiaries and associates	3,202	3,306
Investments in capital	19	19
Investments in capital of subsidiaries and associates	4,142	4,142
Long-term loans receivable from subsidiaries and associates	*1 1,089	*1 1,211
Long-term prepaid expenses	11	25
Prepaid pension costs	807	852
Deferred tax assets	617	781
Other	75	104
Allowance for doubtful accounts	(10)	(10)
Total investments and other assets	12,775	11,745
Total non-current assets	21,431	20,966
Total assets	40,676	42,938

(Amount: million yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Accounts payable-trade	*1 1,538	*1 1,480
Lease liabilities	285	270
Accounts payable-other	*1 1,316	*1 1,436
Income taxes payable	830	186
Deposits received	25	27
Provision for bonuses	608	608
Provision for bonuses for directors (and other officers)	99	76
Provision for share awards for directors (and other officers)	—	61
Provision for product warranties	275	160
Other	99	645
Total current liabilities	5,079	4,952
Non-current liabilities		
Lease liabilities	1,461	1,473
Provision for retirement benefits	1,223	1,236
Provision for share awards for directors (and other officers)	202	205
Other	9	9
Total non-current liabilities	2,896	2,925
Total liabilities	7,976	7,877
Net assets		
Shareholders' equity		
Share capital	3,354	3,354
Capital surplus		
Legal capital surplus	1,380	1,380
Other capital surplus	—	22
Total capital surplus	1,380	1,402
Retained earnings		
Legal retained earnings	838	838
Other retained earnings		
Reserve for specific stocks purchase	75	75
General reserve	9,700	9,700
Retained earnings brought forward	18,403	21,888
Total retained earnings	29,017	32,502
Treasury shares	(2,051)	(2,698)
Total shareholders' equity	31,700	34,560
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	999	500
Total valuation and translation adjustments	999	500
Total net assets	32,700	35,061
Total liabilities and net assets	40,676	42,938

(ii) Non-consolidated statement of income

(Amount: million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales	*1 25,715	*1 24,023
Cost of sales	*1 15,680	*1 14,639
Gross profit	10,034	9,383
Selling, general and administrative expenses	*1, *2 7,617	*1, *2 7,627
Operating profit	2,417	1,755
Non-operating income		
Interest income	*1 100	*1 86
Dividend income	*1 1,629	*1 4,313
Foreign exchange gains	635	—
Other	*1 152	*1 154
Total non-operating income	2,517	4,555
Non-operating expenses		
Interest expenses	28	35
Foreign exchange losses	—	99
Other	15	16
Total non-operating expenses	43	151
Ordinary profit	4,891	6,160
Extraordinary income		
Gain on sale of non-current assets	*3 0	—
Gain on sale of investment securities	*4 14	*4 515
Total extraordinary income	14	515
Extraordinary losses		
Loss on retirement of non-current assets	*5 12	*5 3
Loss on valuation of investment securities	—	*6 300
Total extraordinary losses	12	303
Profit before income taxes	4,893	6,372
Income taxes - current	1,333	889
Income taxes - deferred	(129)	45
Total income taxes	1,204	934
Profit	3,689	5,437

(iii) Non-consolidated statement of changes in equity

Fiscal year ended March 31, 2024

(Amount: million yen)

	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings
						Reserve for specific stocks purchase	General reserve	Retained earnings brought forward	
Balance at beginning of period	3,354	1,380	—	1,380	838	75	9,700	16,502	27,116
Changes during period									
Dividends of surplus								(1,788)	(1,788)
Profit								3,689	3,689
Purchase of treasury shares									
Disposal of treasury shares									
Treasury stock possession of stock ownership plan trust									
Disposal of treasury shares by stocks payment trust									
Net changes in items other than shareholders' equity									
Total changes during period	—	—	—	—	—	—	—	1,900	1,900
Balance at end of period	3,354	1,380	—	1,380	838	75	9,700	18,403	29,017

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(1,179)	30,671	527	527	31,198
Changes during period					
Dividends of surplus		(1,788)			(1,788)
Profit		3,689			3,689
Purchase of treasury shares	(891)	(891)			(891)
Disposal of treasury shares					—
Treasury stock possession of stock ownership plan trust					—
Disposal of treasury shares by stocks payment trust	19	19			19
Net changes in items other than shareholders' equity			472	472	472
Total changes during period	(871)	1,029	472	472	1,501
Balance at end of period	(2,051)	31,700	999	999	32,700

Fiscal year ended March 31, 2025

(Amount: million yen)

	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings
						Reserve for specific stocks purchase	General reserve	Retained earnings brought forward	
Balance at beginning of period	3,354	1,380	—	1,380	838	75	9,700	18,403	29,017
Changes during period									
Dividends of surplus								(1,952)	(1,952)
Profit								5,437	5,437
Purchase of treasury shares									
Disposal of treasury shares			22	22					
Purchase of treasury shares by stocks payment trust									
Disposal of treasury shares by stocks payment trust									
Net changes in items other than shareholders' equity									
Total changes during period	—	—	22	22	—	—	—	3,484	3,484
Balance at end of period	3,354	1,380	22	1,402	838	75	9,700	21,888	32,502

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(2,051)	31,700	999	999	32,700
Changes during period		0			
Dividends of surplus		(1,952)			(1,952)
Profit		5,437			5,437
Purchase of treasury shares	(633)	(633)			(633)
Disposal of treasury shares	112	134			134
Purchase of treasury shares by stocks payment trust	(134)	(134)			(134)
Disposal of treasury shares by stocks payment trust	8	8			8
Net changes in items other than shareholders' equity			(499)	(499)	(499)
Total changes during period	(647)	2,860	(499)	(499)	2,361
Balance at end of period	(2,698)	34,560	500	500	35,061

[Notes]

(Matters concerning the premise of a going concern)

There are no relevant matters.

