

Presentation Material of FY2025 Second Quarter Financial Results ANEST IWATA Corporation

November 20, 2025

Tokyo Stock Exchange Prime Market - Machinery

Securities Code 6381

Note: This document has been translated from the original document in Japanese. In the event of any discrepancy between this English translation and the original document in Japanese, the original document in Japanese shall prevail.

Results for FY2025 2Q

- Net sales of 26,325 million yen (-2.7% year-on-year)
 - Air energy business saw a decline in revenue and profits. Recovery of air energy business was slow in China
 - Coating business saw a decline in revenue and profits. Sales of coating equipment declined in Europe and America
 - Other business saw increased revenue, but were in the red. Despite the expansion of sales over e-commerce sites, there were deficits due to upfront investments in new businesses
- Operating profit of 2,511 million yen (-15.2% year-on-year)
 - Cost-to-sales ratio improved, but profits declined due to a decline in gross profit caused by decreased sales, and increased selling, general and administrative (SG&A) expenses
- Meanwhile, ordinary profit and net income for the interim period exceeded our initial forecasts, primarily due to favorable foreign exchange gains and losses.
- Interim dividend of 41 yen per share as planned

Performance Forecasts for FY2025

- We aim to achieve our targets through domestic and international price increases and implementation of sales promotion measures. Therefore, we maintain our full-year forecast (announced on May 9, 2025) unchanged.

Progress of the current Medium-Term Business Plan

- A master plan is currently being formulated to realize Vision2035 (scheduled for disclosure in May 2026)

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1. Results for FY2025 2Q

Profits declined due to decreased sales and increased SG&A expenses. However, the decline in ordinary profit and below narrowed primarily due to improvement in foreign exchange gains and losses.

- The impact of foreign exchange on net sales: -556 million yen
- Foreign exchange losses of 120 million yen disappeared, while foreign exchange gains of 116 million yen were generated.

		FY2024 2Q		FY2025 2Q		Year-on-year			FY2025 result forecasts	
		Actual (million yen)	Profit ratio (%)	Actual (million yen)	Profit ratio (%)	Increase/ decrease amount (million yen)	Increase/ decrease rate (%)	Profit ratio change (Point)	Forecast (million yen)	Progress rate (%)
Net sales		27,060	—	26,325	—	-735	-2.7	—	58,000	45.4
Operating profit		2,962	10.9	2,511	9.5	-450	-15.2	-1.4	5,550	45.2
Ordinary profit		3,462	12.8	3,296	12.5	-166	-4.8	-0.3	6,710	49.1
Profit attributable to owners of parent		2,194	8.1	2,160	8.2	-34	-1.5	+0.1	4,150	52.0
Average exchange rate of yen to	USD	152.25 yen		148.60 yen		Appreciated by 3.65 yen			151.50 yen	
	EUR	164.60 yen		162.15 yen		Appreciated by 2.45 yen			164.00 yen	
	CNY	21.05 yen		20.47 yen		Appreciated by 0.58 yen			21.00 yen	

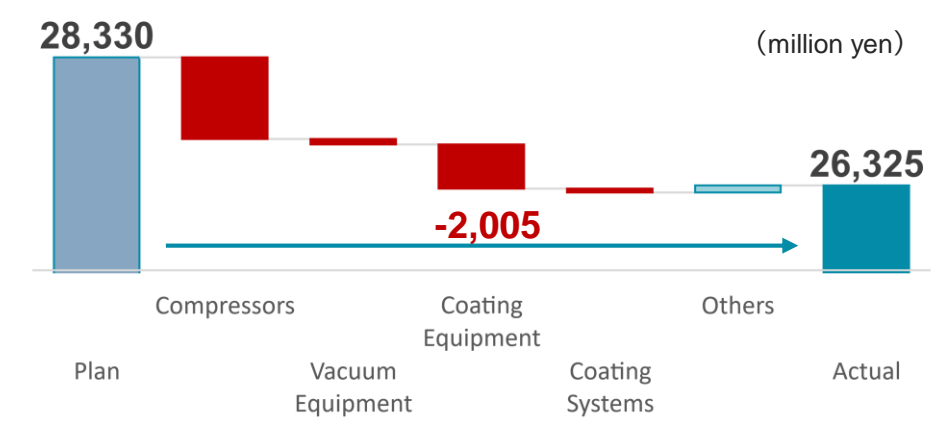
[Foreign exchange sensitivity] Trend value based on operating profit (**The currency ratio is not reflected in the following**)

- Net sales: For each 1 yen depreciation against other currencies, sales increase by approximately USD 50million, EUR 50million, and CNY 600million per year, respectively.
- Operating profit: For each 1 yen depreciation against other currencies, operating profit increases by approximately USD 10 million, EUR 10 million, and CNY 30 million per year, respectively.

Difference from the first half earnings forecast (vs. plan)

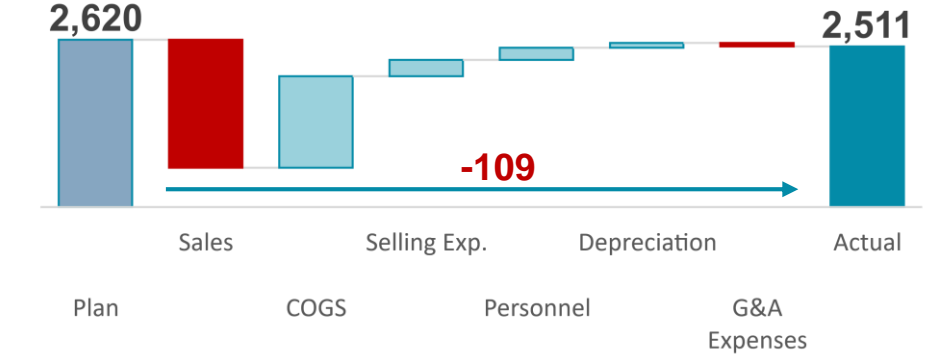
Sales fell short of plan, particularly due to delayed recovery of air compressor business. Despite the decline in operating profit due to the impact of this, ordinary profit and below exceeded the initial forecast due to an improvement in foreign exchange gains/losses.

Main factors behind the differences in net sales



- Compressors**
 - ↓ Results were below expectations (-700 million yen : variance from forecast (same applies hereafter)) due to a delayed market recovery in China and reduced capital investment due to worsening business sentiment in Europe
 - ↓ Sales of small air compressors are sluggish due to intensifying competition in products for the Indian railway and EV bus markets in India (-600 million yen)
- Coating Equipment**
 - ↓ Sales decline in Europe, following the initial rollout of flagship spray gun models, was greater than expected (-200 million yen)
 - ↓ There was a delay in the spread of spray guns for the car repair market in the Americas (-460 million yen)
- FX impact**
 - ↓ -556 million yen due to the yen appreciating at a rate higher than expected

Main factors behind the differences in operating profit



- Cost of sales**
 - ↑ Costs reduced due to improved cost-to-sales ratio
- Gross profit**
 - ↓ Decreased due to sales falling short of target
- SGA expenses**
 - ↑ In addition to the effects of cost control, the FX impact pushed down expenses at overseas subsidiaries
- FX impact**
 - ↑ Overseas expenses were reduced due to a stronger-than-expected yen, resulting in an increase of 168 million yen.

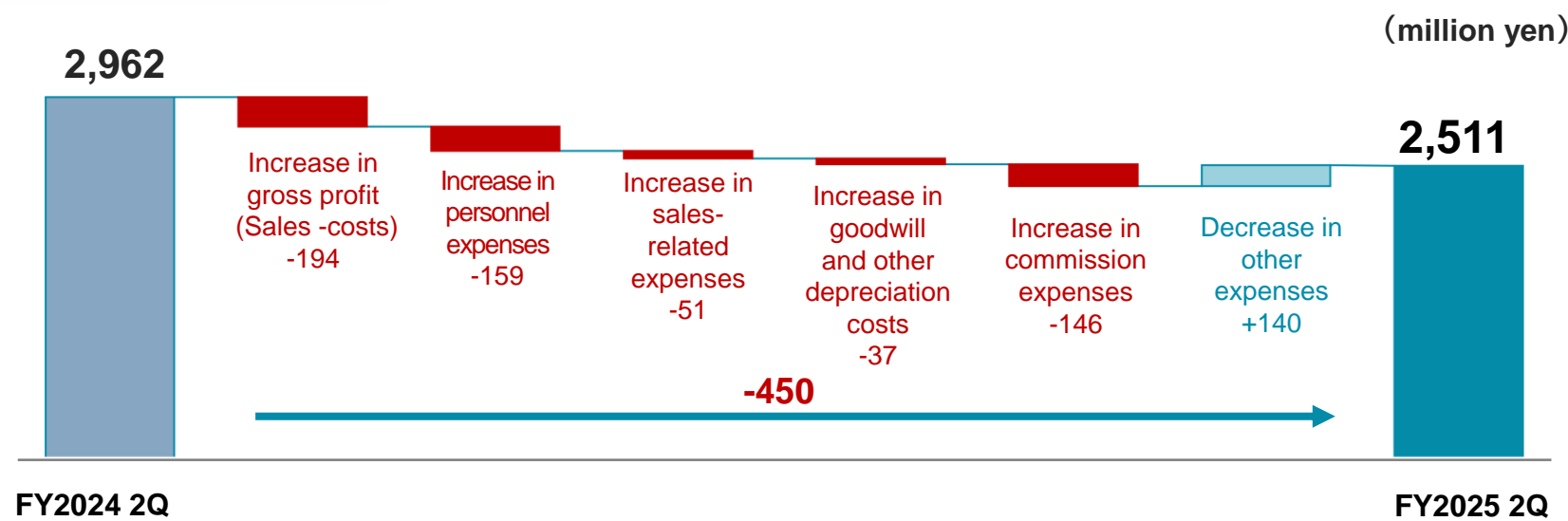
Main factors behind the differences in Ordinary Profit and Below

	1H Forecast	1H Actual	Variance
Ordinary Profit	3,220	3,296	+76
Interim Net Income*	2,020	2,160	+140

- Non-Operating Income**
 - ↑ Increase in Foreign Exchange Gains

* Profit attributable to owners of parent

Operating profit declined due to a decrease in gross profit resulting from lower sales, as well as an increase in SG&A expenses



Cost of sales ratio

- FY2025 2Q: 53.5% (-0.6 point year-on-year)
- Impact of foreign exchange on cost of sales (14,096 million yen: -540 million yen year-on-year): -570 million yen
- ✓ The reduction in intra-group inventories and the compression of inventory valuation due to yen appreciation at period-end contributed to improved gross margin

SG&A expenses ratio

- FY2025 2Q: 36.9% (+1.9 point year-on-year)
- Impact of foreign exchange on SG&A expenses (9,716 million yen: +255 million yen year-on-year): -154 million yen
- ✓ Increase in labor costs mainly in Japan.
- ✓ Fees related to M&A evaluations, mid-term business plan implementation, and centennial initiatives increased primarily in Japan

Sales in Japan provided support, but overall revenue decreased. Overseas sales ratio decreased from 67.4% to 64.4%

- Japan: Revenue increased due to the effects of the price revision implemented in October 2024 and the expansion of sales of oil-free scroll air compressors
- Americas: Sales declined for coating equipment (spray guns, airbrushes) and compressors for automotive and medical applications, partly due to U.S. trade policy impact
- China: Delayed recovery of the air energy business could not be offset by the coating business, resulting in a decrease in revenue
- Other: Sales of small air compressors for specific markets in India were sluggish, pushing down the sales proceeds

	FY2024 2Q		FY2025 2Q		Year-on-year	
	Actual (million yen)	Composition ratio (%)	Actual (million yen)	Composition ratio (%)	Increase/ decrease amount (million yen)	Increase/ decrease rate (%)
Japan	8,814	32.6	9,378	35.6	+564	+6.4
Europe	4,705	17.4	4,708	17.9	+3	+0.1
Americas	3,693	13.6	3,227	12.3	-465	-12.6
China	5,951	22.0	5,313	20.2	-637	-10.7
Others	3,896	14.4	3,696	14.0	-199	-5.1
Total	27,060	—	26,325	—	-735	-2.7

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

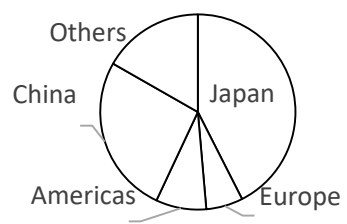
Although sales in Japan and Europe remained strong, they were unable to offset the slump in China, causing a drop in revenue

	Category	FY2024 2Q	FY2025 2Q	Year-on-year		Overview (Arrows indicate year-on-year comparisons)
				Increase/ decrease amount	Increase/ decrease rate (%)	
Net sales	Air compressors	15,077	14,577	-500	-3.3	(Japan) ↑ In addition to the effect of the price revision implemented in October 2024, shipments of oil-free scroll air compressors increased (Europe) ↑ OEM demand was strong, leading to increased sales of oil-free air compressors (Americas) ↓ Sales of oil-free air compressors for the vehicle-mounted and medical markets decreased (China) ↓ In addition to continued slump within China, overseas exports decreased due to stagnant demand market conditions (Other) ↓ Sales of small air compressors for specific markets in India declined
	Vacuum equipment	1,509	1233	-275	-18.2	(China) ↓ Sales of vacuum pumps for lithium-ion battery manufacturing-related equipment, previously recorded in the same period last year, declined.
	Total	16,586	15,810	-776	-4.7	
Operating profit	Air energy	1,493	1,409	-84	-5.7	Operating profit ratio: 8.9% (-0.1 points year-on-year)*1 ↓ Gross profit decreased mainly in China due to a decrease in sales ↑ SG&A expenses decreased due to cost control at subsidiaries

(Note) Starting in the fourth quarter of the previous fiscal year, earnings from the consumer business, including e-commerce site sales, have been reclassified as “other.” For the previous fiscal year, figures after retroactive processing reflecting the changes in classification are shown.

