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August 7, 2025

Consolidated Financial Results for the Three Months Ended June 30, 2025 (Under Japanese GAAP)

Company name: ESPEC CORP.
 Listing: Tokyo Stock Exchange
 Securities code: 6859
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 Scheduled date to commence dividend payments: —
 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 three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

(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	%
Three months ended June 30, 2025	12,323	(10.0)	335	(63.7)	344	(69.1)	107	(85.8)
June 30, 2024	13,691	11.5	922	16.8	1,114	17.6	756	33.8

Note: Comprehensive income For the three months ended June 30, 2025 ¥ 81 million [(95.7)%]
 For the three months ended June 30, 2024 ¥ 1,915 million [7.1%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2025	4.94	—
June 30, 2024	34.65	—

(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 June 30, 2025	73,380	55,450	75.6	2,539.87
March 31, 2025	75,847	56,693	74.7	2,596.78

Reference: Equity As of June 30, 2025 ¥ 55,450 million
 As of March 31, 2025 ¥ 56,693 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, 2025	—	35.00	—	60.00	95.00
Fiscal year ending March 31, 2026	—				
Fiscal year ending March 31, 2026 (Forecast)		45.00	—	70.00	115.00

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, 2026 (From April 1, 2025 to March 31, 2026)

(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
Six months ending September 30, 2025	31,000	1.8	3,350	1.6	3,450	1.5	2,500	1.9	114.51
Fiscal year ending March 31, 2026	68,000	1.1	8,500	12.9	8,650	11.0	6,190	3.1	283.53

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: None

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

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

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

As of June 30, 2025	23,781,394 shares
As of March 31, 2025	23,781,394 shares

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

As of June 30, 2025	1,949,204 shares
As of March 31, 2025	1,949,204 shares

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

Three months ended June 30, 2025	21,832,190 shares
Three months ended June 30, 2024	21,832,309 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 June 30, 2025.

(1) Description of operating results

During the first three months of fiscal 2025, the year ending March 31, 2026, against a backdrop of the digitalization and decarbonization of society, the ESPEC Group's business environment saw firm testing demand for electronics components and electronics equipment as a result of the spread of generative AI in the electronics market while investment for development purposes in the automotive market also continued. Investment in satellite communications in North America was also firm.

Looking at the Company's operating results for the three months ended June 30, 2025, orders received increased 11.4% year on year to ¥18,921 million, mainly due to strong order trends in Japan and North America. As for net sales, while the Group increased its production capacity in Japan in the previous fiscal year, there were many orders with long lead times such as large-scale products and bulk orders of multiple units, and net sales in the three months ended June 30, 2025, decreased by 10.0% year on year to ¥12,323 million. On the profit front, operating profit was ¥335 million, a year-on-year decrease of 63.7%, mainly due to the decrease in net sales. Profit attributable to owners of parent decreased by 85.8% year on year to ¥107 million.

	Previous consolidated 1 st quarter (fiscal 2024) (Millions of yen)	This consolidated 1 st quarter (fiscal 2025) (Millions of yen)	Change (%)
Orders received	16,988	18,921	11.4
Net sales	13,691	12,323	(10.0)
Operating profit	922	335	(63.7)
Ordinary profit	1,114	344	(69.1)
Profit attributable to owners of parent	756	107	(85.8)

Performance by segment

This consolidated 1st quarter (Fiscal 2025)

	Orders received (Millions of yen)	Net sales (Millions of yen)	Operating profit (loss) (Millions of yen)
Equipment business	15,755	10,344	418
Service business	2,266	1,832	(41)
Other business	1,025	256	(41)
Elimination	(125)	(109)	(0)
Total	18,921	12,323	335

Equipment business

In the environmental test chambers field, in the Japanese market, orders received for highly versatile standardized products and customized products increased year on year, however net sales decreased as there were many orders with long lead times such as large-scale products and bulk orders of multiple units. In overseas markets, orders received increased year on year in North America, Southeast Asia, and Taiwan. However, net sales decreased mainly in Europe and China, and also in North America given timing delays due to customers' circumstances.