(Significant accounting policies)

1 Valuation standards and valuation methods for securities

(1) Shares of subsidiaries and affiliated companies

(Includes investments in capital of subsidiaries and affiliated companies)

Cost method based on the moving average method

(2) Bonds held to maturity

Amortized cost method (straight-line method)

(3) Other securities

Securities other than shares, etc. without a market price

Market value method based mainly on the market price, etc. on the accounting date

(Valuation differences are processed with the full net asset direct entry method and the cost of sales is calculated with the moving average method.)

Shares, etc. without a market price

Cost method based on the moving average method

2 Valuation standards and methods for inventories

Cost method mainly based on the first-in first-out method

(Balance sheet values are calculated with the method of devaluing book values based on decreased profitability.)

3 Depreciation method for non-current assets

(1) Property, plant and equipment (excluding leased assets)

The declining-balance method is employed. For buildings acquired on and after April 1, 1998 by our Company (excluding building accessories), building accessories and structures acquired on and after April 1, 2016, and photovoltaic facilities, the straight-line method is employed.

Main useful lives in years are as follows:

Buildings and structures: 15 to 50 years

Machinery and equipment: 7 to 17 years

(2) Intangible assets (excluding leased assets)

The straight-line method is employed.

However, software (for internal use) is depreciated using the straight-line method based on the estimated service life within the Company (five years).

(3) Leased assets

Leased assets pertaining to finance lease transactions under which ownership is not transferred

We adopt a method whereby the difference between the total lease fee and the amount equivalent to the acquisition price is regarded as the amount equivalent to the interest, with the lease period as the useful life in years, and is distributed to each term with the interest method.

4 Recording criteria for allowances

(1) Allowance for doubtful accounts

To prepare for losses due to bad debts, estimated uncollectible amounts are recorded by considering a loan loss ratio for general accounts receivable and collectability for specific credits such as doubtful accounts receivable individually.

(2) Provision for bonuses

To prepare for the payment of bonuses to employees, the estimated payments at the end of the current fiscal year are recorded.

(3) Provision for bonuses for Directors (and other officers)

To prepare for the payment of Directors' bonuses, the estimated payments at the end of the current fiscal year are recorded.

(4) Provision for share awards for directors (and other officers)

To prepare for the granting of Company shares to our Directors and Corporate Officers in accordance with the rules for granting shares, the estimated share-based remuneration obligations at the end of the current fiscal year are recorded.

(5) Provision for product warranties

To prepare for the payment of the costs for after-sales services of products sold, estimated costs according to past experience rates, etc. based on sales are recorded.

(6) Provision for retirement benefits

The estimated amount of retirement benefit liabilities and pension assets at the end of current fiscal year is appropriated to provide for payment of retirement benefits to employees

(i) Period attribution method for estimated retirement benefits

In calculating retirement benefit obligations, the method for attributing the estimated retirement benefits to the period up to the current period is based on the benefit formula standard.

(ii) Method for recording actuarial differences and past service costs method for cost

Past service costs are recorded as costs with the straight-line method based on a certain number of years (10 years) within the average remaining years of service of employees when they are incurred.

For actuarial differences, the amounts prorated with the straight-line method based on a certain number of years (5 years) within the average remaining years of service of employees when they occur in each fiscal year are recorded as costs in and after the following fiscal year.

5 Basis for the translation of foreign currency dominated assets and liabilities into Japanese currency

Monetary foreign currency dominated debts and credits are translated into Japanese currency at the spot exchange rate on the accounting date, and translation differences are recorded as gains or losses.

6 Recording criteria for revenue and cost

The main performance obligations and the ordinary time at which the revenue is recognized are as described below.

(1) Revenue recognition related to the sale of goods or products

Revenue related to goods or products is mainly derived from a sale resulting from wholesale or manufacture, etc., and we assume performance obligations to deliver goods or products under the sales contract concluded with the customer. For said performance obligations, we recognize the revenue at the time when control over the goods or products is transferred to the customer.

To domestic sales, however, the alternative treatment specified in Article 98 of the "Implementation Guidance on Accounting Standard for Revenue Recognition" is applied, so that if the period from shipment until control over the goods and products is transferred to the customer is a normal period, the revenue can be recognized at the time of shipment.

Revenue related to the sale of goods and products is recognized by deducting an estimated amount of sales incentives and other amounts according to the transaction volume, transaction value, and collection status in the sale of goods and products from the considerations stipulated in the contract. Estimated amount is calculated based on the Terms of the Contract and the actual sales. These sales transactions are generally due and payable within a short period of time and do not include significant financial elements in the contracts.

(2) Revenue recognition related to construction contracts, etc.

Revenue related to construction contracts, etc. is mainly derived from contract work including the design, assembly, and installation of facilities, and we assume performance obligations to construct facilities, etc. under the construction contract concluded with the customer. For any performance obligations to be fulfilled for a certain period of time under construction contracts, etc., we estimate the progress related to the fulfillment of the performance obligations and recognize the revenue based on said progress for a certain period of time.

For a construction contract for which the period from the transaction start date in the contract until the performance obligations are expected to be fully fulfilled is very short, we apply an alternative treatment, so that we will recognize the revenue at the time when the performance obligations are fully fulfilled, rather than recognizing the revenue for a certain period of time. Such transactions are generally due and payable within one year and do not include significant financial elements in the contracts.

7 Other important matters which are fundamental for preparation of non-consolidated financial statements

Accounting for retirement benefits

The method of accounting for unrecognized actuarial differences and unrecognized past service costs related to retirement benefits is different from the accounting method for these items in the consolidated financial statements.

