

Securities ID code: 6859

ESPEC CORP. Results Briefing

FY2024 (Fiscal Year Ended March 31, 2025)

May 26, 2025

Representative Director and President

Satoshi Arata

FY2024 Full-Year Results

I am Junko Nishitani, Director and Executive Officer of ESPEC.
Now, I will explain the full-year results for FY2024.

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)	
Orders Received	○	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
Net Sales	○	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
Operating Profit	○	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
Profit Attributable to Owners of Parent	○	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

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In summary of our financial results for the fiscal year ended March 31, 2025, orders received, net sales, and profit all reached record highs, due to continued investment in the domestic EV and battery markets as well as enhanced domestic production capacity.

Profit increased significantly due to the recording of gains from the sale of cross-held shares.

Orders received, net sales, and profit slightly exceeded expectations compared to the revised forecasts of March.

In dividends, the year-end dividend forecast has been increased by ¥15 from the initial plan, for a planned annual dividend of ¥95.

Since we achieved medium-term management targets ahead of schedule, we announced the new medium-term management plan PROGRESSIVE PLUS 2027 on May 15.

Details will be provided later by Mr. Arata.

Summary of Profits and Losses

	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	40,132	42,400	42,800	43,300	+7.9%	+2.1%	+1.2%
Cost of Sales Ratio	64.6%	65.2%	64.4%	64.4%	0.2 pt improvement	0.8 pt improvement	±0 pt
Gross Profit	21,994	22,600	23,700	23,987	+9.1%	+6.1%	+1.2%
Profit Ratio	35.4%	34.8%	35.6%	35.6%	0.2 pt improvement	0.8 pt improvement	±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

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Here is the summary of profits and losses.

Orders received increased 8.4% year on year, and net sales grew 8.3%.

Cost of sales ratio improved by 0.2 percentage points, while selling, general and administrative expenses increased by 6.8%.

Operating profit rose 14.3% and profit increased 20.8%.

With regard to expectations, there were concerns of a slowdown in orders received at the start of the fiscal year, but the North American market performed strongly, and the Chinese market remained steady.

Also, due to domestic EV and battery investments expanding more than we initially anticipated, we revised our orders received forecast in November.

Furthermore, in March, we revised our earnings forecast upward, and results ended up exceeding the revised forecast.

ROE also exceeded expectations, reaching 11%.

Performance by Segment

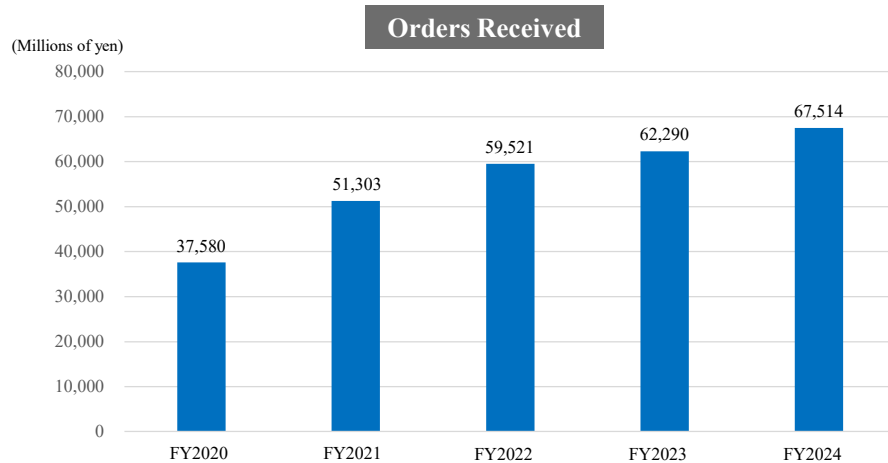
		(Millions of yen)						
		FY2023 Results	FY2024 Initial Forecasts	FY2024 Revised Forecasts (Mar. 2025)	FY2024 Results	Year on Year	Comparison with Initial Forecasts	Comparison with March Forecasts
Equipment Business	Orders Received	53,565	53,700	56,600	57,283	+6.9%	+6.7%	+1.2%
	Net sales	53,518	56,000	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%
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Performance by segment can be seen here.

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.



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Next, regarding orders received, all business segments increased, achieving a record high for the fourth consecutive year, totaling ¥67.514 billion.

