

ANEST IWATA Corporation
Integrated Report

2025



Active with Newest Technology

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Editorial Policy

ANEST IWATA Corporation publishes the Integrated Report to help stakeholders, including shareholders and investors, gain a deeper understanding of the Group. The Company considers sustainability including the perspectives of ESG and the SDGs as a crucial management theme, and promotes activities that generate profits through business growth while solving social problems. The report focuses on key messages we wish to convey, while also covering such topics as the Group's business model, management strategies, and business performance, as well as ESG information, such as our HR initiatives. In preparing this report, we referred to the IFRS Foundation's *International Integrated Reporting Framework* and the Ministry of Economy, Trade and Industry's *Guidance for Collaborative Value Creation 2.0*.

Period covered by the report: The report primarily covers the fiscal year 2024 (from April 2024 to March 2025), but also includes activities before and after this period.

Organizations covered: The report covers ANEST IWATA Corporation and its consolidated subsidiaries.

Date of publication: December 2025

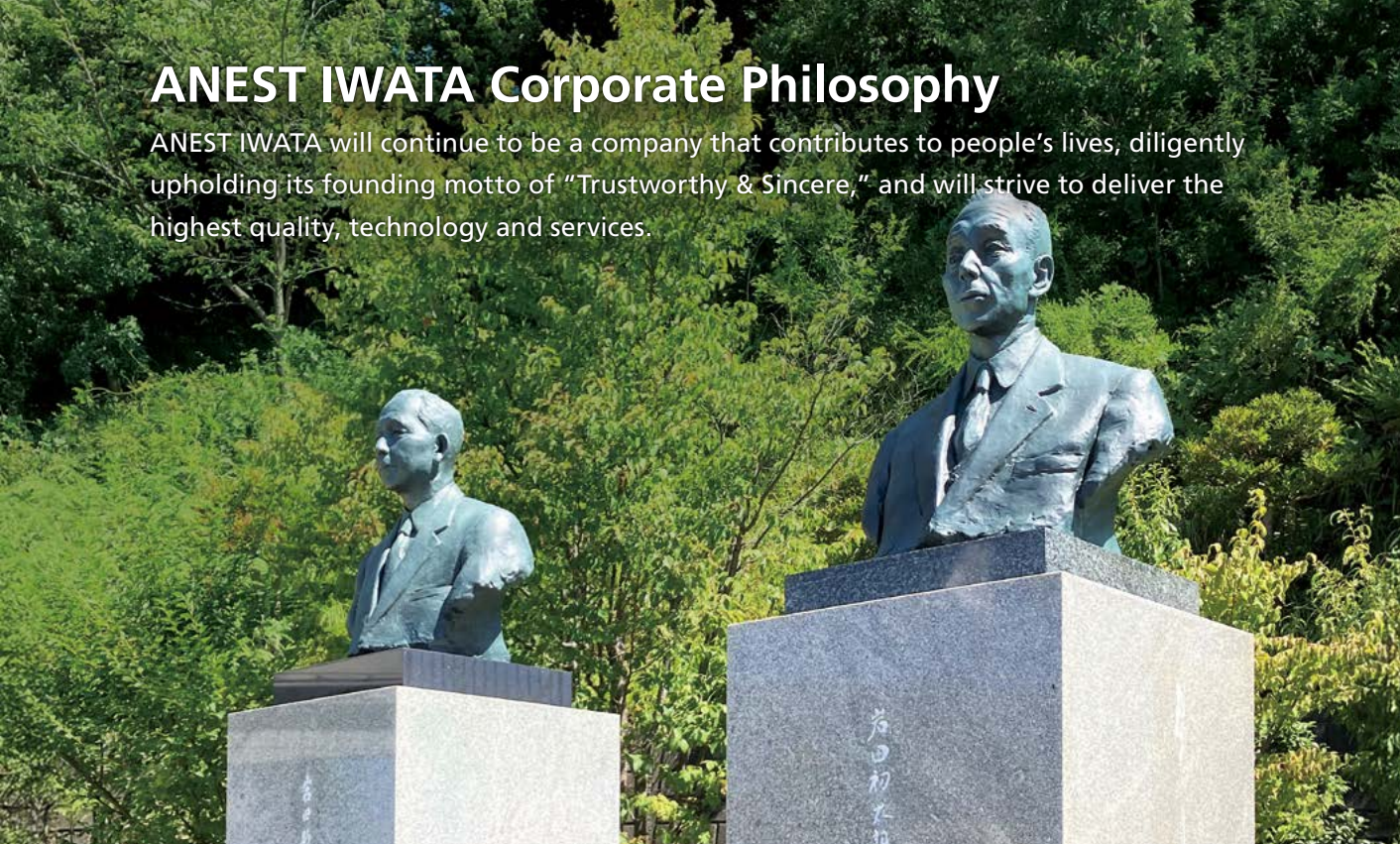
Cautionary note regarding forward-looking statements
Forward-looking statements contained in this report have been prepared based on information available at the time of publication.

Various external factors, including the global economy, fluctuations in exchange rates, market conditions of the industry and trends in capital expenditures, may impact the Company's business performance. Accordingly, please be advised that actual results may differ from the results contained herein.

The purpose of this report is to provide information to our shareholders and is not intended as a solicitation or a recommendation to invest in the Company's shares or to buy or sell or trade any other securities.

ANEST IWATA Corporate Philosophy

ANEST IWATA will continue to be a company that contributes to people's lives, diligently upholding its founding motto of "Trustworthy & Sincere," and will strive to deliver the highest quality, technology and services.



■ Corporate Policy

誠心

"Makoto no kokoro" (Trustworthy & Sincere)

Since our establishment, guided by the belief of our founder, Hatsutaro Iwata, that "we should be trustworthy and sincere in everything we do," we have constantly strived to uphold "Trustworthy & Sincere," as our corporate policy.

Founding member Sukezo Iwata said upon his appointment as the Company's second president that "(Our company's growth) is truly the result of wholeheartedly sincere cooperation and unity. I believe this is because for whatever we make, we have always tried to put ourselves in the position of the user to make things that are truly useful and made with sincerity."

■ Brand Policy: Corporate Slogan

Active with Newest Technology

The corporate slogan expresses the essence of "IWATA-ism"— "useful technology, beloved products and a bond of trust."

The thinking behind the name ANEST IWATA

Our founder, Hatsutaro Iwata, taught us to be "Earnest" and "Honest," and above all, to be human beings who value humanity before the company. We coined the name "ANEST" to embody this teaching and our founding principle, "Trustworthy & Sincere," which is also our corporate motto.

Even in this era of rapid change not only in business but in society as a whole, we wish to continue to uphold our founding spirit and remain a company that is beneficial to its stakeholders and to society.

ANEST IWATA by the Numbers

Since its founding, the ANEST IWATA Group has expanded its business and achieving steady growth by leveraging gas compression technology, mainly for air, and liquid atomization technology, mainly for paint, with air compressors and coating equipment as its core products. Underpinned by high productivity and unique technologies born from manufacturing know-how that has been accumulated over many years, our product groups provide the Company with a competitive advantage and have established a sustainable revenue base.

Business Overview

Air Energy Division

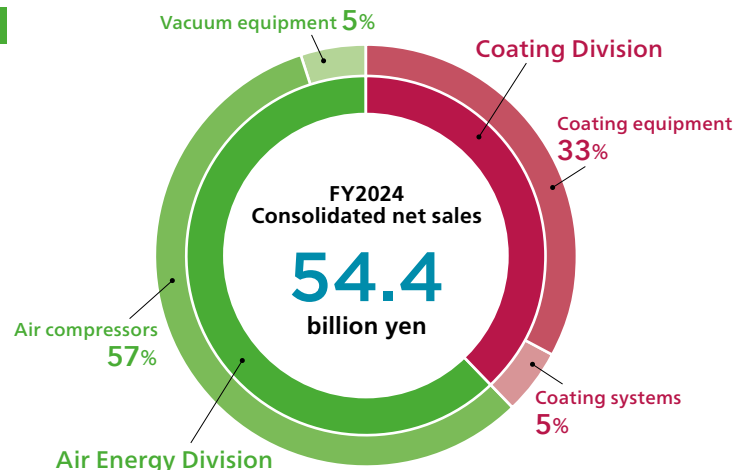
Air compressors

Manufacturing and sales of compressors that compress air and other gases



Vacuum equipment

Manufacturing and sales of vacuum equipment that creates a vacuum by drawing in gas and reducing pressure.



Coating Division

Coating equipment

Manufacturing and sales of spray guns and air-brushes that make liquids into mist, as well as supply equipment that transports paint to equipment.



Coating systems

Design and sales of coating lines that meet customer's needs.



Major Results (FY2024)

Consolidated net sales

54.4 billion yen

Ratio of overseas sales

66.3%

Consolidated operating profit margin

10.8%

ROE

9.4%

EPS

108.21 yen

Shareholder's equity ratio

67.7%

Share *

Hand spray guns (high-end range)

Japan: **75%** or higher,
US and Europe: **30~35%**

Air brushes

Global **30%**

Small-sized air compressors

Japan: **25~30%**

Vacuum pumps (Pumping speed less than 600 L/min, oil-free)

Japan: **40%**

*According to a survey by the Company

Basic Company Data

Founded: **1926**

Group employees: **1,906**
(of which 1,243 are overseas employees) ^{*1}

Business operations: **33**
companies in more than **20** countries ^{*2*}

Ratio of independent directors: **55.6%** ^{*2}

^{*1} As of end of FY2024

^{*2} As of the date of publication

^{*3} 31 consolidated subsidiaries, 2 equity method affiliates

Conceptual Diagram of Medium- to Long-Term Growth

Changes and challenges for the next 100 years: From "compression" to "release"

For the nearly 100 years since its founding in 1926, ANEST IWATA has been continually pursuing technological innovation in air compressors and coating equipment. In 2026, we will be celebrating the major milestone of our 100th anniversary.

Rather than simply viewing this historic turning point as an opportunity to celebrate, we will position our centenary as a "second founding period" and embark on bold transformation toward the next 100 years.

Our vision is clear: to grow into a company with net sales of 100 billion yen by the fiscal year ending March 31, 2036, and fulfill our mission to "add color to the world and bring about an enriched society with fluid and air technologies."

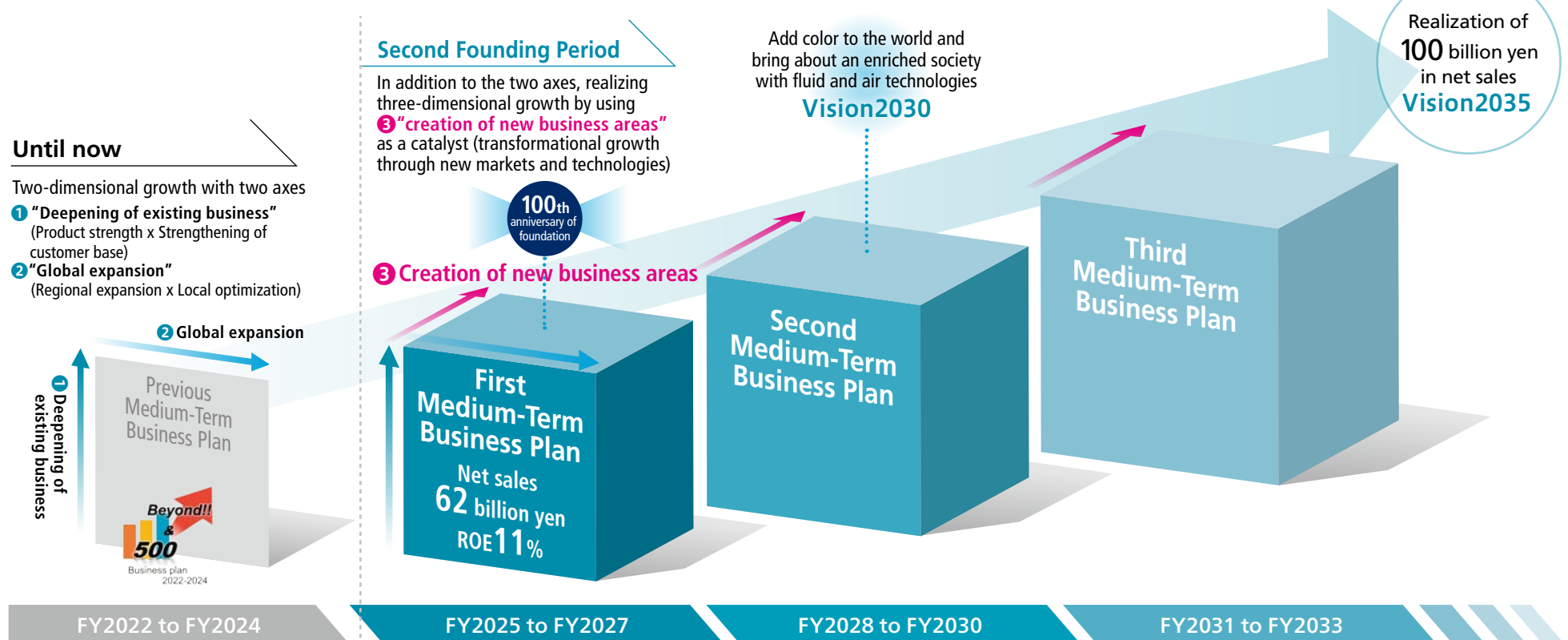
Toward the achievement of this ambitious goal, we have drawn up a three-dimensional growth strategy based on two axes, "deepening of existing businesses" and "global expansion," as well as a third axis: "creation of new business areas."

We will "compress" the technology and knowledge we have cultivated over many years, "release" them as new value, create a wind of change, and rewrite the future.

With our corporate philosophy of "Trustworthy & Sincere" as our starting point, we promise to grow together with all stakeholders and contribute to the realization of a sustainable society—this is the commitment of the ANEST IWATA Group.

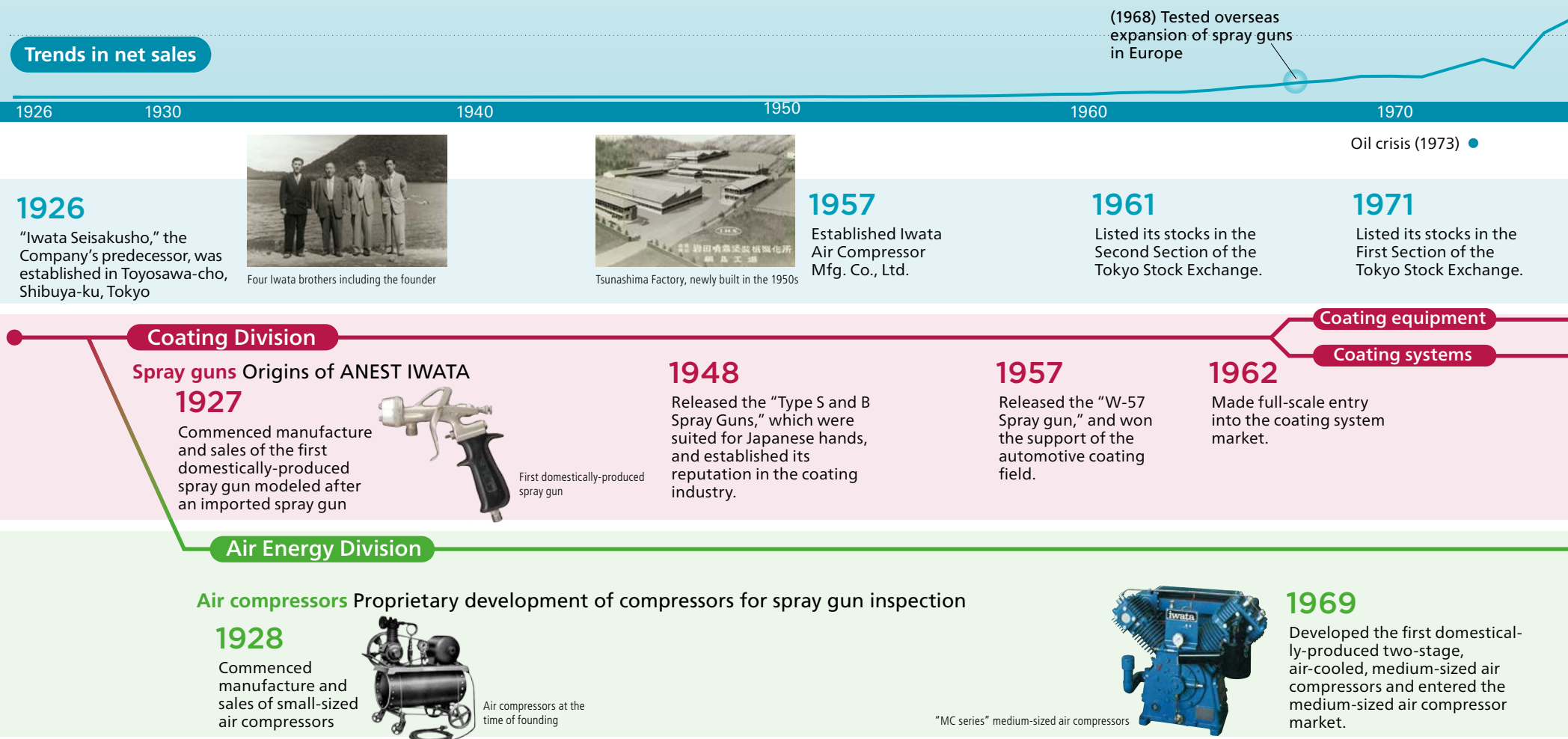
Path to Realization of Vision2035

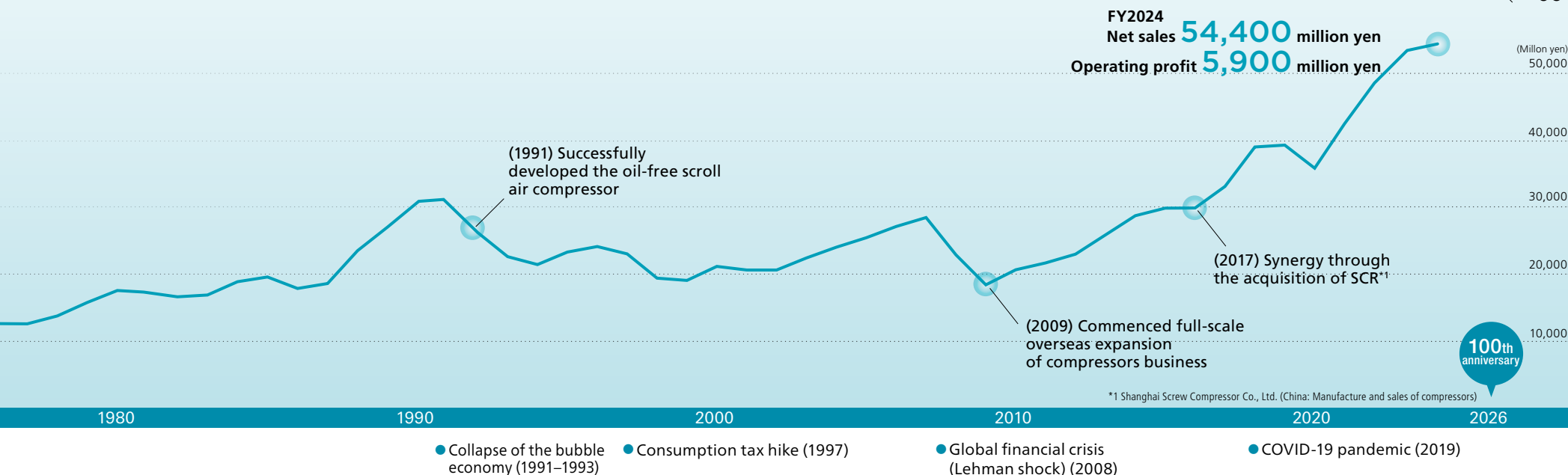
Under the new management structure, we aim to grow into a company with net sales of 100 billion yen by the fiscal year 2035 and will achieve three-dimensional growth by setting the axes of "deepening of existing businesses" and "global expansion" as well as of the "creation of new business areas."



History of Growth

In 1926, the Company was founded under the name, "Iwata Seisakusho," and in 1927 developed the first domestically produced spray gun. Subsequently, the air compressor was developed, which would become the power source for coating equipment. The Company continued to grow with these two products, which even today support the Group's growth, and entered the coating systems and vacuum equipment markets by leveraging its technology for handling liquids and gases. In 1996, on the 70th anniversary of its founding, the Company, in conjunction with management reforms, changed the company name to "ANEST IWATA." Currently, we are engaged in initiatives to realize the Group Management Vision and are steadily following the path toward becoming "a company with a 100-year history."





1987

Commenced full-scale overseas expansion of manufacturing and sales bases of coating equipment starting with Taiwan

1996

Changed company name to "ANEST IWATA"



2009

Commenced full-scale overseas expansion of manufacturing and sales bases of air compressors, mainly in China

2020

Revised the corporate slogan

Active with Newest Technology

2022

Transitioned from the Tokyo Stock Exchange First Section to the Prime Market

1985

Developed the world's first electric, multi-articulated coating robot

"MRP series," multi-articulated coating robot



Developed and mass-produced spray guns that reduced air pollution, in response to U.S. and European regulations

1999

Released LPH-400, the world's first low-pressure spray gun equipped with a V-groove paint nozzle.



V-slit nozzle

2018

Expanded product lineup through M&As



Airbrush made by AI-SP^{*2}
^{*2} ANEST IWATA SPARMAX Co., Ltd.

Air compressors

Vacuum equipment

Mass-produced air compressors that can compress air oil-free, to be environmentally-friendly

1991

Developed the world's first oil-free scroll air compressor

1993

Developed the world's first oil-free scroll vacuum pump and entered the vacuum pump market



Body of oil-free scroll air compressor



Oil-free scroll vacuum pump

2017

Expanded product lineup through M&As



Medium-sized air compressor made by SCR^{*1}

ANEST IWATA in Everyday Life

Since our business primarily involves business-to-business (BtoB) transactions, there may be few opportunities for people to see our products with their own eyes.

However, ANEST IWATA Group products and technologies are close in your daily lives, playing essential roles.

ANEST IWATA products are at work across a wide range settings—from manufacturing sites for daily essentials such as automobiles, food, and pharmaceuticals, to hospitals, research facilities, and even in the arts field.

Through such business activities as these, the Group is supporting manufacturing around the world and contributing to the realization of a safe and sustainable society as an "unsung hero" that supports affluent lifestyles for all from behind the scenes.

Factories

- Gas injection (generating nitrogen gas for packaging, etc.)

Air compressors

- Suction of gases (vacuum packing and defoaming)
- Vacuum-based pick-and-place handling
- Leak detection

Vacuum equipment

- Powering pneumatic equipment
- Blowing away chips (air blowers)

Air compressors

Research facilities

- Accelerators and synchrotron radiation facilities

Vacuum equipment

Hospitals

- Medical gas supply to hospital rooms
- Powering dental equipment

Air compressors

Trains and buses

- Powering automatic doors
- Brake systems

Air compressors

Air Energy Division

Air compressors

These are machines that draw in ambient air and convert it into high-pressure compressed air. In industrial plants, they are an indispensable role as a power sources of air power for driving machines and tool use. Beyond these industrial applications, they are also used widely in other fields, including vehicle applications and hospital facilities.



Oil-free scroll air compressor

Vacuum pumps

These machine extract gases from sealed spaces to create a vacuum. This vacuum environments eliminate the effects of airborne impurities and molecules, thereby enabling extremely clean work. As a result, these machines contribute to advancements in a diverse range of fields, including not only in general industry but also in ultra-precision manufacturing, such as for semiconductors and liquid crystal displays as well as in chemical research.



Oil-free scroll vacuum pump



Coating Division

Spray guns

These are devices that use compressed air to atomize paint or other liquids into a fine mist, which is then applied evenly and efficiently onto target objects. Their applications are extensive, ranging from the painting of automobiles and furniture, surface protection and anti-rust coatings and the spraying of adhesives.



Automotive refinishing spray gun

Coating robots

These robots, equipped with a spray gun, these robots are programmed to automatically carry out painting operations. They can consistently form uniform, high-quality coatings over wide areas or complex shapes that would be difficult to achieve by hand. They contribute to improved productivity, stable quality, and an improved work environment.



Revolving coating robot

Interview with the President



I will take on the challenge of “creating new business fields” while working on bold corporate transformation with a determination to lead the Company through its “second founding period” with an eye to the future.

Eisuke Miyoshi
President, Representative Director
and Chief Executive Officer

My determination toward a second founding, and a goal of being the kind of president people are glad to have had.

As the newly appointed president and CEO, I am honored and humbled to shoulder the weighty responsibility of leading a company approaching its 100th anniversary. At the same time, with an eye to the future and as we enter our “second founding period,” I am determined to move forward with a bold corporate transformation and to firmly build a sustainable growth foundation to respond to this age of volatility, uncertainty, complexity, and ambiguity (VUCA).

I joined the Company in 1993. Having gained extensive experience in sales, I have been involved in a wide range of business operations, including president of a Group company and chief operating officer of the Business Administration Division. Of these positions, the long hours I spent working in sales were a valuable experience. It is a major

asset for me to have been involved in a balanced way in the two businesses of air energy and coatings, and having been able to directly address customer issues and experience firsthand how our products are used and evaluated. During my time as president of the Group company, I was able to develop a management perspective, even though it was a small-scale company. In the Business Administration Division, I worked in departments that are fundamental to management, such as the human resources, general affairs and accounting departments, where I faced management challenges that included how to make the most of management resources, such as people, things, money, and information. Most of the Company’s past presidents have come from development or technical backgrounds, but I believe that my strength lies in my ability to see things from both the sales and business management perspectives.

However, to be honest, I never thought I would be nominated, as I am the type of person who speaks my mind frankly. I believe that the reason I was highly

evaluated by the Nominating/Compensation Committee, the members of which are mainly outside directors, is because I submitted a business plan looking 10 years into the future and actually formed a team to lead the formulation of "Vision2035" (the ideal state) and the First Medium-Term Business Plan. The current time of change might have served as a background influence assisting me in my selection for the position.

I believe that what is most required of me is a determination to bring about change. My responsibility is to steadily build a foundation in which the next generation of leaders can thrive, while keeping in mind Vision2035, which I announced when I became president, that is, where we want to be in 10 years' time. I would like to become a president who, 10 years from now, will be highly rated and people will say, "I'm glad Miyoshi was president back then."

Pursuing core technologies and facing the challenges of new ideas

The ANEST IWATA Group started out by manufacturing paint spray guns and the compressors that power them, and since its founding the Company has taken pride in supporting the infrastructure of manufacturing in the form of painting equipment and compressors. Our technological strengths lie in our atomization technology that created the first spray gun in Japan and the world's first oil-free scroll technology for compressing gas, and the driving force behind our strengths has been our thorough pursuit of these core technologies. I therefore believe that a single-minded and earnest corporate culture is the source of value creation. Our employees work together to tackle the challenges we face, and those accumulated efforts have been leading to the technologies and trust that have given rise to differentiation that sets us apart. However, on the other side of the coin, single-mindedness can sometimes mean that you tend to stay stuck in one box,

which can also prove to be a weakness. A good example is the shower head we use in our homes. Microbubble and fine bubble functions not only provide comfort, they also save water and have beauty and water purification effects. However, if our Group had utilized its liquid mist-making technology, we could have developed something that was just as effective or even better. However, such an idea never materialized. They viewed things as an extension of their past successful experiences, and had an unconscious belief that it was enough to just have a solid "manufacturing" infrastructure, which prevented them from taking action to expand the potential of the technology. Mobile phones have evolved from the large shoulder-strap devices of 40 years ago to palm-sized smartphones with a host of functions. Meanwhile, spray guns and compressors have basically remained largely unchanged. However, a wave of major change is also coming to this infrastructure, making the ability to adapt to change and create new things even more important. Although we have launched a business strategy project to foster flexible thinking and business planning skills, we are still in its early stages. At this point in time, my feeling is that the challenges outweigh the strengths, but this also means that there is scope for growth in the years to come.

Achievements and challenges in the previous medium-term management plan and suggestions for the next medium-term business plan

FY2024 marked the final year of the previous medium-term management plan. Consolidated results were somewhat sluggish in the final year due to declines in China and India brought about by the economic slowdown as well as cost factors such as rising labor costs worldwide. However, looking at the results over the three years in numerical terms alone, it can be said that overall progress was favorable. In addition to achieving our target figures ahead of

schedule, our efforts to expand into Europe, China, and India and gain market share were successful, and our overseas sales ratio increased from 61.5% to 66.3%.

If speaking of what the substance of the results was like, in that respect they were lacking in some areas. For example, the decline in India in the final fiscal year of the management plan was due not only to external factors, but also to internal factors such as our inability to continue making products that were in demand in the market. Previously, we had been working with strong local partners to develop the market and fill in the blank areas, but we have not been able to customize our products enough to make deeper inroads into the market. There are many things on which we need to reflect, such as whether our development investment was sufficient and whether the marketing we had carried out had been forward-looking. My feeling is that we have to go back to basics and redefine what it means to be a "true development-oriented company," as stated in our Corporate Promise. What kind of products can we make that will sell? Are our current management resources sufficient for that? Where should we strengthen ourselves with external resources such as M&A? We need to start by putting systems in place, creating mechanisms, and changing our mindset. Breaking through this daunting sense of stagnation requires us to look to the future and clarify what needs to be done now from a long-term perspective. This was the starting point for the recently announced Vision2035 and the First Medium-Term Business Plan.

Naturally, there were also some commendable achievements. In the Air Energy Business, price revisions were widely implemented domestically, and our consolidated Chinese subsidiary SCR Co., Ltd.* also recorded strong exports. Recently, we began construction of a new assembly plant in India, which will double our production capacity and promote a shift to Indian specifications. Meanwhile, in the Coating Business, sales of coating equipment in Europe remained strong, driving overall sales. Growth in

sales of spray guns for the automotive repair market was particularly strong. The majority of the world's paint manufacturers are based in Europe, and receiving their recommendations will have a major impact on future sales performance. I would like to expand this momentum throughout the world.

* Shanghai Screw Compressor Co., Ltd. (Chinese subsidiary : Manufacture and sales of compressors)

First Medium-Term Business Plan: Vision for the future 10 years from now and building a foundation for growth

For Vision2035 we used scenario planning techniques to define what we should look like in 10 years' time, based on past recognition of issues and environmental changes. We then started by using backcasting to identify what was lacking and what needed to be done now. The First Medium-Term Business Plan, which was also announced at the same time, is positioned as the first step, and we have deliberately used the word "first," as it represents a path forward that will see us move up the ladder to the second

and third plans.

In formulating this first plan, a team of 18 candidates for the next management team, most of whom are in their 30s, was formed in addition to the management team. Looking 10 years ahead, I felt that we needed to incorporate the ideas of the people who will be at the core of management in the future, and create a system that would connect our aspirations while thoroughly implementing a PDCA cycle, including a management succession plan.

Our grand vision for 10 years from now is to become a company with net sales of 100 billion yen. To maintain our global competitiveness while adapting to an age of uncertainty and to aim to build a sustainable business portfolio, it is inevitable that we must achieve this level of scale. To achieve this, we must launch a third pillar, "creating new business areas," in addition to our previous two pillars of "deepening of existing businesses" and "global expansion," and achieve discontinuous, three-dimensional growth. Needless to say, organic growth alone will not be enough, so we will also utilize M&A in a strategic manner.

The First Medium-Term Business Plan is the phase of building the foundation for realizing Vision2035, during which we will work to change our mindset, create systems, and make proactive investments for growth. While continuing to focus on existing areas, we also plan to focus on creating new businesses, including M&A in peripheral and new fields. For the final fiscal year, ending March 2028, we have set numerical targets of 62 billion yen in net sales, operating profit of 6.17 billion yen (operating profit margin 10.0%), ROE of 11.0% and EPS of 132.0 yen. The reason we have adopted EPS as a management indicator this time is to aim to improve capital efficiency while continuously improving profitability, which will also lead to an improvement in ROE.

The driver in existing areas continues to be overseas expansion. We will make aggressive investments with a focus on existing areas. India and the United States in particular have great potential for growth and will be our focus

areas going forward. We will strengthen our collaboration with leading local partners and develop the markets. To strengthen our global governance, we also plan to divide the world into five areas centered on priority fields and put in place a system by which each area will be overseen and managed by its own headquarters.

