

Securities ID code: 6859

ESPEC CORP.

Results Briefing for the Six Months Ended September 30, 2024

November 21, 2024

Satoshi Arata

Representative Director and President

ESPEC CORP.

I am Satoshi Arata, Representative Director and President of ESPEC.
Let me begin by providing an overview of our financial results.

Financial Result for the Six Months Ended September 30, 2024

Orders received were strong both in Japan and overseas, and both sales and profit increased due to factors such as the effects of increasing domestic production capacity.

Orders, sales, and profits all reached record highs.

	Year on Year	Comparison with Initial Forecasts
■ Orders Received	○ Increased in all segments, particularly increasing in the Equipment Business (environmental test chambers)	○ Increased in all segments, with the Equipment Business (environmental test chambers) exceeding forecast in particular
■ Net Sales	○ Increased in all segments, particularly increasing in the Equipment Business (environmental test chambers)	○ Equipment Business was in line with forecast, while the Service Business and Other Business exceeded forecast
■ Operating Profit	○ Increased significantly due to higher sales and an improved cost-of-sales ratio in the Equipment Business, despite an increase in SG&A	○ Exceeded forecast due to an improved cost-of-sales ratio in the Equipment Business, despite an increase in SG&A
■ Ordinary Profit Profit Attributable to Owners of Parent	○ Increased significantly due to an increase in operating profit	○ Exceeded forecast due to an increase in operating profit

■ No revisions made to dividends from initial forecast (Interim: ¥35, Year-end: ¥45, Annual ¥80)

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In summary of the financial results for the first half of the fiscal year ending March 31, 2025, orders received performed strongly both in Japan and overseas. Sales and profits both increased, due partly to the effects of increasing domestic production capacity.

For our 1H financial results, record highs were achieved across all levels of orders received, net sales, and profits.

In year-on-year comparison, orders received and net sales both increased in all segments, with a notable increase in environmental test chambers in the Equipment Business.

In terms of areas, net sales increased primarily in Japan and North America.

Operating profit increased substantially due to sales growth and improvement in the cost-of-sales ratio through price hikes, particularly in the Equipment Business, despite an increase in selling, general and administrative expenses.

Turning to comparisons with initial forecasts, orders received, particularly for environmental test chambers, significantly exceeded forecast, while net sales were largely in line with forecast.

Operating profit exceeded the initial forecast owing to an improved cost -of - sales ratio in the Equipment Business, despite an increase in selling, general and administrative expenses.

As for dividends, no revisions were made from the initial forecasts, with plans for an interim dividend of ¥35 and a year-end dividend of ¥45, bringing the annual dividend to ¥80.

Summary of Profits and Losses

(Millions of yen)

	FY 2023 2Q Results	FY 2024 2Q Forecasts	FY 2024 2Q Results	Year on Year	Comparison with Forecasts
Orders Received	33,440	31,000	36,621	+9.5%	+18.1%
Net Sales	27,257	30,500	30,464	+11.8%	-0.1%
Cost of Net Sales	17,771	20,100	19,326	+8.7%	-3.8%
Cost Ratio	65.2%	65.9%	63.4%	1.8pt melioration	2.5pt melioration
Gross Profit	9,485	10,400	11,137	+17.4%	+7.1%
SG&A	7,151	7,500	7,841	+9.6%	+4.6%
Operating Profit	2,333	2,900	3,296	+41.2%	+13.7%
Ordinary Profit	2,526	3,050	3,398	+34.5%	+11.4%
Profit Attributable to Owners of Parent	1,653	2,200	2,452	+48.3%	+11.5%

Here is the summary of profits and losses.

Orders received increased 9.5% year on year, and net sales rose 11.8%.
The cost-of-sales ratio improved by 1.8 points, while selling, general and administrative expenses increased by 9.6%.
Operating profit increased 41.2%.

Orders received rose substantially, exceeding the initial forecast by 18.1%.
However, net sales were mostly in line with forecasts, because of many projects with long delivery schedules.
Selling, general and administrative expenses increased more than initially forecast.
However, operating profit was above the initial forecast, exceeding it by 13.7%, due to an improvement of 2.5 points in the cost-of-sales ratio.

Performance by Segment

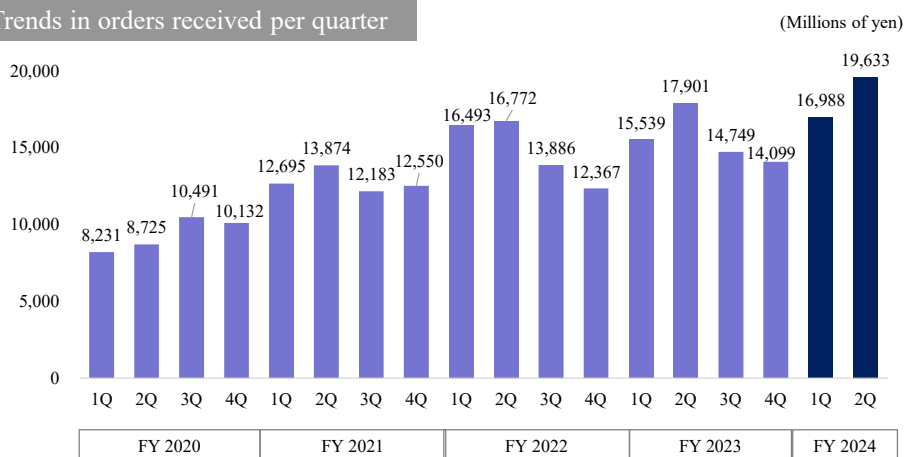
(Millions of yen)						
Segment		FY 2023 2Q Results	FY 2024 2Q Forecasts	FY 2024 2Q Results	Year on Year	Comparison with Forecasts
Equipment Business	Orders Received	29,198	26,900	31,868	+9.1%	+18.5%
	Net Sales	23,533	26,600	26,469	+12.5%	-0.5%
	Operating Profit	2,175	2,680	3,013	+38.5%	+12.4%
Service Business	Orders Received	3,785	3,700	4,176	+10.3%	+12.9%
	Net Sales	3,445	3,500	3,701	+7.4%	+5.8%
	Operating Profit	249	250	324	+30.3%	+29.9%
Other Business	Orders Received	655	600	808	+23.2%	+34.7%
	Net Sales	475	600	521	+9.6%	-13.0%
	Operating Profit	-88	-30	-31	-	-
Elimination	Orders Received	-199	-200	-232	-	-
	Net Sales	-197	-200	-227	-	-
	Operating Profit	-2	0	-10	-	-
Total	Orders Received	33,440	31,000	36,621	+9.5%	+18.1%
	Net Sales	27,257	30,500	30,464	+11.8%	-0.1%
	Operating Profit	2,333	2,900	3,296	+41.2%	+13.7%