In the energy devices equipment field, the investment cycle in bulk projects for EV batteries ran its course, and both orders received and net sales decreased year on year.

In the semiconductor equipment field, there were communications- and automotive-related projects, and both orders received and net sales increased significantly year on year.

As a result, the equipment business on the whole saw orders received increase 8.6% to ¥15,755 million and net sales decrease 12.5% year on year to ¥10,344 million. On the profit front, operating profit decreased 48.4% year on year to ¥418 million due to the decrease in net sales.

	Previous consolidated 1 st quarter (fiscal 2024) (Millions of yen)	This consolidated 1 st quarter (fiscal 2025) (Millions of yen)	Change (%)
Orders received	14,510	15,755	8.6
Net sales	11,827	10,344	(12.5)
Operating profit	810	418	(48.4)

Service business

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

In laboratory testing services and facility rentals, laboratory testing services were firm, and both orders received and net sales remained largely unchanged year on year.

As a result, the service business on the whole saw orders received increase 3.6% year on year to ¥2,266 million and net sales increase 3.6% to ¥1,832 million. However, on the profit front, there was an operating loss of ¥41 million as cost of sales and selling, general and administrative expenses increased mainly due to higher depreciation and increased personnel to support business expansion.

	Previous consolidated 1 st quarter (fiscal 2024) (Millions of yen)	This consolidated 1 st quarter (fiscal 2025) (Millions of yen)	Change (%)
Orders received	2,186	2,266	3.6
Net sales	1,767	1,832	3.6
Operating profit (loss)	147	(41)	—

Other business

In the other business field, which is centered on the environmental conservation and plant production systems businesses, performance was firm in reforestation, and we secured large orders in the areas of plant research devices and plant factories.

As a result, orders received increased 143.1% year on year to ¥1,025 million and net sales increased 23.3% to ¥256 million. However, on the profit front, there was an operating loss of ¥41 million.

	Previous consolidated 1 st quarter (fiscal 2024) (Millions of yen)	This consolidated 1 st quarter (fiscal 2025) (Millions of yen)	Change (%)
Orders received	421	1,025	143.1
Net sales	207	256	23.3
Operating loss	(34)	(41)	—

* 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 first quarter consolidated accounting period were ¥73,380 million, a decrease of ¥2,467 million from the end of the previous fiscal year. The major factors included a decrease of ¥4,914 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, an increase of ¥1,506 million in inventories such as work in process in conjunction with an increase in order backlogs, and an increase in cash and deposits of ¥795 million.

Liabilities were ¥17,929 million, a decrease of ¥1,224 million from the end of the previous fiscal year. The major factors included a decrease of ¥758 million in income taxes payable, and a decrease of ¥519 million in trade payables (notes and accounts payable-trade and electronically recorded obligations-operating).

Net assets were ¥55,450 million, a decrease of ¥1,242 million against the end of the previous fiscal year. The major factors included a decrease of ¥1,216 million in retained earnings due to appropriation of ¥1,324 million in profits as dividends while recording ¥107 million in profit attributable to owners of parent in the three months ended June 30, 2025.

