

Securities ID code: 6859

ESPEC CORP.

Financial Results for FY2025 **(Fiscal Year Ended March 31, 2026)**

May 25, 2026
President
Satoshi Arata

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FY2025 Full-Year Results

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Forecast for FY2026

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Revision of the Medium-Term Management Plan

Reference materials

- Company Profile & Business Overview
- Sustainability Initiatives

Key Points of Results for the Fiscal Year Ended March 31, 2026

■ Full-Year Results for FY2025

- Announced the Medium-Term Management Plan PROGRESSIVE PLUS 2027 (FY2025–2027)
- Orders received and net sales were strong, mainly in target markets (AI semiconductors, satellite communications), and reached record highs.
- On the profit side, declines were mainly due to deterioration in profitability in the China market and in laboratory testing services, as well as an increase in SG&A expenses, leading to revisions to the targets of the medium-term management plan.

■ Forecast for FY2026

- As an important year toward achieving the revised targets of the medium-term management plan, maintain orders received at a high level, and aim for record-high net sales and operating profit, with both revenue and profit increasing. Steadily execute the growth strategy while strengthening the financial strategy and implementing “management conscious of cost of capital and share price.”
- While there are concerns about a slowdown in the global economy due to the impact of heightened tensions in the Middle East, at this point we view the direct impact as limited.
It is difficult to forecast future impacts, and we will continue to monitor the situation.

■ Revision of the Medium-Term Management Plan

- Based on the full year results for FY2025 and progress on the strategy, we will revise net sales upward from the initial plan and revise profits downward; however, by implementing various improvements, we will steadily achieve an operating profit ratio of 12% (record high).
We will promote the establishment of a lean, sustainable, and highly profitable earnings model with an eye to the future.
- ROE will be maintained at 12.0% or higher through strengthened financial capital strategy.

FY2025 Full-Year Results

FY2025 Full-Year Financial Summary

- In terms of orders received, they remained strong in the AI semiconductor field in Japan, Southeast Asia, and Taiwan, and expanded significantly in the satellite communications field in North America. They exceeded the previous fiscal year and the revised forecast, reaching a record high.
- In terms of net sales, Japan, North America, and Southeast Asia performed strongly, exceeding the previous fiscal year and the revised forecast, reaching a record high.
- In terms of operating profit, although profitability improvements for custom products progressed, it fell below the previous fiscal year and the revised forecast due to deterioration in profitability in the China market and laboratory testing services, and an increase in SG&A expenses.

	Year on Year		Comparison with Forecasts (Revised on 2025/11/13)	
Orders Received	Increase	Orders increased in Equipment Business (environmental test chambers) and Other Business, while Service Business (laboratory testing services) declined.	Above	Orders exceeded in Equipment Business (environmental test chambers) and Other Business, while Service Business (laboratory testing services) fell short.
Net Sales	Increase	Sales increased in Equipment Business (environmental test chambers were about the same as last year, while semiconductor-related equipment increased) and Other Business, while Service Business declined due to a decrease in laboratory testing services and was about the same as last year.	Above	Equipment Business and Other Business exceeded; Service Business, mainly laboratory testing services, fell short.
Operating Profit	Decrease	Equipment Business saw higher revenue, but was in line with the previous fiscal year due to increased SG&A expenses; Service Business decreased due to a decline in laboratory testing services revenue and an increase in depreciation; Other Business increased.	Below	Equipment Business fell short mainly due to deteriorating profitability in the China market and increased SG&A expenses; Service Business fell short mainly due to insufficient net sales in laboratory testing services; Other Business exceeded.
Profit Attributable to Owners of Parent	Unchanged	Although gain on sale of investment securities was recorded, results were below the previous fiscal year due to the recording of an impairment loss on laboratory testing services facilities	Above	In line with forecasts due to the recording of gain on sale of investment securities.

■ Shareholder returns Dividend forecast: Interim ¥45, Year-end ¥70, Annual ¥115 Payout ratio: 42.5%
 Ongoing share purchases by the Company: November 14, 2025 to July 31, 2026; up to 900,000 shares (4.05% of total shares outstanding), up to ¥3.5 billion
 → In FY2025, 550,000 shares and approximately ¥1.9 billion were executed Total payout ratio: 75.3%

