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February 13, 2025

Consolidated Financial Results for the Nine Months Ended December 31, 2024 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 6859
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 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
December 31, 2024	46,297	9.7	4,917	16.7	5,213	17.2	3,845	24.6
December 31, 2023	42,189	17.3	4,211	74.3	4,447	65.0	3,085	80.6

Note: Comprehensive income For the nine months ended December 31, 2024 ¥ 4,831 million [14.9%]
 For the nine months ended December 31, 2023 ¥ 4,206 million [97.6%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended		
December 31, 2024	176.14	—
December 31, 2023	141.32	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
December 31, 2024	74,120	55,665	75.1	2,549.67
March 31, 2024	78,235	52,715	67.4	2,414.58

Reference: Equity As of December 31, 2024 ¥ 55,665 million
 As of March 31, 2024 ¥ 52,715 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	—	25.00	—	50.00	75.00
Fiscal year ending March 31, 2025	—	35.00	—		
Fiscal year ending March 31, 2025 (Forecast)				45.00	80.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of consolidated operating results for the fiscal year ending March 31, 2025 (From April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2025	65,000	4.6	7,000	6.3	7,200	4.0	5,200	4.6	238.18

Note: Revisions to the forecast of consolidated operating results most recently announced: None

*Notes

(1) Significant changes in the scope of consolidation during the period: None

Newly included: – companies (Company name)

Excluded: – companies (Company name)

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

For details, see “Notes to accounting methods specific to the preparation of the quarterly consolidated financial statements” on page 8.

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

For details, see “Notes to changes in accounting policies” on page 8.

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2024	23,781,394 shares
As of March 31, 2024	23,781,394 shares

(ii) Number of treasury shares at the end of the period

As of December 31, 2024	1,949,105 shares
As of March 31, 2024	1,949,085 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2024	21,832,300 shares
Nine months ended December 31, 2023	21,832,404 shares

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: None

* Proper use of earnings forecasts, and other special matters

Statements concerning the future such as the results forecasts, etc., included in this document are based on currently available information and certain assumptions judged reasonable and actual results, etc., may differ due to various factors. Please refer to “Description of consolidated operating forecasts and other forward-looking information” on page 3 for forecast assumptions and notes of caution for usage.

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1. Qualitative information concerning quarterly consolidated financial results

Forward-looking statements contained herein are based on the Group's judgment as of December 31, 2024.

(1) Description of operating results

During the first nine months of fiscal 2024, the year ending March 31, 2025, the ESPEC Group's business environment saw firm electronics- and automotive-related investments against a backdrop of the continued digitalization and decarbonization of society. From the production aspect, the Group increased its production capacity in Japan by increasing personnel, expanding production space, and utilizing outsourcing, with a view to clearing the order backlog and leveling the production load.

Looking at the Company's operating results for the nine months ended December 31, 2024, orders received increased 5.7% year on year to ¥50,920 million, mainly due to strong order trends in Japan. Net sales rose 9.7% year on year to ¥46,297 million, due to factors such as the effects of increasing domestic production capacity. On the profit front, operating profit was ¥4,917 million, a year-on-year increase of 16.7%. This increase was mainly due to higher sales, which offset an increase in selling, general and administrative expenses. Profit attributable to owners of parent increased by 24.6% year on year to ¥3,845 million.

	Previous consolidated 3 rd quarter (fiscal 2023) (Millions of yen)	This consolidated 3 rd quarter (fiscal 2024) (Millions of yen)	Change (%)
Orders received	48,190	50,920	5.7
Net sales	42,189	46,297	9.7
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

This consolidated 3rd quarter (Fiscal 2024)

	Orders received (Millions of yen)	Net sales (Millions of yen)	Operating profit (Millions of yen)
Equipment business	43,316	39,923	4,349
Service business	6,424	5,750	563
Other business	1,554	929	14
Elimination	(375)	(305)	(10)
Total	50,920	46,297	4,917

Equipment business

In the environmental test chambers field, in the Japanese market, both orders received and net sales for highly versatile standardized products increased year on year. Similarly for customized products, orders received and net sales both increased, reflecting strong performance trends mainly in the automotive-related area. In overseas market, orders received were mostly unchanged year on year, mainly due to increases in China and Korea. Net sales were higher year on year with the key factors being North America and Southeast Asia reporting increased sales, China's sales being mostly unchanged, and Europe reporting decreased sales.