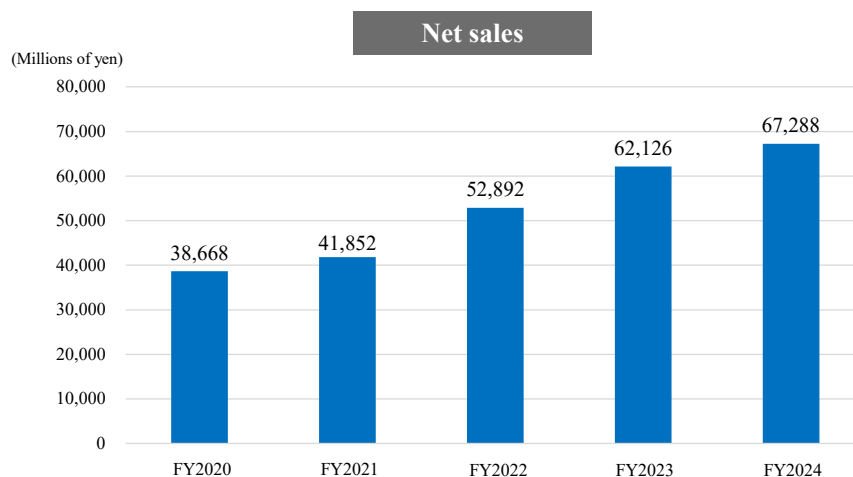
By area, orders increased particularly in Japan, as well as North America and China; remained flat in South Korea and Taiwan, and decreased in Southeast Asia and Europe.

There was a positive impact from foreign currency exchange fluctuations of approximately ¥1.3 billion, and an impact from accepting the transfer of a business in September 2023 of approximately ¥600 million.

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.



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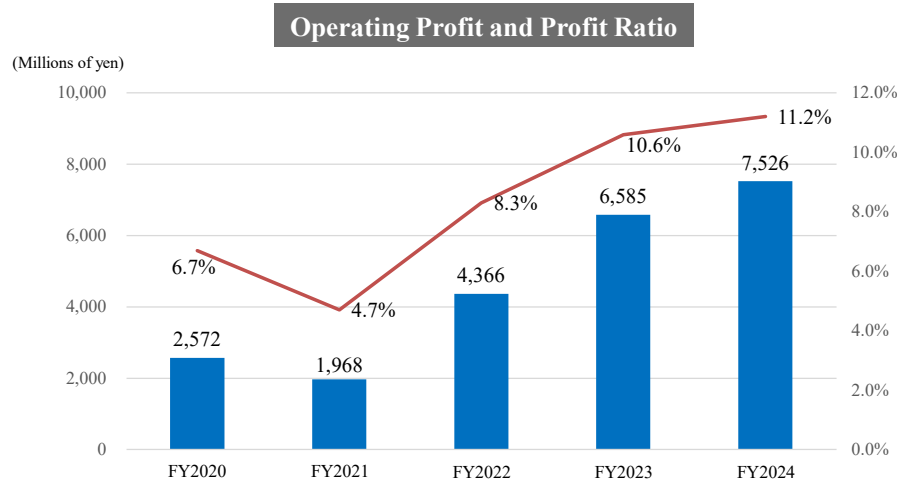
Net sales reached record highs for the third consecutive fiscal year, totaling ¥67.288 billion.

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

There was a positive impact from foreign currency exchange fluctuations of approximately ¥1.4 billion, and an impact from accepting the transfer of a business of approximately ¥1.2 billion.