Performance by segment can be seen here.

Orders Received in FY2024 2Q

- Although a year-on-year decrease in orders received was forecast, orders received in FY2024 1H hit a record high for the fourth consecutive period, driven by strong performance in both Japan and overseas.

Trends in orders received per quarter



I will explain a little more about the results for the first half of fiscal 2024.

In our initial forecast, we expected orders received to decrease slightly year on year, despite maintaining a high level. However, orders received in the first half of fiscal 2024 hit a record high for the fourth consecutive period, driven by strong performance in both Japan and overseas.

Orders received substantially exceeded the initial forecast because in Japan we received an order for a large EV and battery-related project earlier than anticipated.

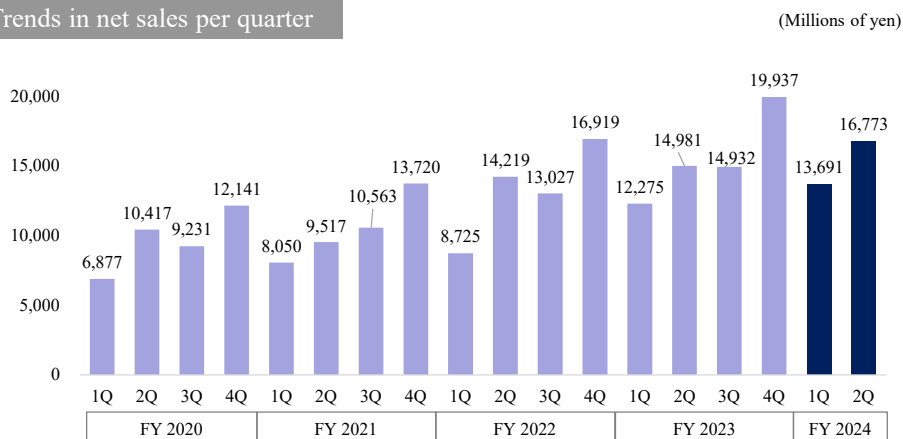
Overseas, orders in North America and China were firmer than anticipated, while there were last-minute orders in Europe in connection with environmental regulations.

Additionally, the positive impact of exchange rate fluctuations in comparison with the same period of the previous fiscal year was approximately ¥1.0 billion.

Net Sales in FY2024 2Q

- Net sales increased particularly in Japan, due partly to the effects of increasing domestic production capacity.
FY2024 1H net sales reached a record high for the third consecutive period.

Trends in net sales per quarter



Next is net sales.

In the current fiscal year, we have been working to increase domestic production capacity. Due partly to the effects of increasing this capacity, net sales increased, particularly in Japan.

First-half net sales reached a record high for the third consecutive period.

There was a positive impact from foreign currency exchange fluctuations of approximately ¥1.0 billion.

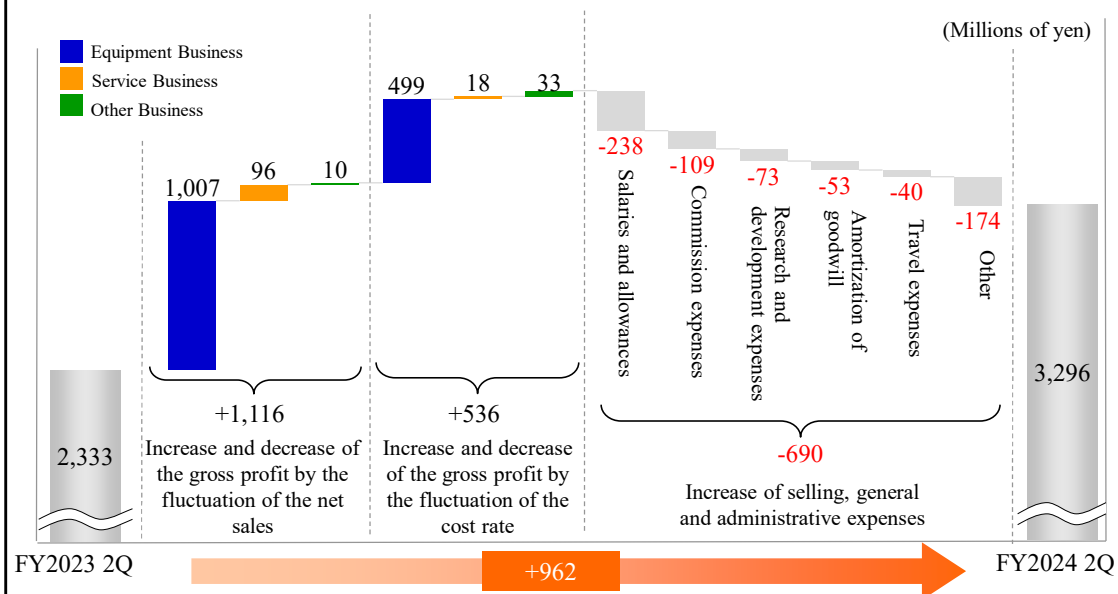
Moreover, the Company's subsidiary, COSMOPIA HIGHTECH CORP., accepted the transfer of the environmental testing business of Johnson Controls-Hitachi Air Conditioning Inc. in September 2023 and started this business in October.

