

**Securities ID code:6859**

**Results Briefing  
for the Three Months Ended June 30, 2021**

**ESPEC CORP.  
August 23, 2021**

# Financial Result for the Three Months Ended June 30, 2021

Investment recovered in the automobile sector in addition to electronics  
 Orders–received increased significantly year on year,  
 and sales and profits both increased

	Year on Year	Against Forecast
■ Orders–Received	○ Increased in the Equipment Business (all products) and Service Business	○ Increased in all businesses
■ Net Sales	○ Increased in the Equipment Business (environmental test chambers and energy device equipment) and Service Business	× Below forecast in the Equipment Business and Other Business
■ Operating Profit	○ Secured a profit due to the increase in sales	× Below forecast due to unsuccessful sales
■ Ordinary Profit, Profit Attributable to Owners of Parent	○ Increased due to an increase in operating profit, but resulted in a loss	× Below forecast due to unsuccessful sales

# Summary of Profits and Losses

(Millions of yen)

	FY 2020 1Q Results	FY 2021 1Q Results	Year on Year
Orders–Received	8,231	12,695	54.2%
Net Sales	6,877	8,050	17.0%
Cost of Net Sales (Cost of Sales Ratio)	4,589 (66.7%)	5,356 (66.5%)	16.7% (0.2pt amelioration)
Gross Profit	2,288	2,693	17.7%
SG&A	2,448	2,671	9.1%
Operating Profit	–159	22	—
Ordinary Profit	–87	87	—
Profit Attributable to Owners of Parent	–173	–24	—

# Performance by Segment

(Millions of yen)

Segment		FY 2020 1Q Results	FY 2021 1Q Results	Year on Year
Equipment Business	Orders-Received	6,534	10,737	64.3%
	Net Sales	5,449	6,612	21.4%
	Operating Profit	-22	90	—
Service Business	Orders-Received	1,470	1,744	18.7%
	Net Sales	1,062	1,370	29.0%
	Operating Profit	-125	-6	—
Other Business	Orders-Received	281	274	-2.4%
	Net Sales	422	122	-70.9%
	Operating profit	-12	-61	—
Elimination	Orders-Received	-54	-62	—
	Net Sales	-56	-56	—
	Operating Profit	0	0	—
Total	Orders-Received	8,231	12,695	54.2%
	Net Sales	6,877	8,050	17.0%
	Operating Profit	-159	22	—

# Equipment Business

(Millions of yen)

	FY 2020 1Q Results	FY 2021 1Q Results	Year on Year
Orders-Received	6,534	10,737	64.3%
Net Sales	5,449	6,612	21.4%
Operating Profit [Profit Ratio (%) ]	-22 [ -0.4% ]	90 [ 1.4% ]	-

## Environmental Test Chambers

- In Japan, investment recovered in the automobile sector in addition to electronics, and orders-received and net sales both increased year on year for highly versatile standardized products and customized products.
- Overseas, net sales increased year on year in China, the US, Europe, Southeast Asia and South Korea.

## Energy Device Equipment

- Orders-received and net sales both increased year on year and orders were acquired for evaluation systems for secondary batteries due to recovery in automotive-related investment.

## Semiconductor Equipment

- Orders-received increased year on year, but net sales decreased while investment related to memory and automobiles continued.

# Service Business

(Millions of yen)

	FY 2020 1Q Results	FY 2021 1Q Results	Year on Year
Orders-Received	1,470	1,744	18.7%
Net Sales	1,062	1,370	29.0%
Operating Profit [Profit Ratio (%) ]	-125 [ -11.8% ]	-6 [ -0.5% ]	-

## After-Sales Service and Engineering

- Both orders-received and net sales increased year on year due to strong performance in business such as preventative maintenance service.

## Laboratory Testing Services and Facility Rentals

- Orders-received and net sales both increased year on year mainly due to a recovery in laboratory testing services.