Toward the new core goal of the "creation of new business areas," we will focus on developing new businesses by acquiring new business models through M&A and co-creating with other companies through alliances. However, it is easy to say, "We will follow a policy of M&A," but needless to say, to actually make M&A successful, we need to bring together the necessary personnel and put in place the necessary systems. Having reflected on the fact that previously we have not done enough in this area, we clearly demonstrate our seriousness in our current Medium-Term Business Plan. Having been making use of its experience in building networks and personal connections with various companies through the operation of a motor racing team, ANEST IWATA A.I.R. Co., Ltd., which was established in July 2024 as part of a new business venture, has seen an increase in the number of its business partners, including in new areas such as BtoC. We will continue to explore opportunities for co-creation geared toward the creation of new business areas in the years to come.

With regard to cash allocations over the next three years, in addition to capital investment and growth investment through the effective use of cash, including cash and deposits, our policy is to proactively allocate funds to shareholder returns. With regard to the latter, we will pay progressive dividends based on a dividend on equity (DOE) ratio of 7.0%-7.5% and will also work to acquire treasury stock. In the case of M&A, we have set an investment limit of at least 15 billion yen but will also consider fundraising through borrowings and other means depending on the scale of the project.

Note: For more details, please refer to Medium-Term Business Plan on [page 17](#) and Capital and Financial Policy on [page 21](#).



For sustainable growth, vigorously promoting ESG management

Strengthening ESG is essential to achieving sustainable growth. Having adopted "responding to climate change," "promotion of human capital management," "strengthening of supply chain management," and "establishment of appropriate governance structure" as the main themes to be addressed, the Group is aiming to realize a sustainable society while ensuring its own sustainability.

With regard to "responding to climate change," there are clearly expanding business opportunities for the Group amid the trend toward strengthening international regulations aimed at realizing a decarbonized society and reducing environmental impact. Since our founding, our business has been centered on addressing social issues. We will, however, continue to contribute to the realization of a sustainable society and strengthen our competitiveness through the development and widespread use of environmentally friendly products, such as oil-free compressors and spray guns compatible with water-based paints.

In contrast, the "promotion of human capital management" represents the biggest challenge. In terms of whether we have the necessary human resources to realize Vision2035 and execute our business strategies, we have a particular lack of specialists in the areas of business development, M&A, and global business. To raise the overall level of our human capital, it will be essential for us to increase added value and productivity through individual changes in awareness, skill development, and improved engagement, but to achieve all that, I believe that it will be necessary to review our personnel system. The current personnel system was created when I was the head of the Business Administration Division. The introduction of a promotion system that allows employees in their 30s to become executive officers was innovative for our Company, but the system itself has become some-

what outdated, and more importantly, there are issues with its operation. Therefore, rather than just creating a system, we have to make it more effective. We have also been working to realize pleasant work environments and promote health management. As a result, the rate of paid leave taken has increased, and the company has also been selected as a "Health & Productivity Management Brand" for three consecutive years. However, I believe that job satisfaction is important in attracting talented people and creating a healthy and vibrant organization. The key will be to promote human capital management from the perspective of how to enable talented people and those who want to grow thrive.

As the global economy continues to change, with economic growth in ASEAN member states and India, protectionist trends, and rising geopolitical risks, the "strengthening of supply chain management" will also be an important theme. The Group's supply chain is expected to undergo further expansion in the years to come, and we need to address this issue not only through the pursuit of efficiency and optimization but also from the perspective of risk management.

Last but not least, the "establishment of appropriate governance structure" is a theme that lies at the core of the Group's sustainable value creation. The majority of our Board of Directors are outside directors with experience and specialized knowledge in corporate management, and we engage in lively discussions in an open atmosphere, which I believe ensures sufficient effectiveness. As we find ourselves in a period of change, it is particularly important for us to consider from what perspectives we will make governance function in the future. However, I believe that my role in carefully explaining my management policies and ensuring their understanding, as well as clarifying the key points of each issue and visualizing the PDCA cycle to encourage more constructive discussions, is also important in ensuring that governance functions effectively.

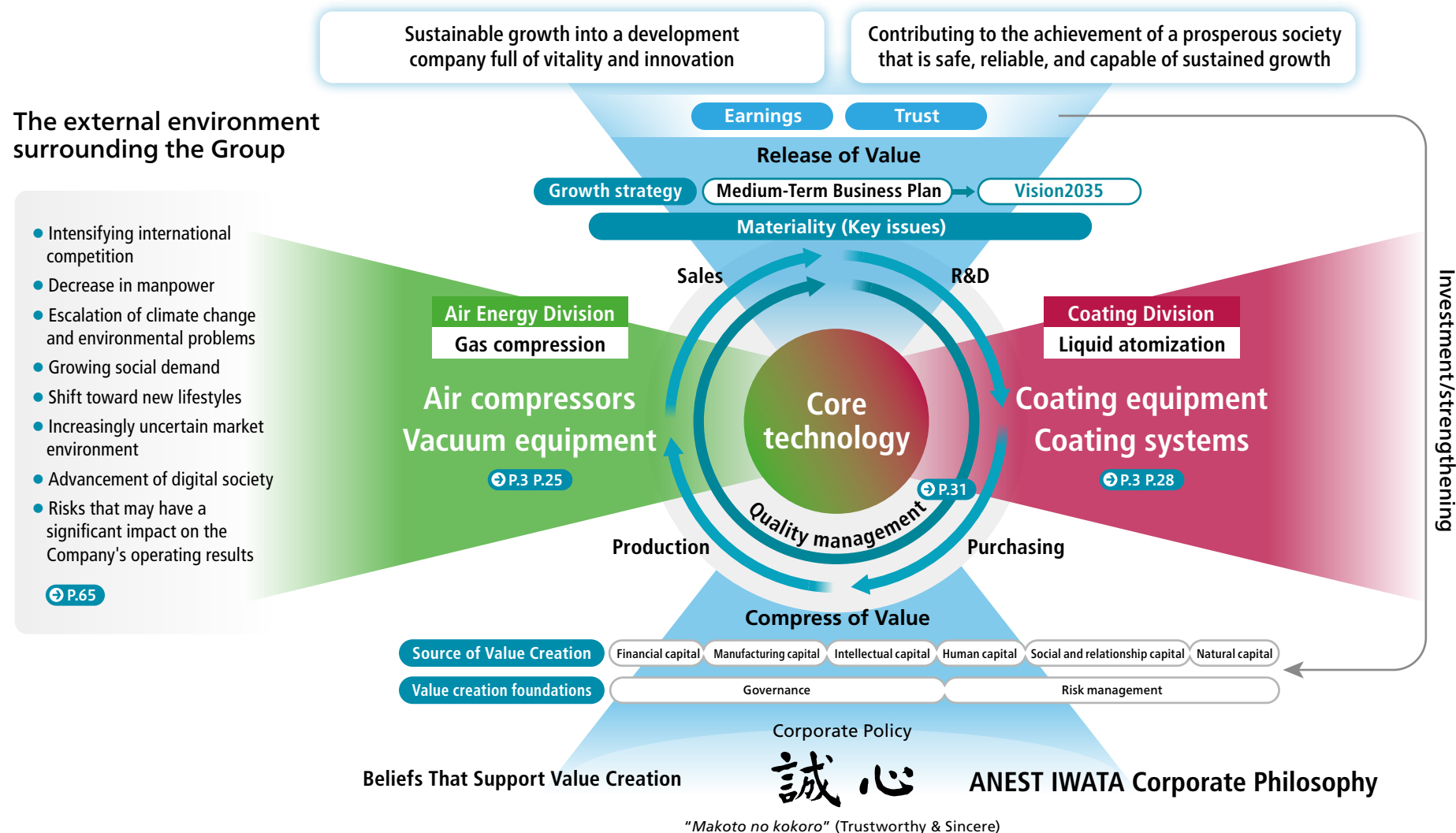


Hold great expectations for the evolving form of the new ANEST IWATA

The Company will celebrate its 100th anniversary in 2026. However, this is just a passing point. We have launched our "second founding period" in preparation for the next 100 years. I consider stakeholder capitalism to be important. The idea is to realize a sustainable value creation model by taking into consideration the interests of all stakeholders. We will aim to increase our corporate value by following a customer first policy, valuing relationships with employees and the business partners who support us and remaining mindful of society and the environment, while continuing to keep this ecosystem running smoothly by ensuring that the resulting profits are returned to shareholders. We will also proactively engage in information disclosure and dialogue through investor relations activities. I hope you will look forward to the continued evolution of the ANEST IWATA Group and continue to support us from a long-term perspective.

Value Creation Process

Based on its founding spirit of "*Makoto no kokoro*" (Trustworthy & Sincere), the ANEST IWATA Group continues to provide valuable products and services to its stakeholders, leveraging its core technologies of "liquid atomization" and "gas compression." The revenues and trust gained through these activities are treated as valuable capital and reinvested in strengthening our management base through development and training, thereby improving our corporate value and contributing to society through our business. In the years to come continuing to "compress" the technologies and diverse capital we have cultivated to date into a high density, we will utilize them as the foundation to "release" even more value into the future, thereby contributing to the development of society and industry and establishing a sustainable growth cycle.



Source of Value Creation

The management capital that the Group has built up over the past around 100 years is the source of its sustainable growth.

	INPUT (FY2024)	Strengths	Initiatives
Financial capital	• Net assets (Consolidated): 53,561 million yen • Free cash flows (Consolidated): 6,491 million yen • Equity ratio (Consolidated): 67.7%	• Stable revenue structure based on core technologies • Sound and robust financial foundations • Driving force behind aggressive growth investments • Stable ongoing shareholder return policy	• Capital Policy P.21 • 11-year Consolidated Financial Summary P.69
Manufacturing capital	• Manufacturing bases: 17 factories in 10 countries • Overseas production ratio (consolidated/amount): 51.6% • Capital investments (Consolidated): 3,351 million yen	• Globally established manufacturing network • Reliable system for stable supply of products to customers • High production efficiency through combination of automation and expertise • Safe and reliable quality control and assurance system	• Medium-Term Business Plan P.17 • Business Strategy Air Energy Division P.25 • Business Strategy Coating Division P.28 • Quality Assurance P.31
Intellectual capital	• Research and Development expenses (Consolidated): 1,774 million yen • Number of Patent applications (Japan and overseas): over 1,200 patents	• Atomization and air compression technologies with history spanning nearly 100 years • Development capabilities that have produced Japan firsts and world firsts • High product market share and competitive advantage both domestically and internationally	• Intellectual property management P.33
Human capital	• Number of Group employees: 1,906 • Overseas Group employee ratio: 65.2%	• Diverse human resources play central role in value creation • Work environments in which everyone can actively participate with peace of mind • Corporate culture that values sincerity and honesty	• ANEST IWATA Corporate Philosophy P.02 • Human capital management P.43
Social and relationship capital	• Number of Group companies*: 31 Group companies in more than 22 countries and regions • Ratio of Independent Directors (non-consolidated): 55.6% • Number of briefings for institutional/individual investors held (Japan): 4	• Stable product supply through global sales network • Reduction of sales risk through regional dispersal • Highly transparent and independent, robust governance structure • Relationships of trust built through active dialogue with stakeholders	• Corporate Governance P.58 • Supply Chain Management P.49 • Stakeholder Engagement P.52 • Global Network P.70
Natural capital	• Scope 1, 2 GHG emissions (consolidated): 7,675t-CO₂e • Amount of waste generated (non-consolidated): 802t	• Ability to develop environmentally friendly products that are compliant with environmental regulations in each country and region • Promotion of environmental considerations in business operations	• Medium-Term Business Plan P.17 • The Environment Initiatives P.37

Note: Excluding parent company and two equity method affiliates

Materiality

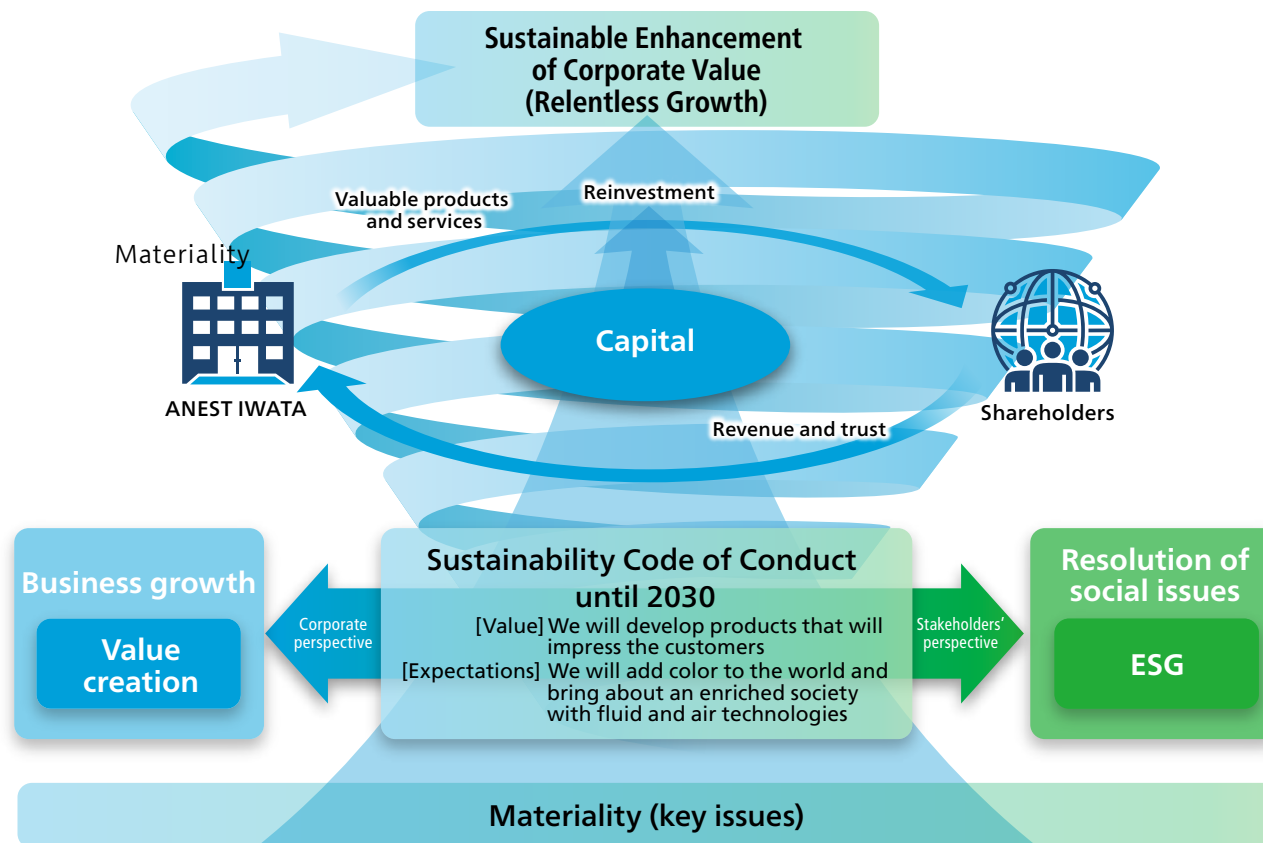
The Company has identified key issues (materialities) to drive the sustained enhancement of corporate value. We will aim for further growth by addressing these materialities.

To Achieve Sustained Growth

The Company believes that using the revenues and trust gained from providing valuable products and services as capital and reinvesting them in growth investments can lead to sustainable growth. Based on this approach, we identify materiality from two perspectives: issues concerning business growth, to enable us to keep on creating value as a company into the future; and social issues that we as a member of society should assist in resolving.

Identification Process

The Company first identified its materialities in 2022 by following a process where key sustainability issues were extracted by the General Managers of each department, and subsequently discussed and examined at Board of Directors' meetings and by Corporate Officers. Since then, we have continued to conduct materiality reviews on an annual basis to respond appropriately to changes in social conditions and the business environment.



STEP1

In meeting bodies, the main members of which are the General Managers of each department, we extract the important issues in achieving sustainable growth, based on the Company's management policies and the roles expected of the Company by society.

STEP2

The Directors and Corporate Officers discuss and verify the appropriateness of the extracted issues and identify them as the materiality of ANEST IWATA.

STEP3

A sub-organization of the Management Committee, the Sustainability Promotion Committee (chaired by the President and CEO) reviews the materiality content on an annual basis.

1. Materiality		2. Major themes	3. Major initiatives	4. Goals	
				KPIs	FY2024 results (in terms of KPIs)
Business growth issues	System to sustainably provide safe and high-quality products and services	Development and provision of technologies, products, and services that meet changing and diversifying needs	- Expand existing businesses through the promotion of area-specific strategies - Develop new markets by leveraging core technology and know-how - Promote M&As that contribute to growth - Promote new business development using motorsports as a platform - Create, manage, and utilize intellectual property as management resources - Respect for other companies' intellectual property	Consolidated net sales of 100 billion yen in 2025	54.4 billion yen
		Quality assurance and stable supply of products	- Continuous improvements of the quality assurance system through regular internal quality audits and quality management system reviews by third-party organizations - Establishing a robust procurement/supply system in accordance with strengthened BCP response, building of an optimal supply chain, etc. - Consider a globally optimized production system	ROE of 11% in FY2027	9.4%
				Maintain ISO9001 certification	Continuing certification (as of March 31, 2024) (Currently making preparations for renewal examination)
	An organization where diverse human resources can actively work	Promoting diversity and inclusion	- Searching for optimal personnel allocation within the Group - Pursuing job satisfaction, including reviews of personnel systems - Trials of human capital utilization methods, including increase in personnel exchange activity - Development of human resources capable of thriving on a global basis - Achieving both comfortable and rewarding workplaces - Create a gender-free workplace through the promotion of DX at the production factories - Promote health and productivity management	Raising the ratio of the Company's female managers to 5% by FY2028	2.8%
				Maintaining the ratio of the Company's male employees acquiring childcare leave at 80% or more by FY2027	90.0%
		Development and securing diverse human resources that can take on the challenge of value creation	- Expand training programs including programs for management candidates - Consider a personnel evaluation system with a global perspective - Hire and utilize talent who are business professionals - Foster a corporate culture that does not shy away from mistakes and takes bold challenges	Improving the Company's work-engagement score* * Positive attitude and state of mind toward work.	Consolidated operating profit per employee: 3.09 million yen (-6.5% compared with FY2023)
		Respect for human rights	- Conduct ANEST IWATA philosophy training (For new graduates and mid-career hires) - Promote occupational health and safety activities	Maintaining the ratio for implementing education and training on the ANEST IWATA philosophy for the Company's new employees (new graduates and mid-career hires)	Increase of 0.1 of a point compared with FY2023
					100%
Social issues	Environmentally-friendly business operations	Contributing to the resolution of environmental issues	- Provide and spread environmentally-friendly products through the pursuit of oil-free air compressors with high environmental performance and coating technology that reduces VOC emissions - Development of new eco-friendly products that meet customer needs	Sales ratio (amount) of oil-free compressors to total compressor sales of 60% or higher	54%
		Contributing to a society that mitigates the environmental burden	- Expansion of CO₂ emission reduction measures - Promotion of disclosure in accordance with international standards	Formulation planned during current Medium-term Business Plan	Under Scope 1, 2 7,675 t-CO ₂ e
		Compliance with laws and regulations	- Conduct regular compliance training for executives and employees of the Company - Establish a point of contact for whistleblowing operated by a third party	0 cases of compliance violations Number of compliance training sessions: 1 or more per year (for each theme)	0 cases Once
	Contributing to the health and spiritual enrichment of people around the world	Realizing safe and reliable quality	- Build a product safety management system to ensure world-class safety - Monitor complaints and information from customers and based thereon, carry out improvements and activities to prevent the recurrence of problems	0 cases of major quality problems and accidents	0 cases
		Meeting diverse social needs	- Build and strengthen an optimal relationship that can connect digitally with the world's customers - Improve customer engagement through the utilization of IT tools and other means - Improvement of business efficiency through the utilization of generative AI	—	—
		Building a relationship of trust between companies and society	- Hold events that aim for co-existence and co-prosperity with the community - Collaborate with local organizations - Disseminate sufficient information and improve disclosures	—	—
		Establishing a governance structure that aligns with our corporate philosophy	- Reviews of how Board of Directors' meetings are carried out - Improvements in Director performance - Further strengthening of internal control systems - Disclose investment and utilization strategies and establish governance relating to intellectual property and intangible assets	Maintaining the ratio of Independent Directors of 50% or higher Conducting regular evaluations of the effectiveness of the Board of Directors	55.6% (After the 79th Annual Shareholders' Meeting) A summary of the results has been disclosed

Medium-Term Business Plan

Taking on the challenges of the second founding period: First Medium-Term Business Plan designed to open up the future

Following extensive discussions between management and candidates for the next generation of executives, the Group has newly formulated its First Medium-Term Business Plan (2025-2027) as the first step in its transformation.

Achievements from previous Medium-Term Business Plan (FY2022-FY2024) and lessons learned for the next challenge

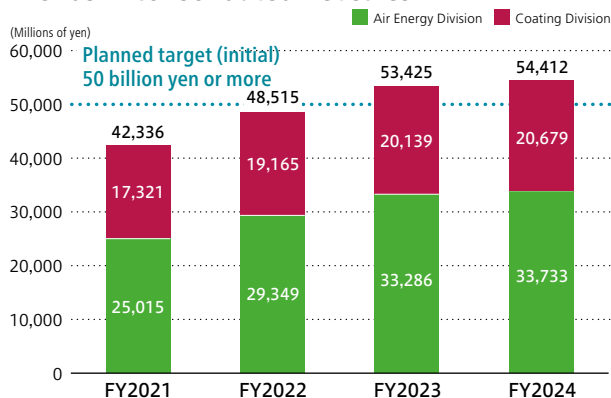
Achievement status of major consolidated key goal indicators (KGIs)

Our overseas growth strategy was successful, and we achieved steady results in line with the targets that we had set. In contrast, ROE temporarily declined due to factors that included increased development investment and labor costs, and a decrease in gain on foreign exchange.

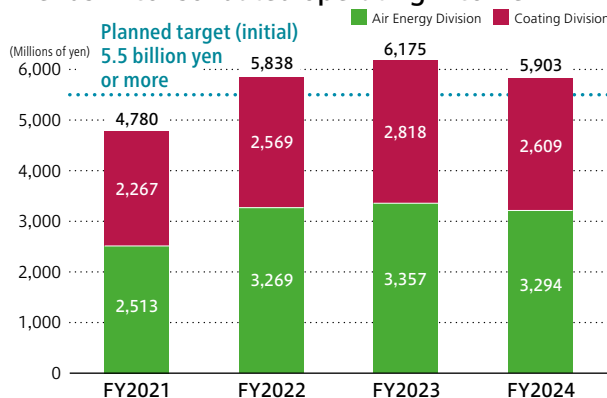
Challenges and lessons learned for next challenge

On the one hand, the previous Medium-Term Business Plan brought with it many successes, but on the other also highlighted major challenges to sustainable growth, such as a lack of enthusiasm to acquire new technologies and take on new business ventures amid a shrinking coating business market. Leveraging this experience and the lessons learned, under the First Medium-Term Business Plan we will promote the proactive utilization of M&A with a focus on existing business expansion, the strengthening of investment from a long-term perspective, and the further reinforcement of our foundation for sustainable growth.

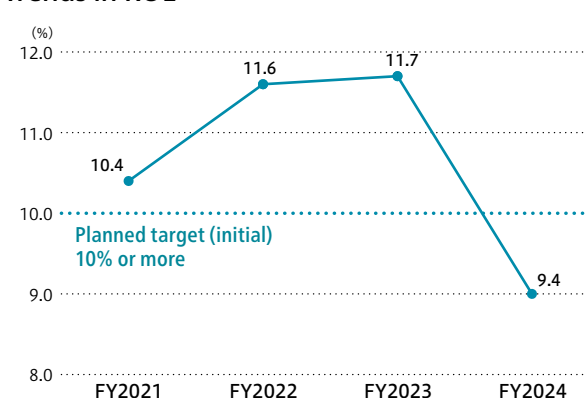
Trends in consolidated net sales



Trends in consolidated operating income



Trends in ROE



Initiative	Result
Deepening of global expansion	Aiming to develop "ONLY ONE" products tailored to the needs of each region around the world and to secure "NUMBER ONE" market share, the Company actively rolled out products and promoted sales in, for example, Europe, China, and India. As a result, the ratio of overseas sales increased from 61.5% to 66.3%, improving the Company's global competitiveness.
Maximization of synergies between subsidiaries	Reduced management costs by consolidating subsidiaries in North and South America and India. Promoted mutual sales of products between subsidiaries, creating synergistic effects across the entire Group. In the meantime, with many subsidiaries operating overseas, challenges remain in strengthening cross-sectional collaboration within a global organization and building an optimal management system, such as horizontally expanding success stories and creating new collaborative opportunities.
Expansion of domestic service business	In the mature Japanese market, the Company positioned its service business as a key area of its growth strategy and promoted aggressive investment. Expanded service business specializing in maintenance and leasing, primarily through subsidiaries. Expanded and upgraded its service network and built a detailed support system. Worked to strengthen the development of professional human resources.
New business development	Established the "IWATA Technology Park" prototyping facility to strengthen its development capabilities. Having established a Japanese subsidiary to establish new businesses, the Company also began to venture into new business areas, such as entering the automobile pre-delivery inspection (PDI) business and the light sheet metal industry.

First Medium-Term Business Plan (2025-2027)

The First Medium-Term Business Plan is positioned as the "second founding period," marking an important starting point for achieving our goal under Vision2035 of sales of 100 billion yen. Over the next three years, from awareness reforms we will bring about behavioral changes while steadily promoting our transformation.

"Compression" and "release" strategy to drive transformation

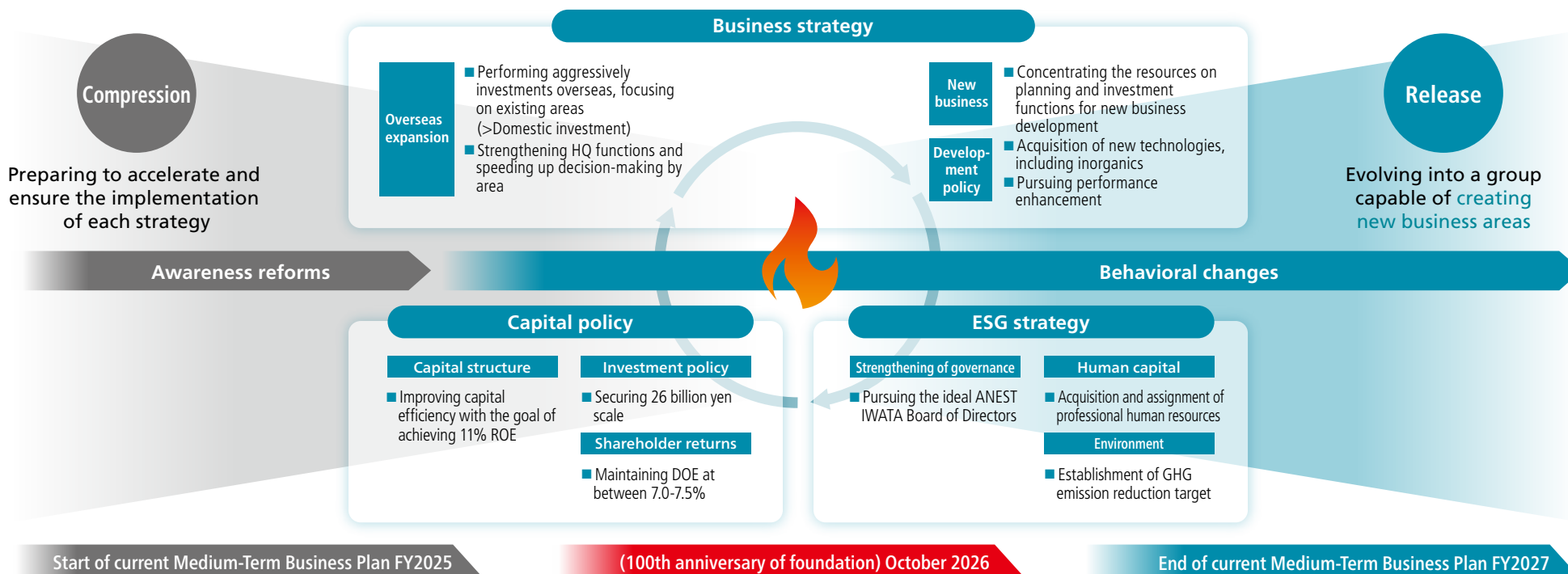
We will accelerate the transformation that will open up the future by "compressing" our existing technology and experience and "releasing" new value.

KGIs under First Medium-Term Business Plan

Under First Medium-Term Business Plan, we aim to achieve a minimum ROE of 11% through growth in existing businesses and to exceed that level through M&A. EPS will be used as a KGI, and we will strive to continuously improve profitability and capital efficiency.

Indicators (Consolidated)	FY2024 Results	FY2025 Targets	FY2027 Targets
Net sales	54.4 billion yen	58.0 billion yen	62.0 billion yen
Operating income	5.90 billion yen	5.55 billion yen	6.17 billion yen
Operating profit margin	10.7%	9.6%	10.0%
ROE	9.4%	8.9%	11.0%
EPS	108.2 yen	105.5 yen	132.0 yen

Focus Areas and Policies in First Medium-Term Business Plan



Business Strategies

While building on the solid foundations of our existing businesses, we will promote new growth strategies that go beyond those frameworks.

In addition to organic growth, we will actively utilize inorganic methods such as M&A to create new business opportunities in peripheral areas and untapped markets while aiming to generate new revenue. We will also accelerate our global business development, including expanding sales channels in key overseas areas, while considering co-creation with other companies through alliances and other means.

We will balance the steady development of our existing businesses with the challenge of exploring new areas that will open up the future.

Air Energy Division

We will strengthen sales with a focus on overseas growth markets, strengthen product development capabilities through alliances, and promote the development of new products that meet

growing needs, such as addressing environmental impact, and tailored to regional characteristics.

Coating Division

Leveraging the technology and know-how we have cultivated over many years, we are collaborating with research institutes and technology startups to establish functional liquid coating technology while expanding into new growth markets and fields such as EVs and aerospace. We are accelerating our efforts to take on the challenges in untapped markets.

➔ Please see [pages 27](#) and [30](#) for details on each business strategy.

Sales Plans by Area

We will implement growth strategies tailored to the characteristics of each major market, aiming for sustainable sales growth. Expecting to see a high compound annual growth rate (CAGR) in emerging markets such as India in particular, and will accelerate growth.

