

**Securities ID code:6859**

**Results Briefings  
for the Fiscal Year Ended March 31, 2021**

**ESPEC CORP.  
May 25, 2021**

# Financial Highlights

In FY2020, orders began to recover in the third quarter, but sales and profits declined year on year, although results exceeded the revised forecast announced in February 2021.

	Year on Year	Against forecast (revised in February 2021)
■ Orders-Received	× Decreased in all businesses	○ Exceeded the revised forecast, mainly in the Equipment Business (environmental test chambers) and Service Business
■ Net sales	× Decreased in the Equipment Business (environmental test chambers and energy device equipment) and Service Business	○ Exceeded the revised forecast in all businesses
■ Operating profit	× Decreased due to the decline in sales	○ Exceeded the revised forecast due to net sales growth and an improved cost of sales ratio
■ Ordinary profit, Net income*	× Decreased due to the decrease in operating profit	○ Exceeded the revised forecast due to the increase in operating profit

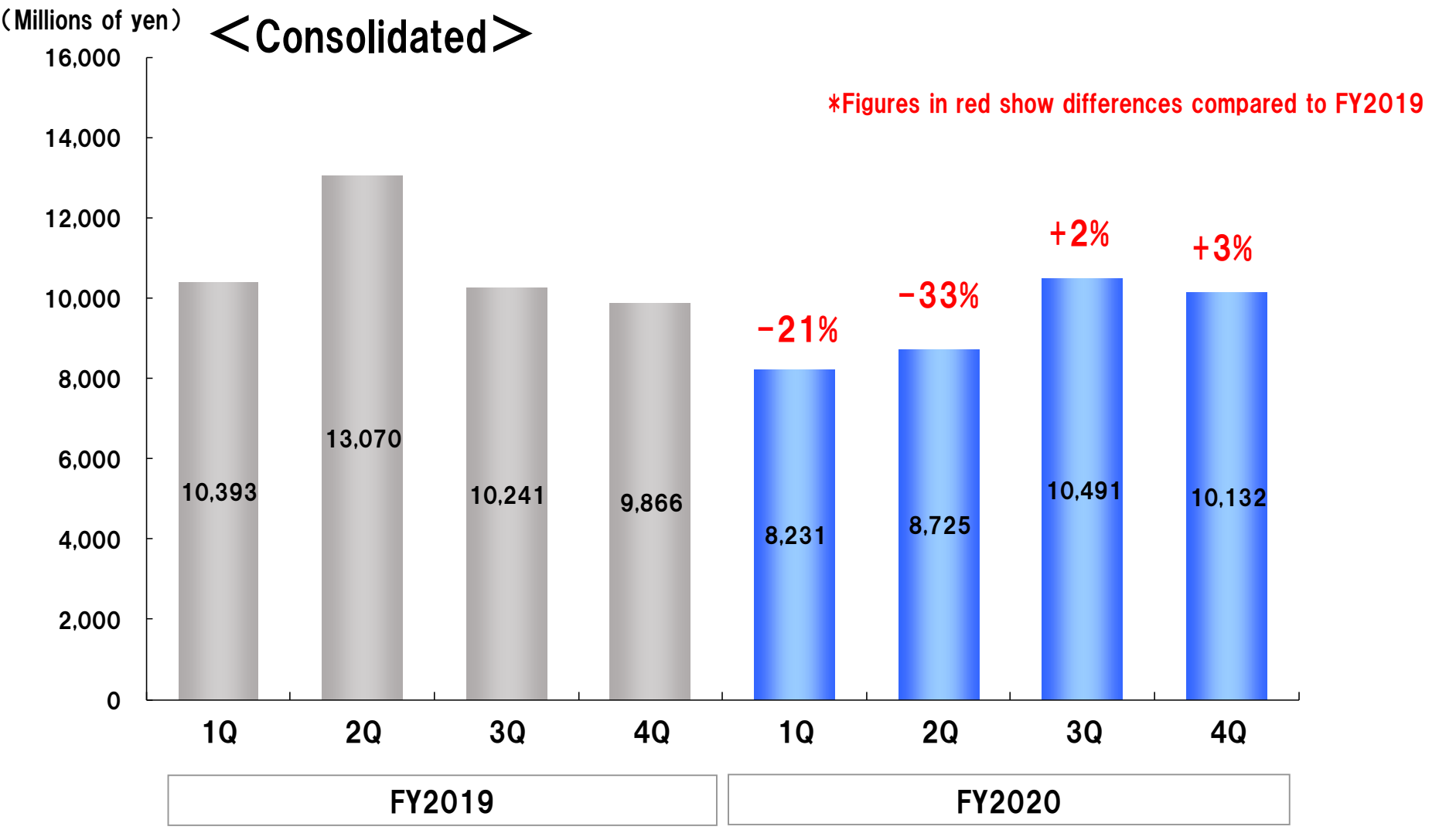
\*Profit attributable to owners of parent

■ Forecast annual dividend per share is ¥51

(¥10 interim dividend and ¥41 year-end dividend, upwardly revised from ¥38)

From fiscal 2020, ESPEC EUROPE GmbH (Germany) and ESPEC ENGINEERING (THAILAND) CO., LTD. have been included in the scope of consolidation.