Summary of Profits and Losses

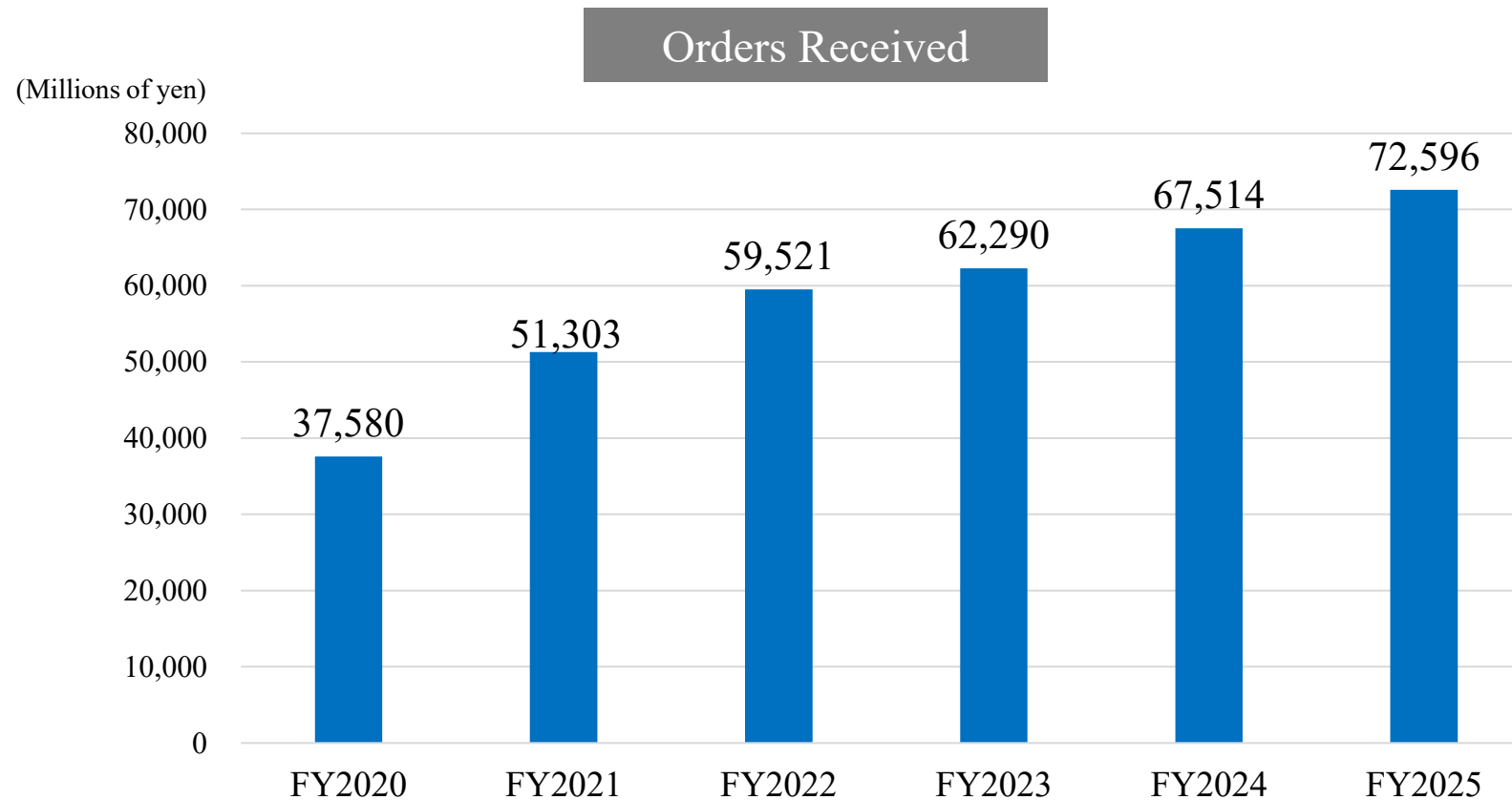
(Millions of yen)	FY2024 Results	FY2025 Initial Forecasts	FY2025 Revised Forecasts (Revised in Nov. 2025)	FY2025 Results	Year on Year	Comparison with Initial Forecasts	Comparison with Revised Forecasts
Orders Received	67,514	66,000	69,000	72,596	+7.5%	+10.0%	+5.2%
Net Sales	67,288	68,000	68,000	70,034	+4.1%	+3.0%	+3.0%
Cost of Sales	43,300	42,600	43,800	45,739	+5.6%	+7.4%	+4.4%
Cost Ratio	64.4%	62.6%	64.4%	65.3%	+0.9pt	+2.7pt	+0.9pt
Gross Profit	23,987	25,400	24,200	24,295	+1.3%	-4.4%	+0.4%
Profit Ratio	35.6%	37.4%	35.6%	34.7%	-0.9pt	-2.7pt	-0.9pt
SG&A	16,460	16,900	16,600	17,210	+4.6%	+1.8%	+3.7%
Operating Profit	7,526	8,500	7,600	7,084	-5.9%	-16.7%	-6.8%
Profit Ratio	11.2%	12.5%	11.2%	10.1%	-1.1pt	-2.4pt	-1.1pt
Ordinary Profit	7,793	8,650	7,750	7,473	-4.1%	-13.6%	-3.6%
Profit Attributable to Owners of Parent	6,003	6,190	5,800	5,879	-2.1%	-5.0%	+1.4%
ROE	11.0%	11.0%	10.0%	10.0%	-1.0pt	-1.0pt	±0pt

Performance by Segment

(Millions of yen)		FY2024 Results	FY2025 Initial Forecasts	FY2025 Revised Forecasts (Revised in Nov. 2025)	FY2025 Results	Year on Year	Comparison with Initial Forecasts	Comparison with Revised Forecasts
Equipment Business	Orders Received	57,283	55,500	58,640	62,216	+8.6%	+12.1%	+6.1%
	Net Sales	57,507	57,600	57,560	59,468	+3.4%	+3.2%	+3.3%
	Operating Profit	6,610	7,340	6,980	6,606	-0.1%	-10.0%	-5.3%
Service Business	Orders Received	8,532	9,200	8,520	8,294	-2.8%	-9.8%	-2.6%
	Net Sales	8,425	9,200	8,640	8,327	-1.2%	-9.5%	-3.6%
	Operating Profit	793	1,080	500	228	-71.2%	-78.9%	-54.4%
Other Business	Orders Received	2,170	1,800	2,340	2,529	+16.5%	+40.5%	+8.1%
	Net Sales	1,758	1,700	2,300	2,747	+56.3%	+61.6%	+19.4%
	Operating Profit	126	80	120	239	+88.7%	+198.9%	+99.7%
Elimination	Orders Received	-472	-500	-500	-442	-	-	-
	Net Sales	-403	-500	-500	-507	-	-	-
	Operating Profit	-4	0	0	10	-	-	-
Total	Orders Received	67,514	66,000	69,000	72,596	+7.5%	+10.0%	+5.2%
	Net Sales	67,288	68,000	68,000	70,034	+4.1%	+3.0%	+3.0%
	Operating Profit	7,526	8,500	7,600	7,084	-5.9%	-16.7%	-6.8%

