

Securities ID code: 6859

ESPEC CORP.

Results Briefing for the Nine Months Ended December 31, 2024

February 21, 2025

ESPEC CORP.

Financial Result for the Nine Months Ended December 31, 2024

Orders received maintained a high level with strong order trends in the Japanese market.

Sales and profit increased partly due to increased domestic production capacity.

Progressed as planned against full-year forecasts.

| | Year on Year | Comparison with Forecasts (Revised in November 2024) |
|---|---|---|
| ■ Orders Received | ○ Increased in all segments, particularly in the Equipment Business (environmental test chambers) | △ Equipment Business was slightly below forecast, while the Service Business and Other Business exceeded forecast |
| ■ Net Sales | ○ Increased in all segments, particularly in the Equipment Business (environmental test chambers) | ○ All segments were in line with forecast |
| ■ Operating Profit | ○ Increased mainly due to higher sales in the Equipment Business, despite an increase in SG&A | ○ In line with forecast, despite a slight increase in SG&A |
| ■ Ordinary Profit Profit Attributable to Owners of Parent | ○ Increased due to an increase in operating profit | ○ In line with forecast |

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

Summary of Profits and Losses

(Millions of yen)

| | FY2023 3Q Results | FY2024 3Q Results | Year on Year |
|--|----------------------|----------------------|--------------------|
| Orders Received | 48,190 | 50,920 | +5.7% |
| Net Sales | 42,189 | 46,297 | +9.7% |
| Cost of Sales | 27,026 | 29,486 | +9.1% |
| Cost Ratio | 64.1% | 63.7% | improved by 0.4 pt |
| Gross Profit | 15,163 | 16,811 | +10.9% |
| SG&A | 10,951 | 11,894 | +8.6% |
| Operating Profit | 4,211 | 4,917 | +16.7% |
| Ordinary Profit | 4,447 | 5,213 | +17.2% |
| Profit Attributable to Owners of Parent | 3,085 | 3,845 | +24.6% |

Performance by Segment

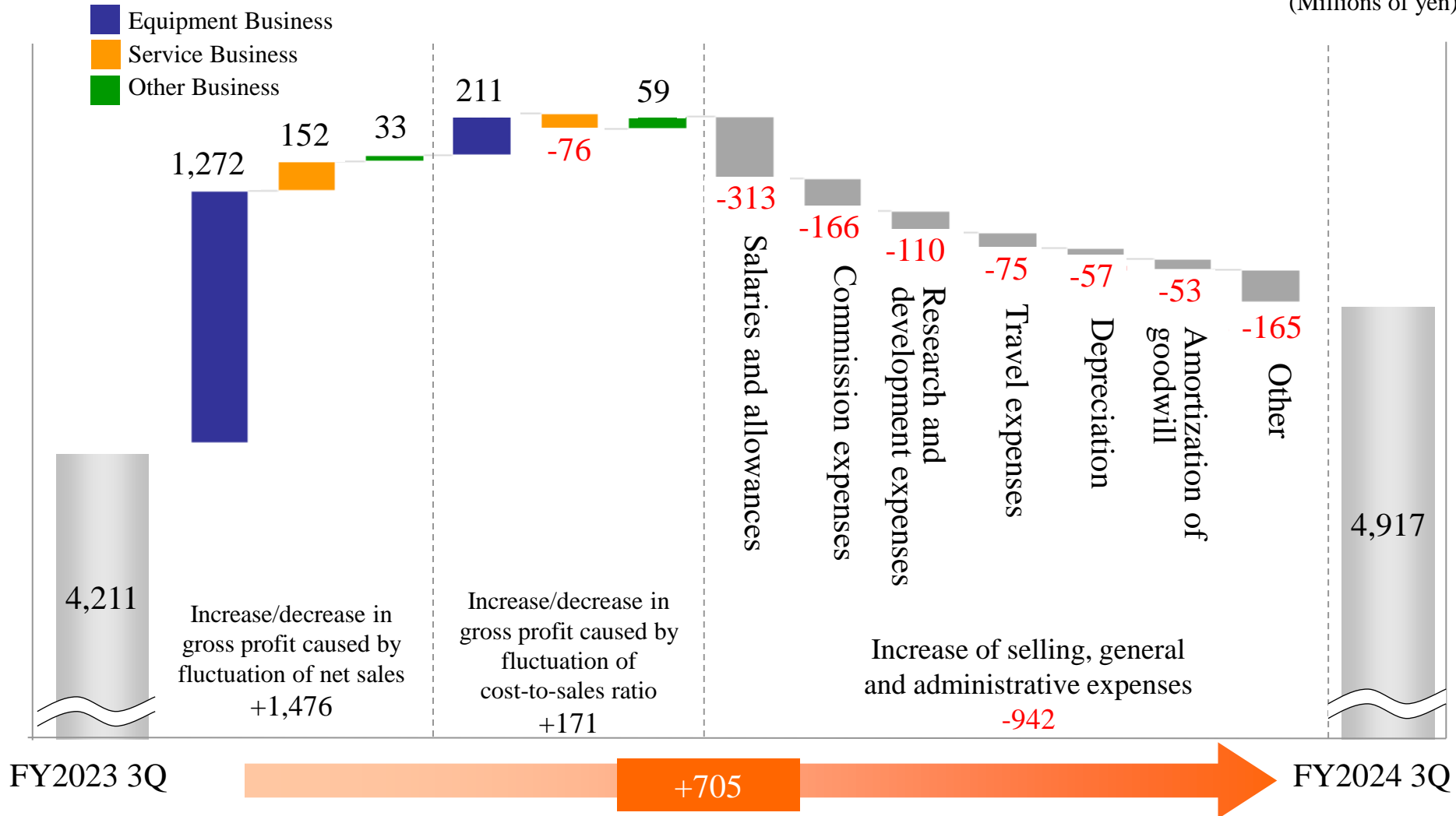
(Millions of yen)