This had an impact of approximately ¥1.0 billion on net sales.

There was only a negligible impact on orders received because the order backlog was taken over and recorded as orders received in September 2023.

Analysis of Operating Profit Increase and Decrease Factors

■ Despite an increase in SG&A, profit increased due to sales growth and improvement in the cost-of-sales ratio through price hikes, particularly in the Equipment Business.



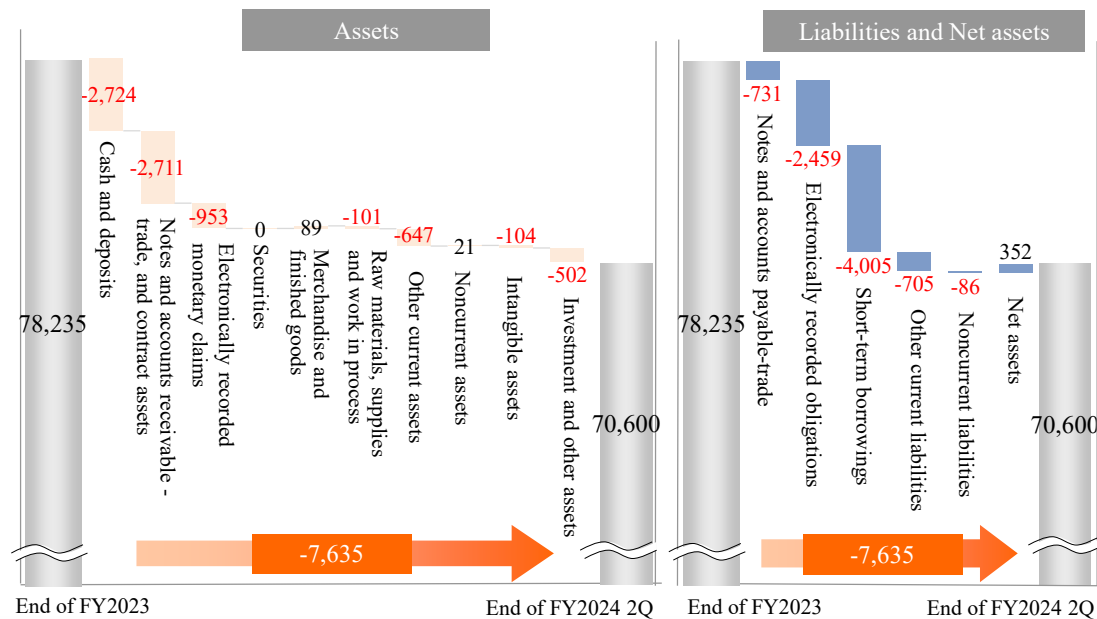
Here is an analysis of operating profit increase and decrease factors.

Despite an increase in selling, general and administrative expenses following order expansion, operating profit increased by approximately ¥0.9 billion year on year. This increase mainly reflected sales growth and improvement in the cost-of-sales ratio through price hikes, primarily in the Equipment Business.

Statement of Assets and Liabilities

■ Total assets decreased by ¥7.6 billion, due to factors including the collection of trade receivables and repayment of short-term borrowings.

(Millions of yen)



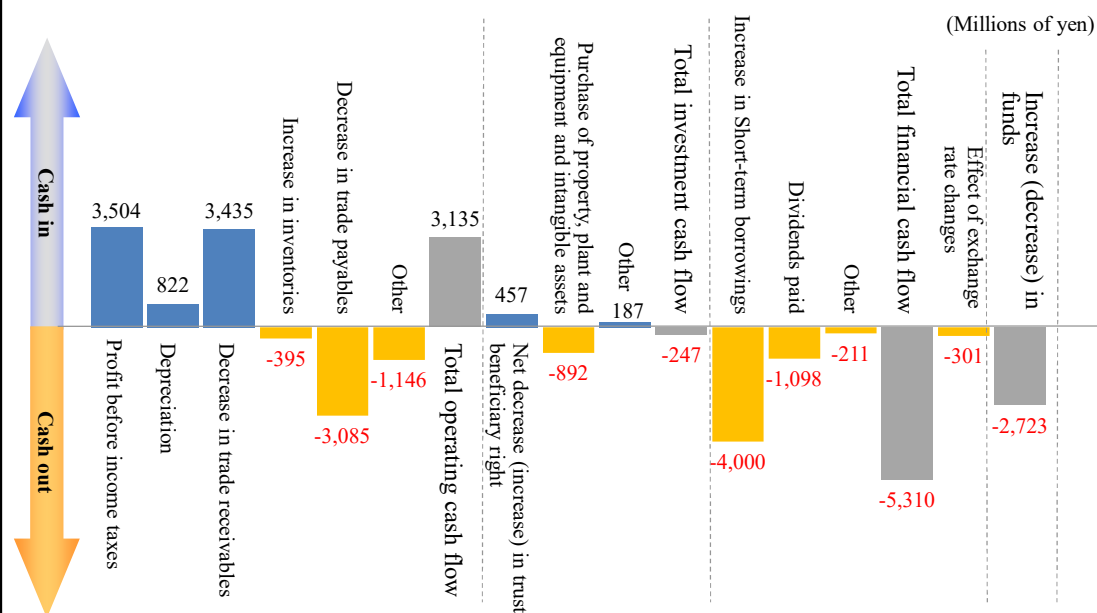
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Next, I will talk about the status of assets and liabilities. Assets decreased by approximately ¥7.6 billion. The main factors were the collection of trade receivables and repayment of short-term borrowings.