Sales strategy

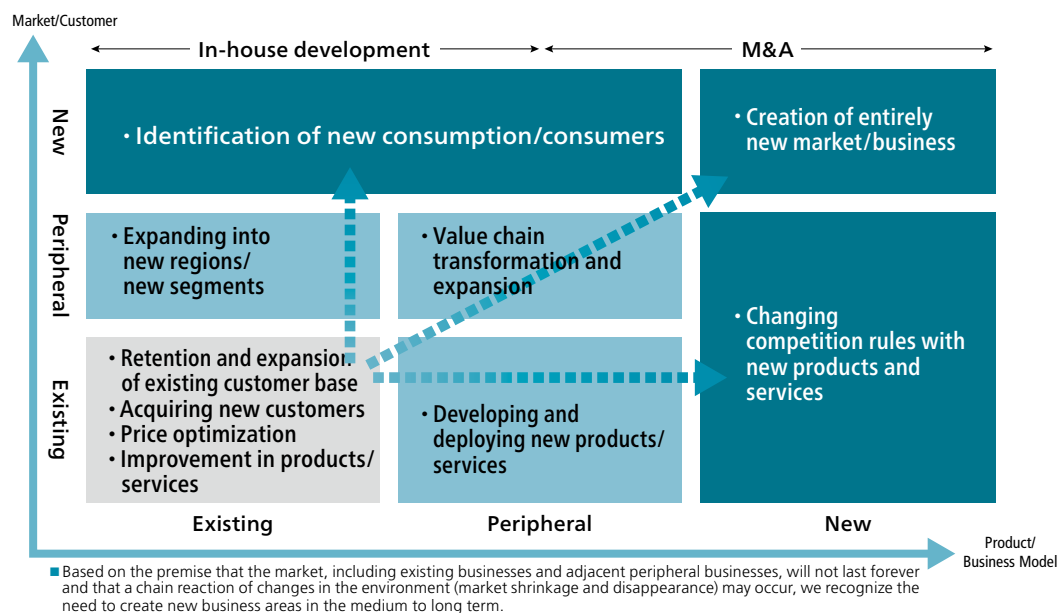
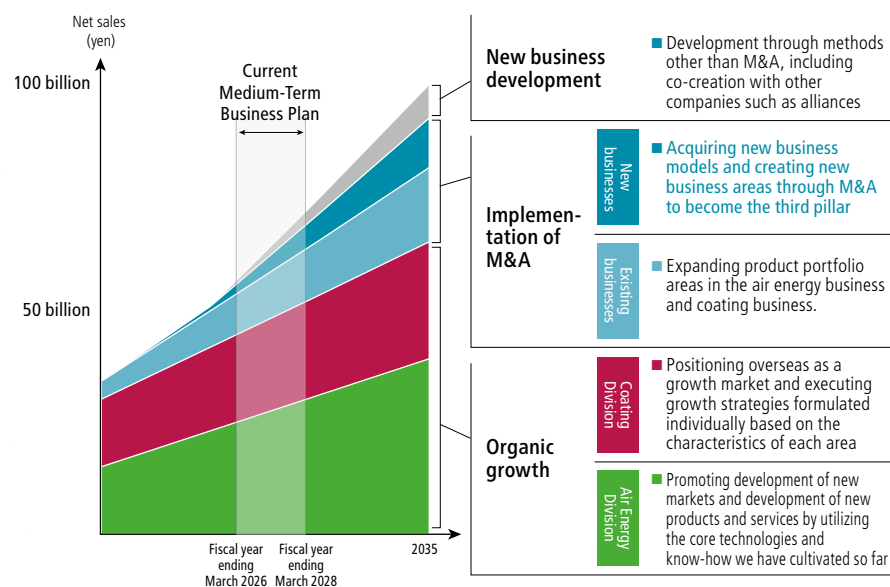


Image of growth until achieving Vision2035



Sustainability strategy

To achieve sustainable growth in corporate value, the Group will promote the strengthening of sustainability management. This is aimed at enhancing our ability to execute business strategies and capital policies, while also deepening our contributions to stakeholders.

Building of a flexible governance structure

To build a flexible governance structure, we will promote the strengthening of the Board of Directors system, the contributions made by directors, and the strengthening of global governance.

To improve the operation of the Board of Directors, we will appropriately separate enforcement and supervisory functions for the purpose of facilitating decision-making, select agenda items to improve effectiveness, and deepen discussions on medium- to long-term strategies. To enhance the contribution of directors, we aim to assist our shareholders by conducting reviews of our director compensation system and evaluation method as well as introduce training programs.

With overseas sales accounting for approximately 70% of our sales, the strengthening of global governance presents another urgent issue. We will strengthen the Head Office management system, assign managers to key areas, and promote data integration at each location.

→ Please refer to **page 58** for the current governance structure.

Promotion of human capital management

Viewing strategic investment in human resources, the driving force behind sustainable corporate growth, as a key issue, we promote human capital management. To build a solid human resource base for further improvement in our corporate value, we will search for optimal human resource allocation and promote human resource exchanges within the Group. We will also pursue job satisfaction through a review of our personnel system, aiming to build an organization that is resilient and adaptable to change and in which each and every employee can maximize their capabilities.

➔ For details, please refer to **page 43**.

	Main theme	Background	Initiatives	Created value
E	Responding to climate change	- Strengthening global environmental regulations - Growing environmental needs - CO₂ reduction measures and disclosure requirements	- Dissemination and promotion of environment-friendly products (oil-free 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)	- Increase in sales - Improvement in energy efficiency at Group offices (cost reduction) - Improvement of brand image
		S	Promotion of human capital management	- 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
	Strengthening of supply chain management		- Expansion of Group supply chain - Heightened geopolitical risks in some regions	- Introduction of ESG assessment for supply chain - Establishment of robust procurement and supply system along with strengthening of BCP response and building of optimal supply chain, etc.
	G	Establishment of appropriate governance structure	- Strengthening legal and regulatory governance codes - Implementing challenges (business strategies) to further enhance corporate value	- Studying the role of the Board of Directors - Improvement of directors' performance - Further strengthening of internal control systems

Capital and Financial Policy

By pursuing a good balance between maintaining an optimal capital structure, strategic growth investments, and appropriate returns to shareholders, we will aim to improve financial soundness and efficiency and build a robust financial structure that meets the expectations of all our stakeholders.

Financial and Profit Structure

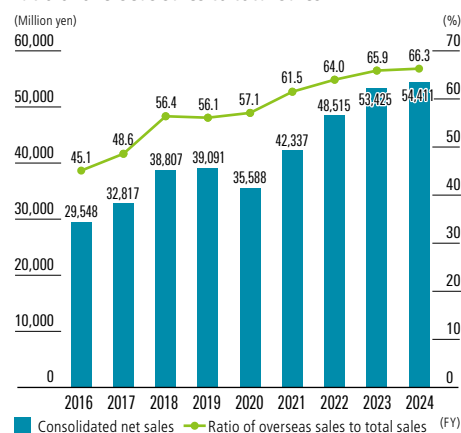
Looking back at the trends, although there have temporarily been backward steps as a result of the impacts of the Lehman Crisis and the COVID-19 pandemic, net sales have remained on an uptrend overall. Our growth in business performance to date has been brought about by maintaining a high market share in Japan for our mainstay products, namely air compressors and coating equipment, and driven by our aggressive development of overseas markets. Particularly in recent years, the Group's growth has been driven by the rise in the ratio of overseas sales, which in the past 13 years has risen significantly from 39.6%* to 66.3%. A major contributory factor in the rapid growth

rate since the fiscal year ended March 31, 2018, has been overseas M&A, including that of Shanghai Screw Compressor Co., Ltd. (SCR). These acquisitions were conducted with the aim of expanding our product range and acquiring sales networks, and having made steady progress with PMI (post-merger integration) and the creation of synergies, we are achieving significant results. Having collaborated with paint manufacturers from the development stage, we increased our presence in the European market, for example by launching a spray gun for the automobile repair market that was well received. We also benefited from the effect of currency fluctuations due to the expansion of the global market. In contrast, in the current business environment there is growing uncertainty about the global economic situation due to factors such as the rise of protectionism, rising global prices, and the emergence of geopolitical risks. Under these circumstances, there are concerns that trends such as a reduction in capital investment and changes in supply chain structures will have an impact on business activities, so we will carefully monitor these trends and respond in an appropriate manner.

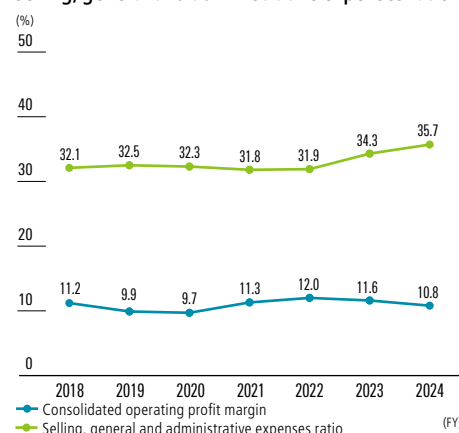
The operating profit margin temporarily declined between FY2018 and FY2020 due to a temporary increase in expenses related to M&A, increased investment in human resources, and the impact of COVID-19 that became apparent at the end of FY2020. However, operating profit margin has been trending at around 11% to date. In recent years, selling, general and administrative expenses have been on the rise, which has been a factor inhibiting improvements in terms of our operating profit margin. The increase in selling, general and administrative expenses has mainly been due to an increase in personnel expenses. In particular, the main factors are wage increases to secure and retain talented personnel in Europe and the United States, and the recruitment of talented engineers in China. ROE is also on a downward trend due to the impact of growth investments such as increased development investments and labor costs. Recognizing this as an important issue going forward, we are committed to improving ROE as part of our capital policy.

In terms of finances, the equity ratio remains above 60% and cash flow is abundant, so it can be said that the Company has established a stable financial base. Our

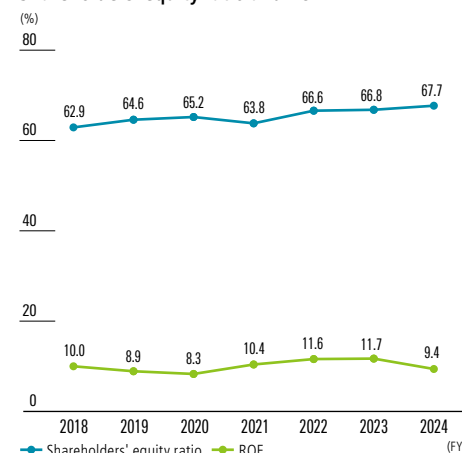
Consolidated net sales and ratio of overseas sales to total sales



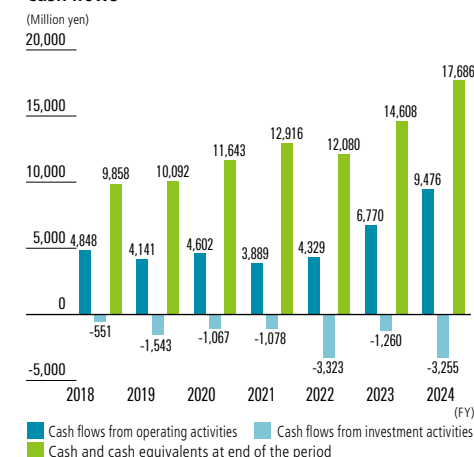
Consolidated operating profit margin and selling, general and administrative expenses ratio



Shareholders' equity ratio and ROE



Cash flows



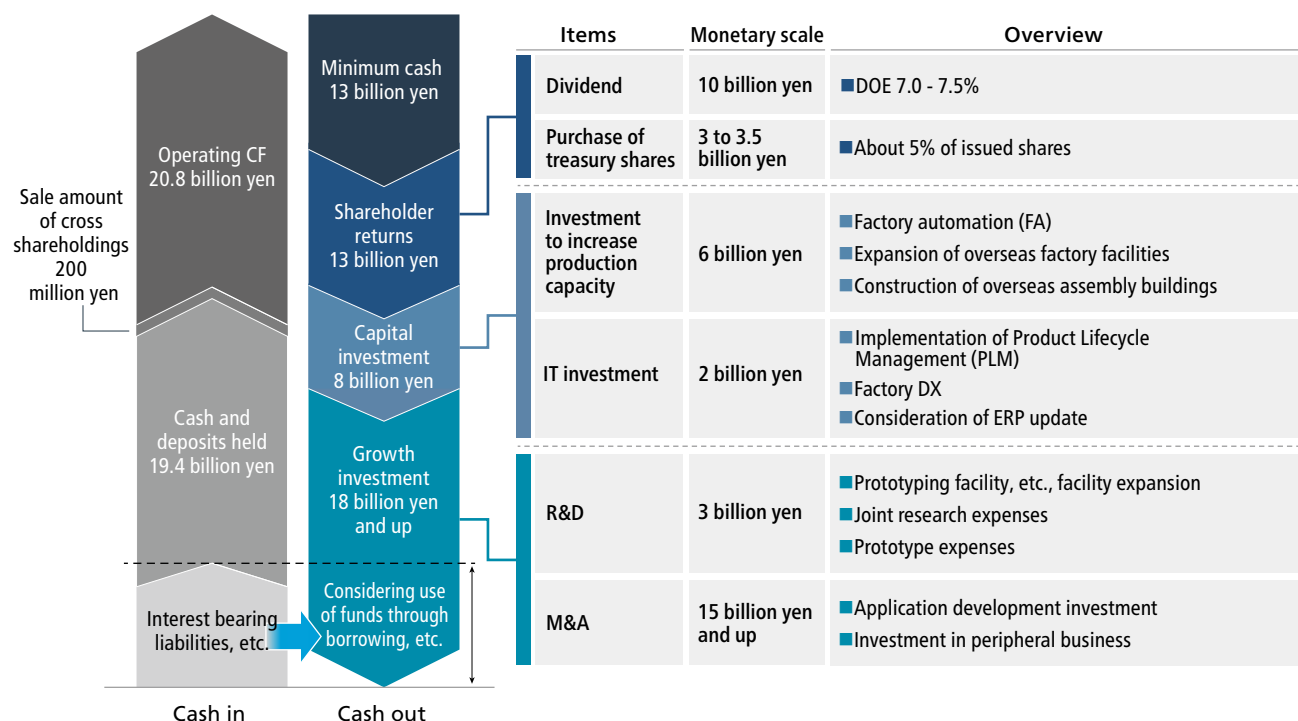
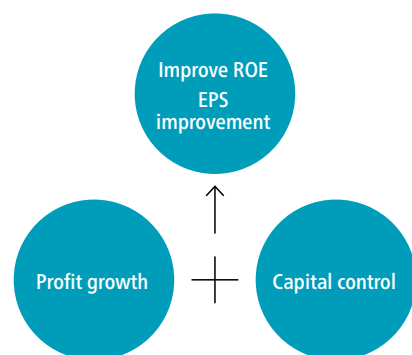
cash reserves have been used to fund growth strategies, including M&A. However, although we had been actively considering M&A behind the scenes, the deals were not concluded due to disagreements on terms and conditions, and as a result, we faced the issue of a building up of cash and cash equivalents. For this reason, we recognize that we need to review our capital strategy, including capital efficiency, and have set out a new policy in our recently formulated First Medium-Term Business Plan.

For trends in other financial indicators, please refer to the 11-Year Consolidated Financial Summary on [page 69](#).

Capital policy

Key KPIs

- Management focused on capital efficiency
FY2027 → ROE: **11.0%**, EPS: **132.0** yen
- Stable shareholder returns
FY2025-FY2027 → DOE: **7.0-7.5%**,
Total share buybacks: **3.0-3.5** billion yen
- Continuous growth investment
FY2025-FY2027 → Total investments: **26.0** billion yen or more



Cash allocation

With the aim of improving capital efficiency, we carefully examine the necessary working capital (minimum cash) and formulate strategic investment plans. Any surplus funds that arise will then be allocated to shareholder returns.

Capital investment / Development investment

During the previous Medium-Term Business Plan, we aggressively implemented capital investments that exceeded

our initial plan. In addition to renovating buildings and updating and expanding production lines, we promoted investment in core facilities, including the construction of an assembly plant, which will form the core of the Air Energy Division's strategy to capture the Indian medium-sized compressor market, and a prototyping facility at our headquarters with the aim of accelerating development speed and shortening the time it takes to bring products to market. We have also been actively investing in IT, such as building a website and product information management system, and moving servers to the cloud.

During the period of the First Medium-Term Business Plan, we will complete and operate the above-mentioned

core facilities, promote the expansion of production capacity in line with sustainable growth, and advance the DX process at our factories, thereby further improving efficiency and enhancing corporate value.

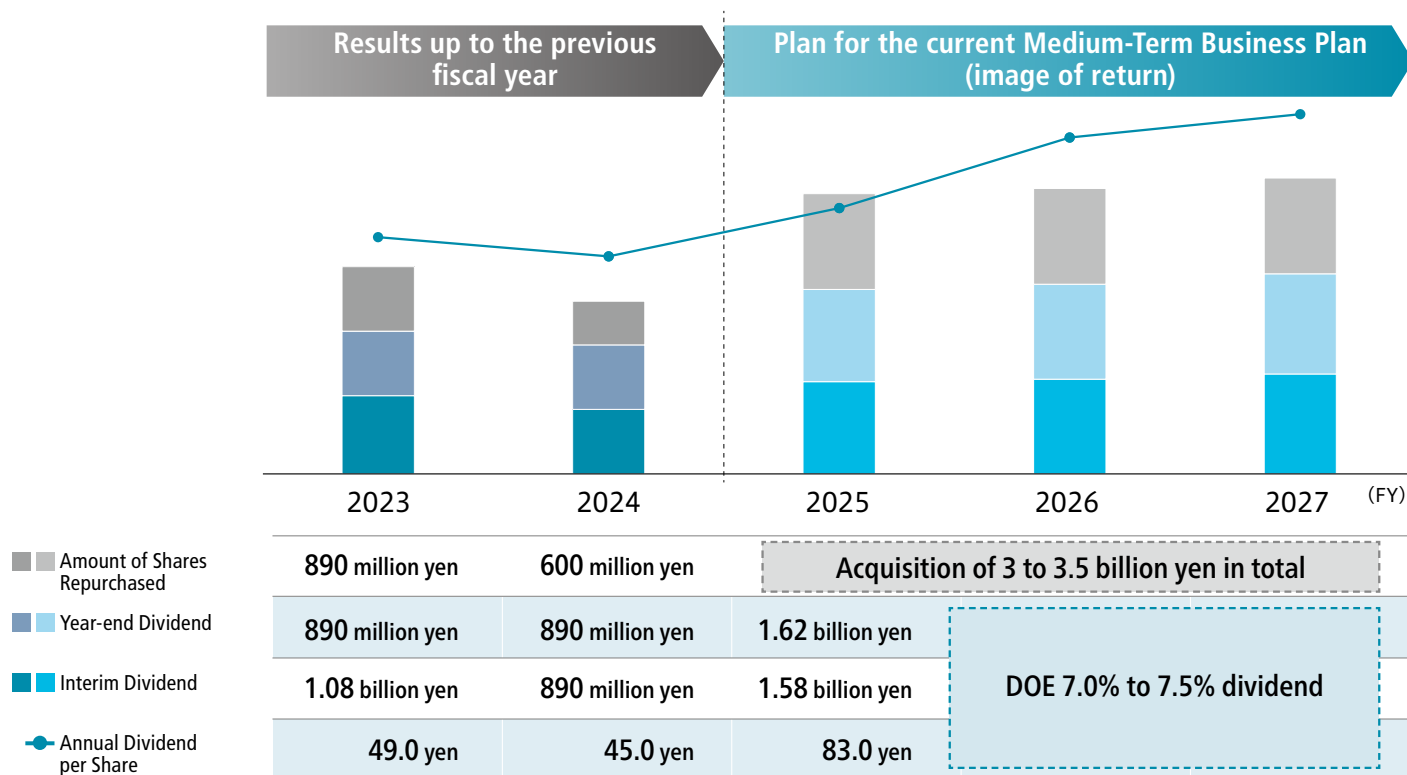
M&A

We are continuing to actively consider M&A. During the course of the First Medium-Term Business Plan, we will continue to make strategic and proactive investments in M&A aimed at strengthening and expanding existing businesses as well as M&A aimed at entering new busi-

ness areas. Specifically, in addition to acquiring technological capabilities and expanding the coverage area of existing businesses, we will promote M&A with the aim of acquiring new business models that will become our third pillar of business in the future and creating new fields. To facilitate a swift and smooth post-M&A integration (PMI) process, we will also focus on putting in place an M&A/PMI promotion system. With regard to the procurement of funds for M&A, we will consider not only using cash on hand but also using interest-bearing debt such as borrowings while boldly pursuing growth opportunities.

Shareholder returns

We have established a new policy with the aim of strengthening and improving the stability of shareholder returns. To realize stable and increased returns to shareholders, starting from FY2025 we have adopted a new return indicator, dividend on equity (DOE), instead of the previous dividend payout ratio. For the duration of the First Medium-Term Business Plan (FY2025-FY2027), we have set the DOE for the period at 7.0-7.5% and plan to gradually increase the annual dividend per share, with FY2025 (forecast annual dividend: 83 yen) as the lower limit. We will also flexibly



repurchase our own shares while closely monitoring the progress of M&A and the market environment.

Business portfolio

Strengthening investment in the businesses and products that will drive its future growth, the Group will rebuild its existing product portfolio and aim for strategic growth tailored to the characteristics of individual markets.

For example, an area in which the Company excels, oil-free compressors offer both high market growth potential and business profitability. We will pursue high profitability

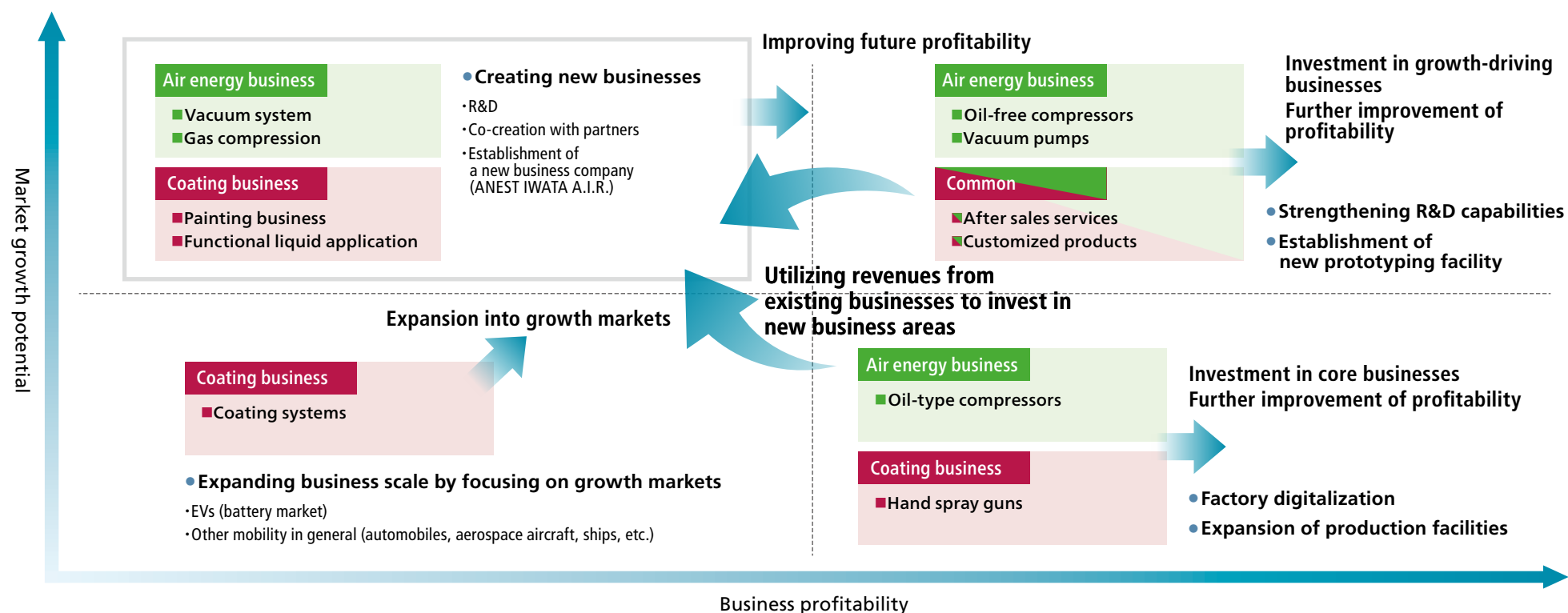
while promoting the development of new products that set us apart from our competitors as we aim to further expand our business.

In contrast, in the coating systems (painting equipment) business, where market growth and business profitability are issues, we are promoting efforts designed to improve profitability. In a market environment in which it is difficult to set ourselves apart from other companies, we will work to improve the growth and profitability of this business by promoting the launch of products that assist in reducing design costs.

In addition to investing in the sustainable growth of ex-

isting businesses, we will actively promote upfront investment in developing new businesses, aiming to strengthen our future revenue base and maximize our corporate value.

Please refer to [pages 27](#) and [30](#) for the growth strategies of each business.



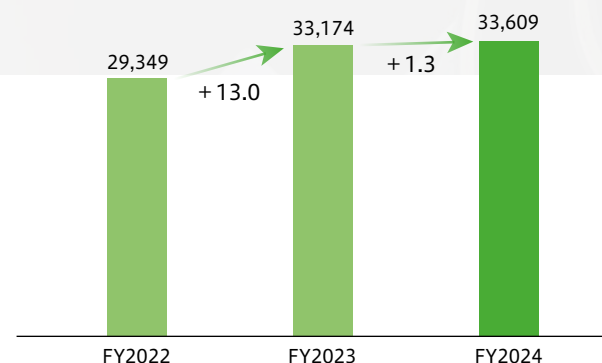
Business Strategy Air Energy Division

Driving the future of industry with the power of clean air. Contributing to a sustainable world.

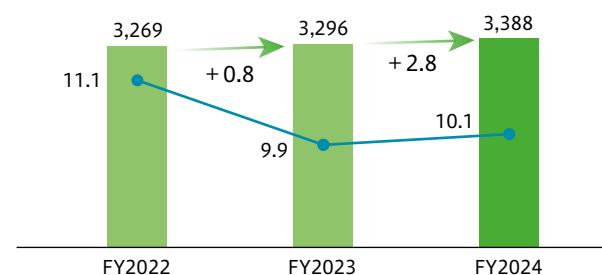
Pursuing energy savings and reduced environmental impact through clean compression and vacuum technologies, the Air Energy Division supports the development of global industry and society and contributes to a sustainable future.

Performance Trends of the Air Energy Division

Consolidated net sales (Million yen)



Consolidated operating income (Million yen) and operating profit margin (%)

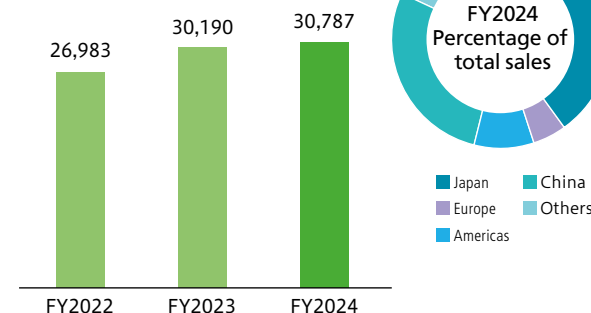


Ryosuke Kawano

Corporate Officer
Chief Operating Officer of Air Energy Division
Development Manager, Air Energy Division

Air compressors

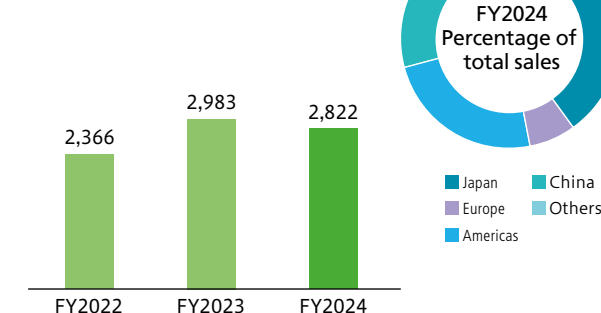
Consolidated net sales (Million yen)



In FY2024, despite facing headwinds such as changes in demand trends from major OEM customers in Europe, sluggish sales in China, and a decrease in industry shipments in Japan, sales increased. Factors supporting sales included strong exports from China and a recovery trend due to the penetration of price revisions in Japan.

Vacuum equipment

Consolidated net sales (Million yen)



In FY2024, sales decreased due to a return to normal after customers had switched to us from other companies due to our superior delivery time advantages in the United States toward the second half of the year, a decrease in sales for lithium-ion battery manufacturing-related equipment in China, and a reactionary decrease in spot demand in the United States in the previous fiscal year.

Air compressors

Mainstay products: Air compressors and nitrogen gas generators

Strengths / Opportunities and Risks

Strengths

- Technology that can manufacture oil-free air compressors that supply clean compressed air without using lubricating oils
- Technology that developed the world's first oil-free, scroll air compressors, which have superior low-noise and energy-saving features.
- World-class production capacity for oil-free scroll compressors utilizing automated assembly lines
- Ability to customize products to meet diverse customer needs
- Uniform high quality through production that combines people and automation
- Reliability that boasts the second largest market share* in the domestic, small-sized air compressor market
- Global manufacturing and sales network

* According to a survey by the Company

Opportunities

- Increase in capital investments in line with economic recovery
- Construction of new hospitals and enhancement of medical facilities, especially in emerging countries
- Increase in demand for oil-free products toward a lessening of the environmental burden
- Expanding the EV market (electric buses, electric trucks, railway vehicles, etc.)
- Demands for improved air compressor installation environment (space-saving, vibration/noise reduction, oil removal)
- Increased demand in markets where high quietness is required (e.g., research facilities, medical facilities)
- Updates of existing equipment

Risks

- Decline in the appetite for capital investments due to the slowdown of the global economy (mainly affecting general industry)
- Shortage in the supply of semiconductors and electronic parts
- New or stricter laws/regulations, rules and standards in each country or region
- Accelerated conversion to electric power to replace compressed air
- Maturing market in Japan and a deteriorating profit margin due to intensified price competition
- Rise in raw materials and energy prices
- Lost sales opportunities and increase in costs due to disruption to supply chain/logistics

Vacuum equipment

Mainstay products: Oil-free scroll vacuum pumps

Strengths / Opportunities and Risks

Strengths

- Manufacturing technology of oil-free scroll vacuum pumps that enable clean exhaust without using lubricating oils
- Technology that developed the world's first air-cooled, oil-free scroll vacuum pumps
- Product performance that has been recognized by the world-leading research facilities in the aerospace and cutting-edge science fields
- Global manufacturing and sales network

Opportunities

- Increase in capital investments and R&D budgets in line with economic recovery
- Growth of the semiconductor market in conjunction with increased AI-related investments
- Creation of demand in new fields of application, such as the manufacturing of lithium-ion batteries
- Updates of existing equipment

Risks

- Decline in the appetite for capital investments due to the slowdown of the global economy
- Drastic fluctuations in supply and demand on markets such as the semiconductor market
- Shrinking budgets in government agencies, schools, and academic institutions
- Deteriorating profit margin due to price war intensification with major rivals
- Rise in raw materials and energy prices
- Lost sales opportunities and increase in costs due to disruption to supply chain/logistics

Growth strategy

Starting in April 2025, our Group launched its new three-year Medium-Term Business Plan.

Adapting to changing market needs, strengthening product competitiveness

Strengthening international regulations designed to realize a decarbonized society and reduce environmental impact are driving major changes across the industrial sector. Riding this trend, the Group is focusing on markets that specialize in improving energy efficiency and in particular strengthening the introduction of oil-free compressor models that pursue energy-saving performance. Compressors that can save energy and stably supply large volumes of air, which are strongly sought after by our customers, are important elements that directly affect the efficiency of factory production lines. As a manufacturer of compressors, we recognize that meeting these high demands is the Group's mission.

Leveraging the strengths of the oil-free technology that the Group has cultivated over many years, we will lead the market in these growth areas and pursue further profit improvement and business growth through the development of new oil-free compressors and other products.

Unique technological capabilities and continuous R&D investment

To achieve the energy savings and stable supply of large volumes of air that customers demand, innovation in terms of motor performance as well as compressor structure are extremely important. To achieve this, the Group is continuing to make strategic development investments.

In strengthening our product development capabilities, we will also actively promote the creation of alliances and accelerate the development of new products that meet new needs, such as those relating to environmental

impact, thereby contributing to the strengthening of our competitiveness. By deepening our unique core technologies and giving consideration to external collaboration, we will maximize the speed of technological innovation and establish a competitive advantage.