In the energy devices equipment field, orders received decreased in comparison to the same period of the previous year, when there was a large project mainly in Japan. However, net sales increased substantially due to the recording of equipment sales for Japan and North America.

In the semiconductor equipment field, orders received increased substantially year on year due to an order acquired for a large server-related project. However, net sales decreased substantially due to the impact of memory-related investment restraint.

As a result, the equipment business on the whole saw orders received increased 4.2% to ¥43,316 million and net sales increased 9.9% year on year to ¥39,923 million. On the profit front, operating profit increased 15.6% year on year to ¥4,349 million mainly due to higher sales, while there was an increase in selling, general and administrative expenses.

	Previous consolidated 3 rd quarter (fiscal 2023) (Millions of yen)	This consolidated 3 rd quarter (fiscal 2024) (Millions of yen)	Change (%)
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

In the after-sales service and engineering field, orders received and net sales both increased year on year as both preventative maintenance services and repair services were solid.

In laboratory testing services and facility rentals, orders received and net sales both increased year on year, due to a brisk performance in laboratory testing services, centered on automotive rechargeable batteries.

As a result, the service business on the whole saw orders received increased 12.3% year on year to ¥6,424 million and net sales increased 7.2% to ¥5,750 million. On the profit front, the Company recorded operating profit of ¥563 million, an increase of 4.0% year on year, owing to an increase in net sales, while there was an increase in selling, general and administrative expenses due mainly to increased personnel.

	Previous consolidated 3 rd quarter (fiscal 2023) (Millions of yen)	This consolidated 3 rd quarter (fiscal 2024) (Millions of yen)	Change (%)
Orders received	5,720	6,424	12.3
Net sales	5,364	5,750	7.2
Operating profit	542	563	4.0

Other business

In the other business field, which is centered on the environmental conservation and plant production systems business, performance was strong in areas such as waterfront biotope restoration and plant research devices. As a result, orders received increased by 33.7% year on year to ¥1,554 million and net sales increased 17.1% to ¥929 million. On the profit front, operating profit increased by ¥103 million to ¥14 million.

	Previous consolidated 3 rd quarter (fiscal 2023) (Millions of yen)	This consolidated 3 rd quarter (fiscal 2024) (Millions of yen)	Change (%)
Orders received	1,162	1,554	33.7
Net sales	793	929	17.1
Operating profit (loss)	(89)	14	—

* There are marked seasonal fluctuations in the Group's performance based on quarterly sales because of a strong trend towards contractual deliveries occurring in the 2nd and 4th quarters as a result of customers' budget implementation.

(2) Description of financial position

Total assets at the end of the third quarter consolidated accounting period were ¥74,120 million, a decrease of ¥4,115 million over the end of the previous consolidated fiscal year. The major factors included a decrease of ¥2,960 million due to the collection of trade receivables (notes and accounts receivable-trade, contract assets, and electronically recorded monetary claims-operating) recorded at the end of the previous fiscal year, a decrease in cash and deposits of ¥2,669 million in connection with factors such as the repayment of short-term borrowings, and an increase of ¥1,480 million in inventories such as work in process in conjunction with an increase in order backlogs.

Liabilities were ¥18,455 million, a decrease of ¥7,064 million from the end of the previous fiscal year. Major factors included a decrease of ¥3,995 million in short-term borrowings, a decrease of ¥2,636 million in trade payables (notes and accounts payable-trade and electronically recorded obligations-operating), a decrease of ¥641 million in income taxes payable.

Net assets were ¥55,665 million, an increase of ¥2,949 million against the end of the previous fiscal year. The major factors included an increase of ¥1,963 million in retained earnings due to recording ¥3,845 million in profit attributable to owners of parent in the nine months ended December 31, 2024, while there was appropriation of ¥1,876 million in profits as dividends, along with an increase of ¥806 million in foreign currency translation adjustment accompanying the continued depreciation of the yen.