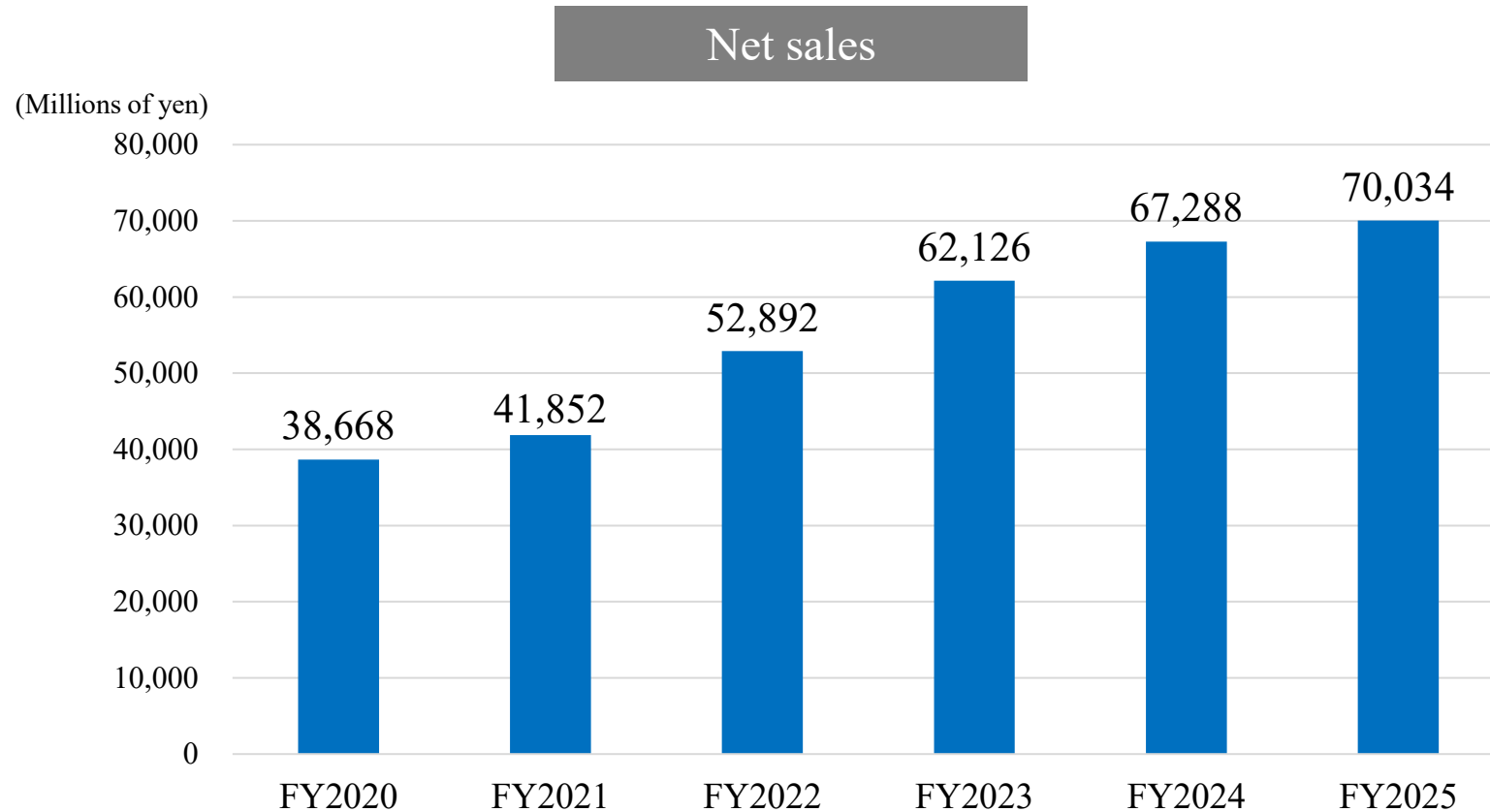
Orders Received in FY2025

Orders received marked a new record high for the fifth consecutive fiscal year. North America, Southeast Asia, and Taiwan increased; China and Europe remained flat; Japan and Korea decreased.



Net Sales in FY2025

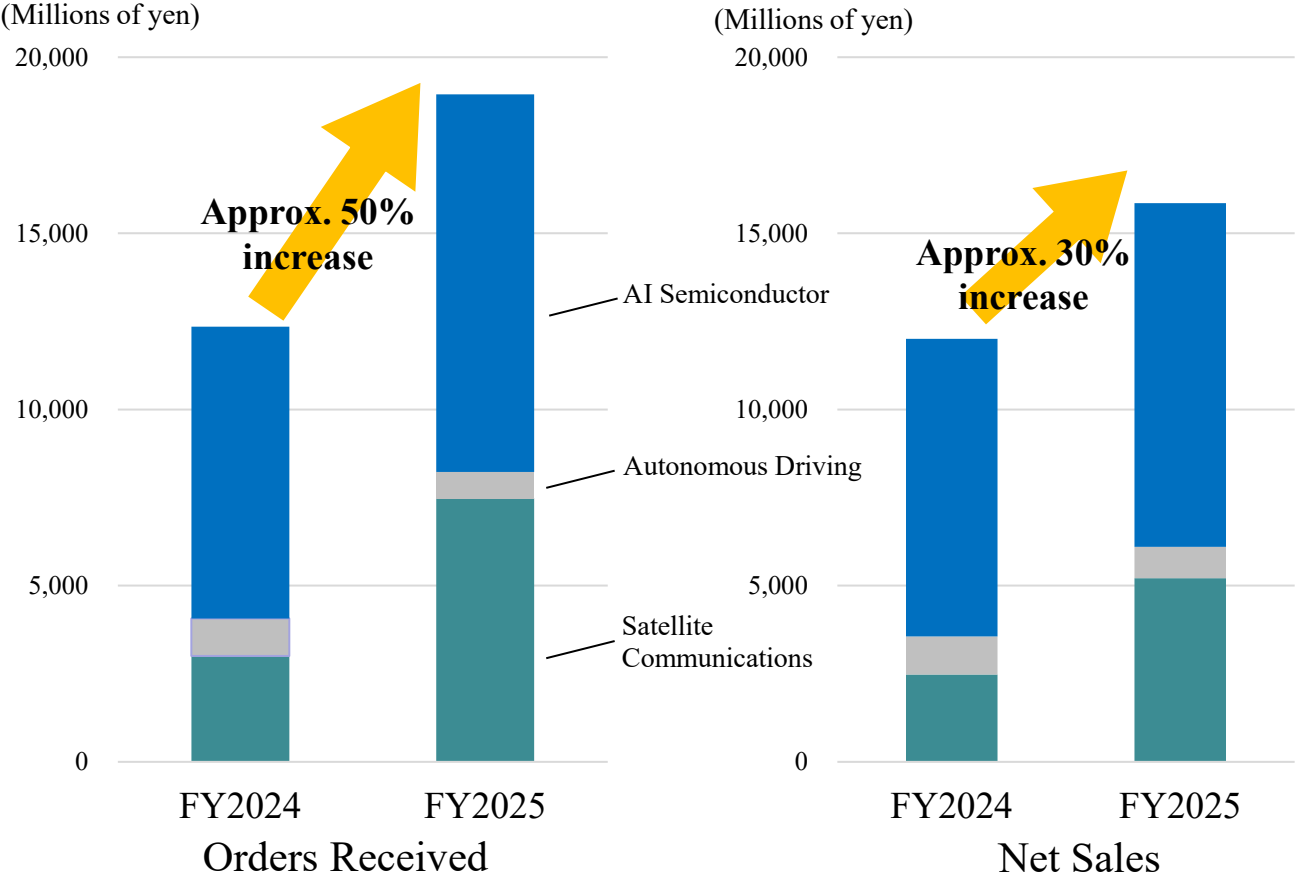
Net sales renewed record highs for the fourth consecutive fiscal year.
Japan, North America, Southeast Asia, and Taiwan increased; China remained flat;
Europe and Korea decreased.