Global market growth strategies and importance of Indian market

In response to fluctuations in the global economy, we are strengthening sales and promoting local strategies with a focus on overseas growth markets. By acquiring technology through M&A and other means, we will respond flexibly to changes in the business environment and pursue

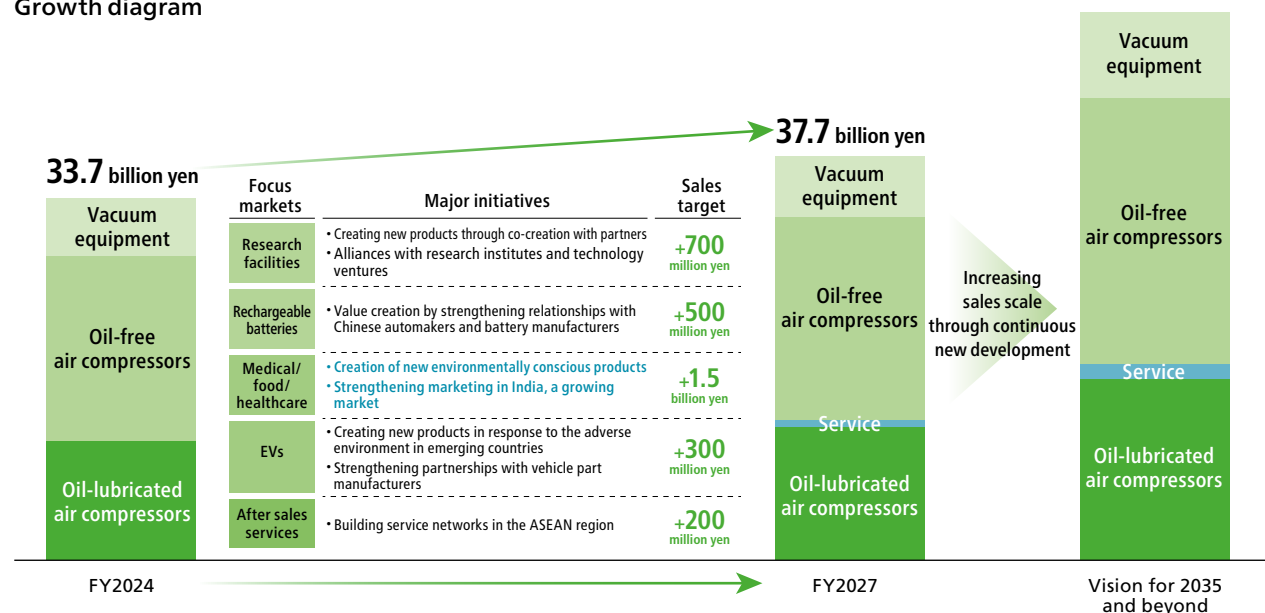
sustainable corporate growth.

The Indian market is expected to play a central role in our business going forward, and we will be vigorously promoting product development in this huge, growing market. To provide a specific initiative, we will build a new assembly plant for medium-sized compressors to meet the volume zone in India*, where we aim to start full-scale operations around winter 2025. This will put in place a system that will allow us to quickly supply products that meet local needs. In the Indian market, we will first thoroughly strengthen our marketing activities and build a solid business foundation to ensure steady business expansion.

* For more details on our new plant in India [click here](#) (Japanese only)



Growth diagram



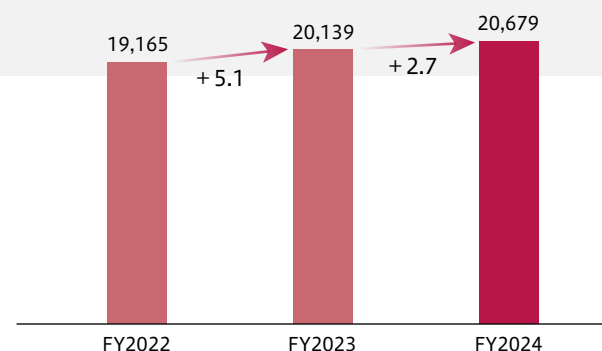
Business Strategy Coating Division

Evolving Beyond painting. Pioneering the future with technology trusted around the world

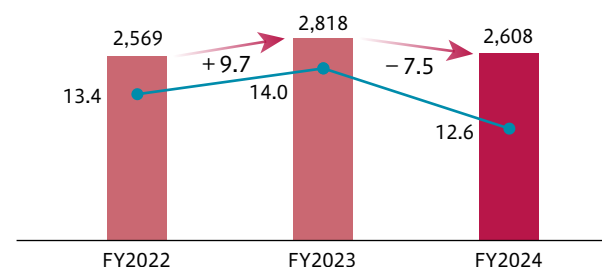
As a world-class manufacturer of coating equipment, the Coating Division provides optimal coating film creation technologies and environmentally friendly coating solutions to solve our customers' problems, thereby contributing to the realization of a prosperous society.

Performance Trends of the Coating Division

Consolidated net sales (Million yen)



Consolidated operating income (Million yen) and operating profit margin (%)

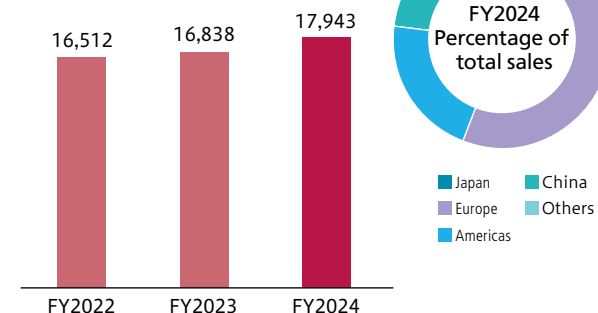


Masanori Daimaru

Director and Managing Executive Officer
Chief Operating Officer of Coating Division

Coating equipment

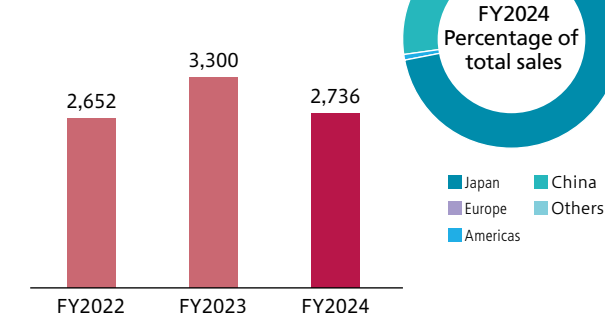
Consolidated net sales (Million yen)



In FY2024, sales of spray guns for the European automobile repair market remained strong, driving sales. Progress was also made in developing the wood coating market in Europe and the United States, and sales of airbrushes also expanded in Europe.

Coating systems

Consolidated net sales (Million yen)



In FY2024, overall sales decreased as the number of projects booked at the start of the fiscal year decreased due to a sluggish order backlog in major areas, including Japan. Amid that environment, sales in China increased, thanks to the contribution of deliveries of painting equipment for machine parts and plastic molded products.

Coating equipment

Mainstay products: Spray guns, electrostatic coating equipment, paint supply equipment, liquid application equipment

Strengths / Opportunities and Risks

Strengths

- Developed the first Japanese-made hand spray gun and accumulated know-how over many years
- Knowledge and experience that enables us to develop optimal spray guns and propose coating methods that suit paint characteristics
- Technology that enables a uniform and optimal coating finish
- Reliability and brand power that has earned a large share of the hand spray gun market both domestically and internationally
- Ability to develop products that meet needs through collaborations with paint manufacturers
- Production capacity for mass production of high-spec, high-quality spray guns
- Global manufacturing and sales network

Opportunities

- Growing demand for high-end decorative coating in line with economic growth
- Establishment of new and stricter environmental regulations in each country
- Creating new demand for liquid atomization, such as chemicals, release agents and other liquid agent sprinklers
- Spread of water-based paints due to heightened interest in environmental considerations
- Increased demand for high-performance coating equipment that can handle paints/liquids that are difficult to atomize

Risks

- Decline in the appetite for capital investments due to global economic stagnation
- Increased distribution of low-priced imitation products
- Emergence of alternative coating technologies (film coating and molded-in color resins)
- Rise in raw materials and energy prices
- Loss of sales opportunities and increase in costs due to disruption to supply chain/logistics

Coating systems

Mainstay products: Automated coating units, coating plants, coating robots, and environmental equipment

Strengths / Opportunities and Risks

Strengths

- Ability to propose optimal solutions that achieve the finish and high zero defect rate required by customers
- Advanced problem-solving capabilities through utilization of our experimental facility for coating (Coating Solution Center)
- Prototype support and small-lot production capabilities
- Global manufacturing and sales network

Opportunities

- Increase in capital investments due to economic recovery
- Increased demands for an improved work environment
- Promotion of automation in conjunction with workforce shortages/aging
- Reinforced initiatives geared toward reducing the environmental burden (Saving of energy, reduction in use of VOCs, etc.)
- Building of new plants that carry out painting processes
- Updates of existing equipment

Risks

- Decline in the appetite for capital investments due to global economic stagnation
- Occurrences of postponements and revisions of facility plans at customers' convenience
- Rise in the cost to sales ratio due to the rising ratio of externally purchased items
- Rise in raw materials/energy prices
- Lost sales opportunities and increase in costs due to disruption to supply chain/logistics

Growth strategy

Starting in April 2025, our Group launched its new three-year Medium-Term Business Plan.

Evolving core technologies and taking on challenges of developing new markets

While deepening its core atomization technology, the Group is promoting a strategy to expand this technology into new growth markets. We will place emphasis on lateral thinking to maximize the potential of existing technologies and work to enter high-growth, high value-added fields into which we have not yet ventured. Specifically, we will focus on areas that have a major economic and social impact, such as the electric vehicle (EV) and aerospace markets. To respond to the advanced needs of these markets, we will strive to dramatically strengthen our product development capabilities and technology establishment capabilities through proactive alliances with other companies and academic institutions. In particular, we are positioning the establishment of functional liquid coating technology as a future growth area, centered on collaboration with research institutes and technology ventures.

The atomization technology possessed by our Group has a wide range of possibilities that go beyond existing boundaries. While building on our solid business operations to date, rather than remaining confined to existing business areas we are working to adapt to the changing times by transforming our corporate culture to boldly take on new challenges in new markets. We will utilize the profits we earn from existing businesses to actively invest in these new business areas, accelerating growth in fields that will shape the future, such as the coatings business and the functional liquid coating market.

Restructuring and growth strategy for coating systems business

In the Coating Division, the painting equipment segment recognizes that optimizing the cost of sales ratio as one of its most important challenges. The background to this is that the industry is characterized by the fact that painting line equipment is standardized, making it difficult for us to differentiate ourselves from other companies and making it easy to fall into price competition.

We are working to fundamentally restructure our business to break out of this situation and put the business on a path to sustainable growth. We are not only improving

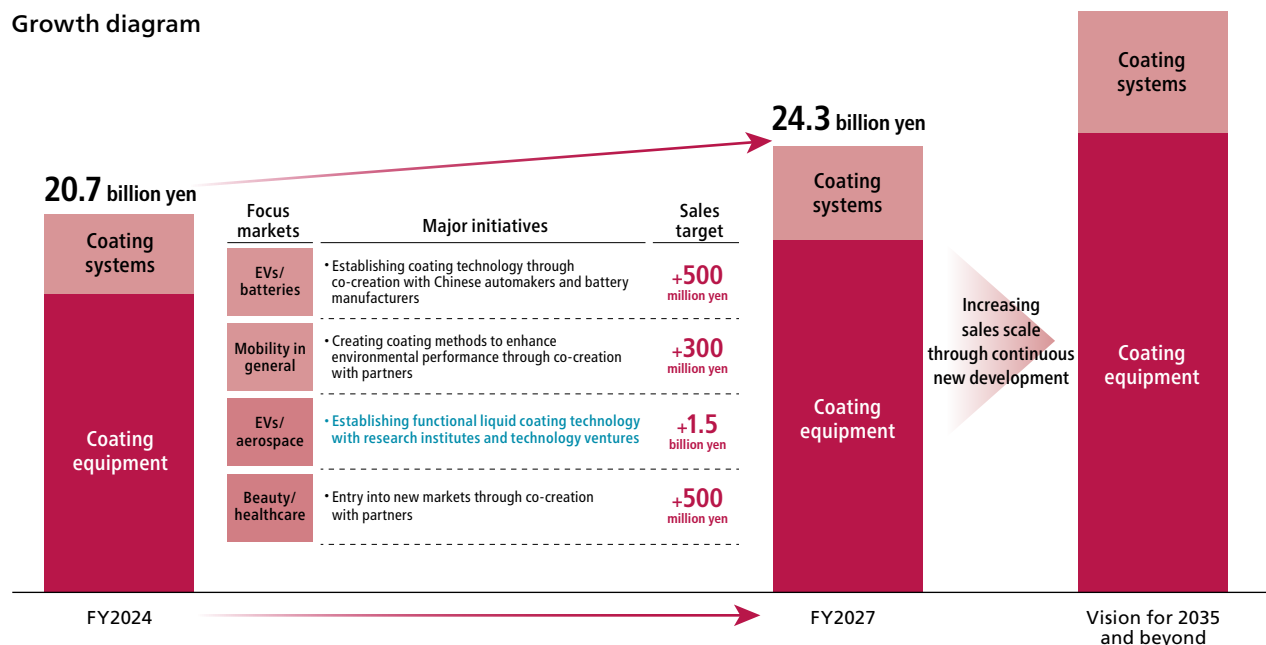
existing products, but also promoting the development of innovative new products. We are currently developing the CUBIC LINE*, which will create an optimal line by combining small pieces of equipment separated by function. A reduction in design costs is expected to result from this approach.

We believe that these improvement measures will enable us to transform the coating systems business into a segment that combines high business profitability and market growth potential.

* For more details on our CUBIC LINE [click here](#)
(Japanese only)



Growth diagram



The Businesses of ANEST IWATA Quality Assurance

In our relentless pursuit of customer satisfaction, we are striving to enhance quality by continually improving and reviewing our products and services as well as their related processes. We also respond sincerely to customer feedback and work to resolve any related problems.



Basic Approach to Quality

Based on the “ANEST IWATA Corporate Philosophy,” the Group has made enhancing the safety and quality of its products and services a key management policy. Our goal is for our sales staff to be able to confidently propose and sell our products and services, for our dealers and service dealers to be able to safely recommend these products and services, and above all, for our customers to be truly satisfied with their quality. To achieve this goal, we work diligently to provide safe and high-quality products and services.

Quality Policy

We recognize the paramount importance of maintaining and enhancing product quality.

- 1 We position the quality management system as fundamental to our corporate management.
- 2 We will satisfy the demands of the market.
- 2 We will continuously improve the effectiveness of the quality management system.
- 2 We will endeavor to contribute to the reduction of production costs.

Quality Slogan

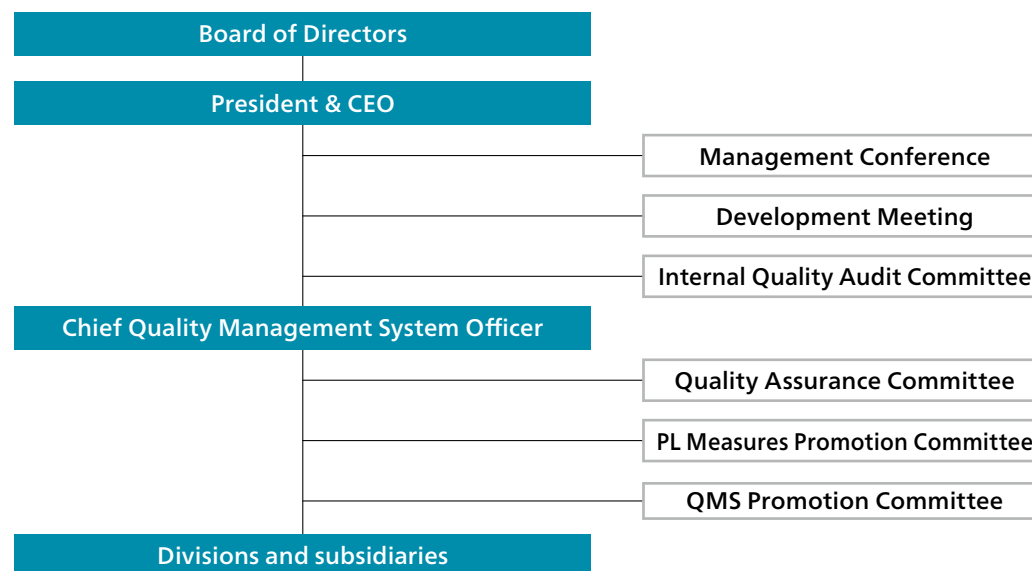
► Our quality goal =
Customer satisfaction

Quality Management System (QMS)

As the core of our quality assurance, we have established and are operating a QMS Promotion System with the President and Chief Executive Officer as the Chief Quality Management System Officer. The Company and some of its consolidated subsidiaries are engaging in QMS activities based on

ISO 9001 and working to continuously improve our quality assurance system through once-a-year internal quality audits and ISO certification assessments by a third-party organization. We are thus striving to further deepen our efforts to ensure that our QMS activities lead to improved quality.

QMS Promotion System



Providing Safe and High-quality Products and Services

At ANEST IWATA, all relevant departments—including sales, development, manufacturing, procurement, and quality assurance—are involved from the early stages of product development, and we strive to provide our customers with safe, high-quality products and services by rigorously examining development quality from multiple perspectives. We also take measures to prevent potential issues identified during the review process. At development meetings, which are chaired by the President and serve as important decision points in product development, we rigorously discuss the safety and quality of new products and their compatibility with market demands, while the Company works as one without compromise in the pursuit of customer satisfaction, which is the quality goal for which we are all aiming.

In addition to the various audits taken to ensure the mass production quality, we also monitor the quality situation through complaints and information from customers, and work to improve our products and services and prevent any recurrence of problems. The complaint rate, which indicates mass production quality, and the costs associated with non-conformance are disclosed internally to raise quality awareness among all employees. These activities are promoted by the Quality Assurance Committee, which is also chaired by the President. Through these processes, we are committed to providing our customers with safe, high-quality products and services.

Initiatives Toward Further Quality Enhancement

Going forward, the Company will further deepen initiatives designed to address quality-related issues and work sincerely to provide high-quality products and services that exceed the expectations of our customers around the world.



The Businesses of ANEST IWATA

Maintaining and Strengthening Business Competitiveness through Intellectual Property

We engage in activities based on the basic policy of promoting the creation of intellectual property and intangible assets and the acquisition and utilization of related rights to sustainably enhance corporate value.

Total number of patent applications: Over 1,200 patents in Japan and overseas

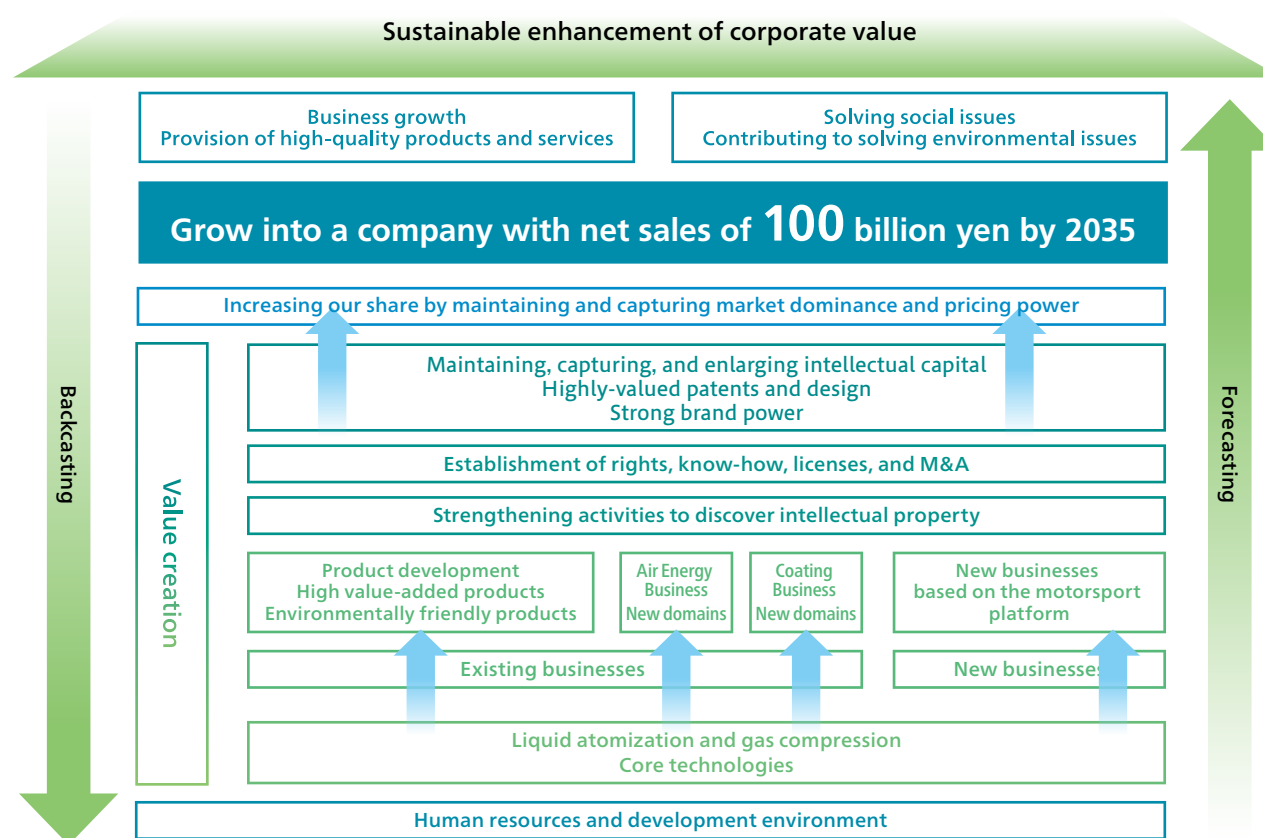


Basic Approach to Intellectual Property

The Group strives to sustainably grow its businesses by promoting the continuous creation of high-quality intellectual property and the acquisition and utilization of rights. In the existing businesses, we are focusing on generating new intellectual property by leveraging our core technologies of “liquid atomization” and “gas compression,” which we have been honing since our founding in 1926.

In our new businesses, we are working to acquire intellectual property and intangible assets that were not previously available to the Company by deepening collaboration with other industries using motorsport as a platform. At the same time, we are aiming to raise our overall corporate value by leveraging the synergistic effects created by applying our existing core technologies to new businesses.

In conducting infringement prevention investigations for each development project and regular investigations into other companies' patent applications, we are respecting the intellectual property of third parties and striving to prevent unintentional infringements.



The Intellectual Property Activities of the Company

1. Establishment of a Robust Rights Network through Intellectual Property Rights

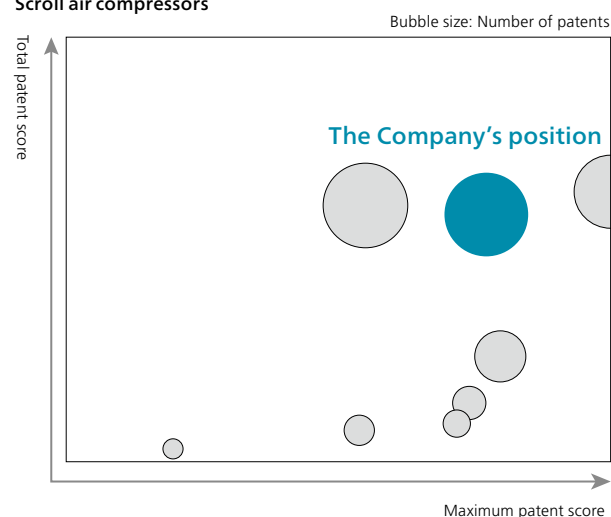
Having acquired the rights both in Japan and overseas to new technologies, new product designs, and names, the Company is building a global intellectual property rights network. For the spray guns, in particular, which boast a significant market share both in Japan and overseas, the Company is advancing the acquisition of comprehensive rights to both the basic patents and the application patents for its core technology relating to liquid atomization, centered on its proprietary nozzle shapes. Furthermore, we are proactively acquiring rights to designs and trademarks for

related products, while striving to establish a more robust rights network.

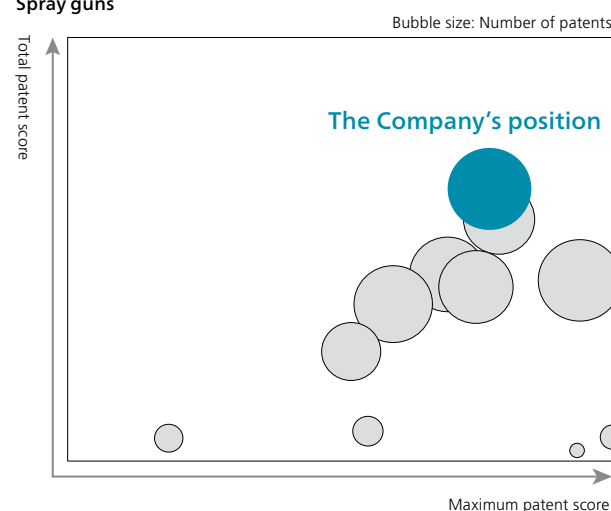
The patent network of our mainstay products, spray guns and scroll air compressors, is as shown in the figures below. As good as it was in FY2023, the network maintains a positive position in its patent score*, which indicates quality and value, the bubble size indicating that the number of patents is also being maintained. Going forward, we will continue to acquire patents of high quality and value while striving to bolster our position, in accordance with our Medium-Term Business Plan.

Position in Patent Scoring

Scroll air compressors



Spray guns



* Patent score: Calculated based on such factors as the number of forward citations and the number of times information was provided.

2. Protection of Know-how through Confidentiality

Actively keeping our technological know-how confidential and under strict control, we are making every effort to protect our proprietary technologies. We are continuing to accumulate this technical know-how as technology reports, the number of which reaches more than 200 each year.

3. Strengthening the Rights that Contribute to Mitigating the Environmental Burden and the SDGs

We have been promoting the acquisition of intellectual property rights relating to the mitigation of environmental burden and the achievement of the SDGs.

In the Coating Business, we have been acquiring intellectual property rights created through technological development to improve paint application efficiency and the adaptation of paints that do not contain VOCs (Volatile Organic Compounds).

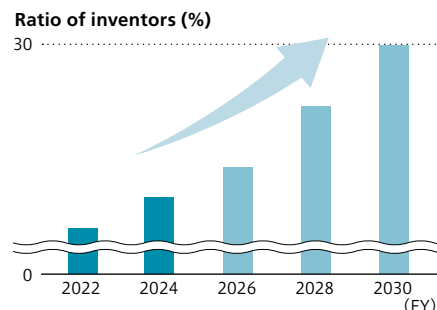
In the Air Energy Business, we acquire intellectual property rights created through the technological developments for reducing the power consumption of oil-free air compressors and vacuum pumps.

In addition to these activities, in FY2025 we will improve our commendation system and institutionalize incentives for the creation of intellectual property that contributes to mitigating the environmental burden and achieving the SDGs. Going forward, we will invigorate our activities to an unprecedented level while strengthening efforts designed to achieve sustained business growth and the resolution of social issues.

4. Invention and Creation

To date, we have been promoting invention creation through activities such as holding internal and external seminars, mining inventions from the early development phase and improving our commendation system.

Through these activities, the ratio of inventors to the total number of development engineers (ratio of inventors) has been steadily increasing. Going forward, we will continue to enhance our activities for invention creation, promote an increase in the inventor ratio, and continue our activities to create intellectual property assets, aiming to raise this to 30% or higher by 2030.



5. Coordination with Company-wide activity policies

Aiming to grow into a company with net sales of 100 billion yen by FY2035, we are promoting our First Medium-Term Business Plan, under which we have positioned "creation of new business areas" as a pillar of our growth strategy, in addition to deepening and globally expanding our existing businesses. To achieve this, intellectual property activities are closely and inextricably linked to our business strategies and are a powerful driver in raising our corporate value.

At the Intellectual Property Strategy Meeting, which we launched in FY2024, the objectives and goals of intellectual property strategy management were shared across the

Company, and reviews conducted of patent, design, and trademark application records both domestically and internationally as well as major cases of intellectual property acquisition. In FY2025, we will continue to ascertain the current situation, such as the number of active intellectual property rights and the status of disposals, while formulating an intellectual property strategy linked to new fields and global business development, which will become our third pillar. We are also discussing measures such as setting KPIs for intellectual property, prioritizing prior art searches, and reviewing our invention commendation system, focusing on improving performance and fostering employees' creative motivation.

Through these efforts, the intellectual property divisions will work closely with planning and development divisions from the new business creation stage onwards and also promote Intellectual property appraisals and risk analysis in M&A and PMI processes. Accelerating intellectual property activities through "co-creation" in collaboration with each division, we aim to protect the value and establish a competitive advantage for our new business, which will become our "third pillar."

Going forward, we will continue to strengthen our activities that integrate intellectual property and business strategies, thereby achieving sustainable growth and further raising our corporate value.

6. Building and Expansion of Our Intellectual Property Portfolio

Up to now, the Company has been continuing to build its intellectual property portfolio and working to raise its corporate value by obtaining the rights to or confidentiality of newly created intellectual property.

For example, in new fields and new businesses, we

are developing the practical manufacture of conductive thread* by utilizing our strength in fluid delivery technology. Using motorsport as a platform, we are also entering new businesses and actively pursuing the rights to the intellectual property we create in these areas, thereby strengthening our intellectual property portfolio.

Following the launch of the Intellectual Property Strategy Conference in FY2024, we have been making progress with the systematic construction of an intellectual property portfolio that aligns with our business strategies. Further strengthening the value of our intellectual property both in existing businesses and new businesses, we will work to continuously raise our corporate value.

Governance Structure over Intellectual Property Activities (Reporting Line and Governance)

At the Intellectual Property Strategy Conference, we deliberate, execute, and assess the most recent development plans as well as intellectual property utilization strategies from a medium-term perspective based on various information including the submission status of technology reports and technology improvement proposals which become the source of patent applications, the most recent status of patent applications, and the Company's position according to the patent map.

Incorporated into development plans, the formulation of intellectual property strategies and the results of their implementation are reported to the Board of Directors after deliberation by the Management Committee and the Development Meeting. The supervisory function of the Board of Directors with regard to the intellectual property strategies is thereby ensured.

* This material is made by adding conductivity to chemical fibers that have excellent strength and heat resistance. Our fluid delivery technology is utilized in the coating process that gives the fibers conductivity, which also contributes to reducing the environmental impact of the manufacturing process. As it becomes more widely used, this material is expected to contribute to improving fuel efficiency through weight reduction, especially in the EV and aircraft fields.



The Foundations that Support Value Creation

Sustainability

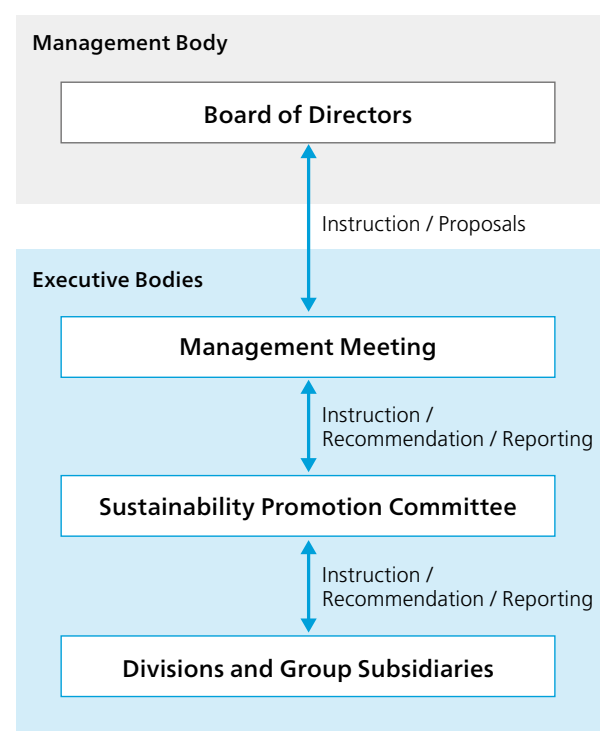
Based on the ANEST IWATA Corporate Philosophy of contributing as a development-oriented company to the achievement of a prosperous society capable of sustained growth, we are promoting activities upon designating sustainability as a crucial management theme.

Sustainability Promotion System

Our Group has established and continues to share with all of its stakeholders the ANEST IWATA Corporate Philosophy, which has at its core our Corporate Policy and Group Management Policy. The Philosophy includes sustainability-related items, and based on this concept, each department is promoting initiatives appropriate to their respective roles, such as product development and information disclosure.

To promote the realization of our Philosophy, we also established a Sustainability Promotion Committee as a non-statutory committee under the Management Meeting. This committee comprises the President and Chief Executive Officer and heads of the related divisions, chaired by the President and Chief Executive Officer and with the Corporate Planning Department acting as the secretariat. The committee discusses and deliberates mainly matters relating to sustainability promotion activities and makes recommendations and reports to the Management Meeting,

as necessary. It is convened regularly and promotes strengthening the risk management framework by discussing the risks and opportunities pertaining to ESG.