(Significant accounting estimates)

(Assessment of investment securities)

(1) Amount recorded in the non-consolidated financial statements for the current fiscal year

(Million yen)

	As of March 31, 2024	As of March 31, 2025
Investment securities	2,819	1,311
Shares of affiliated companies	3,202	3,306
Investments in capital	19	19
Investments in capital of subsidiaries and associates	4,142	4,142

(2) Information on significant accounting estimates related to identified items

If the net asset value of shares without market prices declines substantially due to deteriorating financial conditions or excess profitability of related issuing companies, impairment will be recognized for the amount deemed necessary in consideration of recoverability.

Consequently, future trends in the performance of invested companies may significantly affect valuation of investment securities, etc., and may significantly affect the amount recognized in the non-consolidated financial statements for the following fiscal year.

(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)" (hereinafter referred to as "this plan"), 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 hereinafter referred to as "this trust") 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 (hereinafter referred to collectively as "Company shares, etc.") 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 incidental costs) in the trust. At the end of the previous fiscal year, the book value of the treasury shares is 153 million yen, and the number of shares is 154,200. At the end of the current fiscal year, the book value of the treasury shares is 279 million yen, and the number of shares is 245,400.

(Related to non-consolidated balance sheet)

*1 Assets and liabilities to affiliated companies

Items regarding affiliated companies included in each account, other than those presented separately, are as follows.

	As of March 31, 2024	As of March 31, 2025
Short-term monetary claims	5,011 million yen	3,791 million yen
Long-term monetary claims	1,089 million yen	1,211 million yen
Short-term monetary liabilities	256 million yen	236 million yen

2 Overdraft agreement and commitment line agreement

An overdraft agreement and a commitment line agreement have been concluded with the banks of the Company in order to efficiently procure working capital. The balance of unexecuted loans based on these agreements as of the end of the current fiscal year is as follows.

	As of March 31, 2024	As of March 31, 2025
Overdraft limit and commitment line agreement amount	7,200 million yen	7,200 million yen
Balance of executed loans	—	—
Balance of unexecuted loans	7,200 million yen	7,200 million yen

3 Guarantee obligation

The Company has guaranteed (to the maximum extent possible) bank loans of affiliated companies as follows.

	As of March 31, 2024	As of March 31, 2025
ANEST IWATA FEELER Corporation	151 million yen	—
Total	151 million yen	—

(Related to non-consolidated statement of income)

*1 Transaction volume with affiliated companies

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Operating transactions		
Net sales	9,550 million yen	8,087 million yen
Purchases, etc.	2,289 million yen	2,322 million yen
Non-operating transactions	1,755 million yen	4,426 million yen

*2 Major selling, general and administrative expenses

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Packing and transportation costs	520 million yen	557 million yen
Advertising expenses	404 million yen	371 million yen
Provision for product warranties	275 million yen	171 million yen
Remuneration for directors (and other officers)	168 million yen	144 million yen
Employees' salaries and allowances	1,969 million yen	2,057 million yen
Provision for bonuses	353 million yen	353 million yen
Provision for bonuses for directors (and other officers)	99 million yen	76 million yen
Provision for share awards for directors (and other officers)	49 million yen	76 million yen
Retirement benefit expenses	122 million yen	57 million yen
Welfare expenses	545 million yen	585 million yen
Travel and transportation expenses	213 million yen	260 million yen
Commission expenses	1,436 million yen	1,370 million yen
Communication expenses	137 million yen	76 million yen
Depreciation	476 million yen	598 million yen
Rent expenses	137 million yen	181 million yen
Other	704 million yen	689 million yen
Approximate percentage of expenses related to selling expenses	38.91%	38.30%
Approximate percentage of expenses related to general and administrative expenses	61.09%	61.70%

*3 Gain on sale of non-current assets

Fiscal year ended March 31, 2024

Due to the sales of vehicles.

*4 Gain on sale of investment securities

Fiscal year ended March 31, 2024

This gain was generated from the sale of listed shares.

Fiscal year ended March 31, 2025

This gain was generated from the sale of listed shares.

*5 Loss on retirement of non-current assets

Fiscal year ended March 31, 2024

Mainly due to the retirement of machinery and equipment, etc.

Fiscal year ended March 31, 2025

Mainly due to the retirement of machinery and equipment, etc.

*6 Loss on valuation of investment securities

Fiscal year ended March 31, 2025

We have performed impairment accounting on the investment securities we own that have drastically dropped in net asset value.

(Related to securities)

The current values of shares of subsidiaries and affiliated companies are not listed as they have no market prices.

Amounts reported on the balance sheet for shares of subsidiaries and affiliated companies that do not have market price are as follows.

Classification	As of March 31, 2024 (million yen)	As of March 31, 2025 (million yen)
Shares of subsidiaries	2,963	3,067
Shares of affiliated companies	238	238
Total	3,202	3,306

(Related to tax effect accounting)

1 Breakdown of principal factors in deferred tax assets and deferred tax liabilities

	As of March 31, 2024	As of March 31, 2025
(Deferred tax assets)		
Provision for retirement benefits	701 million yen	710 million yen
Provision for bonuses	185 million yen	185 million yen
Loss on valuation of shares of subsidiaries	389 million yen	401 million yen
Other	467 million yen	534 million yen
Deferred tax assets - Subtotal	1,744 million yen	1,831 million yen
Valuation allowance	(441) million yen	(552) million yen
Deferred tax assets - Total	1,302 million yen	1,278 million yen
(Deferred tax liabilities)		
Prepaid pension costs	(246) million yen	(267) million yen
Valuation difference on available-for-sale securities	(438) million yen	(229) million yen
Deferred tax liabilities - Total	(685) million yen	(497) million yen
Net amount of deferred tax assets	617 million yen	781 million yen

2 Breakdown of major factors in the difference between the normal effective statutory tax rate and the effective tax rate after the application of tax-effect accounting