| | | FY2023 3Q Results | FY2024 3Q Results | Year on Year |
|-----------------------|------------------|----------------------|----------------------|--------------|
| Equipment Business | Orders Received | 41,586 | 43,316 | +4.2% |
| | Net Sales | 36,322 | 39,923 | +9.9% |
| | Operating Profit | 3,761 | 4,349 | +15.6% |
| Service Business | Orders Received | 5,720 | 6,424 | +12.3% |
| | Net Sales | 5,364 | 5,750 | +7.2% |
| | Operating Profit | 542 | 563 | +4.0% |
| Other Business | Orders Received | 1,162 | 1,554 | +33.7% |
| | Net Sales | 793 | 929 | +17.1% |
| | Operating Profit | -89 | 14 | - |
| Elimination | Orders Received | -279 | -375 | - |
| | Net Sales | -290 | -305 | - |
| | Operating Profit | -2 | -10 | - |
| Total | Orders Received | 48,190 | 50,920 | +5.7% |
| | Net Sales | 42,189 | 46,297 | +9.7% |
| | Operating Profit | 4,211 | 4,917 | +16.7% |

Analysis of Operating Profit Increase and Decrease Factors

Despite an increase in SG&A, profit increased mainly due to sales growth in the Equipment Business.

(Millions of yen)



*Totals have been calculated using the gross profit margin.

Equipment Business

(Millions of yen)

| | FY2023 3Q Results | FY2024 3Q Results | Year on Year |
|------------------|----------------------|----------------------|--------------|
| Orders Received | 41,586 | 43,316 | +4.2% |
| Net Sales | 36,322 | 39,923 | +9.9% |
| Operating Profit | 3,761 | 4,349 | +15.6% |
| Profit Ratio (%) | 10.4% | 10.9% | |

Environmental Test Chambers

- In Japan, orders received and net sales both increased year on year for highly versatile standardized products. For customized products, orders received and net sales both increased, reflecting strong performance trends mainly in the automotive-related area.
- Overseas, orders received remained mostly unchanged year on year, while net sales increased. Orders received increased primarily in China and South Korea. Net sales increased in North America and Southeast Asia, remained mostly flat year on year in China and decreased in Europe.

Energy Device Equipment

- 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

- 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.

Service Business

(Millions of yen)

| | FY2023 3Q Results | FY2024 3Q Results | Year on Year |
|------------------|----------------------|----------------------|--------------|
| Orders Received | 5,720 | 6,424 | +12.3% |
| Net Sales | 5,364 | 5,750 | +7.2% |
| Operating Profit | 542 | 563 | +4.0% |
| Profit Ratio (%) | 10.1% | 9.8% | |

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.