Statements of Cash Flows

■ Cash decreased by approximately ¥2.7 billion, mainly due to the repayment of short-term borrowings, while operating activities provided net cash of approximately ¥3.1 billion.



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Looking at the status of cash flows, Cash decreased by approximately ¥2.7 billion, mainly due to the repayment of short-term borrowings while operating activities provided net cash of approximately ¥3.1 billion.

Equipment Business

(Millions of yen)					
	FY 2023 2Q Results	FY 2024 2Q Forecasts	FY 2024 2Q Results	Year on Year	Comparison with Forecasts
Orders Received	29,198	26,900	31,868	+9.1%	+18.5%
Net Sales	23,533	26,600	26,469	+12.5%	-0.5%
Operating Profit Profit Ratio(%)	2,175 9.2%	2,680 10.1%	3,013 11.4%	+38.5%	+12.4%
Environmental Test Chambers					
<ul style="list-style-type: none"> In Japan, orders received and net sales both increased year on year. Orders received for highly versatile standardized products were mostly unchanged year on year, while net sales of these products increased. For customized products, orders received and net sales both increased, reflecting strong performance trends mainly in the automotive-related area. Overseas, orders received increased, while net sales remained mostly unchanged year on year. Orders received increased primarily in China, South Korea, and Europe. Net sales increased in North America, Southeast Asia, and Taiwan, remained mostly flat year on year in China and decreased in Europe. 					
Energy Device Equipment					
<ul style="list-style-type: none"> Orders received decreased mainly in comparison to the same period of the previous year, when there was a large project in Japan. However, net sales increased substantially due to the recording of equipment sales for Japan and North America. 					
Semiconductor Equipment					
<ul style="list-style-type: none"> Orders received increased substantially year on year due to an order for a large server-related project, while net sales decreased substantially due to the impact of memory-related investment restraint. 					
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Next, I will talk about the analysis by segment.

In the Equipment Business segment, orders received, net sales, and operating profit all increased year on year, mainly due to strong performance by environmental test chambers.

The status of each product group is as seen here.

Service Business

(Millions of yen)

	FY 2023 2Q Results	FY 2024 2Q Forecasts	FY 2024 2Q Results	Year on Year	Comparison with Forecasts
Orders Received	3,785	3,700	4,176	+10.3%	+12.9%
Net Sales	3,445	3,500	3,701	+7.4%	+5.8%
Operating Profit Profit Ratio(%)	249 7.2%	250 7.1%	324 8.8%	+30.3%	+29.9%

After-Sales Service and Engineering

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

Laboratory Testing Services and Facility Rentals

- Orders received and net sales both increased year on year, due to a strong performance in laboratory testing services, centered on automotive rechargeable batteries.

Next is the Service Business. Orders received, net sales, and operating profit all increased year on year, mainly due to strong performance in laboratory testing services centered on automotive rechargeable batteries.

Furthermore, the status of each service group is as seen here.

Other Business

(Millions of yen)

	FY 2023 2Q Results	FY 2024 2Q Forecasts	FY 2024 2Q Results	Year on Year	Comparison with Initial Forecasts
Orders Received	655	600	808	+23.2%	+34.7%
Net Sales	475	600	521	+9.6%	-13.0%
Operating Profit Profit Ratio(%)	-88 -18.6%	-30 -5.0%	-31 -5.9%	-	-

Environmental Conservation, Plant Production Systems

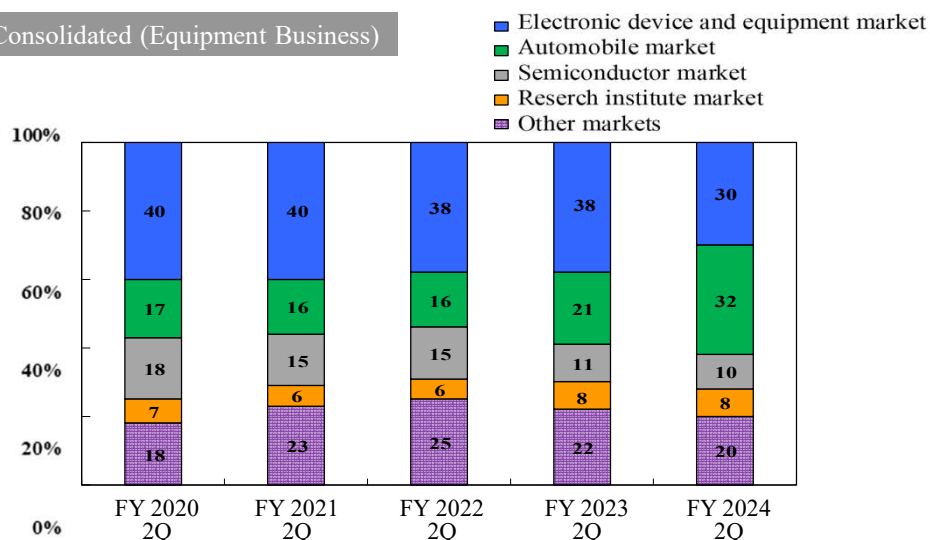
- Orders received and net sales both increased year on year, reflecting strong performance trends in areas such as waterfront biotope restoration and rooftop greening.