# FY2020 Quarterly Order Trends



# Summary of Profits and Losses

(Millions of yen)

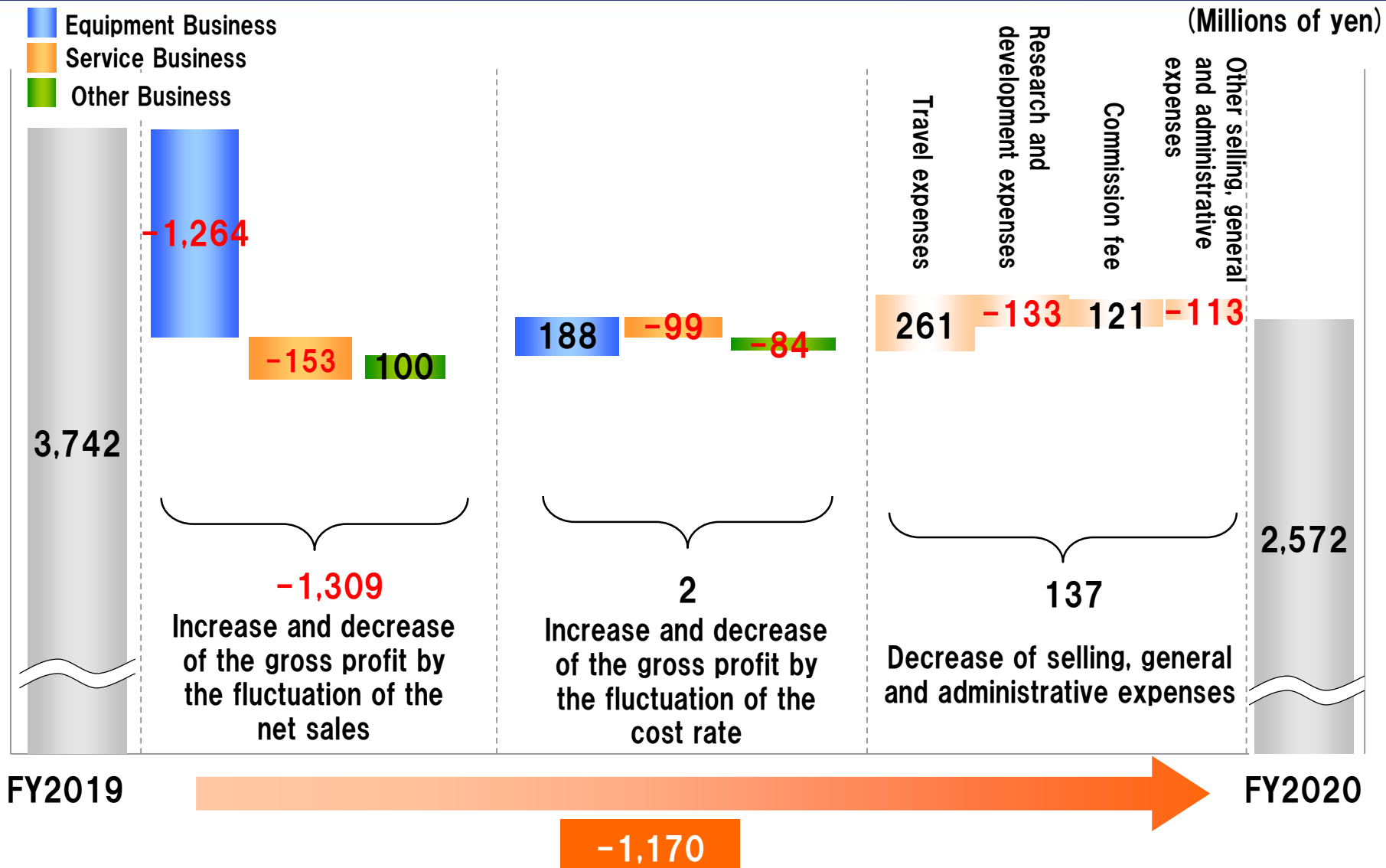
	FY 2019 Results	FY2020 Forecast (February, 2021)	FY 2020 Results	Year on Year	Against forecast
Orders-Received	43,571	36,000	37,580	-13.8%	4.4%
Net sales	42,443	37,500	38,668	-8.9%	3.1%
Cost of Net Sales (Cost of sales ratio)	27,724 (65.3%)	24,856 (66.3%)	25,255 (65.3%)	-8.9% (Unchanged)	1.6% (1pt amelioration)
Gross profit	14,719	12,644	13,412	-8.9%	6.1%
SG & A	10,976	10,644	10,839	-1.2%	1.8%
Operating profit	3,742	2,000	2,572	-31.3%	28.6%
Ordinary profit	3,933	2,100	2,840	-27.8%	35.2%
Profit attributable to owners of parent	2,818	1,400	1,961	-30.4%	40.1%

# Performance by Segment

(Millions of yen)

