

**Securities ID code: 6859**

# **ESPEC CORP. Results Briefing**

**FY2024 (Fiscal Year Ended March 31, 2025)**

May 26, 2025

Representative Director and President

**Satoshi Arata**

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pp. 1–21	FY2024 Full-Year Results
pp. 22–46	Medium-Term Management Plan PROGRESSIVE PLUS 2027
pp. 47–56	FY2025 Plan

Reference materials	<ul style="list-style-type: none"><li>• Company Profile &amp; Business Overview</li><li>• Sustainability Initiatives</li></ul>
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# **FY2024 Full-Year Results**

# FY2024 Full-Year Financial Summary

Orders received, net sales, and profit all reached record highs, mainly due to continued investment in the domestic EV and battery markets and enhanced domestic production capacity.

Achieved medium-term management targets ahead of schedule and announced a new medium-term management plan.

	Year on Year		Comparison with Forecasts (Revised in Mar. 2025)	
<b>Orders Received</b>	○	Increased in all segments, particularly increasing in environmental test chambers in the Equipment Business and laboratory testing services in the Service Business	○	Slightly above forecast in all segments
<b>Net Sales</b>	○	Increased in all segments, particularly increasing in environmental test chambers in the Equipment Business and laboratory testing services in the Service Business	○	Slightly above forecast in all segments
<b>Operating Profit</b>	○	Increased substantially due to sales growth and cost of sales ratio improvement, despite increase in SG&A	○	Slightly above forecast due to increase in net sales
<b>Profit Attributable to Owners of Parent</b>	○	Significant increase in operating profit and gains from the sale of cross-held shares	○	Slightly above forecast mainly due to increase in operating profit

- In dividend per share, the year-end dividend increased by ¥15 from initial plan (announced on March 7, 2025)  
Dividend forecast for the year: interim ¥35, year-end ¥60, annual ¥95

# Summary of Profits and Losses

(Millions of yen)

	FY2023 Results	FY2024 Initial Forecasts	FY2024 Revised Forecasts (Mar. 2025)	FY2024 Results	Year on Year	Comparison with Initial Forecasts	Comparison with March Forecasts
Orders Received	62,290	63,000	66,700	67,514	+8.4%	+7.2%	+1.2%
Net Sales	62,126	65,000	66,500	67,288	+8.3%	+3.5%	+1.2%
Cost of Net Sales Cost of Sales Ratio	40,132 64.6%	42,400 65.2%	42,800 64.4%	43,300 64.4%	+7.9% 0.2 pt improvement	+2.1% 0.8 pt improvement	+1.2% ±0 pt
Gross Profit Profit Ratio	21,994 35.4%	22,600 34.8%	23,700 35.6%	23,987 35.6%	+9.1% 0.2 pt improvement	+6.1% 0.8 pt improvement	+1.2% ±0 pt
SG&A	15,408	15,600	16,400	16,460	+6.8%	+5.5%	+0.4%
Operating Profit	6,585	7,000	7,300	7,526	+14.3%	+7.5%	+3.1%
Ordinary Profit	6,919	7,200	7,600	7,793	+12.6%	+8.2%	+2.5%
Profit Attributable to Owners of Parent	4,969	5,200	5,800	6,003	+20.8%	+15.4%	+3.5%
ROE	10.0%	9.6%	10.5%	11.0%	+1.0 pt	+1.4 pt	+0.5 pt

# Performance by Segment

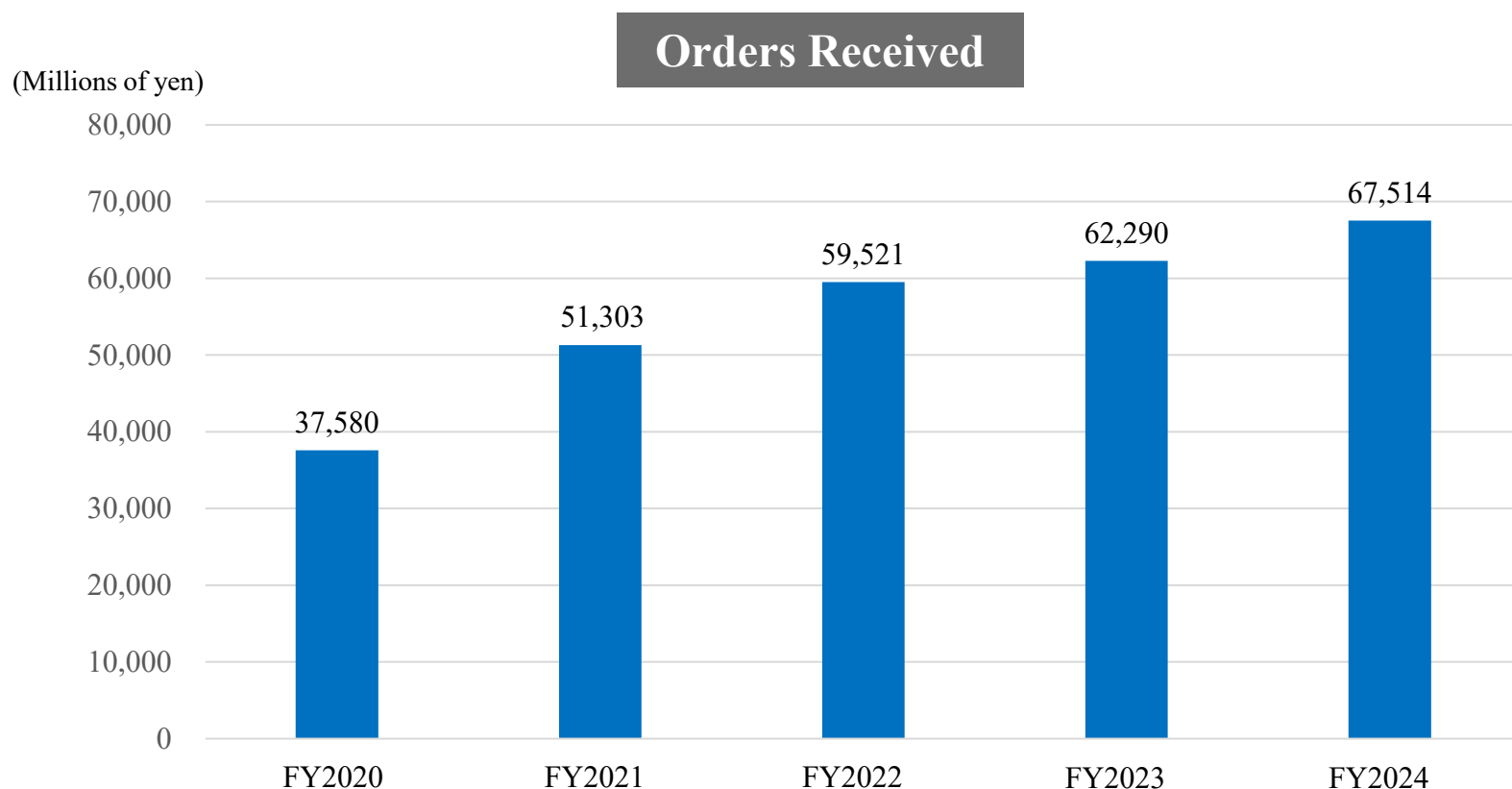
(Millions of yen)

		FY2023 Results	FY2024 Initial Forecasts	FY2024 Revised Forecasts (Mar. 2025)	FY2024 Results	Year on Year	Comparison with Initial Forecasts	Comparison with March Forecasts
Equipment Business	Orders Received	53,565	53,700	56,600	57,283	+6.9%	+6.7%	+1.2%
	Net sales	53,518	56,000	56,900	57,507	+7.5%	+2.7%	+1.1%
	Operating profit	5,848	6,180	6,400	6,610	+13.0%	+7.0%	+3.3%
Service Business	Orders Received	7,634	8,000	8,400	8,532	+11.8%	+6.7%	+1.6%
	Net sales	7,536	7,900	8,300	8,425	+11.8%	+6.7%	+1.5%
	Operating profit	681	800	800	793	+16.4%	-0.8%	-0.8%
Other Business	Orders Received	1,453	1,700	2,100	2,170	+49.3%	+27.7%	+3.4%
	Net sales	1,455	1,500	1,700	1,758	+20.8%	+17.2%	+3.4%
	Operating profit	51	20	100	126	+146.3%	+533.5%	+26.7%
Elimination	Orders Received	-363	-400	-400	-472	-	-	-
	Net sales	-383	-400	-400	-403	-	-	-
	Operating profit	3	0	0	-4	-	-	-
Total	Orders Received	62,290	63,000	66,700	67,514	+8.4%	+7.2%	+1.2%
	Net Sales	62,126	65,000	66,500	67,288	+8.3%	+3.5%	+1.2%
	Operating profit	6,585	7,000	7,300	7,526	+14.3%	+7.5%	+3.1%

# Orders Received in FY2024

■ Orders received marked a new record high for the fourth consecutive fiscal year.

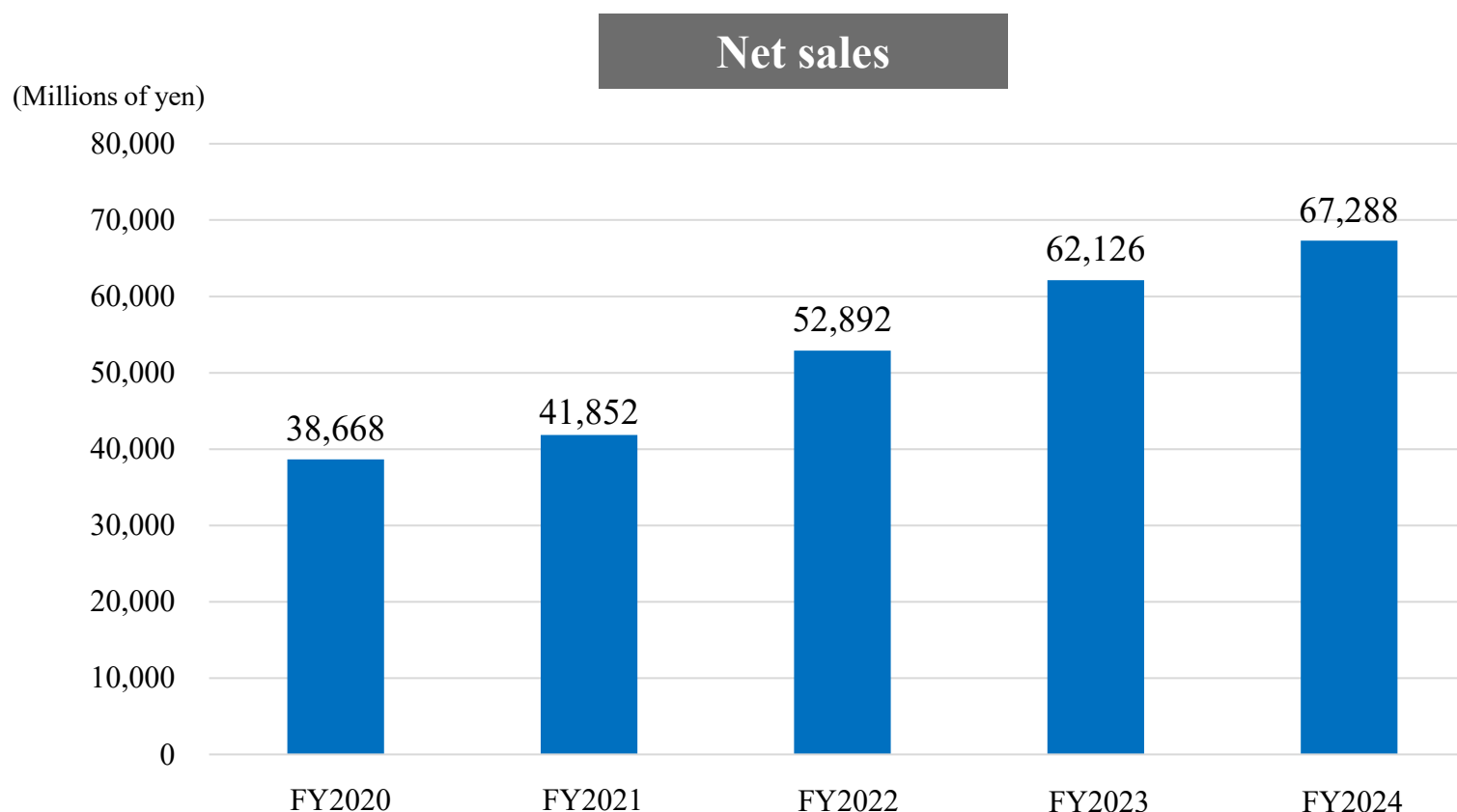
Orders increased particularly in Japan, as well as North America and China; remained flat in South Korea and Taiwan, and decreased in Southeast Asia and Europe.



# Net Sales in FY2024

■ Net sales renewed record highs for the third consecutive fiscal year.