In the Other Business, orders received and net sales both increased. However, on the profit front, there was an operating loss, despite some improvement from the same period of the previous fiscal year.

Sales by Market

■ The automobile market's sales ratio increased as progress was made on recording sales of products for EVs and batteries.

Non-Consolidated (Equipment Business)



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Here is the breakdown of sales by market for ESPEC alone.

The electronic device and equipment market, shown in blue, saw a slight increase in orders received, while net sales decreased. The percentage of this market among sales decreased by 8 percentage points.

In the automobile market, displayed in green, orders received expanded, mainly for EVs and batteries. Net sales increased, due partly to the effects of increasing production capacity. The percentage of this market among sales increased by 11 percentage points.

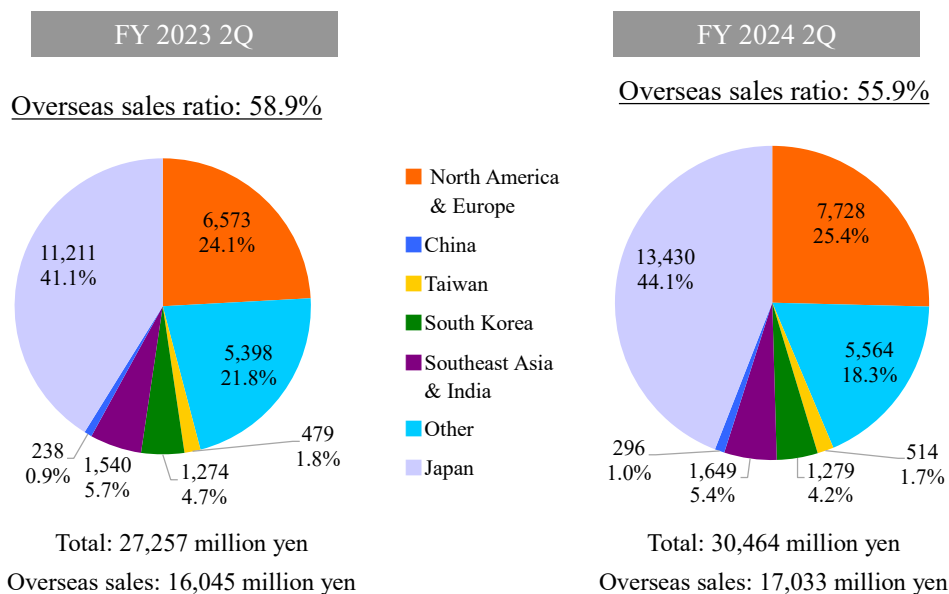
In the grey-colored semiconductor market, orders received increased, primarily overseas in South Korea, China, and certain other countries. Net sales decreased due to memory-related investment restraint. The percentage of this business among sales declined by 1 point.

The orange colored “Research institute” refers to private or national and public research facilities, as well as contract testing laboratories. Net sales increased, supported by a strong trend in orders for contract testing laboratories, primarily in South Korea. The percentage of this market among sales was 8%, the same level as the previous year.

“Other markets” at the very bottom includes various kinds of industries such as chemistry, construction materials, food products, and cosmetics, and makes up between 20-25% of sales in an average year.

Sales by Region

■ Net sales increased particularly in Japan and North America, while net sales in China remained mostly unchanged year on year.



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Next, I will explain net sales by region. The overseas sales ratio amounted to 55.9%.

By region, in North America performance was strong, primarily in areas related to space and communications satellites. Orders received were level year on year, but net sales increased substantially. The percentage among net sales also increased.

In Europe, orders received increased significantly due to last-minute orders in connection with environmental regulations, while net sales decreased. The percentage among net sales also decreased.

In China, while orders received increased, supported by strong performance in areas related to EVs and electronic components, net sales were level year on year. China's percentage among sales decreased.

In Southeast Asia and India, orders received were level year on year, while net sales increased, driven by strong performances mainly in Vietnam, Thailand, and India. Southeast Asia and India's percentage among sales decreased slightly.

In Japan, orders received and net sales both increased, supported by strong EV and battery-related investment. Japan's percentage among sales also increased.

Forecasts for Fiscal 2024

■ Main points of full-year forecasts

- The full-year forecast for orders received was upwardly revised and strong performance will be maintained, although the 1H momentum will settle down.
- Initial forecasts for full-year net sales and operating profit will be maintained, considering the increase in projects with long-term delivery schedules and slowdowns in China and Europe.
- Aim for further profit growth by strengthening sales activities in cutting-edge fields and boosting production efficiency.

■ Changes in assumed exchange rate

	FY 2022	FY 2023		FY 2024	
	Full Year Results	1H Results	Full Year Results	1H Results	Full Year Assumption
U.S. dollars (yen)	135.51	141.06	144.59	152.77	145

Exchange rate sensitivity for FY2024 (¥1 depreciation against US\$1)

Net sales: Increase of ¥190 million, Operating profit: Increase of ¥41 million

Next, I will explain our full-year forecast for FY2024.