Segment		FY 2019 Results	FY2020 Forecast (February, 2021)	FY 2020 Results	Year on Year	Against forecast
Equipment Business	Orders- Received	34,682	29,250	30,755	-11.3%	5.1%
	Net Sales	34,361	29,650	30,669	-10.7%	3.4%
	Operating profit	3,041	1,614	2,062	-32.2%	27.8%
Service Business	Orders- Received	6,378	6,000	6,153	-3.5%	2.6%
	Net Sales	6,459	6,000	6,063	-6.1%	1.1%
	Operating profit	646	365	446	-30.9%	22.2%
Other Business	Orders- Received	2,715	1,000	976	-64.0%	-2.4%
	Net Sales	1,831	2,100	2,241	22.4%	6.7%
	Operating profit	49	21	60	22.4%	185.7%
Elimination	Orders- Received	-203	-250	-304	-	-
	Net Sales	-208	-250	-305	-	-
	Operating profit	4	0	3	-	-
Total	Orders- Received	43,571	36,000	37,580	-13.8%	4.4%
	Net Sales	42,443	37,500	38,668	-8.9%	3.1%
	Operating profit	3,742	2,000	2,572	-31.3%	28.6%

# Analysis of Operating Profit Increase and Decrease Factor



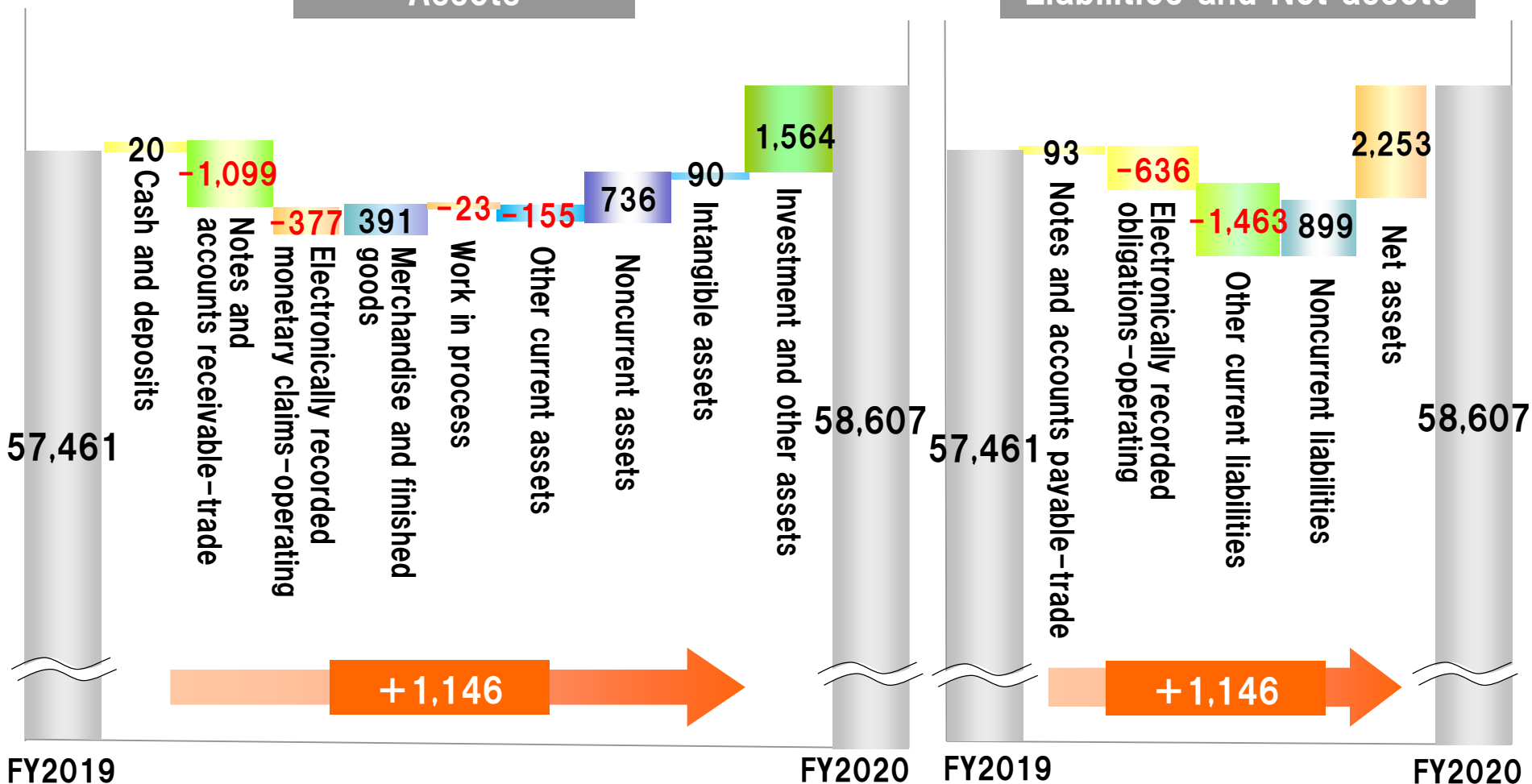
\* Totals have been calculated using the gross profit per net sales ratio.