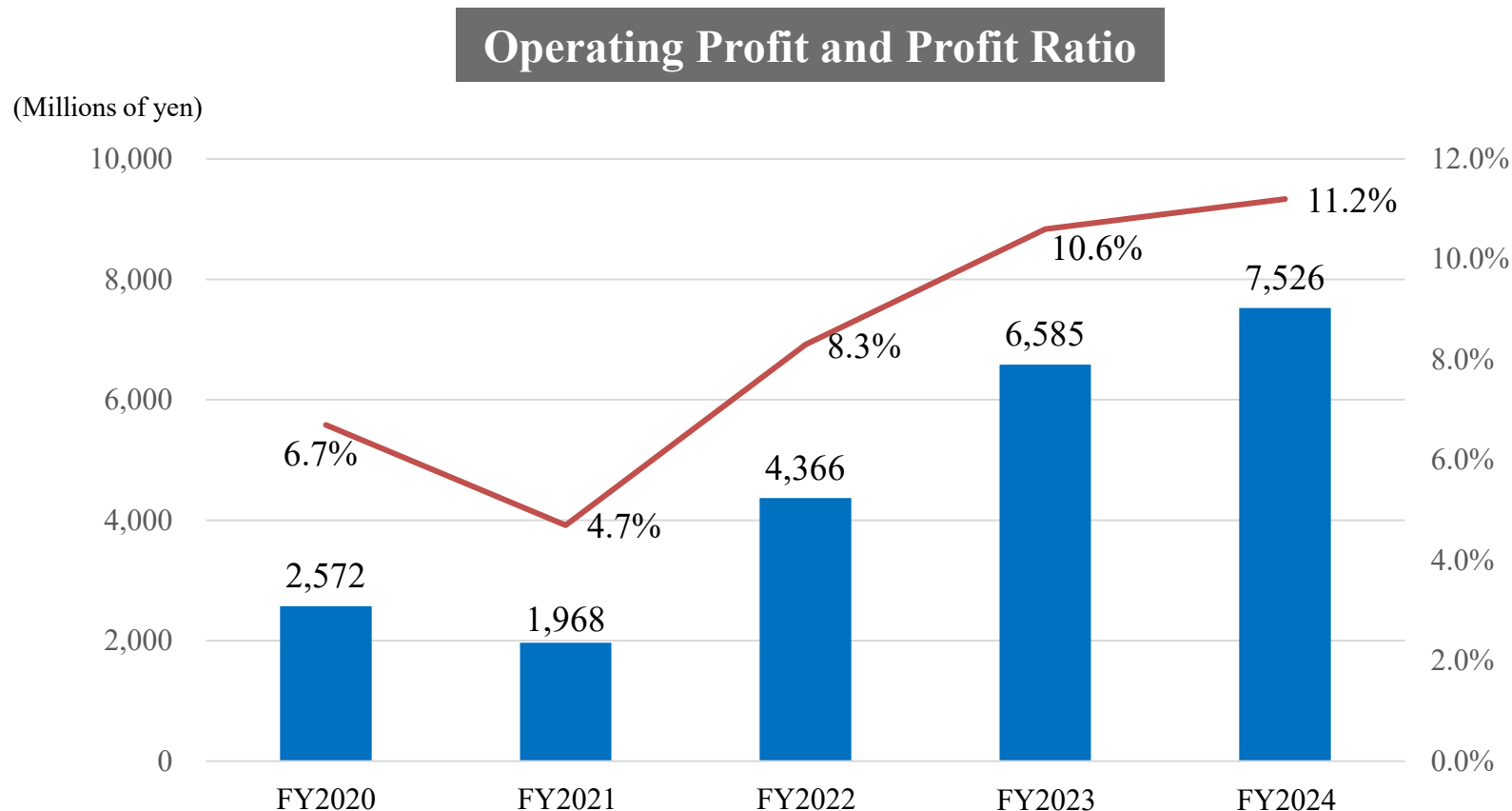
Sales increased particularly in Japan and North America, as well as Southeast Asia, South Korea, and Taiwan; were level year on year in China, and decreased in Europe.





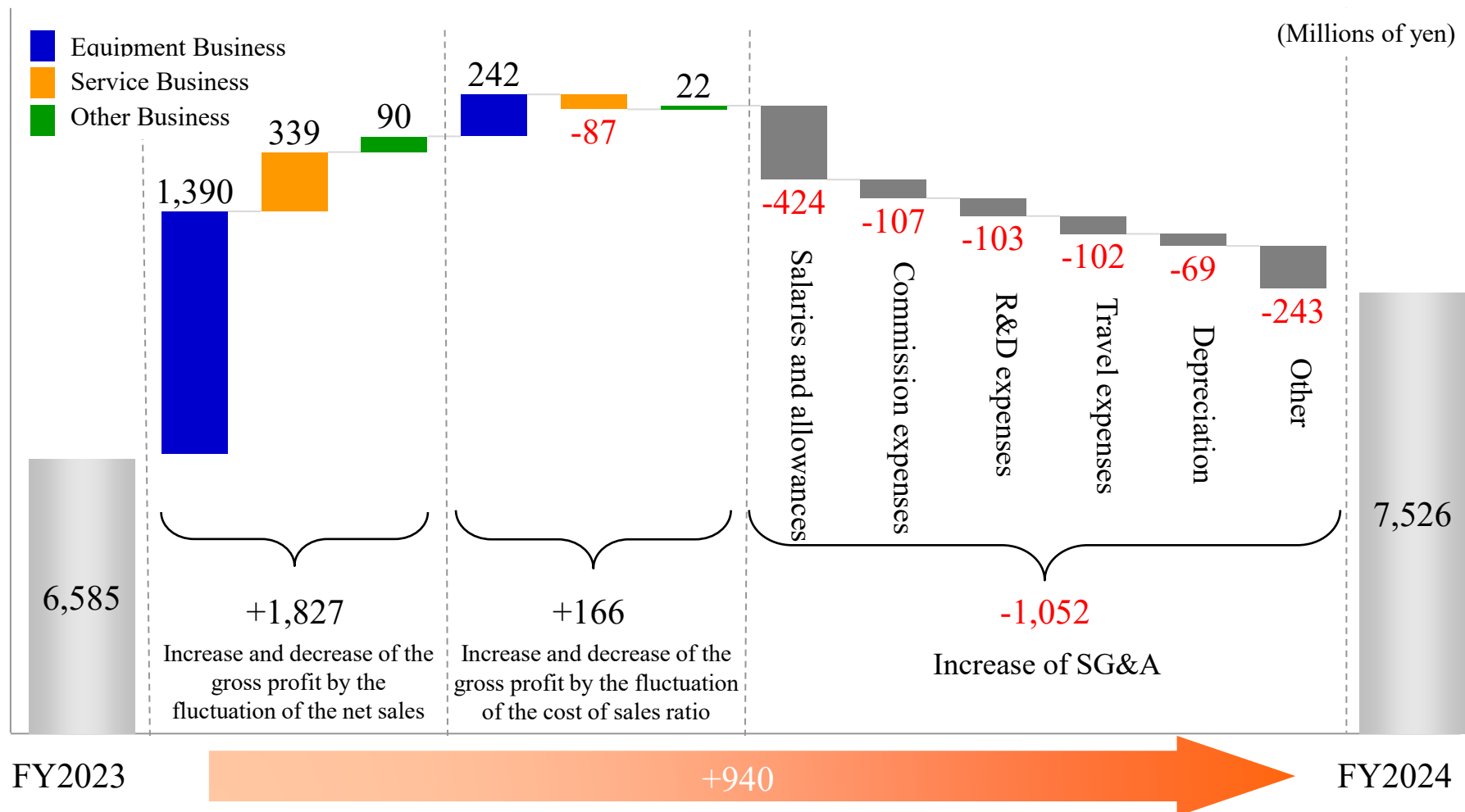
# Operating Profit and Profit Ratio in FY2024

- Operating profit renewed record highs for the second consecutive fiscal year.  
Profitability improved due to sales growth and cost of sales ratio improvement



# Analysis of Operating Profit Increase and Decrease Factors

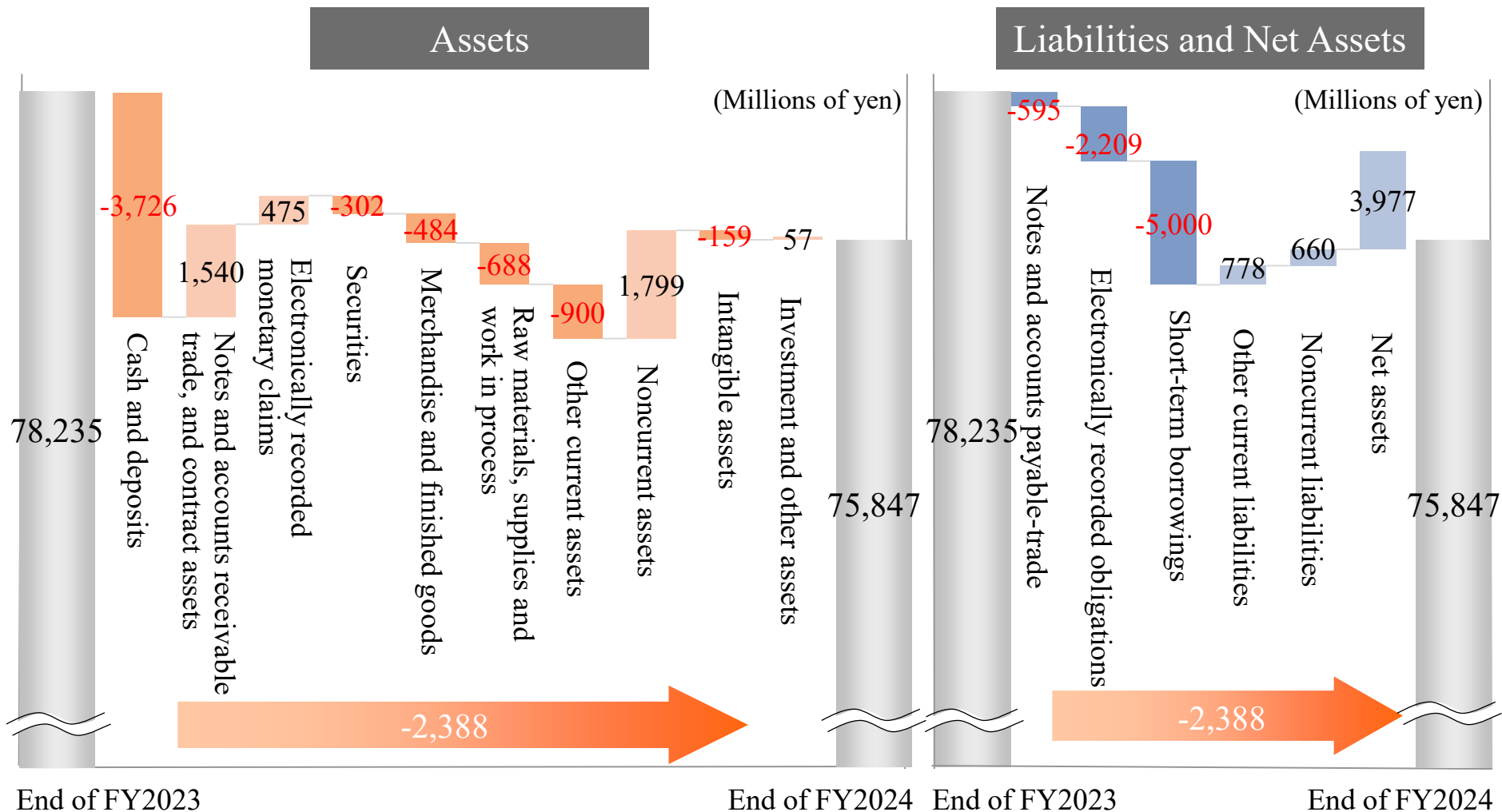
■ Profit increased mainly due to sales increase in the Equipment and Service Businesses and improved cost of sales ratio in Equipment Business.



\* Totals have been calculated using the gross profit margin.