FY2025 Development Status of Target Markets

Orders received in target markets (AI semiconductors, autonomous driving, and satellite communications) increased by approximately 50%, while net sales increased by approximately 30%.

AI semiconductors increased in Japan, Southeast Asia, and Taiwan, satellite communications increased significantly in North America, and no major fluctuations were seen in autonomous driving.



	Test Targets	Products Provided
AI Semiconductor Field	AI servers Semiconductors Electronic components (HDDs, SSDs etc.) Electronic materials	Temperature & Humidity Chambers Walk-In Chambers High-power Temperature & Humidity Chambers Rapid-rate Thermal Cycle Chambers Thermal Shock Chambers Highly Accelerated Stress Test Systems HDD Inspection Systems Burn-In Chamber Evaluation System
Autonomous Driving Field	Integrated ECUs Sensing devices	Temperature & Humidity Chambers Walk-In Chambers High-power Temperature & Humidity Chambers Bench-top Type Temperature (& Humidity) Chambers Thermal Shock Chambers
Satellite Communications Field	Low earth orbit (LEO) satellites Satellite-mounted components	HALT Test Systems Temperature & Humidity Chambers Walk-In Chambers Altitude Temperature Chamber High-power Temperature & Humidity Chambers Thermal Shock Chambers Bench-top Type Temperature (& Humidity) Chambers

AI Semiconductor Market: Applications for Environmental Test Chambers

As generative AI spreads throughout society, demand is increasing for environmental testing aimed at evaluating the reliability of AI servers and the semiconductors, storage devices, electronic components, and electronic materials that comprise them.



AI Servers

<Main Customers>

- Server manufacturers
- High-performance computing (HPC) manufacturers

<Main Applications>
Durability (environmental resistance) evaluation
Reliability evaluation



For AI Servers:

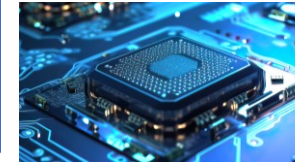
Constant temperature and humidity chamber supporting high heat-generation loads

Semiconductors, storage

GPUs, memory, logic

<Main Customers>

- Semiconductor manufacturers
- Foundries



<Main Applications>

Accelerated stress testing
Screening (inspection)

Electronic components

Capacitors, semiconductor boards, power supplies

<Main Customers>

- Electronic component manufacturers
- Semiconductor board manufacturers



<Main Applications>

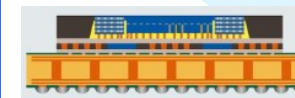
Electrical characteristic evaluation (conductivity, etc.)
Operational testing

Electronic materials

Board materials, insulating materials

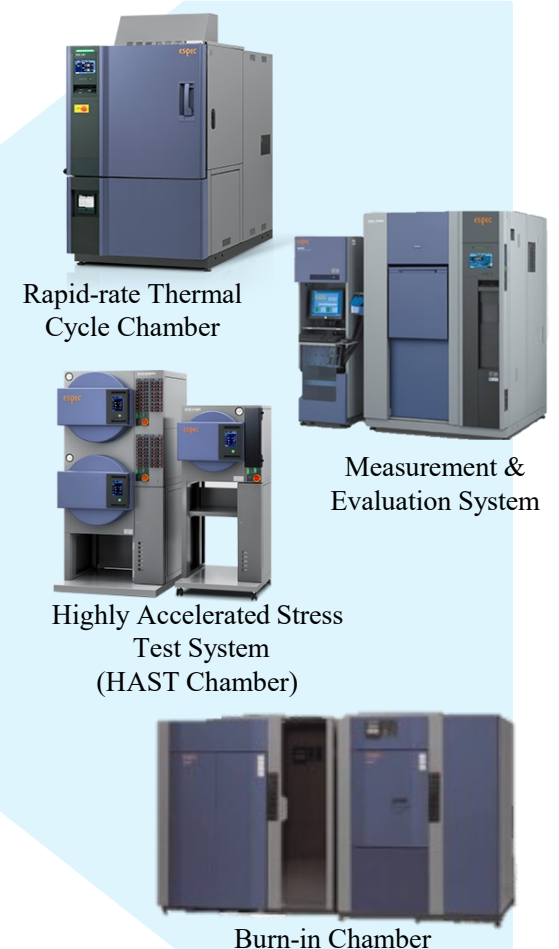
<Main Customers>

- Material manufacturers (base materials, resist materials, molding materials, etc.)



