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[Documents to be submitted]	Annual Securities Report
[Clause of stipulation]	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act
[Submit to]	Director-General of the Kanto Local Finance Bureau
[Date of submission]	June 25, 2024
[Fiscal year]	78th term (From April 1, 2023 to March 31, 2024)
[Company name]	ANEST IWATA Kabushiki Kaisha
[English name]	ANEST IWATA Corporation
[Title and name of representative]	Shinichi Fukase, President, Representative Director and Chief Executive Officer
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[Places for public inspection]	Tokyo Stock Exchange, Inc.  (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo)

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

## Part 1 [Corporate Information]

### Section 1 [Company Overview]

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

##### (1) Consolidated management indicators, etc.

Term	74th term	75th term	76th term	77th term	78th term
Fiscal-year end	March 2020	March 2021	March 2022	March 2023	March 2024
Net sales (million yen)	39,091	35,588	42,337	48,515	53,425
Ordinary profit (million yen)	4,401	4,253	5,572	7,043	7,986
Profit attributable to owners of parent (million yen)	2,717	2,623	3,541	4,381	4,931
Comprehensive income (million yen)	2,545	3,223	5,900	7,064	8,169
Net assets (million yen)	34,570	36,133	40,210	45,255	50,074
Total assets (million yen)	48,102	49,458	55,818	60,136	66,144
Net assets per share (yen)	748.16	784.91	876.20	989.09	1,109.65
Basic earnings per share (yen)	65.14	63.34	86.32	108.25	122.13
Diluted earnings per share (yen)	—	—	—	—	—
Equity ratio (%)	64.6	65.2	63.8	66.6	66.8
Return on equity (ROE) (%)	8.9	8.3	10.4	11.6	11.7
Price earnings ratio (PER) (times)	16.1	16.2	9.6	9.3	11.1
Cash flows from operating activities (million yen)	4,141	4,602	3,889	4,329	6,770
Cash flows from investing activities (million yen)	(1,543)	(1,067)	(1,078)	(3,323)	(1,260)
Cash flows from financing activities (million yen)	(2,281)	(1,958)	(2,103)	(2,357)	(3,584)
Cash and cash equivalents at end of period (million yen)	10,092	11,643	12,916	12,080	14,608
Number of employees (persons)	1,733	1,748	1,764	1,799	1,865

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

2. The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other standards have been applied from the beginning of the 76th term, and the management indicators for this term and hereafter have been obtained after application of the said accounting standards.
3. The amount of diluted earnings per share is not included because there are no dilutive shares such as bonds with subscription rights to shares.
4. The Company has introduced the "Board Benefit Trust (BBT)," a performance-based stock compensation plan, since the 74th fiscal year. Accordingly, in the calculation of the basic earnings per share, the Company shares owned by the Trust are included in the treasury shares, which are deducted in the calculation of the number of treasury shares at the period-end and the average number of shares outstanding in the period.
5. Effective from the 78th term, the monetary presentation unit has changed from thousand yen to million yen. For easy comparison, the figures before the 77th term have also been converted to the unit of million yen.

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

Term		74th term	75th term	76th term	77th term	78th term
Fiscal-year end		March 2020	March 2021	March 2022	March 2023	March 2024
Net sales	(million yen)	16,936	20,962	22,806	24,770	25,715
Ordinary profit	(million yen)	2,786	2,965	3,666	4,288	4,891
Profit	(million yen)	2,217	3,708	2,751	3,356	3,689
Share capital	(million yen)	3,354	3,354	3,354	3,354	3,354
Total number of shares issued	(shares)	41,745,505	41,745,505	41,745,505	41,745,505	41,745,505
Net assets	(million yen)	25,448	27,852	29,190	31,198	32,700
Total assets	(million yen)	32,718	35,662	37,842	38,806	40,676
Net assets per share	(yen)	612.35	678.03	717.99	770.96	821.71
Dividend per share	(yen)	24.00	24.00	30.00	38.00	49.00
[Interim dividend per share]	(yen)	[12.00]	[12.00]	[13.00]	[16.00]	[22.00]
Basic earnings per share	(yen)	53.14	89.54	67.06	82.92	91.37
Diluted earnings per share	(yen)	—	—	—	—	—
Equity ratio	(%)	77.8	78.1	77.1	80.4	80.4
Return on equity (ROE)	(%)	8.8	13.9	9.6	11.1	11.5
Price earnings ratio (PER)	(times)	19.7	11.5	12.3	12.1	14.8
Dividends payout ratio	(%)	45.2	26.8	44.7	45.8	53.6
Number of employees	(persons)	495	624	612	601	606
Total shareholder return	(%)	104.9	111.2	93.4	115.1	156.4
[Comparative index: TOPIX including dividends]	(%)	[90.5]	[128.6]	[131.2]	[138.8]	[196.2]
Highest share price	(yen)	1,100	1,180	1,098	1,035	1,373
Lowest share price	(yen)	787	756	720	790	961

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

2. The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other standards have been applied from the beginning of the 76th term, and the management indicators for this term and hereafter have been obtained after application of the said accounting standards.
3. The amount of diluted earnings per share is not included because there are no dilutive shares such as bonds with subscription rights to shares.
4. The highest and lowest share prices are as quoted on the First Section of the Tokyo Stock Exchange prior to April 3, 2022, and as quoted on the Prime Market of the Tokyo Stock Exchange on April 4, 2022 and after.
5. Some consolidated business indicators for the 75th term reflect changes resulting from the merger on April 1, 2020 of ANEST IWATA Compressor Corporation and ANEST IWATA Coating Solutions Corporation, which were consolidated subsidiaries of the Company until the end of the 74th term.
6. The Company has introduced the "Board Benefit Trust (BBT)," a performance-based stock compensation plan, since the 74th term. Accordingly, in the calculation of the basic earnings per share, the Company shares owned by the Trust are included in the treasury shares, which are deducted in the calculation of the number of treasury shares at the period-end and the average number of shares outstanding in the period.
7. Effective from the 78th term, the monetary presentation unit has changed from thousand yen to million yen. For easy comparison, the figures before the 77th term have also been converted to the unit of million yen.

## 2. [History]

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

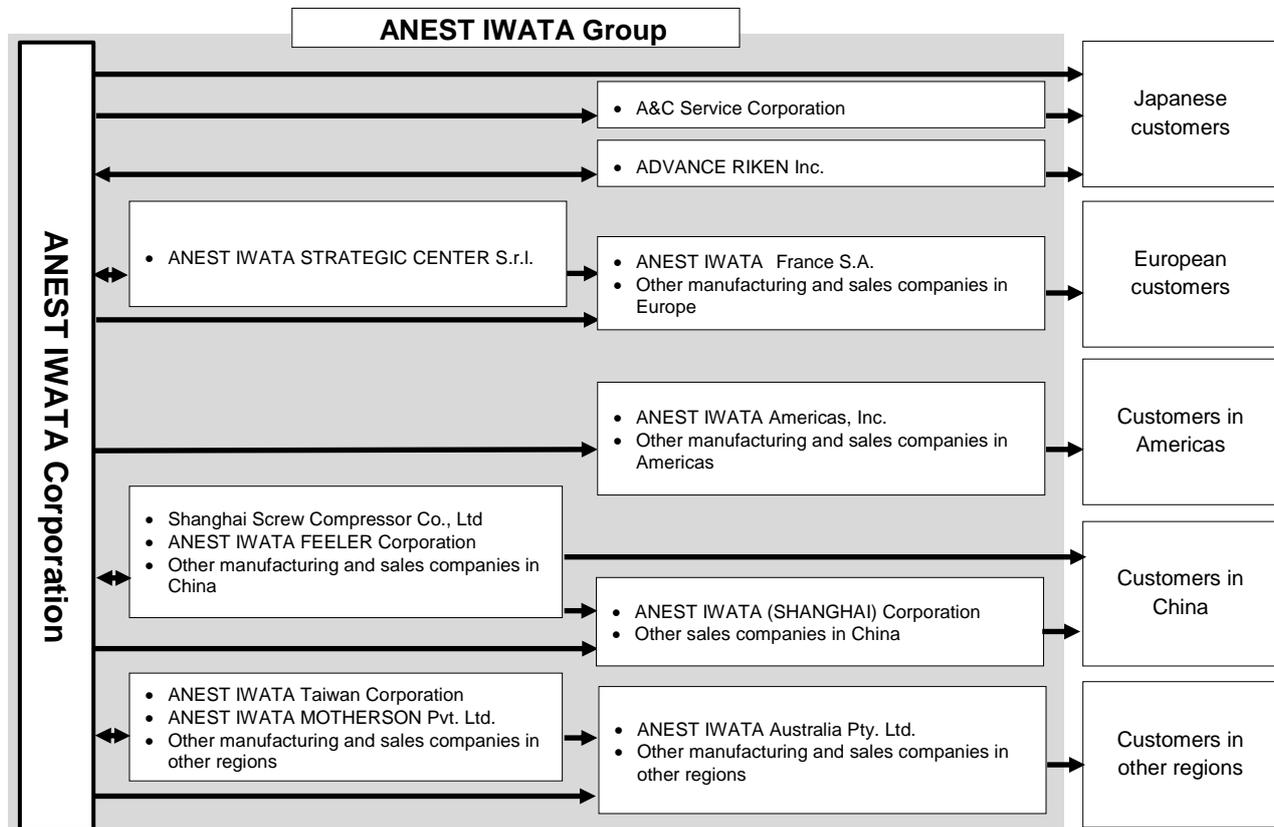
### 3. [Business description]

Our Group, consisting of our Company, 30 subsidiaries, and 2 affiliates, manufactures and sells air compressors, vacuum equipment, and coating equipment/systems exclusively, and is in a single business configuration because of similarities in product market, product use, and so on.

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

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

The following diagram provides an overview of these functions.



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

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

4. [Status of affiliated companies]

Name	Address	Share capital or investments in capital	Description of the main business	Ratio of voting rights holding (%)	Ratio of voting rights (held) (%)	Relation
(Consolidated subsidiaries) (Japan)						
A&C Service Corporation	Tsuzuki Ward, Yokohama	60 million yen	Sale, repair, and incidental work of air compressors, vacuum equipment, and coating systems	100.0	—	Sale, repair and incidental work of air compressors, vacuum equipment and coating systems in Japan. Financial assistance from parent company: Yes
(Europe)						
ANEST IWATA Deutschland GmbH	Sachsen, Germany	400 thousand EUR	Sale of coating equipment	100.0	—	Mainly in charge of sales and services within Germany. Interlocking officers, etc.: Yes Financial assistance from parent company: Yes
ANEST IWATA Europe GmbH	Baden-Württemberg, Germany	598 thousand EUR	Manufacture and sale of air compressors; and sale of vacuum equipment	100.0	—	Manufacture of products with built-in air compressor units and sales in Europe. Sale of vacuum equipment. Lease of buildings owned by parent company: Yes
HARDER & STEENBECK GmbH & Co.KG	Hamburg, Germany	125 thousand EUR	Manufacture and sale of coating equipment	100.0 (100.0)	—	Mainly involved in the manufacture and sale of airbrushes in Europe.
ANEST IWATA STRATEGIC CENTER S.r.l.	Lombardy, Italy	956 thousand EUR	Manufacture and sale of coating equipment	100.0	—	Manufacture of coating equipment and supply to this Company. Supervising sales and logistics in Europe. Interlocking officers, etc.: Yes Financial assistance from parent company: Yes
ANEST IWATA Italia S.r.l.	Torino, Italy	260 thousand EUR	Sale of coating equipment	100.0	—	Mainly in charge of sales and services within Italy. Interlocking officers, etc.: Yes
ANEST IWATA France S.A.	Saint-Quentin-Fallavier, France	160 thousand EUR	Sale of air compressors and coating equipment	100.0	—	Mainly in charge of sales and services within France. Interlocking officers, etc.: Yes
ANEST IWATA (U.K.)Ltd.	Cambridgeshire, United Kingdom	1,677 thousand GBT	Sale of coating equipment	100.0	—	Mainly in charge of sales and services within United Kingdom. Interlocking officers, etc.: Yes
ANEST IWATA Scandinavia AB	Partille, Sweden	800 thousand SEK	Sale of coating equipment	100.0	—	In charge of sales and services in Scandinavia. Interlocking officers, etc.: Yes
ANEST IWATA Iberica S.L.U.	Barcelona, Spain	500 thousand EUR	Sale of coating equipment	100.0	—	Mainly in charge of sales and services within Spain and Portugal as well as in South America. Interlocking officers, etc.: Yes
ANEST IWATA Polska Sp.Z o.o.	Poznań, Poland	200 thousand EUR	Sale of coating equipment	100.0	—	In charge of sales and services within Poland. Interlocking officers, etc.: Yes
ANEST IWATA RUS LLC	Moscow, Russia	6,500 thousand RUB	Sale of coating equipment	100.0	—	Mainly in charge of sales and services within Russia and CIS countries. Interlocking officers, etc.: Yes

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

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

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

Principal profit/loss information (Unit: Million yen)

SHANGHAI SCREW COMPRESSOR Co., Ltd.	
Net sales	8,297
Ordinary profit	678
Profit	608
Net assets	4,391
Total assets	8,161

6. ANEST IWATA AIR ENGINEERING, Inc. in the United States merged with ANEST IWATA USA, Inc. on January 1, 2023. The surviving ANEST IWATA AIR ENGINEERING, Inc. changed its name to ANEST IWATA Americas, Inc.  
7. ANEST IWATA MOTHERSON Pvt. Ltd. in India merged with ANEST IWATA MOTHERSON COATING EQUIPMENT Pvt. Ltd. on April 1, 2022. In accordance with the merger system in India, the record date for the merger (April 1, 2022) was set retroactively from the date of application for merger registration.

## 5. [Status of employees]

### (1) Status of consolidated companies

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

(As of March 31, 2024)

Segment	Fiscal year ended March 31, 2024 (persons)	Fiscal year ended March 31, 2023 (persons)	Increase/decrease (persons)
Japan	641	625	16
Europe	210	198	12
Americas	110	109	1
China	435	417	18
Others	469	450	19
Total	1,865	1,799	66

(Note) Employees are full-time employees.

### (2) Status of the submitting company

The table below shows data for the Japan segment.

(As of March 31, 2024)

Number of employees (persons)	Average age (age)	Average years of service (years)	Average annual pay (thousand yen)
606	42.4	16.14	5,832

(Notes) 1. Employees are full-time employees

2. Average annual pay includes bonuses and extra wages.

### (3) Labor union status

The Company has the JAM ANEST IWATA Labor Union (with 443 union members), which is a member union of JAM (Japanese Association of Metal, Machinery, and Manufacturing Workers).

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

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

Submitting company

Fiscal year ended March 31, 2024					Supplementary details
Percentage of female employees in management positions (%) (Note 1)	Percentage of male employees taking childcare leave (%) (Note 2)	Difference in pay by gender (%) (Note 1) (Note 3)			
		All workers	Full-time workers	Part-time and fixed-term workers	
1.5	84.6	74.8	77.8	61.3	We take a variety of measures to create a workplace where diverse human resources can play an active role. For details, refer to "(ii) Internal environmental improvement policy" in "Section 2 [Status of Business] – 2 [Approach to sustainability and its initiatives] – (3) Strategies."

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

2. Acquisition rate of childcare leave, etc. as stipulated in Article 71-4, Item 1 of the "Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Ministry of Labor Ordinance No. 25 of 1991) is calculated based on the provisions of the "Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Act No. 76 of 1991).

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

## Section 2 [Status of Business]

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

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

#### (1) Group Management Vision

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

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

#### (2) Management policy and strategy, etc.

The Company has started business activities based on a new three-year Medium-Term Business Plan from the fiscal year ended March 31, 2023.

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

Outline of the new Medium-Term Business Plan

##### (i) Numerical targets

Key Goal Indicators (KGIs) for the fiscal year ending March 31, 2025  
Consolidated net sales of 58 billion yen or more, consolidated operating profit of 6.8 billion yen or more, ROE of 10% or more  
(Based on organic growth. The following reference values indicate the breakdown.)

##### 1) Air energy business

Consolidated net sales of 35.6 billion yen or more and consolidated operating profit of 3.68 billion yen or more

##### 2) Coating business

Consolidated net sales of 22.4 billion yen or more and consolidated operating profit of 3.11 billion yen or more



##### (ii) Concept

As a specialized manufacturer, it is our mission to create products and technologies that can contribute to solving social issues in our target markets and provide a wide range of products and technologies to society, and in this way, pursuing social value and capturing new business opportunities will lead to our growth.

##### (iii) Basic strategy

- 1) Create "ONLY ONE" products appropriate for each region in the world and capture "NUMBER ONE" market share
- 2) Maximize synergy among subsidiaries to demonstrate effectiveness
- 3) Expand service business in Japan and reform business model
- 4) Develop new businesses
- 5) Strengthen sustainability management
  - a. As a specialized manufacturer, our Company's emphasis on each of E, S, and G has been the driving force behind our achievement of the highest earnings in FY2023, and the continuation and strengthening of this emphasis is the central idea behind "500 & Beyond." Under "VISION 2030 (Adding color to the world and bringing about an enriched society with fluid and air technologies)," we have examined materiality and set sustainable goals
  - b. Investment in and development of human resources

- In the current Medium-Term Business Plan period, we will emphasize investment in human resources, strengthen "each individual's earning power" by adopting total personnel cost management, and improve labor productivity
  - Continued evolution of work style reforms and health management to enhance corporate value
- c. Product development from the perspective of SDGs and contribution to society

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

In the upcoming consolidated fiscal year, we will establish a powerful management foundation based on the current Medium-Term Business Plan that will not be affected by various uncertainties, including financial policy trends in each country and geopolitical risks. We regard market overseas as the main battlefield for business expansion, and we will formulate growth strategies to suit the characteristics of the individual areas individually and proceed with the effective use of management resources, involving all Group companies, despite increasing global uncertainty.

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

• Addressing of social issues in business promotion

In air energy business, we will continue to contribute to the reduction of CO<sub>2</sub> emissions by further promoting the oil-free scroll air compressors first developed and launched by our Company to improve energy efficiency and achieve energy savings. In addition, we will increase the sales ratio of oil-free machines, with the aim to reduce the environmental burden of CO<sub>2</sub> emissions released during the production of industrial lubricants.

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

• Optimization of the supply chain

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

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

• Operational reforms for reinforcing the relationship and contact with customers

To accommodate the situation in which the business environment changes greatly with the rapid progress of IT, we will establish a contact optimum for customers in the world and promote the penetration and reinforcement of the brand by creating an environment in which information about products and services can be easily accessed from a variety of digital routes. In addition, we will further reinforce the development of products meeting diversifying needs through the creation of an environment that can connect to customers digitally.

• Revitalization of the organization by maintaining the health of employees and their families

We recognize that in order for our Group to contribute to the realization of an affluent society that can achieve sustainable growth, it is an indispensable element to maintain and improve the health of employees and their families. We appoint President, Representative Director and Chief Executive Officer as CHO (Chief Health Officer), so that the Health Management Promotion Committee can work together with related departments to tackle with work style reform toward improving health literacy and securing a work-life balance.

In the current consolidated fiscal year, a series of our activities were highly evaluated and we were recognized as an "Outstanding Health and Productivity Management Organization 2023 (White 500)" by the Ministry of Economy, Trade and Industry and the NIPPON KENKO KAIGI for the fourth consecutive year and as a "Health and Productivity Management Brand" by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange for the third consecutive year. We will continue effort to improve the health of employees and their families in the future, with an aim to be the "top White 500 company in the machinery sector."

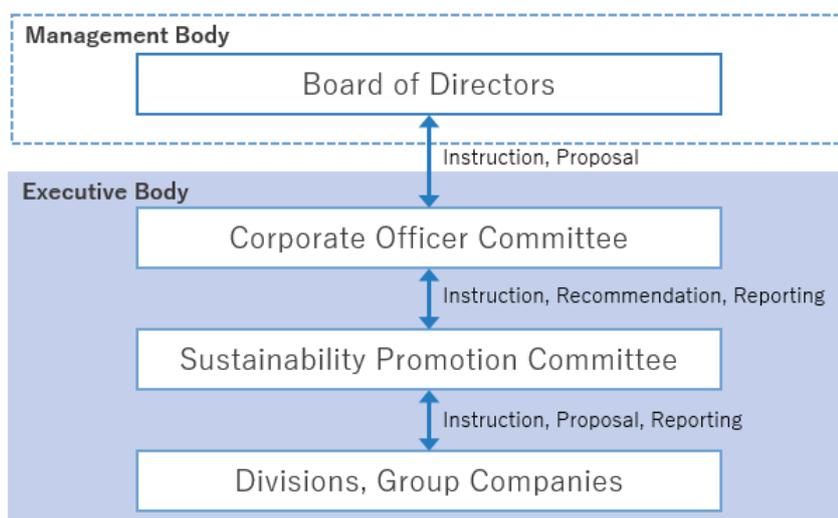
## 2. [Approach to sustainability and its initiatives]

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

### (1) Governance

The Group has created the "ANEST IWATA Corporate Philosophy," with the "corporate policy" and "Group Management Policy" at its core, and shares this with the Group's stakeholders. This includes the basic policy of the Group and matters on sustainability. We have established the Sustainability Promotion Committee as a non-statutory committee under the Corporate Officer Committee to promote the realization of these goals. The Committee consists of the President and Chief Executive Officer and the heads of related divisions and is chaired by the President and Chief Executive Officer, with the Corporate Planning Department serving as the secretariat. The Committee discusses and deliberates matters mainly related to sustainability promotion activities and reports to the Corporate Officer Committee as necessary.

#### <Sustainability Promotion System>



### (2) Risk management

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

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

### (3) Strategies

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

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

rather than a seniority-based approach.

Uniformly introducing policies on human resources development, including ensuring diversity of human resources, and policies to improve the internal environment to the entire Group is difficult because they are closely integrated with the legal systems and regional/national cultures. Therefore, the policies of the submitting company, which operates the main business of our Group, are described below. Various measures are implemented for consolidated subsidiaries based on the mandates of the representatives, granting discretionary authority over operational policies that conform to the systems and actual conditions in their respective countries.

(i) Human resource development policy

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

a. Career recruitment

To advance "change and growth," we are actively promoting career recruitment to incorporate outside knowledge and different cultures, with 33 new employees joining the Company in FY2023. Also, as an on-boarding measure to bridge the post-employment gap, regular interviews with new hires are conducted by the hiring department during the six-month on-the-job training program.

b. Training by position

We provide training to acquire the necessary skills and mindset for each level of employment. After the training, a period is set aside for participants to practice what they learned in the training in the workplace, followed by a review session to ensure that their skills and mindset are firmly established.

c. Career Planning System

To bring our employees closer to one of their aspirations, "WILL, aspire, and accomplish," we have implemented a "Career Planning System" as an opportunity to review their own careers. Employees can submit their ideas regarding career plans to the company once a year and can discuss their plans with their supervisors and the human resource representative.