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

Regarding the consolidated financial results forecasts for the first half and full year of the fiscal year ending March 31, 2026, 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, 2025	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	12,768	13,563
Notes and accounts receivable - trade, and contract assets	18,011	12,587
Electronically recorded monetary claims - operating	5,842	6,351
Merchandise and finished goods	2,741	3,048
Work in process	3,763	4,980
Raw materials and supplies	5,714	5,696
Other	1,807	1,758
Allowance for doubtful accounts	(60)	(60)
Total current assets	50,589	47,927
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,080	5,973
Land	5,221	5,230
Other, net	4,624	4,458
Total property, plant and equipment	15,925	15,662
Intangible assets		
Goodwill	1,368	1,303
Other	731	698
Total intangible assets	2,100	2,001
Investments and other assets	7,232	7,789
Total non-current assets	25,257	25,453
Total assets	75,847	73,380
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,928	3,717
Electronically recorded obligations - operating	2,234	1,926
Short-term borrowings	101	73
Income taxes payable	1,072	313
Provision for bonuses	653	878
Provision for bonuses for directors (and other officers)	17	—
Provision for share awards for directors (and other officers)	144	—
Provision for product warranties	242	240
Provision for loss on orders received	3	2
Other	7,023	6,984
Total current liabilities	15,421	14,136
Non-current liabilities		
Long-term borrowings	25	—
Retirement benefit liability	90	96
Provision for share awards for directors (and other officers)	148	157
Provision for retirement benefits for directors (and other officers)	2	2
Asset retirement obligations	25	25
Other	3,440	3,510
Total non-current liabilities	3,732	3,792
Total liabilities	19,153	17,929

	As of March 31, 2025	As of June 30, 2025
Net assets		
Shareholders' equity		
Share capital	6,895	6,895
Capital surplus	7,053	7,053
Retained earnings	41,212	39,996
Treasury shares	(3,318)	(3,318)
Total shareholders' equity	51,843	50,626
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,095	2,458
Revaluation reserve for land	(678)	(678)
Foreign currency translation adjustment	3,190	2,813
Remeasurements of defined benefit plans	243	231
Total accumulated other comprehensive income	4,850	4,824
Total net assets	56,693	55,450
Total liabilities and net assets	75,847	73,380

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

Quarterly consolidated statements of income

(Three months ended June 30, 2025)

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Net sales	13,691	12,323
Cost of sales	8,890	8,125
Gross profit	4,800	4,197
Selling, general and administrative expenses		
Salaries and allowances	1,192	1,157
Provision for bonuses	90	99
Provision for product warranties	11	26
Provision for share awards for directors (and other officers)	16	13
Amortization of goodwill	63	62
Other	2,503	2,503
Total selling, general and administrative expenses	3,878	3,862
Operating profit	922	335
Non-operating income		
Interest income	13	13
Dividend income	87	49
Foreign exchange gains	72	—
Other	30	30
Total non-operating income	204	94
Non-operating expenses		
Interest expenses	7	9
Commission expenses	2	2
Foreign exchange losses	—	70
Other	3	2
Total non-operating expenses	12	85
Ordinary profit	1,114	344
Extraordinary income		
Gain on sale of non-current assets	0	0
Gain on sale of investment securities	106	—
Total extraordinary income	107	0
Extraordinary losses		
Loss on retirement of non-current assets	1	0
Total extraordinary losses	1	0
Profit before income taxes	1,221	344
Income taxes - current	464	237
Profit	756	107
Profit attributable to owners of parent	756	107

Quarterly consolidated statements of comprehensive income

(Three months ended June 30, 2025)

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Profit	756	107
Other comprehensive income		
Valuation difference on available-for-sale securities	75	363
Foreign currency translation adjustment	1,089	(376)
Remeasurements of defined benefit plans, net of tax	(5)	(12)
Total other comprehensive income	1,159	(26)
Comprehensive income	1,915	81
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,915	81

(3) Notes to the quarterly consolidated financial statements

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 1st quarter (from April 1, 2024 to June 30, 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	11,801	1,691	198	13,691	—	13,691
(2) Internal sales or transfers between segments	26	76	9	112	(112)	—
Total	11,827	1,767	207	13,803	(112)	13,691
Segment profit (loss)	810	147	(34)	923	(1)	922

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

There were no significant changes in the amount of goodwill during the three months ended June 30, 2024.

II This consolidated 1st quarter (from April 1, 2025 to June 30, 2025)

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	10,313	1,757	252	12,323	—	12,323
(2) Internal sales or transfers between segments	30	74	3	109	(109)	—
Total	10,344	1,832	256	12,432	(109)	12,323
Segment profit (loss)	418	(41)	(41)	335	(0)	335

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

There were no significant changes in the amount of goodwill during the three months ended June 30, 2025.