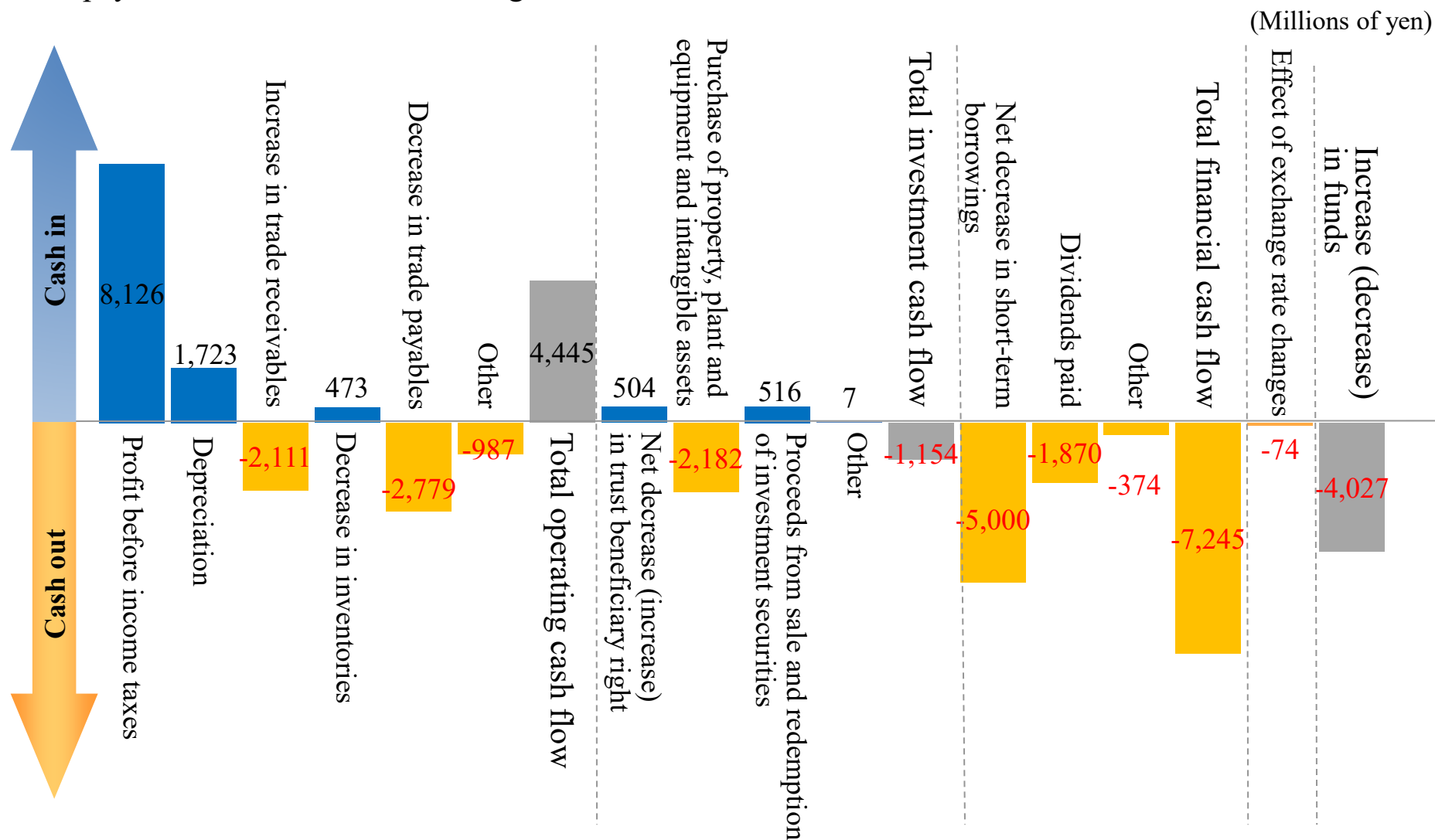
# Statement of Assets and Liabilities

■ Although there was an increase in trade receivables due to expanded sales and an increase in fixed assets from capital investments, the repayment of short-term borrowings resulted in total assets decrease of approximately ¥2.4 billion.



# Statements of Cash Flows

- Operating CF resulted in a cash inflow of approximately ¥4.4 billion, but capital investment and repayment of short-term borrowings led to a net cash decrease of about ¥4.0 billion.



# Equipment Business

(Millions of yen)

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Operating Profit	5,848	6,180	6,400	6,610	+13.0%	+7.0%	+3.3%
Profit Ratio	10.9%	11.0%	11.2%	11.5%	+0.6 pt	+0.5 pt	+0.3 pt

## Environmental Test Chambers

- Domestically, orders received and net sales for both versatile standardized products and customized products increased year on year.
- Overseas, orders received increased mainly in North America and China, while Southeast Asia declined, resulting in levels roughly on par with the previous year.  
Net sales increased in Southeast Asia, North America, and South Korea; China was level year on year, while Europe declined, leading to an overall result similar to the prior year.

## Energy Device Equipment

- For large-scale EV battery projects, investment declined, leading to a year on year decrease in both orders and sales, primarily in Japan.

## Semiconductor Equipment

- Orders received increased year on year due to large-scale server-related projects, but net sales dropped significantly due to the impact of memory-related investment restraint.

# Service Business

(Millions of yen)

	FY2023 Results	FY2024 Initial Forecasts	FY2024 Revised Forecasts (Mar. 2025)	FY2024 Results	Year on Year	Comparison with Initial Forecasts	Comparison with March Forecasts
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Net sales	7,536	7,900	8,300	8,425	+11.8%	+6.7%	+1.5%
Operating profit	681	800	800	793	+16.4%	-0.8%	-0.8%
Profit Ratio	9.0%	10.1%	9.6%	9.4%	+0.4 pt	-0.7 pt	-0.2 pt

## After-Sales Service and Engineering

- Orders received and net sales both increased year on year as preventative maintenance services and repair services were solid.

## Laboratory Testing Services and Facility Rentals

- Enhanced testing equipment for EV batteries contributed to year on year increases in both orders and sales.

# Other Business

(Millions of yen)

	FY2023 Results	FY2024 Initial Forecasts	FY2024 Revised Forecasts (Mar. 2025)	FY2024 Results	Year on Year	Comparison with Initial Forecasts	Comparison with March Forecasts
Orders Received	1,453	1,700	2,100	2,170	+49.3%	+27.7%	+3.4%
Net sales	1,455	1,500	1,700	1,758	+20.8%	+17.2%	+3.4%
Operating profit	51	20	100	126	+146.3%	+533.5%	+26.7%
Profit Ratio	3.5%	1.3%	5.9%	7.2%	+3.7 pt	+5.9 pt	+1.3 pt

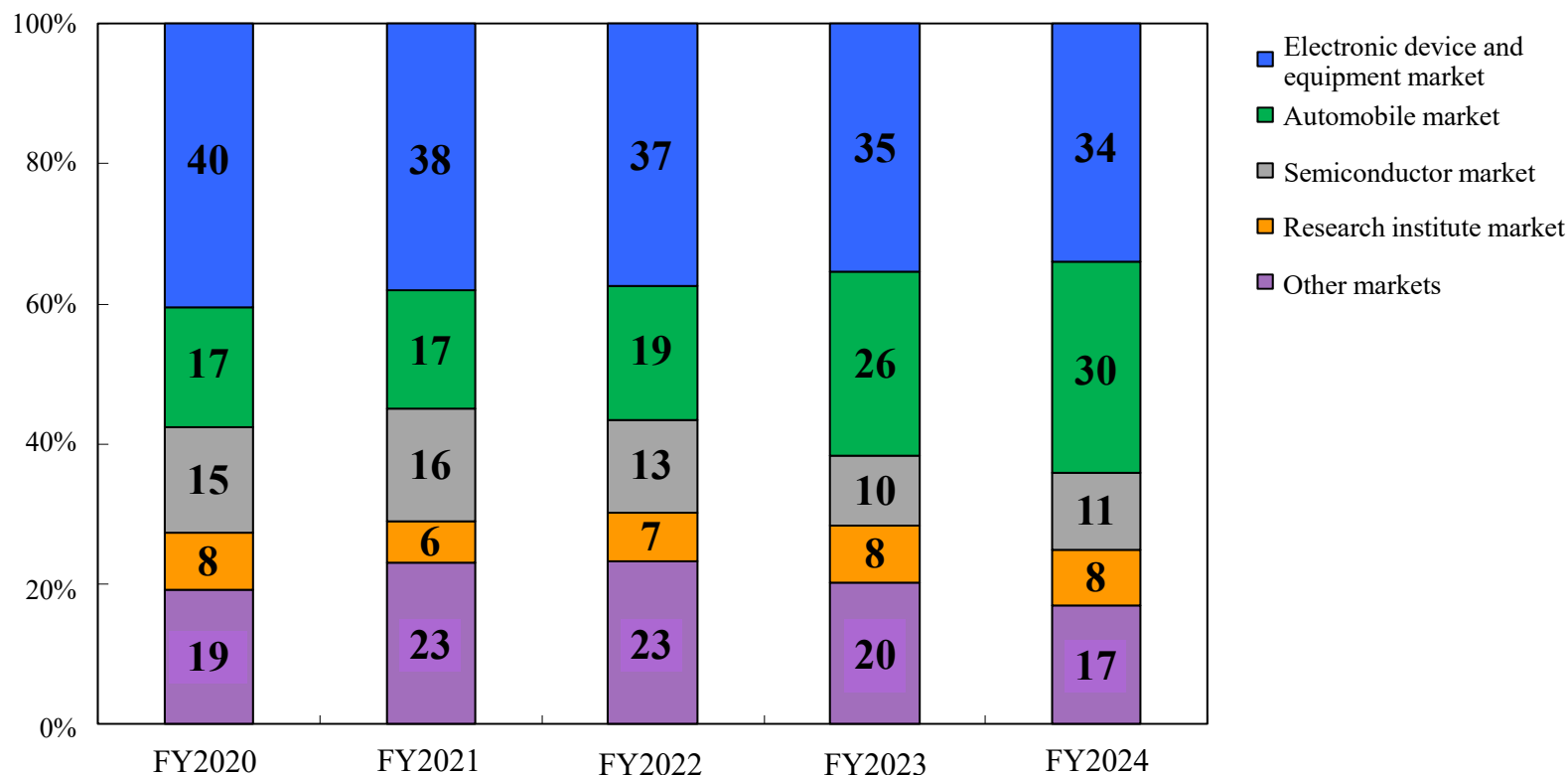
## Environmental Conservation, Plant Production Systems

- Steady progress was made in waterfront and forest creation projects, along with large-scale orders for plant research devices and plant factories, resulting in year on year increases in both orders and sales.
- Supplied aquaponics systems (a circular production system combining hydroponics and land-based aquaculture) and plant seedlings/materials for greening the venue of the Expo 2025 Osaka, Kansai, Japan.

# Sales by Market

- The Electronic device and equipment market remained at the same level as the previous year. Sales related to EV and battery applications progressed, increasing the share of the automobile market, including car electronics.

## Non-consolidated (Equipment Business)



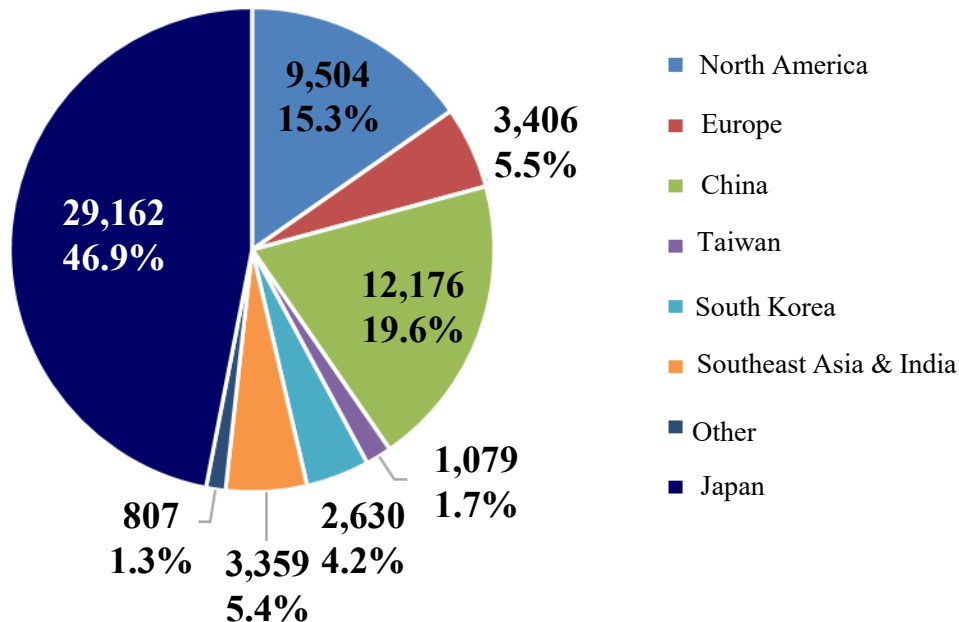


# Sales by Region

- Sales in Japan increased, raising the domestic share, while overseas growth was driven mainly by higher sales in North America.

FY2023

Overseas sales ratio: 53.1%

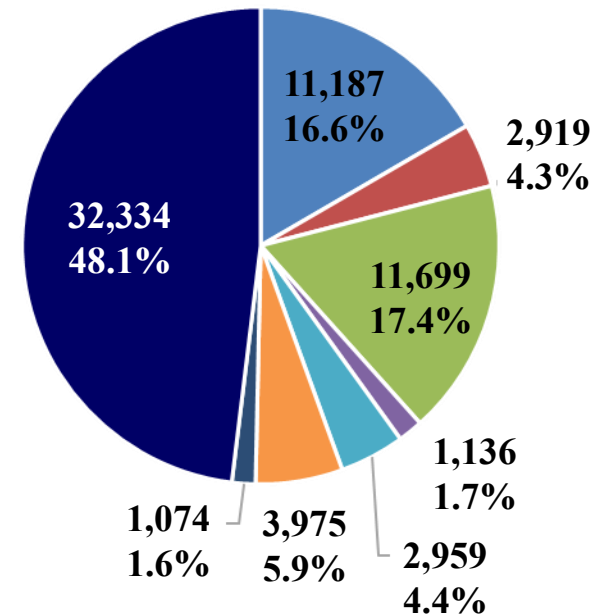


Total: ¥62,126 million

Overseas sales: ¥32,964 million

FY2024

Overseas sales ratio: 51.9%



Total: ¥67,288 million

Overseas sales: ¥34,953 million

# Main Initiatives for ESG in FY2024

## ■ E (Environment)

Promote global warming countermeasures and biodiversity conservation activities under the 8th Medium-Term Plan on the Environment (FY2022–2025)

- Launch environmentally friendly products, including constant temperature and humidity chambers using low-GWP refrigerants
- Hold three tree-planting events under the ESPEC's 50-Year Forest initiative by April 2024, planting a total of 12,000 trees

## ■ S (Society)

- Expand educational programs, develop next-generation executive talent, and design a new personnel evaluation system
- Conduct training sessions and company-wide events to deepen understanding of the corporate philosophy
- Conduct engagement surveys, formulate and implement action plans through executive officers and division heads

## ■ G (Governance)

- Enhance internal control system of the whole Group
- Establish Sustainable Procurement Guidelines