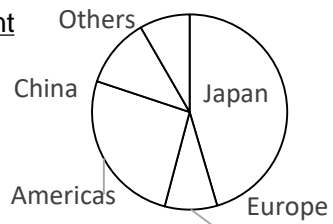
[Image of sales composition ratio by area and year-on-year comparison*2]

Air compressors



- Japan: ○
- Europe: ◎
- Americas: ●
- China: ×
- Others: ●

Vacuum equipment



- Japan: ○
- Europe: ●
- Americas: △
- China: ×
- Others: ◎

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

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

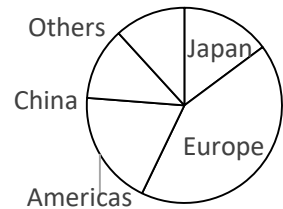
Continuing sluggish sales of coating equipment in Japan, Europe and the U.S. pushed down overall sales and operating profit

	Category	FY2024 2Q	FY2025 2Q	Year-on-year		Overview (Arrows indicate year-on-year comparisons)	(Unit: Million yen)
				Increase/ decrease amount	Increase/ decrease rate (%)		
Net sales	Coating equipment	9,172	8,771	-400	-4.4	(Japan) ↓ Market share was maintained despite the decline in sales of spray guns for the general coating market (Europe) ↓ Sales declined due to the spread of flagship model spray guns for the auto repair market*1 reaching an end ↑ Sales of airbrushes remained strong (Europe) ↓ Sales declined due to delay in the spread of spray guns for the auto repair market and review of sales channels for airbrushes (China) ↑ Sales of spray guns for the industrial coating and auto repair markets increased due to successful marketing activities (Other) ↑ Sales increased mainly in Thailand due to strengthened marketing activities in Southeast Asia	
	Coating systems	1,245	1,310	+65	+5.2	(Japan) ↓ Sales of environmental equipment declined (China) ↑ Sales increased due to the deliveries of coating systems and other equipment for industrial products (Japan, China, India) ↑ Order backlog for car manufacturing-related projects increased year-on-year	
	Total	10,417	10,082	-335	-3.2		
Operating profit	Coating	1,445	1,237	-207	-14.4	Operating profit ratio: 12.3% (-1.6 points year-on-year)*2 ↑ Profits decreased, mainly in the U.S., due to a decline in sales of highly profitable coating equipment	

(Note) Starting in the fourth quarter of the previous fiscal year, earnings from the consumer business, including e-commerce site sales, have been reclassified as “other.” For the previous fiscal year, figures after retroactive processing reflecting the changes in classification are shown.

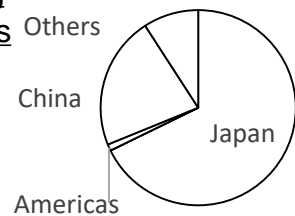
[Image of sales composition ratio by area and year-on-year comparison*3]

Coating equipment



- Japan: ●
- Europe: ▽
- Americas: ×
- China: ◎
- Others: ○

Coating systems



- Japan: ●
- Europe: -
- Americas: -
- China: ◎
- Others: ×

*1: Auto repair market = Car repair market

*2: (Image of product-wise profit ratio)

Vacuum equipment > Coating equipment > Air compressors > Coating systems

*3: Year-on-year comparison

◎ 10% or more ○ 3% to 10% △ 0% to 3%

▽ 0% to -3% ● -3% to -10% × -10% or less

Business activities at major subsidiaries*1 remained strong. On the other hand, operating losses were recorded due to upfront investments made to develop new businesses

	FY2024 2Q	FY2025 2Q	Year-on-year		Overview (Arrows indicate year-on-year comparisons)	(Unit: Million yen)
			Increase/ decrease amount	Increase/ decrease rate (%)		
Net sales	55	432	+376	+674.5	(Japan) ↑ Sales of DIY equipment were transferred to Other business ↑ Sales of consumer products were launched on major online shopping sites, leading to increased sales ↑ Mobility after-sales services store opened in Japan in October (Details: P13)	
Operating profit	23	-134	-157	—	Operating profit ratio: -31.1% (no change year-on-year) ↓ Preparatory expenses incurred for the new expansion of mobility after-sales service business in Japan and the Philippines	

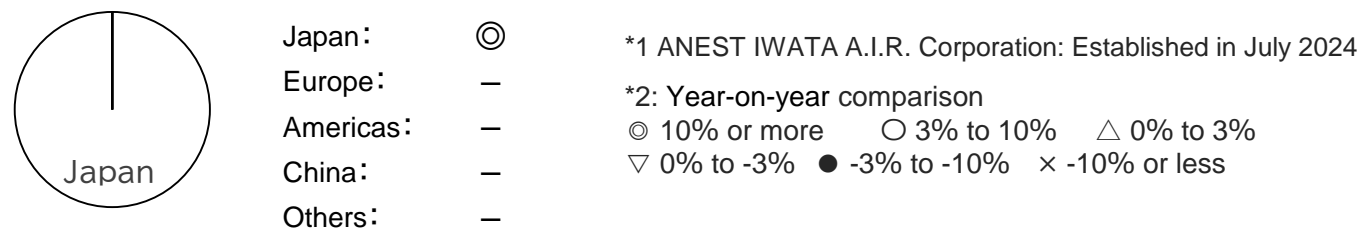
- (Notes)
1.

From the fourth quarter of the previous fiscal year, earnings from consumer business, including EC site sales, which were formerly classified as “air energy business” and “coating business,” have been reclassified as “other” to make comparisons easier from the perspective of their strategic importance. For the previous fiscal year, figures after retroactive processing reflecting the changes in classification are shown.
2.

Effective this first quarter, revenue from DIY equipment, previously categorized under "Air Energy Business" and "Coating Business," has been reclassified to "Other," following a comprehensive review of product characteristics and sales structures.
3.

The “other” business includes earnings from a consolidated subsidiary in Japan that sells consumer products and provides mobility after-sales services.

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



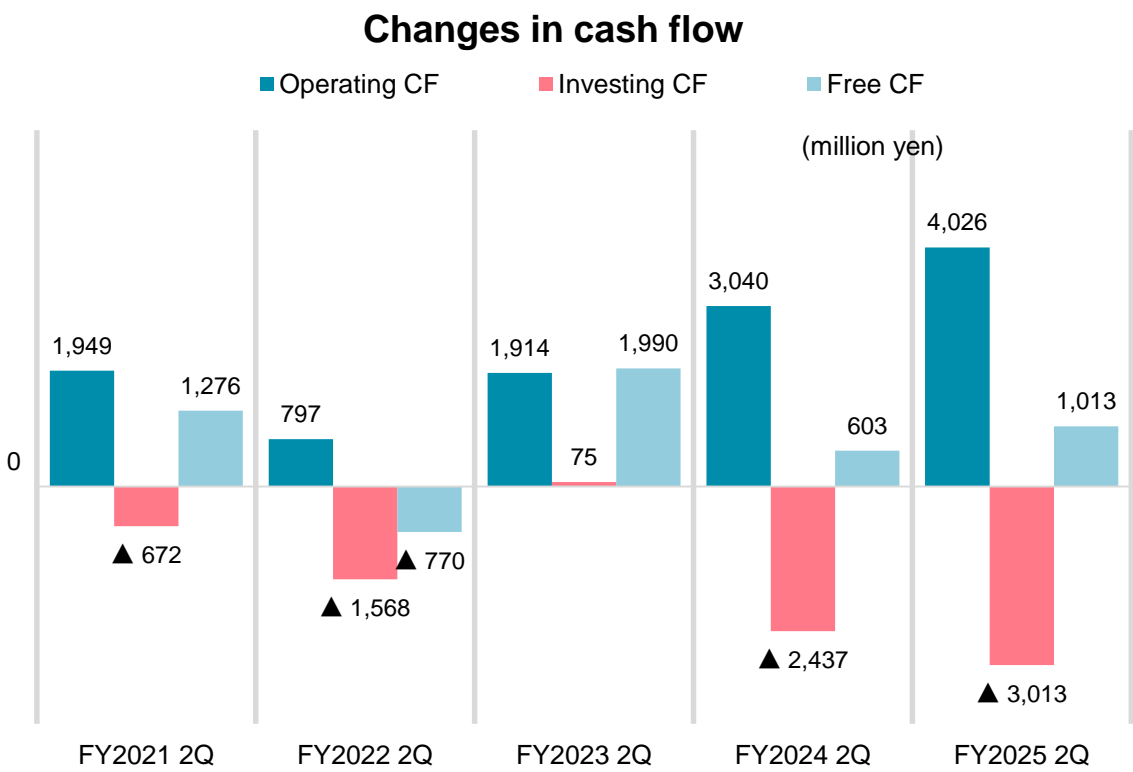
Non-current assets increased due to factors such as the completion of a medium-sized air compressor assembly plant in India. Equity ratio: 68.8% (+1.1 points from the end of the previous fiscal year)

		FY2024 End of full year	FY2025 2Q	Difference against the end of the previous period		
		Actual (million yen)	Actual (million yen)	Increase/ decrease amount (million yen)	Increase/ decrease rate (%)	Primary factors for increase or decrease
Assets	Current assets	45,229	44,253	-976	-2.2	•Decrease in Cash and Deposits: -¥1,194 million
	Non-current assets	23,973	24,678	+705	+2.9	•Increase in Buildings and Structures (net): +¥267 million •Increase in Land: +¥399 million
	Assets	69,202	68,932	-270	-0.4	
Liabilities and capital	Current liabilities	12,161	12,129	-31	-0.3	•Decrease in Notes and Accounts Payable: -¥182 million
	Non-current liabilities	3,479	3,311	-168	-4.8	•Decrease in Lease Obligations: -¥169 million
	Liabilities	15,641	15,440	-200	-1.3	
	Shareholders' equity	41,435	42,736	+1,300	+3.1	•Increase in Retained Earnings: +¥1,250 million
	Accumulated other comprehensive income	5,417	4,697	-720	-13.3	•Decrease in Foreign Currency Translation Adjustment: -¥848 million
	Non-controlling interests	6,707	6,058	-649	-9.7	
	Net assets	53,561	53,491	-70	-0.1	
	Liabilities and net assets	69,202	68,932	-270	-0.4	

Free CF expanded due to an increase in operating CF. Cash and cash equivalents decreased from the end of the previous fiscal year to 16,482 million yen

- **Operating CF:** [+] Funds increased by 823 million yen due to changes in "Increase/decrease in trade payables"
- **Investing CF:** [-] Cash outflow of 1,024 million yen resulting from the "Purchase of investment securities"
- **Financing CF:** [+] Elimination of 290 million yen expenditure for "Acquisition of treasury shares" recorded in the previous fiscal year

	FY2024 2Q	FY2025 2Q	Year-on-year
	Actual (million yen)	Actual (million yen)	Increase/decrease in amount (million yen)
Operating CF	3,040	4,026	+985
Investing CF	-2,437	-3,013	-575
Financing CF	-2,194	-1,820	+373
Free CF	603	1,013	+409
	End of FY2024	FY2025 2Q	Compared to the end of the previous fiscal year
	Actual (million yen)	Actual (million yen)	Increase/decrease in amount (million yen)
Cash and cash equivalents	17,686	16,482	-1,204



Capital investments both domestically and overseas were implemented to strengthen business foundations and expand production capacity