(ii) Internal environmental improvement policy

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

1) Diversity & Inclusion

We have implemented initiatives to build a system and environment in which employees from various backgrounds, regardless of age, gender, or other attributes and lifestyles, can demonstrate their abilities. We ensure diversity by creating an environment where individuals can maximize their abilities based on a mutual understanding of diverse values and lifestyles. Details of specific activities are as follows.

a. Constructing a system where employees are actively involved regardless of their age, characteristics or lifestyle

We have adopted a variety of systems to create a fulfilling work environment where employees of various characteristics and personalities can work together to achieve results, thus enriching their work-life equation.

- Additional part-time work system and related four-day work week system
- System for employees to extend the retirement age to 65 or choose a retirement age between 55 and 65
- Year-round recruitment and alumni system  
(Comeback recruitment, where comeback passes are issued to retirees who meet certain criteria)
- Staggered work hours systems
- Increasing the number of available telecommuting days

b. Utilizing diverse human resources

As part of our efforts to promote diversity, we are working to encourage the activities of employees regardless

of gender, and one particular issue we have identified is increasing the ratio of female employees. Due to the nature of our industry, we currently have few female employees. Hence, we have set a goal of having 30% or more of our full-time employees be women by 2030. To achieve this goal, we are creating an environment that fosters the growth of female employees and allows them to demonstrate their capabilities, and we actively support the self-growth of each individual.

- Digital transformation of domestic production bases

In the past, production sites were dominated by male employees who had to do a lot of heavy lifting, but by promoting DX, we are working to create a work environment in which all employees can play an active role regardless of their physical abilities. In April 2024, we launched a new DX promotion project to strengthen the factory management functions with renewed manufacturing and quality control.

#### c. Childcare support including childcare leave

As a result of our efforts to encourage all eligible employees to take childcare leave so that they can play an active role without interrupting their careers, we obtained the "Kurumin Certification" in October 2023 as a childcare support company that helps employees balance work and childcare. Currently, we are promoting even more initiatives, such as improving the paid leave rate to obtain the "Platinum Kurumin Certification."

- Encourage childcare leave for male employees (by providing individualized system briefings to eligible employees, and posting stories and questionnaires on the Company's intranet).
- Shortened work hour systems  
(Employees can choose to work 4, 5, 6, or 7 hours until their child graduates from elementary school)
- Telework system for persons returning from childcare leave
- Nursing leave period in exceeding the legally set number of days  
(8 days per year for one child, including 3 days with pay. 16 days per year for two or more children, including 6 days with pay)
- Guaranteed re-employment program for employees who leave the company for childcare

## 2) Health management

Our Group promotes health management with the aim of becoming the "top White 500 company in the machinery sector." We believe "productivity improvement" for each individual and "revitalization of the organization" are important, and the health of our employees and their families is the foundation for corporate development. The President, Representative Director and Chief Executive Officer as CHO (Chief Health Officer) implements various measures throughout the Company, including enhancing the personnel system and benefits, diet, exercise, communication, and health awareness surveys. We have been highly evaluated for our efforts to secure a better work-life balance and improve health literacy within the Group, and recognized by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange as a "Health and Productivity Management Brand" for the third consecutive year. In FY2023, we also held a Company-wide field day in which employees' families could participate, not only to provide opportunities for exercise but also to foster a sense of togetherness through improved communication, thereby promoting mental and physical health. We will continue to strategically implement various health maintenance and promotion activities so our employees and their families can "smile and shine brightly" in the future. Details of these initiatives are as follows.

#### a. Promoting work-life balance

We believe that employees require ample rest to maintain their health, and have implemented various measures to ensure that they have sufficient time for daily activities and sleep.

- Implementation of measures to achieve a 100% acquisition rate using friendly names, such as calling paid leave a "Smile Holiday"
- Introduction of a working hours interval system  
(A rest period of 11 hours or more shall be allocated between the end of the work shift and the start of work the next day)

#### b. Establishment of an occupational health support system

The secondary health checkup rate was 100% for two consecutive years in FY2020 and FY2021 by stationing

occupational health nurses for individual health management and to provide detailed feedback and health guidance based on the results of the health checkup.

- Stationing public health nurses at the head office and factories
- Annual visits to branch offices
- Conduct online interviews

c. Support for balancing medical treatment and work

We have introduced the "Three Major Diseases Support Insurance" as a provision in case of an emergency illness, and are working to enhance the system to support balance between medical treatment and work.

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

For information on sustainability, and other ESG initiatives, please refer to the Integrated Report 2024, published on our website in September 2024 (URL <https://www.anestiwata-corp.com/jp/sustainability/society/health-management>).

(4) Indicators and targets

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

Indicator	Target	Results (fiscal year ended March 31, 2024)
Percentage of female employees in management positions (Note 1)	8% by 2030	1.5%
Percentage of male employees taking childcare leave (Note 2)	100% by 2030	84.6%

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

2. Acquisition rate of childcare leave, etc. as stipulated in Article 71-4, Item 1 of the "Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Ministry of Labor Ordinance No. 25 of 1991) is calculated based on the provisions of the "Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Act No. 76 of 1991).

### 3. [Business risks]

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

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

#### (1) Risks related to business activities

##### (i) Changes in business environment

Since its foundation, our Group has contributed to monozukuri in the world by supplying products such as coating equipment and air compressors, as well as services incidental to them, to the markets. As a result, the overseas sales ratio has become predominant, so that, while the flows of human resources, products and services, and funds diversify, the rate at which we are affected by the rapidly changing business environment is ever increasing.

For this reason, if we stay with the existing markets, products, business models, and so on, we may not be able to achieve sustained growth due to, for example, decreasing demand for current products attributable to market structure changes. This may have a significant impact on the results of operations, etc. of our Group.

In expanding global businesses, the sales, material procurement, and other transactions in our Group include foreign currency dominated transactions, so that any unexpected, sudden currency exchange fluctuations can also affect the results of operations, etc. of our Group.

To prevent such a risk, we need to develop new businesses and build core businesses while making constant efforts to improve quality in our existing business as well as developing products that will help solve social issues such as climate change through Monozukuri from a global perspective. To that end, we will cultivate a corporate culture to dauntlessly take on challenges without fearing failure and at the same time actively promote business alliances with various partner companies to strengthen and diversify our business base based on business portfolio management. Our Group will aim to further reinforce inter-group company exchanges and information collection, endeavor to determine market needs, and identify the importance of the needs in each country and market first and then create a system and establish management strategies so that we can accommodate changes in business environment in a flexible and prompt manner. In addition, to secure a system for supplying products stably even if a demand increase or a logistics cost increase occurs, we endeavor to reinforce the supply chain by, for example, purchasing from multiple suppliers and reviewing the logistics network.

If we ever get into a situation where we cannot achieve sustained growth, adversely affecting our results of operations, etc., we will immediately discuss through the Board of Directors and the Corporate Officer Committee, for example, to turn around the business strategy.

##### (ii) Product quality

If our Group supplies a product that does not meet quality standards to the market due to a defect in product development, design, parts procurement, processing, assembly, or other processes and there are instances of damage due to the defect, in addition to incurring a large amount of costs in dealing with losses and claims resulting from compensation, recalling and replacing products, and other such operations, we may also lose customers' trust in our products, which could have a significant negative impact on our Group's business results.

Therefore, to prevent such situations, in addition to complying with the rules, regulations, and standards governing quality, our Group's quality assurance division also intervenes from an objective standpoint from the early stages of product development to eliminate potential issues. Further, by establishing an appropriate quality control system, such as applying ISO9001 or a locally appropriate quality system, not only in Japan but also at overseas production bases, we ensure that products meet the market requirements and quality standards of each country.

In the case of an unexpected situation, a report will be promptly made to the Company's Corporate Officer Committee and Quality Assurance Committee, and the quality assurance division will promptly implement necessary measures, including recalling the products. In addition, in terms of customer service, we are strengthening our service

system in Japan, focusing on service companies that are 100% subsidiaries of our Group. On the other hand, each subsidiary handles everything systematically from sales to services overseas.

(iii) Business expansion with M&As

In order to accelerate the reinforcement of our business foundation and ensure sustained growth, our Group actively promotes comprehensive business tie-ups with partners, including capital tie-ups with, and acquisitions of, companies that we recognize are necessary.

If we lose customers' trust in a specific sales area due to a failure to smoothly proceed with the sharing of the future direction or we fail to obtain the initially anticipated effect or benefit, resulting in the poor results of operations of the target company or if we fail to maintain the expected profitability, causing the real value to decrease remarkably, this may have a significant impact on the results of operations, etc. of our Group.

In M&As, therefore, we have clarified the items to confirm, and we conduct M&As after going through the advance, careful examination of risks and returns, as well as the financial conditions, contractual relationships, etc. of the target company, and due diligence to judge whether sufficient synergetic effect can be obtained. In addition, we conduct Post-Merger Integration (PMI) appropriately and ensure that the management and the business division in charge provide management assistance in an effort to prevent such risks from occurring.

If such a risk occurs for an inevitable reason, we will promptly proceed with management decisions by, for example, deciding whether the contract can be continued and determining losses.

(2) Risks related to human resources

(i) Securing human resources

Our Group recognizes that it is vital to secure and train human resources that have diverse personalities and abilities to achieve sustained growth and accommodate market environment changes. In Japan, therefore, our Group conducts recruiting activities throughout the year. In addition to hiring new graduates, we are intensifying mid-career recruitment for a wide range of occupations.

However, we will not be able to secure sufficient human resources for sustainable growth in the future, and our efforts to improve corporate value may not proceed as planned if we continue with our current recruitment strategies, training policies for hired personnel, and personnel evaluation systems and do not make improvements based on changes in the business environment.

For this reason, under legal labor management, we will focus on the development of human resources for placing the right people at the right place, the preparation of diversity management with the creation of a personnel evaluation system from a global viewpoint, intensification of hiring multinational human resources, and education of evaluators, among others. In addition, we will work on the effective use of labor force to accelerate operational reforms by promoting the automation and digitization of various business operations.

(ii) Enhancing organizational performance through health management

We recognize that in order to improve the organizational performance and competitive spirit of our Group, it is essential to maintain and improve the health of each and every employee who supports business development. We appoint the President and Chief Executive Officer as the Chief Health Officer (CHO) and work on various health management measures under the "Health Management Declaration." If such initiatives are brought to a halt or reduced and the expected effects are not achieved, it may result in an increase in health risks and deterioration of working environment, and adversely affect the business performance. With the aim to be the "top White 500 company in the machinery sector," we have taken sincere efforts to secure a work-life balance and improve health literacy within the Group; and have been highly evaluated and recognized by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange as a "Health and Productivity Management Brand" for the third consecutive year. As a development-oriented company full of vigor and novelty, we will continue our efforts to establish a corporate culture with maximum emphasis on team work and creativity.

(iii) Labor issues

A majority of the employees of our Group are locally hired people on overseas sites.

Under the circumstances in which a way of working suitable for social situation and labor environment in each country is demanded, labor issues regarding the working conditions, etc. may be raised between us and organizations

in and out of the country, such as labor unions. If any labor dispute occurs and cannot be settled promptly, the stability and continuity of business operations will be impaired. If the dispute becomes serious, this will have a significant impact on the supply of products, and we may lose the trust of our customers, thereby adversely affecting our enterprise value and business performance.

Thus, through the promotion of the spread of "ANEST IWATA Corporate Philosophy," with our corporate policy, "Makotono kokoro" (Trustworthy & Sincere), at the core, we improve our employees' sense of belonging to our Group and, at the same time, grant powers to the representatives on overseas sites in accordance with the employment conditions and evaluation system suited for the systems and realities in their respective countries, based on the administrative authority of the representatives on overseas sites, thereby endeavoring to prevent dissatisfaction with the working conditions and the labor environment.

### 3) Risks related to IT

#### (i) IT investment

We consider that to steadily promote the reinforcement of competitiveness in global expansion, it is vital to change our business model, develop high-value-added products, and improve business efficiency by introducing IT, in which constant innovations are under way.

If the execution of an IT strategy stagnates because of the loss of knowledge or know-how about IT from the Company due to a contingency or if there occurs a delay in the development of a product that matches the latest IT trend, this may adversely affect results of operations, etc. because of declining competition in the market or impaired management efficiency.

Thus, in combination with a management plan, our Group formulates mid- to long-term IT strategies and regards IT investment as a key element for driving corporate growth and, at the same time, continually verifies the contribution to corporate growth.

If such a risk occurs, we will start active personnel employment, as well as partnerships with new partner companies and, at the same time, rebuild our management foundation by depreciating obsolete IT assets.

#### (ii) Information security

To promote business activities in a stable and sustainable manner, the importance of maintaining the safety and reliability of an information system is ever increasing. Our Group exercises strict control over confidential information related to technology development and sales that are acquired in the process of expanding business activities, as well as personal information.

If information leakage, falsification, or a system fault occurs due to a natural disaster, unexpected cyberattack, unauthorized access attributable to the entry of a computer virus, etc. or if information is leaked by an employee intentionally or negligently and such information is misused, this may adversely affect the results of operations, etc. because we need to bear liability for compensation.

Thus, our Group prepares an appropriate information security system to take necessary and sufficient security measures such as acquiring appropriate backups of important data and, at the same time, conducts education for employees.

If such a risk occurs, we will create a system to promptly determine the cause and the details and take appropriate measures and, at the same time, disclose information about the damage, if necessary, thereby endeavoring to minimize secondary damage and restore trust.

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

#### (i) Conformance to regulations and standards about the earth's environment and climate change

Amid increasing global awareness of the earth's environment and climate change, Japan and other countries have a tendency to establish new environmental laws and regulations and tighten existing ones. If there occurs a delay in putting products that comply with such regulations, this may cause the business activities to be restricted and revenue opportunities to be lost, adversely affecting the business and the results of operation of our Group.

The details of such regulations differ depending on the country or area, and we proceed with the preparation of systems by, for example, transferring the necessary functions, so that the local subsidiaries located in each country can collect information and meet regulations. If, for example, laws and regulations are revised unexpectedly and are

further tightened in the future, we will judge whether to further invest in the relevant items or withdraw from them by considering whether meeting the laws and regulations is economically reasonable.

Further, we recognize the importance of information disclosure based on the framework of public institutions and will execute the necessary initiatives, led by the Sustainability Promotion Committee, to implement appropriate information disclosure.

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

In recent years, an increasing number of misconduct cases, etc. by companies have been reported. If such incidents as infringement of intellectual property rights, quality fraud, bribery, or harassment occur in our Group, this may have a short-term impact on the results of operations, etc. due to compensation. Not only that, but we may get into a situation in which the corporate value of our Group worsens over an extended period of time or the existence of our Group as companies is threatened because, for example, the sales activities and the recruitment activities are hindered by remarkable damage to the trust in our Group.

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

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

(iii) Intelligent property

Our Group aims to become a development-oriented company full of vigor and novelty that is capable of providing high-performance, high-quality products and services to customers all over the world. As a result, we run the risk of having a third party imitate any of the products, technologies, business models, and so on that our Group reserves at present or will develop in the future or of infringing on any of the intelligent property rights, patent rights, and trademark rights of third parties unintentionally. In that case, results of operations, etc. of our Group may be adversely affected because, for example, costs are incurred due to damage compensation or a lawsuit or we are unable to use the technology itself or are obliged to use it in an unfavorable manner.

For this reason, our Group will acquire intelligent property rights, patent rights, and trademark rights related to the functions and designs of products and reinforce their management and, at the same time, create a system whereby our Group is not impacted by infringement or minimizes the impact, while receiving cooperation from outside organizations concerned.

(iv) International tax affairs

Our Group possesses subsidiaries in major areas in the world, expanding business activities globally. In inter-group company transactions, we take meticulous care to the risks of international tax affairs by, for example, endeavoring to adhere to transfer price taxation and other regulations to set appropriate transaction prices. If any finding is received from tax authorities due to a difference of view, this will incur additional taxes, etc. and may adversely affect the results of operations, etc. of our Group.

Our Group will endeavor to prevent differences of view from tax authorities by understanding law correctly, while focusing on the developments of international financial affairs and receiving cooperation from outside organizations.

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

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

- Judgment on the impairment loss on shares, etc. of affiliated companies in our individual financial statements
- Judgment on the impairment loss on non-current assets of subsidiaries, etc., which is used as basic data for consolidated financial statements

- Calculation of the years of depreciation when posting goodwill in consolidated financial statements and judgment on impairment loss

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

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

(5) Other risks (unexpected events)

Our Group expands business operations to various countries in the world. The supply of products to all parts of the world could be severely affected due to factors such as damage to business facilities, delay in raw material procurement and logistics caused by tighter regulations due to protectionism and trade friction, and increased necessary costs in the event of unpredictable political and economic changes, the emergence of geopolitical risks such as the outbreak of war and terrorism due to the rise of hegemony, epidemics of infectious diseases, and natural disasters such as large-scale earthquakes and typhoons, and other such disasters in these countries and regions. If such a situation is prolonged or if the measures for the increasing possibility of such a situation are not sufficient, this will increase the possibility of having a significant adverse impact on the results of operations, etc. of our Group because of the impairment of non-current assets, decreased profitability, etc.

In addition to making a Business Continuity Plan (BCP), our Group endeavors to make our business activities resilient by establishing a supply system that minimizes the impact of the above events by, for example, distributing product functions and exploring the possibility of inter-group product procurement, and by promptly and appropriately determining the management environment surrounding our Group.

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

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

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

##### (1) Explanation of performance

###### (i) Operating results

The results for the current consolidated fiscal year were sales of 53,425 million yen (up 10.1% increase from the previous consolidated fiscal year), operating profit of 6,176 million yen (up 5.8%), ordinary profit of 7,986 million yen (up 13.4%), and profit attributable to owners of parent of 4,931 million yen (up 12.5%).

(Reference values) Results of each division

(Amount: million yen)

Division	(Product category)	Fiscal year ended March 31, 2024			
		Consolidated net sales	(Change from the previous fiscal year)	Consolidated operating profit	(Change from the previous fiscal year)
Air Energy Division		33,286	13.4%	3,357	2.7%
	Air Compressors	30,302	12.3%		
	Vacuum Equipment	2,983	26.1%		
Coating Division		20,139	5.1%	2,818	9.7%
	Coating Equipment	17,851	8.1%		
	Coating Systems	2,288	(13.7%)		
Total		53,425	10.1%	6,176	5.8%

(Note) The consolidated operating profit of each division is calculated with our Group's unique standard.

###### (ii) Analysis of financial condition

###### 1) Assets

For assets, our current assets stood at 40,571 million yen (up 10.3% from the previous consolidated fiscal year). This was mainly due to an increase of 2,419 million yen in "Cash and deposits." Our non-current assets stood at 25,573 million yen (up 9.5%). This was mainly due to increases of 388 million yen in "Buildings and structures, net" and 805 million yen in "Investment securities." As a result, our total assets stood at 66,144 million yen (up 10.0%).

###### 2) Liabilities

For liabilities, our current liabilities stood at 12,789 million yen (up 9.1%). This was mainly due to an increase of 330 million yen in "Notes and accounts payable-trade." Our non-current liabilities stood at 3,280 million yen (up 3.8%). This was mainly due to an increase of 367 million yen in "Lease liabilities." As a result, our total liabilities stood at 16,069 million yen (up 8.0%).

###### 3) Net assets

Our net assets stood at 50,074 million yen (up 10.6%). This was mainly due to an increase of 3,142 million yen in "Retained earnings." Our equity capital, which is calculated by subtracting the non-controlling interests from the net assets, stood at 44,159 million yen, increasing our equity ratio by 0.2 percentage points to 66.8%, from 66.6% at the end of the previous consolidated fiscal year.

###### (iii) Cash flow

Cash and cash equivalents (referred to as "funds" in the remainder of this document) for the current consolidated fiscal year decreased by 2,527 million yen from the end of the previous consolidated fiscal year, to 14,608 million yen (up 20.9%) at the end of the current consolidated fiscal year. Each cash flow in the current consolidated fiscal year, as well as the causes, are as described below.

###### 1) Cash flows from operating activities

As a result of operating activities, the fund balance shows earnings of 6,770 million yen (up 56.4%), with an

increase of 2,440 million yen from the end of the previous consolidated fiscal year, mainly due to an increase of 895 million in "Profit before income taxes" and an increase of 748 million yen in earnings because of fluctuations in "Decrease (increase) in inventories."

2) Cash flows from investing activities

As a result of investing activities, the fund balance shows expenses of 1,260 million yen (down 62.1%), with an decrease of 2,062 million yen in expenses from the end of the previous consolidated fiscal year, mainly due to an increase of 1,091 million yen in "Proceeds from withdrawal of time deposits."

3) Cash flows from financing activities

As a result of financing activities, the fund balance shows expenses of 3,584 million yen (up 52.1%), with an increase of 1,227 million yen in expenses from the end of the previous consolidated fiscal year, mainly due to an increase of 732 million yen in "Purchase of treasury shares."

(2) Status of production, orders received and sales

(i) Production results

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

Segment	Amount (million yen)	Year-on-year increase/decrease rate (%)
Japan	20,861	5.2
Europe	3,001	26.2
Americas	1,110	42.0
China	8,552	11.3
Others	6,221	11.1
Total	39,747	9.6

(Note) The increase in Europe is mainly due to the results of subsidiaries in Italy and Germany that manufactures coating equipment.

(ii) Orders received and order outstanding

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

Segment	Orders received (million yen)	Year-on-year increase/decrease rate (%)	Order outstanding (million yen)	Year-on-year increase/decrease rate (%)
Japan	918	(25.1)	311	(65.3)
Europe	—	—	—	—
Americas	16	(25.2)	—	(100.0)
China	311	15.8	108	347.9
Others	356	(16.3)	114	(54.6)
Total	1,603	(17.5)	534	(55.1)

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

2. The decrease in Japan's order outstanding was mainly due to the completion of deliveries of large projects that had been acquired in the previous consolidated fiscal year and a slowdown in the pace of acquisitions of capital investment projects related to automobile production.

3. The decrease in Others' order outstanding was mainly due to a slowdown in the pace of acquiring capital investment projects related to the production of wood products in Indonesia.

(iii) Sales results

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

Segment	Amount (million yen)	Year-on-year increase/decrease rate (%)
Japan	18,207	4.2
Europe	8,663	19.8
Americas	6,862	17.0
China	11,419	10.5
Others	8,273	8.7
Total	53,425	10.1

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

(i) Overview and results of operations

In the current consolidated fiscal year, the global economy became increasingly sluggish due to the effects of monetary tightening in Europe and the United States and the economic stagnation in China. In the Japanese economy, there was an increase in inbound demand and an improvement in appetites for capital investment, although there were differences depending on company size. However, the economic recovery continued to lack strength due to factors such as sluggish growth in consumer spending caused by high prices and concerns about a slowdown in overseas economies.