# Basic Policy on Dividends and Results

## Basic Policy on Dividends

\* May 15, 2025, announced revision to the Basic Policy on Dividends (p. 44)

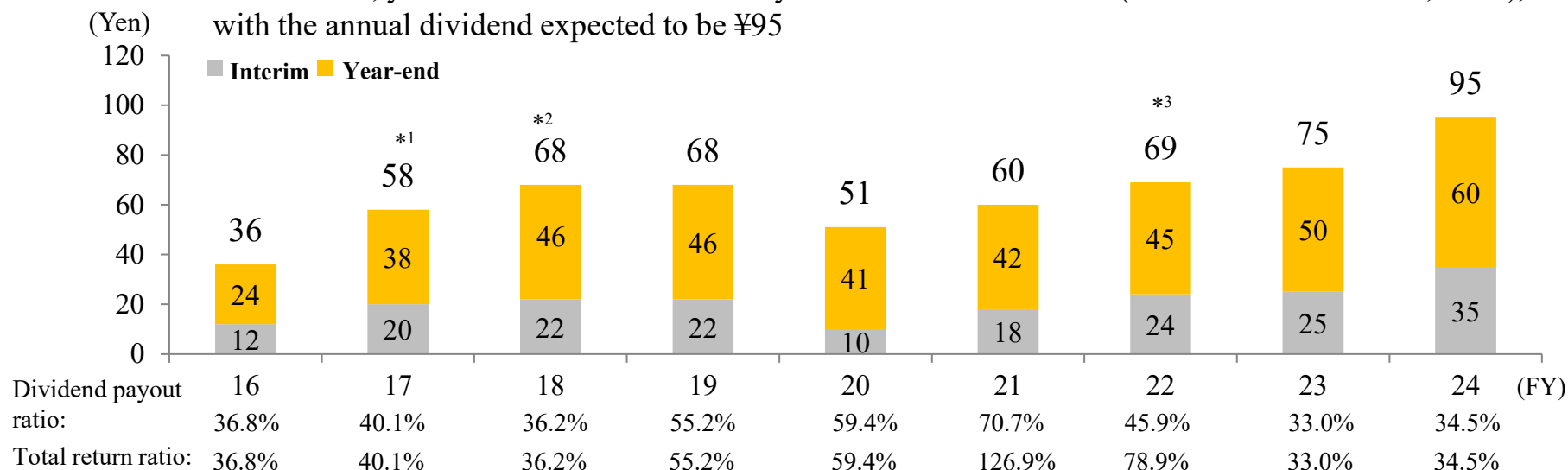
In addition to a dividend payout ratio of 30%, we will add dividends with 1/3 of the excess funds as a baseline.

While reflecting a necessary level of internal reserves, we flexibly implement acquisition of treasury shares.

\* We will maintain stable dividends of ¥20 per year regardless of profit levels but will conduct a reevaluation in the event that we record a loss for two consecutive periods.

## Dividend per Share and Dividend Payout Ratio/Total Return Ratio

For FY2024, year-end dividend increased by ¥15 from initial forecast (announced on March 7, 2025), with the annual dividend expected to be ¥95



(Underlined sections indicate share repurchases by the Company)

\*1. Includes a dividend of ¥2 (interim dividend of ¥1 and year-end dividend of ¥1) to commemorate the 70th anniversary of our foundation in FY2017.

\*2. FY2018 was an irregular 15-month fiscal period for overseas consolidated subsidiaries. The dividend payout ratio for a 12-month period is 39% (reference).

\*3. Includes a dividend of ¥4 (interim dividend of ¥2 and year-end dividend of ¥2) to commemorate the 75th anniversary of our foundation in FY2022.

# TOPICS 1

## Start of “Aichi Next-Generation Mobility Test Lab” service Responding to testing demand for automotive batteries and EV/automation modules

### ■ Aichi xEV Battery Safety Test & Certification Center

- Opened in February 2025 as one of Japan’s largest dedicated automotive battery testing facilities
- Equipped with state-of-the-art testing systems to support larger and higher-capacity automotive batteries
- Supports various testing standards such as the UN ECE-R100 regulation for safety testing



Aichi xEV Battery Safety Test & Certification Center  
(Tokoname City, Aichi Pref.)

### ■ Toyota Test Center

- Expanded functions of the Toyota Testing Center, the Company’s largest integrated test center (service began in April 2025)
- Supports the larger size of test samples such as e-Axles, PCUs, and ECUs
- Newly enhanced services to recreate usage environments for EV/automation modules under operating conditions for evaluation and measurement



Toyota Test Center (Toyota City, Aichi Pref.)

# TOPICS 2

## Responding to testing demand in AI and autonomous driving fields **Rapid-Rate Thermal Cycle Chamber**

- In April 2025, a high-performance model capable of controlling specimen temperature at 20 K/min was added to the lineup of rapid-rate thermal cycle chambers
- Complies with international standards such as semiconductor package reliability test standards and standards for electronics and automotive markets, and comes standard with low-GWP\* refrigerant “R-449A”



Rapid-Rate Thermal Cycle Chamber (TCC-151W-20)

## Launched low temperature (& humidity) chambers **Platinous J Series ECO Type with low-GWP refrigerant**

- In November 2024, launched the ECO Type in the Platinous J Series, the global standard model for environmental test chambers
- Proprietary refrigeration technology reduces power consumption by up to 70% compared to conventional models, contributing to the reduction of greenhouse gas emissions by adopting low-GWP\* refrigerant “R-449A”



low temperature (& humidity) chambers  
Platinous J Series ECO Type

\* Metric for expressing the warming potential of greenhouse gases relative to carbon dioxide. The smaller the value, the lower the environmental impact.

# TOPICS 3

## **-70°C Ultra-Low Temperature Shock Freezer for delicious rapid freezing**

- In April 2025, launched the “Ultra-Low Temperature Shock Freezer” capable of freezing food rapidly at -70°C, preserving freshness even for perishable items
- Enables freezing in a low airflow environment, preventing food from drying out, and allows a seamless process from freezing to thawing and reheating in a single unit



Ultra-Low Temperature Shock Freezer

## **First domestic launch by COSMOPIA HIGHTECH of a rapid temperature change device using low-GWP refrigerant**

- In October 2024, COSMOPIA HIGHTECH, part of our Group, launched the first domestic rapid temperature change device equipped with low-GWP\* refrigerant “R-473A”
- Complies with international test standards and contributes to the reduction of greenhouse gas emissions



Rapid Temperature Change Device Premium Excellent Series  
(EC-28PXHH)

\* Metric for expressing the warming potential of greenhouse gases relative to carbon dioxide. The smaller the value, the lower the environmental impact.

# External Recognition

## ■ ESG-Related Evaluations

- Included in the ESG index “FTSE Blossom Japan Sector Relative Index”
- Rated “B” score for the fifth consecutive year in the CDP Climate Change Survey, “B” score for Water Security  
Selected as Supplier Engagement Leader for two consecutive years, the Top Rank in the Supplier Engagement Ratings
- Selected for the second consecutive year as an Asia-Pacific Climate Leader by the Financial Times in the UK and German data provider Statista
- Received a 3.5-star rating in the NIKKEI Sustainable Management Survey, SDGs Edition
- Received a 3-star rating in the NIKKEI Sustainable Management Survey, Smart Work Edition



**FTSE Blossom  
Japan Sector  
Relative Index**



## ■ IR Website Evaluations

- Selected as a Commendation Award of the Internet IR Award of Daiwa IR
- Selected as a “GRADE AAA” company website in the Nikko Investor Relations’ All-Japanese Listed Companies’ Website Ranking
- Awarded a Bronze Prize in the Gomez IR Website Ranking 2024 (17<sup>th</sup> in its industry)
- Awarded as an excellent company in the Gomez ESG Website Ranking



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Medium-Term Management Plan  
**PROGRESSIVE PLUS 2027**

Implementation period: FY2025–2027

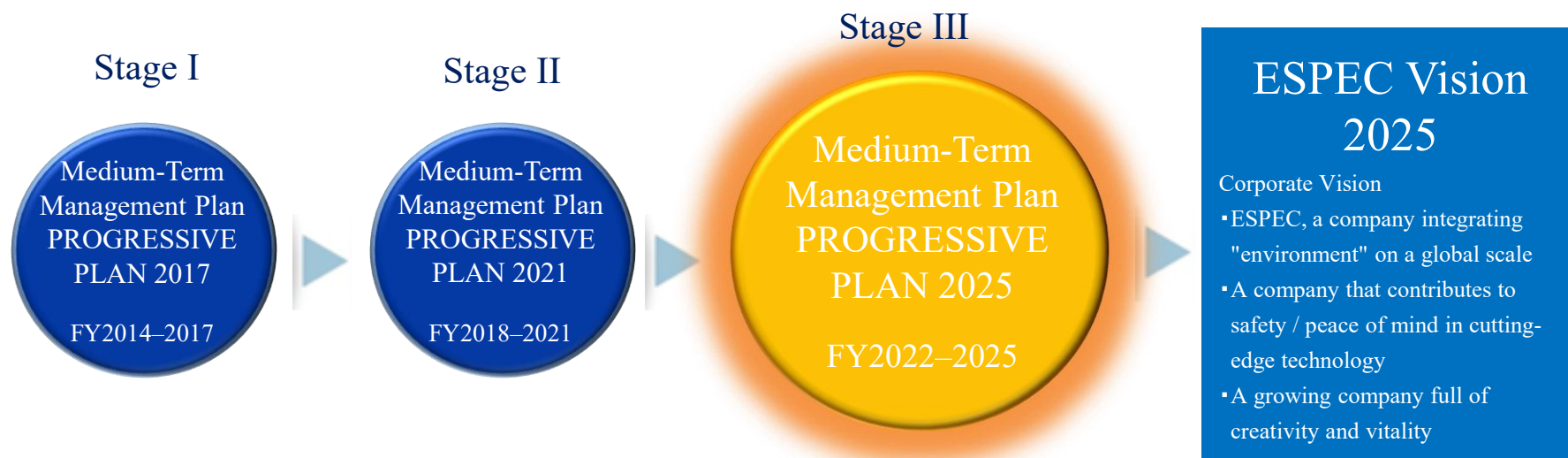


# Impact of and Response to U.S. Reciprocal Tariff Policies

- The Company has a subsidiary in the U.S., with over 80% of production conducted locally. Exports from Japan account for only a few percent of consolidated net sales, and there is little trade between the U.S. and China. Therefore, the direct impact is minimal.
- As an indirect impact, investment may be restrained due to a global economic slowdown, but investment in advanced technology development is expected to continue.
- The Company will continue to closely monitor the business impact and respond appropriately by leveraging the global capabilities of the ESPEC Group, including production bases in the U.S., China, and Japan, and service functions in Southeast Asia.

Implemented a Medium-Term Management Plan divided into four-year stages (Stage I to III) in working toward the realization of ESPEC Vision 2025.

The Stage III plan, “PROGRESSIVE PLAN 2025,” achieved its targets in FY2024, one year ahead of schedule.



	FY2025 Medium-Term Targets	FY2024 Results
Net sales	¥65.0 billion	¥67.2 billion
Operating profit	¥7.5 billion	¥7.5 billion
Operating profit Ratio	11.5%	11.2%
ROE	10.0% or more	11.0%

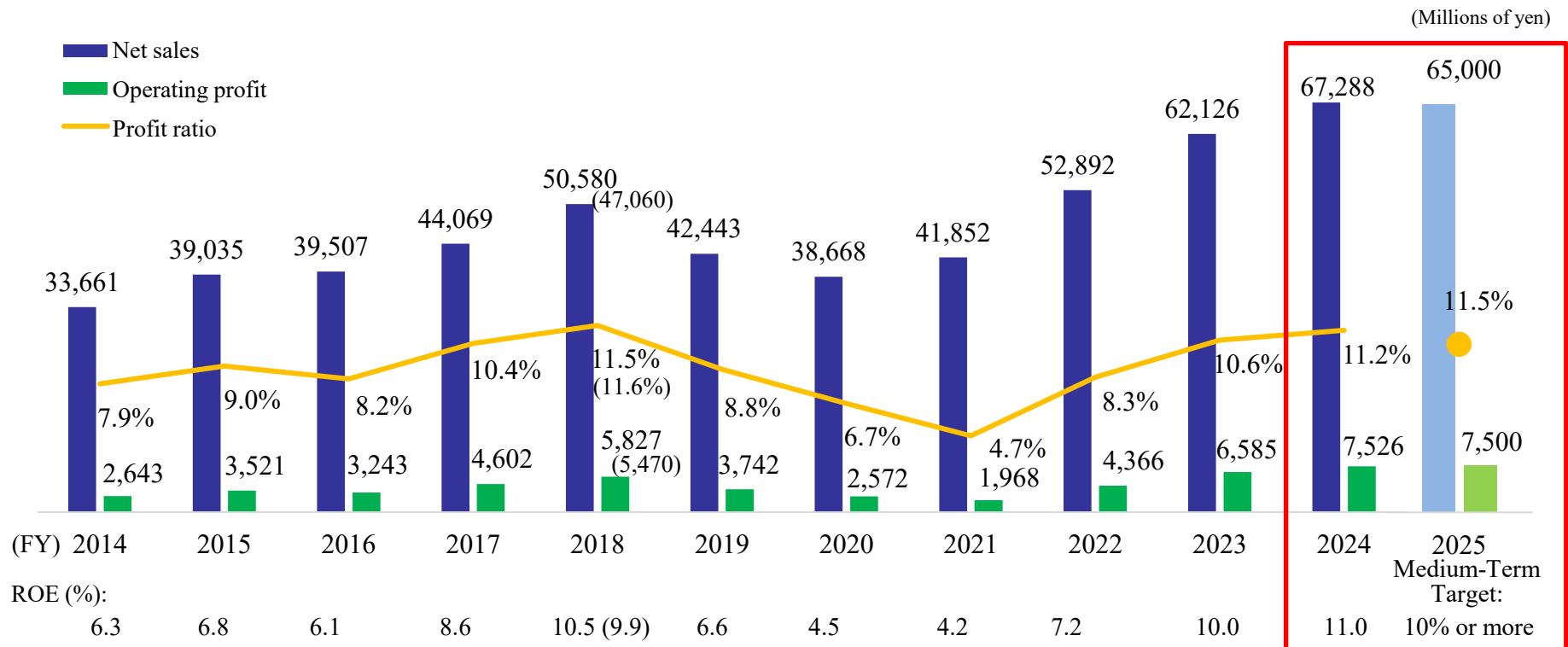
# PROGRESSIVE PLAN 2025

## Targets and Results

Stage I  
PROGRESSIVE PLAN 2017

Stage II  
PROGRESSIVE PLAN 2021

Stage III  
PROGRESSIVE PLAN 2025



\* FY2018 was an irregular 15-month fiscal period for overseas consolidated subsidiaries. “( )” figures showing values based on a 12-month accounting period.