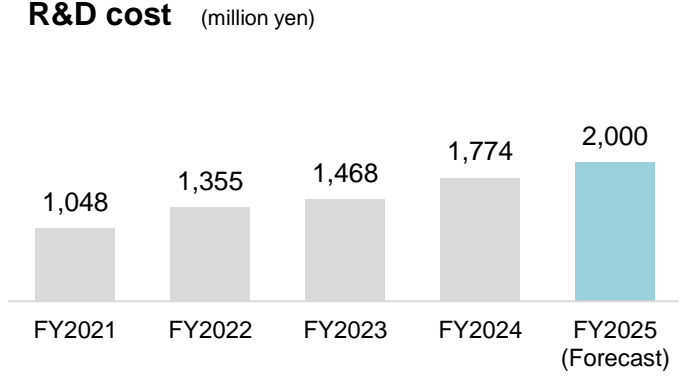
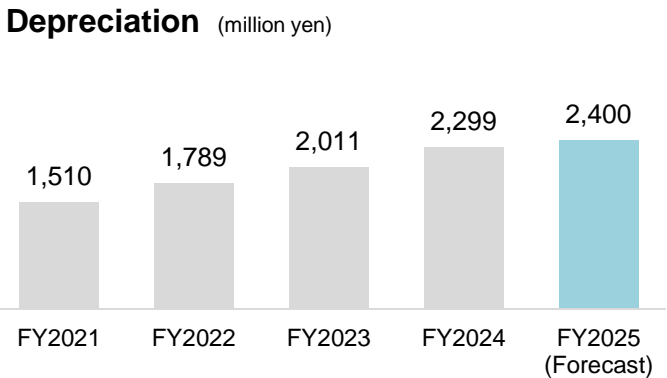
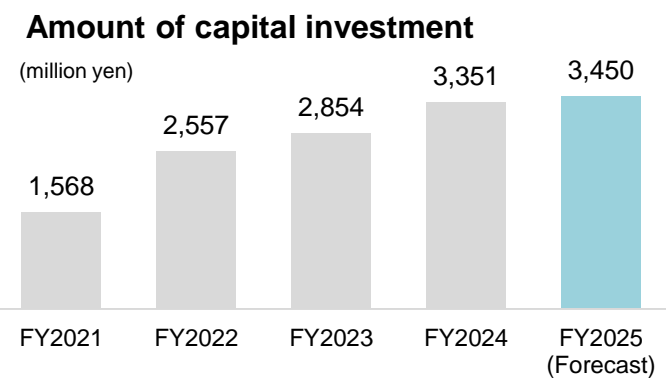
	FY2024	FY2025		
	2Q actual results (million yen)	2Q actual results (million yen)	Full year plan (million yen)	Progress rate (%)
Capital investment	1,536	1,873	3,450	54.3
Depreciation	1,095	1,114	2,400	46.4
R&D cost*	878	794	2,000	39.7

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

Major capital investments

actual

- Japan:
 - Land acquisition at headquarters and delivery of equipment for prototype facility
 - Launch of new mobility after-sales services store (Details: P13)
 - Promotion of the renewal and expansion of facilities at each production base
- Europe: Acquisition of buildings to strengthen the sales base for the coating equipment business
- India: Completion of the construction of an assembly plant for medium-sized air compressors. Full-scale operation is scheduled to begin in the fourth quarter of this fiscal year



Equity in earnings of affiliates was 512 million yen (+14 million yen year-on-year). The performance of the equity-method affiliate that sells air compressors in the United States remained solid

	FY2024 2Q		FY2025 2Q		Year-on-year		
	Actual (million yen)	Composition ratio (%)	Actual (million yen)	Composition ratio (%)	Increase/ decrease amount (million yen)	Increase/ decrease rate (%)	Composition ratio change (point)
Net sales	27,060	—	26,325	—	-735	-2.7	—
Cost of sales	14,637	54.1	14,096	53.5	-540	-3.7	-0.6
Gross profit	12,423	45.9	12,228	46.5	-194	-1.6	+0.6
SG&A expenses	9,460	35.0	9,716	36.9	+255	+2.7	+1.9
Operating profit	2,962	10.9	2,511	9.5	-450	-15.2	-1.4
Non-operating income	717	2.7	840	3.2	+123	+17.2	+0.5
Non-operating expenses	217	0.8	56	0.2	-161	-74.1	-0.6
Ordinary profit	3,462	12.8	3,296	12.5	-166	-4.8	-0.3
Extraordinary income	3	0.0	5	0.0	+2	+70.1	+0.0
Extraordinary losses	3	0.0	36	0.1	+32	+969.0	+0.1
Profit before income taxes	3,462	12.8	3,265	12.4	-196	-5.7	-0.4
Income taxes	795	2.9	755	2.9	-40	-5.1	-0.0
Profit attributable to non-controlling interests	471	1.7	349	1.3	-121	-25.8	-0.4
Profit attributable to owners of parent	2,194	8.1	2,160	8.2	-34	-1.5	+0.1

<Reference Information> FY2025 Changes in Business Results

[Total] Unit: Million yen		FY2025			
		1 Q	1 ~ 2 Q	1 ~ 3 Q	1 ~ 4 Q
Net sales		12,088	26,325		
Year-on-year		-3.2%	-2.7%		
Air energy	Air compressors	6,618	14,577		
	Year-on-year	-3.2%	-3.3%		
	Vacuum equipment	597	1,233		
	Year-on-year	-20.2%	-18.2%		
	Net sales	7,215	15,810		
Year-on-year		-4.9%	-4.7%		
Coating	Coating equipment	4,427	8,771		
	Year-on-year	+1.8%	-4.4%		
	Coating systems	291	1,310		
	Year-on-year	-44.4%	+5.2%		
	Net sales	4,719	10,082		
Year-on-year		-3.2%	-3.2%		
Others	Net sales	153	432		
	Year-on-year	+451.0%	+674.5%		
Operating profit		929	2,511		
Year-on-year		-8.7%	-15.2%		
Air energy	Operating profit	478	1,409		
	Year-on-year	-15.4%	-5.7%		
Coating	Operating profit	533	1,237		
	Year-on-year	+21.6%	-14.4%		
その他	Operating profit	-82	-134		
	Year-on-year	—	—		

[Quarterly] Unit: Million yen		FY2025			
		1 Q	1 ~ 2 Q	1 ~ 3 Q	1 ~ 4 Q
Net sales		12,088	14,236		
Year-on-year		-3.2%	-2.3%		
Air energy	Air compressors	6,618	7,958		
	Year-on-year	-3.2%	-3.4%		
	Vacuum equipment	597	635		
	Year-on-year	-20.2%	-16.4%		
	Net sales	7,215	8,594		
Year-on-year		-4.9%	-4.5%		
Coating	Coating equipment	4,427	4,344		
	Year-on-year	+1.8%	-9.9%		
	Coating systems	291	1,018		
	Year-on-year	-44.4%	+41.4%		
	Net sales	4,719	5,363		
Year-on-year		-3.2%	-3.3%		
Others	Net sales	153	278		
	Year-on-year	+451.0%	+897.7%		
Operating profit		929	1,582		
Year-on-year		-8.7%	-18.6%		
Air energy	Operating profit	478	930		
	Year-on-year	-15.4%	+0.3%		
Coating	Operating profit	533	703		
	Year-on-year	+21.6%	-30.0%		
Others	Operating profit	-82	-52		
	Year-on-year	—	—		

Other businesses: Opening of a car body repair shop that also serves as a marketing base (Japan)

A.I.R. Corp.*¹ opened Auto Tech Base Shonan in October as part of its mobility after-sales service business. This facility offers a wide range of after-sales services, including sheet metal painting, car washing, and oil and tire changes

Strategic significance

- By shifting the perspective from "making" the equipment to "using" it, we will establish a product development cycle that reflects the real needs of the field
- Rather than competing with car body repair businesses, we aim to co-create with them and contribute to improving technology and revitalizing the car body repair industry. We will encourage the growth of the industry as a whole

Future prospects

- Promoting collaboration with vocational schools and plans to establish a car body repair plant in the Philippines, and expanding globally
- Promoting business expansion and strengthening of revenue base in the international market by developing the mobility after-sales service business overseas

*ANEST IWATA A.I.R. Corporation: A Japanese subsidiary that was established with the aim of establishing a third business. Established in July 2024

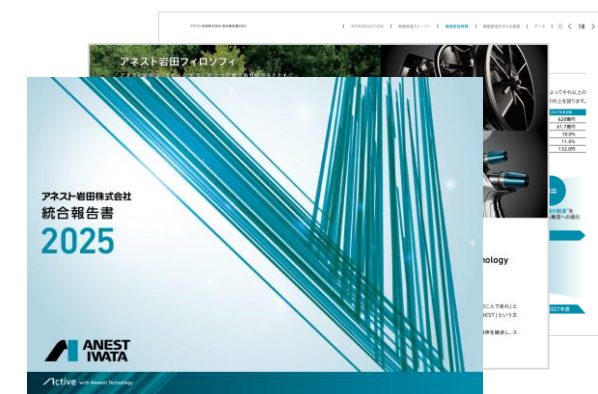


Issuance of Integrated Report 2025 (Japanese)

In September 2025, the Integrated Report 2025 was published on our corporate website. We have comprehensively covered the financial and non-financial information including business strategies and ESG information. The English version is scheduled for publication in early December 2025.

Main content

- Thought Behind Our Philosophy
- Interview of President, Meeting of Independent Directors
- Process of Value Creation
- Diagrams of Mid- to Long-Term Growth, Medium-Term Business Plan
- Human Capital Strategy, Supply Chain Management, Governance, Etc.



Please visit our [corporate website](#) for the text of the report (Japanese Only)



The impact of U.S. trade policy is estimated to be minor this fiscal year (next page). At this time, our full-year guidance for FY2025 remains unchanged

		FY2024		FY2025			
		Actual (million yen)	Composition ratio (%)	Target value (million yen)	Composition ratio (%)	Increase/decrease amount (million yen)	Increase/ decrease rate (%)
Net sales		54,411	100.0	58,000	—	+3,588	+6.6
Air energy	Air compressors	30,787	56.6	—	—	—	—
	Vacuum equipment	2,822	5.2	—	—	—	—
	Subtotal	33,609	61.8	35,800	61.7	+2,190	+6.5
Coating	Coating equipment	17,943	33.0	—	—	—	—
	Coating systems	2,736	5.0	—	—	—	—
	Subtotal	20,679	38.0	22,100	38.1	+1,420	+6.9
Others	Subtotal	123	0.0	100	0.2	-23	-18.8
Operating profit		5,903	10.8	5,550	9.6	-353	-6.0
Air energy	Operating profit	3,388	—	3,400	—	+11	+0.3
Coating	Operating profit	2,608	—	2,750	—	+141	+5.4
Others	Net sales	-94	—	-600	—	-505	—
Ordinary profit		7,139	13.1	6,710	11.6	-429	-6.0
Profit attributable to owners of parent		4,276	7.9	4,150	7.2	-126	-3.0
Average exchange rate of yen to	USD	151.58	—	151.50	—	-0.08	
	EUR	163.95	—	164.00	—	0.05	
	CNY	21.02	—	21.00	—	-0.02	

Despite profit deterioration due to ongoing strategic growth investments and stagnant external environment, we aim to achieve our targets through sales promotion initiatives and price increases both domestically and internationally

Business environment in the second half of the fiscal year

- In addition to labor and logistics costs both domestically and overseas, procurement prices for raw materials and parts are expected to rise
- Exchange rate against the yen is assumed to be the same level as in FY2024. However, due to the high degree of uncertainty, foreign exchange gains and losses are not included in the target figures
- The impact of the U.S. trade policy on the income and expenditure is minor due to inventory replenishment before the application of additional tariffs and the implementation of local price revisions. On the other hand, a certain degree of impact on business performance is expected due to a decline in purchasing appetite caused by price increases

Net sales

- Overall revenue is expected to increase as recovery measures are implemented across all regions
 - ✓ In Japan, price increases were implemented in 2Q to incorporate the rising procurement costs including distribution costs and labor costs. Rise in sales price
 - ✓ In Europe and the U.S., sales of spray guns for the car repair market will grow due to short-term sales promotions centered on limited edition spray gun models
 - ✓ In the U.S., price increases implemented at the end of 3Q in response to the impact of U.S. trade policy will lead to an increase in sales prices
 - ✓ In China, the recovery trend will continue, mainly in the coating business, thanks to successful marketing activities
 - ✓ In India, sales will increase due to the start of full-scale operations at a medium-sized air compressor assembly plant and strengthening of the sales system
 - ✓ Efforts will be strengthened to capture demand for services regarding coating systems by reviewing personnel allocation within the coating business. In addition, there will be an increase in sales due to early orders for small-scale projects

Operating profit

- Labor costs will increase in various countries including Japan
- Continuation of investment for further growth, including strengthening investment in development
- Increased procurement costs will be transferred on to sales prices
- Continuation of cost control

Ordinary profit / profit

- Decrease in foreign exchange gains
- Continued reduction of cross-shareholdings
- Reversal of impairment losses on business assets recognized in FY2024

Regarding the impact of the U.S. trade policy, we estimate that the impact on profits will be minor due to price increases at the end of 3Q of this fiscal year

Business activities in the U.S.

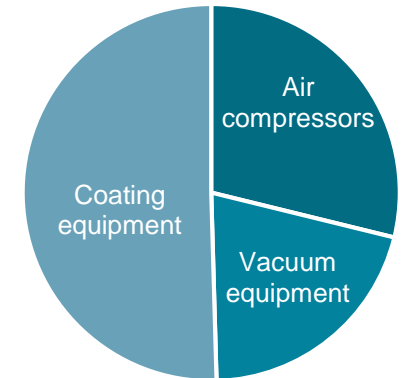
Bases

- ✓ ANEST IWATA Americas: A subsidiary that mainly assembles air compressors and vacuum equipment and sells coating equipment
- ✓ ANEST Iwata-Media: A subsidiary that is mainly involved in manufacture and sales of airbrushes (coating equipment)
- ✓ Powerex Iwata Air Technology: An equity method affiliate mainly engaged in manufacture and sale of air compressors

Import

- ✓ Spray guns and oil-free scroll air compressors from factories in Japan
- ✓ Spray guns from a European subsidiary
- ✓ Other supplies are in small quantities

Sales ratio of two U.S. subsidiaries (Cumulative 2Q)



Impact on business performance

Direct Impact

■ Import tariffs:

- ✓ The impact on profits in FY2025 is estimated to be minor due to measures such as passing tariff costs to the sales prices in the U.S. and replenishing inventory before the tariff measures are implemented

■ Production base:

- ✓ There are currently no plans to move production to the U.S.