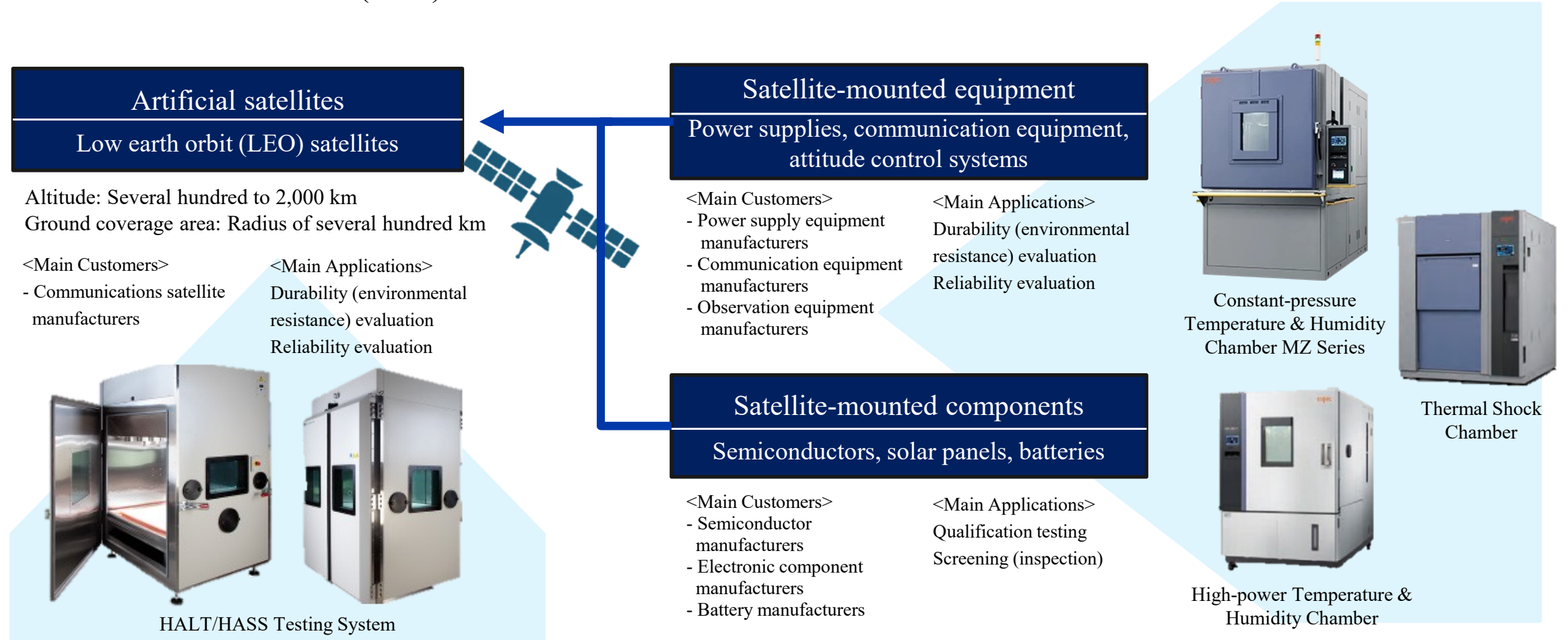
<Main Applications>

Material property evaluation (moisture absorption, etc.)
Storage testing



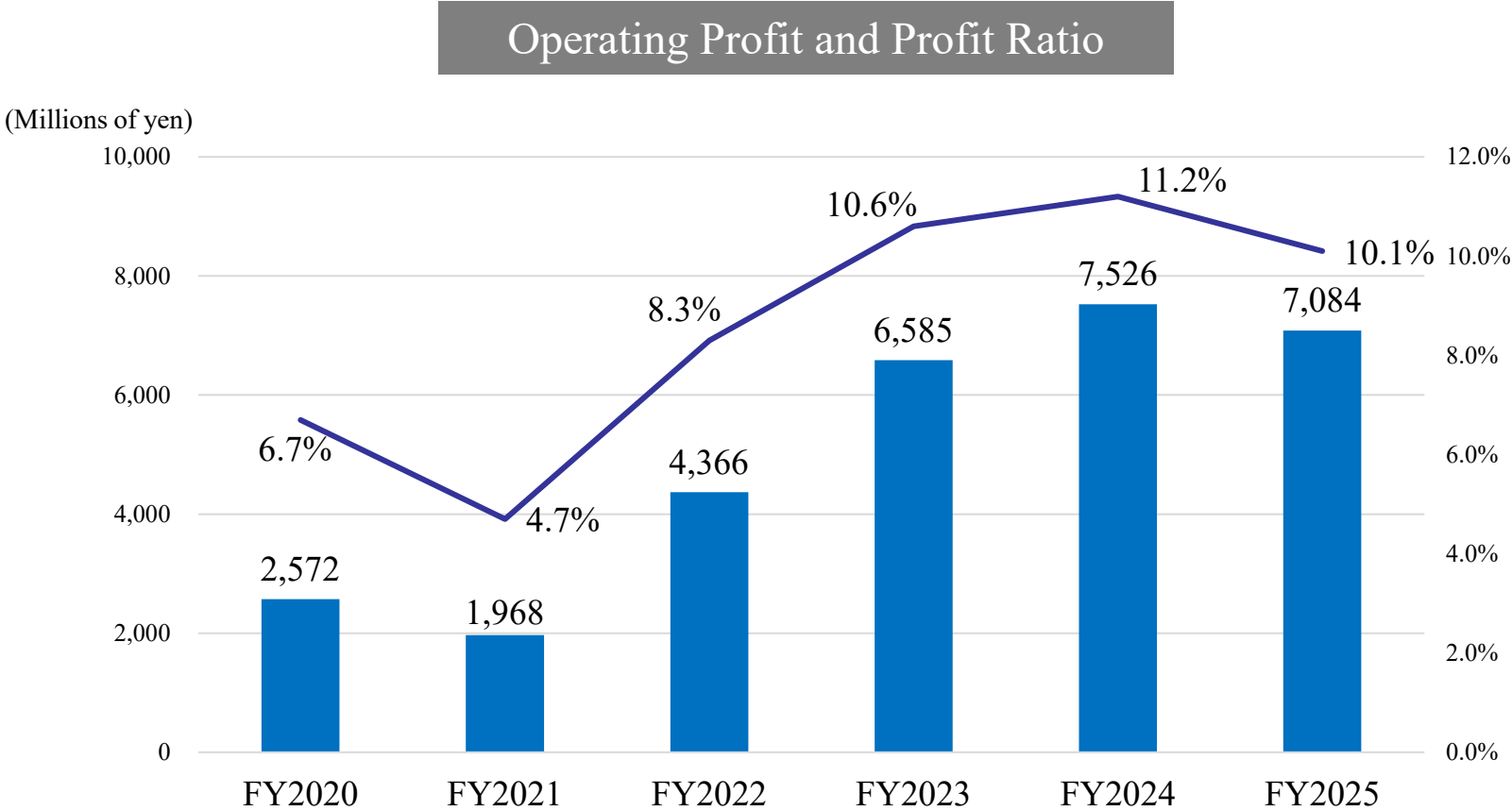
Satellite Communications Market: Applications for Environmental Test Chambers