Other Business

(Millions of yen)

| | FY2023 3Q Results | FY2024 3Q Results | Year on Year |
|--------------------------------------|----------------------|----------------------|--------------|
| Orders Received | 1,162 | 1,554 | +33.7% |
| Net Sales | 793 | 929 | +17.1% |
| Operating Profit Profit Ratio (%) | -89 -11.3% | 14 1.5% | - |

Environmental Conservation, Plant Production Systems

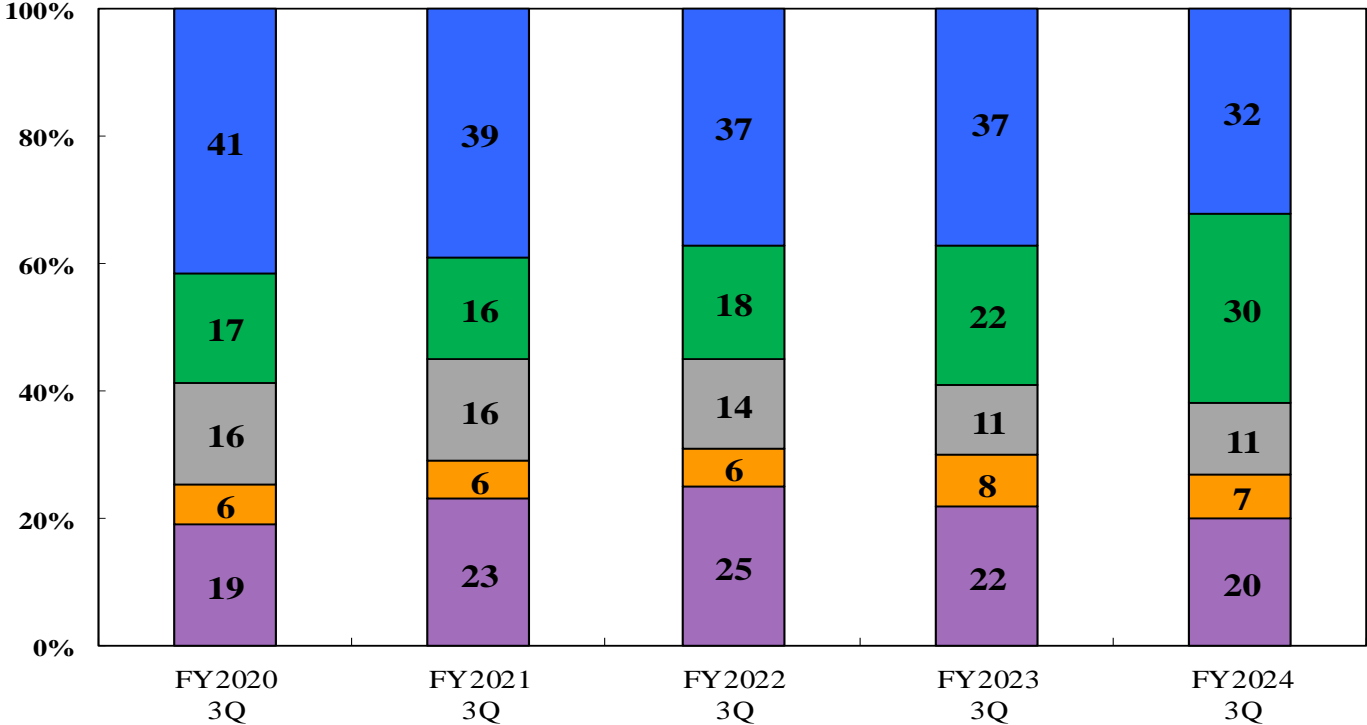
- Orders received and net sales both increased year on year, reflecting strong performance trends in areas such as waterfront biotope restoration and plant research devices.

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)

- Electronic device and equipment market
- Automobile market
- Semiconductor market
- Research institute market
- Other markets

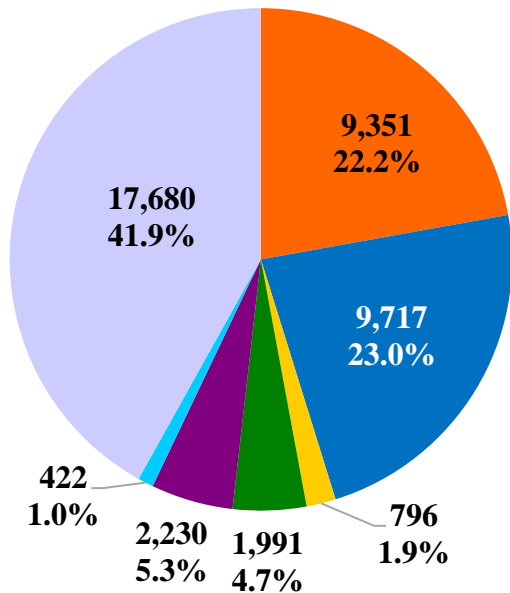


Sales by Region

■ Net sales increased year on year mainly in Japan, while overseas sales increased mainly in North America.