■ Sales activities:

- ✓ A certain degree of impact on business performance is expected due to a decline in domestic purchasing appetite caused by price increases in the U.S.

Indirect Impact

■ Business environment:

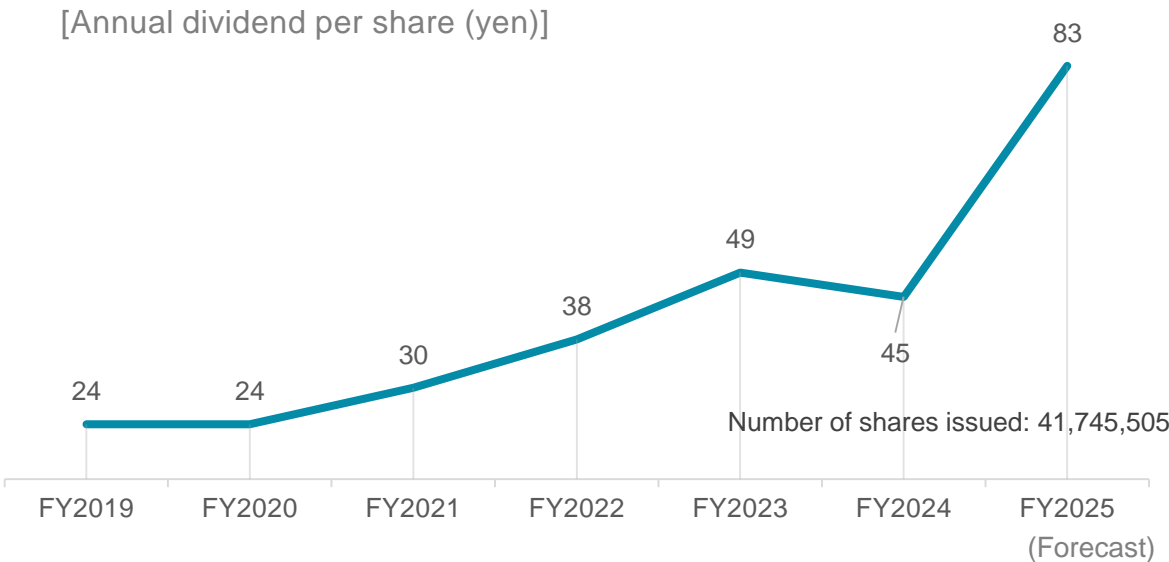
- ✓ Decrease in sales volume due to domestic and international companies refraining from capital investment amid uncertainty over trade policy and other policies accompanying the transition to the new U.S. administration

Interim dividend will be 41 yen per share as planned. Increase of 19 yen in dividend compared to the previous interim period

Shareholder return policy

- From FY2025, in order to realize stable and greater returns to shareholders, we will newly adopt the [Dividend on Equity ratio \(DOE\)](#) as a return indicator, replacing the previous dividend payout ratio.
 - ✓ During the current Medium-Term Business Plan period (FY2025 to FY2027)
 - Setting the [DOE](#) during the period at [7.0-7.5%](#)
 - Progressively increasing annual dividend per share with FY2025 as the lower limit
- Share buybacks are planned at a scale of [3.0 to 3.5 billion yen](#) during the current Medium-Term Business Plan period

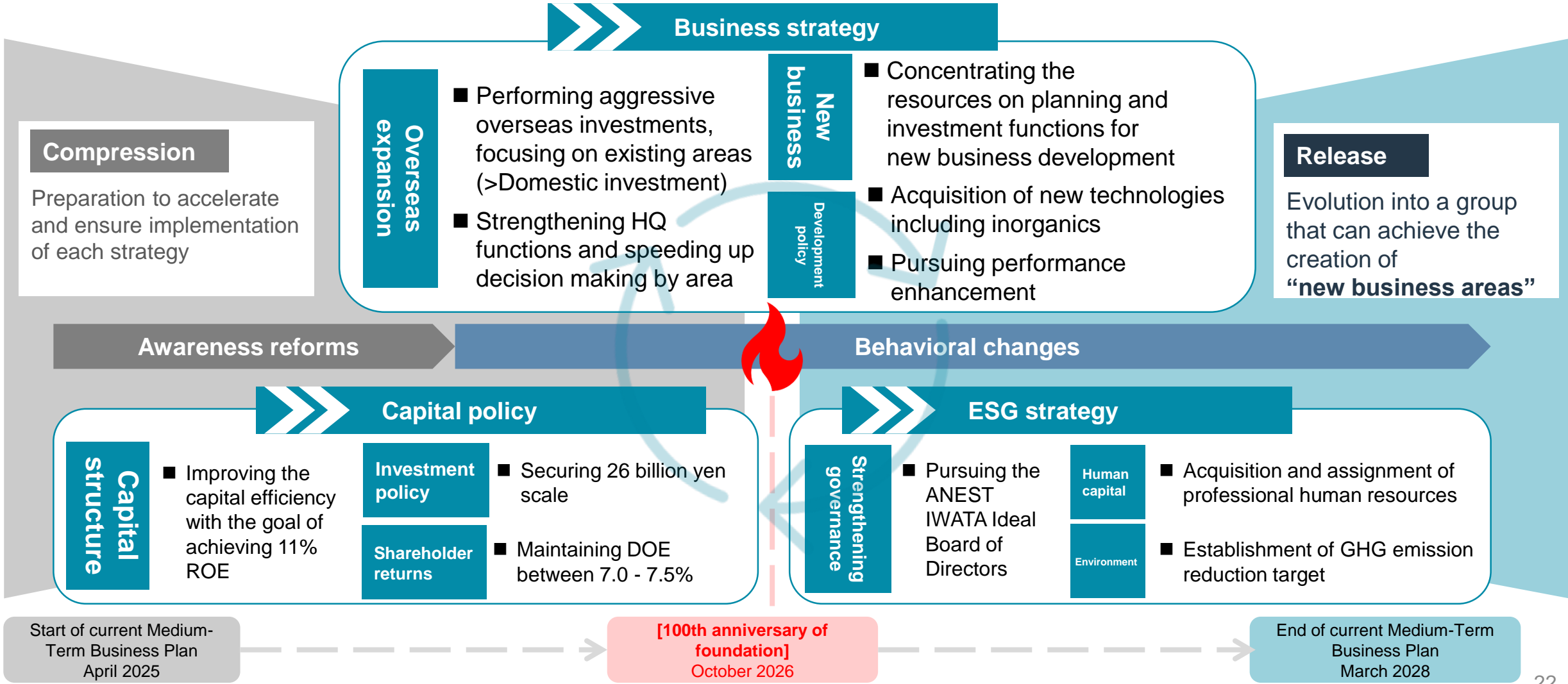
Dividend (yen)	Interim	Year-end	Annual
FY2024	22	23	45
FY2025 (Actual)	41		
(Forecast)		42	83



3. Progress of the First Medium-Term Business Plan (FY2025~FY2027)

We will take the first step in transformation toward realization of Vision2035 by reforming awareness that leads to changes in behavior.

Focus areas and policies in the first Medium-Term Business Plan



By adopting EPS as a KGI indicator, we aim to continuously improve profitability while improving capital efficiency, targeting an ROE of 11% in the final year of the current Medium-Term Business Plan (FY2027).

The plan is currently progressing smoothly after six months.

KGI (Consolidated) Key goal indicators	FY2024 Result	FY2025 Forecast	FY2027 Target
Net sales	54.4 billion yen	58 billion yen	62 billion yen
Operating profit	5.90 billion yen	5.55 billion yen	6.17 billion yen
Operating profit ratio	10.7%	9.6%	10.0%
ROE	9.4%	8.9%	11.0%
EPS	108.2 yen	105.5 yen	132.0 yen

Note: "Strengthening the promotion of M&A" is at the core of capital policy in the first Medium-Term Business Plan. ROE 11% is set as a minimum target to be achieved through the growth of existing businesses, with an aim to achieve even higher level through M&A.

The current plan is to launch new products and expand the market in India.

Progress of air energy business strategy

Air compressors

Capturing the medium-sized air compressor market, which is the volume zone

- ✓ In the growing Indian market, we are concurrently promoting the early full-scale operation of a medium-sized compressor assembly plant and the establishment of a sales structure. Full-scale operation is scheduled to begin in 4Q of FY2025

Launch of energy-efficient products: Development of new models of air compressor











- ✓ We are preparing to launch improved models of our oil-free scroll air compressor, that is one of our strengths

Vacuum equipment

Creating new products through co-creation with partners

- ✓ We are promoting the development of new applications for semiconductor peripheral device manufacturers and secondary battery manufacturing, and are continuing to develop pumps with new mechanisms

Outlook for air compressor business (FY2025)

<Area>		Year-on-year									
Japan		Europe		Americas		China		India		Other Asia	
<Key market environment (Image)>											
General industry		Medical industry		Vehicle-mounted		Service					

The current plan is to launch new products that will contribute to our business performance from next fiscal year onwards.

Progress of coating business strategy

Coating
equipment

New product development






- ✓ We are currently developing 100th anniversary models that includes a spray gun that meets both the area's characteristics and the required atomization performance, as well as spray guns with IoT functionality

Coating
systems

Improvement of cost of sales ratio through new products

- ✓ We are currently developing the "CUBIC LINE," which combines small-scale equipment segmented by function to create the optimal coating lines. By shifting from conventional fully customized design and manufacturing to a modular combinations, we have reduced design costs thereby improving the cost of sales ratio, which is a key issue in the coating systems business. In addition to promoting decarbonization, we have reduced installation space by approximately 50% compared to conventional systems, and significantly shortened construction periods, thereby reducing customers' environmental impact and meeting their diverse needs. Sales are scheduled to begin in FY2026.

Outlook for coating equipment business (FY2025)

<Area>	Year-on-year
Japan	
Europe	
Americas	
China	
Other	

<Key market environment (Image)>

For general/industrial coating		For car repair market		Airbrush	
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Making steady progress.

Active promotion of M&A

Negotiations are ongoing based on long/short lists. We are currently promoting the strengthening of our organization, including personnel expansion.

Existing businesses - peripheral businesses

- Developing new markets and customers, expanding regional coverage
- Strengthening value chain (Acquiring optimal production and sales channels, and service functions for each region)
- Complementing product lineups of existing businesses
- Strengthening development capabilities by acquiring peripheral manufacturers in the parts and materials fields

New areas

- Creation of new business models
- Acquiring new technologies and know-how required for new businesses development

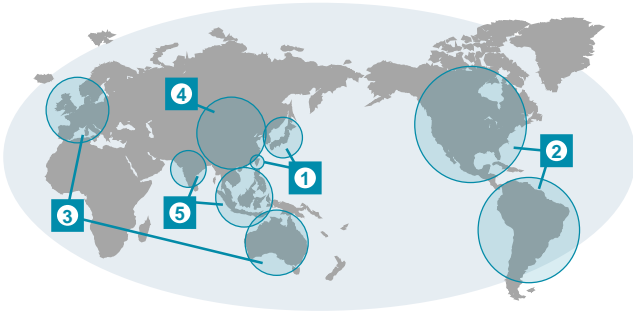
M&A target areas

	Japan	Overseas
Technology	☆	
Production		☆
Sales		☆

☆: Priority Target

Strengthening of global governance: Establishment of Regional Headquarters

We have begun building a management structure by dividing operations into five regions—Japan, the Americas, Europe, China, and Asia—under the control of regional headquarters. This initiative aims to enhance organizational capability and cost efficiency. Verification has started in Europe, with consideration for expansion to other regions.



- (1) Japan area
- (2) Americas area
- (3) Europe area
- (4) China area
- (5) Asia area

Strengthening and acquiring technological and development capabilities through the construction of a prototype building at the headquarters

With the aim of establishing a system that will enable the entire process of design, development, and prototyping to be completed within headquarters, a prototype building called "IWATA Technology Park" will be constructed at the headquarters, with operations beginning in stages from autumn 2025. The latest processing and analysis equipment has been introduced, and after adjustments have been completed, it is being used for a wide range of purposes, including prototyping parts for current and new products and processing materials for basic research.

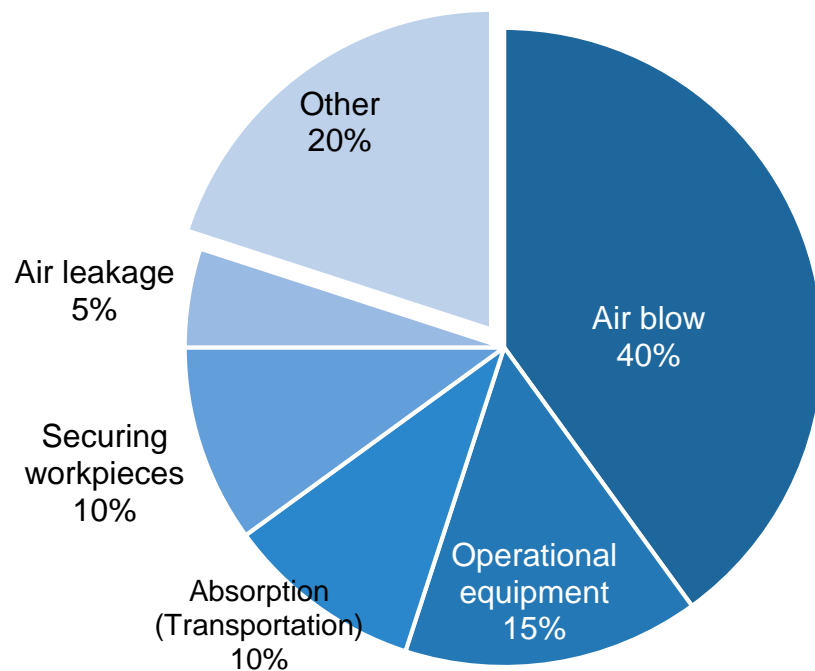
In the future, this facility will be developed into an environment that enables joint research, aiming to leverage diverse external perspectives in addition to internal resources. This will advance proprietary technologies and promote problem-solving through external collaboration.