# Statement of Assets and Liabilities

(Millions of yen)

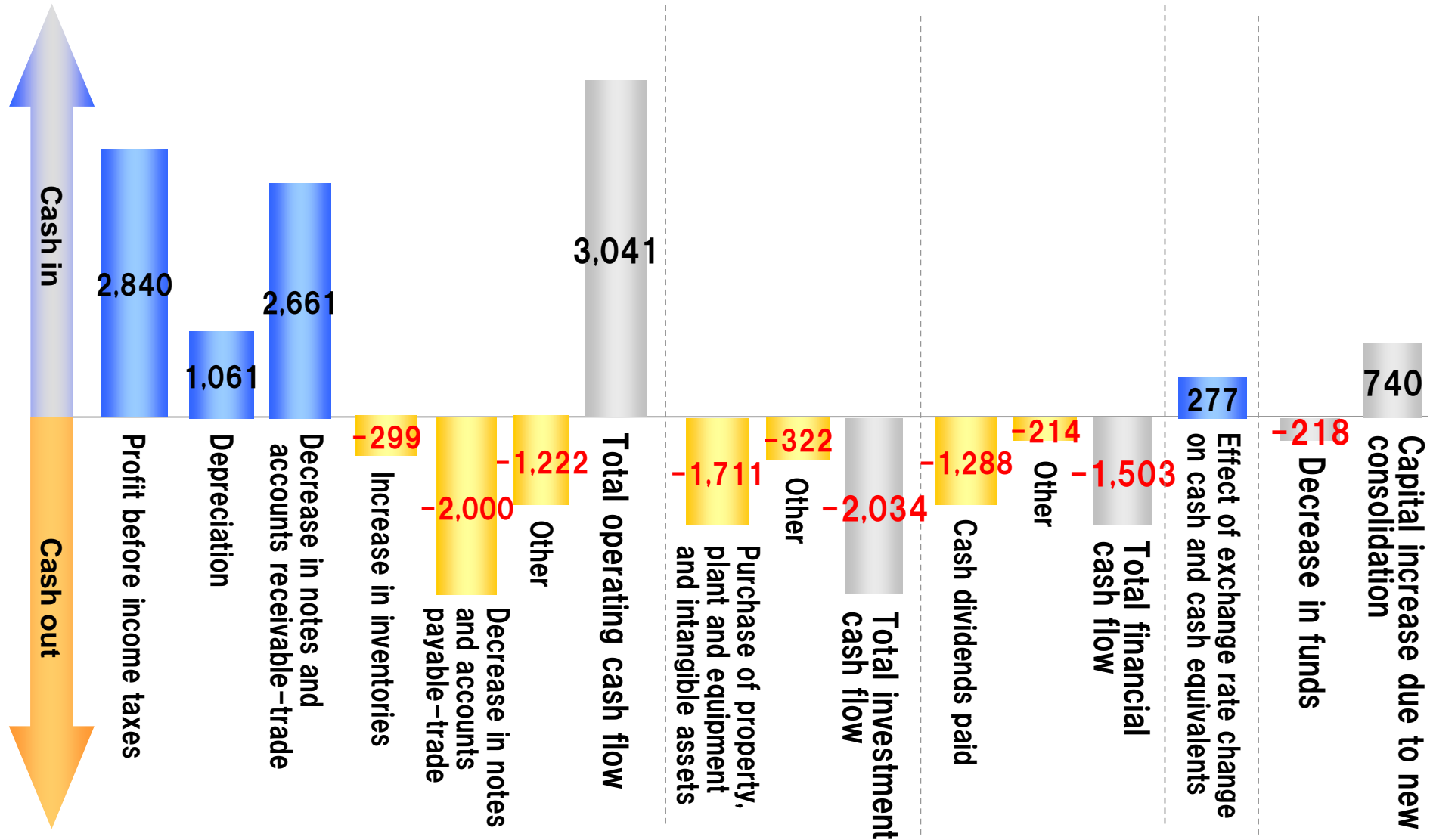
## Assets

## Liabilities and Net assets



# Statements of Cash Flows

(Millions of yen)





# Equipment Business

(Millions of yen)

	FY 2019 Results	FY2020 Forecast (February, 2021)	FY 2020 Results	Year on Year	Against forecast
Orders-Received	34,682	29,250	30,755	-11.3%	5.1%
Net Sales	34,361	29,650	30,669	-10.7%	3.4%
Operating profit [Profit ratio (%) ]	3,041 [ 8.9% ]	1,614 [ 5.4% ]	2,062 [ 6.7% ]	-32.2%	27.8%

## Environmental Test Chambers

- Although market conditions are recovering in Japan, net sales and orders declined year on year for both versatile standardized products and customized products
- Overseas, net sales increased year on year in China and Southeast Asia, but declined in the US and Europe, etc.

## Energy Device Equipment

- Sales of evaluation systems for secondary batteries and fuel cells were weak, with a decline in orders and net sales

## Semiconductor Equipment

- Although memory-related investment continued, orders were down year on year  
Net sales increased due to booking sales for an order from a large project received in the fourth quarter of the previous fiscal year

# Service Business

(Millions of yen)

	FY 2019 Results	FY2020 Forecast (February, 2021)	FY 2020 Results	Year on Year	Against forecast
Orders-Received	6,378	6,000	6,153	-3.5%	2.6%
Net Sales	6,459	6,000	6,063	-6.1%	1.1%
Operating profit [Profit ratio (%) ]	646 [ 10.0%]	365 [ 6.1%]	446 [ 7.4%]	-30.9%	22.2%

## After-sales Service and Engineering

- Net sales and orders both remained level year on year as business activities recovered from the second quarter onwards

## Commissioned Tests and Facility Rentals

- Net sales and orders both decreased year on year as commissioned tests were weak

# Other Business

(Millions of yen)