	As of March 31, 2024	As of March 31, 2025
Normal effective statutory tax rate	30.5%	30.5%
(Adjustment)		
Dividend income not permanently included in income	(9.3)%	(19.3)%
Foreign withholding tax on dividends from foreign subsidiaries	1.9%	3.9%
Special deduction of experimental and research expenses	(1.7)%	(1.4)%
Inhabitant tax on per capita basis	0.3%	0.2%
Valuation allowance	0.0%	1.5%
Income taxes for prior periods	3.8%	0.0%
Increase in deferred tax assets at the end of term due to tax rate changes	—	(0.3)%
Other	(0.9)%	(0.4)%
Effective tax rate after application of tax-effect accounting	24.6%	14.7%

3 Adjustment of deferred tax assets and deferred tax liabilities due to changes in corporate tax rate

The Diet passed the "Act on Partial Amendment of the Income Tax Act (Act No. 13 of 2025)" on March 31, 2025, and a "Special Defense Corporate Tax" will be charged in fiscal years beginning on or after April 1, 2026.

As a result, for deferred tax assets and deferred tax liabilities related to temporary differences expected to be resolved in and after fiscal years starting on or after April 1, 2026, we have changed the statutory effective tax rate from 30.5% to 31.4% for calculation purposes.

As a result of this change, the current fiscal year's deferred tax assets increased by 9 million yen (after deducting the amount of deferred tax liabilities), while the income taxes - deferred decreased by 15 million yen, and the valuation difference on available-for-sale securities decreased by 6 million yen.

(Related to revenue recognition)

Information that forms the basis for understanding revenue from contracts with customers is the same as that in "Notes (Related to revenue recognition)" to the Consolidated Financial Statements. Consequently, such notes are not included.

(Important subsequent events)

There are no relevant matters.

(iv) [Supplementary schedules]

[Schedule of property, plant and equipment]

Type of assets	Balance at beginning of period (million yen)	Increase during the current period (million yen)	Decrease during the current period (million yen)	Amortization for the current period (million yen)	Balance at end of period (million yen)	Accumulated depreciation (million yen)
Property, plant and equipment						
Buildings	3,037	421	0	205	3,254	4,801
Structures	217	82	—	21	278	637
Machinery and equipment	1,127	333	4	259	1,198	3,935
Vehicles	4	2	0	3	3	25
Tools, furniture and fixtures	447	467	4	367	543	2,350
Land	1,268	—	—	—	1,268	—
Leased assets	1,609	278	2	277	1,608	2,000
Construction in progress	140	1,486	1,307	—	319	—
Total property, plant and equipment	7,853	3,072	1,319	1,133	8,473	13,751
Intangible assets						
Leased assets	—	—	—	—	—	12
Leasehold interests in land	0	—	—	—	0	—
Software	783	148	0	273	658	2,143
Other	18	218	148	0	88	1
Total intangible assets	803	366	148	273	747	2,157

(Note) Main factors resulting in increase for the current period are as follows.

Buildings	Building renovation work	Yokohama Head Office	124 million yen
Buildings	Constant temperature and humidity room	Yokohama Head Office	106 million yen
Buildings	Roof painting work	Fukushima Factory	50 million yen
Buildings	Air conditioning work	Akita Factory	47 million yen
Machinery and equipment	Multi-tasking machine	Yokohama Head Office	62 million yen
Machinery and equipment	Coating system	Yokohama Head Office	60 million yen
Furniture and fixtures	X-ray inspection equipment	Yokohama Head Office	99 million yen
Tangible leased assets	Machining center	Fukushima Factory	85 million yen
Tangible leased assets	Machining center	Yokohama Head Office	83 million yen
Software	Fluid analysis software	Yokohama Head Office	61 million yen

[Schedule of allowances and provisions]

Classification	Balance at beginning of period (million yen)	Increase during the current period (million yen)	Decrease during the current period (million yen)	Balance at end of period (million yen)
Allowance for doubtful accounts	10	—	—	10
Provision for bonuses	608	608	608	608
Provision for bonuses for directors (and other officers)	99	76	99	76
Provision for product warranties	275	171	287	160
Provision for share awards for directors (and other officers)	202	76	12	266

(2) [Major assets and liabilities]

Since consolidated financial statements have been prepared, a description is not included.

(3) [Others]

There are no relevant matters.

Section 6 [Summary of Share Administration of the Submitting Company]

Fiscal year	From April 1 to March 31
Ordinary general shareholders' meeting	During June
Record date	March 31
Record date of dividends of surplus	September 30, March 31
Number of shares per unit	100 shares
Purchase/additional purchase of fractional shares	
Handling office	4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation, Stock Transfer Agency Department
Administrator of shareholder registry	4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation
Transfer agent	—
Purchase/purchase increase fee	Amount separately stipulated as an amount equivalent to the handling charge for the outsourcing of trading of shares
Public notice posting method	Public notices of the Company are posted electronically. If electronic public notice is not possible due to unavoidable or other reasons, notification in Nihon Keizai Shimbun is carried out. Public notices are also posted on the Company's website at the following address. https://www.anestiwata-corp.com/jp
Benefits to the shareholders	None

(Note) 1. Regarding fractional shares held by a shareholder of the Company, such shareholder may not exercise any rights other than those listed below and those stipulated in the Articles of Incorporation of this Company.

- (1) Rights listed in each item of Article 189, Paragraph 2 of the Companies Act
- (2) Right to file a claim under Article 166, Paragraph 1 of the Companies Act
- (3) Right to receive allotment of shares for subscription or share options for subscription, depending on the number of shares held by the shareholder
- (4) Right to request the sale of fractional shares

Section 7 [Reference Information of the Submitting Company]

1. [Information on parent company of the submitting company]

The Company has no parent company, etc. as defined in Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act.

2. [Other reference information]

The following documents have been submitted between the opening date of the current fiscal year and the date of submission of the Annual Securities Report.