Under such circumstances, our business performance for the current consolidated fiscal year is as follows: sales stood at 53,425 million yen (up 10.1% from the previous consolidated fiscal year), operating profit at 6,176 million yen (up 5.8%), ordinary profit at 7,986 million yen (up 13.4%), and profit attributable to owners of parent at 4,931 million yen (up 12.5%). From these results, the ROE in the current consolidated fiscal year stood at 11.7% (up 0.1 points), and the equity ratio improved by 0.2 points to 66.8%.

(ii) Results of operations by segment

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

(Japan)

Sales stood at 26,326 million yen (up 4.7% from the previous consolidated fiscal year) and segment profit stood at 3,431 million yen (down 2.5%). The decrease in profit was mainly due to an increase in selling, general and administrative expenses caused by an increase in fees paid for system design costs and new business development costs aimed at mid- to long-term business expansion.

In the air compressor products field, we did not see any major impact from the price increase in January. As we were able to follow demand trends at the end of the fiscal year, sales of oil-free air compressors, mainly small general-purpose air compressors and reciprocating-type compressors for set manufacturers, including those in the medical field, increased.

In the vacuum equipment products field, sales of vacuum pumps for semiconductor manufacturing-related equipment, including exports, increased as the semiconductor market continued to undergo an adjustment phase.

Coating equipment products were affected by the discontinued sales of some spray guns reported in the third quarter of the current consolidated fiscal year, but sales of environmental equipment increased due to the increased use of IT tools and strengthened property management.

In the coating system field, sales decreased as fewer orders were received as a reaction to the favorable performance in the previous consolidated fiscal year and as some projects will be included in the next fiscal year. We are expanding our proposal activities to include resin and metal products and components other than automobile parts.

(Europe)

Sales stood at 9,377 million yen (up 24.9% from the previous consolidated fiscal year) and segment profit stood at

829 million yen (up 64.5%). The increase in profit was largely due to increased sales of coating equipment and the amortization of goodwill in the previous consolidated fiscal year in a subsidiary acquired in 2017.

In the air compressor products field, sales of oil-free air compressors remained strong due to demand trends from OEM customers. We are continuing to develop sales channels mainly in niche markets.

In the coating equipment field, sales of coating equipment, mainly new spray guns for the car repair market, were strong.

(Americas)

Sales stood at 7,258 million yen (up 16.0% from the previous consolidated fiscal year) and segment profit stood at 927 million yen (up 44.7%). The increase in profit was mainly due to increased sales of air compressors and vacuum equipment, which have high profit margins.

In the air compressor field, sales of in-vehicle and medical air compressors increased mainly in the United States and Brazil.

In the vacuum equipment field, sales in the United States remained strong in the sales channel acquired through the partial transfer of our business during the first quarter of the current consolidated fiscal year. In addition, sales increased due to factors such as harnessing demand from equipment manufacturers.

In the coating equipment field, airbrush sales in the United States took time to recover, but sales increased as the industrial coating market developed. We are also focusing on sales of new spray guns for the car repair market and intermediate-range spray guns for hardware stores.

(China)

Sales stood at 12,405 million yen (up 11.1% from the previous consolidated fiscal year) and segment profit stood at 808 million yen (down 0.8%).

In the air compressor field, sales of air compressors for lithium-ion battery manufacturing-related equipment contributed to sales growth throughout the current consolidated fiscal year, despite sluggish domestic sales in China. Further, export sales of Shanghai Screw Compressor Co., Ltd. continued to be strong.

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In the coating equipment field, sales continued to decline throughout the current consolidated fiscal year, with no sign of recovery in business confidence.

In the coating system field, sales continued to decline, similar to coating equipment products. We are striving to ensure profitability by optimally allocating personnel to all segments, including Southeast Asia and India, where demand is expected to be greater than that in China.

(Others)

Sales stood at 10,067 million yen (up 7.0% from the previous consolidated fiscal year) and segment profit stood at 1,600 million yen (up 9.0%).

In the air compressor field, general-purpose air compressors performed well throughout the fiscal year in India. To accommodate flexible delivery dates, we are currently working on building a new assembly line for mid-sized air compressors, for which we import finished products from our Chinese subsidiary, Shanghai Screw Compressor Co., Ltd. Additionally, in Southeast Asia, we are continuing to train sales staff at our subsidiaries and local agencies.

In the coating equipment field, sales increased mainly for the industrial coating market. We have also started to develop markets in South Asia, including India, where there is room to expand our market share.

In the coating system field, sales of coating systems for coating car parts and wood products increased.

### (iii) Analysis of financial resources and liquidity of funds

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

Cash and cash equivalents at end of period of the current consolidated fiscal year of the Group were 14,608 million

yen against short-term borrowings of 991 million yen, ensuring liquidity of funds. We have an overdraft limit and a loan commitment line agreement amount of approximately 8,085 million yen, and based on these contracts, the balance of executed loans at the end of the current consolidated fiscal year was 335 million yen.

(iv) Significant accounting estimates and assumptions using such estimates

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

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

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

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

5. [Important business contracts, etc.]

There are no relevant matters.

6. [Research and development activities]

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

Total R&D cost for the current period was 853 million yen. In addition, 615 million yen used to improve and modify products has been allocated for manufacturing costs. Reporting segments are Japan, Europe and China, and Japan accounts for 1,159 million yen of the total of 1,468 million yen.

## Section 3 [Status of Facilities]

### 1. [Outline of capital investments]

Based on the basic policy of "transformation into a corporate structure and corporate culture that is not affected by economic fluctuations," the Group has made a total capital investment of 2,854 million yen, mainly to update and rationalize production facilities and improve the environment.

By segment, in Japan, we invested 1,963 million yen, mainly to expand production facilities. In Europe, we invested 345 million yen, mainly to expand production facilities. In the Americas, we invested 215 million yen mainly for the relocation of subsidiary offices for the purpose of expanding sales activities. In China, we invested 71 million yen, mainly to expand production facilities. In other segment, we invested 259 million yen.

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

### 2. [Status of major facilities]

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

#### (1) Segment-wise breakdown

As of March 31, 2024

Segment	Book value (million yen)						Number of employees (persons)
	Buildings and Structures	Machinery, equipment and vehicles	Leased assets	Land (Area; m <sup>2</sup> )	Other	Total	
Japan	3,227	1,131	1,614	1,246 (215,401.9) [1,726.0]	472	7,694	641
Europe	524	506	126	119 (15,355.0)	125	1,401	210
Americas	883	81	4	98 (13,091.2)	17	1,086	110
China	609	258	—	—	41	909	435
Others	733	548	45	957 (11,401.2)	78	2,364	469
Total	5,978	2,527	1,790	2,422 (255,249.3) [1,726.0]	735	13,455	1,865

(Notes) 1. Book value does not include construction in progress, 260 million yen.

2. Land, buildings, vehicles and other parts are leased. Rent expenses or lease fees are 720 million yen. Land area of rented land is described in square brackets [ ].

3. No major facilities are out of service.

(2) Submitting company

As of March 31, 2024

Office name□ (location)	Segment	Facility details	Book value (million yen)						Number of employees (persons)
			Buildings and structures	Machinery, equipment and vehicles	Leased assets	Land (Area; m <sup>2</sup> )	Other	Total	
Head office/factory (Kohoku Ward, Yokohama City)	Japan	Supervisory business facilities, etc.	1,941	206	51	665 (36,716.8) [1,726.0]	272	3,137	315
Akita Factory (Daisen City, Akita Prefecture)	Japan	Coating equipment production facilities	420	425	74	40 (33,937.3)	69	1,029	66
Fukushima Factory (Yabuki Town, Nishishirakawa District, Fukushima Prefecture)	Japan	Air compressors production facilities, etc.	799	500	1,483	414 (143,527.6)	100	3,298	163
Sales office (Nagoya City, Aichi Prefecture, etc.)	Japan	Other facilities	57	—	—	126 (1,220.3)	4	188	62
Rental real estate to subsidiaries (Baden-Württemberg, Germany)	Europe	Air compressors production facilities, etc.	36	—	—	21 (2,238.0)	—	57	—
Total			3,255	1,131	1,609	1,268 (217,639.9) [1,726.0]	447	7,712	606

(Notes) 1. Book value does not include construction in progress, 140 million yen.

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

3. Major rental and lease facilities are as follows.

Office name□ (location)	Segment	Facility details	Rent expenses or lease fees (million yen)
Head office/factory (Kohoku Ward, Yokohama City)	Japan	Other facilities	112
Akita Factory (Daisen City, Akita Prefecture)	Japan	Coating equipment production facilities	6
Fukushima Factory (Yabuki Town, Nishishirakawa District, Fukushima Prefecture)	Japan	Air compressor production facilities, etc.	58
Sales office (Nagoya City, Aichi Prefecture, etc.)	Japan	Other facilities	59

(3) Domestic subsidiary

As of March 31, 2024

Office name (location)	Segment	Facility details	Book value (million yen)						Number of employees (persons)
			Buildings and structures	Machinery, equipment and vehicles	Leased assets	Land (Area; m <sup>2</sup> )	Other	Total	
A&C Service Corporation (Tsuzuki Ward, Yokohama City)	Japan	Other facilities	8	0	5	—	24	39	35

(Note) Book value does not include construction in progress, 4 million yen.

(4) Overseas subsidiaries

As of March 31, 2024

Office name (location)	Segment	Facility details	Book value (million yen)						Number of employees (persons)
			Buildings and structures	Machinery, equipment and vehicles	Leased assets	Land (Area; m <sup>2</sup> )	Other	Total	
ANEST IWATA Deutschland GmbH (Sachsen,, Germany)	Europe	Other facilities	—	2	—	—	12	15	10
ANEST IWATA EUROPE GmbH (Baden-Württemberg, Germany)	Europe	Air compressors production facilities, etc.	4	0	—	—	8	12	25
HARDER & STEENBECK GmbH & Co. KG (Hamburg, Germany)	Europe	Coating equipment production facilities, etc.	—	164	—	—	40	205	29
ANEST IWATA STRATEGIC CENTER S.r.l. (Lombardy, Italy)	Europe	Coating equipment production facilities, etc.	439	317	—	90 (10,809.0)	21	868	65
ANEST IWATA Italia S.r.l. (Torino, Italy)	Europe	Other facilities	16	1	126	—	1	146	11
ANEST IWATA France S.A. (Saint-Quentin-Fallavier, France)	Europe	Other facilities	—	0	—	—	26	27	26
ANEST IWATA(U.K.) Ltd. (Cambridgeshire, United Kingdom)	Europe	Other facilities	—	4	—	—	11	15	10
ANEST IWATA Scandinavia AB (Partille, Sweden)	Europe	Other facilities	11	7	—	7 (2,308.0)	—	27	5
ANEST IWATA Iberica,S.L. (Barcelona, Spain)	Europe	Other facilities	14	1	—	—	2	17	10
ANEST IWATA Polska Sp.Z o.o. (Poznań, Poland)	Europe	Other facilities	0	5	—	—	—	6	11
ANEST IWATA RUS LLC (Moscow, Russia)	Europe	Other facilities	—	0	—	—	—	0	8
ANEST Iwata-Medea,Inc. (Oregon, USA)	Americas	Other facilities	676	3	—	71 (4,249.0)	6	757	25
ANEST IWATA AIR ENGINEERING,INC. (Ohio, USA)	Americas	Air compressors production facilities, etc.	203	42	4	27 (8,842.2)	2	279	43
ANEST IWATA Mexico,S.de R.L.de C.V. (Guanajuato, Mexico)	Americas	Other facilities	4	20	—	—	2	26	13
AIRZAP-ANEST IWATA INDUSTRIA E COMERCIO LTDA. (Sao Paulo, Brazil)	Americas	Air compressors production facilities, etc.	—	15	—	—	6	22	29
ANEST IWATA INDUSTRIAL MACHINERY (JIAXING) COMPANY LIMITED (Jiaxing City, Zhejiang Province, People's Republic of China)	China	Coating equipment production facilities	25	40	—	—	7	73	40
ANEST IWATA (SHANGHAI) Corporation (Shanghai, People's Republic of China)	China	Other facilities	—	—	—	—	12	12	38
ANEST IWATA FEELER Corporation (Hangzhou City, Zhejiang Province, People's Republic of China)	China	Air compressors production facilities, etc.	190	52	—	—	8	251	68
Shanghai Screw Compressor Co., Ltd. (Shanghai, People's Republic of China)	China	Air compressors production facilities, etc.	302	44	—	—	11	359	249
Shanghai Globe Screw Technology Co., Ltd. (Shanghai, People's Republic of China)	China	Air compressors production facilities, etc.	90	120	—	—	1	212	40
ANEST IWATA Taiwan Corporation (Hsinchu, Taiwan, Republic of China)	Others	Coating equipment production facilities, etc.	449	226	0	631 (3,610.0)	15	1,322	46

Office name (location)	Segment	Facility details	Book value (million yen)						Number of employees (persons)
			Buildings and structures	Machinery, equipment and vehicles	Leased assets	Land (Area; m <sup>2</sup> )	Other	Total	
ANEST IWATA SPARMAX Co., Ltd. (Datong District, Taipei City, Republic of China)	Others	Air compressors production facilities, etc.	—	37	—	—	22	59	88
ANEST IWATA MOTHERSON Pvt. Ltd. (New Delhi, India)	Others	Air compressors production facilities, etc.	115	190	45	—	37	389	238
ANEST IWATA SOUTHEAST ASIA Co.,Ltd. (Bangkok, Thailand)	Others	Air compressors production facilities, etc.	45	20	—	98 (4,484.0)	1	165	44
ANEST IWATA Korea Corp. (Ansan, Republic of Korea)	Others	Air compressors production facilities, etc.	122	4	—	227 (3,307.2)	2	357	12
ANEST IWATA Vietnam Co.,Ltd. (Ho Chi Minh, Vietnam)	Others	Other facilities	—	7	—	—	—	7	10
PT.ANEST IWATA INDONESIA (Special Capital Region of Jakarta, Indonesia)	Others	Other facilities	—	2	—	—	0	2	7
ANEST IWATA Australia Pty. Ltd. (New South Wales, Australia)	Others	Other facilities	—	55	—	—	—	55	20
ANEST IWATA South Africa (Pty) Ltd. (Johannesburg, South Africa)	Others	Other facilities	—	5	—	—	0	5	4

(Note) Book value does not include construction in progress, 115 million yen.

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

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

As of the end of the current consolidated fiscal year, the amount of capital investment related to planned new installations and repairs, etc. of important facilities is 2,600 million yen, and appropriation of the required funds from cash-on-hand and lease agreements is planned.

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

#### (1) New installations of important facilities

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

As of March 31, 2024

Segment	Amount planned at the end of March 2024 (million yen)	Main content and purpose of facilities, etc.	Fund-raising method
Japan	1,773	Enhancement of production facilities, IT investment, etc.	Cash-on-hand/leasing
Europe	462	Enhancement of production facilities, etc.	Same as above
Americas	45	Same as above	Same as above
China	249	Same as above	Same as above
Others	69	Same as above	Same as above
Total	2,600		

#### (2) Removal of important facilities

There are no plans for removal of important facilities.

## Section 4 [Status of the Submitting Company]

### 1. [Status of shares, etc.]

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

##### (i) [Total number of shares]

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

##### (ii) [Shares issued]

Class	Number of shares issued as of the end of the fiscal year (shares) (March 31, 2024)	Number of shares issued as of the date of submission (shares) (June 25, 2024)	Name of listed stock exchange or registered authorized financial instruments firms association	Description
Common shares	41,745,505	41,745,505	Prime Market of Tokyo Stock Exchange	Number of shares constituting one unit: 100 shares
Total	41,745,505	41,745,505	—	—

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

##### (i) [Details of the stock option plan]

There are no relevant matters.

##### (ii) [Details of the rights plan]

There are no relevant matters.

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

There are no relevant matters.

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

There are no relevant matters.

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

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

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

#### (5) [Status by owner]

As of March 31, 2024

Classification	Status of shares (Number of shares per trading unit: 100 shares)								Shares representing less than one unit (shares)
	National and local governments	Financial institution	Financial instruments business operator	Other legal entities	Foreign corporation, etc.		Individuals and other	Total	
					Non-individual	Individual			
Number of shareholders (persons)	—	15	26	104	141	3	4,027	4,316	-
Number of shares held (unit)	—	125,900	8,912	30,339	99,990	12	152,081	417,234	22,105
Percentage of shares held (%)	—	30.17	2.14	7.27	23.96	0.00	36.45	100.00	-

(Note) Out of 1,795,552 treasury shares, 17,955 units are described as "Individuals and other" and 52 shares are described as "Shares representing less than one unit."

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

2024.

(6) [Status of major shareholders]

As of March 31, 2024

Name	Address	Number of shares held (thousand shares)	Ratio of number of shares held to total number of shares issued (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	1-8-1 Akasaka, Minato-ku, Tokyo	4,559	11.4
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	2,754	6.9
The Dai-ichi Life Insurance Company, Limited	1-13-1 Yurakucho, Chiyoda-ku, Tokyo	2,272	5.7
ANEST IWATA Customers' Stockholding	3176 Shinyoshida-cho, Kohoku-ku, Yokohama-shi	1,955	4.9
ANEST IWATA Suppliers' Stockholding	3176 Shinyoshida-cho, Kohoku-ku, Yokohama-shi	1,840	4.6
The Bank of New York 133652 (Standing proxy: Settlement & Clearing Service Department, Mizuho Bank, Ltd.)	Boulevard Anspach1, 1000 Brussels, Belgium (2-15-1 Konan, Minato-ku, Tokyo)	1,628	4.1
Meiji Yasuda Life Insurance Company	2-1-1 Marunouchi, Chiyoda-ku, Tokyo	1,520	3.8
ANEST IWATA Employees' Stockholding	3176 Shinyoshida-cho, Kohoku-ku, Yokohama-shi	873	2.2
BNYMSANV RE MIL RE FSI ICVC-ST IV ASIA PAC AND JN SU FD (Standing proxy: MUFG Bank, Ltd.)	Finsbury Circus House, 15 Finsbury Circus Lomdon EC2M 7EB (2-7-1 Marunouchi, Chiyoda-ku, Tokyo)	805	2.0
KIA FUND 136 (Standing proxy: Citibank, N.A., Tokyo Branch)	Minitries Complex Pobox 64 Satat 13001 Kuwait (6-27-30 Shinjuku, Shinjuku-ku, Tokyo)	774	1.9
Total		18,980	47.5

(Notes) 1. Shareholding ratio is calculated after deducting treasury shares (1,795,552 shares).

2. The amendment report to the Report of Large Volume Holding dated January 29, 2024, made available for public inspection by Mitsubishi UFJ Financial Group, Inc. (joint shareholders: Mitsubishi UFJ Trust and Banking Corporation, Mitsubishi UFJ Asset Management Co., Ltd., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., and First Sentier Investors (UK) IM Limited) states that as of January 22, 2024, the company held 2,931,547 shares. However, the company has not been included in the above major shareholders as we have been unable to confirm the actual number of shares held by the company as of March 31, 2024.

(7) [Status of voting rights]

(i) [Shares issued]

As of March 31, 2024

Classification	Number of shares (shares)	Number of voting rights (units)	Description
Non-voting shares	—	—	—
Shares with restricted voting rights (treasury shares, etc.)	—	—	—
Shares with restricted voting rights (other)	—	—	—
Shares with full voting rights (treasury shares, etc.)	(Treasury shares) Common shares 1,795,500	—	—
Shares with full voting rights (other)	Common shares 39,927,900	399,279	—
Shares constituting less than one unit	Common shares 22,105	—	Shares less than one unit (100 shares)
Total number of shares issued	41,745,505	—	—
Voting rights of all shareholders	—	399,279	—

(ii) [Treasury shares, etc.]

As of March 31, 2024

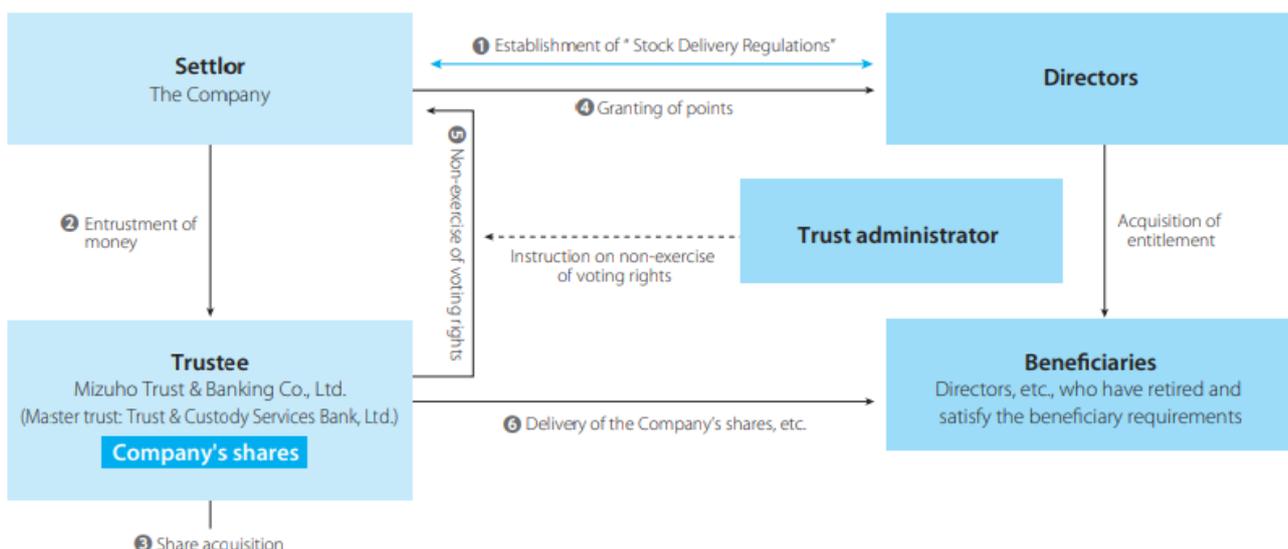
Name of owner	Address of owner	Number of shares held under own name (shares)	Number of shares held under the names of others (shares)	Total number of shares held (shares)	Ratio of number of shares held to total number of shares issued (%)
(Treasury shares) ANEST IWATA Corporation	3176 Shinyoshida-cho, Kohoku-ku, Yokohama-shi	1,795,500	—	1,795,500	4.30
Total	—	1,795,500	—	1,795,500	4.30

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

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

1. Overview of the plan

The plan is a performance-based stock compensation plan whereby the trust established by the Company (the trust established in accordance with the plan is hereinafter referred to as the "trust") acquires Company shares by using the money contributed by the Company as a fund and through the trust, Company shares and money equivalent to the amount of money resulting from translating Company shares at market value (hereinafter referred to as "Company shares, etc.") to Directors and others according to the rules for granting shares. In addition, the purpose is to clarify the connection between the compensation of Directors and others and the Company's business performance and stock value, and to raise awareness of the need to share not only the benefits of rising shares prices but also the risks of falling shares prices with shareholders thereby contributing to better medium- to long-term business performance and increasing corporate value. In order to achieve the goals of the Medium-Term Business Plan that started in the fiscal year ended March 31, 2023, we will further strengthen the executive function of the management body and further promote the sharing of value with our shareholders.