	FY 2019 Results	FY2020 Forecast (February, 2021)	FY 2020 Results	Year on Year	Against forecast
Orders-Received	2,715	1,000	976	-64.0%	-2.4%
Net Sales	1,831	2,100	2,241	22.4%	6.7%
Operating profit [Profit ratio (%) ]	49 [2.7%]	21 [1.0%]	60 [2.7%]	22.4%	185.7%

## Environmental Preservation, Plant Production Systems

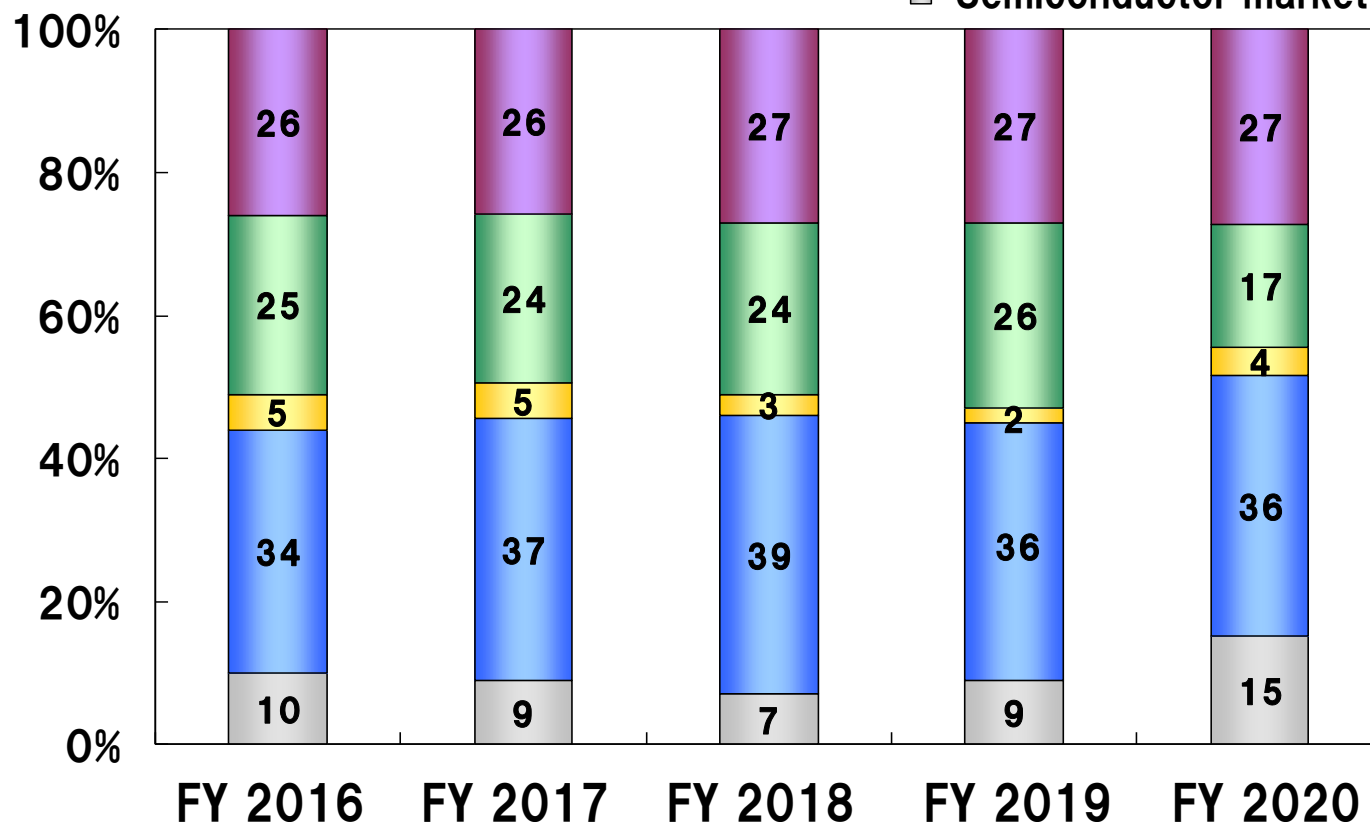
- Environmental preservation and plant factory businesses were both weak, with orders down year on year

Net sales increased due to booking sales for an order from a large plant factory project received in the previous fiscal year

# Breakdown of Sales by Market

Non-consolidated (Equipment business)

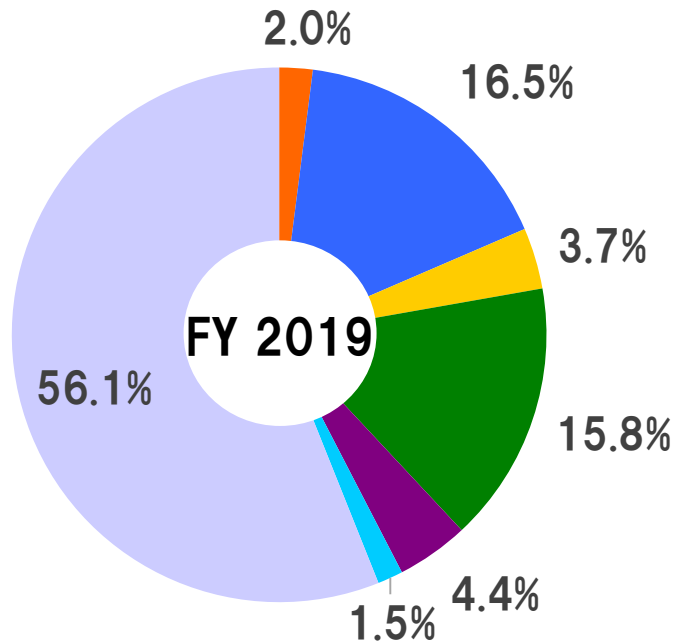
- Other markets
- Automobile market
- Flat panel display market
- Electronic device and equipment market
- Semiconductor market