(3) Description of consolidated operating forecasts and other forward-looking information

Regarding the consolidated financial results forecasts for the full fiscal year ending March 31, 2025, the Company has not revised its initial forecasts because there are no circumstances that require us to revise our earnings plan.

2. Quarterly consolidated financial statements and significant notes

(1) Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	16,494	13,824
Notes and accounts receivable - trade, and contract assets	16,471	14,008
Electronically recorded monetary claims - operating	5,367	4,869
Securities	302	-
Merchandise and finished goods	3,226	3,314
Work in process	4,284	5,615
Raw materials and supplies	5,881	5,942
Other	2,711	1,862
Allowance for doubtful accounts	(63)	(54)
Total current assets	54,674	49,383
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,222	5,366
Land	5,226	5,244
Other, net	3,678	4,550
Total property, plant and equipment	14,126	15,161
Intangible assets		
Goodwill	1,621	1,437
Other	637	698
Total intangible assets	2,259	2,135
Investments and other assets	7,174	7,440
Total non-current assets	23,560	24,737
Total assets	78,235	74,120
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,523	4,034
Electronically recorded obligations - operating	4,443	2,295
Short-term borrowings	5,102	1,107
Income taxes payable	1,053	412
Provision for bonuses	621	214
Provision for bonuses for directors (and other officers)	14	-
Provision for product warranties	270	242
Provision for loss on orders received	5	1
Other	6,412	6,535
Total current liabilities	22,447	14,843
Non-current liabilities		
Long-term borrowings	128	26
Retirement benefit liability	264	262
Provision for share awards for directors (and other officers)	218	267
Provision for retirement benefits for directors (and other officers)	2	2
Asset retirement obligations	24	25
Other	2,433	3,025
Total non-current liabilities	3,072	3,611
Total liabilities	25,519	18,455

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Net assets		
Shareholders' equity		
Share capital	6,895	6,895
Capital surplus	7,053	7,053
Retained earnings	37,091	39,055
Treasury shares	(3,318)	(3,318)
Total shareholders' equity	47,722	49,685
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,110	2,306
Revaluation reserve for land	(663)	(663)
Foreign currency translation adjustment	3,434	4,241
Remeasurements of defined benefit plans	111	94
Total accumulated other comprehensive income	4,993	5,979
Total net assets	52,715	55,665
Total liabilities and net assets	78,235	74,120

(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income

Quarterly consolidated statements of income

(Nine months ended December 31, 2024)

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Net sales	42,189	46,297
Cost of sales	27,026	29,486
Gross profit	15,163	16,811
Selling, general and administrative expenses		
Salaries and allowances	3,357	3,670
Provision for bonuses	66	81
Provision for share awards for directors (and other officers)	57	44
Provision for product warranties	106	72
Provision of allowance for doubtful accounts	–	23
Amortization of goodwill	136	189
Other	7,228	7,812
Total selling, general and administrative expenses	10,951	11,894
Operating profit	4,211	4,917
Non-operating income		
Interest income	34	44
Dividend income	158	206
Subsidy income	43	50
Reversal of allowance for doubtful accounts	0	–
Other	54	74
Total non-operating income	291	375
Non-operating expenses		
Interest expenses	20	16
Commission expenses	6	7
Foreign exchange losses	15	50
Other	13	5
Total non-operating expenses	56	79
Ordinary profit	4,447	5,213
Extraordinary income		
Gain on sale of non-current assets	1	1
Gain on sale of investment securities	–	106
Total extraordinary income	1	108
Extraordinary losses		
Loss on sale of non-current assets	0	–
Loss on retirement of non-current assets	6	2
Total extraordinary losses	6	2
Profit before income taxes	4,442	5,319
Income taxes - current	1,347	1,473
Profit	3,095	3,845
Profit attributable to non-controlling interests	9	–
Profit attributable to owners of parent	3,085	3,845