<Reference material 1> About ANEST IWATA —Company Overview and Business Model—

Conventional uses

- Blowing away the chips generated during machining with a machine tool (air blow)
- Operation of air cylinders that can be seen in robot motion, etc. (operational equipment)
- In the graph below, "Other" includes painting and coating.

Main uses of compressed air at production plants



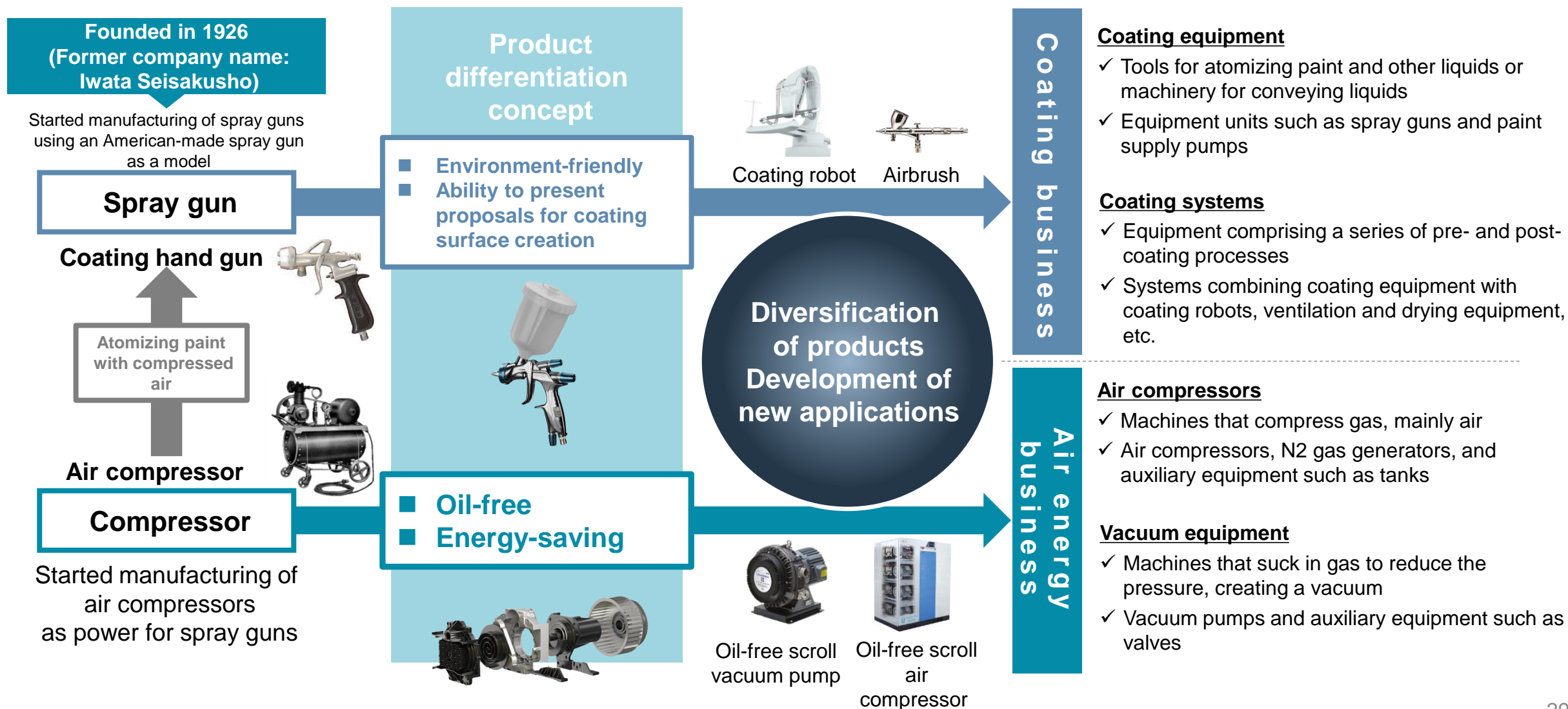
Company estimate

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

- Manufacture of food, beverages, pharmaceuticals, etc.
- Physics and chemistry/Research and development
- Medical treatment at hospitals, dental clinics, etc.
- In-vehicle mounting of braking system for commercial cars
- OEM
(including the supply of oil-free air compressor main units to top-class air compressor manufacturers overseas)



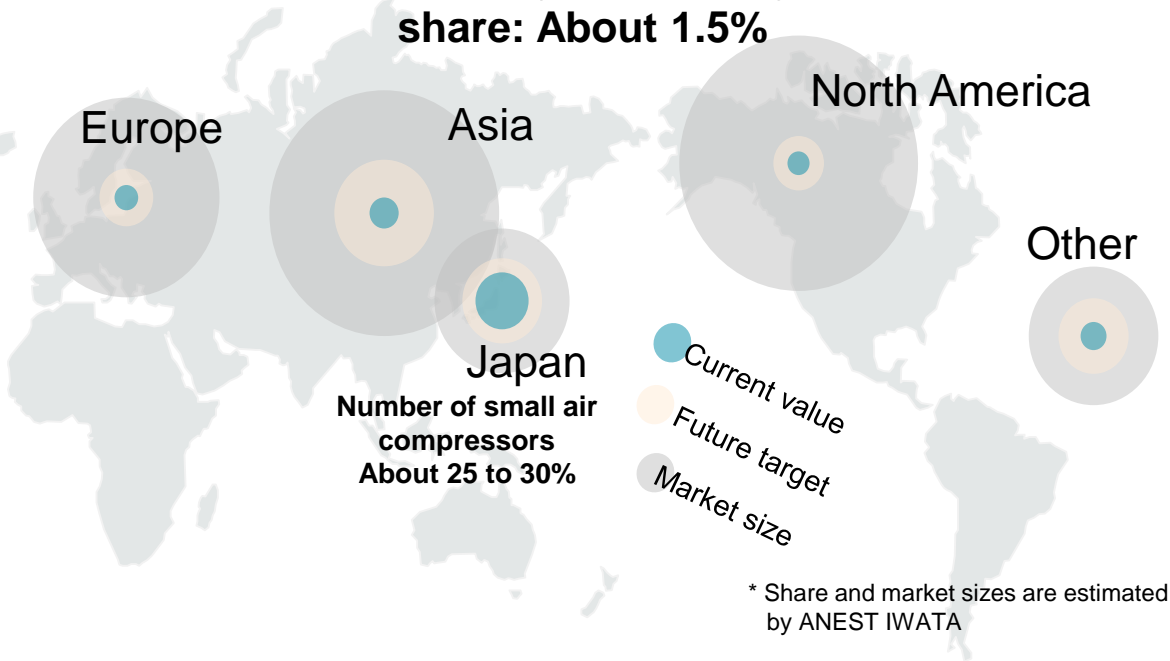
Starting with the manufacture of spray guns for painting and the compressors that power them, we have continued to expand our business by diversifying our products and developing new applications.



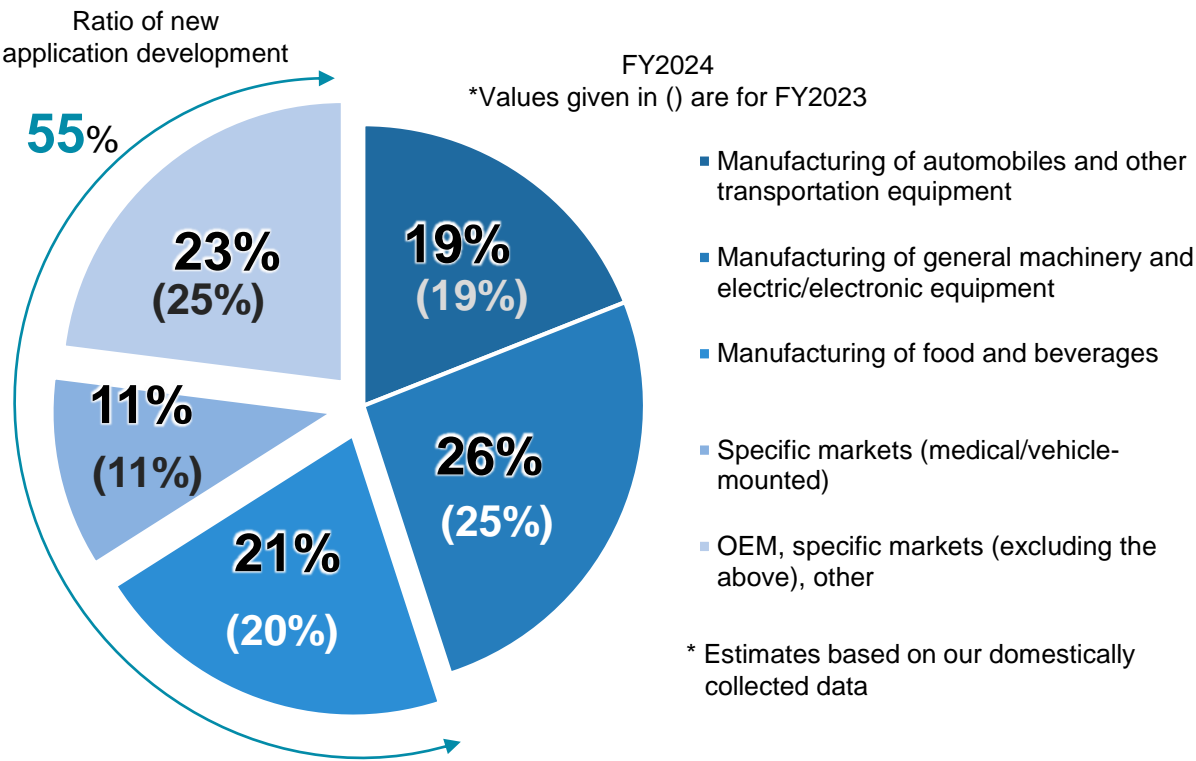
Global air compressor market
Approx. 2,030 billion yen

The global market scale is expanding

Company's monetary
share: About 1.5%



Consolidated compressor sales composition ratio by industry



Difference
in size

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

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

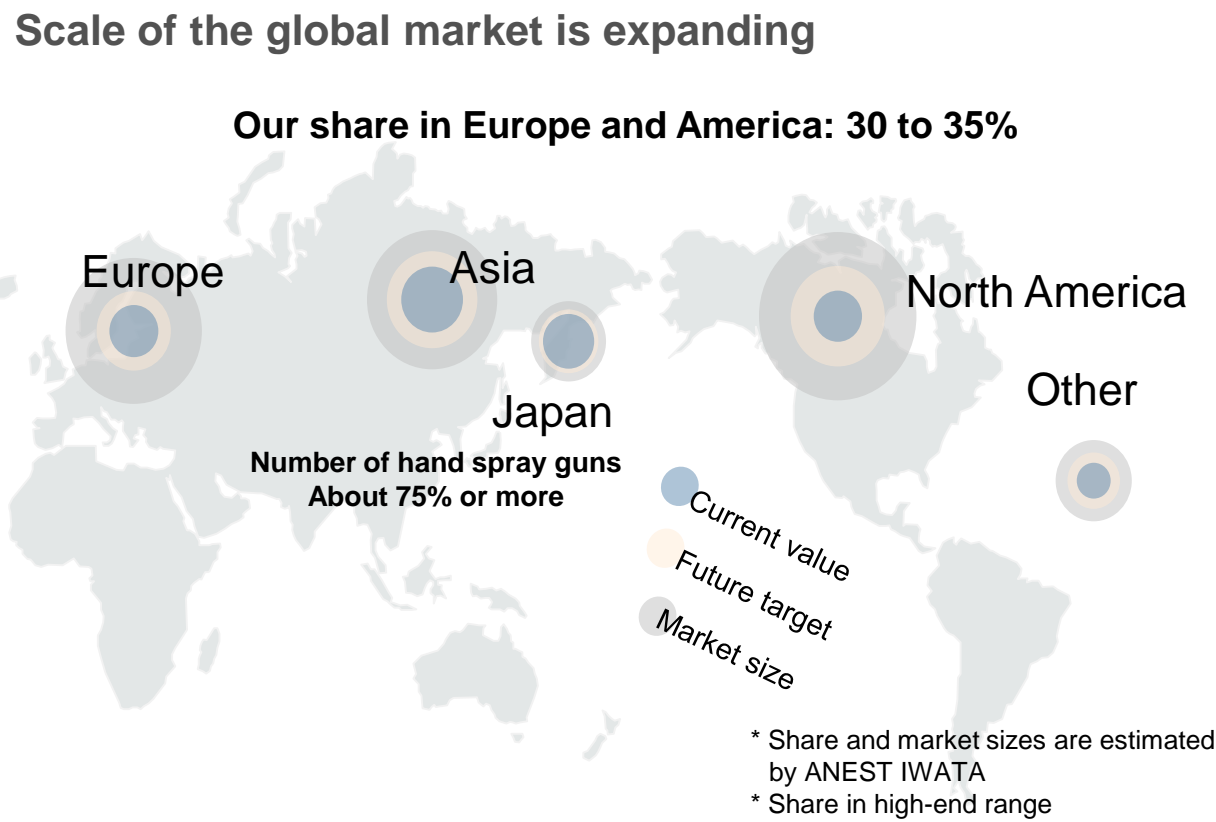
Overseas market	Price competition is more lenient than Japan. Profit expansion will be achieved by increasing shares in overseas market
Domestic market	Earnings will be secured with oil-free machines and other value-added products in a mature market