# Sales by Region

FY 2019

Overseas sales ratio : 43.9%

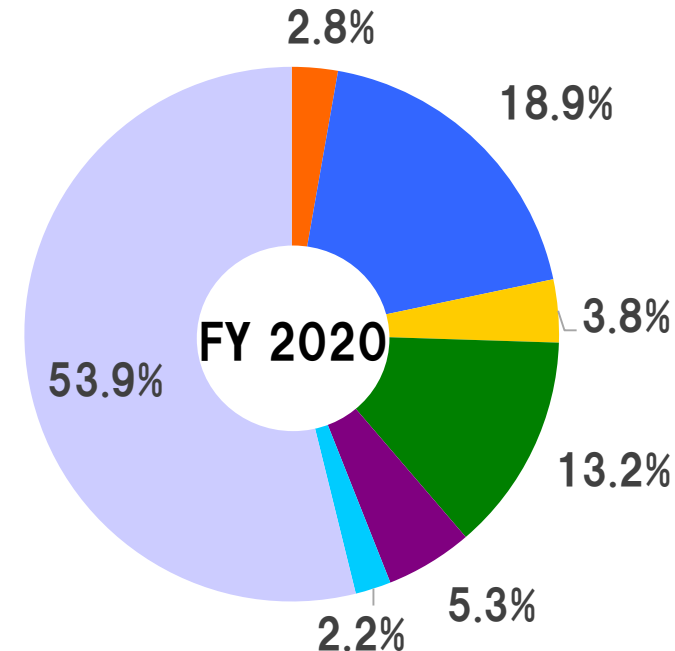


Total: 42,443 million yen

(Overseas sales: 18,652 million yen)

FY 2020

Overseas sales ratio : 46.1%



Total: 38,668 million yen

(Overseas sales: 17,845 million yen)

# Full-Year Forecasts for Fiscal 2021

(Millions of yen)

	FY 2019	FY 2020	FY 2021			
	Full year Results	Full year Results	First half forecasts	Second half forecasts	Full year forecasts	Year on Year
Orders-received	43,571	37,580	20,000	23,000	43,000	14.4%
Net sales	42,443	38,668	18,500	22,500	41,000	6.0%
Gross profit [Profit ratio (%) ]	14,719 [34.7%]	13,412 [34.7%]	6,500 [35.1%]	7,800 [34.7%]	14,300 [34.9%]	6.6%
SG&A [SG&A ratio (%) ]	10,976 [25.9%]	10,839 [28.0%]	5,301 [28.7%]	5,700 [25.3%]	11,000 [26.8%]	1.5%
Operating profit [Profit ratio (%) ]	3,742 [8.8%]	2,572 [6.7%]	1,200 [6.5%]	2,100 [9.3%]	3,300 [8.0%]	28.3%
Ordinary profit [Profit ratio (%) ]	3,933 [9.3%]	2,840 [7.3%]	1,250 [6.8%]	2,150 [9.6%]	3,400 [8.3%]	19.7%
Profit attributable to owners of parent [Profit ratio (%) ]	2,818 [6.6%]	1,961 [5.1%]	750 [4.1%]	1,650 [7.3%]	2,400 [5.9%]	22.3%
Capital expenditures	2,671	1,179	560	490	1,050	-10.9%
Depreciation expenses	891	1,041	530	550	1,080	3.7%
R&D expenditures	1,169	1,302	490	400	890	-31.6%
Basic earnings per share (yen)	123.26	85.79	32.80	72.16	104.96	22.3%

With regard to the forecast of consolidated operating results for the fiscal year ending March 31, 2022, the final year of the medium term management plan, initial targets were net sales of ¥52 billion, operating profit of ¥5.2 billion, and operating profit to net sales of 10%, but they have been revised as described.

# Recognition of the Operating Environment

- The operating environment is improving. The Company aims to increase orders in China and Japan, mainly in advanced technologies such as 5G and IoT, electrification of automobiles, and automated driving.
- Friction between the US and China and new waves of COVID-19 infections are causes for concern.