(1) Securities Registration Statement and documents attached thereto

Disposal of treasury shares through third-party allotment in connection with additional contributions to the performance-based stock compensation plan was submitted to the Director-General of the Kanto Local Finance Bureau on February 10, 2025.

(2) Annual Securities Report and documents attached thereto, and Confirmation Letter thereof

The Annual Securities Report for the 78th fiscal year (from April 1, 2023 to March 31, 2024) and documents attached thereto, and Confirmation Letter thereof were submitted to the Director-General of the Kanto Local Finance Bureau on June 25, 2024.

(3) Internal Control Report and documents attached thereto

The Internal Control Report for the 78th fiscal year (from April 1, 2023 to March 31, 2024) and documents attached thereto were submitted to the Director-General of the Kanto Local Finance Bureau on June 25, 2024.

(4) Semi-annual Securities Report and Confirmation Letter thereof

The Semi-annual Securities Report for the interim period of the 79th fiscal year (from April 1, 2024 to September 30, 2024) and Confirmation Letter thereof were submitted to the Director-General of the Kanto Local Finance Bureau on November 12, 2024.

(5) Extraordinary Report

Extraordinary Report under Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Ordinance on disclosure of corporate affairs (results of voting rights exercised at the general shareholders' meeting) was submitted to the Director-General of the Kanto Local Finance Bureau on June 26, 2024.

Extraordinary Report under Article 19, Paragraph 2, Item 9 of the Cabinet Office Ordinance on disclosure of corporate affairs (change in representative director) was submitted to the Director-General of the Kanto Local Finance Bureau on February 10, 2025.

[Correction to the Extraordinary Report]

Correction to the Extraordinary Report submitted to the Director-General of the Kanto Local Finance Bureau on June 26, 2024 was submitted to the Director-General of the Kanto Local Financial Bureau on July 3, 2024.

(6) Report on the Status of Treasury Shares Repurchase

The Report on the Status of Treasury Shares Repurchase for the reporting period from June 1, 2024 to June 30, 2024 was submitted to the Director-General of the Kanto Finance Bureau on July 3, 2024.

The Report on the Status of Treasury Shares Repurchase for the reporting period from September 11, 2024 to September 30, 2024 was submitted to the Director-General of the Kanto Finance Bureau on October 4, 2024.

The Report on the Status of Treasury Shares Repurchase for the reporting period from October 1, 2024 to October 31, 2024 was submitted to the Director-General of the Kanto Finance Bureau on November 5, 2024.

The Report on the Status of Treasury Shares Repurchase for the reporting period from November 1, 2024 to November 30, 2024 was submitted to the Director-General of the Kanto Finance Bureau on December 3, 2024.

The Report on the Status of Treasury Shares Repurchase for the reporting period from December 1, 2024 to December 31, 2024 was submitted to the Director-General of the Kanto Finance Bureau on January 7, 2025.

The Report on the Status of Treasury Shares Repurchase for the reporting period from January 1, 2025 to January 31, 2025 was submitted to the Director-General of the Kanto Finance Bureau on February 4, 2025.

The Report on the Status of Treasury Shares Repurchase for the reporting period from February 1, 2025 to February 28, 2025 was submitted to the Director-General of the Kanto Finance Bureau on March 6, 2025.

[Correction to the Report on the Status of Treasury Share Repurchase]

Correction to the Report on the Status of Treasury Share Repurchase submitted to the Director-General of the Kanto Local Finance Bureau on December 3, 2024 was submitted to the Director-General of Kanto Local Financial Bureau on December 16, 2024.

Part 2 [Information on Guarantee Companies, etc. of the Submitting Company]

There are no relevant matters.

(English Translation)
Report by Independent Auditor and Internal Controls Audit Report

June 24, 2025

To the Board of Directors of
ANEST IWATA Corporation

Fujimi Audit Corporation
Tokyo Office

Designated and Engagement Partner
Certified Public Accountant: Miho Toriumi

Designated and Engagement Partner
Certified Public Accountant: Masao Bessho

<Audit of Consolidated Financial Statements>

Audit Opinion

We have audited the consolidated financial statements, i.e., consolidated balance sheet, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows, and basic, important matters for preparing consolidated financial statements, other notes and consolidated supplementary schedules of ANEST IWATA Corporation ("the Company") for the consolidated fiscal year from April 1, 2024 to March 31, 2025, that are included in the "Status of Accounting" section, in order to conduct audit certification in accordance with the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as of March 31, 2025, and their financial performance and cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in Japan.

Basis of Audit Opinion

We have conducted the audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are described in the section "Auditor's Responsibility for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries and have fulfilled our other ethical responsibilities as auditors in accordance with the rules of professional ethics in Japan. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Major Audit Considerations