	Overseas market "that is huge and where high profit margin is estimated"	Domestic market "that is mature and increasingly eco-conscious"
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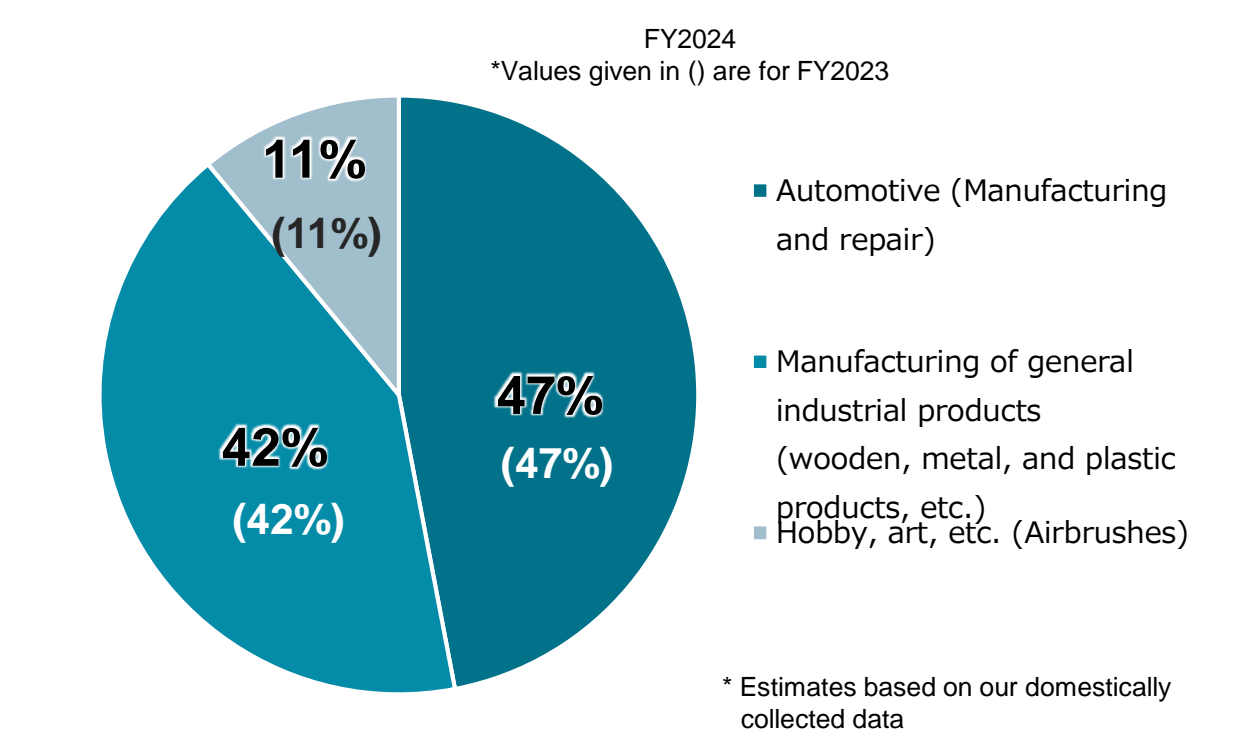
Market size	Approx. 2,030 billion yen	About 82 billion yen (about 4% of the global market)
Competitors	Multiple manufacturers almost solely specializing in air compressors	Major electronic manufacturer A, steel manufacturer B, etc.
Major player's operating profit ratio	About 10 to 20%	Less than 10%
Market structure	Several major companies are considering this as their main business, and price competition is lenient	Price competition is always severe as all-round manufacturers supply air compressors alongside other products.
Profitability evaluation	There is price competition, but there is much room for us to increase our share and profits, compared to the domestic market	The market is mature. Price competition is severe and increasing profits is difficult.
Our sales and share	30.7 billion (approx. 1.5% share)	12.3 billion yen (Approx. 15% share, mainly small size air compressors)
Our strategy	Expanding overseas sales, including M&A	Increasing the composition high-margin products (Oil-free scroll-type, etc.)

(note) Investigated or estimated by ANEST IWATA
Air energy business strategy ≡ Air compressor strategy (air compressors account for approx. 92% of sales composition in FY2025)

Global spray gun market (coating equipment):
About 200 billion yen



Consolidated spray gun sales composition ratio by industry



Difference in size	Expansion of emerging markets, sales of mid-range guns			Specialty area sales of high-end guns		
	Low			Mid		
	★★★★★			★★★		
	Low			Medium		
Required quality	Low			Medium		
	Low			Medium		

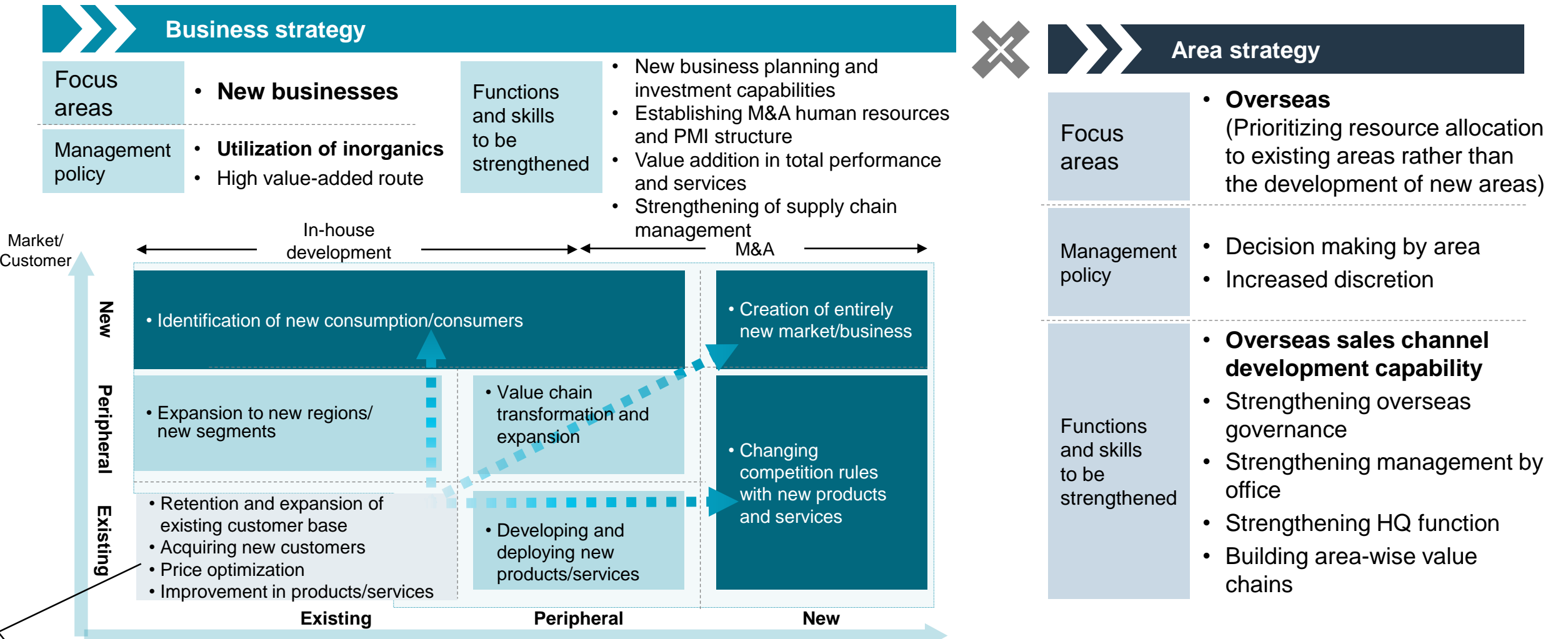
Overseas market	In addition to the competitive high-end range, we will seek to achieve growth in mid-range spray gun market.
Domestic market	Although this is a mature market, we will secure profit with value-added products by leveraging our large market share (our hand spray guns have a share of approx. 75%).

	<div>Overseas market</div> <div>"that is huge and can be developed according to local characteristics"</div>	<div>Domestic market</div> <div>"that is mature and where there is need for value-added products"</div>
Main players	High-end range: ANEST IWATA, SATA, Graco, Binks Mid-range: Chinese and Taiwanese manufacturers, etc.	ANEST IWATA, Binks (Devilbiss brand), MEIJI AIR COMPRESSOR MFG
Market size	Approx. 200 billion yen	Approx. 14.9 billion yen
Background for expected increase in market share overseas	Major competitors have strengths in our main high-end range. Products of high-end range are often not necessary in emerging nations. We can contribute to improving productivity and expect to increase sales by setting product specifications and price ranges for each individual area before supply.	Major competitors have strengths in the high-end range, and it remains difficult for brand changes to take place. However, if use of water-based paint increases as environmental regulations are tightened, there is potential for us to increase sales due to the know-how gained from years of operation in the European and American markets, and the launch of commercial models in these markets. We will meet demand for mid-range products by marketing a second brand.

Market sizes and values are researched and estimated by ANEST IWATA

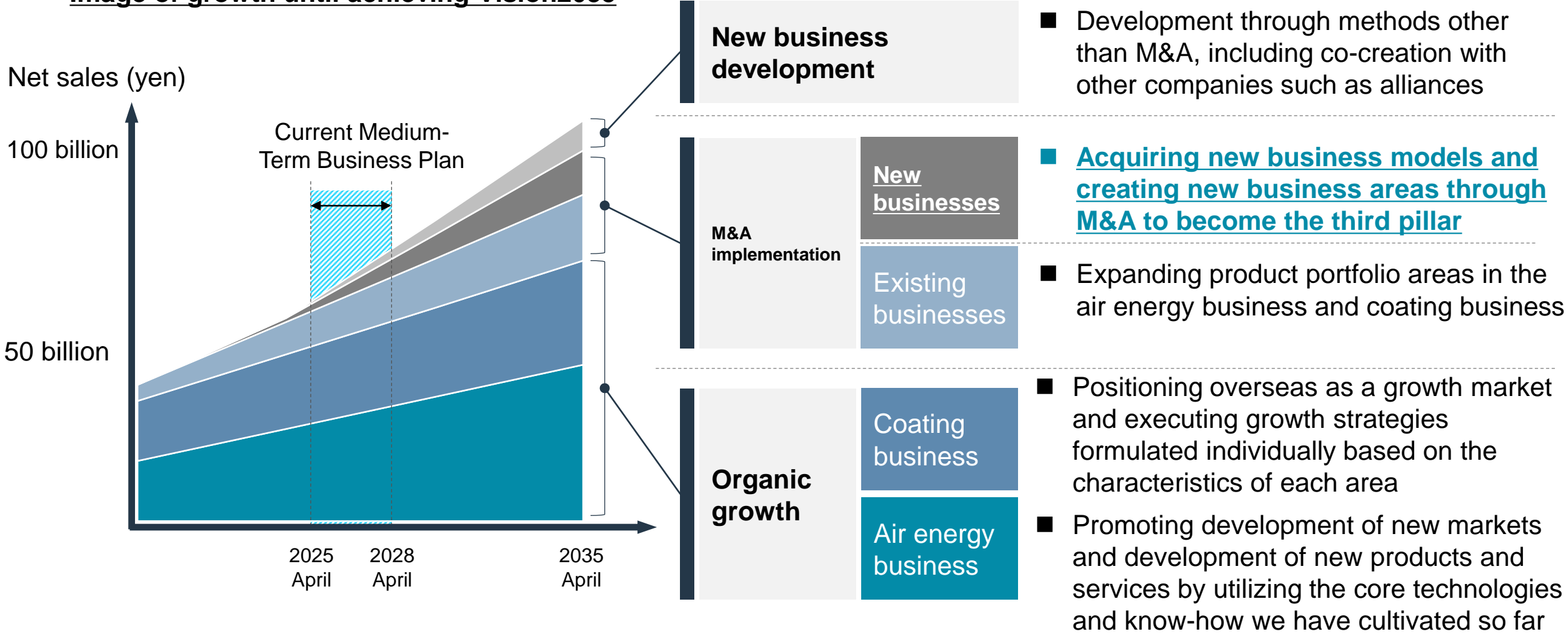
<Reference material 2> Overview of the First Medium-Term Business Plan

While keeping our focus on existing areas, we will not be bound by them and will begin inorganic "creation of new business areas" including M&A in peripheral areas and innovation hubs, as well as expanding sales channels mainly in overseas key areas.