# PROGRESSIVE PLAN 2025 Results and Challenges

Strategy	Result	Summary/Management Challenges
Equipment Business	<ul style="list-style-type: none"> <li>• Orders received for development and production applications in the EV and battery sectors</li> <li>• Improved domestic competitiveness of customized products</li> <li>• Expand new products for advanced technology fields</li> <li>• Acquisition of refrigeration control technology through M&amp;A</li> </ul>	<ul style="list-style-type: none"> <li>• Targets achieved by capturing testing demand in the EV and battery sectors, responding to procurement difficulties, implementing price increases, and enhancing production capacity</li> <li>• On the other hand, challenges remain in improving quality for sustainable growth, such as enhancing added value, increasing manufacturing efficiency, and strengthening human capital</li> </ul>
Service Business	<ul style="list-style-type: none"> <li>• Expanded preventative maintenance services</li> <li>• Growing demand for EV battery safety testing (opening of Aichi Next-Generation Mobility Test Lab and expansion of testing facilities in Tochigi)</li> </ul>	
Global	<ul style="list-style-type: none"> <li>• China: Secured profits by strengthening activities in the EV and IoT sectors</li> <li>• South Korea: Expanded orders from global companies and laboratory testing institutions</li> <li>• North America: Expanded orders in the automotive and satellite communications sectors</li> </ul>	
New Business	<ul style="list-style-type: none"> <li>• Expanded contract measurement services for semiconductors and launched new food machinery products</li> </ul>	
Manufacturing Innovation and DX	<ul style="list-style-type: none"> <li>• Increased domestic production capacity</li> </ul>	
Organizational Development Human Resource Development	<ul style="list-style-type: none"> <li>• Expanded educational programs and developed next-generation executive talent</li> <li>• Improved engagement</li> </ul>	
Management Foundation Strengthening	<ul style="list-style-type: none"> <li>• Strengthened Group governance</li> <li>• Execution of the Medium-Term Environmental Plan</li> </ul>	

# Recognition of the Operating Environment Toward 2027 (SWOT Analysis)

## Plus Factors

## Minus Factors

### Internal Environment

#### [Strengths]

- Top shares (Global: 30%, Japan: 60% or more)
- Brand strength in the environmental testing industry
- Track record of long-term, continuous deliveries to global companies and strong trust
- Extensive product lineup and customization capabilities
- Global production, sales, and service structure  
(Japan\*, U.S.\*, China\*, South Korea\*, Germany, Thailand, and Vietnam) \* Presence of production functions

#### [Weaknesses]

- Decline in operational efficiency due to rapid order expansion
- Product development aligned with advanced technology development
- Delays in passing on technical skills due to labor shortages
- Lag in DX

### External Environment

#### [Opportunities]

- Growing global demand for testing due to ongoing development in advanced technologies such as AI semiconductors, autonomous driving, and satellite communications
- Increase in outsourcing of testing operations and equipment management due to labor shortages and increasing complexity of testing

#### [Threats]

- Global economic slowdown caused by U.S.-China tensions
- Intensifying price competition with Chinese and Taiwanese companies
- Slowdown in investments in EVs and batteries
- Tightening of environmental regulations
- Soaring material costs due to inflation

## Establishing a lean, sustainable, and highly profitable earnings model

Aiming to continuously increase our value as a corporate group by becoming a “lean enterprise,” which we will achieve through quality improvements and profit growth.

■ Target markets: AI semiconductors, autonomous driving, satellite communications

■ Medium-term target for FY2027: Net sales ¥70 billion

Operating profit ¥10.5 billion

Operating profit ratio 15.0%

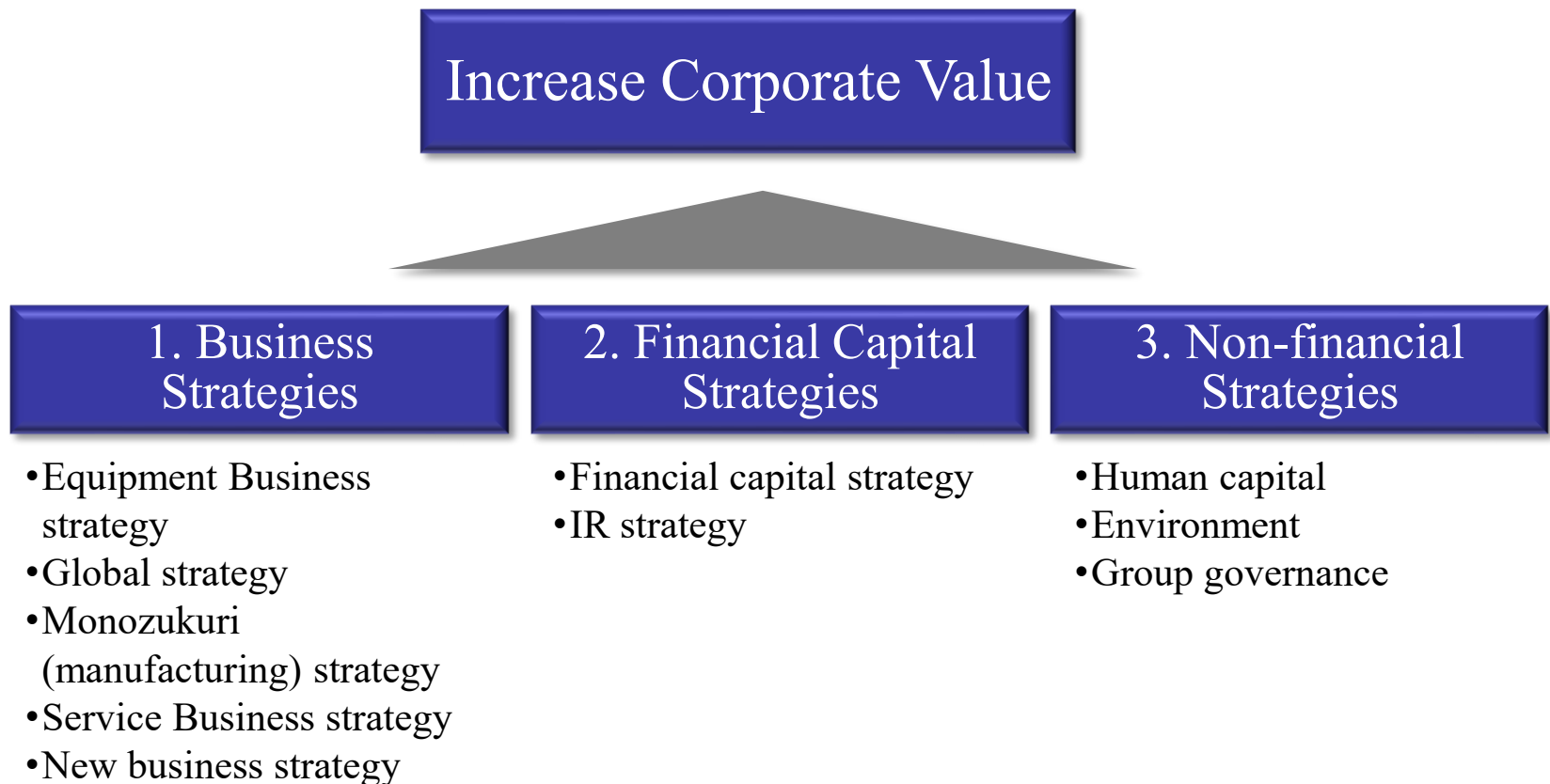
Profit ¥7.6 billion

ROE 12.0% or more

\* Expected rate (U.S. dollars) ¥145

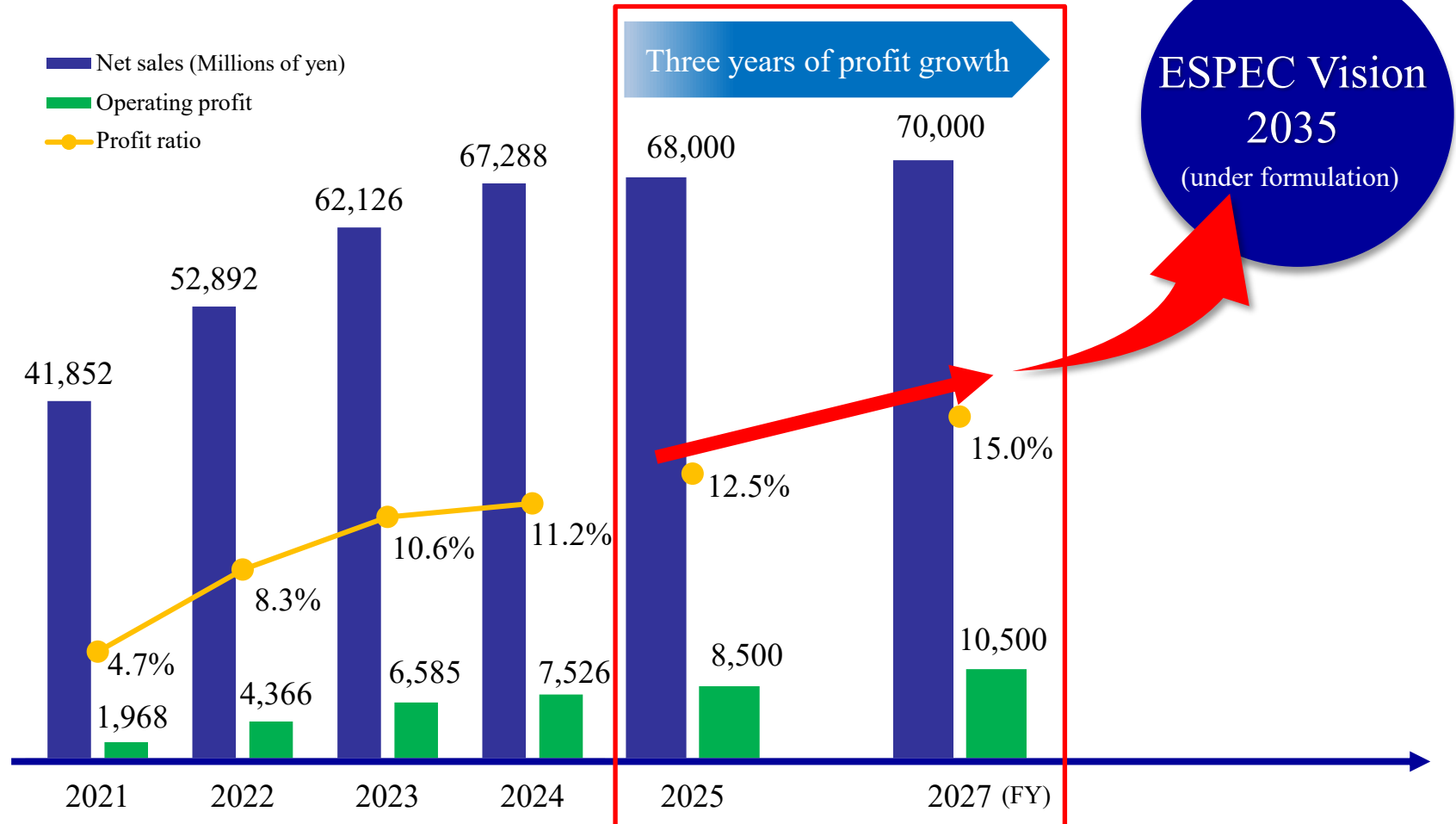
# PROGRESSIVE PLUS 2027 Three Strategies

To enhance corporate value, the Company will execute business strategies, financial capital strategies, and non-financial strategies, along with proactive growth investments and shareholder returns.