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

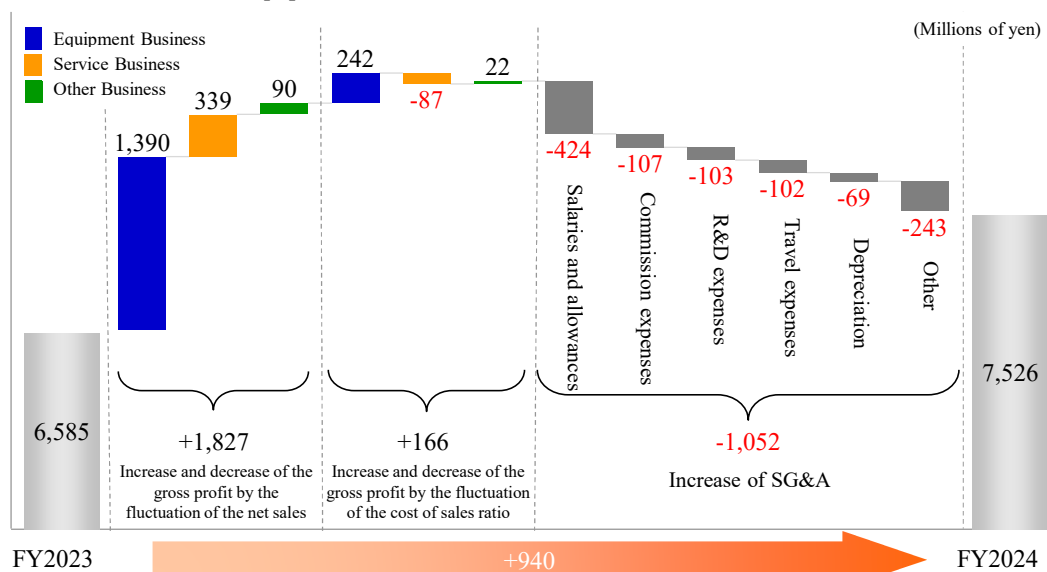


Operating profit reached record highs for the second consecutive year, totaling ¥7.526 billion, due to increased net sales and improved cost of sales ratio. Profit ratio reached 11.2%.

The positive effect of foreign currency exchange fluctuations was approximately ¥100 million.

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.

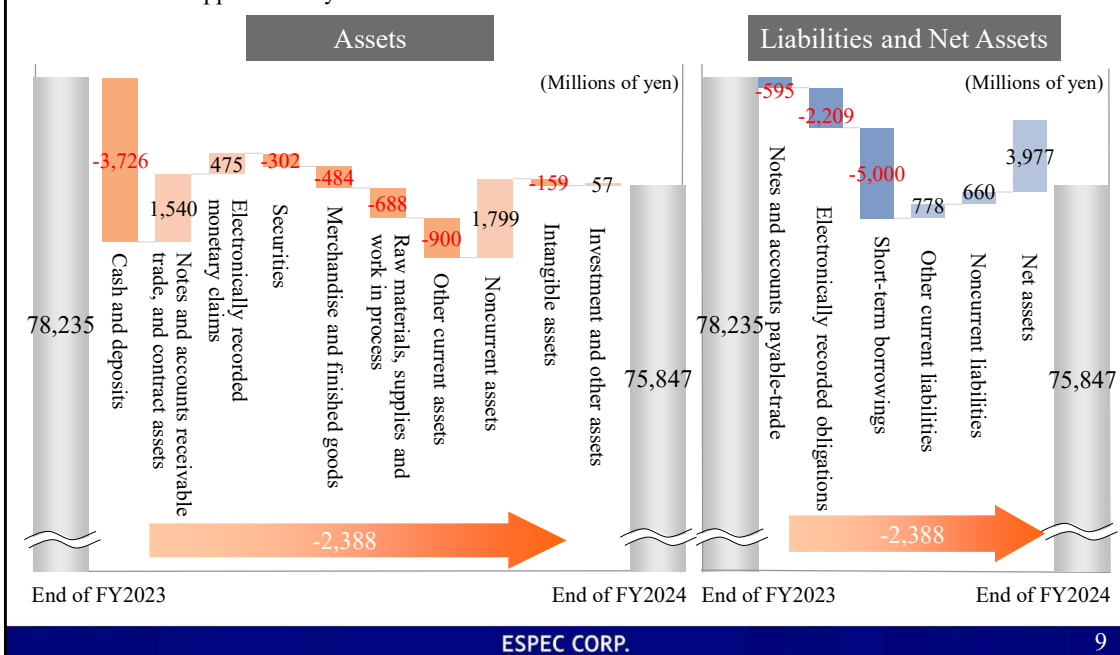
Here is an analysis of operating profit increase and decrease factors.

Despite an increase in selling, general and administrative expenses following sales expansion, operating profit increased by approximately ¥940 million year on year. This mainly reflecting the increase in sales in the Equipment and Service Businesses, as well as an improved cost of sales ratio in the Equipment Business.

Although the cost of sales ratio in the Service Business worsened, this was mainly due to an increase in personnel resulting from business expansion.

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.