# Other Business

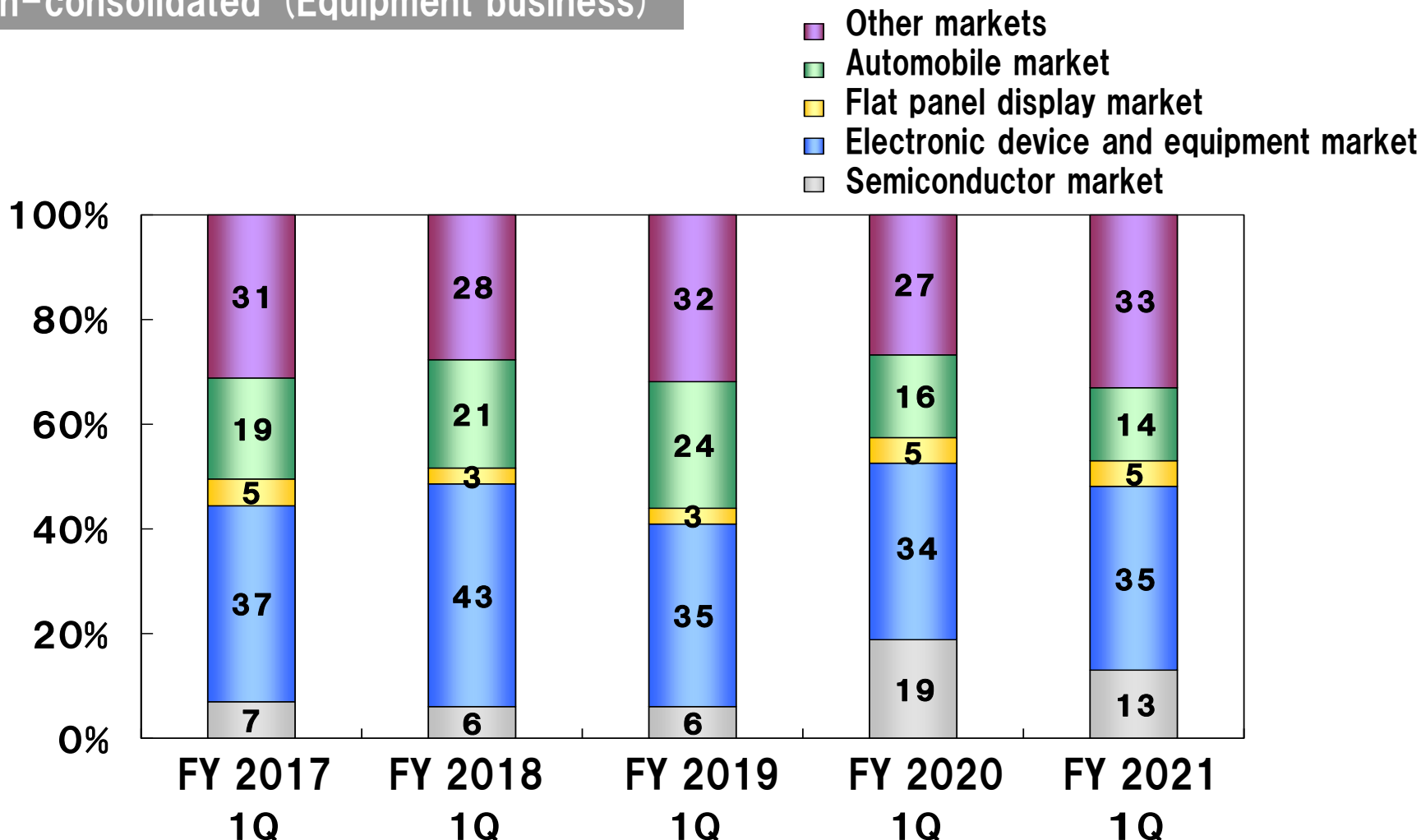
	(Millions of yen)		
	FY 2020 1Q Results	FY 2021 1Q Results	Year on Year
Orders-Received	281	274	-2.4%
Net Sales	422	122	-70.9%
Operating Profit [Profit Ratio (%) ]	-12 [ -3.0% ]	-61 [ -50.4% ]	—

## Environmental Preservation, Plant Production Systems

- Orders-received in the reforestation (tree planting) and waterside project businesses increased year on year, but the plant factory business was sluggish and orders-received and net sales both decreased year on year.