In the field of commercial satellite communications technology led by private operators, demand is increasing for environmental testing to evaluate the reliability of communication equipment, semiconductors, and electronic components installed in low earth orbit (LEO) satellites and other artificial satellites.



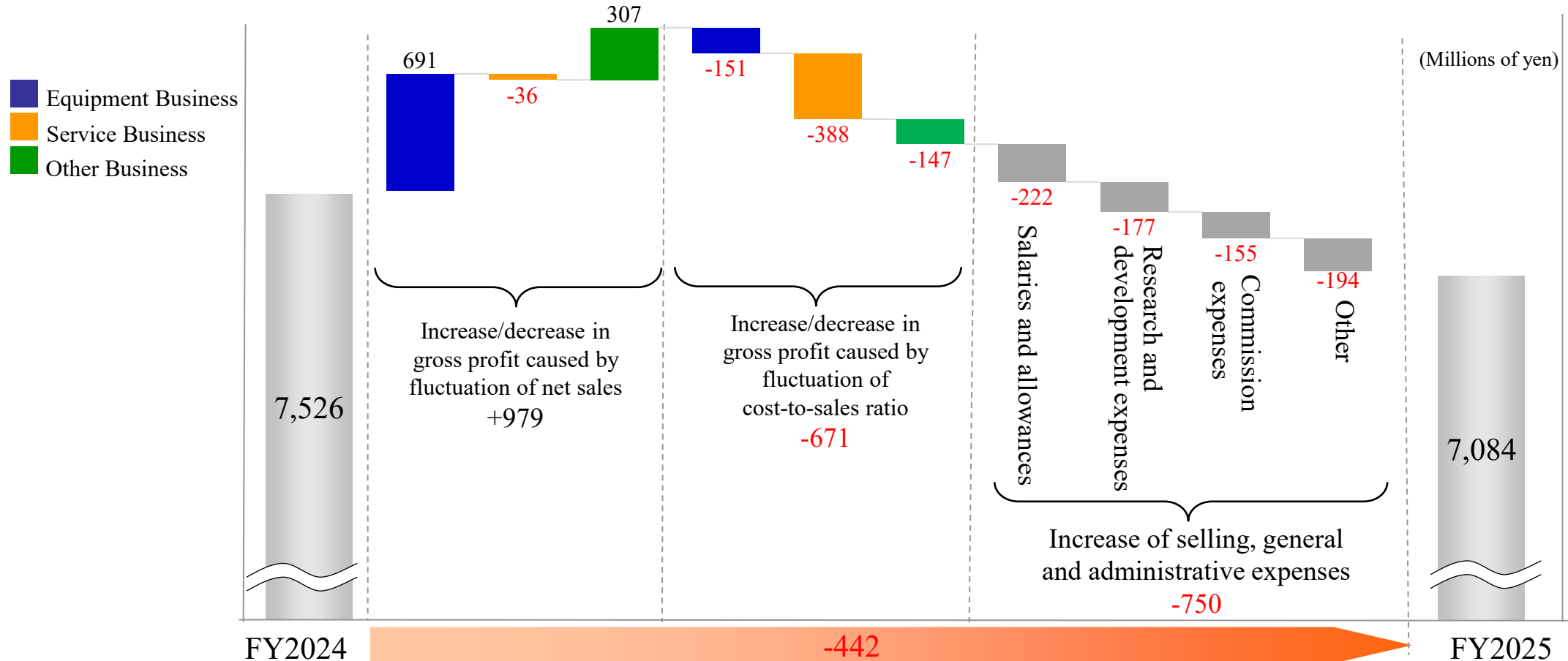
Operating Profit and Profit Ratio in FY2025

Operating profit decreased and the profit ratio declined, although there was an effect from higher revenue, due to a worsening cost of sales ratio and an increase in SG&A expenses.