# PROGRESSIVE PLUS 2027 Positioning

A three-year period looking ahead to the next decade, aiming for an operating profit ratio of 15% Laying the foundation for further growth





# Target Markets

- Expected slowdown in investments in EVs and batteries
- AI semiconductors, autonomous driving, and satellite communications, where testing demand is expected to increase with the practical application of advanced technologies, will be the target markets

■ Targeted advanced technology fields and the value provided by ESPEC  
“Ensuring quality such as high reliability and durability for the practical application of advanced technologies”

## AI Semiconductors

Contributing to solving technical challenges associated with higher integration of semiconductors and performance improvements in sensors used in autonomous driving

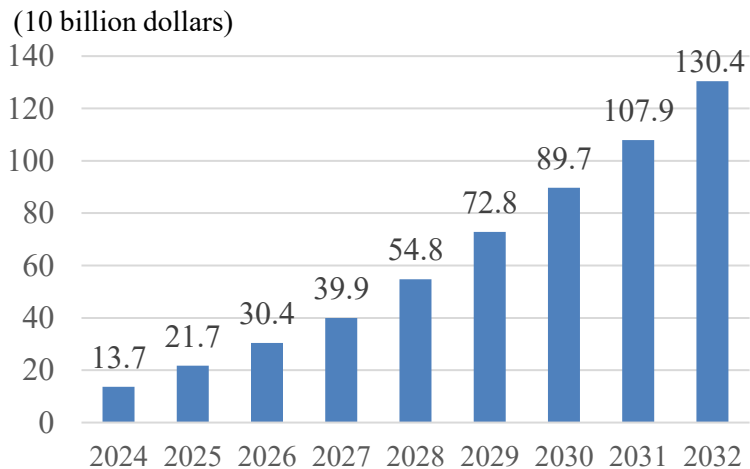
## Autonomous Driving

## Satellite Communications

Supporting the development of commercial satellite communications in the U.S.  
Supporting the development of small satellite communications by private companies in Japan

# Testing Demand in the AI Semiconductor and Server Market

As generative AI spreads across society, development is accelerating in advanced technology fields such as semiconductors, data centers, storage, electronic components, and electronic materials. With growing data transmission volumes and faster speeds, AI semiconductors are becoming more high-performance and densely integrated. As a result, a high level of reliability as digital infrastructure is required, and demand for various testing services is expected to increase.



<Trends in the Global AI Market Size>

Source: Ministry of Internal Affairs and Communications, 2024 White Paper on Information and Communications

## <Market Challenges and Testing Demand>

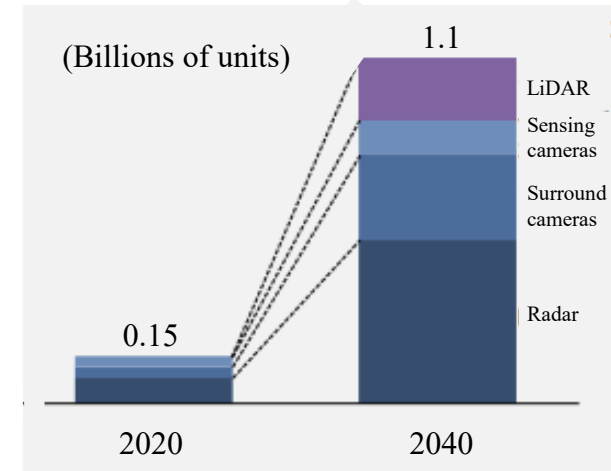
	Servers	Semiconductors (GPU, Memory, Logic)	Electronic Components (Condensers, Connectors)	Electronic Materials (Substrate Materials, Insulators)
Market Challenges	High heat generation (heat dissipation measures), fine wiring, 3D packaging, package reliability (thermal shock)			
Testing Demand	Durability (environmental resistance) evaluation Reliability evaluation	Screening (inspection) Reliability evaluation Package bondability evaluation	Quality evaluation Reliability evaluation Electrical characteristic evaluation	Reliability evaluation Material characteristic evaluation Thermal processing (insulating film formation)

# Testing Demand in Autonomous Driving Market

Active development by automotive manufacturers aiming for vehicle electrification and intelligence, including software-defined vehicles (SDVs\*).

In sensors used in autonomous driving, such as integrated ECUs, onboard camera modules, and LiDAR, which are critical electronic devices tied to human safety, demand for testing aimed at ensuring higher reliability and durability is expected to increase.

\* SDV: Software Defined Vehicle



<Sensor Units Installed in Autonomous Vehicles>

Source: Ministry of Economy, Trade and Industry – Manufacturing Industries Bureau, Market Size Projections

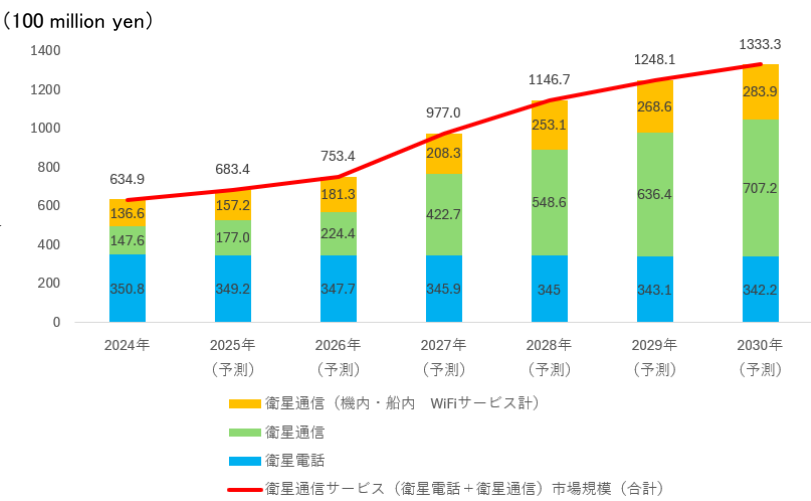
## <Market Challenges and Testing Demand>

	Integrated ECUs	Modules for Autonomous Driving (E.g., Onboard Camera Modules)	Sensing Devices (E.g., Image Sensors, LiDAR)
Market Challenges	Adaptation to diverse weather conditions such as climate change, improved recognition and processing capabilities in autonomous driving systems, improved precision and reliability of sensors		
Testing Demand	Durability (environmental resistance) evaluation Reliability evaluation Thermal management evaluation	Certification testing (standards compliance testing) Durability (environmental resistance) evaluation Reliability evaluation	Screening (inspection) Reliability evaluation

# Testing Demand in the Satellite Communications Market

Targeting the commercial satellite communications technologies under development by private companies in the U.S. and Japan.

Use and adaptation of consumer-grade components is expected to increase since satellite communications play a vital role in bridging the digital divide and serving as emergency communications infrastructure during disasters. As satellite communication technologies move toward practical implementation, testing demand is expected to grow to ensure durability and reliability under extreme conditions.



<Domestic Satellite Communications Services Market Size Trends>

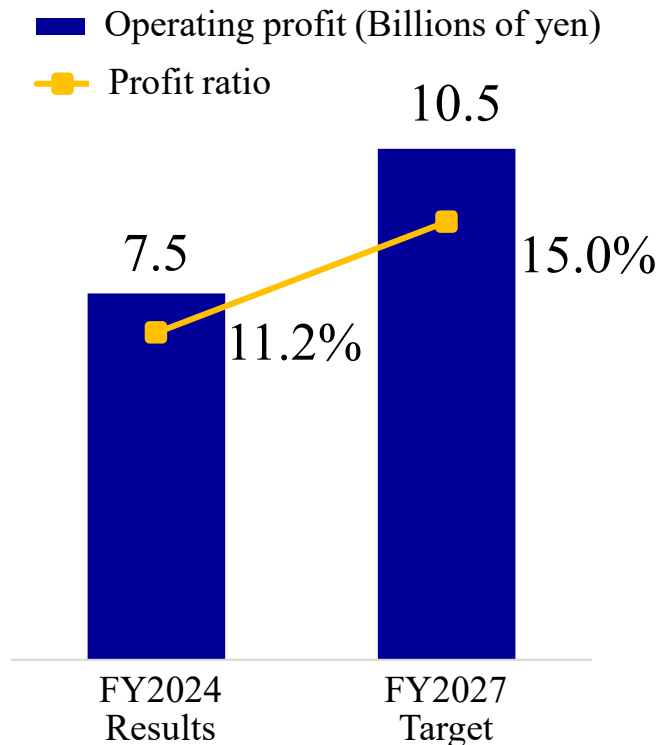
Source: Yano Research Institute Ltd. Research Material

## <Market Challenges and Testing Demand>

	Satellites Low Earth Orbit (LEO) Satellites	Satellite-Mounted Equipment (Power Supply, Communications, Attitude Control)	Satellite-Mounted Components (Semiconductors, Solar Panels, Batteries)
Market Challenges	Ensure reliability capable of long-term use (approximately 15 years) under harsh space environments (temperature, vibration, pressure, shock), and to achieve lower satellite manufacturing costs		
Testing Demand	Durability (environmental resistance) evaluation Reliability evaluation	Durability (environmental resistance) evaluation Reliability evaluation Long-life testing	Screening (inspection) Reliability evaluation Electrical and material characteristic evaluation

# Image of Achieving the FY2027 Operating Profit Target

- Offset the slowdown in investment for EVs and batteries by capturing demand in the fields of AI semiconductors, autonomous driving, and satellite communications
- Improve gross profit margin through enhanced product value and more efficient manufacturing, especially environmental test chambers, in the Equipment Business
- Expand operating profit in the Services Business, mainly through increased sales from laboratory testing services



FY2024: ¥7.5 billion

→ FY2027: ¥10.5 billion +¥3.0 billion

## ■ Increase Factors

- (1) Increase of the gross profit by the increase of the net sales: approx. ¥1.0 billion
- (2) Increase of the gross profit by the improvement of cost of sales ratio: approx. ¥3.0 billion

## ■ Decrease Factors

Increase of SG&A: approx. -¥1.0 billion

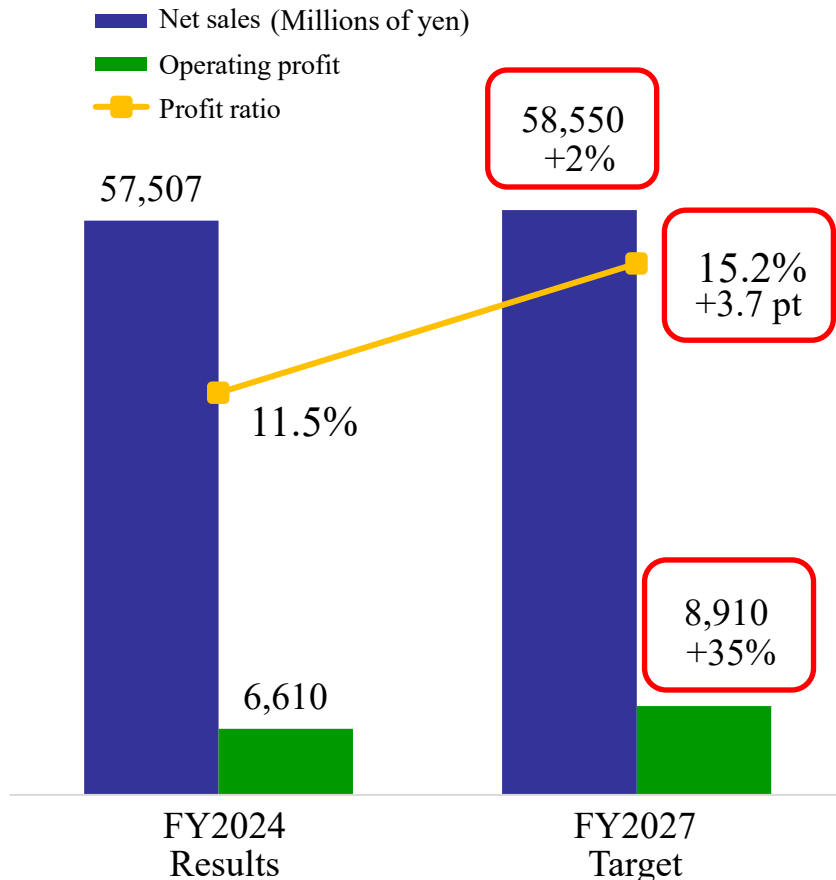
# Medium-Term Management Targets by Business Segment

(Millions of yen)

	Business Segment	FY2024 Results	FY2027 Targets	Growth Rate
Net sales	Equipment Business	57,507	58,550	+1.8%
	Service Business	8,425	10,200	+21.1%
	Other Business	1,758	1,800	+2.4%
	Elimination	-403	-550	-
	Total	67,288	70,000	+4.0%
Operating profit Profit Ratio	Equipment Business	6,610 11.5%	8,910 15.2%	+34.8% +3.7 pt
	Service Business	793 9.4%	1,500 14.7%	+88.9% +5.3 pt
	Other Business	126 7.2%	90 5.0%	-29.0% -2.2 pt
	Elimination	-4	0	-
	Total	7,526 11.2%	10,500 15.0%	+39.5%