FY2023 3Q

Overseas sales ratio: 58.1%

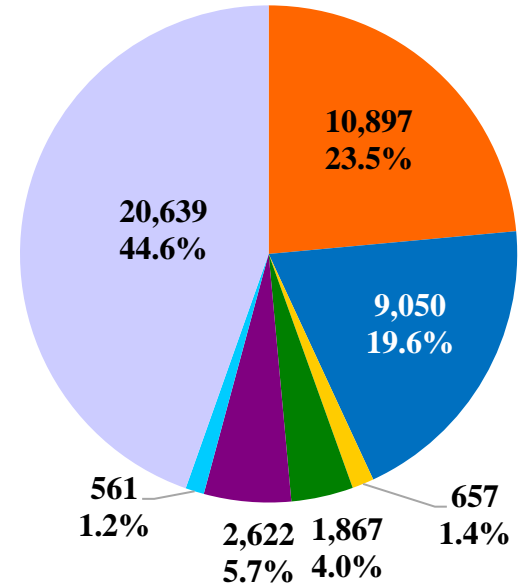


Total: 42,189 million yen

Overseas sales: 24,509 million yen

FY2024 3Q

Overseas sales ratio: 55.4%



Total: 46,297 million yen

Overseas sales: 25,658 million yen

Forecasts for FY2024

■ With Q3 results in line with forecast, no change from revised forecast of November 2024.

(Millions of yen)

| | FY2023 | FY2024 | | | |
|---|-------------------|-----------------------|---|-----------|--------------|
| | Full year results | 3Q cumulative results | Forecasts (Orders received, gross profit and SG&A expenses revised in November 2024) | | |
| | | | 4Q | Full year | Year on year |
| Orders received | 62,290 | 50,920 | 16,080 | 67,000 | +7.6% |
| Net sales | 62,126 | 46,297 | 18,703 | 65,000 | +4.6% |
| Gross profit | 21,994 | 16,811 | 6,414 | 23,225 | +5.6% |
| Profit ratio (%) | 35.4% | 36.3% | 34.3% | 35.7% | +0.3pt |
| SG&A | 15,408 | 11,894 | 4,331 | 16,225 | +5.3% |
| SG&A ratio (%) | 24.8% | 25.7% | 23.2% | 25.0% | +0.2pt |
| Operating profit | 6,585 | 4,917 | 2,083 | 7,000 | +6.3% |
| Profit ratio (%) | 10.6% | 10.6% | 11.1% | 10.8% | +0.2pt |
| Ordinary profit | 6,919 | 5,213 | 1,987 | 7,200 | +4.0% |
| Profit ratio (%) | 11.1% | 11.3% | 10.6% | 11.1% | ± 0pt |
| Profit attributable to owners of parent | 4,969 | 3,845 | 1,355 | 5,200 | +4.6% |
| Profit ratio (%) | 8.0% | 8.3% | 7.2% | 8.0% | ± 0pt |
| Basic earnings per share (yen) | 227.61 | 176.14 | 62.04 | 238.18 | +4.6% |
| ROE | 10.0% | - | - | 9.6% | -0.4pt |