Equipment Business	Environmental Test Chambers	<p>Japan :5G and IoT markets remain brisk Products for electrification of automobiles, and automated driving are recovering in the automotive sector</p> <p>China :Business is brisk, mainly in 5G and IoT markets Products for electrification of automobiles and automated driving are recovering in the automotive sector</p> <p>ASEAN :Expect gradual recovery mainly in semiconductors</p> <p>America:Expect automobile- and semiconductor-related investment</p> <p>Europe :Expect recovery mainly in the automotive sector</p>
	Energy Device Equipment	Expect gradual recovery in products for secondary batteries and fuel cells
	Semiconductor Equipment	Investment in 5G and IoT markets remains robust
Service Business	After-sales Service and Engineering, Commissioned Tests and Facility Rentals	<p>After-sales Service and Engineering :Expect similar level of demand as in the previous fiscal year</p> <p>Commissioned Tests :Recovering mainly in 5G and IoT and battery-related markets</p>
Other Business	Environmental Preservation, Plant Production Systems	Expect recovery in environmental preservation and plant factory businesses, but some causes for concern, such as further postponement of tree-planting ceremonies

# Segment Financial Forecasts

(Millions of yen)

		FY 2019	FY 2020	FY 2021			
		Full year Results	Full year Results	First half forecasts	Second half forecasts	Full year forecasts	Year on Year
Equipment Business	Orders-Received	34,682	30,755	16,500	18,500	35,000	13.8%
	Net sales	34,361	30,669	15,150	18,250	33,400	8.9%
	Operating profit	3,041	2,062	1,100	1,720	2,820	36.7%
Service Business	Orders-Received	6,378	6,153	3,100	3,400	6,500	5.6%
	Net sales	6,459	6,063	2,950	3,350	6,300	3.9%
	Operating profit	646	446	150	300	450	0.9%
Other Business	Orders-Received	2,715	976	550	1,250	1,800	84.4%
	Net sales	1,831	2,241	550	1,050	1,600	-28.6%
	Operating profit	49	60	-50	80	30	-50.0%
Elimination	Orders-Received	-203	-304	-150	-150	-300	—
	Net sales	-208	-305	-150	-150	-300	—
	Operating profit	4	3	0	0	0	—
Total	Orders-Received	43,571	37,580	20,000	23,000	43,000	14.4%
	Net sales	42,443	38,668	18,500	22,500	41,000	6.0%
	Operating profit	3,742	2,572	1,200	2,100	3,300	28.3%



# Main Initiatives in FY2021

## Equipment Business

- Expand sales through global marketing that targets 5G and IoT markets
- Strengthen marketing mainly in 5G and IoT, semiconductors, and NEV (new energy vehicle) sectors in China
- Expand sales in Japan by strengthening customization and enhancing environmental factor technologies

## Service Business

After-sales Service and Engineering: Introduce new service menu that harnesses IT  
Commissioned Tests: Expand sales centered on 5G and IoT and battery-related services

## New Business

Expand sales of products for transport and storage of COVID-19 vaccines, etc.

## Initiatives for ESG

- E** :Progress 7th environmental medium-term plan and establish next environmental medium-term plan  
**S** :Attract and train diverse and core personnel  
**G** :Strengthen the governance structure

# Investment Plans, etc.

Strategic investment	100 million yen	R&D expenditures	890 million yen
Ordinary investment	950 million yen		
Total	1,050 million yen		

■ On making a company a consolidated subsidiary through the acquisition of shares  
(Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 dated May 14, 2021)

Name of the acquisition company : ESPEC THERMAL TECH SYSTEM CORP. (planned)

Business description : Manufacture and sales of precision chillers and air conditioners,  
environmental testing equipment, and customized products (chillers and air conditioners)

Date of corporate merger : July 20, 2021 (planned)

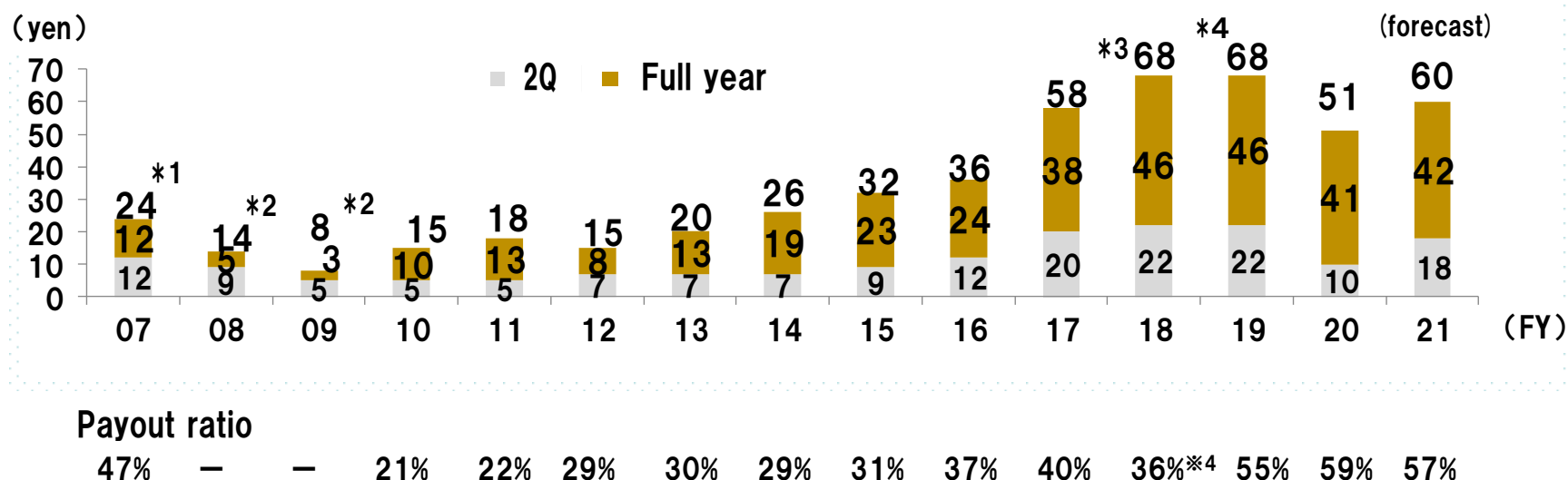
\* The Company has not factored into FY2021 consolidated financial results forecasts any impacts from this acquisition. The Company will disclose any required information once it has completed a full review.