# 1-1. Equipment Business Strategy

## Medium-Term Management Targets

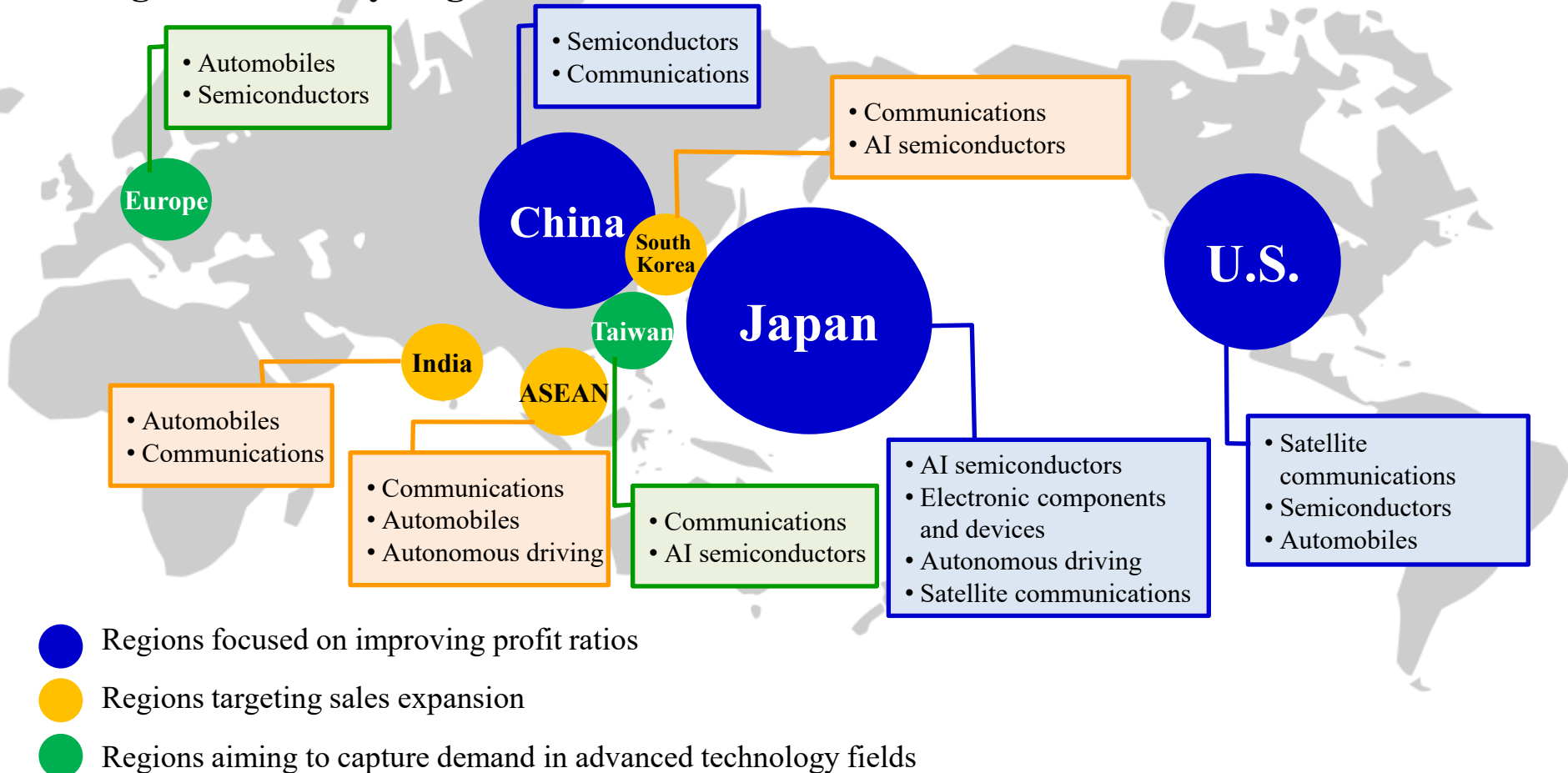


- In environmental test chambers, compensate for the slowdown in investment related to EVs and batteries by capturing testing demand in target markets through a wide-ranging product lineup, strong customization capabilities, and new product development, thereby maintaining high sales levels
- Expand R&D investment to capture new testing needs and focus on expanding the product lineup
- Aim for a 35% increase in operating profit and a profit ratio of 15% or higher by improving gross profit margin through enhancing product value and manufacturing efficiency

# 1-2. Global Strategy

Leverage the Group's overall strengths to establish competitive advantages in each region

## ■ Target Markets by Region





# 1-3. Monozukuri (manufacturing) Strategy

Proactively driving labor-saving and automation at the Fukuchiyama Plant (Kyoto Pref.) by leveraging AI and IoT to enhance manufacturing efficiency

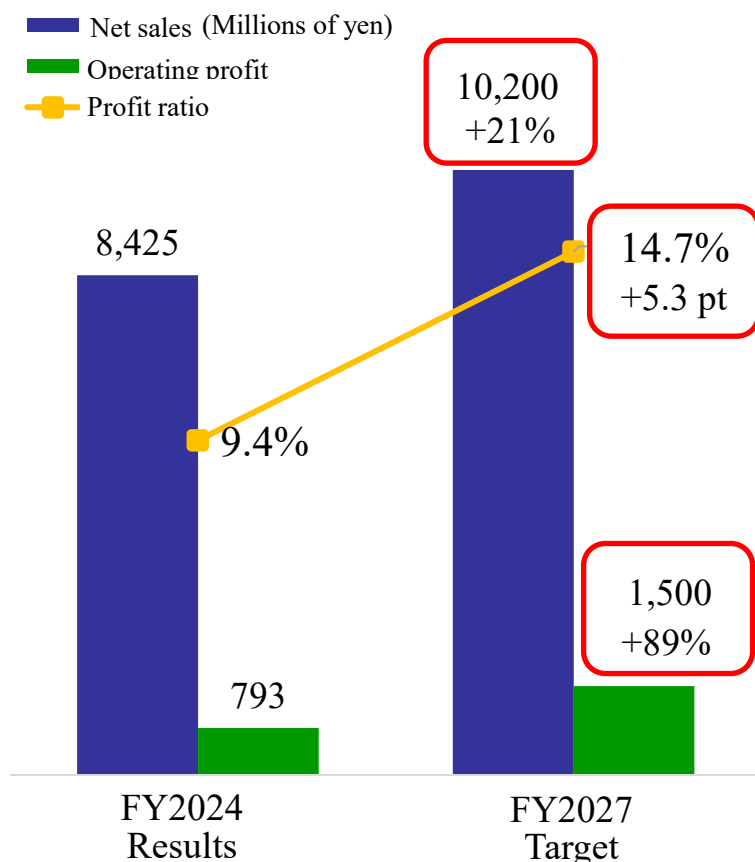
- Optimization of the value chain by connecting all processes through digital technologies
- Shortening product lead times by expanding in-house production
- Renovation into a factory that maximizes human potential through DX

## ■ Value Chain Optimization Through Process Reform



# 1-4. Service Business Strategy

## Medium-Term Management Targets



- In laboratory testing services, expand sales centering on the “Aichi Next-Generation Mobility Test Lab,” opened in February 2025
- In after-sales service, enhance services such as remote monitoring of equipment using IT and digital technologies to improve profitability
- In overall Service Business, aim to increase operating profit by growing sales by 21% and achieving a profit ratio of 14.7%

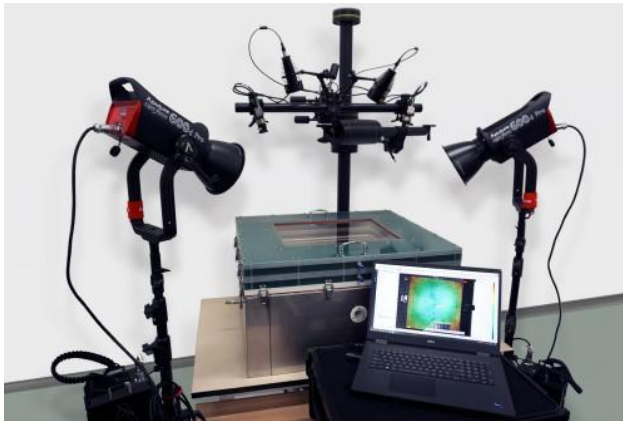
# 1-5. New Business Strategy

Creation of new businesses to serve as future revenue pillars

- Expansion of thermal solution services (commissioned thermal measurement and CAE analysis services)

Contribute to shortening customers' development timelines

Support improved accuracy in thermal design and thermal analysis CAE\* for semiconductor packages, mounted substrates, etc., in advanced technology fields such as AI semiconductors and autonomous driving



Thermal Dependent Warpage Measurement System



Thermal Image Analysis System

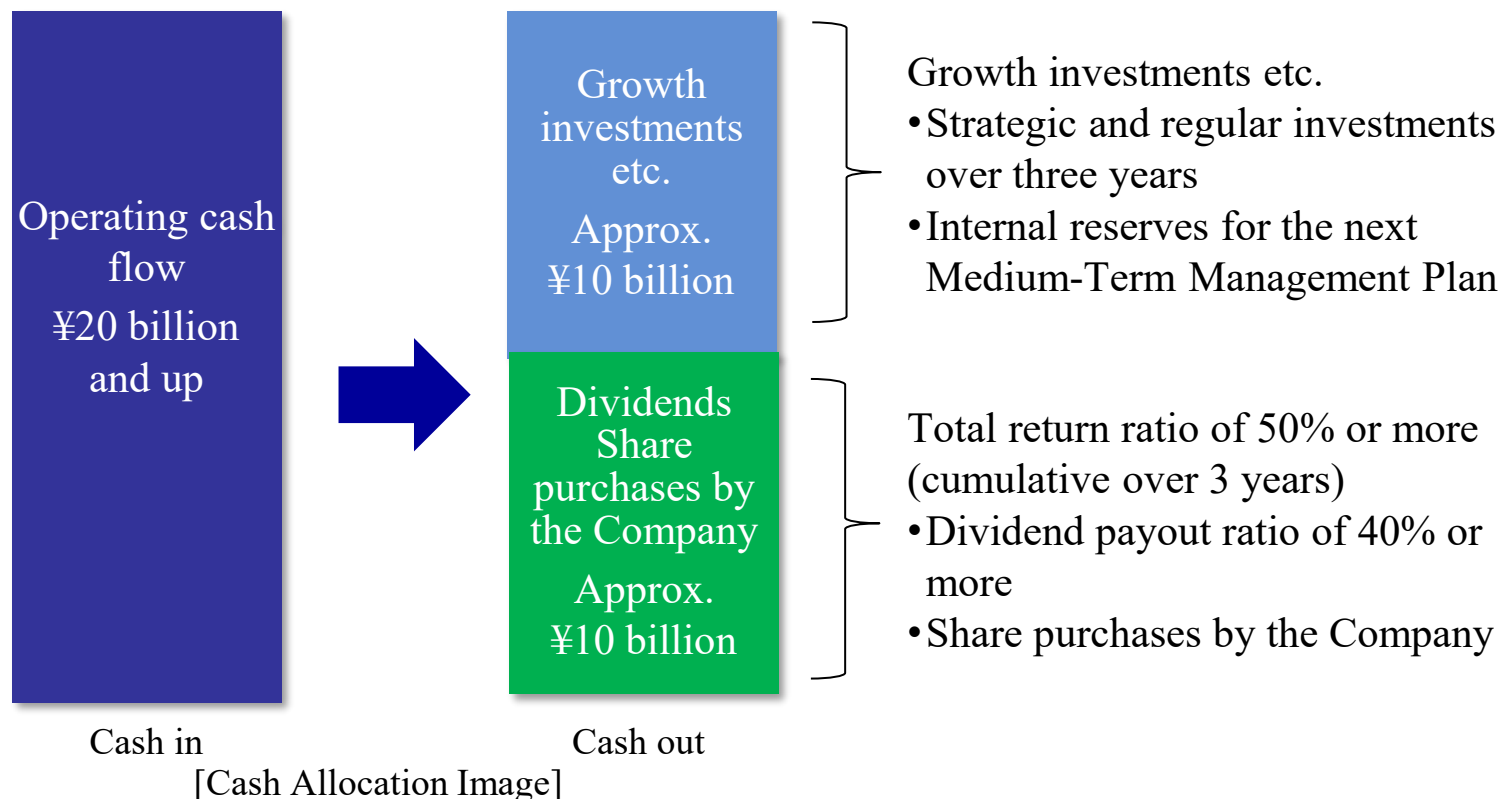
\* CAE (Computer Aided Engineering) refers to technologies that support product design and development using computers

## 2-1. Financial Capital Strategy

### Cash Allocation Policy

Proactively allocate cash generated over three years to growth investments and shareholder returns

- Implement shareholder returns with a total return ratio of 50% (cumulative over 3 years) or more through dividends and share purchases by the Company



## 2-2. Investment Plans

	FY2022–2024 (3 years) Results	FY2025–2027 (3 years) Plans	Growth Rate Over 3 Years
Regular Investment	¥3.5 billion	¥2.5 billion	-29%
Strategic Investment	¥6.0 billion	¥7.0 billion	+17%
Total Growth Investment	¥9.5 billion	¥9.5 billion	-
R&D Expenses	¥3.6 billion	¥4.8 billion	+33%
Education Investment	¥360 million	¥430 million	+19%

## 2-3. Shareholder Return Policy

Disclosed on May 15, 2025

With the formulation of the Medium-Term Management Plan PROGRESSIVE PLUS 2027, the basic policy on dividends was revised and the name of the policy was changed to clarify the policy of strengthening shareholder returns, not only through dividends but also including acquisition of treasury shares.

### Shareholder Return Policy

- The Company recognizes that the return of profits to shareholders is an important management priority, and that constantly raising enterprise value is the key element in ensuring improved shareholder returns. Accordingly, the Company's basic policy is to determine return of profits to shareholders in consideration of continuity and the consolidated dividend payout ratio.
- Specifically, we have decided on a consolidated dividend payout ratio of 40% or more and will be purchasing treasury shares in a flexible manner.
- During the period of the Medium-Term Management Plan PROGRESSIVE PLUS 2027 (FY2025–2027), we will ensure a total return ratio of 50% or more, cumulative over three years, and will not reduce dividends.