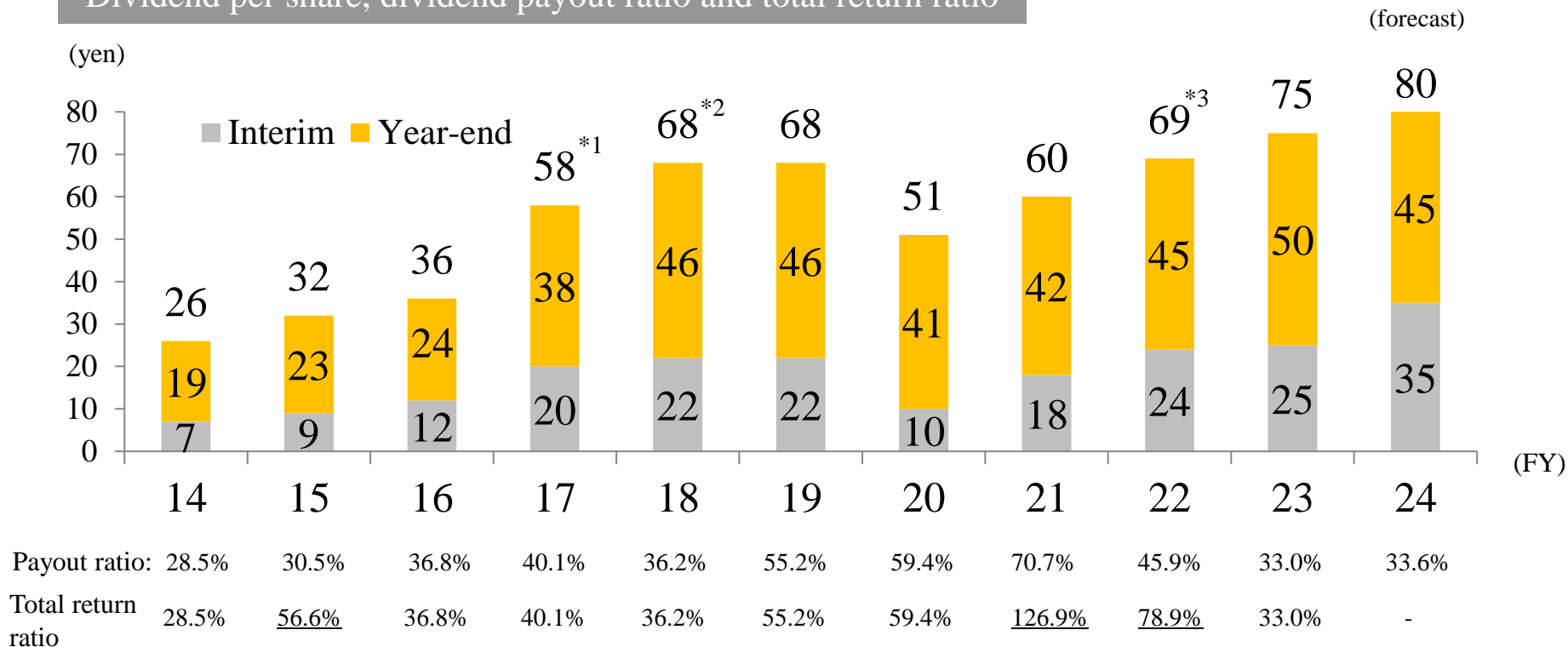
Segment Financial Forecasts

| | | FY2023 | FY2024 (Millions of yen) | | | |
|--------------------|------------------|-------------------|--------------------------|---|-----------|--------------|
| | | Full year results | 3Q cumulative results | Forecasts (Orders received revised in November 2024) | | |
| | | | | 4Q | Full year | Year on year |
| Equipment Business | Orders received | 53,565 | 43,316 | 14,384 | 57,700 | +7.7% |
| | Net sales | 53,518 | 39,923 | 16,077 | 56,000 | +4.6% |
| | Operating profit | 5,848 | 4,349 | 1,831 | 6,180 | +5.7% |
| Service Business | Orders received | 7,634 | 6,424 | 1,576 | 8,000 | +4.8% |
| | Net sales | 7,536 | 5,750 | 2,150 | 7,900 | +4.8% |
| | Operating profit | 681 | 563 | 237 | 800 | +17.3% |
| Other Business | Orders received | 1,453 | 1,554 | 146 | 1,700 | +16.9% |
| | Net sales | 1,455 | 929 | 571 | 1,500 | +3.0% |
| | Operating profit | 51 | 14 | 6 | 20 | -61.1% |
| Elimination | Orders received | -363 | -375 | -25 | -400 | - |
| | Net sales | -383 | -305 | -95 | -400 | - |
| | Operating profit | 3 | -10 | 10 | 0 | - |
| Total | Orders received | 62,290 | 50,920 | 16,080 | 67,000 | +7.6% |
| | Net sales | 62,126 | 46,297 | 18,703 | 65,000 | +4.6% |
| | Operating profit | 6,585 | 4,917 | 2,083 | 7,000 | +6.3% |

FY2024 Dividend Forecast

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

Dividend per share, dividend payout ratio and total return 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).