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

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

285,000 shares

3. Scope of persons who can receive beneficiary rights and other rights under the plan

Eligible persons who meet the beneficiary requirements as stipulated in the rules for granting shares

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

[Types of shares, etc.]

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

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

There are no relevant matters.

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

Classification	Number of shares (shares)	Total value (thousand yen)
Board of Directors resolution status (January 10, 2024) (Acquisition period: January 11, 2024 to June 28, 2024)	1,500,000	1,500,000
Acquired treasury shares before the fiscal year under review	—	—
Acquired treasury shares in the fiscal year under review	691,100	891,488
Total number and value of remaining resolution shares	808,900	608,511
Unexercised percentage as of the last day of the fiscal year under review (%)	53.9	40.6
Acquired treasury shares during the current period	176,100	233,220
Unexercised ratio as of submission date (%)	42.2	25.0

(Note) Acquired treasury shares during the current period do not include the number of treasury shares purchased from June 1, 2024, to the date of submission of this Annual Securities Report.

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

Classification	Number of shares (shares)	Total value (thousand yen)
Acquired treasury shares in the fiscal year under review	80	86
Acquired treasury shares during the current period	50	67

(Note) Acquired treasury shares during the current period do not include the number of shares acquired through the purchase of shares less than one unit from June 1, 2024 to the date of submission of the Annual Securities Report.

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

Classification	Fiscal year under review		Current period	
	Number of shares (shares)	Total disposition amount (thousand yen)	Number of shares (shares)	Total disposition amount (thousand yen)
Acquired treasury shares for which subscribers were solicited	—	—	—	—
Acquired treasury shares that have been canceled	—	—	—	—
Acquired treasury shares that have been transferred due to a merger, shares exchange, shares delivery, or company split	—	—	—	—
Other	—	—	—	—
Number of treasury shares held	1,795,552	—	1,971,702	—

(Note) The number treasury shares held during the current period does not include the number of shares acquired through the purchase of shares less than one unit from June 1, 2024 to the date of submission of the Annual Securities Report.

### 3. [Dividend policy]

Our Group would like to enhance our corporate value and meet shareholder expectations by actively injecting money into the development of human resources, research and development, production capacity increase, production rationalization, M&A, etc. and improving our consolidated financial results from a mid- and long-term perspective. For the dividend, therefore, except in cases where sudden fluctuations occur in financial results or financial position, the range of the profit attributable to owners of parent in the consolidated results and a consolidated dividend payout ratio of 40% are used as guidelines.

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

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

Dividends of surplus for the 78th term are as follows.

Resolution date	Total amount of dividends (million yen)	Dividend per share (yen)
November 9, 2023 Resolution by Board of Directors	894	22.0
June 25, 2024 Resolution by ordinary general shareholders' meeting	1,078	27.0

#### 4. [Status of corporate governance]

##### (1) [Overview of Corporate Governance]

###### (i) Basic approach to corporate governance

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

###### (ii) Corporate governance system

###### <Overview and reasons for adopting the system>

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

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

###### 1) Board of Directors

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

###### 2) Audit and Supervisory Committee

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

###### 3) Non-statutory committees within the management body

###### a. Nominating/Compensation Committee

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

###### b. Internal Controls Committee

A non-statutory committee established under the Board of Directors, it consists of six members: the Representative Director, four Directors, and the Chief Corporate Planning Officer. It is chaired by the Representative Director, and the Chief Internal Audit Officer assumes the role of the secretariat. It reports to

the Board of Directors on the development of policies such as the basic internal control policy, the maintenance policy for the internal control system, and the corporate governance policy, and their quarterly implementation status.

4) Corporate Officer Committee

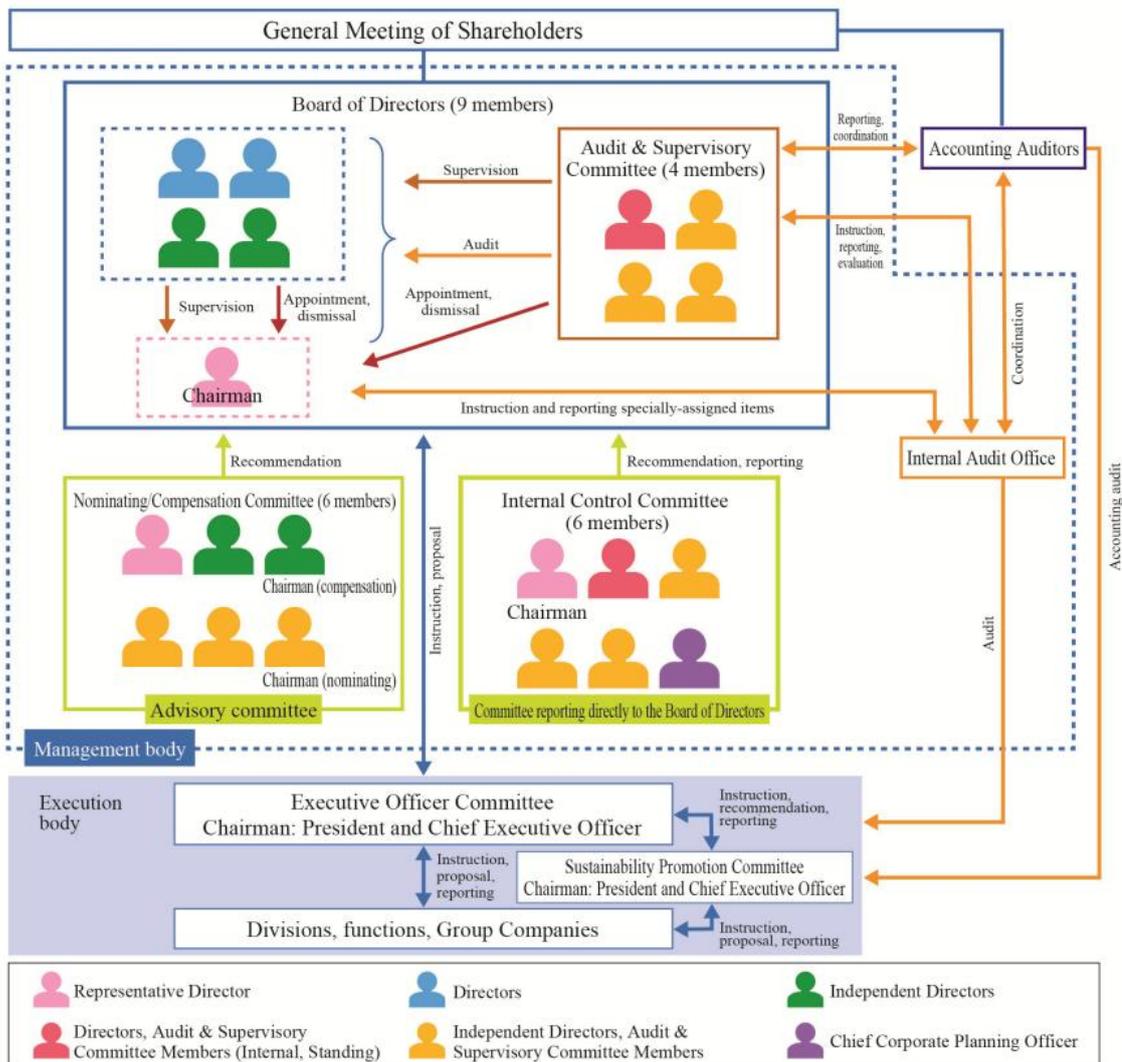
The Corporate Officer Committee consists of 10 Corporate Officers appointed by the Board of Directors (including the Representative Director and two Directors who concurrently serve as Corporate Officers). In principle, the Corporate Officer Committee meets at least once a month to support the decision-making of the President and Chief Executive Officer under the management policies resolved by the Directors.

5) Sustainability Promotion Committee

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

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

The structure of each committee is as follows.



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

<Other matters>

1) Internal control development status

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

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

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

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

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

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

negligence.

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

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

Persons covered by this insurance contract are the Company's Directors, Corporate Officers, and other key business executives, and the Company bears the full amount of the insurance premiums for all insured persons.

Persons receiving remuneration from the Company's subsidiaries are excluded. In addition, persons who have not concluded a direct employment contract with the Company are excluded.

(iii) Activities of the Board of Directors

During the current fiscal year, meetings are held once a month in principle and whenever necessary. During the fiscal year ended March 31, 2024, 14 meetings were held. Attendance status of each Director is as follows.

		Number of meetings	Number of times attended	Remarks	
Directors	Shinichi Fukase	14	14	Concurrently serves as Corporate Officer	
	Kenichi Osawa	14	14	Concurrently serves as Corporate Officer	
	Eisuke Miyoshi	11	11	Concurrently serves as Corporate Officer	
	Yoshitsugu Asai	14	14		
	Makoto Shimamoto	11	11		Outside Officer
Director, Audit and Supervisory Committee Members	Masato Suzuki	11	11		
	Katsumi Takeda	14	14		
	Kyosuke Oshima	14	14		Outside Officer
	Kazumichi Matsuki	14	14		Outside Officer
	Reiko Ohashi	14	14		Outside Officer
	Yuko Shirai	14	14		Outside Officer

(Notes) 1. Masato Suzuki retired from his position as a Director on January 23, 2024 due to resignation, and his attendance up to that date is shown here.

2. Eisuke Miyoshi and Makoto Shimamoto assumed the post of Director at the 77th Ordinary General Shareholders' Meeting held on June 23, 2023. Attendance after the date of said meeting is shown in the table.

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

- Basic corporate governance system of the ANEST IWATA Group
- Medium-to long-term management policies and Medium-Term Business Plan
- Fiscal year management policies and business plan
- Promotion of new businesses and M&A
- Capital policy of the Group
- Policy for dealing with large-scale purchases of the Company's shares

(2) [Status of officers]

(i) List of officers

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

Job title	Name	Date of birth	Brief personal record		Term of office	Number of shares held
President, Representative Director and Chief Executive Officer	Shinichi Fukase	May 13, 1965	Apr. 1988 Apr. 2008 Apr. 2010  Apr. 2016  Apr. 2019 Jun. 2019 Apr. 2020  Apr. 2022	Joined the Company President of ANEST IWATA CAMPBELL K.K. Corporate Officer and General Manager of Vacuum Equipment Department of the Company Corporate Officer and Factory Manager of Fukushima Factory, Air Energy Division of the Company Executive Vice President, Chief Operating Officer of Air Energy Division, and Factory Manager of Fukushima Factory of the Company Director of the Company Senior Managing Executive Officer and Chief Operating Officer of Air Energy Division of the Company President, Representative Director and Chief Executive Officer of the Company (current position)	(Note) 2	34,449
Director and Senior Managing Executive Officer Chief Operating Officer of Coating Division	Kenichi Osawa	January 19, 1970	Apr. 1990 Jan. 2010  Jun. 2012  Apr. 2014  Apr. 2015 Jan. 2018  May 2019  Jan. 2020  Apr. 2020  Jun. 2020	Joined the Company President of ANEST IWATA (SHANGHAI) Corporation President of ANEST IWATA Shanghai Trading Corporation General Manager of Fluid Engineering Department of the Company Corporate Officer of the Company Corporate Officer and General Manager of Coating Development Department of the Company Executive Vice President and General Manager of East Asia Region of the Company Assistant Chief Operating Officer of Coating Division of the Company Senior Managing Executive Officer and Chief Operating Officer of Coating Division of the Company (current position) Director of the Company (current position)	(Note) 2	5,897
Director and Managing Executive Officer Chief Operating Officer of Business Administration Division	Eisuke Miyoshi	April 22, 1970	Apr. 1993 Apr. 2012  Apr. 2014  Apr. 2016 Jan. 2018  Apr. 2019  Jan. 2020  Aug. 2020  Apr. 2021  Apr. 2023  Jun. 2023 Apr. 2024	Joined the Company President of ANEST IWATA Coating Service Corporation President of ANEST IWATA Coating Solutions Corporation Corporate Officer of the Company General Manager of Coating Marketing Department of the Company Deputy Chief Operating Officer of Business Administration Division and General Manager of HR & General Administration Department of the Company Chief Operating Officer of Business Administration Division and General Manager of HR & General Administration Department of the Company Chief Operating Officer of Business Administration Division, General Manager of HR & General Administration Department, and General Manager of Financial and Accounting Department of the Company Managing Executive Officer, Chief Operating Officer of Business Administration Division, and General Manager of Financial and Accounting Department of the Company Managing Executive Officer and Chief Operating Officer of Business Administration Division of the Company Director of the Company (current position) Managing Executive Officer and Chief Operating Officer of Sales Division of the Company (current position)	(Note) 2	5,496

Job title	Name	Date of birth	Brief personal record		Term of office	Number of shares held
Director	Yoshitsugu Asai	May 16, 1954	Apr. 1977 Jul. 1989  Oct. 2000 Jun. 2004 Apr. 2006 Apr. 2011 Apr. 2016 Jun. 2017 Jun. 2020	<p>Joined BROTHER INDUSTRIES, LTD. Seconded to BROTHER INDUSTRIES (AUST) PTY LTD. Representative Director &amp; President of BROTHER INDUSTRIES (AUST) PTY LTD. General Manager of General Planning Department of BROTHER INDUSTRIES, LTD. Executive Officer, EVP* of I&amp;D Company, and General Manager of Corporate Planning Department of BROTHER INDUSTRIES, LTD. Executive Officer and General Manager of Human Resources Department of BROTHER INDUSTRIES, LTD. Managing Executive Officer and General Manager of Legal &amp; General Affairs Department responsible for Corporate Communications (Public Relations) Department of BROTHER INDUSTRIES, LTD. Managing Executive Officer responsible for Finance &amp; Accounting Department, Law, Environment &amp; General Affairs Department and CSR &amp; Corporate Communication Department of BROTHER INDUSTRIES, LTD. Outside Director of FUJIMI INCORPORATED (current position) Independent Director of the Company (current position)</p> <p>*EVP: Executive Vice President</p>	(Note) 2	14,529
Director	Makoto Shimamoto	August 19, 1960	Apr. 1983 Jan. 2007  Jan. 2010 Jan. 2012 Jan. 2014 Mar. 2014 Jan. 2015 Mar. 2015 Jan. 2017 Mar. 2017 Jan. 2018 Jan. 2020 Jan. 2021 Mar. 2022 Jun. 2023	<p>Joined Yamaha Motor Co. Ltd. General Manager of Engine Designing Division, Product Development Section, MC<sup>1</sup> Business Operations of Yamaha Motor Co., Ltd. Senior General Manager of Cost Innovation Section, Procurement Center of Yamaha Motor Co., Ltd. Director and President of Yamaha Motor Asian Center Co., Ltd. Senior General Manager of PF<sup>2</sup> Model Development Section, PF Model Unit of Yamaha Motor Co., Ltd. Executive Officer of Yamaha Motor Co., Ltd. Chief General Manager of PF Model Unit and Senior General Manager of PF Model Development Section, PF Model Unit of Yamaha Motor Co., Ltd. Senior Executive Officer of Yamaha Motor Co., Ltd. Chief General Manager of Technology Center and Chief General Manager of PF Model Unit of Yamaha Motor Co., Ltd. Senior Executive Officer and Director of Yamaha Motor Co., Ltd. Chief General Manager of Mobility Technology Center of Yamaha Motor Co., Ltd. Chief General Manager of Mobility Technology Center and Chief General Manager of Advanced Technology Center of Yamaha Motor Co., Ltd. Technical Advisor of Yamaha Motor Co., Ltd. Advisor of Yamaha Motor Co., Ltd. Independent Director of the Company (current position)</p> <p>*1 MC: Motorcycle *2 PF: Platform</p>	(Note) 2	572
Director, Audit and Supervisory Committee Member (Full-time)	Katsumi Takeda	March 28, 1967	Apr. 1989 Apr. 2008  Apr. 2011 Apr. 2014 Apr. 2016 Apr. 2020	<p>Joined the Company Executive Officer and General Manager of Coating Equipment Division of the Company General Manager of Fluid Engineering Department of the Company General Manager of Coating System Marketing and R&amp;D Department of the Company Executive Officer and General Manager of Coating System Marketing and R&amp;D Department, Coating Division of the Company Managing Executive Officer and General</p>	(Note) 3	20,791

Job title	Name	Date of birth	Brief personal record		Term of office	Number of shares held
			Apr. 2021	Manager of Coating System Marketing and R&D Department, Coating Division of the Company		
			Apr. 2022	Managing Executive Officer, Chief Operating Officer of Domestic Sales Division, and General Manager of Partner Alliance Department of the Company		
			Jun. 2022	Managing Executive Officer and Chief Operating Officer of Sales Division of the Company		
			Apr. 2024	Director of the Company		
			Jun. 2024	Managing Executive Officer of the Company		
				Director (Audit and Supervisory Committee Member, full-time) of the Company (current position)		
Director, Audit and Supervisory Committee Member	Kazumichi Matsuki	August 17, 1951	Apr. 1976	Joined Mitsubishi Corporation		
			Jun. 1979	Master of Laws (LL.M) from Harvard Law School		
			Jan. 2003	General Manager of Legal Department of Mitsubishi Corporation		
			Apr. 2007	Senior Vice President of Mitsubishi Corporation		
			May 2007	Chairman of the Association of Corporate Legal Departments		
			Apr. 2009	Senior Vice President, Assistant Corporate Officer, and Chief of Compliance Department of Mitsubishi Corporation		
			Apr. 2010	Visiting Professor of the University of Tokyo Graduate Schools for Law and Politics		
			Apr. 2011	Executive Officer of Hokuetsu Kishu Paper Co., Ltd. (currently Hokuetsu Corporation)	(Note) 3	6,803
			Jun. 2011	Director of Hokuetsu Kishu Paper Co., Ltd. Member of the Special Committee on Criminal Justice for a New Era, Legislative Council		
			Jun. 2016	Outside Director (Audit & Supervisory Committee Member) of Dream Incubator Inc.		
			Jun. 2018	Outside Auditor of Sanden Holdings Corporation		
			Mar. 2019	Independent Director of the Company		
			Jun. 2020	Outside Director of the Board of Nissha Co., Ltd. (current position)		
			Jun. 2020	Independent Director (Audit and Supervisory Committee Member) of the Company (current position)		
			Jun. 2023	Outside Director of Toyo Construction Co., Ltd. (current position)		
Director, Audit and Supervisory Committee Member	Reiko Ohashi	July 31, 1962	Oct. 1991	Joined Century Audit Corporation (currently Ernst & Young ShinNihon LLC)		
			Mar. 1995	Registered as a certified accountant		
			Jul. 2009	Director of Ohashi Certified Accountant Office (current position)		
			Jun. 2014	Representative employee of Yakumo Audit Corporation (current position)		
			Oct. 2015	Auditor of Japan Sport Council (current position)	(Note) 3	4,196
			Sep. 2020	Auditor of Tokyo University of Agriculture and Technology (current position)		
			Jun. 2021	Independent Director of the Company		
			Jun. 2022	Independent Director (Audit and Supervisory Committee Member) of the Company (current position)		
Director, Audit and Supervisory Committee Member	Yuko Shirai	Feb. 11, 1954	Apr. 1986	Registered as an attorney-at-law (member of Tokyo Bar Association) (current position)		
			Apr. 1991	Established Wing Law Office, Partner		
			Apr. 2004	Director of Kanto Federation of Bar Associations		
			Apr. 2005	Expert Committee Member and Conciliation Committee Member of Tokyo District Court		
			Apr. 2009	Chair of Shinjuku Ward Board of Education	(Note) 3	4,714
			Apr. 2010	Auditor of Japan Federation of Bar Associations		
			Apr. 2011	Auditor of Japan Intellectual Property Arbitration Center		
			Apr. 2012	Vice-President of Tokyo Bar Association		
			Oct. 2013	Chair of Shinjuku Ward Board of Education		

Job title	Name	Date of birth	Brief personal record		Term of office	Number of shares held
			Jun. 2015	Outside Director of Seika Corporation		
			Apr. 2016	Audit Commissioner of Shinjuku Ward, Tokyo		
			Jun. 2021	Independent Director of the Company		
			Jun. 2022	Outside Director (Audit & Supervisory Committee Member) of Seika Corporation (current position)		
			Jun. 2024	Independent Director (Audit and Supervisory Committee Member) of the Company (current position)		
Total						97,451

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

(ii) Status of Outside Officers

The Company employs five Independent Directors (including three Directors who are Audit and Supervisory Committee Members). Independent Directors are selected from among experts and managers who do not have any direct interest in the Company. These Independent Directors make management decisions from an objective standpoint without being involved in the execution of the Company's business, thus strengthening the supervisory function of the Board of Directors.

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

Independent Director Yoshitsugu Asai has extensive experience and a wide range of knowledge in business management, having held key positions in the human resources, legal, and general affairs divisions of an electronics manufacturer. As an Independent Director, he actively participates in the Board of Directors meetings and Advisory Committee meetings to enhance the transparency and fairness, as well as appropriately supervise, the management of the Company. He does not have any personal, financial or significant business relationships with the Company, nor does he hold any vested interest in the Company. He also serves as an Outside Director for Fujimi Incorporated. However, there are no personal, financial or significant business relationships, or other interests between the Group and Fujimi Incorporated or its affiliated companies. Based on the above, he is considered to be independent and has been appointed as an Independent Director. He has served as an Independent Director of the Company for four years.

Independent Director Makoto Shimamoto has accumulated a wealth of knowledge in the engineering division of a small vehicle manufacturer and has been involved in the management of overseas subsidiaries, and has a wide range of insights that will strengthen the governance functionalities of the Company's Board of Directors. As an Independent Director, he actively participates in the Board of Directors meetings to enhance the transparency and fairness, as well as appropriately supervise, the management of the Company. He does not have any personal, financial or significant business relationships with the Company, nor does he hold any vested interest in the Company. Based on the above, he is considered to be independent and has been appointed as an Independent Director. He has served as an Independent Director of the Company for one year.