Major audit considerations are those that the auditors, in their professional capacity during the audit of the consolidated financial statements for the current consolidated fiscal year, determine to be particularly important. Major audit considerations are those addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Applicability of Judgments on Indications of Goodwill Impairment	
Details and reasons for decisions regarding major audit considerations	How the matter was addressed in our audit
<p>The Company is strengthening its business through M&A and the amount of goodwill on the consolidated balance sheet is 600 million yen as of March 31, 2025.</p> <p>Goodwill depreciates periodically, but in case of an indication of impairment, determining whether to recognize impairment losses is needed (refer to “Notes to the Consolidated Financial Statements (Significant accounting estimates)”). The Company has determined that there are no signs of goodwill impairment in the current consolidated fiscal year.</p> <p>We have determined the applicability of the judgment on indications of goodwill impairment to be the major audit considerations for the following reasons.</p> <ul style="list-style-type: none"> • Goodwill may affect the consolidated financial statements if the indications of impairment are not properly identified and the necessary impairment losses are not recorded. • Whether or not there are indications of goodwill impairment is mostly dependent on how well the business plans are going and whether or not a major decline is recognized in the business environment. These factors are heavily influenced by management's judgment and assumptions. • Heightened uncertainty in global economic trends has increased the uncertainty in the assumptions by management hypotheses which are considered in the future business plan. 	<p>The audit firm has carried out the following audit procedures to review the applicability of the judgement on indications of goodwill impairment.</p> <ul style="list-style-type: none"> • Effectiveness of the design and operation of internal control for the identification of indications of goodwill impairment was assessed. • In order to confirm that indications of goodwill impairment were properly identified, changes in the business environment were confirmed, a comparative analysis of the business plan used to assess goodwill in past years and actual results was carried out and, factors which lead to discrepancies, if any, were analyzed. • Meeting proceedings of the Board of Directors and other bodies that have an influential role in the Company's management decision-making were reviewed to confirm that they contain comprehensive qualitative information that should be considered in determining indications of goodwill impairment. • Interviews were conducted with management of affiliated companies that have accounted goodwill. This was useful in gaining an understanding of the business environment of affiliated companies and verifying indications of declining financial conditions of affiliated companies, if any. • We reviewed financial statements and analyzed the financial figures concerning financial condition and business performance of affiliated companies that have accounted goodwill. The review process of companies that determined indications of goodwill impairment, including the recording of ongoing losses, were examined. • In order to determine whether various unstable factors arising in an uncertain environment constitute an indication of impairment, we reviewed the post-period-end conditions of foreign subsidiaries, as deemed necessary.

Other Information

The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements, the non-consolidated financial statements, and our auditor's reports thereon. Management is responsible for preparing and disclosing the other information. The Audit and Supervisory Committee is responsible for overseeing the execution of duties by the Directors in designing and operating the reporting process of the other information.

The other information does not fall under the scope of our opinion on the consolidated financial statements, and we express no opinion on the other information.

Our responsibility in auditing the consolidated financial statements is to read through the other information and, in the course of reading, consider whether there are any material differences between the other information and the consolidated financial statements or our knowledge obtained in the course of our audit, and to pay attention to whether there are any other signs of material errors in the other information in addition to such material differences.

If, based on the work we have performed, we determine that there are material errors in the other information, we are required to report that fact.

We did not find any particular matters which need to be reported with respect to the other information.

Responsibility of Management and Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements based on premise of a going concern and responsible for disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit and Supervisory Committee is responsible for monitoring the performance of duties by the Directors in the development and operation of the reporting process for the finances.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

The auditor's responsibility is to obtain reasonable assurance regarding whether the consolidated financial statements as a whole contain any significant misstatements due to fraud or error, based on the audit performed, and to provide an opinion on the consolidated financial statements in the audit report from an independent standpoint. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to affect the decisions made by users of the consolidated financial statements.

The auditor shall follow auditing standards generally accepted in Japan, and deliver a judgment as an expert by maintaining professional skepticism and by taking the following actions throughout the audit.

- The auditor identifies and assesses the risk of significant misstatements due to fraud or error. The auditor designs and implements audit procedures that address the risks of said significant misstatements. It is the auditor's decision to select and apply audit procedures. The auditor obtains sufficient and appropriate audit evidence to provide a basis for our opinion.
- The purpose of auditing consolidated financial statements is not to express opinions on the effectiveness of the internal control; but to review internal control related to the audit when conducting risk assessments in order to design audit procedures that are situationally appropriate.
- The auditor assesses the appropriateness of the accounting policies and application methods thereof adopted by management, the rationality of the accounting estimates made by management, and the validity of related notes.

- The auditor concludes whether it is appropriate for management to prepare the consolidated financial statements on the premise of an going concern and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the premise of going concern. If a material uncertainty on the premise of an going concern is identified, the auditor is required to draw attention to it in the notes to the consolidated financial statements in the auditor's report. If the notes on the consolidated financial statements regarding material uncertainty are insufficient, the auditor is required to present a qualified opinion with an exceptive item on the consolidated financial statements. The auditor's conclusion is based on audit evidence obtained by the date of the auditor's report. However, future events or circumstances may prevent a company from continuing as an going concern.
- The auditor assesses whether presentation and notes regarding the consolidated financial statement comply with accounting principles generally accepted in Japan and whether presentation, structure, and details of the consolidated financial statements, along with the relevant notes, present appropriately the underlying transactions and accounting events.
- The auditor obtains sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for providing instructions, supervision, and implementation of the audit of the consolidated financial statements. The auditor is independently responsible for its audit opinion.

The auditor reports the scope and implementation time of the planned audit, key audit findings that include critical deficiencies in internal control which have been identified during the audit, and other matters required by the audit standards to the Audit and Supervisory Committee.

The auditor reports to the Audit and Supervisory Committee that the auditor has complied with Japan's code of professional ethics regarding independence as well as on matters reasonably believed to affect the independence of the auditor and any measures taken to eliminate disincentives or safeguards applied to reduce disincentives to an acceptable level.

Among matters discussed with Audit and Supervisory Committee, the auditor determines matters considered to be specifically important in the audit of the consolidated financial statements for the current consolidated fiscal year to be key audit matters, and includes them in the auditor's report. However, in cases where public disclosure of such matters is prohibited by laws and regulations, or although very limited, in cases where the auditor determines that such matters should not be reported by the auditor because it can be reasonably expected that the disadvantages that could arise from reporting them in the auditor's report would outweigh the public benefit from doing so, such matters are not included in the auditor's report.

<Audit of Internal Controls>

Audit Opinion

We have audited the Internal Control Report as of March 31, 2025 of ANEST IWATA Corporation for the purpose of providing audit certification in accordance with the second paragraph of Article 193-2, paragraph 2 of the Financial Instruments and Exchange Act.

