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## Announcement Concerning Adoption of IFRS and Changes in Fiscal Year-End of Overseas Consolidated Subsidiaries

ESPEC CORP. today convened a meeting of its Board of Directors at which it passed two resolutions. The first resolution concerns the adoption of International Financial Reporting Standards (hereinafter “IFRS”) in place of Japanese GAAP, which has been used to date, for the purposes of improving the international comparability of financial information in capital markets and unifying the accounting standards of the ESPEC Group. The second resolution concerns a change in the fiscal year-end of some overseas consolidated subsidiaries to a closing date shared by all subsidiaries, for the purposes of preparing for the adoption of IFRS and promoting prompt unified management across the Group. Details are provided below.

### 1. Planned disclosure schedule for adopting IFRS

Planned date of announcement	Document to be announced	Content to be announced	Applicable accounting standard
May 2020	Fiscal 2019 ending March 31, 2020  Summary of Financial Results	Fiscal 2019 ending March 31, 2020  Consolidated financial results	Japanese GAAP
		Fiscal 2020 ending March 31, 2021  Consolidated financial forecasts	IFRS
June 2020	Fiscal 2019 ending March 31, 2020  Annual Securities Report	Consolidated financial results	Japanese GAAP
August 2020	Fiscal 2020 ending March 31, 2021 (First quarter)  Summary of Financial Results for the First Quarter	Consolidated financial results	IFRS
	Fiscal 2020 ending March 31, 2021 (First quarter)  Quarterly Report	Consolidated financial results	IFRS

\* ESPEC plans to announce the impact of the change to IFRS in the consolidated financial forecasts of the Summary of Financial Results scheduled to be announced in May 2020.

## 2. Making all overseas consolidated subsidiaries share the same fiscal year-end

### (1) Details of change in fiscal year-end

Before change: December 31 every year

After change: March 31 every year

\* As hitherto, the fiscal year-end will be December 31 up to December 31, 2018; ESPEC then plans to make some overseas consolidated subsidiaries share the same fiscal year-end of March 31, 2019.

### (2) Names of overseas consolidated subsidiaries that will change their fiscal year-end

ESPEC NORTH AMERICA, INC.	U.S.
SHANGHAI ESPEC ENVIRONMENTAL EQUIPMENT CORP.	*China
ESPEC ENVIRONMENTAL EQUIPMENT (SHANGHAI) CO., LTD.	* China
ESPEC TEST TECHNOLOGY (SHANGHAI) CO., LTD.	* China
ESPEC TEST EQUIPMENT (GUANGDONG) CO., LTD.	* China
ESPEC (CHINA) LIMITED	* China (Hong Kong)
ESPEC KOREA CORP.	Korea

\* For overseas consolidated subsidiaries in China, ESPEC plans to carry out a provisional financial closing with March 31 as the record date without changing from the current fiscal year-end of December 31.

### (3) Outlook

Regarding the impact on business results for the fiscal year ending March 31, 2019, there will be no impact in the first half. For the full fiscal year, ESPEC will carry out the financial closing of overseas consolidated subsidiaries for a 15-month period (hitherto a 12-month period), as follows.

Consolidated full-year financial forecasts for fiscal 2018 ending March 31, 2019 (April 1, 2018-March 31, 2019)

	Net Sales	Operating Income	Ordinary Income	Profit attributable to owners of parent
Current (A) Overseas consolidated subsidiaries (15-month period)	Million yen 48,000	Million yen 4,800	Million yen 4,900	Million yen 3,550
Before change (B) Overseas consolidated subsidiaries (12-month period)	45,500	4,700	4,800	3,500
Increase/decrease (A-B) Impact of change in fiscal year-end on overseas consolidated subsidiaries	2,500	100	100	50