Independent Director Kazumichi Matsuki, an Audit and Supervisory Committee Member, has extensive business experience in various companies, including those in the manufacturing industry, and is particularly knowledgeable in

the areas of legal affairs and compliance. As an Independent Director, he actively participates in the Board of Directors meetings and Advisory Committee meetings to enhance the transparency and fairness, as well as appropriately supervise, the management of the Company. He does not have any personal, financial or significant business relationships with the Company, nor does he hold any other vested interest in the Company. He also serves as an Independent Outside Director of the Board to Nissha Co., Ltd and an Outside Director of Toyo Construction Co., Ltd. However, there are no personal, financial or significant business relationships, or other vested interests between the Group and Nissha Co., Ltd. or its affiliated companies. Based on the above, he is considered to be independent and has been appointed as an Independent Director. He has served as an Independent Director of the Company for two years and as a Director who is an Audit and Supervisory Committee Member for four years.

Independent Director Reiko Ohashi, an Audit and Supervisory Committee Member, has extensive experience and a wide range of knowledge in finance and accounting as a certified public accountant. As an Independent Director of the Company since 2021, she actively participates in the Board of Directors meetings and Advisory Committee meetings to enhance the transparency and fairness, as well as appropriately supervise, the management of the Company. She does not have any personal, financial or significant business relationships with the Company, nor does she hold any vested interest in the Company. She concurrently serves as a Director of Ohashi Certified Accountant Office and a representative employee of Yakumo Audit Corporation. However, there are no personal, financial or significant business relationships, or other vested interests between the Group and the above-mentioned organizations or its affiliated companies. Based on the above, she is considered to be independent and has been appointed as an Independent Director. She has served as an Independent Director of the Company for one year and as a Director who is an Audit and Supervisory Committee Member for two years.

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

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

(Independence criteria for Independent Directors of the Company)

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

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

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

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

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

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

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

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

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

2. Independent Directors must not have possible conflicts of interest even for reasons other than those considered above in Paragraph 1.
3. Even if a person falls under Paragraphs 1 and 2 above, if the person is deemed suitable as an Independent Director of our Company in light of such aspects as their character and insight, the Company may appoint the person as an Independent Director, on the condition that the Company provide an explanation to outside parties on the reasons it considers the person suitable as an Independent Director.
4. In consideration of their independence, Independent Directors, and Directors who are Audit and Supervisory Committee Members, shall not be reappointed past 8 years of service. However, if the Nominating/Compensation Committee makes a special recommendation in exception of the above, depending on the situation, the Board of Directors may deliberate and make a resolution.

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

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

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

(3) [Status of audits]

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

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

In the current fiscal year, the Company held 15 meetings of the Audit and Supervisory Committee. Attendance status of each Director who is an Audit and Supervisory Committee Member is as follows. Mr. Masato Suzuki retired from his position as a Director due to resignation on January 23, 2024.

Name	Number of meetings	Number of times attended
Masato Suzuki	13	13
Kyosuke Oshima	15	15
Kazumichi Matsuki	15	15
Reiko Ohashi	15	15

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

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

(ii) Status of internal audits

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

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

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

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

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

(iii) Status of accounting audit

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

(Audit corporation name)

Fujimi Audit Corporation

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

(Continuous audit period)

42 years

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

(Certified public accountants who executed the business)

Toshio Saito

Miho Toriumi

(Composition of assistants involved in audit work)

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

(Policies and reasons for selecting the audit corporation)

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

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

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

(Change of audit corporation)

The Company's auditing corporation has changed as follows:

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

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

The items stated in the Extraordinary Report are as follows:

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

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

Fujimi Audit Corporation

(ii) Dissolving auditing certified public accountants, etc.

Seinan Audit Corporation

2) Date of change: October 2, 2023

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

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

There are no relevant matters.

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

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

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

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

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

(iv) Details of audit fees, etc.

(Remuneration to auditing certified public accountants, etc.)

Classification	Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024	
	Remuneration based on audit certification work (million yen)	Remuneration based on non-audit work (million yen)	Remuneration based on audit certification work (million yen)	Remuneration based on non-audit work (million yen)
Submitting company	34	—	36	—
Consolidated subsidiaries	—	—	—	—
Total	34	—	36	—

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

There are no relevant matters.

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

There are no relevant matters.

(Policy to determine audit fees)

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

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

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

(4) [Compensation for officers, etc.]

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

Officer classification	Total amount of compensation, etc. (million yen)	Total amount of compensation, etc. by type (million yen)			Number of officers targeted (persons)
		Monetary compensation		Non-monetary compensation, etc.	
		Fixed compensation	Performance-based Bonus	Performance-based stock compensation	
Director (excluding Audit and Supervisory Committee Member)	247	126	87	33	9
(Of which, Independent Directors)	23	23	—	—	4
Director (Audit and Supervisory Committee Member)	42	42	—	—	4
(Of which, Independent Directors)	24	24	—	—	3
Total	289	168	87	33	13

(Notes) 1. The above includes two Directors (excluding Audit and Supervisory Committee Members) who retired at the conclusion of the 77th Ordinary General Shareholders' Meeting held on June 23, 2023, and one Director (Audit and Supervisory Committee Member) who resigned as of January 23, 2024.

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

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

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

5. Regarding the performance-based stock compensation plan, at the 73rd Ordinary General Shareholders' Meeting held on June 25, 2019, a resolution was passed stating that the maximum amount of funds to be contributed by the Company to the trust shall be 130 million yen over three fiscal years as funds for acquiring shares to be provided to the Directors (excluding Independent Directors and non-executive Directors) in the future, and that the maximum number of Company shares that will be granted shall be 44,000 shares per fiscal year.

In principle, timing to receive Company shares and the amount equivalent to the Company shares converted to market price is set to be at the time of retirement as a Director. There are three Directors (excluding Audit and Supervisory Committee Members) subject to this resolution.

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

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

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

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

Total amount (million yen)	Number of officers targeted (persons)	Description
1	1	Concurrently serves as the Chief Operating Officer of Business Administration Division

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

Directors (excluding Independent Directors) shall receive a fixed monthly compensation, annual performance-based bonuses, and performance-based stock compensation (excluding Directors who are Audit and Supervisory Committee Members). When making specific decisions at the Nominating/Compensation Committee chaired by an Independent Director who is an Audit and Supervisory Committee Member, a report is prepared after comprehensively

considering the company's business performance and the responsibilities and achievements of each Director. Based on the contents, the amount is determined by deliberation of the Board of Directors within the limits approved by the resolution of the general shareholders' meeting.

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

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

When calculating performance-based monetary bonuses, the actual state of profit and loss is evaluated, and consolidated ordinary profit is used as an indicator from the perspective of developing global business activities and implementing effective capital policies. The target for performance-based bonus indicator for the current fiscal year was 7,700 million yen, and the actual result was 7,986 million yen.

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

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

(Method to calculate performance-based bonuses for Directors)

At the meeting of the Board of Directors held on May 9, 2024, a resolution stating that performance-based bonuses for the fiscal year ending March 31, 2025 will be paid based on the following calculation method was passed.

Calculation method

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

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

Points to consider

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

(Contents of non-monetary compensation, etc.)

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

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

1) Persons eligible for points

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

2) Number of points to be granted

a. Target period to grant points

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

- Period of execution of duties

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

b. Performance indicators linked to compensation

Although consolidated ordinary profit has already selected by the Company as an indicator for performance-based bonuses, consolidated operating profit and the profit attributable to owners of parent at the end of the final fiscal year of the Medium-Term Business Plan were set as indicators after taking a broad view of business growth and aiming for well-balanced management from the perspective of realizing sustainable profit growth.

<Target value at the end of the final year of the Medium-Term Business Plan (April 1, 2022 to March 31, 2025)>

Consolidated operating profit: 5,500 million yen

Profit attributable to owners of parent: 3,980 million yen

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

c. Number of points to be granted

- Position points (Table 1)

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

(Note) 1 point = 1 share.

- Proportional distribution method of position points (Table 2)

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

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

Position points as set forth in Table 1 according to position during the period of execution of duties  

$$\times (\text{Number of months of execution of duties after the month in which the officer assumed office} \div 12)$$

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

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

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

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

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

• Benefit standard points

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

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

• Performance coefficient (Table 3)

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

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

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

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

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

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

a. Shares

Number of shares calculated by the following formula "1 point = 1 share"

Number of shares = Number of benefit standard points (hereinafter referred to as "number of points held") accumulated by the date of retirement × 70% (fractions less than one unit are rounded down)

b. Money

Monetary amount calculated by the following formula

Monetary amount = Number of shares corresponding to the number of points held × 30% × Market price of the shares on the date of termination date

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

The number of points held will be paid as "1 point = 1 share" in stock.

- If the prospective recipient dies

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

calculated by the following formula.

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

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

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

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

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

(5) [Shareholding status]

(i) Standards and approach to investment stock classification

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

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

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

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

2) Number of brands and balance sheet amount

	Number of brands (brands)	Total balance sheet amount (million yen)
Unlisted shares	7	475
Shares other than unlisted shares	8	2,344

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

There are no relevant matters.

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

	Number of brands (brands)	Total sales price related to the decrease in the number of shares (million yen)
Unlisted shares	—	—
Shares other than unlisted shares	1	263

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

Specified investment stocks

Brand	As of March 31, 2024	As of March 31, 2023	Purpose of holding, outline of business alliance, etc., quantitative effect of holding and reason for increase in number of shares	Shares held in the Company
	Number of shares (shares)	Number of shares (shares)		
	Balance sheet amount (million yen)	Balance sheet amount (million yen)		
Taikisha Ltd.	220,400	220,400	We have acquired and continued to hold shares for the purpose of maintaining and strengthening relationships in business transactions. Based on the knowledge we have gained from each other, we will proceed with the sale of the shares to further strengthen our respective strategies.	None
	1,023	811		
Topre Corporation	252,000	252,000	We have acquired and continue to hold shares for the purpose of maintaining and strengthening relationships in business transactions. As a leading supplier of auxiliary equipment for our air compressor products, our aim is to increase profits and corporate value through transactions, and to achieve sustainable development of our cooperative relationship.	Yes
	658	309		
SUGIMOTO & CO., LTD.	83,950	83,950	We have acquired and continue to hold shares for the purpose of maintaining and strengthening relationships in business transactions. Our aim is to increase profits and corporate value through transactions, utilizing our sales channels and logistics network, and to achieve sustainable development of our cooperative relationship.	Yes
	190	174		
YUASA TRADING CO., LTD.	22,800	22,800	We have acquired and continue to hold shares for the purpose of maintaining and strengthening relationships in business transactions. Our aim is to increase profits and corporate value through transactions, utilizing our sales channels and logistics network, and to achieve sustainable development of our cooperative relationship.	Yes
	121	86		
MARUKA FURUSATO Corporation	50,468	50,468	We have acquired and continue to hold shares for the purpose of maintaining and strengthening relationships in business transactions. Our aim is to increase profits and corporate value through transactions, utilizing our sales channels and logistics network, and to achieve sustainable development of our cooperative relationship.	Yes
	110	141		
Dai-ichi Life Holdings, Inc.	24,500	24,500	We have acquired and continue to hold shares for the purpose of maintaining and strengthening relationships in business transactions. Our aim is to	Yes
	94	59		

			exchange information necessary to promote health management, increase profits and corporate value through transactions, and achieve sustainable development of our cooperative relationships.	
Maruyama Mfg. Co., Inc.	35,906	35,906	We have acquired and continue to hold shares for the purpose of maintaining and strengthening relationships in business transactions. Our aim is to increase profits and corporate value mainly through transactions for business expansion in the agricultural market, and to achieve sustainable development of our cooperative relationship.	Yes
	89	64		
TRUSCO Corporation      NAKAYAMA	21,082	21,082	We have acquired and continue to hold shares for the purpose of maintaining and strengthening relationships in business transactions. Our aim is to increase profits and corporate value through transactions, utilizing our sales channels and logistics network, and to achieve sustainable development of our cooperative relationship.	Yes
	54	47		

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

- (iii) Investment shares held for the purpose of pure investment  
There are no relevant matters.

## Section 5 [Status of Accounting]

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

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

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

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

(3) Previously, the amounts for accounts presented in the Company's consolidated financial statements and other items were presented in the units of thousand yen. However, we have changed it to the units of million yen from the current consolidated fiscal year and the current business year. In order to facilitate comparison, the figures for the previous consolidated fiscal year and the previous business year are also presented in the units of million yen.

### 2 Audit certification

The consolidated financial statements for the consolidated fiscal year (from April 1, 2023 to March 31, 2024) and non-consolidated financial statements for fiscal year (from April 1, 2023 to March 31, 2024) have been audited by Fujimi Audit Corporation in accordance with the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

Seinan Audit Corporation, from which the Company has traditionally received audit certification, merged with Sohken Nichiei Audit Corporation and Nagoya Audit Corporation on October 2, 2023, and changed its name to Fujimi Audit Corporation on the same date.

### 3 Special efforts to ensure the appropriateness of consolidated financial statements

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

1. [Consolidated financial statements, etc.]

(1) [Consolidated financial statements]

(i) [Consolidated balance sheet]

(Amount: million yen)

	As of March 31, 2023	As of March 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	*1 14,512	*1 16,931
Notes and accounts receivable-trade	*2 9,102	*2 9,795
Merchandise and finished goods	6,842	7,004
Work in process	1,261	967
Raw materials and supplies	3,740	4,178
Other	1,693	2,062
Allowance for doubtful accounts	(377)	(368)
Total current assets	36,773	40,571
Non-current assets		
Property, plant and equipment		
Buildings and structures	*1 12,497	*1 13,452
Accumulated depreciation	(6,906)	(7,473)
Buildings and structures, net	5,590	5,978
Machinery, equipment and vehicles	8,647	9,339
Accumulated depreciation	(6,398)	(6,811)
Machinery, equipment and vehicles, net	2,248	2,527
Land	*1 2,335	*1 2,422
Leased assets	3,014	3,648
Accumulated depreciation	(1,591)	(1,857)
Leased assets, net	1,422	1,790
Construction in progress	237	260
Other	3,132	3,567
Accumulated depreciation	(2,506)	(2,831)
Other, net	626	735
Total property, plant and equipment	12,461	13,715
Intangible assets		
Goodwill	757	733
Software	879	936
Other	1,568	1,595
Total intangible assets	3,204	3,266
Investments and other assets		
Investment securities	*3 5,464	*3 6,269
Deferred tax assets	1,191	1,151
Retirement benefit asset	683	923
Other	368	256
Allowance for doubtful accounts	(10)	(10)
Total investments and other assets	7,696	8,590
Total non-current assets	23,363	25,573
Total assets	60,136	66,144

(Amount: million yen)

	As of March 31, 2023	As of March 31, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	*1 5,355	*1 5,686
Short-term borrowings	*1, *5 908	*1, *5 991
Current portion of long-term borrowings	—	*1, *5 154
Lease liabilities	283	308
Income taxes payable	888	1,195
Provision for bonuses	844	841
Provision for bonuses for directors (and other officers)	83	99
Provision for product warranties	185	346
Other	*4 3,169	*4 3,165
Total current liabilities	11,719	12,789
Non-current liabilities		
Long-term borrowings	*1, *5 275	48
Lease liabilities	1,204	1,571
Deferred tax liabilities	205	186
Retirement benefit liability	1,188	1,170
Provision for share awards for directors (and other officers)	181	202
Other	106	100
Total non-current liabilities	3,161	3,280
Total liabilities	14,881	16,069
Net assets		
Shareholders' equity		
Share capital	3,354	3,354
Capital surplus	1,008	1,008
Retained earnings	34,282	37,425
Treasury shares	(1,179)	(2,051)
Total shareholders' equity	37,466	39,737
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	527	999
Foreign currency translation adjustment	2,034	3,208
Remeasurements of defined benefit plans	(3)	212
Total accumulated other comprehensive income	2,558	4,421
Non-controlling interests	5,229	5,915
Total net assets	45,255	50,074
Total liabilities and net assets	60,136	66,144

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

(Amount: million yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	*1 48,515	*1 53,425
Cost of sales	*2 27,178	*2 28,950
Gross profit	21,337	24,475
Selling, general and administrative expenses		
Sales commission	489	665
Packing and transportation costs	1,019	1,006
Remuneration, salaries and allowances for directors (and other officers)	5,444	6,124
Provision for bonuses	543	579
Provision for bonuses for directors (and other officers)	83	99
Provision for share awards for directors (and other officers)	53	49
Retirement benefit expenses	192	214
Welfare expenses	1,281	1,449
Rent expenses	556	655
Provision for product warranties	175	330
Provision of allowance for doubtful accounts	139	100
Commission expenses	1,549	2,078
Other	3,970	4,944
Total selling, general and administrative expenses	*3 15,498	*3 18,299
Operating profit	5,838	6,176
Non-operating income		
Interest income	78	183
Dividend income	61	63
Foreign exchange gains	464	739
Share of profit of entities accounted for using equity method	523	768
Other	185	169
Total non-operating income	1,313	1,924
Non-operating expenses		
Interest expenses	58	72
Other	49	42
Total non-operating expenses	108	114
Ordinary profit	7,043	7,986

(Amount: million yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
<b>Extraordinary income</b>		
Gain on sale of non-current assets	*4 9	*4 10
Gain on sale of investment securities	—	14
Gain on liquidation of subsidiaries	*5 56	—
<b>Total extraordinary income</b>	<b>65</b>	<b>24</b>
<b>Extraordinary losses</b>		
Loss on sale of non-current assets	*6 1	*6 0
Loss on retirement of non-current assets	*7 16	*7 23
<b>Total extraordinary losses</b>	<b>17</b>	<b>23</b>
Profit before income taxes	7,091	7,987
Income taxes - current	1,890	2,339
Income taxes - deferred	(68)	(286)
<b>Total income taxes</b>	<b>1,821</b>	<b>2,052</b>
Profit	5,269	5,934
Profit attributable to non-controlling interests	887	1,003
Profit attributable to owners of parent	4,381	4,931

[Consolidated statement of comprehensive income]

(Amount: million yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	5,269	5,934
Other comprehensive income		
Valuation difference on available-for-sale securities	149	472
Foreign currency translation adjustment	1,316	1,362
Remeasurements of defined benefit plans	14	215
Share of other comprehensive income of entities accounted for using equity method	315	184
Total other comprehensive income	* 1,794	* 2,235
Comprehensive income	7,064	8,169
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,900	6,793
Comprehensive income attributable to non-controlling interests	1,164	1,376

(iii) [Consolidated statement of changes in equity]

Fiscal year ended March 31, 2023

(Amount: million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,354	1,008	31,245	(1,025)	34,582
Changes during period					
Dividends of surplus			(1,344)		(1,344)
Profit attributable to owners of parent			4,381		4,381
Purchase of treasury shares				(159)	(159)
Disposal of treasury shares by stocks payment trust				5	5
Net changes in items other than shareholders' equity					
Total changes during period	—	—	3,037	(153)	2,883
Balance at end of period	3,354	1,008	34,282	(1,179)	37,466

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	378	679	(17)	1,040	4,586	40,210
Changes during period						
Dividends of surplus						(1,344)
Profit attributable to owners of parent						4,381
Purchase of treasury shares						(159)
Disposal of treasury shares by stocks payment trust						5
Net changes in items other than shareholders' equity	149	1,355	14	1,518	643	2,161
Total changes during period	149	1,355	14	1,518	643	5,045
Balance at end of period	527	2,034	(3)	2,558	5,229	45,255

Fiscal year ended March 31, 2024

(Amount: million yen)

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

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

(iv) [Consolidated statement of cash flows]

(Amount: million yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
<b>Cash flows from operating activities</b>		
Profit before income taxes	7,091	7,987
Depreciation	1,789	2,011
Amortization of goodwill	286	240
Increase (decrease) in allowance for doubtful accounts	101	(30)
Increase (decrease) in provision for bonuses	100	(18)
Increase (decrease) in provision for product warranties	(71)	155
Increase (decrease) in retirement benefit liability	27	51
Decrease (increase) in retirement benefit asset	(25)	(13)
Contribution to retirement benefit trust	(1,000)	—
Increase (decrease) in provision for bonuses for directors (and other officers)	3	15
Increase (decrease) in provision for share awards for directors (and other officers)	44	20
Interest and dividend income	(139)	(247)
Interest expenses	58	72
Share of loss (profit) of entities accounted for using equity method	(306)	(490)
Loss (gain) on sale and retirement of non-current assets	8	13
Loss (gain) on liquidation of subsidiaries	(56)	—
Subsidies for employment adjustment	(1)	—
Loss (gain) on sale of investment securities	—	(14)
Decrease (increase) in trade receivables	(645)	(131)
Decrease (increase) in inventories	(338)	409
Increase (decrease) in trade payables	(407)	(181)
Other	(368)	(1,172)
Subtotal	6,150	8,677
Interest and dividends received	140	248
Interest paid	(58)	(72)
Subsidy income received	19	14
Income taxes paid	(1,923)	(2,097)
Net cash provided by (used in) operating activities	4,329	6,770
<b>Cash flows from investing activities</b>		
Payments into time deposits	(3,723)	(3,375)
Proceeds from withdrawal of time deposits	2,687	3,779
Purchase of property, plant and equipment	(1,847)	(1,818)
Proceeds from sales of property, plant and equipment	23	27
Purchase of intangible assets	(325)	(348)
Purchase of investment securities	(300)	—
Proceeds from sale of investment securities	—	263
Proceeds from redemption of investment securities	200	300
Loan advances	(12)	(2)
Proceeds from collection of loans receivable	11	9
Other	(36)	(94)
Net cash provided by (used in) investing activities	(3,323)	(1,260)

(Amount: million yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(9)	25
Repayments of lease liabilities	(288)	(316)
Repayments of long-term borrowings	(35)	(90)
Purchase of treasury shares	(159)	(891)
Dividends paid	(1,344)	(1,787)
Dividends paid to non-controlling interests	(520)	(524)
Net cash provided by (used in) financing activities	(2,357)	(3,584)
Effect of exchange rate change on cash and cash equivalents	516	603
Net increase (decrease) in cash and cash equivalents	(835)	2,527
Cash and cash equivalents at beginning of period	12,916	12,080
Cash and cash equivalents at end of period	*12,080	*14,608

[Notes]

(Matters concerning the premise of a going concern)

There are no relevant matters.

(Basic, important matters for preparing consolidated financial statements)

1 Matters concerning the scope of consolidation

(a) Number of consolidated subsidiaries: 30

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

The consolidated subsidiary ANEST IWATA USA, Inc. has been excluded from the scope of consolidation in the current consolidated fiscal year because it was dissolved in an absorption-type merger with the consolidated subsidiary ANEST IWATA AIR ENGINEERING, Inc. as the surviving company on January 1, 2023. The surviving company, ANEST IWATA AIR ENGINEERING, Inc. changed its name to ANEST IWATA Americas, Inc.

