



December 3, 2021

ESPEC CORP.

Key Q&A for FY2021 (the fiscal year ended March 31, 2022) 2Q Financial Results

Q: Orders are steady, but which markets or areas are leading the way?

A: Orders–received for environmental test chambers in the Equipment Business increased significantly year on year. In terms of markets, the electronics market continued to do well, mainly among products related to 5G and IoT, while the automobile market, in which investments had been curtailed during the previous fiscal year, is also recovering. As for areas, China and North America are leading the way, while Japan, Europe, and Southeast Asia are also recovering.

Q: Net sales have only made a slight increase year on year. How have you been affected by difficulties with part procurement and what countermeasures are you enacting?

A: Due to the global shortage of electrical components, the delivery dates of products were extended, and so we were unable to achieve a net sales increase. We assembled projects and have been enacting countermeasures such as alternative procurement and design changes. We have carefully explained the situation to our customers, and are making full efforts to avoid disrupting their businesses as much as possible.

Q: What is the main factor behind the year–on–year increase in SG&A expenses?

A: Various expenses increased due to an expansion of activities to obtain orders in conjunction with recovery of the business environment.

Q: Please explain your outlook for the second half of the fiscal year.

A: There are some concerns that the uncertainty about the future of part procurement will be prolonged, but orders are steady. We have established a system to increase production at factories in Japan, China, and the U.S., and aim to achieve our full year forecast.

* The full year forecast for orders–received has been revised from the 44,200 million yen figure announced in August to 50,800 million yen.

Q: How do you view the business environment from a medium–term perspective?

A: Despite concerns about the way forward involving prolonged difficulties with part procurement, China’s economic slowdown, and the spread of COVID–19, the Company’s environmental test chambers are indispensable to the practical application of advanced technology such as 5G and IoT, the electrification of automobiles, and automated vehicles. From a medium–term perspective, we see demand continuing to increase. We will aim to expand globally.

This material contains a summary of the main questions and answers related to financial results. Future plans and forecasts, etc. included in this material have been planned and predicted by the Company based on information available at the time. Actual results, etc. may differ depending on various conditions and elements in the future.