In our opinion, the Internal Control Report referred to above, which represents that internal control over financial reporting by ANEST IWATA Corporation as of March 31, 2025 is effective, presents fairly, in all material respects, the result of the assessment on internal control over financial reporting in conformity with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis of Audit Opinion

We have conducted an internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are described in the section "Auditor's Responsibility in Internal Control Audit." We are independent of the Company and its consolidated subsidiaries and have fulfilled our other ethical responsibilities as auditors in accordance with the rules of professional ethics in Japan. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of Management and the Audit and Supervisory Committee regarding the Internal Control Report

Management is responsible for development and operation of internal control concerning financial reporting, and properly presenting the prepared Internal Control Report in accordance with the assessment criteria for internal control over financial reporting generally accepted in Japan.

The Audit and Supervisory Committee is responsible for monitoring and verifying the development and operation of internal control concerning financial reporting.

Internal control concerning financial reporting may not completely prevent or detect misstatements in financial reporting.

Auditor's Responsibility in Internal Control Audit

The auditor is responsible to obtain reasonable assurance whether or not the Internal Control Report contains significant misstatements based on the audit of internal control performed by the auditor, and to express opinions on the Internal Control Report in its Internal Controls Audit Report from an independent standpoint.

The auditor shall follow audit standards for internal control regarding financial reporting generally accepted in Japan, and deliver a judgment as an expert by maintaining professional skepticism and by taking the following actions throughout the audit.

- The auditor performs audit procedures to obtain evidence regarding the assessment results of internal control regarding financial reporting in the Internal Control Report. The audit procedures for an audit of internal control are selected and performed, depending on the auditor's judgment, based on the significance of the effect on the reliability of financial reporting.
- The auditor reviews the presentation of overall Internal Control Report, including the statements by management about the assessment scope, assessment procedures, and assessment results of internal control regarding financial reporting.
- The auditor obtains adequate and appropriate audit evidence regarding the assessment results of internal control concerning financial reporting in the Internal Control Report. The auditor is responsible for providing instructions, supervision, and implementation of the audit of the Internal Control Report. The auditor is independently responsible for its audit opinion.

The auditor reports to the Audit and Supervisory Committee regarding the scope and implementation time of the planned internal control audit, the results thereof, any identified significant deficiencies in internal control which should be disclosed, and the results of their remediation, and other matters required under internal control auditing standards.

The auditor reports to the Audit and Supervisory Committee that the auditor has complied with Japan's code of professional ethics regarding independence as well as on matters reasonably believed to affect the independence of the auditor and any measures taken to eliminate disincentives or safeguards applied to reduce disincentives to an acceptable level.

<Remuneration information>

The amounts of remuneration for audit certification work and non-audit work for the Company and its subsidiaries paid to our audit firm and to those who belong to the same network as our audit firm are set out in the Status of corporate governance (3) [Status of audits] section included in the "Status of the Submitting Company."

Conflict of Interests

There is no interest that should be noted pursuant to the provisions of the Certified Public Accountant Act between the Company or its consolidated subsidiaries and our audit firm or between the Company or consolidated subsidiaries and the engagement partners.

Regards

*1 The original of the above audit report is kept separately by the Company (the company submitting the Annual Securities Report).

2 XBRL data is not included in the scope of the audit.

(English Translation)
Report by Independent Auditor

June 24, 2025

To the Board of Directors of
ANEST IWATA Corporation

Fujimi Audit Corporation
Tokyo Office

Designated and Engagement Partner	Miho Toriumi
Certified Public Accountant:	

Designated and Engagement Partner	Masao Bessho
Certified Public Accountant:	

<Audit of Non-consolidated Financial Statements>

Audit Opinion

We have audited the non-consolidated financial statements, i.e., non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity, significant accounting policies, and basic, other notes and supplementary schedules of ANEST IWATA Corporation ("the Company") for the 79th fiscal year from April 1, 2024 to March 31, 2025, that are included in the "Status of Accounting" section, in order to conduct audit certification in accordance with the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2025, and the financial performance for the fiscal year then ended in conformity with accounting principles generally accepted in Japan.

Basis of Audit Opinion

We have conducted the audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are described in the section "Auditor's Responsibility for the Audit of the Non-Consolidated Financial Statements." We are independent of the Company and have fulfilled our other ethical responsibilities as auditors in accordance with the rules of professional ethics in Japan. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Major Audit Considerations

Major audit considerations are those that the auditors, in their professional capacity during the audit of the non-consolidated financial statements for the current fiscal year, determine to be particularly important. Major audit considerations are those addressed in the context of our audit of the non-consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Shares Without Market Price	
Details and reasons for decisions regarding major audit considerations	How the matter was addressed in our audit
<p>As of March 31, 2025, the Company's balance sheet includes investment securities: 1,311 million yen, investments in subsidiaries and affiliates: 3,306 million yen, investments in capital: 19 million yen, and investments in capital of subsidiaries and associates: 4,142 million yen, of which approximately 90% are shares without market price. Additionally, the statement of income for the current fiscal year includes a loss on valuation of investment securities: 300 million yen.</p> <p>If the net asset value of shares without market prices declines substantially due to deteriorating financial conditions or excess profitability of related companies, impairment will be recognized for the amount deemed necessary in consideration of recoverability (Refer to "Notes to Non-Consolidated Financial Statements (Significant accounting estimates)"). During the current fiscal year, the Company recognized impairment losses of 300 million yen on shares without market price and other securities.</p> <p>We have determined the examination of the appropriateness of the valuation of shares without market price and other securities to be the major audit considerations for the following reasons.</p> <ul style="list-style-type: none"> • Shares without market price and other securities have a high monetary significance in financial statements. Thus, the overall effect on financial statements may be far-reaching following the write-down process due to a significant decline in net asset value. • Calculation of the net asset value and the consideration of recoverability in the event of a major decline in the net asset value are based on the judgment and assumptions made by management and have a significant impact. • Heightened uncertainty in global economic trends has increased the uncertainty in the assumptions by management hypotheses which are considered in the future business plan. 	<p>The following audit procedures were mainly carried out to review the appropriateness of the valuation of shares without market price and other securities.</p> <ul style="list-style-type: none"> • Effectiveness of the design and operation of internal control regarding the valuation of shares without market price and other securities was assessed. • The calculation method of the net asset value of shares without market price and other securities was considered in order to determine whether impairment losses were properly identified. Financial data of related companies, which is the information that forms the basis for calculating the net asset value, and the rationality of future business plans, including key hypotheses in consideration of determining recoverability, were examined and a stress test on the business plans was carried out. • Net asset value of shares without market price and other securities was recalculated, and comprehensive identification of a significant decline in the net asset value of shares against their book value was confirmed. • Meeting proceedings of the Board of Directors and other bodies that have an influential role in the Company's management decision-making were reviewed to ascertain that they contain the comprehensive information to be considered. • For the companies deemed necessary, we interviewed management officials. This helped us gain an understanding of the business environment of affiliated companies and verify indications of decline in the financial condition of companies if any. • In order to determine whether various unstable factors arising in an uncertain environment constitute the determination of impairment loss recognition, we reviewed the post-period-end conditions of companies, as deemed necessary. • Regarding the stocks for which management determined that the net asset value had drastically fallen, we investigated the net asset value calculation using the most recent financial statements, determined the necessity of recording the impairment loss, and assessed the accuracy of the recorded impairment loss amount.