Further, the consolidated subsidiary ANEST IWATA MOTHERSON COATING EQUIPMENT Pvt. Ltd. has been excluded from the scope of consolidation because it was dissolved in an absorption-type merger with the consolidated subsidiary ANEST IWATA MOTHERSON Pvt. Ltd. as the surviving company on April 1, 2022. In accordance with the merger system in India, the record date for the merger (April 1, 2022) was set retroactively from the date of application for merger registration.

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

2 Matters concerning the application of the equity method

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

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

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

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

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

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

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

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

4 Matters concerning the accounting policy

(a) Valuation criteria and valuation methods for important assets

(i) Securities

Bonds held to maturity

Amortized cost method (straight-line method)

Other securities

Securities other than shares, etc. without a market price

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

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

Shares, etc. without a market price

Cost method mainly based on the moving average method

(ii) Derivatives

Market value method

(iii) Inventories

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

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

- (b) Depreciation method for important depreciable assets
- (i) Property, plant and equipment (excluding leased assets)  
Mainly the declining-balance method is employed. For buildings acquired on and after April 1, 1998 by our Company (excluding building accessories), building accessories and structures acquired on and after April 1, 2016, and photovoltaic facilities, the straight-line method is employed. Main useful lives in years are as follows:  
Buildings and structures: 15 to 50 years  
Machinery, equipment and vehicles: 4 to 17 years
- (ii) Intangible assets (excluding leased assets)  
Mainly the straight-line method is employed.
- (iii) Leased assets  
Leased assets pertaining to finance lease transactions under which ownership is not transferred  
We adopt a method whereby the difference between the total lease fee and the amount equivalent to the acquisition price is regarded as the amount equivalent to the interest, with the lease period as the useful life in years, and is distributed to each term with the interest method.
- (c) Recording criteria for important allowances
- (i) Allowance for doubtful accounts  
To prepare for losses due to bad debts, estimated uncollectible amounts are recorded by considering a loan loss ratio for general accounts receivable and collectability for specific credits such as doubtful accounts receivable individually.
- (ii) Provision for bonuses  
To prepare for the payment of bonuses to employees, the estimated payments at the end of the current consolidated fiscal year are recorded.
- (iii) Provision for bonuses for Directors (and other officers)  
To prepare for the payment of Directors' bonuses, the estimated payments at the end of the current consolidated fiscal year are recorded.
- (iv) Provision for share awards for Directors (and other officers)  
To prepare for the granting of Company shares to our Directors and Corporate Officers in accordance with the rules for granting shares, the estimated share-based remuneration obligations at the end of the current consolidated fiscal year are recorded.
- (v) Provision for product warranties  
To prepare for the payment of the costs for after-sales services of products sold, estimated costs according to past experience rates, etc. based on sales are recorded.
- (d) Method of accounting related to retirement benefits  
To prepare for the retirement benefits for employees, the retirement benefit obligations at the end of the current consolidated fiscal year, with pension fund amounts deducted from them, are recorded as the retirement benefit liability. If the pension fund amounts exceed the retirement benefit obligations, the obligations are recorded as the retirement benefit asset.
- (i) Period attribution method for estimated retirement benefits  
In calculating retirement benefit obligations, the method for attributing the estimated retirement benefits to the period up to the end of the current consolidated fiscal year is based on the benefit formula standard.
- (ii) Method for recording actuarial differences and past service costs method for cost  
Past service costs are recorded as costs with the straight-line method based on a certain number of years (10 years) within the average remaining years of service of employees when they are incurred.  
For actuarial differences, the amounts prorated with the straight-line method based on a certain number of years (5 years) within the average remaining years of service of employees when they occur in each consolidated fiscal year are recorded as costs in and after the following consolidated fiscal year.
- (iii) Adoption of the simplified method at small enterprises, etc.  
At some consolidated subsidiaries, for the calculation of the retirement benefit liability and the retirement benefit expenses, a simplified method is applied in which the term-end necessary payment for voluntary retirement pertaining to retirement benefits is used as the retirement benefit obligations.
- (e) Recording criteria for important revenue and cost  
The main performance obligations and the ordinary time at which the revenue is recognized are as described below.
- (i) Revenue recognition related to the sale of goods or products  
Revenue related to goods or products is mainly derived from a sale resulting from wholesale or manufacture, etc., and we assume performance obligations to deliver goods or products under the sales contract concluded with the customer. For said performance obligations, we recognize the revenue at the time when control over the goods or products is transferred to the customer.  
To domestic sales, however, the alternative treatment specified in Article 98 of the "Implementation Guidance on Accounting Standard for Revenue Recognition" is applied, so that if the period from shipment until control over the goods and products is transferred to the customer is a normal period, the revenue can be recognized at the time of shipment.  
Revenue related to the sale of goods and products is recognized by deducting an estimated amount of sales

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

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

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

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

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

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

(g) Amortization method and amortization period of goodwill

We make judgment on an item-by-item basis and perform amortization with the straight-line method over 3 to 10 years.

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

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

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

There are no relevant matters.

(Significant accounting estimates)

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

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

	As of March 31, 2023	As of March 31, 2024
Property, plant and equipment	12,461	13,715
Intangible assets	3,204	3,266

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

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

(Unapplied accounting standards, etc.)

- "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, Oct. 28, 2022)
- "Accounting Standards for Presentation of Comprehensive Income" (ASBJ Statement No. 25, Oct. 28, 2022)
- "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, Oct. 28, 2022)

(1) Overview

Classification of income tax to be recorded when other comprehensive income is taxed and the handling of tax

effects on the sale of subsidiary shares and other securities when group corporate taxation is applied.

(2) Scheduled date of application

Application of the new standards is planned for the beginning of the fiscal year ending March 31, 2025.

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

The effect on the consolidated financial statements resulting from the application of the "Accounting Standards for Current Income Taxes" has not yet been determined.

(Changes in presentation method)

(Related to consolidated statement of income)

"Commission for commitment line," which was set down independently under "Non-operating expenses" in the previous consolidated fiscal year have been included in "Other" in the current consolidated fiscal year because their amounts now have less significance. To reflect this change in presentation method, we revised the consolidated financial statements for the previous consolidated fiscal year.

As a result, 9 million yen as "Commission for commitment line" and 40 million yen as "Other" presented under "Non-operating expenses" in the consolidated statement of income for the previous consolidated fiscal year, are revised to 49 million yen as "Other."

(Additional information)

(Performance-based stock compensation plan for Directors and Corporate Officers)

In accordance with a resolution at the 73rd ordinary general shareholders' meeting, held on June 25, 2019, we have introduced a performance-based stock compensation plan, "Board Benefit Trust (BBT)" (hereinafter referred to as "this plan"), targeted at our Directors (excluding audit and supervisory committee Members and Independent Directors) and Corporate Officers who do not concurrently serve as Directors (referred to collectively as "Directors and others"), for the purposes of improving mid- to long-term results of operations, increasing our corporate value, and promoting management awareness that puts shareholders first.

(1) Overview of this plan

This plan is a performance-based stock compensation plan whereby the trust established by us (the trust established in accordance with this plan is hereinafter referred to as "this trust") acquires Company shares by using the money contributed by us as a fund and through this trust, Company shares and money equivalent to the amount of money resulting from translating Company shares at market value (hereinafter referred to collectively as "Company shares, etc." to Directors and others according to the rules for granting shares. The time at which Directors and others can be granted Company shares, etc. is, in principle, the time at which the Directors and others retire.

(2) Company shares that remain in the trust

Company shares that remain in the trust are recorded as treasury shares in Net assets at the book value (excluding the incidental costs) in the trust. At the end of the previous consolidated fiscal year, the book value of the treasury shares is 173 million yen, and the number of shares is 174,200. At the end of the current consolidated fiscal year, the book value of the treasury shares is 153 million yen, and the number of shares is 154,200.

(Related to consolidated balance sheet)

\*1 Pledged assets and secured debts

Assets offered as collateral and secured debts are as below.

	As of March 31, 2023	As of March 31, 2024
Cash and deposits	387 million yen	296 million yen
Buildings and structures	778 million yen	741 million yen
Land	591 million yen	631 million yen
Total	1,756 million yen	1,669 million yen
Notes and accounts payable-trade	893 million yen	922 million yen
Short-term borrowings	608 million yen	637 million yen
Current portion of long-term borrowings	—	138 million yen
Long-term borrowings	216 million yen	—
Total	1,718 million yen	1,699 million yen

\*2 Receivables from contracts with customers

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

\*3 Shares of affiliates in investment securities

	As of March 31, 2023	As of March 31, 2024
	2,772 million yen	3,447 million yen

\*4 Contract liabilities

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

\*5 Overdraft agreement and commitment line agreement

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

	As of March 31, 2023	As of March 31, 2024
Overdraft limit and commitment line agreement amount	15,540 million yen	8,058 million yen
Balance of executed loans	375 million yen	335 million yen
Balance of unexecuted loans	15,165 million yen	7,722 million yen

6 Trade notes receivable transferred by endorsement

	As of March 31, 2023	As of March 31, 2024
	1,168 million yen	1,075 million yen

(Related to consolidated statement of income)

\*1 Revenue from contracts with customers

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

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

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
	(37) million yen	123 million yen

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

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
	810 million yen	853 million yen

\*4 Gain on sale of non-current assets

Fiscal year ended March 31, 2023

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

Fiscal year ended March 31, 2024

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

\*5 Gain on liquidation of subsidiaries

Fiscal year ended March 31, 2023

Due to the liquidation of the consolidated subsidiary ANEST IWATA (DONGGUAN) Corporation.

\*6 Loss on sale of non-current assets

Fiscal year ended March 31, 2023

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

Fiscal year ended March 31, 2024

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

\*7 Loss on retirement of non-current assets

Fiscal year ended March 31, 2023

Mainly due to the retirement of buildings, etc.

Fiscal year ended March 31, 2024

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

(Related to consolidated statement of comprehensive income)

\* Recycling and amount of tax effect relating to other comprehensive income

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Valuation difference on available-for-sale securities		
Amount incurred in current period	214 million yen	694 million yen
Recycling	—	(14) million yen
Before tax effect adjustment	214 million yen	680 million yen
Amount of tax effect	(65) million yen	(207) million yen
Valuation difference on available-for-sale securities	149 million yen	472 million yen
Foreign currency translation adjustment		
Amount incurred in current period	1,372 million yen	1,362 million yen
Recycling	(56) million	—
Foreign currency translation adjustment	1,316 million yen	1,362 million yen
Remeasurements of defined benefit plans, net of tax		
Amount incurred in current period	5 million yen	296 million yen
Recycling	14 million yen	13 million yen
Before tax effect adjustment	20 million yen	310 million yen
Amount of tax effect	(6) million yen	(94) million yen
Remeasurements of defined benefit plans, net of tax	14 million yen	215 million yen
Share of other comprehensive income of entities accounted for using equity method		
Amount incurred in current period	315 million yen	184 million yen
Share of other comprehensive income of entities accounted for using equity method	315 million yen	184 million yen
Total other comprehensive income	1,794 million yen	2,235 million yen

(Related to consolidated statement of changes in equity)

Fiscal year ended March 31, 2023

1 Matters concerning issued shares

Class of shares	Beginning of the fiscal year ended March 31, 2023	Increase	Decrease	End of the fiscal year ended March 31, 2023
Common shares (shares)	41,745,505	—	—	41,745,505

2 Matters concerning treasury shares

Class of shares	Beginning of the fiscal year ended March 31, 2023	Increase	Decrease	End of the fiscal year ended March 31, 2023
Common shares (shares)	1,089,092	195,280	5,800	1,278,572

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

Increase due to the purchase of treasury shares based on the resolution of the Board of Directors  
195,200 shares

Increase due to the purchase of fractional shares  
80 shares

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

Decrease due to issuance through Board Benefit Trust (BBT)  
5,800 shares

2. Treasury shares at the beginning and end of the current consolidated fiscal year include 180,000 shares and 174,200 of the Company's shares held by the "Board Benefit Trust (BBT)" respectively.

### 3 Matters concerning dividends

#### (1) Dividends paid

Resolution	Class of shares	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
June 24, 2022 Ordinary general shareholders' meeting	Common shares	694	17.0	March 31, 2022	June 27, 2022
November 9, 2022 Board of Directors meeting	Common shares	650	16.0	September 30, 2022	December 6, 2022

(Notes) 1. The total amount of dividends determined by the resolution of the ordinary general shareholders' meeting held on June 24, 2022 includes dividends of 3 million yen for the Company's shares held by the "Board Benefit Trust (BBT)."

2. The total amount of dividends determined by the resolution of the Board of Directors meeting held on November 9, 2022 includes dividends of 2 million yen for the Company's shares held by the "Board Benefit Trust (BBT)."

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

Resolution	Class of shares	Dividend resource	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
June 23, 2023 Ordinary general shareholders' meeting	Common shares	Retained earnings	894	22.0	March 31, 2023	June 26, 2023

(Note) The total amount of dividends includes the dividend of 3 million yen for the Company shares owned by the "Board Benefit Trust (BBT)."

Fiscal year ended March 31, 2024

#### 1 Matters concerning issued shares

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

#### 2 Matters concerning treasury shares

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

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

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

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

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

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

### 3 Matters concerning dividends

#### (1) Dividends paid

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

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

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

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

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

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

(Related to consolidated statement of cash flows)

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

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash and deposits	14,512 million yen	16,931 million yen
Time deposit exceeding 3 months in deposit term	(2,139) million yen	(2,026) million yen
Derivative deposit	(292) million yen	(296) million yen
Cash and cash equivalents	12,080 million yen	14,608 million yen

(Related to lease transactions)

A description is omitted due to low importance.

(Related to financial instruments)

## 1 Matters concerning the status of financial instruments

### (1) Policy for handling financial instruments

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

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

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

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

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

### (2) Description of financial instruments and associated risks

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

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

### (3) Risk management system for financial instruments

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

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

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

#### (ii) Market risk management

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

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

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

2 Items related to market value of financial instruments

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

As of March 31, 2023

Classification	Amounts recorded on the consolidated balance sheet as of the consolidated balance sheet date (million yen)	Market value (million yen)	Difference (million yen)
(i) Securities and investment securities (Note 3)	2,214	2,213	(0)
Total assets	2,214	2,213	(0)
(i) Long-term borrowings (including current portion)	275	259	(15)
(ii) Lease liabilities (including current portion)	1,487	1,542	55
Total liabilities	1,762	1,801	39

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

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

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

Classification	As of March 31, 2023 (million yen)
Unlisted shares, etc. (including affiliated companies)	3,250

As of March 31, 2024

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

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

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

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

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

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

As of March 31, 2023

Classification	Within 1 year (million yen)	From 1 to 5 years (million yen)	From 5 to 10 years (million yen)
Cash and deposits			
Fixed-term deposits	2,520	—	—
Notes and accounts receivable- trade	9,102	—	—
Securities and investment securities			
Bonds held-to maturity			
Corporate bonds	—	—	300
Total	11,623	—	300

As of March 31, 2024

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

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

As of March 31, 2023

Classification	Within 1 year□ (million yen)	From 1 to 2 years (million yen)	From 2 to 3 years (million yen)	From 3 to 4 years (million yen)	From 4 to 5 years (million yen)	Over 5 years (million yen)
Short-term borrowings	908	—	—	—	—	—
Long-term borrowings	—	216	—	1	—	56
Lease liabilities	283	234	184	109	83	592
Total	1,192	451	184	111	83	648

As of March 31, 2024

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

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

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

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

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

Level 1 inputs

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

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

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

As of March 31, 2023

Classification	Market value (million yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Other securities				
Shares	1,913	—	—	1,913
Total assets	1,913	—	—	1,913

As of March 31, 2024

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

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

As of March 31, 2023

Classification	Market value (million yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Bonds held to maturity				
Corporate bonds	—	300	—	300
Total assets	—	300	—	300
Long-term borrowings (including current portion)	—	259	—	259
Lease liabilities (including current portion)	—	1,542	—	1,542
Total liabilities	—	1,801	—	1,801

As of March 31, 2024

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

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

Securities and investment securities

As a general rule, shares are stated at market value at the end of the current fiscal year, and are mainly classified as Level 1 market value based on market activity. For securities other than shares, the market value is based on

the price quoted by the financial institutions with whom the Company does business, and is classified as Level 2 market value.

Long-term borrowings (including current portion)

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

Lease liabilities (including current portion)

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

(Related to securities)

(1) Trading securities

There are no relevant matters.

(2) Bonds held to maturity

As of March 31, 2023

Classification	Amounts recorded on the consolidated balance sheet as of the consolidated balance sheet date (million yen)	Market value (million yen)	Difference (million yen)
Securities with market value exceeding the consolidated balance sheet amount			
Corporate bonds	—	—	—
Subtotal	—	—	—
Securities with market value not exceeding the consolidated balance sheet amount			
Corporate bonds	300	300	(0)
Subtotal	300	300	(0)
Total	300	300	(0)

As of March 31, 2024

There are no relevant matters.

(3) Other securities

As of March 31, 2023

Classification	Amounts recorded on the consolidated balance sheet as of the consolidated balance sheet date (million yen)	Acquisition cost (million yen)	Difference (million yen)
Securities whose consolidated balance sheet amount exceeds their acquisition cost			
Shares	1,693	905	787
Subtotal	1,693	905	787
Securities whose consolidated balance sheet amount does not exceed their acquisition cost			
Shares	219	249	(29)
Subtotal	219	249	(29)
Total	1,913	1,154	758

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

As of March 31, 2024

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

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

(4) Other securities sold during the consolidated fiscal year

Fiscal year ended March 31, 2023

There are no relevant matters.

Shares

Fiscal year ended March 31, 2024

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

(5) Securities for which impairment losses are recognized

There are no relevant matters.

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

(Related to derivative transactions)

A description is omitted due to low importance.

(Related to retirement benefits)

1 Overview of adopted retirement benefit plans

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

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

2 Defined benefit plan

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

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Balance of retirement benefit obligations at the beginning of the term	4,538	4,315
Service costs	192	170
Interest costs	23	36
Actuarial differences incurred	(130)	(70)
Past service costs incurred	(0)	—
Amount paid for retirement benefits	(290)	(283)
Other	(17)	8
Balance of retirement benefit obligations at the end of the term	4,315	4,177

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

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Balance of pension assets at the beginning of the term	3,023	3,810
Expected investment returns	87	79
Actuarial differences incurred	(123)	223
Contribution from the employer	21	26
Amount of retirement benefit trusts established	1,000	—
Amount paid for retirement benefits	(203)	(232)
Other	5	21
Balance of pension assets at the end of term	3,810	3,930

(Note) A retirement benefit trust has been established by the Company, effective from the previous consolidated fiscal year.

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

	As of March 31, 2023	As of March 31, 2024
Retirement benefit obligations for funded plans	4,171	4,025
Pension assets	(3,810)	(3,930)
	360	94
Retirement benefit obligations for non-funded plans	144	152
Net liabilities and assets recorded on the consolidated balance sheet	505	247
Retirement benefit liability	1,188	1,170
Retirement benefit asset	(683)	(923)
Net liabilities and assets recorded on the consolidated balance sheet	505	247

(4) Amount of retirement benefit expenses and item breakdown

	(Million yen)	
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Service costs	192	170
Interest costs	23	36
Expected investment returns	(87)	(79)
Amortization of actuarial differences	15	18
Amortization of past service costs	(2)	(1)
Retirement benefit expenses related to defined benefit plans	142	143

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

Items recorded as remeasurements of defined benefit plans, net of tax (before tax effect deductions)

	(Million yen)	
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Past service costs	(1)	(1)
Actuarial differences	22	312
Total	20	310

(6) Remeasurements of defined benefit plans

Items recorded as remeasurements of defined benefit plans (before tax effect deductions)

	(Million yen)	
	As of March 31, 2023	As of March 31, 2024
Unrecognized past service costs	(14)	(12)
Unrecognized actuarial differences	19	(293)
Total	4	(306)

(7) Items related to pension assets

(i) Major breakdown of pension assets

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

	As of March 31, 2023	As of March 31, 2024
Bonds	9%	7%
Shares	4%	6%
General accounts	3%	3%
Special accounts	11%	8%
Cash and deposits	26%	0%
Others	47%	75%
Total	100%	100%

(Notes) 1. Total pension assets include retirement benefit trusts established for lump-sum retirement benefit plans, which accounted for 26% in the previous consolidated fiscal year and 27% in the current consolidated fiscal year.

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

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

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

(8) Items related to the fundamentals of actuarial calculations

Fundamentals of major actuarial calculations

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Discount rate	Mainly 0.70% to 1.00%	Mainly 0.88% to 1.24%
Expected long-term rate of return on pension assets	Mainly 2.0%	Mainly 2.0%
Projected salary increase	Mainly 1.0% to 4.1%	Mainly 1.0% to 4.1%

3 Defined contribution plan

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

(Related to tax effect accounting)

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

	As of March 31, 2023	As of March 31, 2024
<b>Deferred tax assets</b>		
Retirement benefit liability	658 million yen	735 million yen
Provision for bonuses	215 million yen	203 million yen
Unrealized gains on inventories	510 million yen	642 million yen
Other	545 million yen	586 million yen
Subtotal of deferred tax assets	1,930 million yen	2,166 million yen
Valuation allowance	(171) million yen	(152) million yen
Offset of deferred tax liabilities	(567) million yen	(862) million yen
Total deferred tax assets	1,191 million yen	1,151 million yen
<b>Deferred tax liabilities</b>		
Retirement benefit asset	(208) million yen	(277) million yen
Market valuation difference due to business combination	(280) million yen	(273) million yen
Valuation difference on available-for-sale securities	(231) million yen	(438) million yen
Other	(52) million yen	(59) million yen
Subtotal of deferred tax liabilities	(772) million yen	(1,049) million yen
Offset of deferred tax assets	567 million yen	862 million yen
Total deferred tax liabilities	(205) million yen	(186) million yen
Net amount of deferred tax assets	985 million yen	965 million yen

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

	As of March 31, 2023	As of March 31, 2024
Normal effective statutory tax rate	30.5%	30.5%
(Adjustment)		
Special deduction of experimental and research expenses	(0.8)%	(1.0)%
Differences in foreign tax rates, etc.	(4.7)%	(5.7)%
Difference due to equity in earnings of affiliates	(1.3)%	(1.9)%
Amortization of goodwill	1.0%	0.5%
Income taxes for prior periods	—	2.3%
Other	1.0%	1.0%
Effective tax rate after application of tax-effect accounting	25.7%	25.7%

(Related to asset retirement obligations)

A description is omitted due to low of importance.

(Related to rentals and other real estate)

There are no relevant matters.