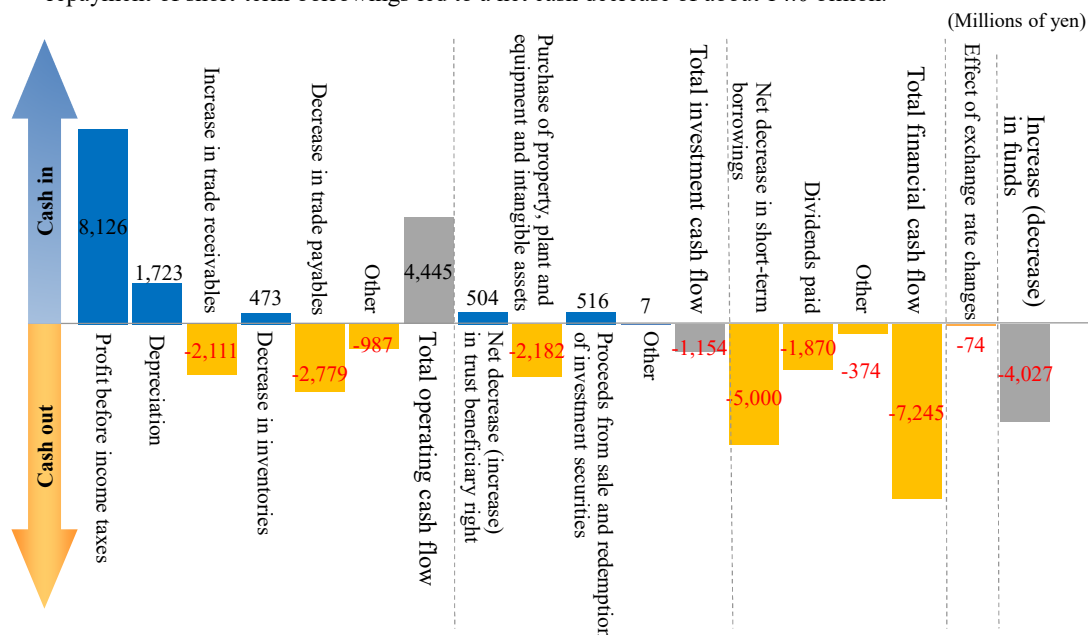


Next, I will talk about the status of assets and liabilities. Our total assets decreased by approximately ¥2.4 billion. This was mainly due to the repayment of short-term borrowings, despite increases in trade receivables due to sales expansion and increases in noncurrent assets.

We have been working to optimize inventory, and although order volume increased, inventory was reduced by approximately ¥1.2 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.



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Looking at the status of cash flows, operating activities provided net cash of approximately ¥4.4 billion. Investing activities used net cash of approximately ¥1.2 billion, mainly due to the acquisition of noncurrent assets such as the establishment of a laboratory testing facility. Financing activities used net cash of approximately ¥7.2 billion, primarily due to the repayment of short-term borrowings and dividend payments.

As a result, cash at the end of the fiscal year stood at approximately ¥12.8 billion, a decrease of around ¥4.0 billion from the previous fiscal year-end.

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.

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)

	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.

Next is the Service Business. In year-on-year comparisons, both orders received and net sales increased, mainly due to strong performance in laboratory testing services for EV batteries.

Operating profit increased year-on-year, mainly due to increased revenue from laboratory testing services.

Compared to the forecast, operating profit fell short due to deterioration in cost of sales ratio caused by increased activity and personnel. However, since personnel development is progressing, we expect improvement from FY2025 onward.

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%
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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.

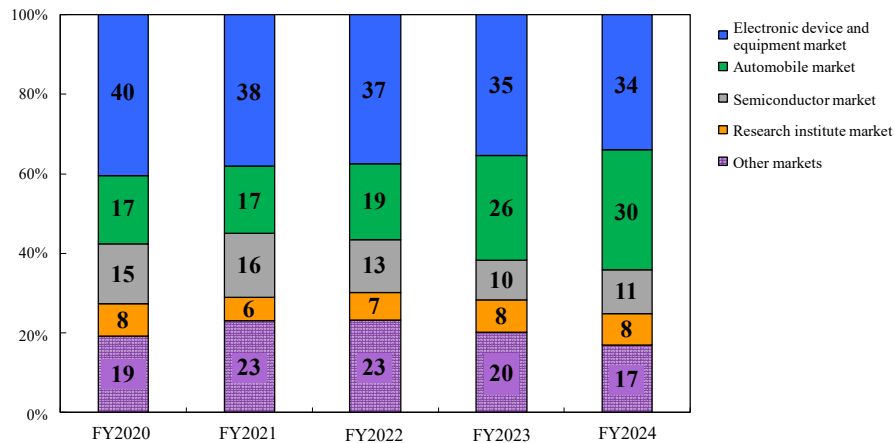
In the other businesses, both orders received and net sales increased year-on-year.

There was also special demand from the Osaka–Kansai Expo.

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)



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

The electronic device and equipment market, shown in blue, were level year on year, accounting for 34%.