We upwardly revised the full-year forecast for orders received, as orders received were far above our initial forecast.

Looking ahead, we expect to maintain this strong performance, although the first-half momentum will settle down.

On the other hand, we will maintain our initial forecasts for full-year net sales and operating profit, considering the increase in projects with long-term delivery schedules and slowdowns in China and Europe.

However, we will aim for further profit growth by strengthening sales activities in cutting-edge fields and boosting production efficiency.

Furthermore, the assumed exchange rate is ¥145 to \$1, remaining unchanged from our initial full-year assumption.

Forecasts for Fiscal 2024

(Millions of yen)						
	FY 2023	FY 2024	FY 2024			
	Full Year Results	Full Year Initial Forecasts	1H Results	Forecasts (Revised orders-received, gross profit and SG&A expenses)		
				2H	Full year	Year on Year
Orders-received	62,290	63,000	36,621	30,379	67,000	+7.6%
Net sales	62,126	65,000	30,464	34,535	65,000	+4.6%
Gross profit	21,994	22,600	11,137	12,087	23,225	+5.6%
Profit ratio (%)	35.4%	34.8%	36.6%	35.0%	35.7%	+0.3pt
SG&A	15,408	15,600	7,841	8,383	16,225	+5.3%
SG&A ratio (%)	24.8%	24.0%	25.7%	24.3%	25.0%	+0.2pt
Operating profit	6,585	7,000	3,296	3,704	7,000	+6.3%
Profit ratio(%)	10.6%	10.8%	10.8%	10.7%	10.8%	+0.2pt
Ordinary profit	6,919	7,200	3,398	3,801	7,200	+4.0%
Profit ratio(%)	11.1%	11.1%	11.2%	11.0%	11.1%	±0pt
Profit attributable to owners of parent	4,969	5,200	2,452	2,747	5,200	+4.6%
Profit ratio (%)	8.0%	8.0%	8.1%	8.0%	8.0%	±0pt
Basic earnings per share(yen)	227.61	238.18	112.34	125.84	238.18	+4.6%
ROE	10.0%	9.6%	-	-	9.6%	-0.4pt
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As discussed earlier, we revised the full-year forecast for orders received from ¥63.0 billion to ¥67.0 billion.

As shown in this slide, we have not changed our forecasts for net sales and operating profit from our initial forecasts. However, we have revised our forecasts for gross profit and selling, general and administrative expenses.

The order backlog reached ¥33.6 billion as of the end of the first half of the fiscal year.

Investment Plans in FY2024

(Millions of yen)

	FY 2023	FY 2024	FY 2024			
	Full Year Results	Full Year Initial Forecasts	1H Results	Forecasts (no change from the initial forecasts)		
				2H	Full year	Year on Year
Capital expenditures	2,696	3,190	1,008	2,182	3,190	+18.3%
Depreciation expenses	1,492	1,670	818	852	1,670	+11.9%
R&D expenditures	1,239	1,330	692	638	1,330	+7.3%

Main investments

- Open new laboratory testing facility, enhance testing equipment
- Increase production capacity

Main R&D activities

- Expand product lineup in advanced technology fields
- Expand environmentally friendly products such as low GWP refrigerant

There have been no changes in our forecasts for capital expenditures, depreciation expenses, and R&D expenditures.

Recognition of the Operating Environment

■ Orders will see the momentum of 1H settle down, but demand for EVs, batteries, and other fields will continue in Japan.

There are some concerns about slowdowns in China and Europe.

Equipment Business	Environmental Test Chambers	Japan: Large-scale projects will decrease, while EV- and battery-related investment will continue. IoT-related investment will be firm. China: Although investments related to EVs and semiconductors will continue, there are concerns about a further economic slowdown. ASEAN: Strong investments, primarily in automobiles and semiconductors. North America: Investments related to space and communications satellites will be firm. Europe: Concerns about investment restraint due to economic slowdown.
	Energy Device Equipment	Strong conditions forecast primarily in Japan, with orders received expected to remain at the same level as the previous fiscal year.
	Semiconductor Equipment	Memory-related investment is forecast to recover gradually.
Service Business	After-sales Service and Engineering, Laboratory Testing Services and Facility Rentals	After-sales Service and Engineering: Expect a similar level of demand as in the previous fiscal year. Laboratory Testing Services: Continued brisk conditions for automotive rechargeable battery charge-discharge testing and safety testing.
Other Business	Environmental Preservation, Plant Production Systems	Strong performance forecast mainly in the environmental conservation business, with orders expected to exceed the previous year.

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Here is our current recognition of the operating environment in each segment.

In terms of orders, we expect that demand for EVs, batteries, and other fields will continue in Japan, but we have some concerns about slowdowns in China and Europe.

Regarding environmental test chambers, although we expect a decrease in the large-scale projects we have seen so far in Japan, we anticipate continued EV- and battery-related investment, as well as steady IoT-related investment, in the country.

In China, we foresee continued investments related to EVs and semiconductors, but we have some concerns about a further economic slowdown.

In ASEAN and India, we anticipate strong investments, primarily in automobile- and semiconductor-related areas.

In North America, investments related to space and communications satellites are expected to be firm, although EV and battery-related investment must be watched closely.

In Europe, we have some concerns about investment restraint due to an economic slowdown.

For energy device equipment, we forecast strong conditions primarily in Japan, with orders received expected to remain at the same level as the previous fiscal year.

Regarding semiconductor-related equipment, memory-related investment is forecast to recover gradually.