(Related to revenue recognition)

1. Information that disaggregates revenue from contracts with customers

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

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

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

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

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

(Amount: million yen)

	As of March 31, 2023		As of March 31, 2024	
	Beginning balance	Ending balance	Beginning balance	Ending balance
Receivables from contracts with customers				
Notes receivable - trade	209	502	502	423
Accounts receivable - trade	7,795	8,599	8,599	9,372
	8,004	9,102	9,102	9,795
Contract liabilities	1,202	712	712	670

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

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

(2) Transaction price allocated to remaining performance obligations

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

(Segment information, etc.)

[Segment information]

1 Overview of reporting segments

(1) Overview of reporting segments

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

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

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

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

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

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

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

Fiscal year ended March 31, 2023

(Amount: million yen)

	Reporting segment					Total
	Japan	Europe	Americas	China	Others (note)	
Net sales						
Revenue from contracts with customers	17,473	7,233	5,863	10,336	7,608	48,515
Sales to external customers	17,473	7,233	5,863	10,336	7,608	48,515
Internal sales or transfers between segments	7,680	272	393	828	1,798	10,973
Total	25,154	7,505	6,257	11,164	9,406	59,489
Segment profit	3,519	504	640	815	1,467	6,947
Segment assets	27,753	5,794	5,167	11,047	6,698	56,461
Other items						
Depreciation	1,068	168	58	287	188	1,770
Amortization of goodwill	138	88	60	—	—	286
Increase in property, plant and equipment, and intangible assets	1,376	337	631	84	127	2,557

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

Fiscal year ended March 31, 2024

(Amount: million yen)

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

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

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

(Amount: million yen)

Net sales	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Reporting segment total	59,489	65,435
Inter-segment transactions erased	(10,973)	(12,009)
Net sales in the consolidated financial statements	48,515	53,425

(Amount: million yen)

Profit	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Reporting segment total	6,947	7,597
Company-wide expenses (Note)	(988)	(1,084)
Inter-segment transactions erased	(121)	(336)
Operating profit in the consolidated financial statements	5,838	6,176

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

(Amount: million yen)

Assets	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Reporting segment total	56,461	63,596
Company-wide assets (Note)	8,005	8,307
Inter-segment transactions erased	(4,330)	(5,759)
Total assets in the consolidated financial statements	60,136	66,144

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

(Amount: million yen)

Other items	Reporting segment total		Adjustment		Amount reported in consolidated financial statements	
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Depreciation	1,770	1,991	18	19	1,789	2,011
Amortization of goodwill	286	240	—	—	286	240
Increase in property, plant and equipment, and intangible assets	2,557	2,869	—	—	2,557	2,869

[Related information]

Fiscal year ended March 31, 2023

1 Information by product and service

(Amount: million yen)

	Air compressors	Vacuum equipment	Coating equipment	Coating systems	Total
Sales to external customers	26,983	2,366	16,512	2,652	48,515

2 Information by region

(1) Net sales

(Amount: million yen)

Japan	Europe	Americas	China	Others	Total
17,451	8,294	6,363	8,394	8,011	48,515

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

(Note 2) Among the Americas, the U.S. accounted for 5,237 million yen.

(2) Property, plant and equipment

(Amount: million yen)

Japan	Europe	Americas	China	Others	Total
7,107	1,233	909	1,031	2,179	12,461

(Note) Among Other, Taiwan accounted for 1,396 million yen.

3 Information by major customers

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

Fiscal year ended March 31, 2024

1 Information by product and service

(Amount: million yen)

	Air compressors	Vacuum equipment	Coating equipment	Coating systems	Total
Sales to external customers	30,302	2,983	17,851	2,288	53,425

2 Information by region

(1) Net sales

(Amount: million yen)

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

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

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

(Note 3) In the current consolidated fiscal year, the location classification was changed for some customers. Also, the previous consolidated fiscal year is presented under the revised classifications.

(2) Property, plant and equipment

(Amount: million yen)

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

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

3 Information by major customers

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

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

Fiscal year ended March 31, 2023

There are no relevant matters.

Fiscal year ended March 31, 2024

There are no relevant matters.

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

Fiscal year ended March 31, 2023

(Amount: million yen)

	Reporting segment						Adjustment	Total
	Japan	Europe	Americas	China	Others	Subtotal		
Amortization for the current fiscal year	138	88	60	—	—	286	—	286
Balance at end of period	696	—	60	—	—	757	—	757

Fiscal year ended March 31, 2024

(Amount: million yen)

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

[Information on gain on bargain purchase by reporting segment]

Fiscal year ended March 31, 2023

There are no relevant matters.

Fiscal year ended March 31, 2024

There are no relevant matters.

[Related party information]

Transactions with related parties

There are no relevant matters.

(Per share information)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net assets per share	989.09 yen	1,109.65 yen
Basic earnings per share	108.25 yen	122.13 yen

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

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

In calculating profit per share, the average number of treasury shares deducted during the period was 178,662 shares in the previous consolidated fiscal year and 160,354 shares in the current consolidated fiscal year. The number of treasury shares at the end of the fiscal year, which were deducted from the calculation of net assets per share, was 174,200 shares in the previous consolidated fiscal year and 154,200 shares in the current consolidated fiscal year.

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

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit attributable to owners of parent (million yen)	4,381	4,931
Amount not attributable to common shareholders (million yen)	—	—
Profit attributable to owners of parent related to common shares (million yen)	4,381	4,931
Average number of common shares outstanding in the period (No. of shares)	40,479,053	40,375,671

(Important subsequent events)

There are no relevant matters.

(v) [Consolidated supplementary schedules]

[Schedule of corporate bonds]

There are no relevant matters.

[Schedule of borrowings, etc.]

Classification	Balance at beginning of period (million yen)	Balance at end of period (million yen)	Average interest rate (%)	Repayment deadline
Short-term borrowings	908	991	4.44	—
Current portion of long-term borrowings	—	154	2.03	—
Current portion of lease liabilities	283	308	3.77	—
Long-term borrowings (excluding current portion)	275	48	0.73	October 24, 2026 to December 31, 2027
Lease liabilities (excluding current portion)	1,204	1,571	3.65	April 27, 2026 to March 31, 2031
Total	2,671	3,074	—	—

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

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

Classification	From 1 to 2 years (million yen)	From 2 to 3 years (million yen)	From 3 to 4 years (million yen)	From 4 to 5 years (million yen)
Long-term borrowings	—	1	—	47
Lease liabilities	262	189	167	153

[Schedule of asset retirement obligations]

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

(2) [Other]

Quarterly information, etc. for the current consolidated fiscal year

(Cumulative period)	First quarter	Second quarter	Third quarter	Fiscal year ended March 31, 2024
Net sales (million yen)	12,175	25,898	38,970	53,425
Profit before income taxes (million yen)	2,003	3,961	5,867	7,987
Profit attributable to owners of parent (million yen)	1,376	2,623	3,635	4,931
Basic earnings per share	34.01 yen	64.82 yen	89.81 yen	122.13 yen

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Basic earnings per share	34.01 yen	30.82 yen	24.99 yen	32.28 yen

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

(1) [Non-Consolidated Financial statements]

(i) [Non-consolidated balance sheet]

(Amount: million yen)

	As of March 31, 2023	As of March 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	7,267	7,217
Notes and accounts receivable-trade	¥1 5,862	¥1 6,351
Merchandise and finished goods	1,624	1,734
Work in process	735	665
Raw materials and supplies	1,229	1,292
Other	¥1 1,242	¥1 1,983
<b>Total current assets</b>	<b>17,961</b>	<b>19,244</b>
Non-current assets		
Property, plant and equipment		
Buildings	3,005	3,037
Structures	173	217
Machinery and equipment	1,024	1,127
Vehicles	6	4
Tools, furniture and fixtures	365	447
Land	1,268	1,268
Leased assets	1,263	1,609
Construction in progress	34	140
<b>Total property, plant and equipment</b>	<b>7,141</b>	<b>7,853</b>
Intangible assets		
Leasehold interests in land	0	0
Software	772	783
Other	21	18
<b>Total intangible assets</b>	<b>795</b>	<b>803</b>
Investments and other assets		
Investment securities	2,689	2,819
Shares of subsidiaries and associates	3,202	3,202
Investments in capital	19	19
Investments in capital of subsidiaries and associates	4,142	4,142
Long-term loans receivable from subsidiaries and associates	¥1 1,270	¥1 1,089
Long-term prepaid expenses	16	11
Prepaid pension costs	807	807
Deferred tax assets	695	617
Other	75	75
Allowance for doubtful accounts	(10)	(10)
<b>Total investments and other assets</b>	<b>12,908</b>	<b>12,775</b>
<b>Total non-current assets</b>	<b>20,845</b>	<b>21,431</b>
<b>Total assets</b>	<b>38,806</b>	<b>40,676</b>

(Amount: million yen)

	As of March 31, 2023	As of March 31, 2024
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	¥1,2021	¥1,538
Lease liabilities	265	285
Accounts payable-other	¥1,346	¥1,316
Income taxes payable	482	830
Deposits received	25	25
Provision for bonuses	617	608
Provision for bonuses for directors (and other officers)	83	99
Provision for product warranties	151	275
Other	136	99
Total current liabilities	5,132	5,079
Non-current liabilities		
Lease liabilities	1,108	1,461
Provision for retirement benefits	1,166	1,223
Provision for share awards for directors (and other officers)	181	202
Other	18	9
Total non-current liabilities	2,475	2,896
Total liabilities	7,607	7,976
Net assets		
Shareholders' equity		
Share capital	3,354	3,354
Capital surplus		
Legal capital surplus	1,380	1,380
Total capital surplus	1,380	1,380
Retained earnings		
Legal retained earnings	838	838
Other retained earnings		
Reserve for acquisition of specified shares	75	75
General reserve	9,700	9,700
Retained earnings brought forward	16,502	18,403
Total retained earnings	27,116	29,017
Treasury shares	(1,179)	(2,051)
Total shareholders' equity	30,671	31,700
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	527	999
Total valuation and translation adjustments	527	999
Total net assets	31,198	32,700
Total liabilities and net assets	38,806	40,676

(ii) Non-consolidated statement of income

(Amount: million yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	¥ 24,770	¥ 25,715
Cost of sales	¥ 15,338	¥ 15,680
Gross profit	9,432	10,034
Selling, general and administrative expenses	¥ 2 6,790	¥ 2 7,617
Operating profit	2,641	2,417
Non-operating income		
Interest income	¥ 44	¥ 100
Dividend income	¥ 1,237	¥ 1,629
Foreign exchange gains	243	635
Other	¥ 160	¥ 152
Total non-operating income	1,686	2,517
Non-operating expenses		
Interest expenses	22	28
Other	17	15
Total non-operating expenses	40	43
Ordinary profit	4,288	4,891
Extraordinary income		
Gain on sale of non-current assets	—	¥ 0
Gain on sale of investment securities	—	14
Gain on liquidation of subsidiaries	¥ 49	—
Total extraordinary income	49	14
Extraordinary losses		
Loss on retirement of non-current assets	¥ 13	¥ 12
Total extraordinary losses	13	12
Profit before income taxes	4,324	4,893
Income taxes - current	972	1,333
Income taxes - deferred	(4)	(129)
Total income taxes	967	1,204
Profit	3,356	3,689

(iii) Non-consolidated statement of changes in equity

Fiscal year ended March 31, 2023

(Amount: million yen)

	Shareholders' equity							
	Share capital	Capital surplus		Legal retained earnings	Retained earnings			Total retained earnings
		Legal capital surplus	Total capital surplus		Other retained earnings			
					Reserve for specific stocks purchase	General reserve	Retained earnings brought forward	
Balance at beginning of period	3,354	1,380	1,380	838	—	9,700	14,565	25,103
Changes during period								
Dividends of surplus							(1,344)	(1,344)
Profit							3,356	3,356
Provision of reserve for specific stocks purchase					75		(75)	—
Purchase of treasury shares								
Disposal of treasury shares by stocks payment trust								
Net changes in items other than shareholders' equity								
Total changes during period	—	—	—	—	75	—	1,937	2,012
Balance at end of period	3,354	1,380	1,380	838	75	9,700	16,502	27,116

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(1,025)	28,812	378	378	29,190
Changes during period					
Dividends of surplus		(1,344)			(1,344)
Profit		3,356			3,356
Provision of reserve for specific stocks purchase		—			—
Purchase of treasury shares	(159)	(159)			(159)
Disposal of treasury shares by stocks payment trust	5	5			5
Net changes in items other than shareholders' equity			149	149	149
Total changes during period	(153)	1,858	149	149	2,007
Balance at end of period	(1,179)	30,671	527	527	31,198

Fiscal year ended March 31, 2024

(Amount: million yen)

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

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

[Notes]

(Matters concerning the premise of a going concern)

There are no relevant matters.

(Significant accounting policies)

1 Valuation standards and valuation methods for securities

(1) Shares of subsidiaries and affiliated companies

(Includes investments in capital of subsidiaries and affiliated companies)

Cost method based on the moving average method

(2) Bonds held to maturity

Amortized cost method (straight-line method)

(3) Other securities

Securities other than shares, etc. without a market price

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

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

Shares, etc. without a market price

Cost method based on the moving average method

2 Valuation standards and methods for inventories

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

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

3 Depreciation method for non-current assets

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

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

Main useful lives in years are as follows:

Buildings and structures: 15 to 50 years

Machinery and equipment: 7 to 17 years

(2) Intangible assets (excluding leased assets)

The straight-line method is employed.

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

(3) Leased assets

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

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

4 Recording criteria for allowances

(1) Allowance for doubtful accounts

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

(2) Provision for bonuses

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

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

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

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

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

(5) Provision for product warranties

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

(6) Provision for retirement benefits

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

(i) Period attribution method for estimated retirement benefits

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

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

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

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

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

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

6 Recording criteria for revenue and cost

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

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

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

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

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

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

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

For a construction contract for which the period from the transaction start date in the contract until the performance

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

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

Accounting for retirement benefits

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

(Significant accounting estimates)

(Assessment of investment securities)

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

(Million yen)

	As of March 31, 2023	As of March 31, 2024
Investment securities	2,689	2,819
Shares of affiliated companies	3,202	3,202
Investments in capital	19	19
Investments in capital of subsidiaries and associates	4,142	4,142

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

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

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

(Additional information)

(Performance-based stock compensation plan for Directors and Corporate Officers)

In accordance with a resolution at the 73rd ordinary general shareholders' meeting, held on June 25, 2019, we have introduced a performance-based stock compensation plan, "Board Benefit Trust (BBT)" (hereinafter referred to as "this plan"), targeted at our Directors (excluding Audit and Supervisory Committee Members and Independent Directors) and Corporate Officers who do not concurrently serve as Directors (referred to collectively as "Directors and others"), for the purposes of improving mid- to long-term results of operations, increasing our corporate value, and promoting management awareness that puts shareholders first.

(1) Overview of this plan

This plan is a performance-based stock compensation plan whereby the trust established by us (the trust established in accordance with this plan is hereinafter referred to as "this trust") acquires Company shares by using the money contributed by us as a fund and through this trust, Company shares and money equivalent to the amount of money resulting from translating Company shares at market value (hereinafter referred to collectively as "Company shares, etc.") to Directors and others according to the rules for granting shares. The time at which Directors and others can be granted Company shares, etc. is, in principle, the time at which the Directors and others retire.

(2) Company shares that remain in the trust

Company shares that remain in the trust are recorded as treasury shares in Net assets at the book value

(excluding the incidental costs) in the trust. At the end of the previous fiscal year, the book value of the treasury shares is 173 million yen, and the number of shares is 174,200. At the end of the current fiscal year, the book value of the treasury shares is 153 million yen, and the number of shares is 154,200.

(Related to non-consolidated balance sheet)

\*1 Assets and liabilities to affiliated companies

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

	As of March 31, 2023	As of March 31, 2024
Short-term monetary claims	3,995 million yen	5,011 million yen
Long-term monetary claims	1,270 million yen	1,089 million yen
Short-term monetary liabilities	347 million yen	256 million yen

2 Overdraft agreement and commitment line agreement

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

	As of March 31, 2023	As of March 31, 2024
Overdraft limit and commitment line agreement amount	14,200 million yen	7,200 million yen
Balance of executed loans	—	—
Balance of unexecuted loans	14,200 million yen	7,200 million yen

3 Guarantee obligation

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

	As of March 31, 2023	As of March 31, 2024
ANEST IWATA FEELER Corporation	133 million yen	151 million yen
Total	133 million yen	151 million yen

(Related to non-consolidated statement of income)

\*1 Transaction volume with affiliated companies

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Operating transaction volume		
Net sales	8,997 million yen	9,550 million yen
Purchases, etc.	2,303 million yen	2,289 million yen
Non-operating transactions	1,338 million yen	1,755 million yen

\*2 Major selling, general and administrative expenses

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Packing and transportation costs	586 million yen	520 million yen
Advertising expenses	229 million yen	404 million yen
Provision for product warranties	151 million yen	275 million yen
Remuneration for directors (and other officers)	177 million yen	168 million yen
Employees' salaries and allowances	1,965 million yen	1,969 million yen
Provision for bonuses	358 million yen	353 million yen
Provision for bonuses for directors (and other officers)	83 million yen	99 million yen
Provision for share awards for directors (and other officers)	53 million yen	49 million yen
Retirement benefit expenses	112 million yen	122 million yen
Welfare expenses	532 million yen	545 million yen
Travel and transportation expenses	159 million yen	213 million yen
Commission expenses	1,062 million yen	1,436 million yen
Communication expenses	114 million yen	137 million yen
Depreciation	428 million yen	476 million yen
Rent expenses	122 million yen	137 million yen
Other	650 million yen	704 million yen
Approximate percentage of expenses related to selling expenses	41.05%	38.91%
Approximate percentage of expenses related to general and administrative expenses	58.95%	61.09%

\*3 Gain on sale of non-current assets

Fiscal year ended March 31, 2024

Due to the sales of vehicles.

\*4 Gain on liquidation of subsidiaries

Fiscal year ended March 31, 2023

Due to the liquidation of the consolidated subsidiary ANEST IWATA (DONGGUAN) Corporation.

\*5 Loss on retirement of non-current assets

Fiscal year ended March 31, 2023

Mainly due to the retirement of buildings, etc.

Fiscal year ended March 31, 2024

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

(Related to securities)

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

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

Classification	As of March 31, 2023 (million yen)	As of March 31, 2024 (million yen)
Shares of subsidiaries	2,963	2,963
Shares of affiliated companies	238	238
Total	3,202	3,202

(Related to tax effect accounting)

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

	As of March 31, 2023	As of March 31, 2024
<b>(Deferred tax assets)</b>		
Provision for retirement benefits	656 million yen	701 million yen
Provision for bonuses	188 million yen	185 million yen
Loss on valuation of shares of subsidiaries	384 million yen	389 million yen
Other	387 million yen	467 million yen
Deferred tax assets - Subtotal	1,616 million yen	1,744 million yen
Valuation allowance	(442) million yen	(441) million yen
Deferred tax assets - Total	1,173 million yen	1,302 million yen
<b>(Deferred tax liabilities)</b>		
Prepaid pension costs	(246) million yen	(246) million yen
Valuation difference on available-for-sale securities	(231) million yen	(438) million yen
Deferred tax liabilities - Total	(477) million yen	(685) million yen
Net amount of deferred tax assets	695 million yen	617 million yen

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

	As of March 31, 2023	As of March 31, 2024
Normal effective statutory tax rate	30.5%	30.5%
<b>(Adjustment)</b>		
Dividend income not permanently included in income	(8.0)%	(9.3)%
Special deduction of experimental and research expenses	(1.4)%	(1.7)%
Inhabitant tax on per capita basis	0.3%	0.3%
Valuation allowance	—	0.0%
Income taxes for prior periods	—	3.8%
Other	1.0%	1.0%
Effective tax rate after application of tax-effect accounting	22.4%	24.6%

(Related to revenue recognition)

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

(Important subsequent events)

There are no relevant matters.

(iv) [Supplementary schedules]

[Schedule of property, plant and equipment]

Type of assets	Balance at beginning of period (million yen)	Increase during the current period (million yen)	Decrease during the current period (million yen)	Amortization for the current period (million yen)	Balance at end of period (million yen)	Accumulated depreciation (million yen)
Property, plant and equipment						
Buildings	3,005	228	4	192	3,037	4,600
Structures	173	61	—	16	217	615
Machinery and equipment	1,024	347	9	234	1,127	3,762
Vehicles	6	2	0	4	4	21
Tools, furniture and fixtures	365	350	0	268	447	2,091
Land	1,268	—	—	—	1,268	—
Leased assets	1,263	613	—	267	1,609	1,768
Construction in progress	34	1,095	989	—	140	—
Total property, plant and equipment	7,141	2,700	1,003	984	7,853	12,859
Intangible assets						
Leased assets	—	—	—	—	—	17
Leasehold interests in land	0	—	—	—	0	—
Software	772	246	—	235	783	1,904
Other	21	243	246	0	18	1
Total intangible assets	795	489	246	235	803	1,923

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

Buildings	Roof waterproofing work	Yokohama Head Office	59 million yen
Buildings	Network equipment	Akita Factory	37 million yen
Machinery and equipment	Automatic inspection equipment	Akita Factory	37 million yen
Machinery and equipment	Complex NC lathe	Akita Factory	36 million yen
Tangible leased assets	Panel vendor	Fukushima Factory	169 million yen
Tangible leased assets	Air tank automatic girth welding device	Fukushima Factory	141 million yen
Tangible leased assets	Machining center	Fukushima Factory	80 million yen
Tangible leased assets	Bending roll machine	Fukushima Factory	58 million yen
Software	Server cloud migration	Yokohama Head Office	88 million yen
Software	Invoice system/Compliance with the Electronic Books Maintenance Act	Yokohama Head Office	56 million yen

[Schedule of allowances and provisions]

Classification	Balance at beginning of period (million yen)	Increase during the current period (million yen)	Decrease during the current period (million yen)	Balance at end of period (million yen)
Allowance for doubtful accounts	10	—	—	10
Provision for bonuses	617	608	617	608
Provision for bonuses for directors (and other officers)	83	99	83	99
Provision for product warranties	151	275	151	275
Provision for share awards for directors (and other officers)	181	49	28	202

(2) [Major assets and liabilities]

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

(3) [Others]

There are no relevant matters.

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

Fiscal year	From April 1 to March 31
Ordinary general shareholders' meeting	During June
Record date	March 31
Record date of dividends of surplus	September 30, March 31
Number of shares per unit	100 shares
Purchase/additional purchase of fractional shares	
Handling office	3-3, Marunouchi 1-chome, Chiyoda-ku, Tokyo Stock Transfer Agency Department of the Head Office of Mizuho Trust & Banking Co., Ltd.
Administrator of shareholder registry	3-3, Marunouchi 1-chome, Chiyoda-ku, Tokyo Mizuho Trust & Banking Co., Ltd.
Transfer agent	-
Purchase/purchase increase fee	Amount separately stipulated as an amount equivalent to the handling charge for the outsourcing of trading of shares.
Public notice posting method	Public notices of the Company are posted electronically. If electronic public notice is not possible due to unavoidable or other reasons, notification in Nihon Keizai Shimbun is carried out. Public notices are also posted on the Company's website at the following address. <a href="https://www.anestiwata-corp.com/jp">https://www.anestiwata-corp.com/jp</a>
Benefits to the shareholders	None

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

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

## Section 7 [Reference Information of the Submitting Company]

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

The Company has no parent company.