Other Information

The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements, the non-consolidated financial statements, and our auditor's reports thereon. Management is responsible for preparing and disclosing the other information. The Audit and Supervisory Committee is responsible for overseeing the execution of duties by the Directors in designing and operating the reporting process of the other information.

The other information does not fall under the scope of our opinion on the non-consolidated financial statements, and we express no opinion on the other information.

Our responsibility in auditing the non-consolidated financial statements is to read through the other information and, in the course of reading, consider whether there are any material differences between the other information and the non-consolidated financial statements or our knowledge obtained in the course of our audit, and to pay attention to whether there are any other signs of material errors in the other information in addition to such material differences.

If, based on the work we have performed, we determine that there are material errors in the other information, we are required to report that fact.

We did not find any particular matters which need to be reported with respect to the other information.

Responsibility of Management and Audit and Supervisory Committee for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements based on premise of a going concern and responsible for disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit and Supervisory Committee is responsible for monitoring the performance of duties by the Directors in the development and operation of the reporting process for the finances.

Auditor's Responsibility for the Audit of the Non-Consolidated Financial Statements

The auditor's responsibility is to obtain reasonable assurance regarding whether the non-consolidated financial statements as a whole contain any significant misstatements due to fraud or error, based on the audit performed, and to provide an opinion on the non-consolidated financial statements in the audit report from an independent standpoint. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to affect the decisions made by users of the non-consolidated financial statements.

The auditor shall follow auditing standards generally accepted in Japan, and deliver a judgment as an expert by maintaining professional skepticism and by taking the following actions throughout the audit.

- The auditor identifies and assesses the risk of significant misstatements due to fraud or error. The auditor designs and implements audit procedures that address the risks of said significant misstatements. It is the auditor's decision to select and apply audit procedures. The auditor obtains sufficient and appropriate audit evidence to provide a basis for our opinion.
- The purpose of auditing non-consolidated financial statements is not to express opinions on the effectiveness of the internal control; but to review internal control related to the audit when conducting risk assessments in order to design audit procedures that are situationally appropriate.
- The auditor assesses the appropriateness of the accounting policies and application methods thereof adopted by management, the rationality of the accounting estimates made by management, and the validity of related notes.

- The auditor concludes whether it is appropriate for management to prepare the non-consolidated financial statements on the premise of an going concern and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the premise of going concern. If a material uncertainty on the premise of an going concern is identified, the auditor is required to draw attention to it in the notes to the non-consolidated financial statements in the auditor's report. If the notes on the non-consolidated financial statements regarding material uncertainty are insufficient, the auditor is required to present a qualified opinion with an exceptive item on the non-consolidated financial statements. The auditor's conclusion is based on audit evidence obtained by the date of the auditor's report. However, future events or circumstances may prevent a company from continuing as an going concern.
- The auditor assesses whether presentation and notes regarding the non-consolidated financial statement comply with accounting principles generally accepted in Japan and whether presentation, structure, and details of the non-consolidated financial statements, along with the relevant notes, present appropriately the underlying transactions and accounting events.

The auditor reports the scope and implementation time of the planned audit, key audit findings that include critical deficiencies in internal control which have been identified during the audit, and other matters required by the audit standards to the Audit and Supervisory Committee.

The auditor reports to the Audit and Supervisory Committee that the auditor has complied with Japan's code of professional ethics regarding independence as well as on matters reasonably believed to affect the independence of the auditor and any measures taken to eliminate disincentives or safeguards applied to reduce disincentives to an acceptable level.

Among matters discussed with Audit and Supervisory Committee, the auditor determines matters considered to be specifically important in the audit of the non-consolidated financial statements for the current fiscal year to be key audit matters, and includes them in the auditor's report. However, in cases where public disclosure of such matters is prohibited by laws and regulations, or although very limited, in cases where the auditor determines that such matters should not be reported by the auditor because it can be reasonably expected that the disadvantages that could arise from reporting them in the auditor's report would outweigh the public benefit from doing so, such matters are not included in the auditor's report.

<Remuneration information>

Remuneration information is provided in the audit report for the consolidated financial statements.

Conflict of Interests

There is no interest that should be noted pursuant to the provisions of the Certified Public Accountant Act between the Company and our audit firm or between the Company and the engagement partners.

Regards

*1 The original of the above audit report is kept separately by the Company (the company submitting the Annual Securities Report).

2 XBRL data is not included in the scope of the audit.