# Breakdown of Sales by Market

Non-consolidated (Equipment business)

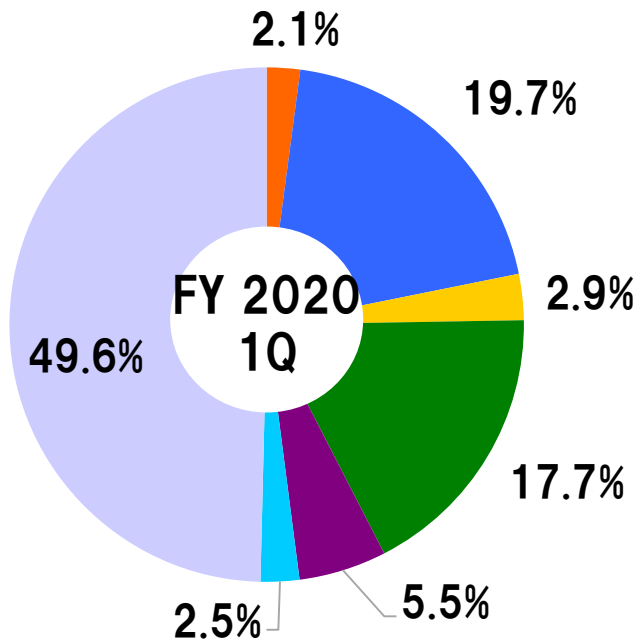




# Sales by Region

FY 2020 1Q

Overseas sales ratio: 50.4%

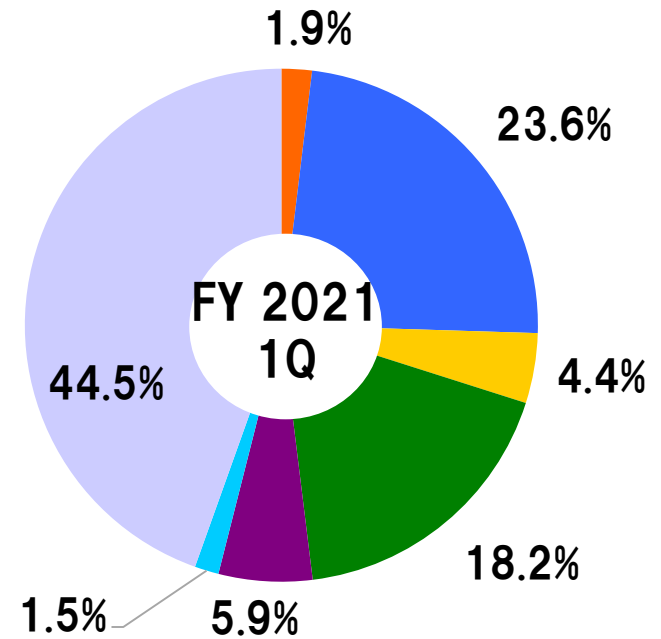


Total: 6,877 million yen

(Overseas sales: 3,466 million yen)

FY 2021 1Q

Overseas sales ratio: 55.5%



Total: 8,050 million yen

(Overseas sales: 4,466 million yen)

# Full-Year Forecasts for Fiscal 2021

(Millions of yen)

	FY 2020	FY 2021				
	Full Year Results	Full year Forecast (Published on May)	1Q Results	Revised Forecast		
				First Half	Full Year	Year on Year
Orders-Received	37,580	43,000	12,695	20,000	44,200	17.6%
Net Sales	38,668	41,000	8,050	18,500	42,200	9.1%
Gross Profit [Profit Ratio (%) ]	13,412 [34.7%]	14,300 [34.9%]	2,693 [33.5%]	6,500 [35.1%]	14,520 [34.4%]	8.3%
SG&A [SG&A Ratio (%) ]	10,839 [28.0%]	11,000 [26.8%]	2,671 [33.2%]	5,301 [28.7%]	11,220 [26.6%]	3.5%
Operating Profit [Profit Ratio (%) ]	2,572 [6.7%]	3,300 [8.0%]	22 [ 0.3%]	1,200 [6.5%]	3,300 [7.8%]	28.3%
Ordinary Profit [Profit Ratio (%) ]	2,840 [7.3%]	3,400 [8.3%]	87 [1.1%]	1,250 [6.8%]	3,400 [8.1%]	19.7%
Profit Attributable to Owners of Parent [Profit Ratio (%) ]	1,961 [5.1%]	2,400 [5.9%]	-24 [-0.3%]	750 [4.1%]	2,400 [5.7%]	22.3%