Contribution to SDGs

In the Company, it is mandatory to clearly state which of the 17 SDGs we can contribute to when putting forth an agenda at the Development Meeting. In addition, we are promoting our businesses by exploring how we can make a contribution as an industrial machinery manufacturer—for example, we also put a system in place to make managers aware of SDGs in process management.

For the fulfillment of goals, it is important for each and every employee to have an awareness with respect to the resolution of issues, not just thinking about how product development, production, and other basic operations as a manufacturer should be carried out. We believe that operations tackled by each and every employee with such an awareness of resolving issues will help contribute toward SDGs, no matter how minor they may be.

SUSTAINABLE DEVELOPMENT GOALS
17 GOALS TO TRANSFORM OUR WORLD





The Foundations that Support Value Creation

The Environment

Our Group strives to live in harmony with the earth, while promoting the protection of the environment through product development and other business activities. We also establish our environmental policy in internal rules based on the ANEST IWATA Corporate Philosophy and operate accordingly.

Environmental Policy

1. By promoting the following activities, we will advance environmental contamination prevention efforts toward the realization of a sustainable society.
 - Prevention of environmental contamination
 - Reduction of greenhouse gases and saving energy
 - Formation of a recycle-based society
2. We will comply with environmental laws and regulations and fulfill our social responsibilities.
3. We will establish and maintain objectives and goals for our activities at both the companywide and departmental levels, and review them regularly, striving to build a system that enables employees to work towards preventing environmental contamination.
4. We will strive to maintain and improve our environmental protection activities.
5. We will communicate our environmental policy and environmental protection activities to all employees and work to raise awareness.
6. We will publicly disclose the status of our contamination prevention efforts both internally and externally, deepen communication with related companies and local communities, and seek their understanding and cooperation with regard to our activities.

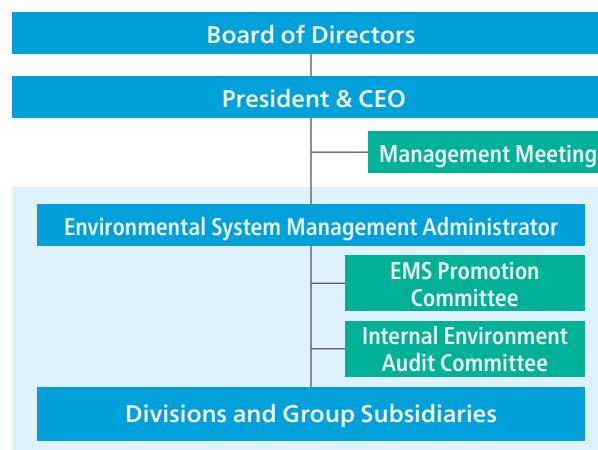
Environmental Management System*

Considering the protection of the environment as one of its priority management issues, the Company has established and operates an Environmental Management System (EMS), which has the President and Chief Executive Officer as its Chief Officer in charge and serves as the core of the EMS's promotion structure.

The Company and some of its consolidated subsidiaries

have established internal regulations in compliance with ISO 14001 and are conducting EMS activities. We are committed to continuously improving our environmental protection efforts through annual internal quality audits and ISO certification audits conducted by third-party organizations.

EMS Promotion System



Key Environmental Issue

In our EMS activities, we adopted three priority issues—"Prevent environmental contamination," "Reduce greenhouse gases and save energy," and "Form a recycle-based society"—and are striving for improvements through indicator management at each of our locations.

Prevention of Environmental Contamination

The chemical substances contained in the solvent paints and diluents used in the product development and production of various coating equipment are managed in accordance with the Pollutant Release and Transfer Register

(PRTR) system, and efforts are made to reduce their usage. We also conduct water quality and odor measurements while striving to minimize the environmental impact associated with our production activities.

Reduction of Greenhouse Gases and Saving Energy

We are contributing to the prevention of global warming through reductions of energy consumption and greenhouse gas (CO₂) emissions. We are continuously implementing reduction activities in our business operations and promoting the reduction of CO₂ emission intensity.

Form a Recycle-based Society

In the development and production of products, we are striving to make products that are easily disposed of and recycled by our customers, based on the concept of the 3Rs (Reduce, Reuse, and Recycle).



* For more details on our environmental management [click here](#)

Reducing CO₂ emissions through introduction of renewable energy

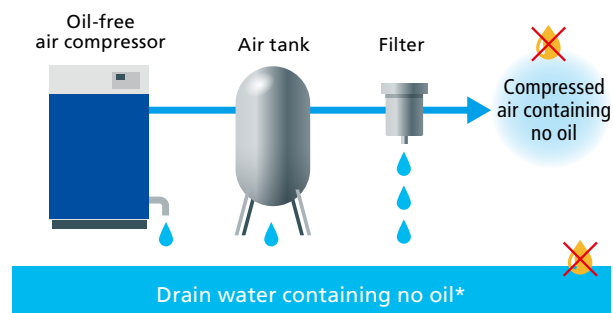
Committed to realizing a sustainable society, the Company is actively working to reduce the environmental impact of our business activities and decrease greenhouse gas emissions. As part of this initiative, starting in June 2024, we switched 100% of the high-voltage electricity used at some of our domestic business locations to electricity derived from renewable energy sources. As a result of this initiative, we achieved a significant reduction of approximately 3,100 tons in CO₂ emissions associated with electricity consumption in FY2024.

Going forward, we will accelerate our efforts to reduce greenhouse gas emissions and thereby contribute to the realization of a sustainable, decarbonized society.

Promotion of oil-free products

The Air Energy Division's main products are compressors, which come in two types: those that use lubricating oil, and oil-free compressors that do not use any oil at all. While oil-lubricated compressors offer lower initial costs, there is a concern that oil may be mixed into the compressed air, which could lead to water and air pollution. Also, a significant amount of CO₂ is emitted throughout the life cycle of lubricating oil, from manufacturing to disposal, placing a heavy burden on the global environment. In contrast, oil-free compressors do not introduce oil into the compressed air, thus providing clean air and fundamentally eliminating the risk of water and air pollution. If the advancement of oil-free technologies leads to a decrease in the overall consumption of lubricants in society, an added benefit will be that it could contribute to a significant reduction in CO₂ emissions generated during the manufacturing process and disposal stages.

At this point in time, the adoption rate of oil-free products in the global compressor market still remains at a low level. In light of this situation, the Group is actively promot-



* Moisture generated by cooling down after air compression. If it contains oil above the regulation value, it is treated as industrial waste.

ing the widespread adoption of oil-free technology and the development of related products.

Pursuit of energy savings

The power consumption of air compressors—industrial machines that are used in almost all manufacturing plants—is said to account for approximately 20-25% of the total power consumption of factory equipment. Against this backdrop, improving the energy efficiency of compressors is essential in reducing environmental impact and optimizing operating costs. Meeting these needs, highly efficient models that utilize control panels to optimize compressed air supply, and booster compressors that maintain low pressure throughout the entire factory while increasing pressure only where needed, contribute significantly to energy savings.

Going forward, we will promote the development of energy-efficient products that can generate compressed air efficiently while consuming less power. This will strongly support our customers in reducing energy consumption when they choose our air compressors and ultimately contribute to reducing the environmental impact of society as a whole.

Realization of environmentally friendly equipment

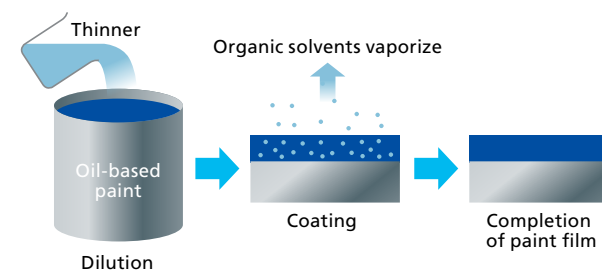
The volatile organic compounds (VOCs) contained in many paints have been identified as a cause of air pollution and workers' health problems. To address this issue, strict regulations have been introduced in countries around the world to cover the emissions from organic solvents associated with painting.

Quick to recognize these environmental protection trends, we have been dedicated to developing products that meet the requirements of the European and U.S. mar-

kets, where environmental regulations are more advanced. As a result, we were able to launch the world's first spray gun that complied with European environmental regulations in 1994.

The Company is committed to developing and providing painting equipment that is ideal for environmentally friendly paints, such as water-based paints diluted with water instead of organic solvents containing VOCs. On a global basis, we are distributing a range of high-performance products that reduce paint mist dispersion and minimize resource consumption in the painting process, thereby addressing the ever-evolving environmental regulations in a number of countries around the world. Through the supply of our products, we will contribute to the widespread adoption of environmentally friendly painting processes and thereby actively contribute to the realization of a sustainable society.

When coating with oil-based paints containing organic solvents



Responses to Climate Change (Initiatives in Line with the TCFD)

In promoting “environmentally friendly business operations,” we engage in business activities upon first considering what impact climate change has on the Company. As part of these efforts, in light of the increasing interest by society and the importance of such information, we endorsed and became a signatory of the Task Force on Climate-related Financial Disclosures (TCFD). Going forward, we will make efforts to address climate change by maintaining a dialogue with our stakeholders.

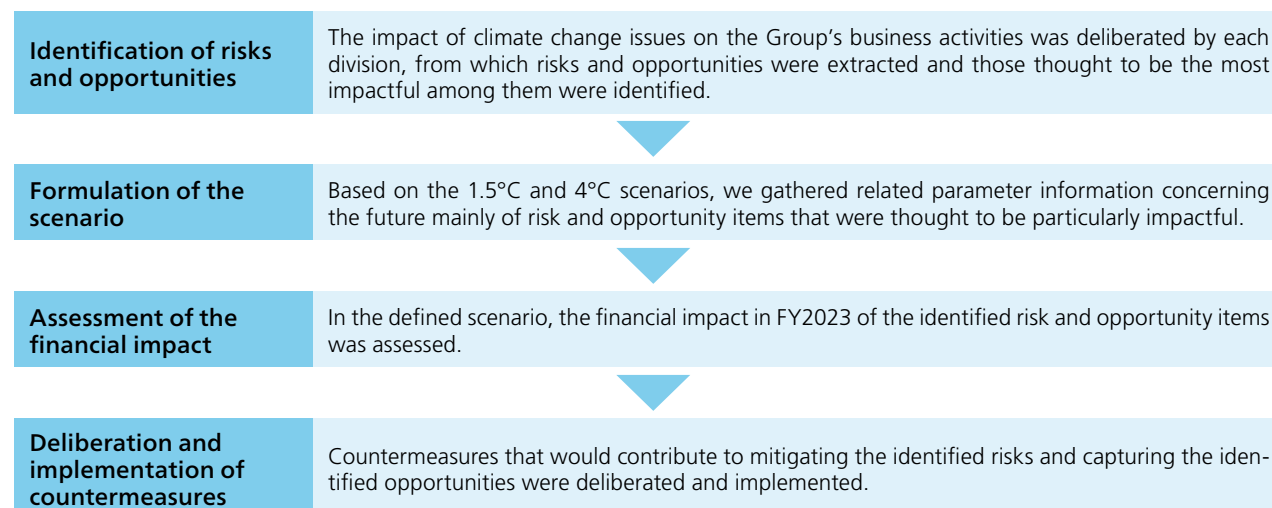


Strategies

We conducted scenario analyses to assess the resilience of our businesses.

In the scenario analysis, taking into account reports based on scientific evidence such as that of the International Energy Agency (IEA) and various trends including the United Nations Framework Convention on Climate Change (COP), we adopted the 1.5°C and 4 °C scenarios in the transition to a carbon-free society.

The scenario analysis process



Assumptions of the scenario analyses

Businesses subject to the scenario analyses		Air Energy Business and Coating Business
Major scenarios referenced	1.5°C	IEA WEO NZE IPCC SSP1-RCP1.9
	4°C	IEA WEO STEPS IPCC SSP5-RCP8.5
Temporal axis		Short term: Less than 3 years, Medium term: 3 years to less than 10 years, Long term: 10 to 30 years
Financial impact		Small: Less than 0.1 billion yen, Medium: 0.1 to less than 1.0 billion yen, Large: 1.0 billion yen or more

The Group's material risks, opportunities, financial impact, and countermeasures related to climate change 1.5°C scenario

Category	Climate change drivers	Assumption	Risks/ Opportunities	Impact on business	Manifestation period	Financial impact	Countermeasures for risks/opportunities
Policies/Laws and regulations	Newly established and stricter carbon taxes and emissions trading schemes, and carbon border adjustment measures	Financial burden is incurred due to carbon emissions	Risks	Increase in procurement costs caused by suppliers passing on the burden of carbon emissions to prices	Medium to long term	Large	• Refine GHG emissions calculations • Procure low-carbon materials
			Risks	Increase in transportation costs due to logistics providers passing on the burden of carbon emissions to prices	Medium to long term	Medium	• Consider low-carbon distribution and procurement
			Risks	Increase in manufacturing and sales costs due to incurring the burden of Scope 1, 2 carbon emissions	Medium to long term	Medium	• Expand procurement of power sourced from renewable energy
			Opportunities	Decrease in manufacturing and sales costs due to a decrease in the burden of Scope 1, 2 carbon emissions	Medium to long term	Medium	• Expand adoption of highly efficient units
	Stricter VOC emission regulations	Stricter emission regulations are put in place against VOCs, which are one of the causes of increasing global warming	Opportunities	Increase in sales due to growing demand for spray guns specifically using water-based paints that do not contain VOCs	Medium to long term	Medium	• Collaborate with paint manufacturers • Continue proposal activities (Switch to water-based paints / oil-free air compressors) • Calculate product CFP • Expand environmentally friendly product lineup
Technology	Stricter wastewater regulations	Stricter wastewater regulations are put in place as a preventive measure against deteriorating water quality due to climate change	Opportunities	Increase in sales due to growing demand for oil-free compressors that do not require waste water treatment	Medium to long term	Large	
	Technical innovations in the climate change field	Development of environmentally friendly products is accelerated	Risks	Increase in technological development costs necessitated by technological development to maintain our superiority in the environment field for our environmentally friendly products	Medium to long term	Large	• Expand the adoption of in-house renewable energy generation facilities • Expand adoption of highly efficient units • Expand procurement of power sourced from renewable energy
			Opportunities	Increase in sales of environmentally friendly products due to improved performance of existing environmentally friendly products through new technology or the development of new products	Medium to long term	Large	
		More efficient units and systems are developed	Risks	Increase in capital investment costs due to capital investments into more efficient units and systems	Medium to long term	Medium	
			Opportunities	Decrease in manufacturing and sales costs due to Scope 1, 2 reductions due to the advent of more efficient units and systems	Medium to long term	Small	
Markets	A rise in the environmental awareness of the customers	The customers demand the use of low-carbon energy and the achievement of carbon neutrality	Risks	Increase in manufacturing and sales costs due to carrying out Scope 1, 2 reduction measures to achieve carbon neutrality by 2050	Short to long term	Small	• Collaborate with paint manufacturers • Continue proposal activities (Switch to water-based paints / oil-free air compressors) • Calculate product CFP • Expand environmentally friendly product lineup
		Customers seeking environmentally friendly products increase	Opportunities	Increase in sales due to growing demand for our environmentally friendly products	Short to long term	Large	
	Increase in retail electricity prices	Retail electricity prices rise due to the transition of power companies to renewable power generation	Risks	Increase in procurement costs due to suppliers passing on the burden of electricity costs to prices	Medium to long term	Medium	• Refine GHG emissions calculations • Procure low-carbon materials
			Risks	Increase in manufacturing and sales costs due to the Company's rising electricity costs	Medium to long term	Medium	• Expand the adoption of in-house renewable energy generation facilities • Expand adoption of highly efficient units • Expand procurement of power sourced from renewable energy
Reputation	Greater interest by companies in environmental initiatives	There is increasing interest in converting to a low-carbon business model	Risks	Increase in procurement costs due to the procurement of low-carbon aluminum	Medium to long term	Large	• Purchase low-carbon materials
			Risks	Increase in procurement costs due to the procurement of low-carbon iron	Medium to long term	Medium	• Strengthen price bargaining power through multiple purchases
		Investors make it a priority to evaluate efforts relating to the transition to a low-carbon society	Opportunities	Decrease in interest payment due to lower interest rates payable as a result of capturing ESG investments and improvement in brand value	Medium to long term	Small	• Further improve disclosures of ESG information • Expand the scope of and refine calculations of GHG emissions • Capture ESG investments

4°C scenario

Category	Climate change drivers	Assumption	Risks/ Opportunities	Impact on business	Manifestation period	Financial impact	Countermeasures for risks/opportunities
Physical (acute)	Intensified natural disasters and extreme weather	Suppliers suffer weather disasters	Risks	Shutdown losses are incurred due to delayed parts deliveries due to supplier bases suffering weather disasters	Medium to long term	Small	• Monitor the suppliers' production bases and other locations • Understand the risks of suffering weather disasters (depth of flooding) at the time of concluding contracts with new suppliers • Diversify risks through multiple purchases
		The Company's bases suffer weather disasters	Risks	Losses of inventories and fixed assets from disasters are incurred due to the Company's bases suffering weather disasters	Medium to long term	Large	• Assess the risks of weather disasters of the Company bases and third-party warehouses
			Risks	Shutdown losses are incurred due to the Company suffering weather disasters	Medium to long term	Medium	• Monitor river flooding information • Implement measures at bases prone to the impact of floods and high tide
		The importance of BCP increases in conjunction with the intensification of natural disasters and extreme weather	Risks	Increase in BCP expenses	Medium to long term	Medium	• Maintain and update BCP • Diversify risks through multiple purchases
Physical (chronic)	A rise in average temperature	There is an increasing need to upgrade air-conditioning units to deal with rising temperatures	Risks	Increase in capital investment costs due to upgrading air-conditioning units	Medium to long term	Medium	• Install appropriate air-conditioning units
		There is increasing risk of heat strokes and illnesses	Risks	Increase in costs to combat heat strokes	Medium to long term	Small	• Share information on heat stroke warnings • Arrange to distribute equipment to deal with heat strokes at bases in tropical regions
		There are more infections due to rising average temperatures	Risks	Shutdown losses are incurred due to the outbreak of infectious diseases	Medium to long term	Large	• Maintain and update BCP • Build a production system prepared for lockdowns and other circumstances
	Changes in rainfall patterns	Water shortage occurs due to changes in seasonal rainfall	Risks	Shutdown losses are incurred due to delayed parts deliveries due to water shortages at supplier bases	Medium to long term	Small	• Monitor the production bases and other locations of suppliers • Understand water shortage risks • Diversify risks through multiple purchases
			Risks	Shutdown losses are incurred due to water shortages at the Company's bases	Medium to long term	Small	• Maintain and update BCP • Consider implementing measures in bases with a high risk of water shortages and being prepared when a water shortage occurs

Results of the scenario analyses

We will bolster the resilience of our business strategies by reflecting the results of the scenario analyses in the Group's long-term vision and medium-term Business plan.

We will continue to review risks and opportunities, and execute, and monitor countermeasures going forward.

Metrics and Targets

We calculated the Scope 1, 2 GHG emissions for Japan and overseas and those under Scope 3 for Japan.

Scope1,2 unit: t-CO₂e

Classification	FY2023	FY2024
Scope1	3,780	2,753
Scope2 (Market-based)	8,130	4,922
Scope2 (Location-based)	8,346	5,991

Scope3 unit: t-CO₂e

	Category	FY2023	FY2024
1	Purchased products and services	34,431	29,940
2	Capital goods	7,419	7,675
3	Fuel and energy activities not included in Scope 1, 2	910	825
4	Transport, distribution (upstream)	3,981	4,035
5	Waste generated by the business	101	95
6	Business trips	84	86
7	Commuting employees	173	178
9	Transport, distribution (downstream)	96	118
11	Use of products sold	1,386,376	1,208,492
12	Disposal of products sold	571	468
13	Leased assets (downstream)	97	454
	Total	1,434,236	1,252,370

*Categories that do not apply to the Company's business activities have been omitted.

[Scope of tabulations]

Scope1, 2: The Company and its consolidated subsidiaries

Scope3: The Company's consolidated subsidiaries in Japan

*For the calculation method and sources, please visit

[the Company's corporate website.](#)



➔ Please refer to [page 67](#) for information on trends in Scope 1 and 2 GHG emissions.

Governance

[Supervisory structure of the Board of Directors]

At the Company, each division addresses climate change issues according to their assigned roles such as product development and disclosures. Issues relating to these activities are shared through regular reports and deliberations at the Sustainability Promotion Committee and other organs under the Management Meeting.

Additionally, the Board of Directors deliberates and resolves important matters upon receiving recommendations and reports from the Sustainability Promotion Committee and the Corporate Officer Committee, while supervising efforts relating to sustainability issues by overseeing the Integrated Report which includes descriptions of business activities such as those involving climate change.

[Role of the Management]

The Representative Director serves as the chairman of the Board as well as the chairman of the Sustainability Promotion Committee which formulates and deliberates matters relating to sustainability promotion activities including climate-related issues.

Risk Management

The Company identifies the risks and opportunities associated with the problem of climate change in our business activities.

The Sustainability Promotion Committee will continue to regularly review assessments of risks and opportunities to reinforce the risk management system.

Additionally, the identified risks will be reported, as necessary, to the Crisis Management Committee which forms the centralized management system of risks so that climate-related risks are integrated into the companywide risk management system.





The Foundations that Support Value Creation

Human Capital

Our employees are central to the Group's sustained growth and future creation. We are thus committed to maintaining work environments in which each and every employee can feel energized as they create new value. We will also strive to establish a corporate culture in which individual creativity and team collaboration resonate with each other, thereby giving rise to innovation.

Basic Approach to Human Capital

Our Group, marking and looking beyond its 100th anniversary, is promoting active investments in the human resources that are fundamental to achieving sustainable corporate growth.

We are striving to establish and maintain fair, safe, and healthy working environments in which every one of our employees, who possess diverse backgrounds, are able to work

with peace of mind. We are also encouraging an active organizational management style that respects individual abilities and personalities, where diverse ideas freely intersect and can give rise to bold challenges. This will create a foundation that will allow each employee to pursue their own potential and experience a real sense of job satisfaction in their work.

We believe that the creation of job satisfaction by balancing work comfort and a sense of fulfillment is essential for attracting and retaining talented human resources. Through these initiatives, we are aiming to maximize the performance of each and every employee and improve the productivity of the entire organization, thereby creating even greater corporate value.

Developing its business on a global basis, the Group recognizes the necessity to consider the differences in the laws, regulations, and cultural backgrounds of each country and region when operating human resource-related systems. Having therefore determined the difficulty of adopting a uniform system throughout the Group, we allow overseas subsidiaries appropriate discretion in the flexible management of human resources in accordance with the systems and circumstances of each country, based on the representative's administrative authority.

A strategic personnel project looking 10 years into the future

To adapt to the rapidly changing external environment and achieve sustainable growth, the Group positions human capital as its most important management resource.

To promote human capital management linked to the Group's medium- to long-term management strategies, we launched a strategic personnel project in April 2025.

For the Group to continuously maintain and strengthen its

global competitiveness, the building of a "human resource base that is resilient to change" remains essential. Underpinned by this foundation, we will promote the creation of environments in which high market value human resources can gain a real sense of job satisfaction in their work and demonstrate their abilities to the maximum extent.

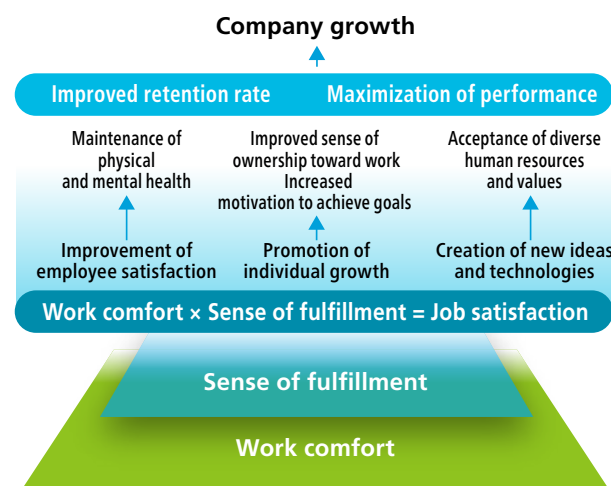
As top priority initiatives under our current Medium-Term Business Plan, we will establish a global human resource policy, build a job-based personnel system that clearly defines the roles and responsibilities for each position in senior roles in Japan, and put in place a performance-oriented, well-structured evaluation and compensation system. By properly rewarding individual contributions and enabling the growth and increased market value of each employee, we will encourage proactive attitudes and behavioral changes among all our employees.

For this project, management planning departments and business divisions are also collaborating to clearly define the quality and quantity of the human resources necessary to achieve our medium- to long-term business and strategies, and we are working on drawing up staffing plans. Promoting human resource management in line with our plans, we will contribute to the Group's sustainable growth and the achievement of its business plans.

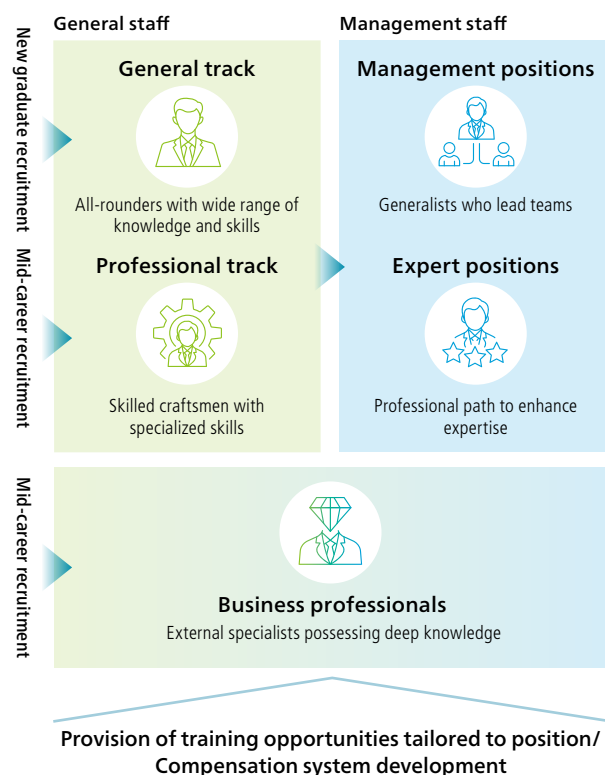
As our vision for the next 10 years, we will embody and disseminate globally common competencies, which will lead to global talent management, and systematize recruitment, evaluation, appointment, and training based on these competencies.

Human resource development that encourages the facing of challenges and fosters growth.

Emphasizing "Change and Growth" in its human resource



development, the Company set three basic policies for which its employees should strive: “Be an OWNER,” “Have the WILL to work through it,” and “OPEN your eyes to the outside world.” Respecting human resources who take on challenges without fear of failure, we are promoting the achievement of becoming a “True World-class Company” by creating opportunities for growth, success, and self-expression. As a part of these efforts, we provide diverse training opportunities, including training by position in ac-



cordance with the stages of employees' careers, specialized on-the-job training, and support for personal development.

"The RISE18 Project" is a strategic initiative aimed at developing the next generation of management executives. In this project, 18 elite individuals, primarily in their 30s, will serve as "reform engines," pioneering the future for both our Group and themselves as founding members of a second phase of growth. This initiative aims to broaden the perspectives and elevate the viewpoints of these selected members, thereby consistently fostering leaders who will take on future management roles.

Personnel system that encourages outstanding performance

To draw out the potential of its human resources to the maximum extent, the Company adopted a role-based grading system. This systemizes fair compensation commensurate with the required roles and achievements, and establishes a framework that enable early promotion depending on personnel evaluations. In addition, we are offering diverse career paths that enable each employee, from generalists to specialists, to choose the flexible workstyle that best aligns with their career plan. By strengthening the link between outcomes and evaluations/compensation, we are also promoting the creation of rewarding work environments that enable motivated and capable individuals to fast track their careers, for example making it possible for 30 year-olds to become Executive Officers.

Career Planning System

The Company supports the autonomous career development and continuous growth of its human resources. Every year, they are required to submit a career plan, and we create the environments that allow them to balance

self-fulfillment and their contributions to the Company through dialogue with their superiors and professional consultants, career training, and by conducting surveys designed to gauge effectiveness.

Creating environments in which everyone can work in flexible workstyles with a smile and vigor

As part of efforts to promote diversity and inclusion, we are engaging in efforts to foster an organizational culture where individuals from all backgrounds, in terms of gender, age, nationality, disability, or values, are respected for their individuality and can maximize their abilities. Specifically, we are promoting opportunities for people to succeed regardless of gender, developing systems to support employees in balancing work with important milestones, and supporting flexible work styles tailored to each individual's life stage.

Through these initiatives, we aim to create an organization in which everyone can thrive throughout their long professional lives while continuing to create new value. We believe that diverse perspectives and ideas stimulate innovation and, through the revitalization of the organization, lead to an enhancement of corporate value.

Promoting the Advancement of Women

Due to the nature of the industry, the Company continues to have a low number of female employees and a low percentage of women in management positions.* Redoubling our efforts to recruit and develop female human resources, we will further raise the overall diversity of our organization by creating open environments in which women can build independent careers.

* Please refer to the chart "Percentage of female employees" on [page 67](#).

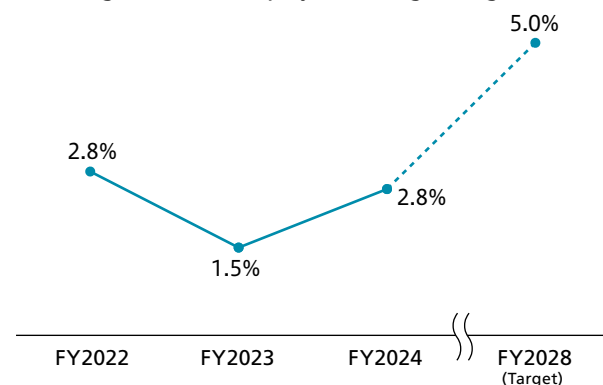
Creating safe working environments

We are providing meticulous support to help female employees confidently pursue their career development, including setting up a dedicated consultation service.

Interviews with management

Female outside directors conduct interviews with female managers and by directly conveying on-site feedback to the management team assist in identifying and addressing organizational issues.

Percentage of female employees among managers



* Subject of calculation: ANEST IWATA Corporation (non-consolidated)

* We provide figures calculated based on the "Act on the Promotion of Women's Active Engagement in Professional Life (Act. No. 64 of 2015).

Promoting DX at Production Sites

By promoting DX at production sites that involve a lot of physical labor, we are aiming to create inclusive work environments where everyone can thrive, regardless of their physical capabilities.

Employee benefits system that supports careers and daily life

The Company is actively working to create comfortable working environments in which each and every employee can work with peace of mind in the long term and continue to utilize their abilities to the fullest extent. As part of those efforts, we have developed and are promoting the operation of a comprehensive employee benefits system so that employees can carry on and advance their careers without being affected by the events that will occur at various times in their lives. We believe that these systems contribute to improving organizational productivity by supporting employees' work-life balance and increasing their engagement.

Examples of workstyle reforms conducted by the Company

Promoting flexible work styles

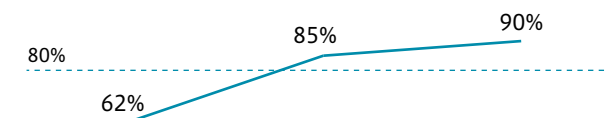
- Measures to lighten the workload through short working hours and limits on overtime work
- A flexible leave system that even allows for the combination of paid leave taken in 1- to 2-hour units and half-day paid leave
- Introduction of the system of intervals between working hours
- Proactive promotion of teleworking and staggered working hours

Support for life events

- Childcare leave which may be taken until the child turns three
- Support for correspondence courses while on childcare leave
- A system for short working hours which may be continued until nursing care is no longer needed, in addition to statutory leave
- In cases of resignation due to childcare or caregiving, reinstatement under same conditions as before resignation after end of childcare or caregiving

- Nursing leave, separate from annual paid leave, allowing for eight days (three of which are paid) per year per eligible child

Ratio of male employees taking child-care leave



FY2022	FY2023	FY2024
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* Number of employees taking child-care leave in the fiscal year divided by the number of employees with spouses who gave birth in the fiscal year

Promoting Health and Productivity Management

The Company is promoting health and productivity management with the aim of continuing and maintaining a high standard as a leading company that fosters excellent working environments in the machinery sector and creating a foundation for fostering fulfilling work environments. For corporate sustainable development, we believe that it is important to "improve the productivity of each individual," "secure talent while invigorating the organization," and "extend healthy life expectancy," and that the foundation for all of this lies in the health of our employees.