Analysis of Operating Profit Increase and Decrease Factors

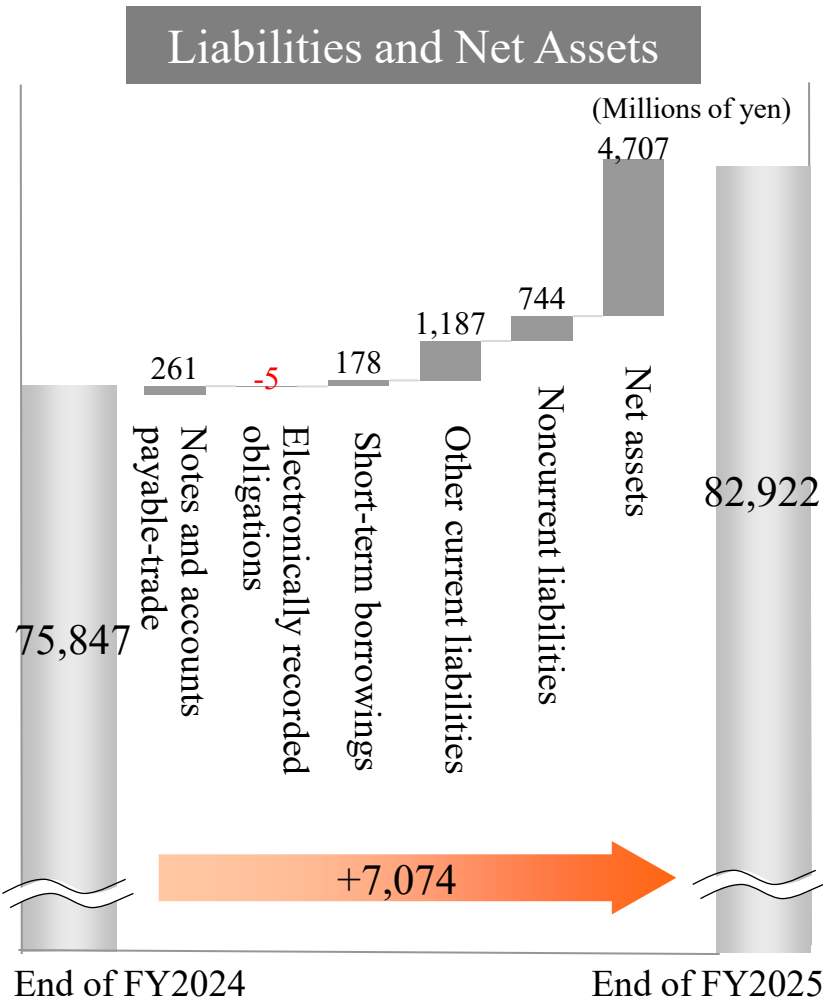
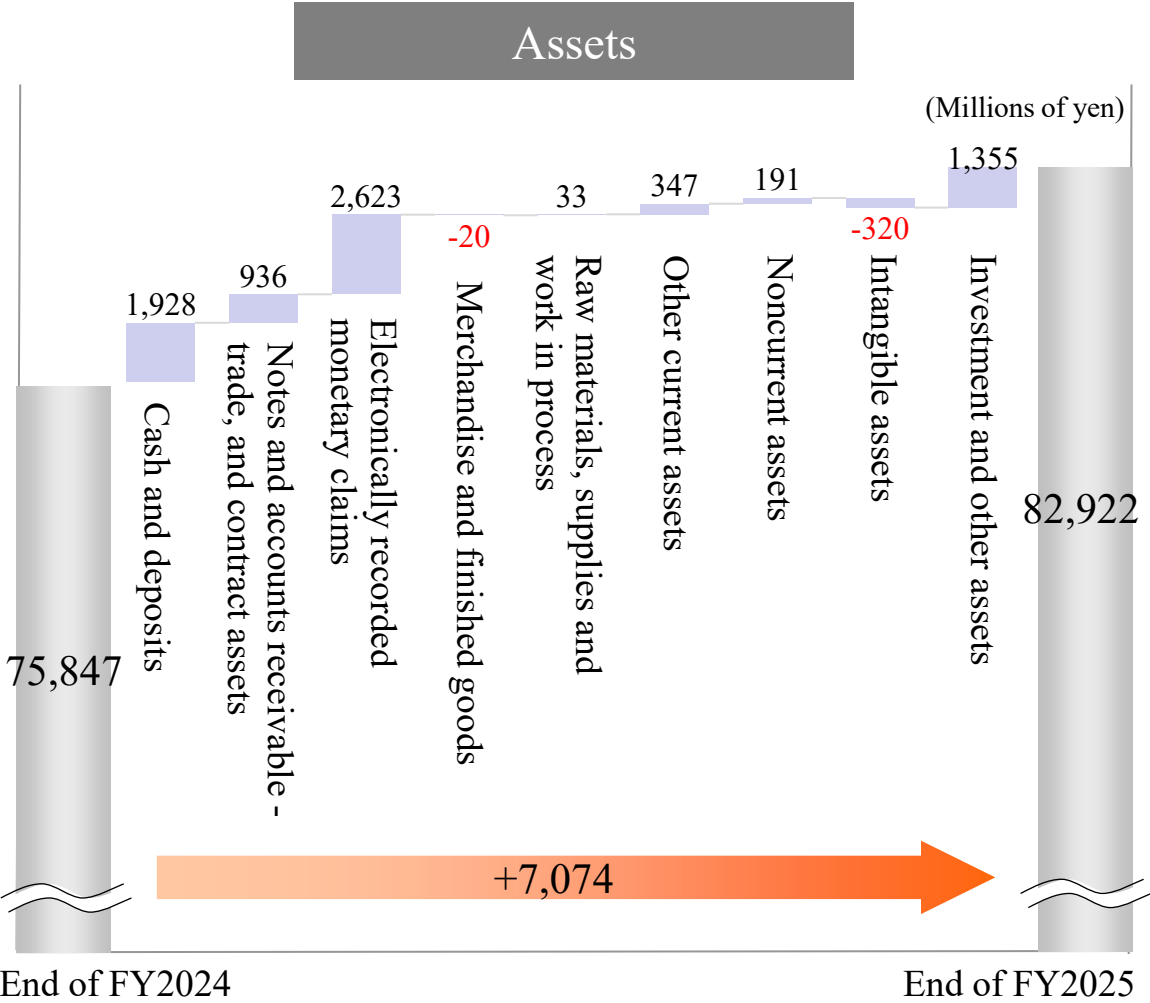
- In the Equipment Business, there were effects from higher revenue and improved profitability of custom products; however, profitability deteriorated due to intensified competition driven by the deflationary economy in the China market.
- The Service Business saw a decline in profits due to reduced laboratory testing services revenue and rising depreciation expenses.
- Due to growth in orders received and an expansion of R&D expenses aimed at improving product value, SG&A expenses increased.