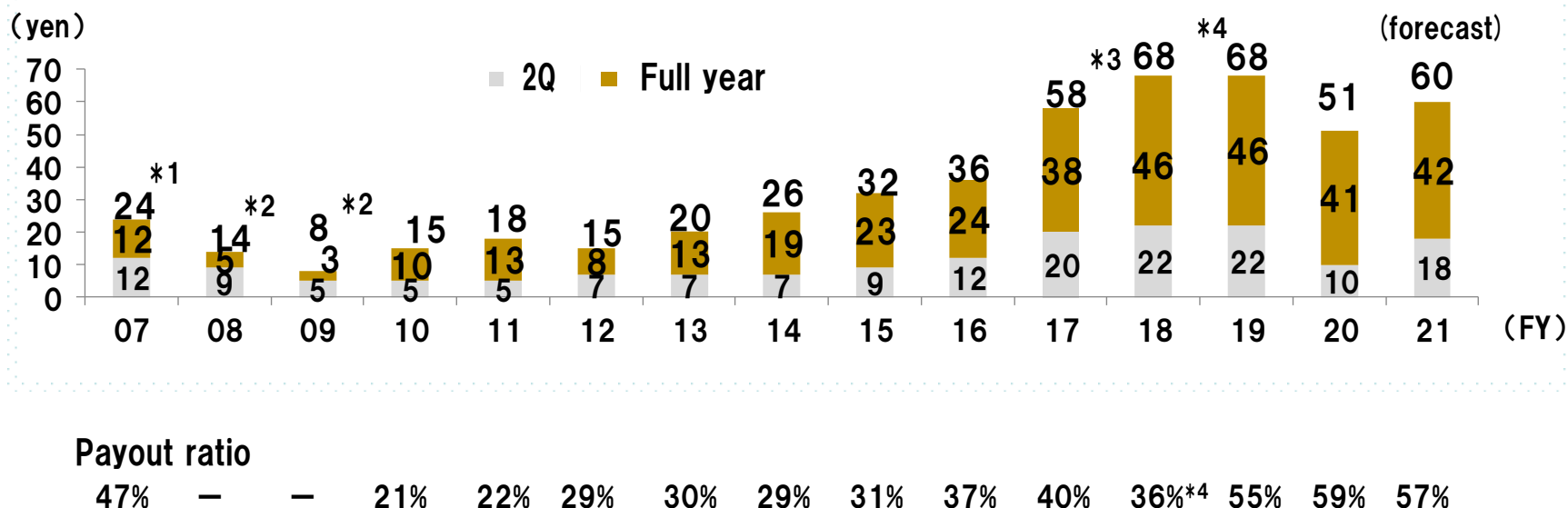
The Company made ESPEC THERMAL TECH SYSTEM CORP. a consolidated subsidiary on July 20, 2021 (deemed acquisition date: July 1, 2021). Therefore, revisions were made to the full-term consolidated forecast on August 6, 2021.

# 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 dividend 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.

\*2.Dividends were implemented in FY2008 and FY2009, despite posting a loss attributable to owners of parent.

\*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 laboratory 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–June 2021)
- Established employee participation–type donation program  
ESPEC Smile Club (December 2020)
- Participated as a company in Telework Days 2021 to promote working from home (July–September 2021)

## ■ 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)

**Contributed to transportation and storage of COVID-19 vaccines  
Free lending of freezers/Sold new products**

- Conducted free lending to local governments and others of 40 devices such as Freezer for Temperature Controlled Transport optimal for small-lot transport and storage
- In June, launched Ultra-Low-Temperature Freezers capable of small-lot storage at  $-75^{\circ}\text{C}$



Ceremony at Habikino, Osaka Prefecture

Supports transport and storage of temperature range from  $2-8^{\circ}\text{C}$  and  $-20^{\circ}\text{C}$   
Free lending of Freezer for Temperature Controlled Transport



Ultra-Low-Temperature Freezers

Capable of storage to  $-75^{\circ}\text{C}$

# External Recognition

June, 2021

- Ranked 429th in Toyo Keizai Inc.'s 2021 SDGs Corporate Ranking

March, 2021

- Ranked 357th in Toyo Keizai Inc.'s 2021 CSR Corporate Ranking

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.**

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