The health we aim for is "shining with a smile and vigor." By further enhancing our health and productivity management activities, we will create environments that make it easier for employees to maintain and improve their health, and thereby further strengthen the cultivation of job satisfaction.

Promotion system

The President, Representative Director and Chief Executive Officer serves as the Chief Officer in charge of promoting health and productivity management, and various departments and cooperating organizations work together on various health and productivity measures. We regularly

hold a Health and Productivity Management Promotion Committee meeting, which is responsible for formulating health and productivity management strategies, considering measures, promoting the PDCA cycle to address challenges, and disseminating information to employees.

Strategic approach and specific initiatives

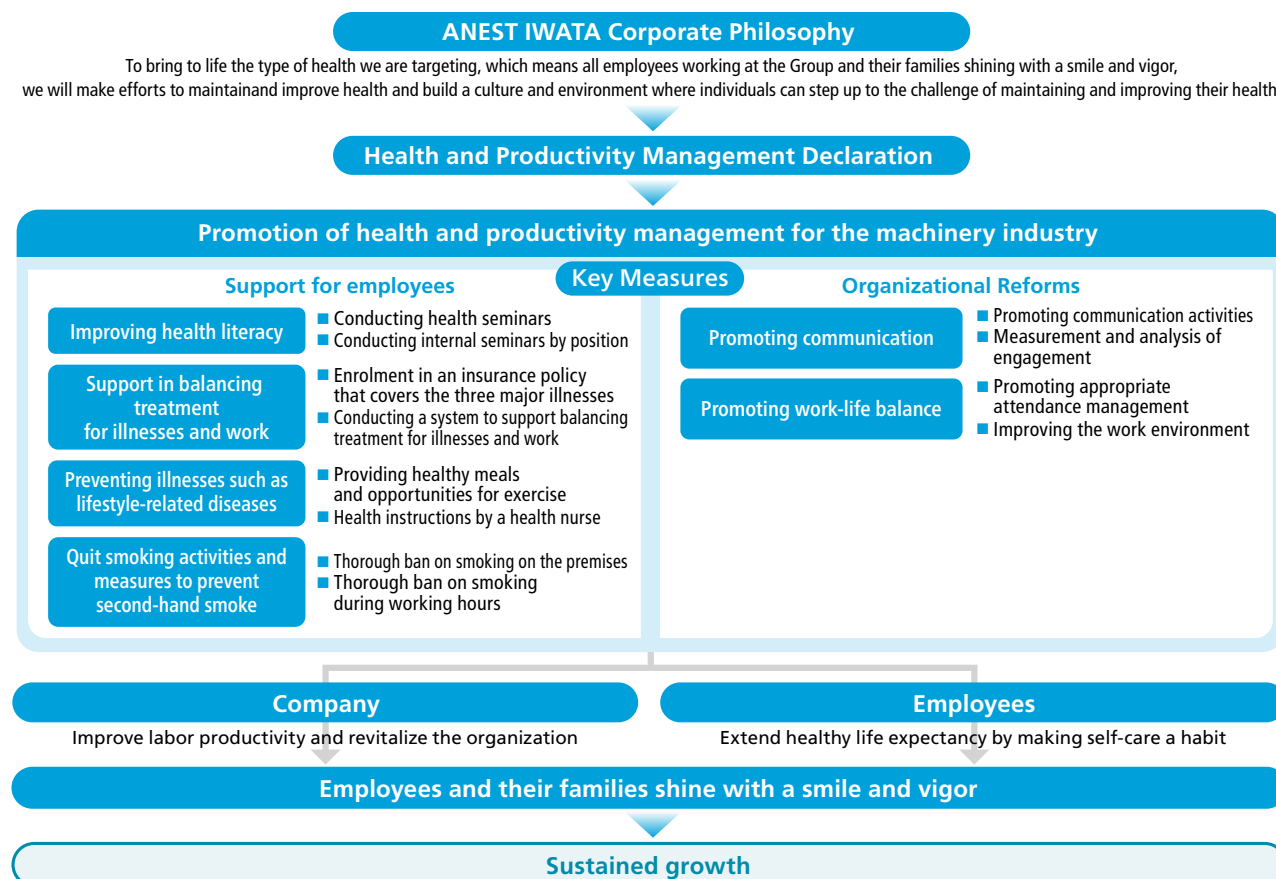
To clearly demonstrate our commitment to health-focused productivity management, we create, update, and disclose a Health and Productivity Management Strategy Map, as recommended by the Ministry of Economy, Trade and Industry, which contains our initiatives in visual form and stories of how they contribute to the resolution of management issues. Based on this strategy map, we are implementing a wide range of specific measures to enable each and every employee to maximize their performance, including providing nutritional support, offering opportunities for exercise, promoting communication to reduce stress, and ensuring adequate rest. Placing particular emphasis on communication as a key factor contributing to job satisfaction, we implement a variety of initiatives to promote better communication.

Main initiatives

- Conducting of health awareness surveys for employees
- Provision of meal menus that show consideration for nutritional balance
- Holding of events to make the workplace more enjoyable through food
- Planning and implementation of health promotion events (walking events, sports days, etc.)
- Holding of specialized seminars on health
- Implementation of e-learning programs on health
- Provision of opportunities for exercise (installation of on-site fitness gyms)
- Implementation of initiatives for mental health (formulation of a policy on harassment by customers, implementation of stress checks)



* Other initiatives and the strategy map can be found [here](#) (Japanese only)



Health and productivity management performance indicators and evaluation

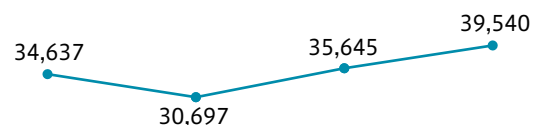
To enhance the effectiveness of our health and productivity management initiatives, we have established specific indicators relating to employees' health status and awareness while conducting detailed analyses of year-on-year changes through continuous monitoring. Working to continuously improve our initiatives by conducting effectiveness evaluations on the basis of this data is leading to sustainable enhancements of corporate value.

Losses Due to Presenteeism*

To objectively ascertain the impact of employee health on labor productivity, we measure and analyze the cost of presenteeism as a key performance indicator. This is calculated using responses to questions in the health awareness survey with regard to the presence or absence of health problems and self-assessments of performance related to those problems.

Trends in losses due to presenteeism

Unit: yen/person (per month)



FY2021	FY2022	FY2023	FY2024
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* We measure the average amount of loss per employee from having to work in diminished labor productivity conditions due to the mental or physical disorders of the employee. Calculated using the QQ method recommended in the *Guidebook on Corporate Health and Productivity Management* published by the Ministry of Economy, Trade and Industry.

In FY2024, an increasing trend was observed compared with the previous year. This result is analyzed as reflecting an increased health awareness among individual employees and a resulting stricter self-assessment of their own physical condition and performance. Evaluations by a third-party organization have also indicated that the Company's performance on these indicators tends to be lower than that of other companies, suggesting that our health management initiatives to date have been somewhat effective.

Measurement of engagement

Conducted once a year, the health awareness survey includes questions that gauge employees' physical and mental state, such as lifestyle habits and health awareness, as well as engagement-related items, such as enthusiasm for work and their sense of belonging to the organization. This allows us to ascertain and analyze the current state of employees' work engagement (the sense of fulfillment they

Trends in work engagement

Unit: pt



FY2021	FY2022	FY2023	FY2024
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derive from their work) and their psychological connection to the organization (employee engagement).

The measurement results are used not only to understand the current situation, but also to observe the trends in performance values from the base year, to measure the effectiveness of policies, and to formulate specific policies and improve their effectiveness. For example, based on the data obtained from surveys, we select e-learning and seminar topics that match the needs and challenges of our employees, thereby improving the quality of our training programs.

The Outcome of Each Measure

Recognized as "Health & Productivity Management Outstanding Organization (Large Enterprise Category: White 500)"

In March 2025, we were recognized as "Health & Productivity Management Outstanding Organization (Large Enterprise Category: White 500)" under the Health & Productivity Management Outstanding Organizations Recognition Program by the Ministry of Economy, Trade and Industry (METI) and the Nippon Kenko Kaigi for the fifth consecutive year.





The Foundations that Support Value Creation

Respect for Human Rights

In accordance with the ANEST IWATA Corporate Philosophy, the Group is further strengthening its commitment to respecting human rights to contribute to the realization of a society in which all stakeholders can live with dignity.

Basic Approach

Along with complying with the laws and regulations of each country, the Group places great importance on its fundamental principles, the ANEST IWATA Corporate Philosophy, which lie at the core of its management.

Clearly prohibiting labor practices that violate human rights and discriminatory behavior, under this Philosophy the Group adopted a commitment to protect safe and fair work environments, including the prevention of harassment.



Included in the ANEST IWATA Corporate Philosophy, the Group Guiding Principles outline specific guidelines, to which the Group's executives and employees must adhere in their day-to-day business activities, and respect for human rights is positioned as one of their key pillars.

Specific Initiatives

Firmly Establishing the ANEST IWATA Corporate Philosophy

We encourage understanding of the ANEST IWATA Corporate Philosophy through the initial training sessions given to new graduates or mid-career hires when they join us. Also sharing the Corporate Philosophy translated into English and Chinese among Group employees, the Company is working to instill its content both domestically and internationally.

Group Guiding Principles

1. Respect for Human Rights

I will ensure equal opportunities in employment.

I will not engage in discrimination on irrational grounds or elements that bear no relation to sound profit.

I will not engage in or tolerate any forced labor or child labor.

I will ensure a healthy working environment.

I will maintain a safe, productive, and healthy working environment.

I will not commit any acts of harassment.

Human rights due diligence across the entire supply chain

The Company promotes procurement activities that respect human rights and take into account the improvement of working conditions and ensuring occupational safety and health. Building collaborative relationships with our suppliers, we will encourage heightened awareness of and improvements in respect for human rights through audits and dialogue. Paying particular attention to risks in the upstream of the supply chain, such as conflict minerals, we are promoting responsible procurement.

Respect for employee dignity and diversity

Regarding its employees as its most valuable asset, the Company strives to create workplaces where human rights are respected. We are creating environments in which everyone can work with peace of mind and perform to the best of their abilities by preventing harassment, recruiting diverse talent and ensuring fair evaluations, managing working hours appropriately, and providing safe and healthy workplace environments.

Promotion System

Human rights-related activities are promoted under the supervision of the Sustainability Promotion Committee, which is chaired by the CEO. Having put in place points of contact for receiving requests for consultations and reports from employees (such as an internal whistleblowing system), we are building an effective system for maintaining respect for human rights by working to detect and rectify human rights violations at an early stage.



The Foundations that Support Value Creation

Supply Chain Management

The Group's products and services are sustained by co-creation with a diverse range of partners. The supply chain forms the lifeline of our business, and we are promoting management that pursues its resilience, transparency, and ethical responsibility.

As a foundation underpinning society

The Group's products are used in a wide range of fields, including factories, hospitals, and research facilities, and we have contributed to the realization of a prosperous society by consistently supplying high-quality products.* The foundation of these operations is a supply chain built on deep trust and collaboration with a wide range of partner companies, from raw material procurement to manufac-

turing, assembly, and sales.

Modern society is full of unpredictable uncertainties such as geopolitical risks, resource constraints, and climate change. We are working to adapt to these changes and promote the construction of a more resilient and sustainable supply chain. Beyond mere efficiency and cost reductions, we aim to achieve greater growth and contribute to society through management that pursues high quality, robust resilience, and ethical responsibility.

* For specific examples, please refer to [P07](#).

Procurement policy

We have formulated a new procurement policy that calls for sound business practices, environmental awareness, consideration for human rights and working conditions as

well as compliance with laws and ethics. We strive to be fair and impartial in all our procurement activities. Regarding the companies with which we have dealings as our business partners, we will strengthen our partnerships and aim to realize a sustainable society, so that the trust of all our stakeholders, including our customers, is gained.

Note: For details here [here](#)
(Japanese only)



Green Procurement Guidelines

To provide products and services that have minimal environmental impact, we have compiled guidelines for procuring environmentally friendly components and materials. In accordance with these guidelines, which establish standards such as prohibiting the use of certain chemical sub-

Main supply chain risks and impacts identified by the Group

Risks	Impacts
Dependence on a single supplier	• Serious impact on supply due to localized disasters in region where company concerned is located
Occurrence of natural disasters Emergence of geopolitical risks	• Soaring raw material prices due to fluctuations in supply and demand • Supply chain disruption • Procurement cost instability and resulting impact on associated product prices
Human rights violations and labor issues	• Damage to credibility if human rights violations or labor issues, such as excessive working hours, discovered at a supplier
Cybersecurity attacks	• Risk of information leakage and production stoppages through supplier networks

stances and implementing management of change (MOC) processes for chemical substances based on the 4Ms (Man, Machine, Method, and Material), we are promoting green procurement in collaboration with our partner companies.

Addressing escalating logistics challenges, contributing to the environment

Currently, the Japanese logistics industry is facing structural problems, such as a shortage of truck drivers, stricter regulations on overtime work, and soaring fuel costs. For ANEST IWATA, ensuring the stable provision of long-distance transportation services has become a pressing issue.

To address this challenge, the Company strategically switched its mode of transportation on the main supply routes in the West Japan area from truck transport to a combination of trailer transport and rail container transport. Based on our strong partnerships, we have been able to secure highly sought-after trailer transport routes and usage limits for large rail containers, allowing us to maintain transport efficiency and build a stable transportation network.

This initiative also contributes significantly to reducing environmental impact, enabling a reduction in CO₂ emissions compared with conventional methods. In particular, rail container transport can reduce CO₂ emissions to approximately one eleventh of those from truck transport.

Strengthening of ESG risk management

Closely linked to the Group's management risks, such as reputational damage, disruption of the supply network, and lawsuits, Environmental, Social, and Governance (ESG)-related risks in the supply chain can have a significant

impact on business continuity. To mitigate these risks and build a sustainable supply chain, it is essential to deepen mutual understanding through dialogue with suppliers and to improve their literacy and commitment levels with regard to ESG issues. However, conducting such investigations has required a significant amount of time and effort for both the suppliers and the Company to collect and compare data, and the efficiency of managing and analyzing that data was a challenge.

To help resolve this problem and achieve more efficient and effective supply chain management, the Company will introduce a cloud-based supply chain survey, starting from FY2025. The plan calls for surveys using this system to begin with major domestic suppliers, and then the scope of the survey and the companies targeted will be gradually expanded to include overseas companies. This will enhance transparency and resilience along the entire supply chain, thereby contributing to the sustainable enhancement of corporate value.

Deepening of partnerships

Regarding all the companies that make up its supply chain as invaluable partners, the Company places great importance on building strong, trust-based relationships with them. As part of this initiative, we hold an annual ANEST IWATA Partners Meeting at each of our locations, with a total of more than 100 diverse partner companies attending. Going forward, we will continue to engage in active exchange and information sharing with the following objectives in mind.

Stabilizing and improving supply chain reliability:

We will establish a fair trading environment and a stable procurement base by building relationships with all part-

ners involved in the supply chain, not just our main business partners.

Strengthening of development and procurement functions:

Without being constrained by current transaction volumes, we aim for value co-creation by actively engaging in technological exchanges and information sharing.

Supply chain optimization through logistics collaboration:

By promoting mutual information sharing, including with logistics business operators, we aim to improve the visibility and efficiency of the entire supply chain, leading to shorter lead times and cost optimization.



The Foundations that Support Value Creation

Social Contribution

As a member of society, the Group contributes to society through its global business activities and promotes activities that are rooted in communities in every region. We also aim to achieve sustainable coexistence with local communities.

Living in Harmony with Society

All our employees involved in product manufacturing and sales are aware that "ANEST IWATA products are contributing to society." We believe that by reflecting this awareness in every aspect of our operations, from the development of more efficient new products down to innovations in packaging materials, we will be able to contribute to higher quality "manufacturing" and ultimately to the realization of a sustainable society.

Furthermore, in each region where its offices are located, the Company works on achieving co-existence and co-prosperity with the local community through activities that are rooted in the local area. Recognizing that it is an important part of our social responsibility, we are actively engaged in community contribution activities.

Developed and donated compressors in support of landmine clearance

Currently, it is estimated that more than 100 million landmines are buried in 60 countries and regions around the world, and that approximately 75 million people are exposed to the threat they pose. Particularly in mountainous and hilly areas as well as urban locations, where heavy machinery cannot gain access, landmine clearance must be carried out manually, creating extremely dangerous circumstances.

To address this problem, the Company developed a



Air compressor fitted with a mobility function

compressor for landmine clearance support that was donated to the British HALO Trust NGO. Mounted on the tracked demining robot (DMR) developed by Innovative Ops. Systems (IOS.) Inc., it is possible to safely remove landmines using compressed air due to the compressor being capable of operation on uneven terrain. By using an oil-free compressor, the compressed air discharged into the ground does not contain lubricating oil, thus preventing secondary soil contamination. In the years to come, we will continue to promote technological developments and innovation designed to resolve social issues.

Interactions with local communities

Placing great importance on close cooperation with the local communities where its headquarters and factories are located, the Company actively works to deepen those relationships. To build positive relationships with a wide range of stakeholders, including local residents and employees' families, we regularly hold facility tours and a variety of regional exchange events. Through these opportunities, we aim to foster a deeper understanding not only of our prod-

ucts and business activities but also of our corporate culture as well as to further strengthen mutual understanding and symbiotic relationships as a company rooted in the regions.

Examples of main activities

- Conducting of facility tours (headquarters and factories)
- Invitation to Company-sponsored sporting events
- Participation in local events
- Cooperation in conducting safety classes at local elementary schools
- Conducting of cleaning activities in neighboring areas

Job creation

We believe that job creation plays a crucial role in contributing to the sustainable development of local communities.

In the regions in Japan where our headquarters and factories are located, we actively accept facility tours geared toward students in the neighborhood and offer internships. This initiative not only aims to raise the Company's profile and promote understanding of its business within the local communities, but also contributes to the development and securing of talent that will support the future of those local communities. Through these activities, we are strengthening collaboration with the local communities and promoting the creation of continuous employment opportunities, thereby fostering the revitalization of local economies and mutual prosperity.

At our overseas locations, we are also creating employment opportunities tailored to the characteristics of each region and promoting the active recruitment of local employees. In addition to contributing to the revitalization of the local economies, this initiative is essential for establishing a sustainable growth foundation as a global company by securing diverse human resources.



The Foundations that Support Value Creation

Stakeholder Engagement

Based on the ANEST IWATA Corporate Philosophy, the Group strives to engage with all stakeholders and is committed to providing appropriate corporate information and achieving constructive dialogue. The Company aims to enhance corporate value by cooperating with all stakeholders and building sincere relationships of trust.

Constructive Dialogue with Shareholders

To ensure the transparency and fairness of decision-making and appropriate market evaluation, the Group observes the Fair Disclosure Rules and based on the IR policy articulated under the ANEST IWATA Corporate Philosophy, strives to disseminate information in a timely and appropriate manner led by the IR Department.

Dialogue with Institutional Investors and Analysts

Each year, the Company holds briefings for institutional investors and small group meetings on the full-year (in May) and interim (in November) financial results, which are attended by the CEO, Corporate Officers, and the IR Department. In addition, one-on-one meetings are held each quarter, mainly by the IR Department.

Dialogue with Individual Shareholders and Investors

Each year, the Company holds one or more briefings for individual investors. At these briefings, the Executive Officers mainly serve as the speakers to provide explanations of the Group's businesses.

Aim

- Product/service improvements
- Building of a stable supply chain

Major approaches

- Communication through sales and purchasing activities
- Communication via website
 - Holding of webinars
 - Maintaining of FAQ database
- Creation of regular opportunities for engagement
 - Holding of ANEST IWATA Partners Meetings

Aim

- Product/service improvements
- Raising of awareness

Major approaches

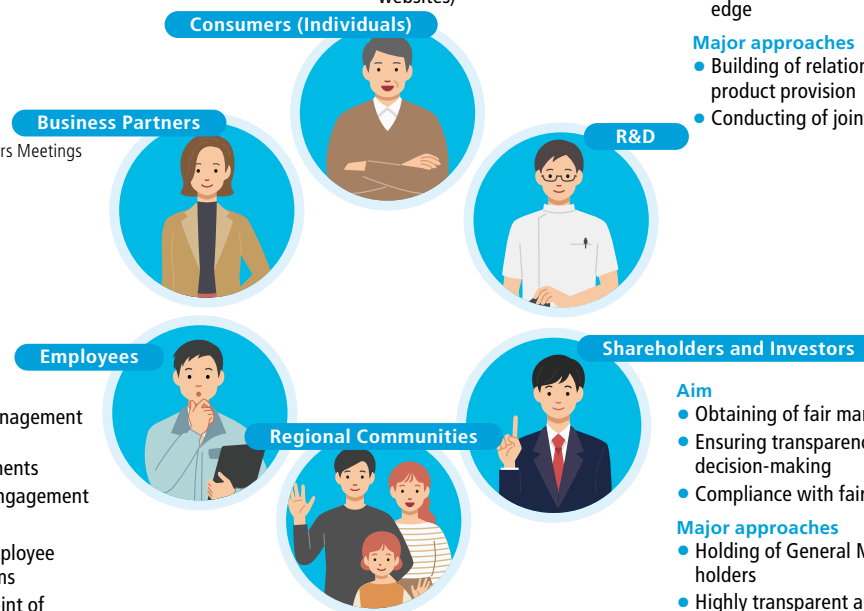
- Disseminating information via websites and social media
- Strengthening of B to C channels (such as e-commerce websites)

Aim

- Product/service improvements
- Encouragement of innovation
- Acquisition of technology/knowledge

Major approaches

- Building of relationships through product provision
- Conducting of joint research



Aim

- Building of healthy labor-management relations
- Labor productivity improvements
- Improvement of employee engagement

Major approaches

- Operation of appropriate employee benefit and personnel systems
- Establishment of external point of contact
- Conducting of employee engagement survey
- Utilization of internal communication tools (suggestions box, internal online newsletter, etc.)
- Regular consultations with labor unions
- Supporting employee wealth creation through employee stock ownership plans and fostering of awareness of stock prices

Aim

- Gaining understanding and trust in business activities
- Coexistence with the local communities
- Social contributions

Major approaches

- Endorsement of external initiatives (TCFD)
- Industry association promotion activities
- Interactions with local residents around bases
 - Invitations to sponsored events
 - Sponsorship of local events

Aim

- Obtaining of fair market valuation
- Ensuring transparency and fairness in decision-making
- Compliance with fair disclosure rules

Major approaches

- Holding of General Meeting of Shareholders
- Highly transparent and timely information disclosure
 - Expansion of English-language disclosures
 - Improvements in quality of various disclosure documents, including financial statements
- Promotion of dialogue led by Investor Relations Department
 - Conducting of shareholder survey
 - Holding of one-on-one meetings and small group meetings
 - Holding of IR briefings and facility tours
 - Transcribing of IR briefing texts and publishing of Company reports by third-party organizations
- Stable shareholder returns



The Foundations that Support Value Creation

Three-way Discussion between Independent Directors

Audit and Supervisory Committee Initiatives and Future Prospects

We asked three Independent Directors, who serve as members of the Audit and Supervisory Committee and are thus responsible for ensuring the soundness of corporate governance and the effectiveness of checks and balances, to share their opinions on the current state of the corporate governance system and future-oriented management strategies.



Kazumichi Matsuki
Independent Director
Audit & Supervisory Committee Member



Reiko Ohashi
Independent Director
Audit & Supervisory Committee Member



Yuko Shirai
Independent Director
Audit & Supervisory Committee Member

Audit and Supervisory Committee Characteristics

Matsuki: Centered around its standing members, the Audit and Supervisory Committee operates on an annual schedule established at the beginning of the fiscal year. The Committee also regularly conducts interviews with those responsible for business execution, such as the President and general managers of business divisions, which provide a good opportunity to ascertain the direction of management and the actual state of the business. By utilizing the insights gained from this process, I believe that the checks and balances function that the Audit and Supervisory Committee is expected to exercise over management, has been further strengthened.

Shirai: The standing members of the Audit and Supervisory Committee are directors who have experience as executive officers who have deep knowledge of the Company's business. Being able to receive detailed explanations of the business operations during their discussions with the Audit and Supervisory Committee is extremely helpful.

Ohashi: In addition to discussions among the Audit and Supervisory Committee members, we regularly communicate with the accounting auditors and the Internal Audit Office.



Even when the initial business plan is altered due to changes in the business environment, the necessary audits are conducted smoothly and efficiently. I believe that having us carry out on-site inspections at overseas subsidiaries in addition to our regular committee meetings is also a characteristic that is unique to the Company.

Shirai: The Company's overseas sales ratio has reached 66% (FY2024), a clear indication that the core of its business is conducted overseas. I believe that directly verifying a local organization's operations is a natural part of the auditing process. I have previously visited subsidiaries in, for example, Italy, Indonesia, and Thailand. Having received basic briefings on the businesses from the standing Audit and Supervisory Committee members, after familiarizing myself with the profiles of the local presidents and employees I was able to travel to those countries and conduct fruitful audits. Upon my return to Japan, I reported the results of the audits to the Audit and Supervisory Committee and the Board of Directors. I believe that the initiative would be all the more valuable if we further developed a system to share the insights gained from the Company's overseas business operations not only within the Committee but also with the entire Board of Directors.

Matsuki: I too have visited the Company's offices in Europe and Asia. I get the feeling that the quality of my work as an independent director and Audit and Supervisory Committee member improves when I actually visit a location, experience the business environment and characteristics at first hand, and then carry out my duties.

Ohashi: I visited China and Thailand and gained insights that gave me ideas for making suggestions regarding management. By interacting directly with local staff in various regions, you can gain exposure to perspectives that are more advanced than those in Japan. This is especially true with regard to the working styles of female employees and towards work in general, where there is a lot for us to learn. I too believe that the insights gained from overseas audits should be utilized in the management of Japanese organizations as well.

Evaluation of Previous Medium-Term Business Plan and Future Challenges

Matsuki: The previous Medium-Term Business Plan, which ran from FY2022 to FY2024, had been progressing smoothly in terms of business performance. However, there is a possibility that existing markets could suddenly disappear due to changes in the external environment, so the Company should remain vigilant in the face of a potential crisis. I would therefore offer a rather harsh assessment, suggesting that "things were going too smoothly, and the Company had become complacent." The results from the efforts made to address the themes adopted as the basic strategy were inadequate. Above all, the Company was unable to achieve its primary goal of creating ONLY ONE products. What's more, no progress was made in the development of new businesses. In contrast, concerning the "expansion of the service business in Japan," progress has been seen through the maintenance and leasing services provided by one of the Company's domestic subsidiaries, A&C Service Corporation.

Ohashi: In the first half of the period covered by the previous Plan, the Company was able to achieve its performance-related KPIs ahead of schedule, partly due to the strong performance of its overseas subsidiaries. My assessment with regard to the individual policies is that some were of merit. The Company was able to establish a prototyping facility (IWATA Technology Park) at its headquarters, thereby making a start on reinforcing its product development capabilities, and also able to advance the strengthening of its human capital to an unprecedented level. Ultimately, the Company was able to exceed its planned sales and profit targets, and I believe it achieved solid results overall.

Shirai: I too am of the belief that, on the one hand, sound management practices were steadily implemented. On the other hand, the growth strategy did not unfold as planned, and the Company only got as far as identifying the issues. However, the identified issues were shared between the



management team and independent directors and translated into an effective plan as the First Medium-Term Business Plan, the current Plan that covers the three years up to and including FY2027. What is being accomplished can certainly be considered a significant achievement.

Under the current Plan, the business strategy guidelines have been made clearer. What I find particularly noteworthy is the clear expression of a strong intention to pursue global Group management led by the headquarters in Japan and other regions. The current Plan also incorporates themes that have been discussed at Board of Directors' meetings for several years, such as the coordination between new product development and sales activities, the implementation of sound M&A strategies, and the development of management talent, and so I have high expectations.

Matsuki: I rate highly that the current Plan was formulated by means of backcasting, starting from the desired vision for 2035, a new approach that is unlike anything the Company has done before. However, while there is a numerical target of "100 billion yen in net sales," the Company needs to further refine the strategies and tactics for achieving that goal. A typical pattern of failure is when companies pursue numerical targets so aggressively that they end up executing M&A deals that lack economic rationality. What's called for here is further clarification of the details of new businesses and technological development that will lead to the 100 billion yen in net sales, and to create a more precise scenario that balances the organic growth of existing businesses with



inorganic growth, including M&A.

Ohashi: The current Plan is being implemented during a period when, as is the case right now, an uncertain external environment is expected to continue. Plans that take into account business risks such as exchange rate fluctuations and tariff issues are constantly being considered by the executive side and reported to the Board of Directors. To help address those risks, I would like to contribute to the achievement of the current Plan by providing opinions from a third-party perspective.

Matsuki: When viewed from a different perspective, risk can be seen as offering opportunities. If tariffs increase, the Company can leverage its overseas bases to promote local production. It can be said to be an environment in which the "localization strategy based on the characteristics of each area," which is also a theme under the current Plan, can truly be leveraged. One of the roles of independent directors is to encourage the Company not to become hesitant or negative due to the risks that may arise.

Aspirations as Independent Directors and Audit and Supervisory Committee Members

Ohashi: We engage in two-way communication with the management team not only through Board of Directors' meetings but also through meetings of the Audit and Su-

pervisory Committee. If I have doubts or misgivings about the management's decisions, I make an effort to discuss them while presenting supporting evidence and thereby encourage appropriate decision-making.

Shirai: Auditing is often perceived as work involving checks and balances, but I don't think of it that way. We will thoroughly implement "defensive governance" through frank and candid suggestions. In contrast, however, based on my experience participating in management at other companies, I believe it is the responsibility of independent directors and members of the audit and other committees to also engage in "offensive governance" that supports growth strategies.

Matsuki: I often describe auditing as "pressing on the accelerator and the brake at the same time." However, as Director Shirai just mentioned in his comments, the balancing of defense and offense is our role in overseeing both auditing and decision-making. Independent directors and Audit and Supervisory Committee members alike face the challenges of combining two different types of work: auditing and decision-making. That being said, it is entirely possible for them to fulfill these roles effectively. As the term "director" itself implies, the mutual checks and balances among directors are a fundamental function that is expected of them as members of the Board of Directors. The ultimate check and balance function of Audit and Supervisory Committee members lies in their power to dismiss a representative director when this becomes necessary, and I intend to carry out my peacetime duties with the resolve to exercise that authority without hesitation when and if the time comes.

Messages to Shareholders and Investors

Shirai: The Company is one that has been building trust through sound management, guided by its founding motto of being "trustworthy and sincere." The Company is now using the current Plan as a guideline and aiming

to move to the next stage, evolving into a company that provides even greater returns to its shareholders and investors. As an independent director and Audit and Supervisory Committee member, I will lend my support to the Company in facing the challenges of the next generation of management while dedicating myself to enhancing its corporate value and achieving sustainable growth.

Ohashi: To achieve its vision of 100 billion yen in net sales in FY2035, the Company must overcome a number of challenges, including the mindset reform, behavioral changes, the growth of existing businesses, and the creation of new business areas, as adopted under the current Plan. The foundation for this is to enhance the effectiveness of the Board of Directors' decision-making and oversight functions. At the same time, communication with all stakeholders who support its corporate activities will also underpin the Company's growth strategy. I myself would like to achieve a higher standard of information disclosure, both in terms of quality and quantity, which is something I strongly believe in. It is my intention to strongly encourage the implementation of initiatives demanded of a global company, such as promoting integrated disclosure of information on ESG and sustainability by the executive side.

Matsuki: I agree with the need for improved information disclosure. This is because, to build good relationships with the Company's expanding and diversifying stakeholders in the process of reaching those 100 billion yen in net sales, the importance of activities that more accurately convey its corporate value and philosophy is expected to steadily grow.