### 2. [Other reference information]

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

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

The Annual Securities Report for the 77th fiscal year (from April 1, 2022, to March 31, 2023) and documents attached thereto, and Confirmation Letter thereof were submitted to the Director-General of the Kanto Local Finance Bureau on June 23, 2023.

#### (2) Internal Control Report and documents attached thereto

The Internal Control Report for the 77th fiscal year (from April 1, 2022, to March 31, 2023) and documents attached thereto were submitted to the Director-General of the Kanto Local Finance Bureau on June 23, 2023.

#### (3) Quarterly Securities Report and Confirmation Letter thereof

The Quarterly Securities Report for the first quarter of the 78th fiscal year (from April 1, 2023, to June 30, 2023) and Confirmation Letter thereof were submitted to the Director-General of the Kanto Local Finance Bureau on August 10, 2023.

The Quarterly Securities Report for the second quarter of the 78th fiscal year (from July 1, 2023, to September 30, 2023) and Confirmation Letter thereof were submitted to the Director-General of the Kanto Local Finance Bureau on November 10, 2023.

The Quarterly Securities Report for the third quarter of the 78th fiscal year (from October 1, 2023, to December 31, 2023) and Confirmation Letter thereof were submitted to the Director-General of the Kanto Local Finance Bureau on February 13, 2024.

#### (4) Extraordinary Report

Extraordinary Report under Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Ordinance on disclosure of corporate affairs (results of voting rights exercised at the general shareholders' meeting) was submitted to the Director-General of the Kanto Local Finance Bureau on June 26, 2023.

Extraordinary Report under Article 19, Paragraph 2, Item 9-4 of the Cabinet Office Ordinance on disclosure of corporate affairs (change of auditing certified public accountants, etc.) was submitted to the Director-General of the Kanto Local Finance Bureau on October 3, 2023.

#### (5) Report on the status of treasury shares repurchase

The report on the status of treasury shares repurchase for the reporting period from January 11, 2024 to January 31, 2024 was submitted to the Director-General of the Kanto Finance Bureau on February 2, 2024.

The report on the status of treasury shares repurchase for the reporting period from February 1, 2024 to February 29, 2024 was submitted to the Director-General of the Kanto Finance Bureau on March 5, 2024.

The report on the status of treasury shares repurchase for the reporting period from March 1, 2024 to March 31, 2024 was submitted to the Director-General of the Kanto Finance Bureau on April 3, 2024.

The report on the status of treasury shares repurchase for the reporting period from April 1, 2024 to April 30, 2024 was submitted to the Director-General of the Kanto Finance Bureau on May 1, 2024.

The report on the status of treasury shares repurchase for the reporting period from May 1, 2024 to May 31, 2024 was submitted to the Director-General of the Kanto Finance Bureau on June 4, 2024.

## Part 2 [Information on Guarantee Companies, etc. of the Submitting Company]

There are no relevant matters.

(English Translation)  
Report by Independent Auditor and Internal Controls Audit Report

June 25, 2024

To the Board of Directors of  
ANEST IWATA Corporation

Fujimi Audit Corporation  
Tokyo Office

Engagement Partner  
Certified Public Accountant: Toshio Saito

Engagement Partner  
Certified Public Accountant: Miho Toriumi

<Audit of Consolidated Financial Statements>

Audit Opinion

We have audited the consolidated financial statements, i.e., consolidated balance sheet, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows, and basic, important matters for preparing consolidated financial statements, other notes and consolidated supplementary schedules of ANEST IWATA Corporation ("the Company") for the consolidated fiscal year from April 1, 2023 to March 31, 2024, that are included in the "Status of Accounting" section, in order to conduct audit certification in accordance with the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as of March 31, 2024, and their financial performance and cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in Japan.

Basis of Audit Opinion

We have conducted the audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are described in the section "Auditor's Responsibility for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries and have fulfilled our other ethical responsibilities as auditors in accordance with the rules of professional ethics in Japan. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Major Audit Considerations

Major audit considerations are those that the auditors, in their professional capacity during the audit of the consolidated financial statements for the current consolidated fiscal year, determine to be particularly important. Major audit considerations are those addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Applicability of Judgments on Indications of Goodwill Impairment	
Details and reasons for decisions regarding major audit considerations	How the matter was addressed in our audit
<p>The Company is strengthening its business through M&amp;A and the amount of goodwill on the consolidated balance sheet is 733 million yen as of March 31, 2024.</p> <p>Goodwill depreciates periodically, but in case of an indication of impairment, determining whether to recognize impairment losses is needed (refer to “Notes to the Consolidated Financial Statements (Significant accounting estimates)”). The Company has determined that there are no signs of goodwill impairment in the current consolidated fiscal year.</p> <p>We have determined the applicability of the judgment on indications of goodwill impairment to be the major audit considerations for the following reasons.</p> <ul style="list-style-type: none"> <li>• Due to the financial importance of goodwill in the consolidated financial statements, if indications of impairment are not properly identified and the necessary impairment losses are not accounted for, the impact on the consolidated financial statements is significant.</li> <li>• Determining whether goodwill should be categorized as an indication of impairment mainly depends on the achievement of the business plan and if there is any major deterioration in the business environment. However, these factors are mainly influenced by the judgment and assumptions of management.</li> <li>• Heightened uncertainty in global economic trends has increased the uncertainty in the assumptions by management hypotheses which are considered in the future business plan.</li> </ul>	<p>The audit firm has carried out the following audit procedures to review the applicability of the judgement on indications of goodwill impairment.</p> <ul style="list-style-type: none"> <li>• Effectiveness of the design and operation of internal control for the identification of indications of goodwill impairment was assessed.</li> <li>• In order to confirm that indications of goodwill impairment were properly identified, changes in the business environment were confirmed, a comparative analysis of the business plan used to assess goodwill in past years and actual results was carried out and, factors which lead to discrepancies, if any, were analyzed.</li> <li>• Meeting proceedings of the Board of Directors and other bodies that have an influential role in the Company’s management decision-making were reviewed to confirm that they contain comprehensive qualitative information that should be considered in determining indications of goodwill impairment.</li> <li>• Interviews were conducted with management of affiliated companies that have accounted goodwill. This was useful in gaining an understanding of the business environment of affiliated companies and verifying indications of declining financial conditions of affiliated companies, if any.</li> <li>• We reviewed account statements and analyzed the financial figures concerning financial condition and business performance of affiliated companies that have accounted goodwill. The review process of companies that determined indications of goodwill impairment, including the recording of ongoing losses, were examined.</li> <li>• In order to determine whether various unstable factors arising in an uncertain environment constitute an indication of impairment, we reviewed the post-period-end conditions of foreign subsidiaries, as deemed necessary</li> </ul>

#### Other Information

The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements, the non-consolidated financial statements, and our auditor’s reports thereon. Management is responsible for preparing and disclosing the other information. The Audit and Supervisory Committee is responsible for overseeing the execution of duties by the Directors in designing and operating the reporting process of the other information.

The other information does not fall under the scope of our opinion on the consolidated financial statements, and we express no opinion on the other information.

Our responsibility in auditing the consolidated financial statements is to read through the other information and, in the course of reading, consider whether there are any material differences between the other information and the consolidated financial statements or our knowledge obtained in the course of our audit, and to pay attention to whether there are any

other signs of material errors in the other information in addition to such material differences.

If, based on the work we have performed, we determine that there are material errors in the other information, we are required to report that fact.

We did not find any particular matters which need to be reported with respect to the other information.

#### Responsibility of Management and Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements based on premise of a going concern and responsible for disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit and Supervisory Committee is responsible for monitoring the performance of duties by the Directors in the development and operation of the reporting process for the finances.

#### Auditor's Responsibility for the Audit of the Consolidated Financial Statements

The auditor's responsibility is to obtain reasonable assurance regarding whether the consolidated financial statements as a whole contain any significant misstatements due to fraud or error, based on the audit performed, and to provide an opinion on the consolidated financial statements in the audit report from an independent standpoint. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to affect the decisions made by users of the consolidated financial statements.

The auditor shall follow auditing standards generally accepted in Japan, and deliver a judgment as an expert by maintaining professional skepticism and by taking the following actions throughout the audit.

- The auditor identifies and assesses the risk of significant misstatements due to fraud or error. The auditor designs and implements audit procedures that address the risks of said significant misstatements. It is the auditor's decision to select and apply audit procedures. The auditor obtains sufficient and appropriate audit evidence to provide a basis for our opinion.
- The purpose of auditing consolidated financial statements is not to express opinions on the effectiveness of the internal control; but to review internal control related to the audit when conducting risk assessments in order to design audit procedures that are situationally appropriate.
- The auditor assesses the appropriateness of the accounting policies and application methods thereof adopted by management, the rationality of the accounting estimates made by management, and the validity of related notes.
- The auditor concludes whether it is appropriate for management to prepare the consolidated financial statements on the premise of an going concern and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the premise of going concern. If a material uncertainty on the premise of an going concern is identified, the auditor is required to draw attention to it in the notes to the consolidated financial statements in the auditor's report. If the notes on the consolidated financial statements regarding material uncertainty are insufficient, the auditor is required to present a qualified opinion with an exceptive item on the consolidated financial statements. The auditor's conclusion is based on audit evidence obtained by the date of the auditor's report. However, future events or circumstances may prevent a company from continuing as an going concern.
- The auditor assesses whether presentation and notes regarding the consolidated financial statement comply with accounting principles generally accepted in Japan and whether presentation, structure, and details of the consolidated financial statements, along with the relevant notes, present appropriately the underlying transactions and accounting events.
- The auditor obtains sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for providing instructions, supervision, and implementation of the audit of the consolidated financial statements. The auditor is independently responsible for its audit opinion.

The auditor reports the scope and implementation time of the planned audit, key audit findings that include critical deficiencies in internal control which have been identified during the audit, and other matters required by the audit standards to the Audit and Supervisory Committee.

The auditor reports to the Audit and Supervisory Committee that the auditor has complied with Japan's code of professional ethics regarding independence as well as on matters reasonably believed to affect the independence of the auditor and any measures taken to eliminate disincentives or safeguards applied to reduce disincentives to an acceptable level.

Among matters discussed with Audit and Supervisory Committee, the auditor determines matters considered to be specifically important in the audit of the consolidated financial statements for the current consolidated fiscal year to be key audit matters, and includes them in the auditor's report. However, in cases where public disclosure of such matters is prohibited by laws and regulations, or although very limited, in cases where the auditor determines that such matters should not be reported by the auditor because it can be reasonably expected that the disadvantages that could arise from reporting them in the auditor's report would outweigh the public benefit from doing so, such matters are not included in the auditor's report.

#### <Audit of Internal Controls>

##### Audit Opinion

We have audited the Internal Control Report as of March 31, 2024 of ANEST IWATA Corporation for the purpose of providing audit certification in accordance with the second paragraph of Article 193-2, paragraph 2 of the Financial Instruments and Exchange Act.

In our opinion, the Internal Control Report referred to above, which represents that internal control over financial reporting by ANEST IWATA Corporation as of March 31, 2024 is effective, presents fairly, in all material respects, the result of the assessment on internal control over financial reporting in conformity with assessment standards for internal control over financial reporting generally accepted in Japan.

##### Basis of Audit Opinion

We have conducted an internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are described in the section "Auditor's Responsibility in Internal Control Audit." We are independent of the Company and its consolidated subsidiaries and have fulfilled our other ethical responsibilities as auditors in accordance with the rules of professional ethics in Japan. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Responsibility of Management and the Audit and Supervisory Committee regarding the Internal Control Report

Management is responsible for development and operation of internal control concerning financial reporting, and properly presenting the prepared Internal Control Report in accordance with the assessment criteria for internal control over financial reporting generally accepted in Japan.

The Audit and Supervisory Committee is responsible for monitoring and verifying the development and operation of internal control concerning financial reporting.

Internal control concerning financial reporting may not completely prevent or detect misstatements in financial reporting.

##### Auditor's Responsibility in Internal Control Audit

The auditor is responsible to obtain reasonable assurance whether or not the Internal Control Report contains significant misstatements based on the audit of internal control performed by the auditor, and to express opinions on the Internal Control Report in its Internal Controls Audit Report from an independent standpoint.

The auditor shall follow audit standards for internal control regarding financial reporting generally accepted in Japan, and deliver a judgment as an expert by maintaining professional skepticism and by taking the following actions throughout the audit.

- The auditor performs audit procedures to obtain evidence regarding the assessment results of internal control regarding

financial reporting in the Internal Control Report. The audit procedures for an audit of internal control are selected and performed, depending on the auditor's judgment, based on the significance of the effect on the reliability of financial reporting.

- The auditor reviews the presentation of overall Internal Control Report, including the statements by management about the assessment scope, assessment procedures, and assessment results of internal control regarding financial reporting.
- The auditor obtains adequate and appropriate audit evidence regarding the assessment results of internal control concerning financial reporting in the Internal Control Report. The auditor is responsible for providing instructions, supervision, and implementation of the audit of the Internal Control Report. The auditor is independently responsible for its audit opinion.

The auditor reports to the Audit and Supervisory Committee regarding the scope and implementation time of the planned internal control audit, the results thereof, any identified significant deficiencies in internal control which should be disclosed, and the results of their remediation, and other matters required under internal control auditing standards.

The auditor reports to the Audit and Supervisory Committee that the auditor has complied with Japan's code of professional ethics regarding independence as well as on matters reasonably believed to affect the independence of the auditor and any measures taken to eliminate disincentives or safeguards applied to reduce disincentives to an acceptable level.

<Remuneration information>

The amounts of remuneration for audit certification work and non-audit work for the Company and its subsidiaries paid to our audit firm and to those who belong to the same network as our audit firm are set out in the Status of corporate governance (3) [Status of audits] section included in the "Status of the Submitting Company."

Conflict of Interests

There is no interest that should be noted pursuant to the provisions of the Certified Public Accountant Act between the Company or its consolidated subsidiaries and our audit firm or between the Company or consolidated subsidiaries and the managing partners.

Regards

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- \*1 The original of the above audit report is kept separately by the Company (the company submitting the Annual Securities Report).
  - 2 XBRL data is not included in the scope of the audit.

(English Translation)  
Report by Independent Auditor

June 25, 2024

To the Board of Directors of  
ANEST IWATA Corporation

Fujimi Audit Corporation  
Tokyo Office

Engagement Partner  
Certified Public Accountant: Toshio Saito

Engagement Partner  
Certified Public Accountant: Miho Toriumi

<Audit of Non-consolidated Financial Statements>

Audit Opinion

We have audited the non-consolidated financial statements, i.e., non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity, significant accounting policies, and basic, other notes and supplementary schedules of ANEST IWATA Corporation ("the Company") for the 78th fiscal year from April 1, 2023 to March 31, 2024, that are included in the "Status of Accounting" section, in order to conduct audit certification in accordance with the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2024, and the financial performance for the fiscal year then ended in conformity with accounting principles generally accepted in Japan.

Basis of Audit Opinion

We have conducted the audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are described in the section "Auditor's Responsibility for the Audit of the Non-Consolidated Financial Statements." We are independent of the Company and have fulfilled our other ethical responsibilities as auditors in accordance with the rules of professional ethics in Japan. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Major Audit Considerations

Major audit considerations are those that the auditors, in their professional capacity during the audit of the non-consolidated financial statements for the current fiscal year, determine to be particularly important. Major audit considerations are those addressed in the context of our audit of the non-consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessment of Shares and Investments in Capital of Affiliated Companies	
Details and reasons for decisions regarding major audit considerations	How the matter was addressed in our audit
<p>As of March 31, 2024, the Company recorded 3,202 million yen in shares of affiliated companies and 4,142 million yen in investments in capital of affiliated companies on its balance sheet, and all such shares and investments in capital of affiliated companies (hereinafter "shares of affiliated companies") are shares without market prices.</p> <p>If the net asset value of shares without market prices declines substantially due to deteriorating financial conditions or excess profitability of related companies, impairment will be recognized for the amount deemed necessary in consideration of recoverability (Refer to "Notes to Non-Consolidated Financial Statements (Significant accounting estimates)"). The Company has determined recognizing impairment losses on shares of affiliated companies in the current term is not necessary.</p> <p>We have determined the examination of the appropriateness of the valuation of shares of affiliated companies to be the major audit considerations for the following reasons.</p> <ul style="list-style-type: none"> <li>• Shares of affiliated companies have a high monetary importance in terms of the financial statements. Thus, the overall effect on financial statements may be far-reaching following the write-down process due to a significant decline in net asset value.</li> <li>• Calculation of the net asset value and the consideration of recoverability in the event of a major decline in the net asset value are based on the judgment and assumptions made by management.</li> <li>• Heightened uncertainty in global economic trends has increased the uncertainty in the assumptions by management hypotheses which are considered in the future business plan.</li> </ul>	<p>The following audit procedures were mainly carried out to review the appropriateness of the valuation of shares of affiliated companies.</p> <ul style="list-style-type: none"> <li>• Effectiveness of the design and operation of internal control regarding the valuation of shares of affiliated companies was assessed.</li> <li>• The calculation method of the net asset value of shares of affiliated companies was considered in order to determine whether impairment losses were properly identified. Financial data of related companies, which is the information that forms the basis for calculating the net asset value, and the rationality of future business plans, including key hypotheses in consideration of determining recoverability, were examined and a stress test on the business plans was carried out.</li> <li>• Net asset value of shares of affiliated companies were recalculated, and comprehensive identification of a significant decline in the net asset value of shares against their book value was confirmed.</li> <li>• Meeting proceedings of the Board of Directors and other bodies that have an influential role in the Company's management decision-making were reviewed to ascertain that they contain the comprehensive information to be considered.</li> <li>• Interviewing management officials and other such employees was useful in gaining an understanding of the business environment of affiliated companies and verifying indications of declining financial conditions of affiliated companies, if any.</li> <li>• In order to determine whether various unstable factors arising in an uncertain environment constitute the determination of impairment loss recognition, we reviewed the post-period-end conditions of foreign subsidiaries, as deemed necessary.</li> </ul>

#### Other Information

The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements, the non-consolidated financial statements, and our auditor's reports thereon. Management is responsible for preparing and disclosing the other information. The Audit and Supervisory Committee is responsible for overseeing the execution of duties by the Directors in designing and operating the reporting process of the other information.

The other information does not fall under the scope of our opinion on the non-consolidated financial statements, and we express no opinion on the other information.

Our responsibility in auditing the non-consolidated financial statements is to read through the other information and, in the course of reading, consider whether there are any material differences between the other information and the non-consolidated financial statements or our knowledge obtained in the course of our audit, and to pay attention to whether there are any other signs of material errors in the other information in addition to such material differences.

If, based on the work we have performed, we determine that there are material errors in the other information, we are required to report that fact.

We did not find any particular matters which need to be reported with respect to the other information.

#### Responsibility of Management and Audit and Supervisory Committee for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements based on premise of a going concern and responsible for disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit and Supervisory Committee is responsible for monitoring the performance of duties by the Directors in the development and operation of the reporting process for the finances.

#### Auditor's Responsibility for the Audit of the Non-Consolidated Financial Statements

The auditor's responsibility is to obtain reasonable assurance regarding whether the non-consolidated financial statements as a whole contain any significant misstatements due to fraud or error, based on the audit performed, and to provide an opinion on the non-consolidated financial statements in the audit report from an independent standpoint. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to affect the decisions made by users of the non-consolidated financial statements.

The auditor shall follow auditing standards generally accepted in Japan, and deliver a judgment as an expert by maintaining professional skepticism and by taking the following actions throughout the audit.

- The auditor identifies and assesses the risk of significant misstatements due to fraud or error. The auditor designs and implements audit procedures that address the risks of said significant misstatements. It is the auditor's decision to select and apply audit procedures. The auditor obtains sufficient and appropriate audit evidence to provide a basis for our opinion.
- The purpose of auditing non-consolidated financial statements is not to express opinions on the effectiveness of the internal control; but to review internal control related to the audit when conducting risk assessments in order to design audit procedures that are situationally appropriate.
- The auditor assesses the appropriateness of the accounting policies and application methods thereof adopted by management, the rationality of the accounting estimates made by management, and the validity of related notes.
- The auditor concludes whether it is appropriate for management to prepare the non-consolidated financial statements on the premise of an going concern and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the premise of going concern. If a material uncertainty on the premise of an going concern is identified, the auditor is required to draw attention to it in the notes to the non-consolidated financial statements in the auditor's report. If the notes on the non-consolidated financial statements regarding material uncertainty are insufficient, the auditor is required to present a qualified opinion with an exceptive item on the non-consolidated financial statements. The auditor's conclusion is based on audit evidence obtained by the date of the auditor's report. However, future events or circumstances may prevent a company from continuing as an going concern.
- The auditor assesses whether presentation and notes regarding the non-consolidated financial statement comply with accounting principles generally accepted in Japan and whether presentation, structure, and details of the non-consolidated financial statements, along with the relevant notes, present appropriately the underlying transactions and accounting events.

The auditor reports the scope and implementation time of the planned audit, key audit findings that include critical deficiencies in internal control which have been identified during the audit, and other matters required by the audit standards to the Audit and Supervisory Committee.

The auditor reports on the auditor's compliance with the rules of professional ethics regarding independence in Japan, on matters reasonably considered to affect auditor's independence and any safeguards, if any, taken to mitigate or reduce

the limiting factors to the Audit and Supervisory Committee.

Among matters discussed with Audit and Supervisory Committee, the auditor determines matters considered to be specifically important in the audit of the non-consolidated financial statements for the current fiscal year to be key audit matters, and includes them in the auditor's report. However, in cases where public disclosure of such matters is prohibited by laws and regulations, or although very limited, in cases where the auditor determines that such matters should not be reported by the auditor because it can be reasonably expected that the disadvantages that could arise from reporting them in the auditor's report would outweigh the public benefit from doing so, such matters are not included in the auditor's report.

<Remuneration information>

Remuneration information is provided in the audit report for the consolidated financial statements.

Conflict of Interests

There is no interest that should be noted pursuant to the provisions of the Certified Public Accountant Act between the Company and our audit firm or between the Company and the managing partners.

Regards

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- \*1 The original of the above audit report is kept separately by the Company (the company submitting the Annual Securities Report).
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