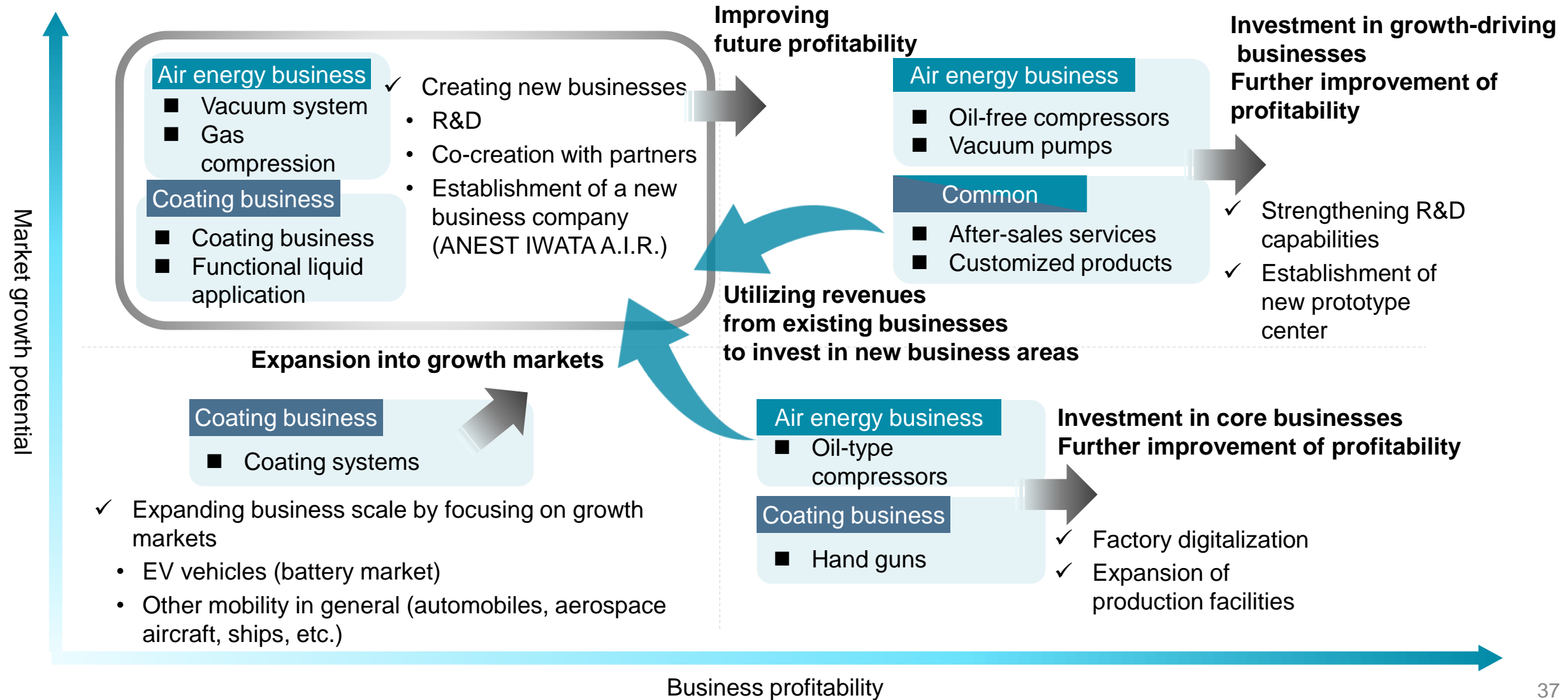


In addition to the growth of existing businesses, we will make aggressive growth investments centered on M&A as the start year of “creation of new business areas” and build a bridgehead for achieving Vision2035.

■ Image of growth until achieving Vision2035



We will strengthen investments in businesses and products that will drive future growth, restructure our existing product portfolio, and aim for strategic growth tailored to the characteristics of individual markets.



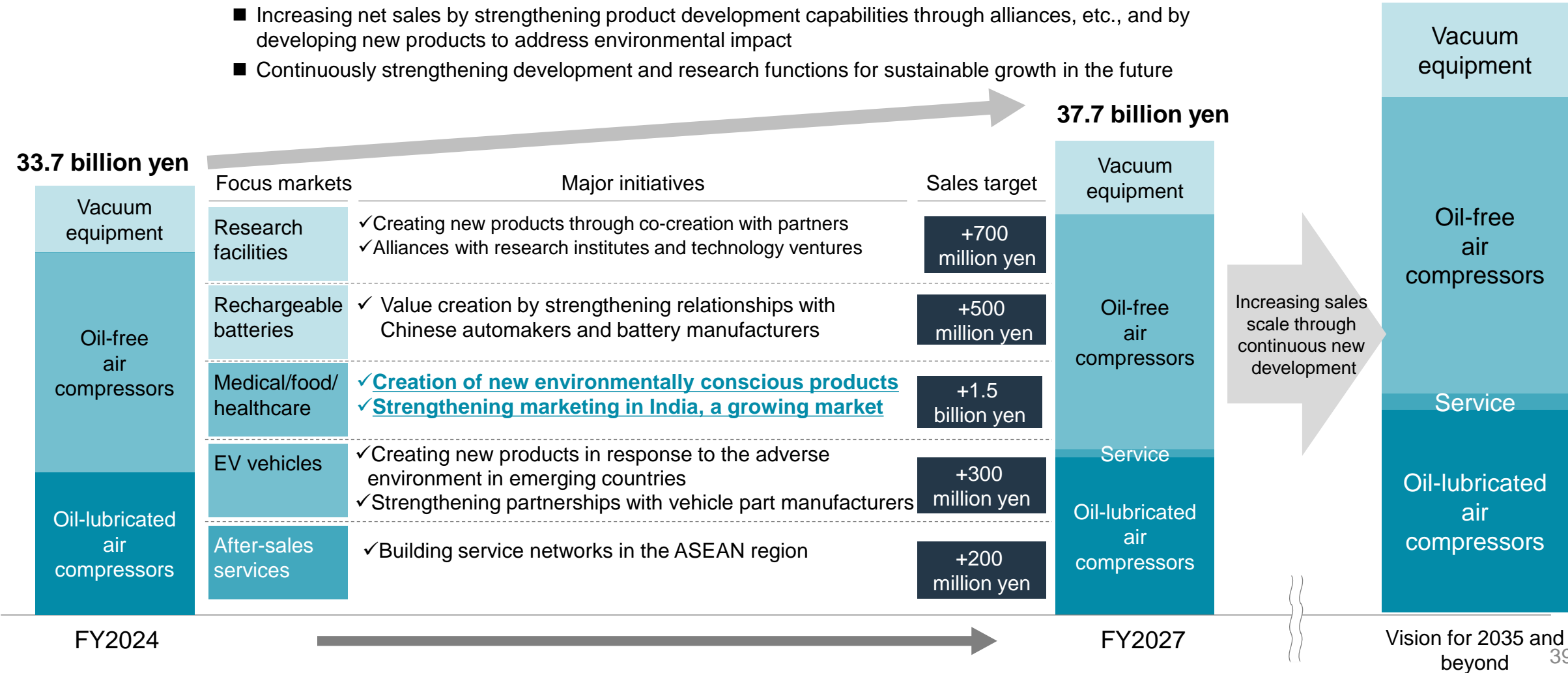
In both the air energy business and coating business, we will respond appropriately to changes in the business environment by implementing local strategies that respond to the global economy, acquiring technological capabilities through M&A, and responding to environmental regulations.

Possible changes in the business environment		Policy for initiatives in the first Medium-Term Business Plan	
Changes in the global economy	<ul style="list-style-type: none"> ■ Market expansion due to economic growth in ASEAN and India ■ Structural changes in manufacturing locations and supply chains due to trade protectionism <ul style="list-style-type: none"> ✓ Due to local production for local consumption and growing patriotism, trade protectionism is on the rise and progression of block economies is expected. 	➤	<ul style="list-style-type: none"> ■ Localization strategy based on the characteristics of each area <ul style="list-style-type: none"> ✓ Strengthening product launch and service provision in new markets ✓ Establishing local production bases and manufacturing and selling the products that meet needs through local procurement
	<ul style="list-style-type: none"> ■ Impact of technological innovation and diffusion led by leading-edge industrial sectors in target markets <ul style="list-style-type: none"> ✓ Electric vehicles in the automotive industry, wireless power supply technology ✓ Service automation and film coating ✓ IoT and factory automation 		<ul style="list-style-type: none"> ■ Strengthening and acquiring technological and development capabilities <ul style="list-style-type: none"> ✓ Establishing a prototype center to upgrade core technologies and strengthening core R&D capabilities ✓ Acquiring new technologies and development capabilities through M&A
	<ul style="list-style-type: none"> ■ Strengthening international regulations to realize a decarbonized society and to reduce the environmental impact <ul style="list-style-type: none"> ✓ Increased demand for equipment that emphasizes energy efficiency ✓ Changes in manufacturing processes and coating methods 		<ul style="list-style-type: none"> ■ Launch of energy-efficient products <ul style="list-style-type: none"> ✓ Introduction of energy-saving models for oil-free air compressors ✓ Promoting use of renewable energy and the development of low-VOC coatings ✓ Focus on markets that require improved energy efficiency

Identifying key areas and capturing markets by developing new products that meet growing needs, including overseas expansion focused on growth markets and response to environmental impact

Initiatives in the first Medium-Term Business Plan

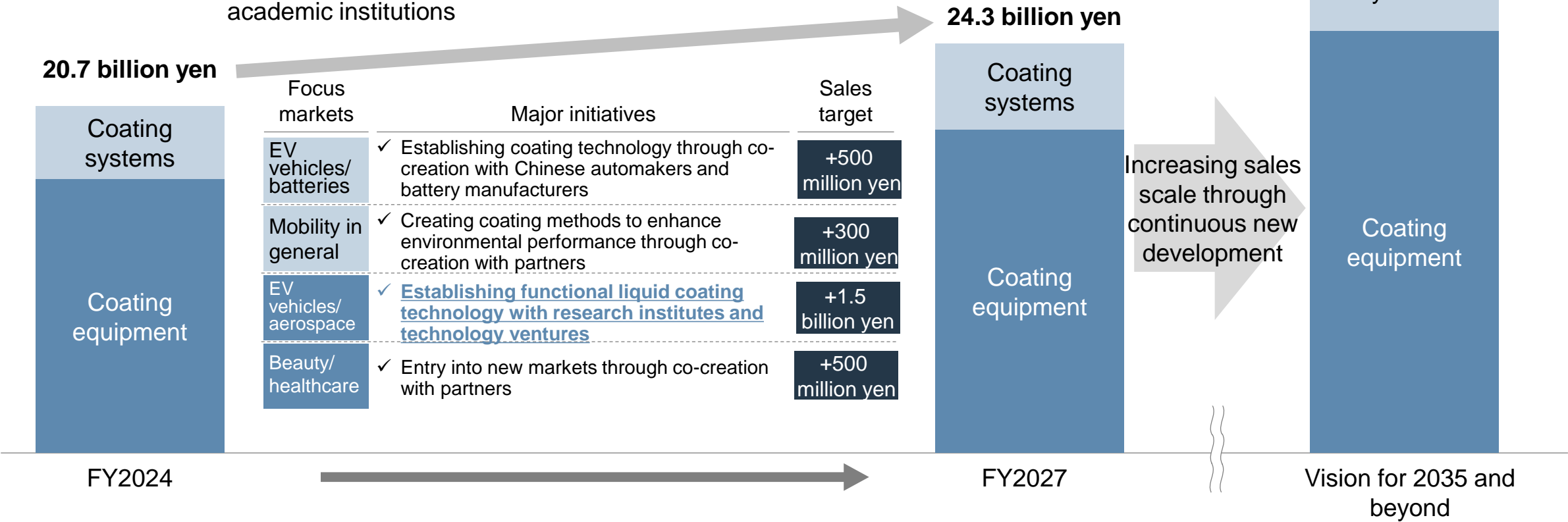
- Strengthening sales with a focus on growth markets overseas
- Increasing net sales by strengthening product development capabilities through alliances, etc., and by developing new products to address environmental impact
- Continuously strengthening development and research functions for sustainable growth in the future