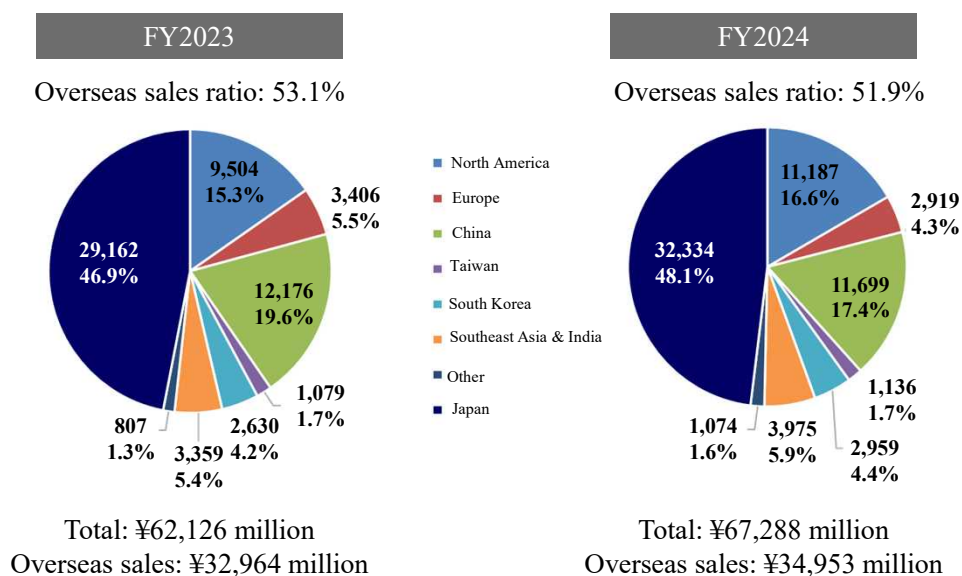
In the automobile market, displayed in green, sales related to EVs and batteries progressed, increasing by 4 points to 30%.

In the semiconductor market, shown in gray, sales increased slightly reaching 11%, and the orange-colored “research institute” was level year on year at 8%.

“Other markets” at the very bottom includes various kinds of industries such as chemistry, construction materials, food products, and cosmetics, and accounted for 17%.

Sales by Region

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



Next, I will explain net sales by region. The overseas sales ratio was 51.9%, a slight decline from the previous year.

In Japan, net sales increased as progress was made on recognizing sales related to EVs and batteries, and percentage among net sales also increased.

In North America, the satellite communications field performed strongly, and both sales and percentage among sales increased.

In Europe, sales and percentage among sales declined due to the economic slowdown.

In China, net sales were mostly unchanged from the previous fiscal year and percentage among sales decreased.

In Southeast Asia, net sales and percentage among sales increased.

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

The main initiatives for ESG in FY2024 are as seen here.

Basic Policy on Dividends and Results

Basic Policy on Dividends

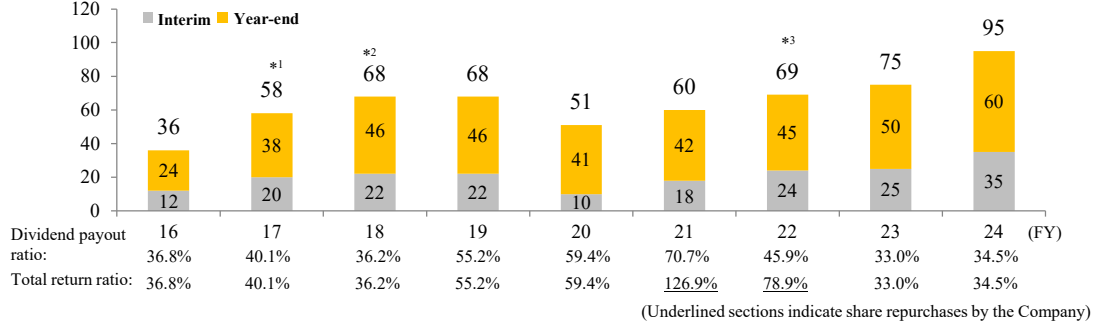
* May 15, 2025, announced revision to the Basic Policy on Dividends (p. 44)

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



*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.

Here we have the dividend results for this fiscal year.

In FY2024, the year-end dividend forecast has been increased by ¥15 from the initial plan, for a planned annual dividend of ¥95.

On May 15 we announced revision to the Basic Policy on Dividends. Details will be provided later.