Quarterly consolidated statements of comprehensive income

(Nine months ended December 31, 2024)

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Profit	3,095	3,845
Other comprehensive income		
Valuation difference on available-for-sale securities	424	196
Foreign currency translation adjustment	685	806
Remeasurements of defined benefit plans, net of tax	0	(17)
Total other comprehensive income	1,111	985
Comprehensive income	4,206	4,831
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,196	4,831
Comprehensive income attributable to non-controlling interests	9	–

(3) Notes to the quarterly consolidated financial statements

Notes to changes in accounting policies

Application of the accounting standard for current income taxes and other related standards

Effective from the beginning of the first three months of fiscal 2024, the year ending March 31, 2025, the Company has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022) and other related standards. This change in accounting policy has had no effect on the Company.

Notes to accounting methods specific to the preparation of the quarterly consolidated financial statements

For tax expenses, the Company has adopted the method of reasonably estimating the effective tax rate after applying tax effect accounting to profit before income taxes for the current consolidated fiscal year, and then multiplying quarterly profit before income taxes by the relevant estimated effective tax rate. However, when the tax expenses calculated using the relevant estimated effective tax rate are notably irrational, tax expenses shall be calculated using the statutory effective tax rate.

Notes on segment information, etc.

Segment information

I Previous consolidated 3rd quarter (from April 1, 2023 to December 31, 2023)

1. Information concerning the net sales and profit or loss of each reportable segment

	Reportable segment			Total	Adjustment ¹	Carried amount on quarterly consolidated statements of income ²
	Equipment business	Service business	Other business			
Net sales						
(1) Sales to external customers	36,284	5,129	775	42,189	–	42,189
(2) Internal sales or transfers between segments	37	235	18	290	(290)	–
Total	36,322	5,364	793	42,480	(290)	42,189
Segment profit (loss)	3,761	542	(89)	4,214	(2)	4,211

1. Adjustment for segment profit (loss) mainly represents eliminations of inter-segment transactions.

2. Segment profit (loss) was reconciled with the operating profit presented in the quarterly consolidated statement of income.

2. Information related to impairment loss on non-current assets, and goodwill, etc. for each reportable segment

Significant changes in the amount of goodwill

In the equipment business segment, COSMOPIA HIGHTECH CORP. accepted the transfer of business from Johnson Controls-Hitachi Air Conditioning Inc. The amount of goodwill increased by ¥1,191 million due to this event.

II This consolidated 3rd quarter (from April 1, 2024 to December 31, 2024)

1. Information concerning the net sales and profit or loss of each reportable segment

	Reportable segment			Total	Adjustment ¹	Carried amount on quarterly consolidated statements of income ²
	Equipment business	Service business	Other business			
Net sales						
(1) Sales to external customers	39,874	5,511	911	46,297	–	46,297
(2) Internal sales or transfers between segments	49	238	17	305	(305)	–
Total	39,923	5,750	929	46,603	(305)	46,297
Segment profit	4,349	563	14	4,927	(10)	4,917

1. Adjustment for segment profit mainly represents eliminations of inter-segment transactions.

2. Segment profit was reconciled with the operating profit presented in the quarterly consolidated statement of income.

2. Information related to impairment loss on non-current assets, and goodwill, etc. for each reportable segment

Significant changes in the amount of goodwill

There were no significant changes in the amount of goodwill during the nine months ended December 31, 2024.

Notes on significant changes in shareholders' equity
Not applicable

Notes on the assumption of a going concern
Not applicable

Notes to the quarterly consolidated statements of cash flows

The Company has not prepared quarterly consolidated statement of cash flows for the first nine months of fiscal 2024, the year ending March 31, 2025. Depreciation (including amortization related to intangible assets other than goodwill) and amortization of goodwill for the first nine months of fiscal 2024 are as follows.

	(Millions of yen)	
	Previous consolidated 3 rd quarter (from April 1, 2023 to December 31, 2023)	This consolidated 3 rd quarter (from April 2024 to December 31, 2024)
Depreciation	1,125	1,352
Amortization of goodwill	136	189