As for myself, my goal is to strengthen collaboration with the internal directors. By having more open discussions between us independent directors and the next generation of management, we will enhance the offensive and defensive functions of the Board of Directors and contribute to achieving the goals of the current Plan.



The Foundations that Support Value Creation

Executives

As of the date of this Report

Directors



Eisuke Miyoshi

President, Representative Director
and Chief Executive Officer

[Tenure as Director](#)

Two years



Kenichi Osawa

Director and Senior Managing
Executive Officer
Chief Operating Officer, Sales
Division

[Tenure as Director](#)

Five years



Hitoshi Iwata

Director, Managing Executive Officer
Chief Operating Officer of Business
Administration Division and General
Manager of Corporate Planning Department

[Tenure as Director](#)

Newly appointed



Makoto Shimamoto

Independent Director

[Tenure as Director](#)

Two years



Takahiro Kanayama

Independent Director

[Tenure as Director](#)

Newly appointed

Directors, Audit & Supervisory Committee Members



Katsumi Takeda

Director (Audit & Supervisory
Committee Member)
(standing)

[Tenure as Director](#)

Three years



Kazumichi Matsuki

Independent Director (Audit &
Supervisory Committee Member)

[Tenure as Director](#)

Seven years



Reiko Ohashi

Independent Director (Audit &
Supervisory Committee Member)

[Tenure as Director](#)

Four years



Yuko Shirai

Independent Director (Audit &
Supervisory Committee Member)

[Tenure as Director](#)

Four years

Composition of Executives

The Company is making efforts to ensure diversity in terms of experience, knowledge, gender, etc. in the Board of Directors as a whole, in order to further enhance its governance structure and management foundation aimed at realizing its business strategies. We will hold adequate discussions and swiftly and rationally make decisions by selecting the appropriate number of persons in a well-balanced manner.

Executive Portfolio

Skill	Directors					Directors, Audit & Supervisory Committee Members				Reason for Selection
	Eisuke Miyoshi	Kenichi Osawa	Hitoshi Iwata	Makoto Shimamoto	Takahiro Kanayama	Katsumi Takeda	Kazumichi Matsuki	Reiko Ohashi	Yuko Shirai	
Corporate management	●	●	●	●	●	●	●			The ability to resolve market and social issues and maximize customer satisfaction are essential in realizing a vibrant, innovative, and development-oriented company. We consider these skills necessary in overseeing the formulation and promotion of management strategies aimed at achieving sustainable growth and enhancing corporate value.
Global business	●	●	●	●		●	●			Engaging in business on a global basis, we believe that it is essential for us to manage our businesses from a global perspective and to assess and make decisions about overseas markets. We therefore consider these skills necessary for the Board of Directors to contribute to enhancing corporate value through the formulation and monitoring of global strategies.
Personnel and organizational development	●		●		●				●	Human capital is our most important corporate asset, and we work to improve our innovation and problem-solving capabilities through the recruitment and development of excellent human resources and the fostering of a strong organizational culture. We believe these skills are necessary to oversee the human resources strategy, which is fundamental to sustainable growth.
Research & development		●		●		●				Research and development are crucial for maintaining a competitive edge through technological innovation and the creation of new products as well as for securing new market opportunities and fostering innovation. We believe these skills are necessary to make investment decisions and evaluate their effectiveness in ways consistent with our growth strategy.
Manufacturing and supply chain		●	●	●		●				To ensure customer satisfaction and value creation, efficient production and distribution, supply chain management, and risk reduction are crucial. We believe these skills are necessary to enable the Board of Directors to conduct regular audits and evaluations and to pursue value creation.
Sales and marketing	●	●	●			●				By understanding customer needs and executing market strategies, we aim to provide innovative products, expand earnings, and achieve sustainable growth. We believe these skills are necessary for directors to evaluate the effectiveness of the strategies and support company-wide value creation.
Finance and accounting	●		●					●		Sound financial management and transparent financial reporting are fundamental to corporate operations. We believe these skills are necessary for the Board of Directors to make appropriate judgments regarding business operations and capital allocation, and to contribute to enhancing corporate value.
Legal affairs and risk management						●	●	●	●	Compliance with laws and regulations and risk management are top priorities and are essential for securing stakeholder trust and achieving sustainable growth. We believe these skills are necessary for the Board of Directors to supervise and advise management to ensure transparency and soundness in business operations.
IT and digital	●	●						●		To respond to technological innovation and digital transformation as well as to strengthen competitiveness through improved operational efficiency and new business development, we believe that the Board of Directors needs these skills to evaluate IT investments and ensure they are consistent with and will contribute to the management strategy.
New business development and M&A	●	●	●	●						New businesses and innovation are the drivers of sustainable growth, and adapting to market changes and building new businesses, even those involving risk, are essential. We believe these skills are necessary for the Board of Directors to confirm their consistency with the management strategy and to provide support.

The Foundations that Support Value Creation

Corporate Governance

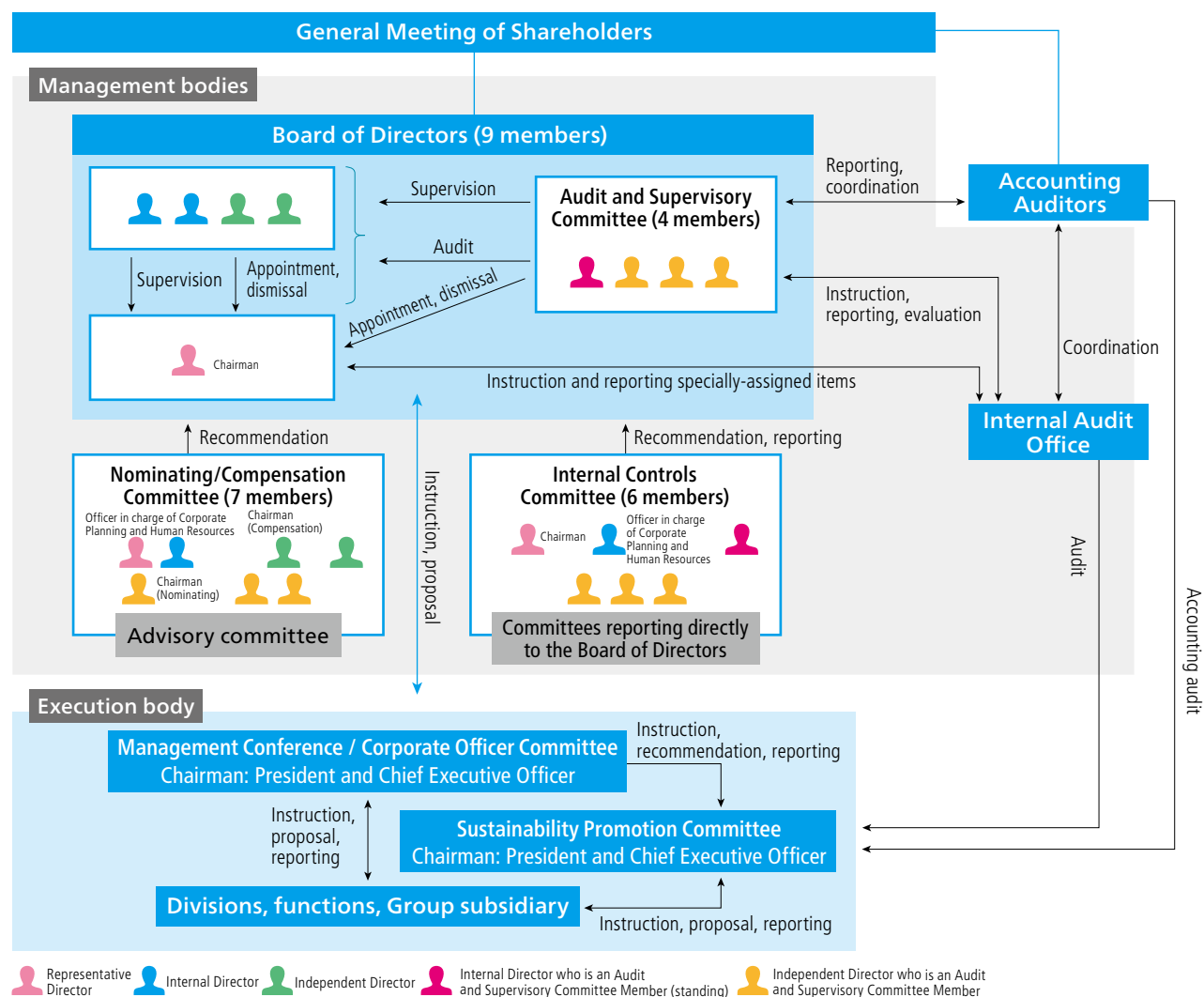
To realize its sustainable growth and the maximization of its corporate value, the Group recognizes the importance of raising the effectiveness of its corporate governance through management flexibility, enhancing transparency, and reinforcing the management oversight function.

Corporate Governance Structure

The Company operates as a company with an Audit and Supervisory Committee. Established as a non-statutory advisory panel for the Board of Directors, the Nominating/Compensation Committee ensures objectivity and transparency in the executive personnel and compensation decision-making processes. The Internal Controls Committee assists the Board of Directors' decision-making by maintaining and strengthening company-wide risk management and compliance systems. To respond rapidly to changes in the business environment, the Company adopted the corporate officer system and is promoting flexible decision-making and business execution.

In addition, the Company is proactively appointing Independent Directors with diverse expertise. Directors who serve on the Audit and Supervisory Committee ensure fairness and transparency in management and promote sound corporate governance by conducting timely and appropriate supervision and audits from an independent standpoint. Through the operation of this governance system, the Company will ensure the enhancement of corporate value and its sustained growth.

Governance Structure (Diagram) (As at June 25, 2025)



List of meetings

Name of meeting	Chairman/committee members	Purpose
Board of Directors	Representative Director	Comprises all Directors and meets at least once a month. In addition to receiving reports on the status of business execution, it decides the basic matters of the Company's business execution, and monitors and supervises business execution by the Representative Director and Corporate Officers.
Board of Directors Opinion Exchange Meeting	—	Held as an informal meeting. Candid opinions are exchanged such as voicing views on themes that have been raised regarding business execution matters as well as management matters based on the expert knowledge and experience of Independent Directors.
Technological Briefings	—	Convenes, as necessary, to deepen the understanding of the Independent Directors of the Group's business. Reports are given on products using core technology and technology under development.
Audit and Supervisory Committee	Standing Audit and Supervisory Committee Member	Comprises Independent Directors who are Audit and Supervisory Committee Members and an Internal Director who is an Audit and Supervisory Committee Member (standing) and well-versed in company matters. Meets once a month, in principle. Based on the audit policy and audit plans formulated by the Audit and Supervisory Committee, views the materials and minutes of important meetings such as the Corporate Officer Committee, exchanges opinions with Directors and the execution bodies, audits the execution of duties by Directors and prepares audit reports, etc.
Nominating/Compensation Committee	Independent Director	A non-statutory advisory committee under the Board of Directors, comprising the Representative Director, the Director in charge of Human Resources and all Independent Directors. It discusses the nomination, the promotion/demotion, the assessment and compensation of the Representative Director, Directors, and Corporate Officers and makes recommendations to the Board of Directors.
Internal Controls Committee	Representative Director	A non-statutory committee established under the Board of Directors, comprising the Representative Director, the Director in charge of Corporate Planning, and non-executive Directors. It reports on the status of formulation and implementation for each quarter of the basic policy on internal control, the policy on the development of the internal control system, the policy on corporate governance, etc. to the Board of Directors.
Management Conference	President and Chief Executive Officer	Comprises Corporate Officers (including Corporate Officers serving concurrently as Directors) and general managers and meets at least once a month. Has as its aim to contribute to more effective business execution, holds discussions and deliberates primarily on matters relating to business management.
Corporate Officer Committee	President and Chief Executive Officer	Comprises Corporate Officers (including Corporate Officers serving concurrently as Directors), supports the decision-making of the President and Chief Executive Officer based on the management policy resolved by the Board of Directors.
Sustainability Promotion Committee	President and Chief Executive Officer	A non-statutory committee established under the Corporate Officer Committee comprising the President and Chief Executive Officer and the heads of the related divisions with the Corporate Planning Department serving as the secretariat. It discusses and deliberates mainly activities to promote sustainability and makes recommendations and reports to the Corporate Officer Committee, as necessary.

Attendance of Directors in Management Bodies (FY2024)

	Miyoshi	Osawa	Fukase	Asai	Shimamoto	Takeda	Oshima	Matsuki	Ohashi	Shirai
Board of Directors	14/14 [★]	14/14	14/14	14/14	14/14	14/14	3/3 ^{*2}	13/14	14/14	14/14
Audit and Supervisory Committee	—	—	—	—	—	10/10 ^{★*3}	5/5 ^{*2}	15/15	15/15	10/10 ^{*3}
Nominating/Compensation Committee	— ^{*4}	—	9/9 ^{※4}	9/9	9/9	—	2/2 ^{※2}	9/9 ^{★(Nominating)}	9/9	9/9 ^{★(Compensation)}
Internal Controls Committee	— ^{★*4}	—	4/4 ^{*4}	—	—	4/4	0/1 ^{*2}	4/4	4/4	4/4

*1: The chairpersons and presidents of each organization as of April 1, 2025, are marked with a star (★).

*2: At the 79th Ordinary General Meeting of Shareholders held on June 25, 2024, resigned as a Director serving as an Audit and Supervisory Committee member, therefore the attendance record is listed up to that date.

*3: At the 79th Ordinary General Meeting of Shareholders held on June 25, 2024, was appointed as a Director serving on the Audit and Supervisory Committee, having previously served as a regular director. Therefore the attendance record shown here covers attendance from that date onward.

*4: Effective April 1, 2025, the President, Representative Director and Chief Executive Officer position was transferred from Shinichi Fukase to Eisuke Miyoshi.

Activity Report of the Board of Directors

Major matters discussed by the Board of Directors during FY2024

- Updating the basic corporate governance structure of the ANEST IWATA Group
- Updating the Medium-term Management Policy and Medium-term Business Plan
- Formulation of the annual management policy and business plan
- Review of the Group's capital policies
- Promoting new businesses and M&As
- Change of Representative Director

Activity Report of the Audit & Supervisory Committee

The Audit & Supervisory Committee determined the key matters for implementing audits and carried out audits based on the audit policy. The FY2024 audit results did not indicate any problems.

Audit policy

Based on the Group Management Policy articulated in the ANEST IWATA Corporate Philosophy and the Basic Policy on Corporate Governance, we will conduct fair and unbiased audits as an independent organization striving to establish and operate a high-quality corporate governance structure that meets the mandate of the shareholders and the trust placed in us by society, in an effort to secure the soundness of the Company, its sustained growth, and the medium- to long-term enhancement of corporate value.

Key matters for implementing audits

Based on the above audit policy, we conducted audits of decision-making processes by the Board of Directors and other bodies, internal control audits, corporate information disclosure audits, financial reporting audits, non-financial reporting audits, and audits of the independence of accounting auditors, among others. In particular, we conducted the audits with a focus on the following key matters.

- Visited significant domestic locations and overseas subsidiaries and conducted on-site inspections and monitoring audits
- Conducted audits on the development and operation of the Group's whistleblowing system
- Confirmed the risk of major changes in business performance and conducted audits on measures taken by Executive Directors to address such risks
- Conducted interviews with the President, Representative Director and Chief Executive Officer, the Executive Directors, general managers, and female managers

Evaluation of effectiveness of the Board of Directors

To improve the functions of the Board of Directors, the Company conducts analysis and evaluation of its effectiveness each year. Regarding the issues raised, we will further improve the deliberations by the Board of Directors and raise its effectiveness by utilizing the Board of Directors and the Board of Directors Opinion Exchange Meeting held before and after the Board meetings, through the planning and proposals of the secretariat of the Board of Directors.

Analysis and Evaluation Process

STEP1

Questionnaire Survey (April 2025)

Target: Board of Directors' meetings held from April 2024 to March 2025

Major topics of the questions: Board of Directors composition and operation; management strategy and business plan; risk management; nominations and compensation; and dialogue with shareholders and other stakeholders



STEP2

Tabulation and analysis by third-party organization



STEP3 (June to August 2025)

Deliberation at Board of Directors' meetings and opinion exchange meetings on the results of the analysis

Evaluation of FY2024

The FY2024 evaluation showed continued improvement from the previous year. All Directors are fulfilling their respective roles and responsibilities in discussions, including enhancing opportunities for exchanging opinions and providing information, and conducting open

proceedings. Although certain issues remain, the overall analysis indicates that the effectiveness of the Board of Directors is largely ensured, and we have therefore assessed that the Board has demonstrated sufficient effectiveness.

Issues identified in FY2023 and initiatives for FY2024

On the one hand, many of the issues identified before FY2023, such as the review of the Board of Directors' skills matrix, have shown improvement through their specific inclusion in the current Medium-Term Business Plan and enhanced consideration from the business execution side. On the other hand, however, some ongoing issues remain.

① Deepening of the discussions on the compensation system for directors

- Issue: To further delve into the discussions regarding the director compensation system, which are held by the Nominating/Compensation Committee, at Board of Directors' meetings.
- Initiatives in FY2024: In FY2024, the Nominating/Compensation Committee primarily discussed matters related to the nomination of directors, but there was no discussion regarding the compensation system itself. However, we revised the metrics for the stock compensation plan and, after discussions among the Directors, it was approved by a Board of Directors resolution.

② Review and formalization of education and training programs for management candidates (including executive officers)

- Issue: Need to re-examine and formalize the approach to education and training, not only for executive directors but also for executive officers who are potential future management candidates.
- Initiatives in FY2024: This issue has been ongoing from previous years, and concrete program development and formalization had not yet been achieved. However, in conjunction with the "discussion on the ideal Board of Directors' structure," which was newly identified in the FY2024 evaluation, we will proceed with program development after clarifying the necessary qualities and skills for management candidates within our Group.

③ Facilitating the smooth flow of information during deliberations, optimizing the quality and quantity of materials

- Issue: Ensuring smooth information flow tailored to the nature of the matters under deliberation, and the giving of thorough consideration to the quantity and quality of materials needed for efficient deliberation.
- Initiatives in FY2024: On the business execution side, which is the applicant, greater consideration has been shown for the quantity and quality of materials and the review schedule, resulting in a smoother review process than before.

④ Further enhancement of the functions of Independent Directors and the Audit and Supervisory Committee

- Issue: To further enhance the mechanisms and operations that enable Independent Directors and the Audit and Supervisory Committee to fulfill the roles expected of them.
- Initiatives in FY2024: In FY2024, no specific issues were identified through the audit. We will continue to maintain a system for discussing improvements to our systems and operations at Board of Directors' meetings.

Future initiatives based on the evaluation results of FY2024

New issues for further improving effectiveness were identified by this effectiveness evaluation. We will proceed with the following initiatives to address these issues.

[Key Issues Newly Identified and Future Action Plans]

- Discussion regarding the structure and functioning of our Board of Directors
 - Discussion regarding the development and retention of management personnel, including Directors
 - Discussion regarding dialogue between Independent Directors and shareholders, etc.
- The above three points will be prioritized, and discussions will be further deepened primarily in opinion exchange meetings involving the Directors.

[Other Issues and Future Action Plans]

- Discussions relating to the business portfolio
 - Consultation and securing relating to opportunities to supervise DX promotion
- These will be addressed as needed, based on reports from the executive team regarding the current Medium-Term Business Plan.

Policy for the Determination of Compensation for Directors

The basic policy of compensation upholds a compensation system that motivates executives to improve business performance and contribute to the long-term increase in corporate value. The Company's compensation system comprises a regular same-amount salary (basic compensation), performance-linked bonus (short-term incentives), and performance-linked stock remuneration (medium- to long-term incentives). Compensation is decided within the limit resolved

by the General Meeting of Shareholders, based on the recommendation by the Nominating/Compensation Committee, which is chaired by an Independent Director who is an Audit and Supervisory Committee Member, comprehensively taking into account the Company's business performance and the responsibilities and achievements of each Director, and upon deliberation of the recommendation by the Board of Directors.

Compensation for Independent Directors comprises exclusively of fixed compensation in order to make them effectively fulfill their management supervision function in consideration of their roles and independence. Compensation

for Directors who are Audit and Supervisory Committee Members is determined based on discussions by Directors who are Audit and Supervisory Committee Members.

Regular Same-amount Salary

The amount to be paid to each Director as basic compensation is determined within the limit of the total amount of compensation resolved by the General Meeting of Shareholders, according to the position of the responsibilities of the Director and paid as a monthly salary each month.

Performance-linked Bonuses

The Company pays a performance-linked bonus once a year to the Representative Director and Executive Directors. As an index for calculating the performance-linked bonus, the Company has selected consolidated ordinary income for the purpose of assessing the actual status of profit/loss and raising their awareness to contribute to the enhancement of corporate value through the improvement of business performance over the medium- to long-term as well as the improvement of common interests with shareholders. Of note, the performance-linked bonus is paid in the amount calculated based on the following equation.

Calculation method (FY2025)

The amount of the performance-linked bonus paid to each Director, etc. is determined by multiplying the consolidated ordinary income for the relevant period by the following ratios.

Position	Ratio
Representative Director	1.10% × (1.0±2.3)
Director and Senior Managing Executive Officer	1.10% × (0.5±2.3)
Director and Managing Executive Officer	1.10% × (0.4±2.3)

Compensation System

			Regular Same-amount Salary	Performance-linked Compensation	Performance-linked Stock Remuneration
Objective			Basic compensation	Short-term incentives	Medium- to long-term incentives
Form			Fixed compensation	Variable compensation	
Performance Evaluation Indicators			—	Consolidated ordinary profit	Achievement rate of consolidated net sales and EPS targets in the final year of the Medium-Term Business Plan
Type of Payment			Cash		Stocks and cash
Recipients	Director	Internal	○	○	○
		Independent	○	—	—
	Director, Audit and Supervisory Committee Member	Internal	○	—	—
		Independent	○	—	—
Maximum amount	Director		300 million yen per year (including 40 million yen for Independent Directors)		Maximum contribution by the Company to the Trust: 130 million yen for 3 fiscal years Number of shares to be delivered: 44,000 points per fiscal year (1 point = 1 share)
	Director, Audit and Supervisory Committee Member		Up to 60 million yen per year	—	—

Conceptual diagram of the composition of the compensation of Directors (excluding Independent Directors and Directors who are Audit and Supervisory Committee Members) (FY2024)



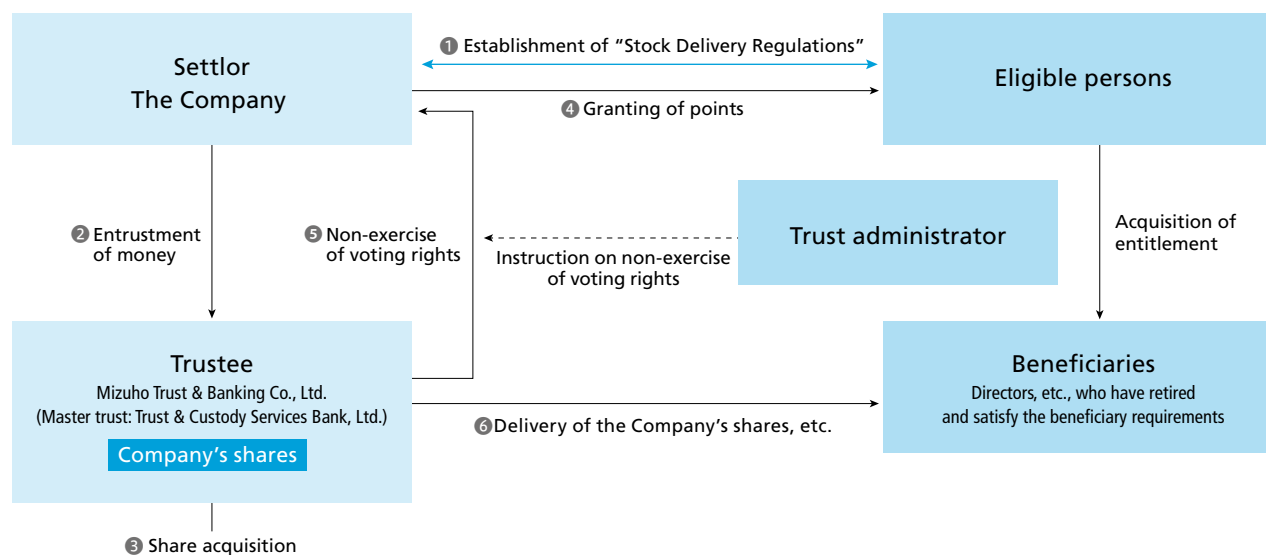
Performance-linked Stock Remuneration

The Company has adopted a performance-linked stock remuneration plan for its Directors, etc. (described as persons eligible for points below), for the purpose of raising their awareness to contribute to the improvement of business performance over the medium- to long-term and the enhancement of corporate value by further clarifying the link between the Company's business performance and stock value and sharing not only the benefits of rising stock price but also the risks of falling stock price with its shareholders.

Under this plan, shares in the Company are acquired through a trust using money contributed by the Company as funds, and shares in the Company and cash equivalents of such shares at their market value are delivered through the Trust to the eligible Directors pursuant to the Stock Delivery Regulations established by the Company.

Overview of the plan

① Persons eligible for points	Directors (excluding non-executive Directors) and Corporate Officers who do not serve concurrently as Directors during the targeted period of the Medium-term Business Plan, excluding non-residents
② Initial target period	Three fiscal years from the fiscal year ended March 31, 2020 to the fiscal year ending March 31, 2022 *After the initial target period, each three fiscal-year period starting thereafter will be the target period.
③ Upper limit of money contributed by the Company to the trust as the funds to acquire the Company's shares	¥270 million for each target period (including ¥130 million for Directors)
④ Upper limit of shares	95,000 points for each fiscal year (including 44,000 points for Directors)
⑤ Standards for granting points	The number of points determined based on position will be granted and the points granted will be adjusted according to the degree of achievement of the targets of the Medium-term Business Plan.
⑥ Timing of the delivery of the Company's shares	In principle, upon retirement or the date of loss of employee status





The Foundations that Support Value Creation

Compliance and Risk Management

Compliance Promotion Structure

Positioning strict adherence to corporate ethics and compliance with laws and regulations as the foundation of its management, the Company established a compliance promotion structure. The Legal Department serves as the main department responsible for developing the promotion system and for conducting the operation of awareness-raising/educational programs.

Under this system, we are deploying ongoing awareness-raising/education programs designed to improve employees' compliance awareness. For example, in FY2024 we conducted training on the theme of confidential information protection for all employees in Japan. Additionally, we are working to improve compliance by utilizing methods such as putting up posters and striving to raise awareness on a daily basis.

Basic Approach toward the Internal Control System and Establishment Status

The Group's internal control system is based on the "ANEST IWATA Philosophy," which sets out guidelines for all those working in the Group to act responsibly and explicitly states the importance of complying with laws and regulations, the Articles of Incorporation, policies, and internal rules. The ANEST IWATA Philosophy also establishes the basic policy for internal controls as part of the "Basic Policy on Corporate Governance."

By instilling this philosophy throughout the Group, we are enhancing ethical values and a sense of responsibility, and promoting the development and operation of an appropriate and effective internal control system.

Basic Policy on Corporate Governance

We shall establish and operate internal controls on a continuous basis to ensure effective and efficient business operations and the credibility of financial reporting, comply with applicable laws and regulations, and protect our assets.

Major initiatives relating to risk management

We have established a framework to ensure the appropriate handling of risks based on the rules stipulating the basic policy on risk and crisis management and the methods of risk and crisis management.

- Establishment of point of contact for whistleblowing**
 We have established an internal whistleblowing hotline called "ANEST IWATA Hotline" (for employees working in Japan) operated by a third party to enable early detection and prevention of compliance violations. Through periodic self-assessments, we prevent this system from becoming a mere formality and ensure its effectiveness. In addition, the "ANEST IWATA Group Hotline" (for employees working overseas) has been introduced in some regions in Asia ahead of others, and is being introduced in others in a phased manner.
- Establishment of suggestion system "Suggestion Post"**
 This is a system whereby the General Manager of the Corporate Planning Department receives a wide range of feedback and information that employees have obtained in the course of their daily work—such as customer requests, product ideas, market trends, problems, suggestions for improvements—and become the subject of exchanges of opinions among senior management. We are aiming to foster a corporate culture that enables senior management to respond to risks promptly and appropriately.

Business Continuity Plan (BCP) initiatives

To ensure business continuity in the event of natural disasters, such as fires, earthquakes, typhoons, heavy rain, and heavy snow, the Company has formulated a BCP manual for each department and factory.

The criteria for triggering the BCP take into account various conditions, including the amount of rain and snowfall,

and are implemented based on independent judgments at each location, ensuring a system is in place to minimize the impact on business operations.

Recognition and Management of Risks

In corporate management, identifying and appropriately responding to risk is essential. Our Group positions risk management as one of the key priorities in management toward the achievement of sustainable growth. As part of its risk management, the Corporate Officers, including Officers concurrently serving as Directors, identify and evaluate risks each year that could have a significant impact on the Group's corporate value and operating results. The results are discussed at management meetings, and thus help to strengthen the effective response system in the event of risks and crises.

① Business risks

- Changes in the business environment
- Product quality
- Business expansion including M&As

② Human capital risks

- Securing human capital
- Reinforcing organizational performance through health and productivity management
- Labor problems

③ IT risks

- IT investments • Information security

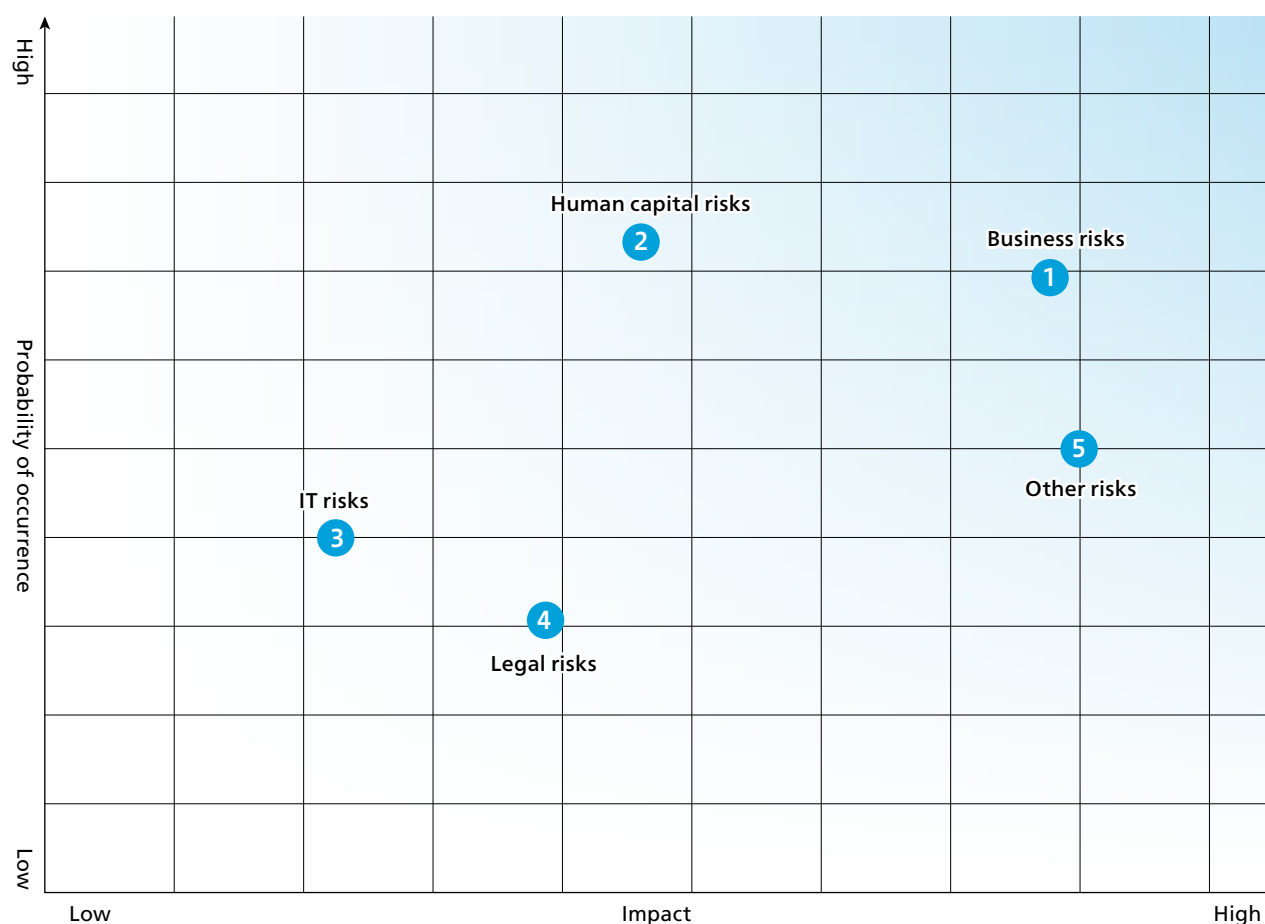
④ Legal risks

- Response to all legal regulations relating to business activities
- Fraudulent activities due to violations of laws and regulations, etc.
- Intellectual property • International tax affairs
- Accounting treatment of impairment loss of non-current assets, etc.