Laboratory testing services are expected to see continued favorable demand for automotive rechargeable battery testing.

Segment Financial Forecasts

(Millions of yen)							
		FY 2023	FY 2024	FY 2024			
		Full Year Results	Full Year Initial Forecasts	1H Results	Forecasts (Revised orders-received)		
					2H	Full Year	Year on Year
Equipment Business	Orders-Received	53,565	53,700	31,868	25,831	57,700	+7.7%
	Net sales	53,518	56,000	26,469	29,531	56,000	+4.6%
	Operating profit	5,848	6,180	3,013	3,167	6,180	+5.7%
Service Business	Orders-Received	7,634	8,000	4,176	3,824	8,000	+4.8%
	Net sales	7,536	7,900	3,701	4,199	7,900	+4.8%
	Operating profit	681	800	324	475	800	+17.3%
Other Business	Orders-Received	1,453	1,700	808	892	1,700	+16.9%
	Net sales	1,455	1,500	521	978	1,500	+3.0%
	Operating profit	51	20	-31	51	20	-61.1%
Elimination	Orders-Received	-363	-400	-232	-168	-400	-
	Net sales	-383	-400	-227	-172	-400	-
	Operating profit	3	0	-10	11	0	-
Total	Orders-Received	62,290	63,000	36,621	30,379	67,000	+7.6%
	Net sales	62,126	65,000	30,464	34,535	65,000	+4.6%
	Operating profit	6,585	7,000	3,296	3,704	7,000	+6.3%
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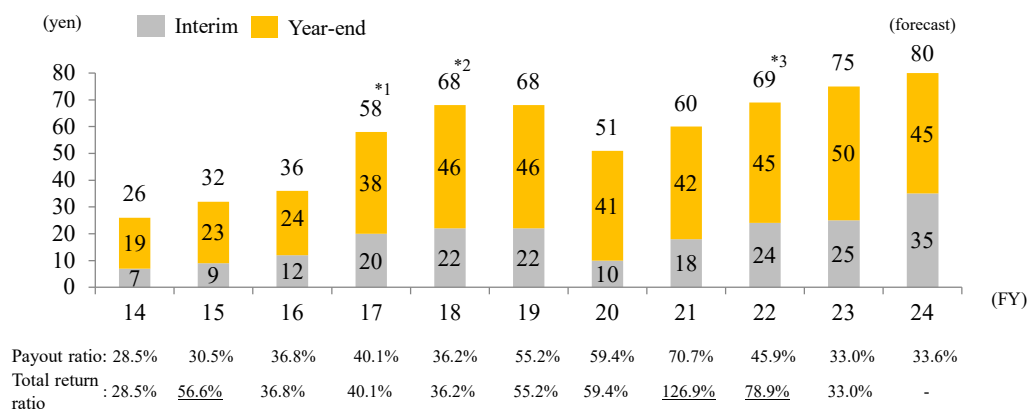
Here are the segment financial forecasts.

We are forecasting orders received in the Equipment Business to be ¥4.0 billion above the initial forecast.

FY 2024 Dividend Forecast

■ No revision to the FY2024 annual dividend forecast of ¥80, with the dividend payout ratio projected at 33.6%.

Dividend per share and dividend payout ratio



*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.

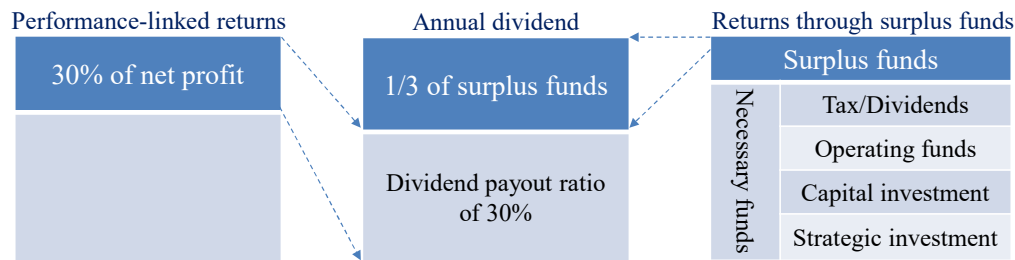
*2. FY2018 was an irregular 15-month fiscal period for overseas consolidated subsidiaries. The dividend payout ratio for a 12-month period is 39% (reference).

*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.

Our dividend forecast has not been revised from the beginning of the fiscal year.
We project a dividend payout ratio of 33.6%.

Basic policy on profit distribution

Our basic policy is to determine dividends reflecting sustainability and the dividend payout ratio
In addition to a dividend payout ratio of 30%, we will add dividends with 1/3 of the excess amount of scheduled necessary 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.

Our dividend policy is as seen here.

Main Initiatives in FY2024

Equipment Business

- Increase production capacity in Japan (increase personnel, expand production space, utilize outsourcing).
- Expand lineup of high-value-added products.

Service Business

After-sales Service:

Expand preventative maintenance services through “super support service plan.”

Laboratory Testing Services:

Start service at Aichi xEV Battery Safety Test & Certification Center.

Open the Aichi Battery Safety Testing Center and expand the functions of the Toyota Test Center.

Area Strategy

Japan: Strengthen sales activities in the EV, battery / IoT, and semiconductor fields.

North America: Strengthen sales activities in the EV and battery fields through Group collaboration and expand sales in the space and communications satellite fields.

China: Secure stable earnings through Group collaboration.

Europe: Expand the lineup of products that address environmental regulations.

Korea : Increase sales to major global companies, boost sales to contract testing laboratories.