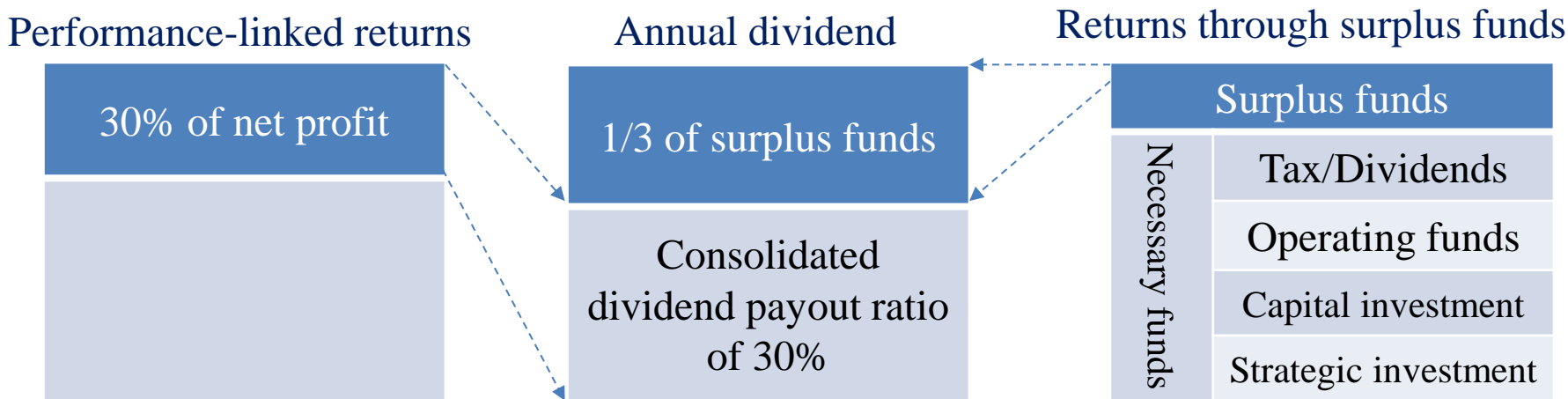
*3. Includes a dividend of ¥4 (interim dividend of ¥2 and year-end dividend of ¥2) to commemorate the 75th anniversary of our foundation in FY2022.

Basic Policy on Profit Distribution

Our basic policy is to determine dividends reflecting sustainability and the consolidated dividend payout ratio.

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

While reflecting a necessary level of internal reserves, we flexibly implement purchase 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.

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 Next Generation Mobility Test Lab.”

Open the Aichi xEV Battery Safety Test & Certification 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.

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

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)

•Maximize 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

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

- Opened in February 2025 as one of Japan’s largest dedicated automotive rechargeable battery testing centers
- Supports larger and higher capacity automotive rechargeable batteries with cutting-edge testing facilities.
- Supports various testing standards such as the UN ECE-R100 regulation.



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)

TOPICS 2

Launch of Platinous J Series ECO Type, low temperature (& humidity) chambers featuring a low GWP refrigerant

- 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.



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

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)

*Figures that represent the global warming potential of other greenhouse gases in terms of carbon dioxide. Lower figures indicate a lower environmental impact.

External Recognition

■ ESG-related recognition

- Included in the ESG index “FTSE Blossom Japan Sector Relative Index”
- Rated “B score” for the fifth consecutive year in the CDP Climate Change program, and “B- score” for Water Security
- Selected as “Supplier Engagement Leader” for two consecutive years, the top rank in the “CDP Supplier Engagement Ratings”
- Selected as an “Asia-Pacific Climate Leader” for the second year in a row by Financial Times (UK) and the German data provider Statista
- 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”



**FTSE Blossom
Japan Sector
Relative Index**



**NIKKEI
Smart Work**
★★★ 2025

■ Evaluation of our IR website

- Selected for Commendation Award of the “Internet IR Award of Daiwa IR”
- Selected as a “GRADE AAA” company website in “Nikko Investor Relations’ All Japanese Listed Companies’ Website Ranking”
- Awarded a Bronze Prize in the “Gomez IR Website Ranking 2024” (Ranked 17th by industry type)
- Selected as a “Excellent” company in the “Gomez ESG Website Ranking”



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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Quality is more than a word

ESPEC