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 three months of fiscal 2025, the year ending March 31, 2026. Depreciation (including amortization related to intangible assets other than goodwill) and amortization of goodwill for the first three months of fiscal 2025 are as follows.

	(Millions of yen)	
	Previous consolidated 1 st quarter (from April 1, 2024 to June 30, 2024)	This consolidated 1 st quarter (from April 2025 to June 30, 2025)
Depreciation	440	493
Amortization of goodwill	63	62

Material Subsequent Events

At the meeting of the Board of Directors held on August 7, 2025, the Company resolved to introduce a Trust-type Employee Shareholding Incentive Plan (E-Ship®) (hereafter the "Plan"), for the purpose of giving an incentive to the employees of the Company to enhance corporate value in the medium- to long-term, improving their benefits, and encouraging steady growth of the Company by elevating their work motivation through capital participation, as described below.

Also, with the introduction of the Plan, at the meeting of the Board of Directors held on the same day, the Company resolved to dispose of treasury shares through a third-party allocation (hereafter, the "Disposal of Treasury Shares").

1. Overview of the Plan

The Plan is an incentive plan for all employees participating in the ESPEC Employee Stockholding Association (the "Shareholding Association"). Under the Plan, the Company will establish a ESPEC Employee Shareholding Incentive Plan Trust (the "E-Ship Trust") with a trust bank. The E-Ship Trust will acquire, in advance, through a third-party allotment from the Company, a number of the Company's shares equivalent to the number that the Shareholding Association is expected to acquire over the next 2 years and 8 months, using loans from financial institutions as funds.

Subsequently, the E-Ship Trust will continuously sell the Company's shares to the Shareholding Association. If any gains on the sale of shares have accumulated in the E-Ship Trust at the termination of the trust, then these gains will be distributed as residual assets to employees who meet the requirements for eligible beneficiaries. Furthermore, as the Company will become the guarantor of the loans taken by E-Ship Trust to acquire the Company's shares, if any losses on the sale of shares have accumulated in the E-Ship Trust owing to a decline in the price of the Company's shares, and there are any outstanding loans payable equivalent to these losses in the E-Ship Trust at the termination of the trust, the Company will repay these remaining loans payable.

2. Overview of the E-Ship Trust

(1) Name: ESPEC Employee Shareholding Incentive Plan Trust

(2) Trustor: The Company

(3) Trustee: The Nomura Trust and Banking Co., Ltd.

(4) Beneficiary:

Those who meet the beneficiary eligibility requirements (certain prescribed procedures must be completed after occurrence of the events determining the beneficial interests)

(5) Date of conclusion of the trust agreement: August 7, 2025

(6) Trust period: From August 7, 2025 to March 29, 2028

(7) Purpose of the trust:

Stable and continuous supply of shares to the Shareholding Association and distribution of trust assets to those who meet the beneficiary eligibility requirements.

(8) Beneficiary eligibility requirements:

All persons who are alive and participants in the Shareholding Association on the start date of the beneficiary determination procedures (the date on which the trust term ends and the trust assets are converted into cash; the date on which all shares of the Company held as trust assets are sold to the Shareholding Association, etc.) (including persons, who, from August 7, 2025 to the start date of the beneficiary determination procedures, have resigned from the Shareholder Association because they reached the compulsory retirement age, transferred, or were promoted to an officer).

3. Overview of the Disposal of Treasury Shares

(1) Date of disposal: August 7, 2025

(2) Number of shares for disposal: 135,500 shares

(3) Disposal price: ¥3,320 per share

(4) Total amount of disposal: ¥449,860,000

(5) Scheduled disposal recipient:

The Nomura Trust and Banking Co., Ltd. (ESPEC Employee Shareholding Incentive Plan Trust Account)

(6) Other matters: The Disposal of Treasury Shares is contingent on effectuation of a securities registration statement.