There have been no major changes to our main initiatives in fiscal 2024. In the Equipment Business, we will continue working to increase production capacity in Japan and expand our lineup of high-value-added products, with a view to strengthening our earning power.

In the Service Business, we plan to expand laboratory testing services in Aichi Prefecture. These efforts will be discussed a little later.

In terms of our Area Strategy, we will strengthen activities in the EV, battery, and IoT fields in Japan, North America, and South Korea.

Main Initiatives for ESG in FY2024

■E (Environment)

- Promote the 8th Medium-term Plan on the Environment (FY2022-2025)**

- Global warming countermeasure:**

Change to low GWP refrigerant, Reduce CO2 emissions in business activities such as manufacturing

- Biodiversity conservation activities:**

Contributions through the business

Promote conservation activities through the management of “ESPEC’s 50-Year Forest”

■S (Society)

- Strengthen human capital:**

Bolster management skills of executive officers and managers

Enhance personnel evaluation and training systems

Enhance engagement by stimulating communication

- Promote diversity:** Train female managers, facilitate the success of senior and non-Japanese employees

■G (Governance)

- Strengthen Group governance:**

Strengthen governance of subsidiaries and enhance internal control system

As shown on this slide, we are making steady strides on our ESG initiatives. In terms of our initiatives to maximize human capital, we are working with a particular focus on enhancing engagement.

TOPICS 1

Start Service at “Aichi Next Generation Mobility Test Lab” Addressing Testing Demand for Automotive Rechargeable Batteries and EV and Automation Modules

■ Aichi xEV Battery Safety Test & Certification Center

- Scheduled to open in February 2025 as one of Japan’s largest dedicated automotive rechargeable battery testing centers (began accepting service requests in October 2024)
- Supports larger and higher capacity automotive rechargeable batteries with cutting-edge testing facilities.
- Supports various testing standards such as the UN ECE-R100 regulation.



Rendering of Aichi xEV Battery Safety Test & Certification Center (Tokoname, Aichi Prefecture)

■ Toyota Test Center

- Scheduled to expand the functions of the Toyota Test Center, the Company’s largest general test center (start services in April 2025).
- Supports larger test samples such as e-Axles, PCUs, and ECUs.
- Enhanced services for conducting evaluation and measurement, simulating the usage environment while EV and automation modules are in operation.



Toyota Test Center (Toyota, Aichi Prefecture)

Next, is the Topics section.

We will start service at Aichi Next Generation Mobility Test Lab, with a view to strengthening laboratory testing services for automotive rechargeable batteries and EV and automation modules.

In February 2025, we plan to open the Aichi xEV Battery Safety Test & Certification Center in Tokoname, along with expanding the functions of the Toyota Test Center, the Company’s largest general test center.

Leveraging cutting-edge testing facilities and advanced testing technologies and expertise, we will contribute to technological innovation in next-generation mobility and its social implementation.

TOPICS 2

Low Temperature (& Humidity) Chambers Featuring a Low GWP Refrigerant Launch of Platinous J Series ECO Type

- In November 2024, launched the ECO Type in the Platinous J Series, which features global-standard environmental test chamber models.
- Offers up to a 70% reduction in power consumption compared to current models through proprietary refrigeration technology. Features R-449A low-GWP* refrigerant, contributing to lower greenhouse gas emissions.



Low Temperature (& Humidity) Chambers Featuring
a Low GWP Refrigerant Platinous J Series ECO Type

COSMOPIA HIGHTECH CORP. Launched a Rapid-Rate Thermal Cycle Chamber featuring a Low GWP Refrigerant for the First Time in Japan

- In October 2024, COSMOPIA HIGHTECH CORP., an ESPEC Group member, launched Japan's first rapid-rate thermal cycle chamber featuring R-473A low GWP* refrigerant.
- Complies with international testing standards and contributes to the reduction of greenhouse gas emissions



Rapid-Rate Thermal Cycle Chamber
Premium Excellent Series (EC-28PXHH)

Additionally, as you can see from this slide, we have expanded our lineup of environmentally friendly products, including energy-efficient ones.

External Recognition

■2024

- Nov. • Rated 3.5 stars in the Nikkei General Sustainability Survey's SDGs Management category
- Rated 3 stars in the Nikkei General Sustainability Survey's Smart Work Management category
- Sep. • First Awarded as an excellent company in the Gomez ESG Website Ranking 2024
- Jul. • Financial Times in the UK and German data provider Statista
Selected as an Asia-Pacific Climate Leader for the Second Year in a Row
- Mar. • Selected as Supplier Engagement Leader for two consecutive years,
the Top Rank in the CDP Supplier Engagement Ratings
- Feb. • Rated "B" score for the fourth consecutive year in the CDP Climate Change 2023,
"C-" score for Water Security
- Ranked 375th in Toyo Keizai Inc.'s 2024 CSR Corporate Ranking



■2023

- Dec. • Awarded a Bronze Prize in the Gomez IR Website Ranking 2023
- Selected a Commendation Award of the 2023 Internet IR Award of Daiwa IR
- Selected as a "GRADE AAA" company website in the All-Japanese Listed Companies' Website Ranking 2023

■ Inclusion in ESG indexes

FTSE Blossom Japan Sector Relative Index (First Selection in April 2022)



FTSE Blossom
Japan Sector
Relative Index

This is the last slide, and as you can see, we have received evaluations from outside the company. We will use these evaluations for internal improvements and innovations.

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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This concludes my explanation.

Thank you for your attention.

Quality is more than a word

ESPEC