## 2-4. Management Conscious of Cost of Capital and Share Price

Disclosed on May 15, 2025

Under the Medium-Term Management Plan PROGRESSIVE PLUS 2027  
ROE target is raised from 10% to 12% or higher, and initiatives are strengthened

### Policies

- Aim to achieve (net sales of ¥70.0 billion, operating profit of ¥10.5 billion, an operating profit ratio of 15.0%, profit of ¥7.6 billion and ROE of 12.0% or more) under the Medium-Term Management Plan 2027
- Generate cash through improvement of the profit ratio and optimization of total assets
- Carry out growth investment and shareholder returns proactively based on the three-year cash allocation

### Main Initiatives

- |   |  |
|---|--|
| (1) Increase profitability                      | Implement a growth strategy targeting the AI semiconductors, autonomous driving, and satellite communications fields, strengthen profitability |
| (2) Financial strategies<br>Shareholder returns | Optimize inventories and reduce trade receivable, and return profits based on the Shareholder Return Policy                                    |
| (3) Enhance IR activities                       | Enhance dialogue with shareholders and investors to raise stock market assessments and strengthen management                                   |

### 3. Non-financial Strategies (ESG)

	Main Initiatives	Medium-Term Management Plan Targets
Environment	<ul style="list-style-type: none"> <li>• Promote global warming prevention and biodiversity conservation under the 8th Medium-term Plan on the Environment (FY2022–2025)</li> <li>• Formulate the 8th Medium-term Plan on the Environment Plus II (FY2026–2027)</li> </ul>	<ul style="list-style-type: none"> <li>• Greenhouse gas emissions (compared to FY2019) Scope 1+2: 55% reduction in FY2025, 60% reduction in FY2030 Scope 3: 10% reduction in FY2025, 30% reduction in FY2030</li> </ul>
Society	<p>Strengthening human capital</p> <ul style="list-style-type: none"> <li>• Talent acquisition and development</li> <li>• Promote open communication</li> <li>• Create employee job satisfaction and improve engagement</li> <li>• Diversity &amp; inclusion</li> </ul>	<ul style="list-style-type: none"> <li>• Ratio of female managers: 20% or more</li> <li>• Engagement survey: B score</li> <li>• Promote employee health and assurance of safety</li> <li>• Introduction of stock compensation system</li> </ul>
Governance	<ul style="list-style-type: none"> <li>• Strengthen Group governance and risk management</li> <li>• Prevent harassment</li> <li>• Stable procurement and sustainability-oriented procurement</li> </ul>	<ul style="list-style-type: none"> <li>• Reconstruction of BCP and enhancement of information security</li> <li>• Penetration of the Group's corporate philosophy, code of conduct, and code of ethics</li> <li>• Formulate human rights policy</li> </ul>



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# **FY2025 Plan**

# Key Points of FY2025 Plan

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- As the first year of the Medium-Term Management Plan PROGRESSIVE PLUS 2027, implement growth strategies
- Execute growth investment (enhancing manufacturing efficiency and new product development) and shareholder returns
- Orders received are expected to decline in investment related to EVs and batteries (mainly for production), but demand in AI semiconductors, autonomous driving, and satellite communications markets will be captured to maintain a high level
- Aim to update record-high business performance by reducing order backlog through shorter product lead times and improving profitability through cost improvements and cost reductions

# FY2025 Recognition of the Operating Environment

Although the global economic outlook is uncertain, investment in advanced technology development will continue.

Equipment Business	Environmental Test Chambers	<p>Japan: Investment related to EVs and batteries (mainly for production) is expected to decline, but investment in AI semiconductors and autonomous driving holds firm.</p> <p>China: Automotive-related investments are sluggish, but semiconductor-related investments have potential.</p> <p>ASEAN: Investment related to EVs and batteries is sluggish.</p> <p>North America: Satellite communications are strong, and investment related to AI semiconductors is expected.</p> <p>Europe: Weak performance due to the slowing European economy.</p>
	Energy Device Equipment	Domestic charge-discharge testing chambers remain level year on year.
	Semiconductor Equipment	Investment related to memory is gradually recovering.
Service Business	After-Sales Service Laboratory Testing Services and Facility Rentals	<p>After-sales service: Steady progress through expansion of maintenance contracts.</p> <p>Laboratory testing services: Brisk for EV battery safety testing.</p>
Other Business	Environmental Conservation Plant Production Systems	Although the previous year's special demand related to the Expo has dissipated, plant factories remain steady.

# Forecasts for FY2025

(Millions of yen)

	FY2024	FY2025 Forecasts			
	Full Year Results	1H	2H	Full Year	Year on Year
Orders Received	67,514	33,500	32,500	66,000	-2.2%
Net sales	67,288	31,000	37,000	68,000	+1.1%
Gross Profit	23,987	11,500	13,900	25,400	+5.9%
Profit Ratio	35.6%	37.1%	37.6%	37.4%	+1.8 pt
SG&A	16,460	8,150	8,750	16,900	+2.7%
SG&A Ratio	24.5%	26.3%	23.6%	24.9%	+0.4 pt
Operating profit	7,526	3,350	5,150	8,500	+12.9%
Profit Ratio	11.2%	10.8%	13.9%	12.5%	+1.3 pt
Ordinary Profit	7,793	3,450	5,200	8,650	+11.0%
Profit Ratio	11.6%	11.1%	14.1%	12.7%	+1.1 pt
Profit Attributable to Owners of Parent	6,003	2,500	3,690	6,190	+3.1%
Profit Ratio	8.9%	8.1%	10.0%	9.1%	+0.2 pt
Basic Earnings per Share (yen)	274.97	114.51	169.02	283.53	+3.1%
ROE	11.0%	-	-	11.0%	±0 pt

# Segment Financial Forecasts

(Millions of yen)

		FY2024	FY2025 Forecasts			
		Full Year Results	1H	2H	Full Year	Year on Year
Equipment Business	Orders Received	57,283	28,430	27,070	55,500	-3.1%
	Net sales	57,507	26,420	31,180	57,600	+0.2%
	Operating profit	6,610	2,910	4,430	7,340	+11.0%
Service Business	Orders Received	8,532	4,520	4,680	9,200	+7.8%
	Net sales	8,425	4,210	4,990	9,200	+9.2%
	Operating profit	793	490	590	1,080	+36.0%
Other Business	Orders Received	2,170	800	1,000	1,800	-17.1%
	Net sales	1,758	600	1,100	1,700	-3.3%
	Operating profit	126	-50	130	80	-36.9%
Elimination	Orders Received	-472	-250	-250	-500	-
	Net sales	-403	-230	-270	-500	-
	Operating profit	-4	0	0	0	-
Total	Orders Received	67,514	33,500	32,500	66,000	-2.2%
	Net sales	67,288	31,000	37,000	68,000	+1.1%
	Operating profit	7,526	3,350	5,150	8,500	+12.9%

# FY2025 Assumed Exchange Rate

## ■ Assumed Exchange Rate

	FY2023	FY2024		FY2025
	Full Year Results	1H Results	Full Year Results	Full Year Assumption
U.S. dollar (yen)	144.59	152.77	152.62	145
Euro (yen)	156.74	166.05	163.87	160
Yuan (yen)	20.13	21.16	21.11	20

FY2025 exchange rate sensitivity \* Impact of ¥1 depreciation (Millions of yen)

	Net sales	Operating profit
U.S. dollar	+74	+11
Euro	+15	+10
Yuan	+518	+95

# FY2025 Investment Plans

(Millions of yen)

	FY2024	FY2025 Forecasts			
	Full Year Results	1H	2H	Full Year	Year on Year
Capital Expenditures	3,690	920	1,670	2,590	-29.8%
Depreciation	1,716	960	1,030	1,990	+15.9%
R&D Expenses	1,343	1,010	820	1,830	+36.2%

## Main investments

- Enhancement of production facilities at the Fukuchiyama Plant
- Increased production capacity at domestic subsidiaries (Office relocation)

## Main R&D activities

- Expand product lineup in advanced technology fields (Model changes and additions for mainstay products)
- Expand environmentally friendly products such as low-GWP refrigerant

# Shareholder Return Policy and FY2025 Dividend Forecast

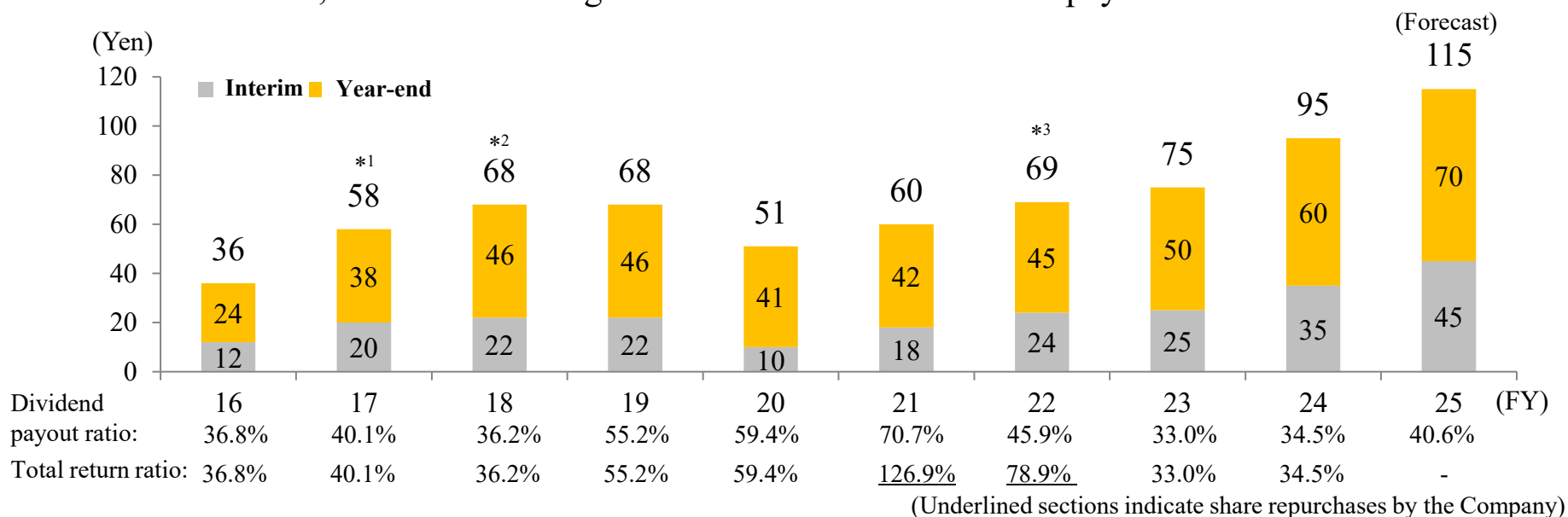
## Shareholder Return Policy

Set the consolidated dividend payout ratio at 40% or more, and flexibly carry out acquisition of treasury shares.

During the period of the Medium-Term Management Plan PROGRESSIVE PLUS 2027 (FY2025–2027), the total return ratio cumulative over the three-year period will be 50% or more, and no dividend reductions will be made.

## Dividend per Share and Dividend Payout Ratio/Total Return Ratio

For FY2025, we are forecasting an annual ¥115 and a dividend payout ratio of 40.6%.



\*1. Includes a dividend of ¥2 (interim dividend of ¥1 and year-end dividend of ¥1) to commemorate the 70th anniversary of our foundation in FY2017.

\*2. FY2018 was an irregular 15-month fiscal period for overseas consolidated subsidiaries. The dividend payout ratio for a 12-month period is 39% (reference).

\*3. Includes a dividend of ¥4 (interim dividend of ¥2 and year-end dividend of ¥2) to commemorate the 75th anniversary of our foundation in FY2022.



# Main Initiatives in FY2025

## Equipment Business

- Shortening product lead times by digesting order backlog and expanding in-house production
- Development and expanded sales of high value-added products that meet testing needs in target markets

## Service Business

After-sales service: Expansion of sales of the “super support service plan” and maintenance contract services

Laboratory testing services: Expansion of sales at “Aichi Next-Generation Mobility Test Lab”

## Area Strategy

Japan: Strengthen sales activities in the AI semiconductor and autonomous driving fields, acquisition of replacement demand

U.S.: Expand sales in the satellite communications and AI semiconductors fields

China: Expand sales in advanced technology fields such as semiconductors and communications

# FY2025 Main ESG Initiatives

## ■ E (Environment)

- Promote the 8th Medium-Term Plan on the Environment (FY2022–2025)
- Global warming countermeasure:  
Reduce CO<sub>2</sub> emissions in business activities such as change to low-GWP refrigerant and manufacturing
- Biodiversity conservation activities:  
Contribute through environmental conservation projects, promote conservation activities through the management of “ESPEC’s 50-Year Forest”

## ■ S (Society)

- Development of human capital strategy, human resource development
- Promote internal communication, enhance employee health and safety, implement engagement surveys
- Develop female managers, promote and retain employment of persons with disabilities

## ■ G (Governance)

- Reconstruction of BCP
- Formulate human rights policy

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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Sustainability Management Department

Yasutoshi Nakagawa (General Manager)

IR & Public Relations Group

Natsuko Okawa and Hana Kaigawa

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Quality is more than a word

ESPEC