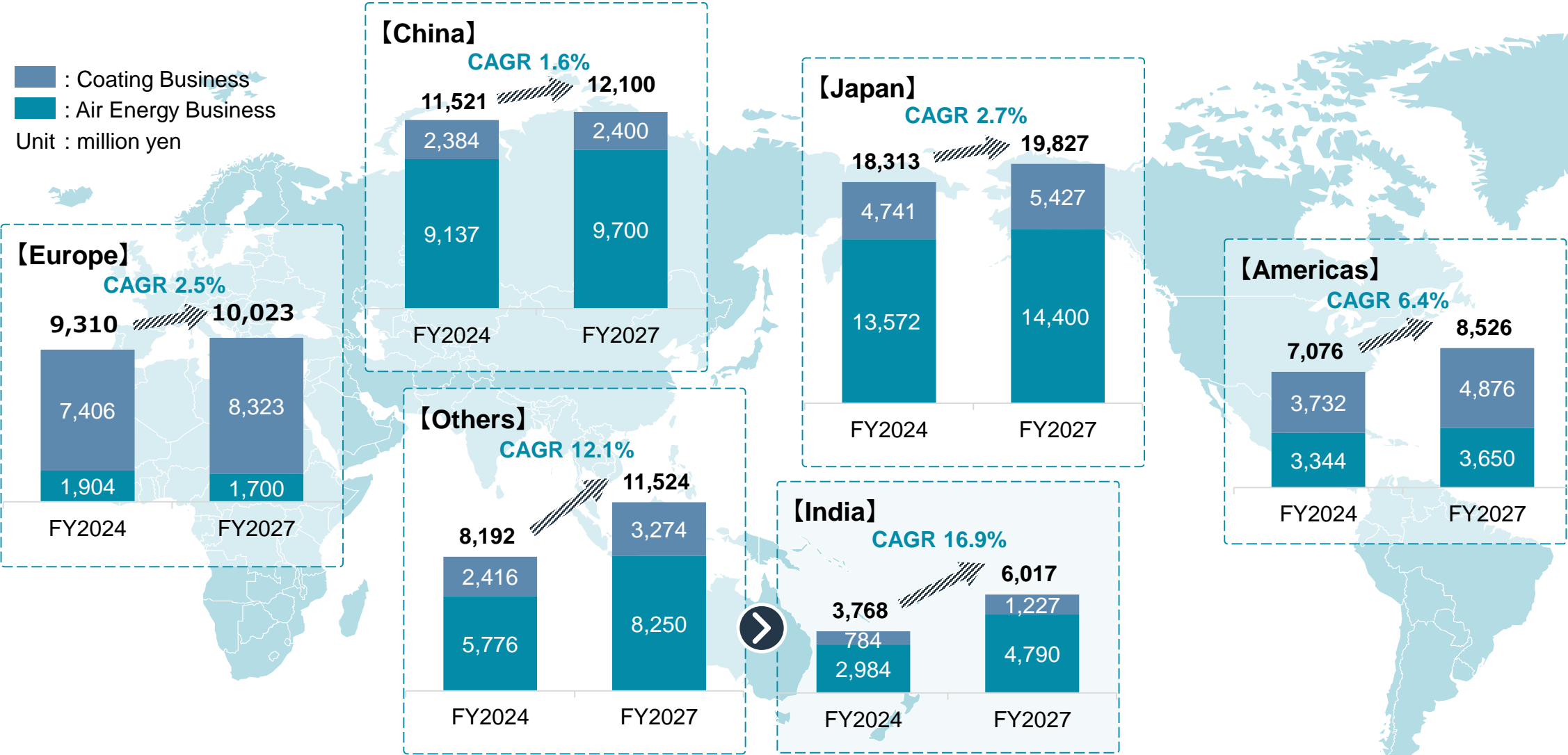
We will develop new high-impact products and establish new technologies by leveraging existing technologies in new business areas and strengthening our technological capabilities, including through alliances.

Initiatives in the first Medium-Term Business Plan

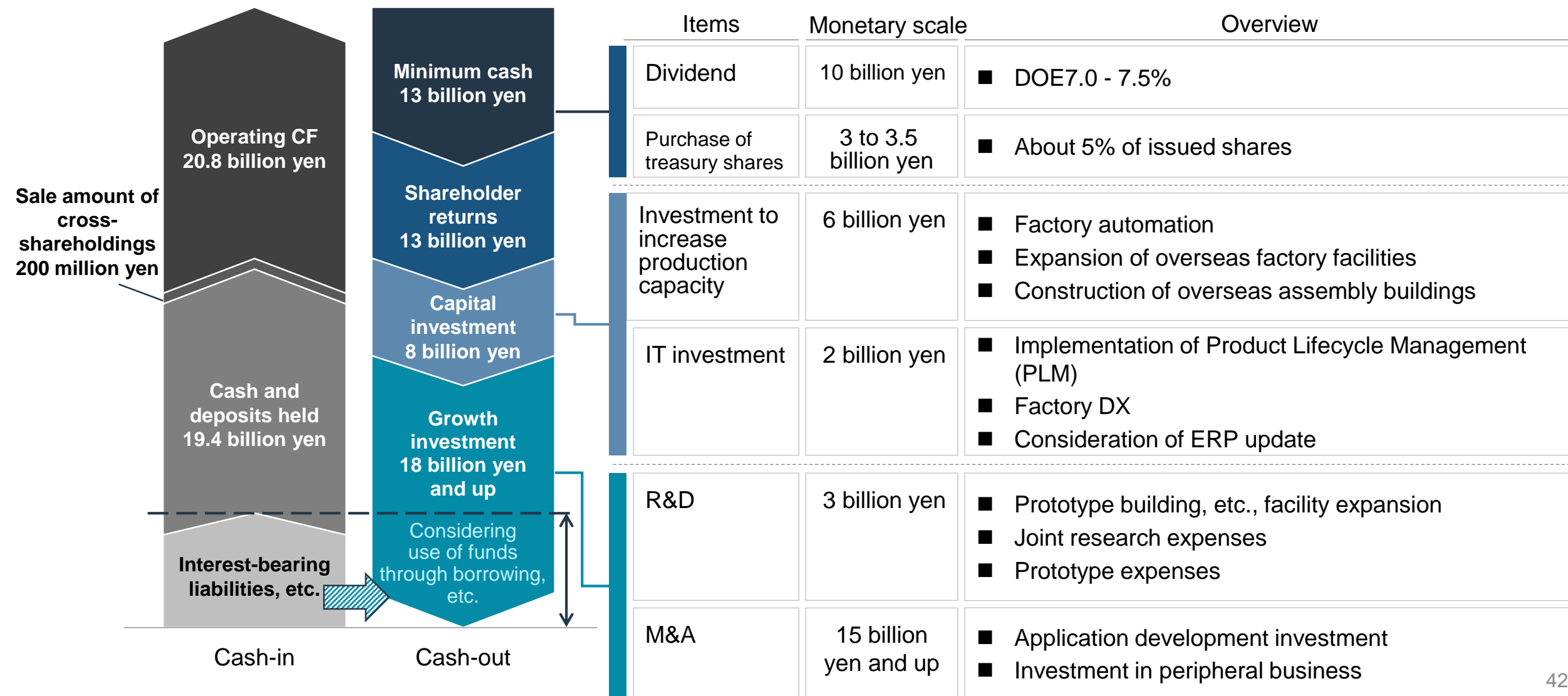
- Expansion of existing technologies into growing markets and new areas through lateral thinking
- Focus on markets with large economic impact, such as EV vehicles and the aerospace market
- Strengthening new development capabilities through alliances with other companies and academic institutions



We will clarify growth rates and sales targets for each major market and implement growth strategies tailored to the characteristics of each region.

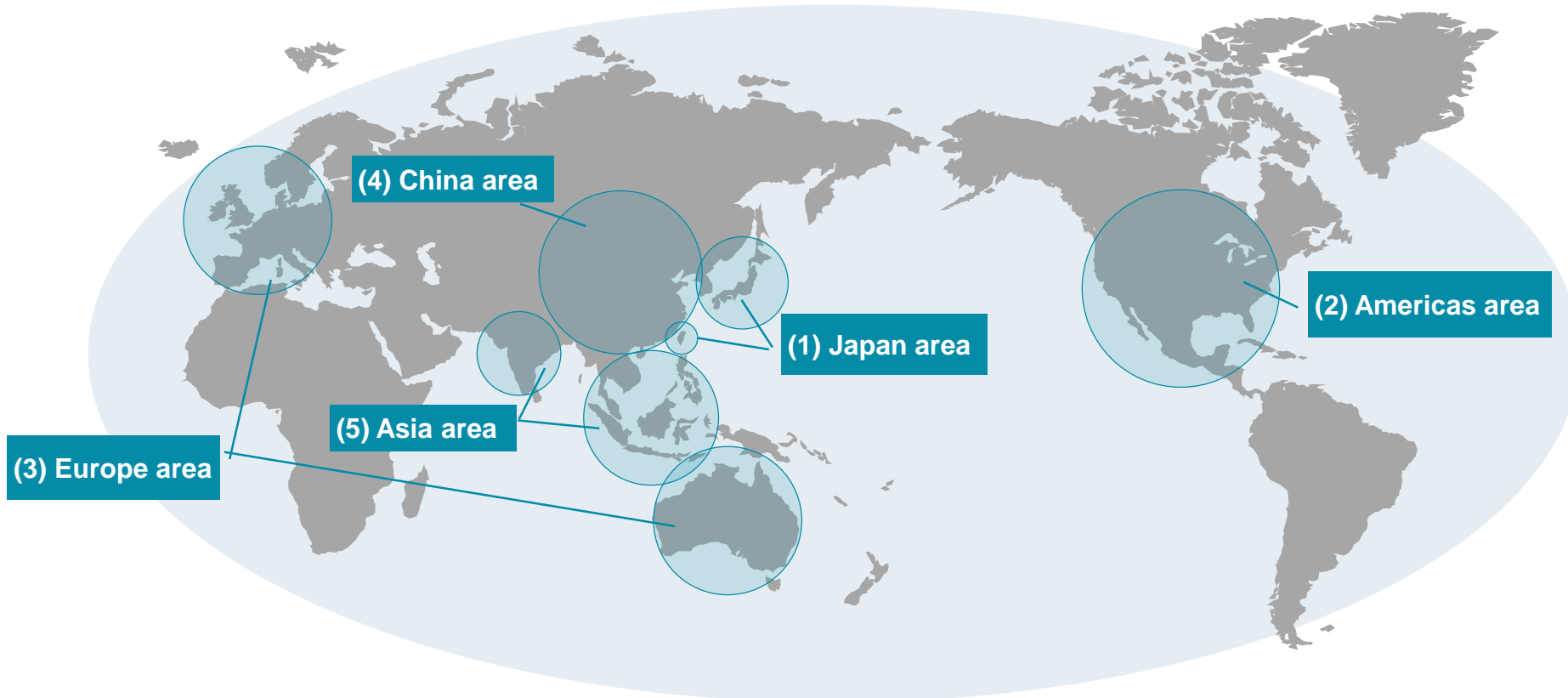


Cash allocation to shareholder returns, capital investments, and growth investments, while maintaining the minimum necessary level. In the case of M&A, we will consider financing through borrowing, etc., depending on the size of the deal.



We will strengthen global governance by dividing the entire world into five areas centered on key areas, and by fully establishing a system that is supervised and managed by each HQ.

- Allocating a person in charge to the European Area Headquarters from July 2025, in order to strengthen accounting and finance functions. Scheduled to be held in other areas as needed
- Strengthening internal controls in global governance by reviewing Authority Regulations and Group Business Management Regulations
- Building a global integrated data utilization platform from the current Medium-Term Business Plan, and seeking to expand standard ERP from the next Medium-Term Business Plan



We will continue to strengthen ESG, and aim to improve the execution capacity of our business strategies and capital policies, and contribute to our stakeholders.

	Main theme	Background	Initiatives	Created value
ESG	Responding to climate change	<ul style="list-style-type: none"> ■ Strengthening global environmental regulations ■ Growing environmental needs ■ CO₂ reduction measures and disclosure requirements 	<ul style="list-style-type: none"> ✓ Dissemination and promotion of environment-friendly products (oil-free air compressors, water-based paint spray guns, etc.) ✓ Development of new environment-friendly products in response to needs ✓ Expansion of measures to reduce GHG emissions (establishment of GHG emission reduction targets) 	<ul style="list-style-type: none"> • Increase in sales • Improvement in energy efficiency at Group offices (cost reduction) • Improvement of brand image
	Promotion of human capital management	<ul style="list-style-type: none"> ■ Increase in overseas employee/sales ratio ■ Implementation of business strategy with overseas business as growth driver ■ Building a human resource base for further improvement in corporate value ■ Active promotion of M&A 	<ul style="list-style-type: none"> ✓ Searching for optimal human resource allocation within the Group ✓ Experiment with human capital utilization methods, including active exchange of human resources ✓ Pursuit of job satisfaction, including review of personnel system ✓ Establishment of M&A system 	<ul style="list-style-type: none"> • Increase in sales • Securing global human resources • Improvement of employee motivation/labor productivity • Formation of M&A
	Strengthening of supply chain management	<ul style="list-style-type: none"> ■ Expansion of Group supply chain ■ Heightened geopolitical risks in some regions 	<ul style="list-style-type: none"> ✓ Introduction of ESG assessment for supply chain ✓ Establishment of robust procurement and supply system along with strengthening of BCP response and building optimal supply chain 	<ul style="list-style-type: none"> • Improvement in supply chain efficiency and securing safety • Reduction in the risk of legal violations • Reduction in the risk of damage to corporate image
	Establishment of appropriate governance structure	<ul style="list-style-type: none"> ■ Strengthening legal and regulatory governance codes ■ Implementing challenges (business strategies) to further enhance corporate value 	<ul style="list-style-type: none"> ✓ Studying the role of the Board of Directors ✓ Improvement of directors' performance ✓ Further strengthening of internal control systems 	<ul style="list-style-type: none"> • Improvement of management efficiency • Reduction of risk • Ensuring reliability and transparency

Notes on the descriptions about future prospects and other matters

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

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

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