⑤ Other risks

- Contingencies

Risk distribution map

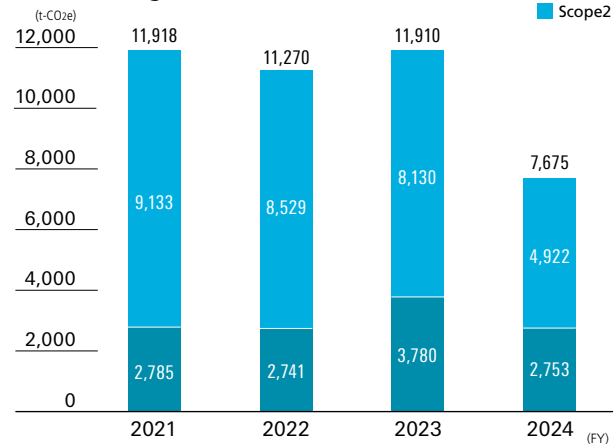


Risk		Summary	Countermeasure
① Business risks	Changes in the business environment (risk of depending on existing products and business models, foreign exchange fluctuations, etc.)	- Concentration of risk due to rising dependence on existing markets, products, and business models - Sudden fluctuations in foreign exchange	- Promoting quality improvement in existing businesses, product development that will lead to resolving social issues including climate change, and developing new businesses - Cultivate a corporate culture that encourages taking on challenges in new fields - Build a structure and establish management strategies that will enable flexible and timely responses to changes in the business environment - Promoting business alliances with cooperating companies to strengthen and diversify our business foundations
	Product quality	Damages incurred and loss of trust due to defects of products that do not meet the Company's quality standards	- Thoroughly enforce compliance with internal rules on quality - Develop a global quality management system that satisfies the market demands and quality standards of each country
	Business expansion including M&As	Unsuccessful PMI* after aggressive M&As	- Clarify matters requiring advance confirmation and due diligence - Management support by senior management and the responsible divisions
② Human capital risks	Securing human capital	- Shortage of manpower from clinging to existing recruitment strategies, development policies, and HR systems - Delays in the plan to enhance corporate value	- Seek optimal personnel allocation - Build a personnel assessment system with a global perspective and nurture assessors - Strengthen recruiting of multinational talent and establish diversity management - Effectively utilize labor through automated operations and the promotion of digitalization - Strengthen the recruitment of mid-career hires in a wide range of job categories
	Reinforcing organizational performance through health and productivity management	- Increase in health risks - Deterioration of the labor environment	- Promote health and productivity management with the President acting as the Chief Officer - Carry out measures to improve the work-life balance and health literacy
	Labor problems	Occurrence of labor problems due to forcing workstyles that do not align with the social landscape and labor environment of each country	- Share Group awareness through the penetration of the ANEST IWATA Corporate Philosophy - Set recruiting requirements and assessment systems that align with the systems and situations of each country based on the administrative authorities of the representatives of the overseas bases
③ IT risks	IT investments	Stagnant IT strategies as a result of a loss of IT knowledge and expertise	- Formulate medium- to long-term IT strategies - Proactive recruiting of professional talent and alliances with partner companies
	Information security	- Information leakage and system malfunctions occur resulting from natural disasters, cyberattacks, or intrusion by computer viruses - Information leaks due to lower employee literacy	- Develop an appropriate information security system - Acquire appropriate backup and develop sufficient security measures - Carry out employee education
④ Legal risks	Response to all legal regulations relating to business activities	The strengthening and establishment of laws and regulations as well as standards covering a wide range of areas, including import and export controls, product safety, human rights, and the environment, occurring at an unprecedented speed and scale	- To accurately ascertain market trends, established an information gathering system centered around our business bases in each region - Implementation of flexible review of business expansion direction and product development/service provision
	Fraudulent activities due to violations of laws and regulations, etc.	Incidents of fraud including infringements of intellectual property rights, quality fraud, bribery, or harassment occur	- Develop a framework and a system that does not allow executives and employees to engage in fraud - Promote sound management support to the Group companies - Build a global monitoring system
	Intellectual property	- A third party imitates the Company's products or technology - Occurrence of unwitting infringement of the intellectual property rights of third parties (patent and other rights)	- Strengthen the system for managing intellectual property, etc. - Cooperate with the relevant outside organizations
	International tax affairs	Back taxes may be incurred due to differences in the way transactions between Group companies are viewed by the tax authorities	Promote an accurate understanding of the law with the cooperation of outside organizations
	Accounting treatment of impairment loss of non-current assets, etc.	Inappropriate accounting treatment may occur as a result of using inappropriate business plans in the determination of impairment losses of non-current assets	- Proactive involvement by the division or Accounting Department at the time of formulation of business plans by the subsidiaries - Develop a system for instruction and supervision by the Board of Directors
⑤ Other risks	Contingencies	- Materialization of geopolitical risks such as the occurrence of unpredictable political and economic changes and acts of terrorism in the countries and regions in which we do business - Occurrence of major natural disasters - Outbreak of infectious diseases - Slowdown in procurement and distribution caused by the above incidents and the increase in required costs	- Optimize BCP - Diversify the production function and explore the possibility of product procurement within the Group - Establish a supply system that minimizes the effects of risks when they materialize and promote the resilience of business activities

*PMI: Post Merger Integration The integration process after M&As

Non-financial Highlights

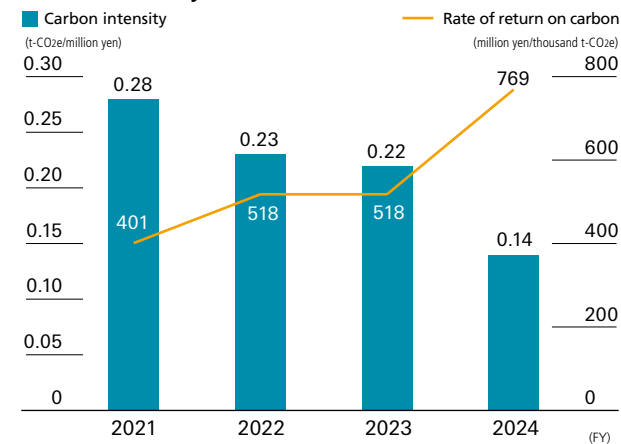
Greenhouse gas emissions (Consolidated)



* Scope 2 is calculated on a market-based standard.

* The reduction in Scope 2 emissions in FY2024 was mainly due to switching to renewable energy at some of our locations in Japan.

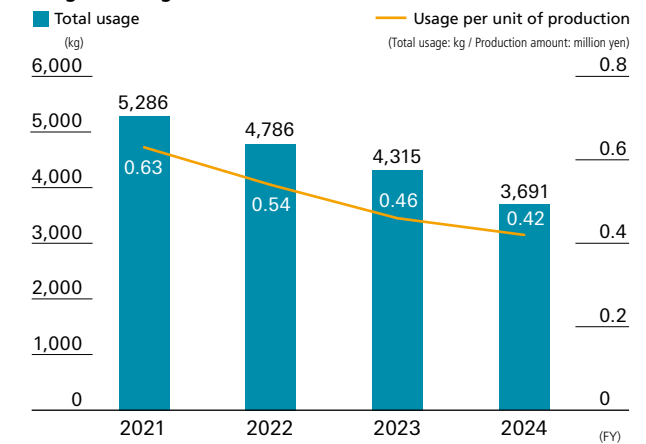
Carbon efficiency (Consolidated)



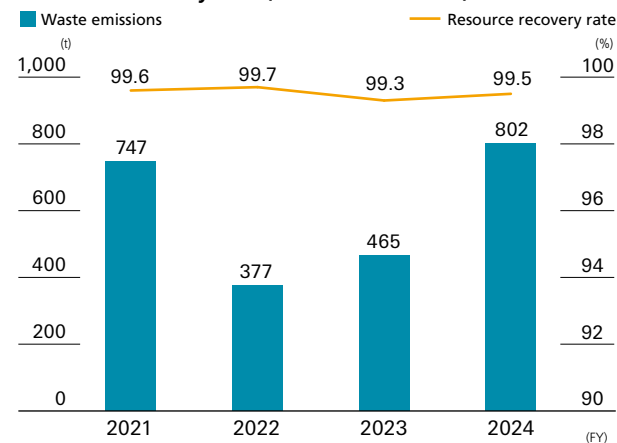
* Carbon intensity calculation formula: Greenhouse gas emissions (t-CO2e) / Consolidated sales (million yen). This is an indicator that shows how much greenhouse gas is emitted in relation to sales. The lower the number, the better the carbon efficiency.

* Formula for calculating return on carbon (ROC): Consolidated operating profit (million yen) / Greenhouse gas emissions (t-CO2e). This indicator shows how efficiently a company was able to generate profit with a minimal amount of greenhouse gas emissions. The higher the number, the better the carbon efficiency.

Usage of designated chemical substances (Non-consolidated)



Resource recovery rate (Non-consolidated)

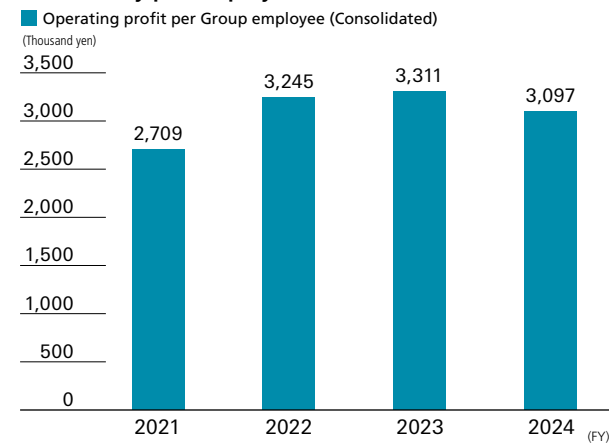


* The method for calculating waste emissions was changed from FY2023, and the figures now represent waste excluding recyclable valuables.

Note that the figures for FY2022 reflect the retroactive application of the revised calculation method.

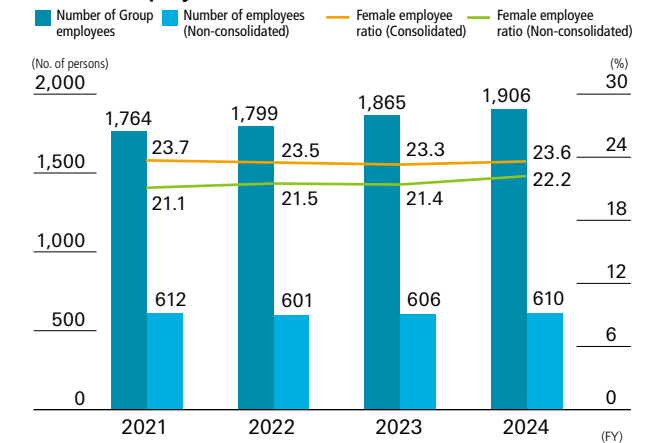
* The main factor contributing to the increase in waste emissions in FY2024 was the construction of the prototyping facility at our headquarters. We aim to shorten the development cycle by strengthening the functions of the prototyping process.

Productivity per employee



* Calculated by using the number of Group employees at the end of the fiscal year.

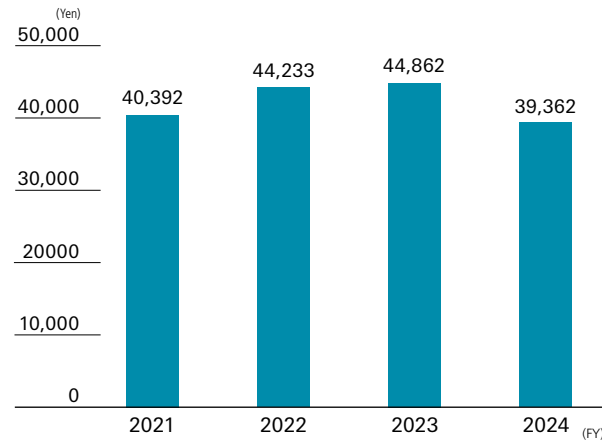
Female employee ratio



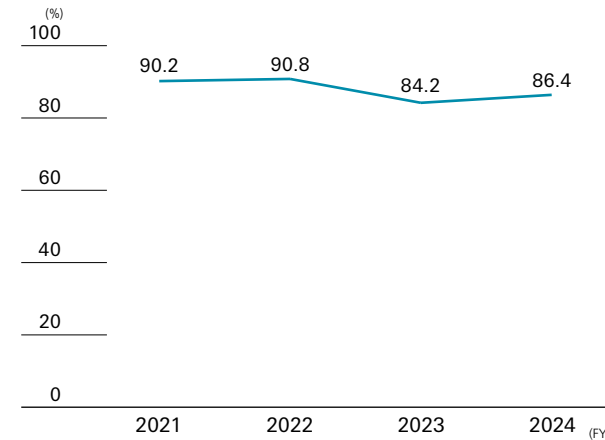
* Results as of the end of the fiscal year

Non-financial Highlights

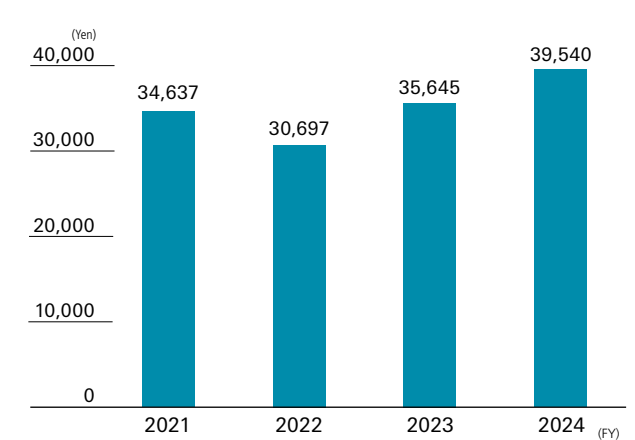
Education/Training Cost per Employee (Non-consolidated)



Paid leave utilization rate (Non-consolidated)

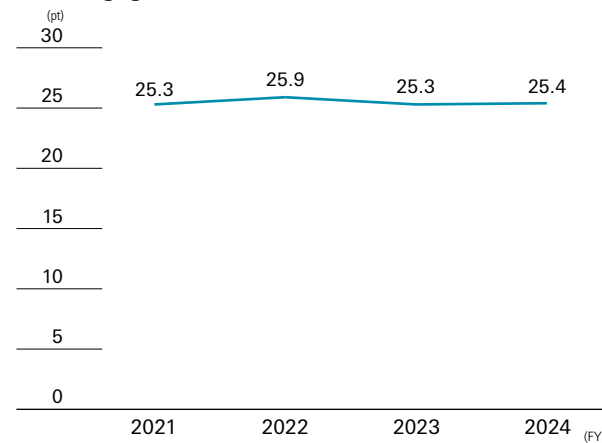


Losses due to presenteeism (Non-consolidated)

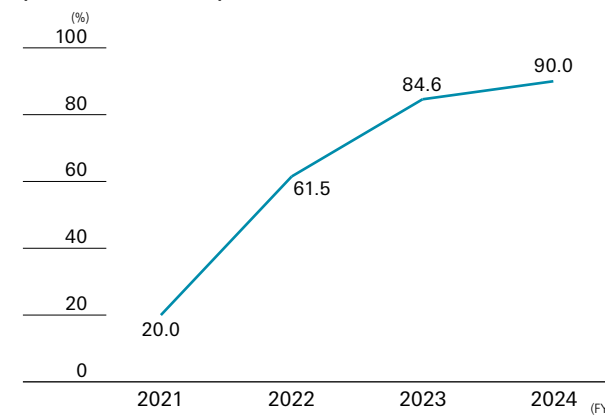


* We measure the average amount of loss per employee from having to work in diminished labor productivity conditions due to the mental or physical disorders of the employee. Calculated using the QQ method recommended in the *Guidebook on Corporate Health and Productivity Management* published by the Ministry of Economy, Trade and Industry.

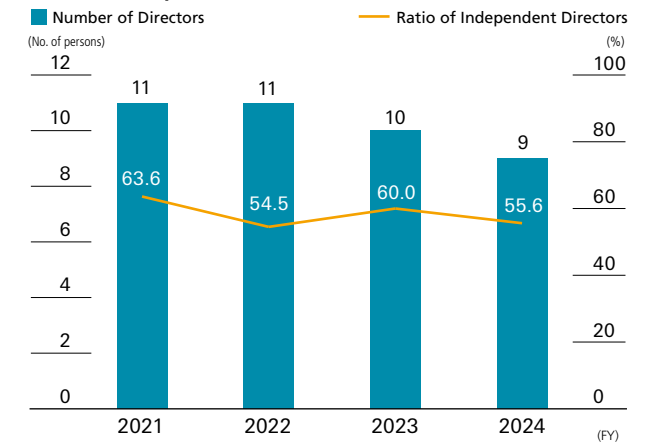
Work engagement (Non-consolidated)



Ratio of male employees taking childcare leave (Non-consolidated)



Ratio of Independent Directors (Non-consolidated)



* Results as of the end of the fiscal year

11-year Consolidated Financial Summary

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Operating Results (Millions of yen)											
Net sales	28,377	29,525	29,549	32,817	38,807	39,091	35,589	42,337	48,515	53,425	54,411
Cost of sales	16,215	16,487	16,558	18,384	22,030	22,505	20,662	24,109	27,178	28,950	29,091
Gross profit	12,162	13,038	12,991	14,433	16,777	16,586	14,926	18,228	21,337	24,475	25,320
Selling, general and administrative expenses	8,876	9,242	9,258	10,609	12,438	12,710	11,482	13,448	15,499	18,299	19,417
Operating profit	3,286	3,797	3,733	3,824	4,339	3,876	3,444	4,780	5,838	6,176	5,903
Ordinary profit	3,841	4,138	4,139	4,352	4,701	4,401	4,253	5,572	7,044	7,986	7,139
Profit before income taxes	3,759	4,099	4,925	4,410	4,580	4,213	4,137	5,542	7,091	7,987	7,271
Profit attributable to owners of parent	2,303	2,594	3,401	2,810	2,948	2,718	2,623	3,541	4,382	4,931	4,276
Cash flows (Millions of yen)											
Cash flows from operating activities	2,398	3,750	3,397	4,080	4,848	4,141	4,602	3,890	4,329	6,770	9,746
Cash flows from investing activities	(1,871)	(849)	(526)	(3,486)	(552)	(1,543)	(1,068)	(1,079)	(3,324)	(1,260)	(3,255)
Free cash flows	527	2,901	2,871	594	4,296	2,598	3,534	2,811	1,005	5,510	13,001
Cash flows from financing activities	(857)	(1,089)	(1,320)	(666)	(1,848)	(2,282)	(1,958)	(2,103)	(2,358)	(3,584)	(3,932)
Cash and cash equivalents at end of period	4,589	6,220	7,679	7,693	9,859	10,093	11,643	12,917	12,081	14,608	17,686
Financial Position (at fiscal year-end) (Millions of yen)											
Total assets	33,766	34,678	38,895	47,308	47,558	48,102	49,459	55,819	60,137	66,144	69,204
Net assets	24,690	25,519	28,605	32,778	33,503	34,570	36,134	40,210	45,255	50,074	53,563
Equity capital	23,449	24,366	26,719	29,006	29,902	31,093	32,243	35,623	40,026	44,159	46,853
Investments (Millions of yen)											
Capital investments	1,364	1,048	1,473	2,458	2,080	1,244	1,111	1,568	2,557	2,854	3,351
Depreciation	1,008	1,076	1,128	1,239	1,618	1,510	1,427	1,510	1,789	2,011	2,299
Research and development expenses*	854	1,017	1,112	1,078	1,154	1,084	1,045	1,048	1,355	1,468	1,774
Per Share Information											
Annual dividends per share (yen)	16.50	22.00	20.00	20.00	22.00	24.00	24.00	30.00	38.00	49.00	45.00
Dividend payout ratio (%)	30.0	35.4	24.5	29.7	31.2	36.8	37.9	34.8	35.1	40.1	41.6
Earnings per share (EPS) (yen)	54.91	62.14	81.48	67.32	70.62	65.14	63.34	86.32	108.25	122.13	108.21
Book-value per share (BPS) (yen)	561.80	583.76	640.14	694.94	716.40	748.16	784.91	876.20	989.09	1,109.65	1,190.89
Key Management Indicators (%)											
Cost of sales ratio	57.1	55.8	56.0	56.0	56.8	57.6	58.1	56.9	56.0	54.2	53.5
Gross profit margin	42.9	44.2	44.0	44.0	43.2	42.4	41.9	43.1	44.0	45.8	46.5
SG&A ratio	31.3	31.3	31.3	32.3	32.1	32.5	32.3	31.8	31.9	34.3	35.7
Operating profit margin	11.6	12.9	12.6	11.7	11.2	9.9	9.7	11.3	12.0	11.6	10.8
ROE	10.4	10.8	13.3	10.1	10.0	8.9	8.3	10.4	11.6	11.7	9.4
ROA	7.1	7.6	9.2	6.5	6.2	5.7	5.4	6.7	7.6	7.8	6.3
Equity ratio	69.4	70.2	68.6	61.3	62.8	64.6	65.2	63.8	66.6	66.8	67.7
Others											
Ratio of overseas sales (%)	48.0	45.5	45.1	48.6	56.4	56.1	57.1	62.1	64.0	65.9	66.3
Number of employees (Consolidated) (at fiscal year-end)	1,132	1,159	1,316	1,624	1,736	1,733	1,748	1,764	1,799	1,865	1,906
Ratio of overseas employees (%)	51.7	52.3	56.1	63.2	64.5	64.2	64.0	64.7	65.3	65.6	65.2

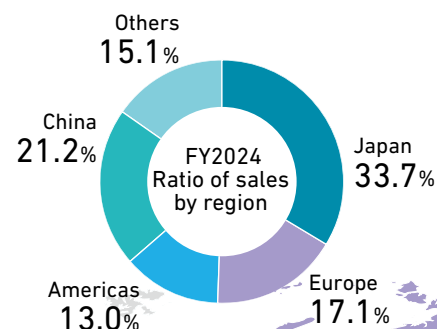
*Total of general administrative expenses and manufacturing costs related to research and development

Global Network

(As of the date of this Report)

The Group started the full-scale overseas expansion in the late 1980s, first in Asia and then expanding its bases to North America and Europe. Having put in place manufacturing and sales systems around the world, our overseas net sales have currently reached 66.3% of our total sales and are driving the Group's growth.

In the ever-expanding global market, we continue to provide high-quality products that match various market needs.



Japan

- ① ANEST IWATA Corporation (Head Office) ●●●●●
 - Akita Factory ●
 - Fukushima Factory ●●
 - Tohoku Branch ●●●●●
 - Kanto Branch ●●●●●
 - North Kanto Branch ●●●●●
 - Chubu Branch ●●●●●
 - Kansai Branch ●●●●●
 - Fukuoka Branch ●●●●●
 - ② A&C Service Corporation ●●●●●
 - ③ ANEST IWATA A.I.R. Corporation ●
 - ④ ADVANCE RIKEN Inc.* ●
- Compressors business
● Vacuum equipment business
● Coating equipment business
● Coating systems business
● Sales of consumer products, mobility after-sales service businesses

Europe

- Germany
 - ⑤ ANEST IWATA Deutschland GmbH ●
 - ⑥ ANEST IWATA Europe GmbH ●●
 - ⑦ HARDER & STEENBECK GmbH & Co.KG ●
- Italy
 - ⑧ ANEST IWATA Strategic Center S.r.l. ●
- France
 - ⑨ ANEST IWATA France S.A. ●●
- UK
 - ⑩ ANEST IWATA (UK)Ltd. ●
- Sweden
 - ⑪ ANEST IWATA Scandinavia AB ●
- Spain
 - ⑫ ANEST IWATA Iberica S.L.U. ●
- Poland
 - ⑬ ANEST IWATA Polska Sp.Z o.o. ●
- Russia
 - ⑭ ANEST IWATA RUS LLC ●

Americas

- U.S.
 - ⑮ ANEST Iwata-Medea, Inc. ●
 - ⑯ ANEST IWATA Americas, Inc. ●●●●●
 - ⑰ Powerex-Iwata Air Technology, Inc.* ●●●
- Mexico
 - ⑱ ANEST IWATA Mexico S. De R.L. De C.V. ●●●●●
- Brazil
 - ⑲ AIRZAP ANEST IWATA Industria e Comercio Ltda. ●●●●●

China

- China
 - ⑳ ANEST IWATA Industrial Machinery (Jiaxing) Co., Ltd. ●●●
 - ㉑ ANEST IWATA Shanghai Corporation ●●●
 - ㉒ ANEST IWATA FEELER Corporation ●●
 - ㉓ Shanghai Screw Compressor Co., Ltd. ●
 - ㉔ Shanghai Globe Screw Technology Co., Ltd. ●

Others

- Taiwan
 - ㉕ ANEST IWATA Taiwan Corporation ●●●
 - ㉖ ANEST IWATA SPARMAX Co., Ltd. ●●●
- India
 - ㉗ ANEST IWATA MOTHERSON Private Ltd. ●●●●●
- Thailand
 - ㉘ ANEST IWATA Southeast Asia Co., Ltd. ●●●●●
- South Korea
 - ㉙ ANEST IWATA KOREA Corporation ●●●●●
- Vietnam
 - ㉚ ANEST IWATA VIETNAM Co., Ltd. ●●●●●
- Indonesia
 - ㉛ PT.ANEST IWATA Indonesia ●●●●●
- Australia
 - ㉜ ANEST IWATA Australia Pty.Ltd. ●●●
- South Africa
 - ㉝ ANEST IWATA South Africa(Pty)Ltd. ●●●
- Philippines
 - ㉞ ANEST IWATA A.I.R. Philippines Inc. ●

* An affiliated company accounted for using the equity method

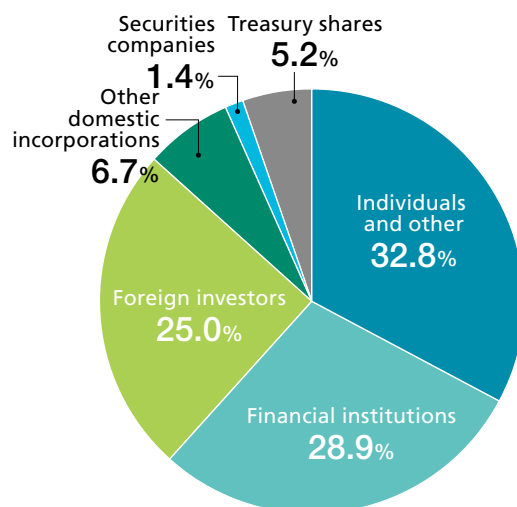
Stock Information

Number of Shares Issued (As of March 31, 2025)

Securities code	6381
Total number of authorized shares	189,290,000 shares
Total number of shares issued	41,745,505 shares
Number of treasury shares	2,156,489 shares
Number of shareholders	15,827

(Note) The treasury shares do not include 245,400 shares of the Company held by the Board Benefit Trust (BBT).

Composition of Shareholders (As of March 31, 2025)

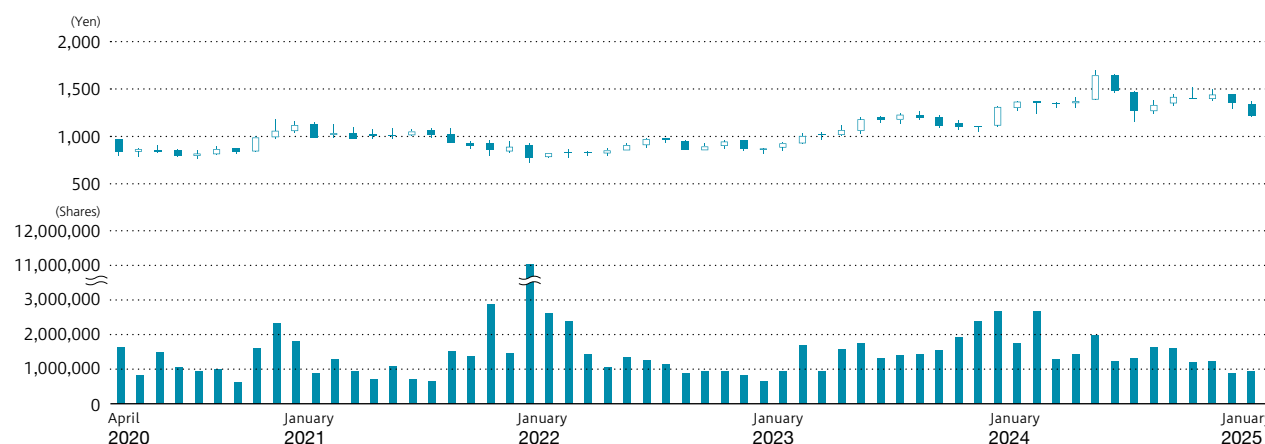


Principal Shareholders (As of March 31, 2025)

Name	Number of shares owned (thousands)	Ratio of shares held to shares outstanding (%)
Japan Trustee Services Bank, Ltd. (Trust account)	4,911	12.4
The Dai-ichi Life Insurance Company, Limited	2,272	5.7
ANEST IWATA Customer Shareholding Association	1,988	5.0
ANEST IWATA Supplier Shareholding Association	1,897	4.8
Meiji Yasuda Life Insurance Company	1,520	3.8
Custody Bank of Japan, Ltd. (Trust account)	1,479	3.7
THE BANK OF NEW YORK 133652	1,279	3.2
NORTHERN TRUST CO. (AVFC) RE UKUC UCITS CLIENTS NON LENDING 10PCT TREATY ACCOUNT	1,136	2.9
ANEST IWATA Customer Employee Shareholding Association	867	2.2
KIA FUND 136	801	2.0

Note. The shareholding ratio is calculated excluding treasury shares (1,795,552 shares).

Stock Prices and Trading Volume (From April 2020 to March 2025)



Corporate Profile (As of the date of this Report)

Company Name	ANEST IWATA Corporation
Head Office	3176, Shinyoshida-cho, Kohoku-ku, Yokohama 223-8501, Japan
Representative	Eisuke Miyoshi, President, Representative Director and Chief Executive Officer
Founded	May 1926
Incorporated	June 1948
Main Business	Manufacture and sales of air compressors, vacuum equipment, coating equipment, and coating systems
Capital	3,354 million yen
Number of Employees	610 (1,906 consolidated / Japan 663, overseas 1,243) *As of March 31, 2025
End of Fiscal Year	March 31
Listed Securities Exchange	Tokyo Stock Exchange Prime Market
Locations	Head office: 1 location, Factories: 2 locations, Branches: 6 locations
Number of Group Companies	31 companies (of which 29 are overseas) *Excluding the parent company and two equity-method affiliates

Websites

(Japanese)
Corporate website



(Japanese)
Product
information website



(English)
Corporate website



Head Office



Akita Factory



Fukushima Factory



ANEST IWATA Corporation

3176, Shinyoshida-cho, Kohoku-ku, Yokohama
223-8501, Japan

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ir_koho@anest-iwata.co.jp

<https://www.anestiwata-corp.com/>