# FY 2021 Dividend Forecast

## Basic policy on profit distribution

We recognize that passing on profits to our shareholders is a key priority and that raising corporate value on a lasting basis is fundamental to raising shareholder value. Dividends are decided taking into account sustainability and the dividend payout ratio.

## Dividend per share and payout ratio



\*1.The dividend per share for FY2007 included a commemorative dividend of ¥2 per share to mark the Company's 60<sup>th</sup> founding anniversary. (an interim dividend of ¥1 per share and a year-end dividend of ¥1 per share).

\*2.Dividends were implemented in FY2008 and FY2009, despite posting a net loss.

\*3.The dividend per share for FY2017 includes a commemorative dividend of ¥2 per share to mark the Company's 70<sup>th</sup> founding anniversary (an interim dividend of ¥1 per share and a year-end dividend of ¥1 per share).

\*4.FY2018 was an irregular 15-month fiscal period for overseas consolidated subsidiaries. The dividend payout ratio for a 12-month period is 39% (reference)

# Main Initiatives for ESG

## ■E (Environment)

- Replaced approximately 70% of all electric power consumed by the ESPEC Group with renewable energy

Replaced 100% of electric power used in the commissioned testing services with renewable energy (January 2020–April 2021)

- Score of B on initial participation in the CDP Climate Change 2020 Questionnaire (December 2020)

## ■S (Society)

- Began sales and free rental of freezers for vaccine storage (April 2021)
- Established employee participation–type donation program ESPEC Smile Club (December 2020)

## ■G (Governance)

- Increased members on the voluntary nomination and remuneration advisory committee (March 2021)

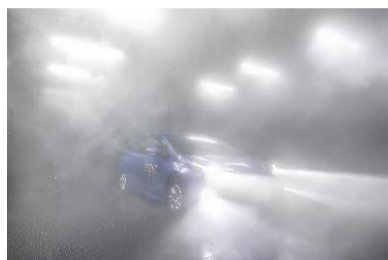
# TOPICS

(Feb. 2021)

## Opened the world's first all weather simulation chamber to replicate various global weather environments

- Replicates dynamic environments\* with high-precision control and variation of seven environmental factors (temperature, humidity, snow, fog, rain, sunlight and wind)
- Aiming to help solve issues related to cutting-edge technology and advance our environmental creation technology

\* Weather environments that change over time (changes such as sleet⇒snow, rain⇒fog)



Top left: Testing in snow conditions  
Top right: Testing in fog conditions  
Left: Exterior of all weather simulation chamber

Chamber dimensions:  
6m (W) x 9m (D) x 3m (H)

(Apr. 2021)

## Began sales and free rental of Stable Temperature Transport Coolers for COVID-19 vaccine transportation

- Vibration resistant, energy efficient, portable, and optimal for vehicle transportation from warehouses to medical facilities
- Began free rental of compact, ultra-low temperature freezers made by urgently modifying this product and other existing products to local governments throughout the country



Stable Temperature Transport Cooler  
Temperature range: -20°C to +40°C  
External dimensions:  
442mm (W) x 284mm (D) x 398mm (H)

# External Recognition

February, 2021

- Our Sustainability Report received the Excellence Award in the Environmental Communication Awards (Organized by the Ministry of the Environment and the general incorporated foundation Global Environment Forum)



December, 2020

- Voluntarily responded to CDP Climate Change Questionnaire this year for the first time and received a "B" score
- Selected as an excellent website in the All Japanese Listed Companies' Website Ranking 2020 by Nikko Investor Relations Co., Ltd.
- Awarded a Bronze Prize in the Gomez IR Website Ranking 2020 by Morningstar Japan K.K. (ranked 28th according to industry)



November, 2020

- Rated 3 stars in Nikkei's 4<sup>th</sup> Smart Work Management Survey
- Rated 3.5 stars in the Nikkei SDGs Management Survey 2020
- Ranked 163rd in the Nikkan Kogyo Shimbun's COVID-19 Response Ranking (sponsored by the Ministry of Economy, Trade and Industry)



June, 2020

- Ministry of Economy, Trade and Industry (METI) Global Niche Top Companies Selection 100 for Fiscal 2020  
ESPEC was selected as a winner for the second time



**These materials contain forward-looking statements, including the Company's present plans and forecasts of performance, that reflect the Company's plans and forecasts based on the information presently available. These forward-looking statements are not guarantees of future performance, and plans, forecasts, and performance are subject to change depending on future conditions and various other factors.**

**INQUIRIES:**

**ESPEC CORP.**

**3-5-6, Tenjinbashi, Kita-ku, Osaka 530-8550, Japan**

**E-mail: [ir-div@espec.jp](mailto:ir-div@espec.jp)**

**Jyunko Nishitani (General Manager),**

**Yasutoshi Nakagawa and Natsuko Okawa**

**Corporate Communication Department**

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Quality is more than a word

ESPEC