*Totals have been calculated using the gross profit margin

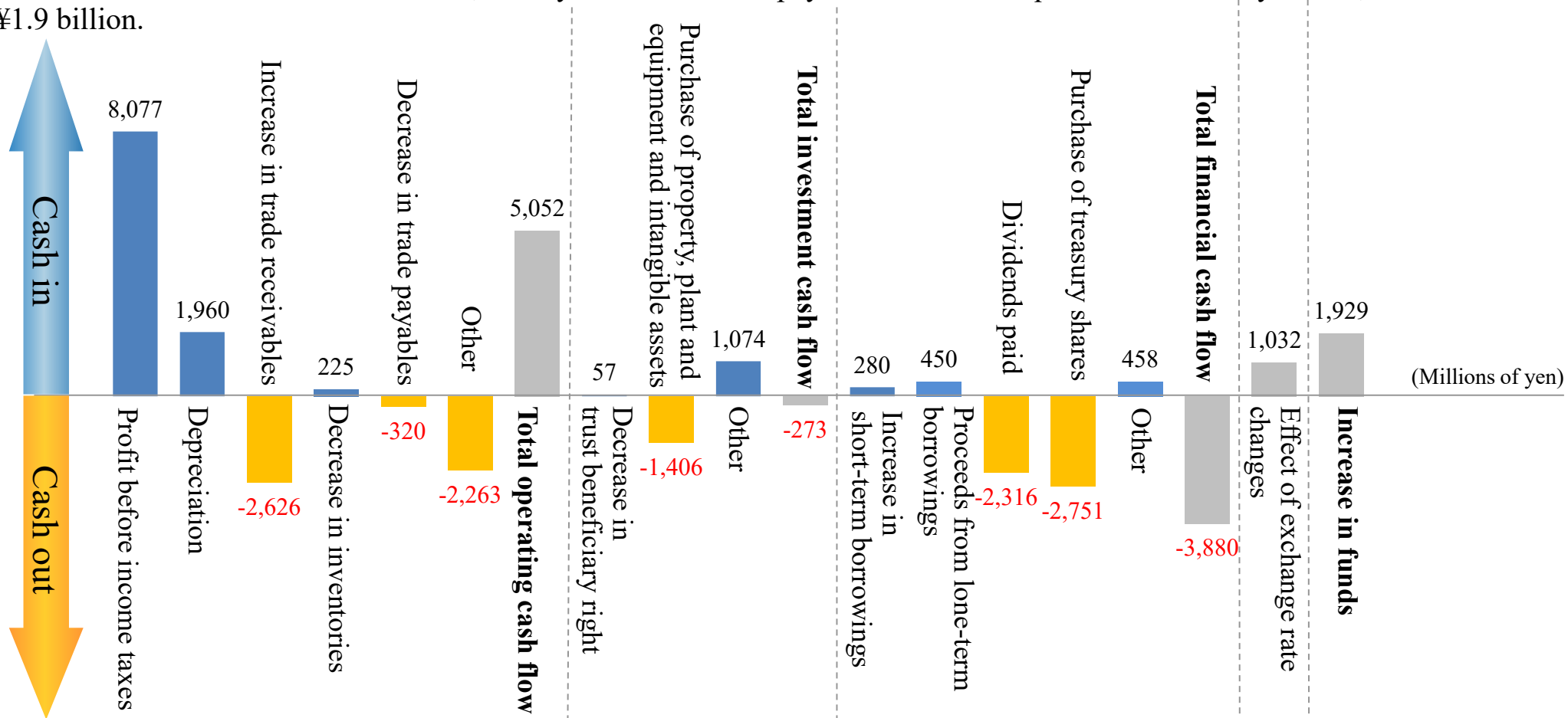
Statement of Assets and Liabilities

Total assets increased by approximately ¥7.0 billion due to increased trade receivables associated with sales growth, increased cash and deposits, and an increase in investment securities due to a rise in the fair value of shares held.



Statements of Cash Flows

- Operating CF resulted in a cash inflow of ¥5.0 billion, reflecting profit before income taxes and cash outflows from an increase in trade receivables associated with higher net sales, etc.
- Investing CF resulted in a cash outflow of ¥270 million, mainly due to expenditures for the acquisition of fixed assets, despite proceeds from the sale of investment securities, etc.
- Financing CF resulted in a cash outflow of ¥3.8 billion, mainly due to dividend payments and the acquisition of treasury shares; funds increased by approximately ¥1.9 billion.



Equipment Business

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Operating Profit	6,610	7,340	6,980	6,606	-0.1%	-10.0%	-5.3%
Profit Ratio	11.5%	12.7%	12.1%	11.1%	-0.4pt	-1.6pt	-1.0pt

Equipment Business

- In Japan, decreases in both orders received and net sales were seen year on year, due to a slowdown in investment related to EV and battery applications.
- Overseas, orders received significantly increased year on year in North America and Southeast Asia. However, net sales were mostly unchanged year on year, as there were many orders with long lead times, such as large-scale products and bulk orders of multiple units, in addition to decreased sales in Europe and South Korea due to economic slowdown.
In China, despite intensified competition due to the deflationary economy, orders received and net sales were about the same as last year.

Energy Device Equipment

- A slowdown in investment in EV batteries has led to a year-on-year decline in both orders received and net sales.

Semiconductor Equipment

- Orders received declined year on year, but net sales increased significantly due to recognizing revenue from a consolidated order for electronic components for AI servers.

Service Business

Although we worked to improve profitability by revising technical fees for after-sales services, profit declined and the profit ratio fell significantly due to decreased revenue from laboratory testing services and increased depreciation.

(Millions of yen)	FY2024 Results	FY2025 Initial Forecasts	FY2025 Revised Forecasts	FY2025 Results	Year on Year	Comparison with Initial Forecasts	Comparison with Revised Forecasts
Orders Received	8,532	9,200	8,520	8,294	-2.8%	-9.8%	-2.6%
Net Sales	8,425	9,200	8,640	8,327	-1.2%	-9.5%	-3.6%
Operating Profit	793	1,080	500	228	-71.2%	-78.9%	-54.4%
Profit Ratio	9.4%	11.7%	5.8%	2.7%	-6.7pt	-9.0pt	-3.1pt

After-Sales Service and Engineering

- Both preventive maintenance services and repair services remained strong, with increases in both orders received and net sales year on year.

Laboratory Testing Services and Facility Rentals

- In laboratory testing services, orders received and net sales both decreased year on year due to restrained customer investment and changes in development plans associated with slowing EV demand.

Other Business

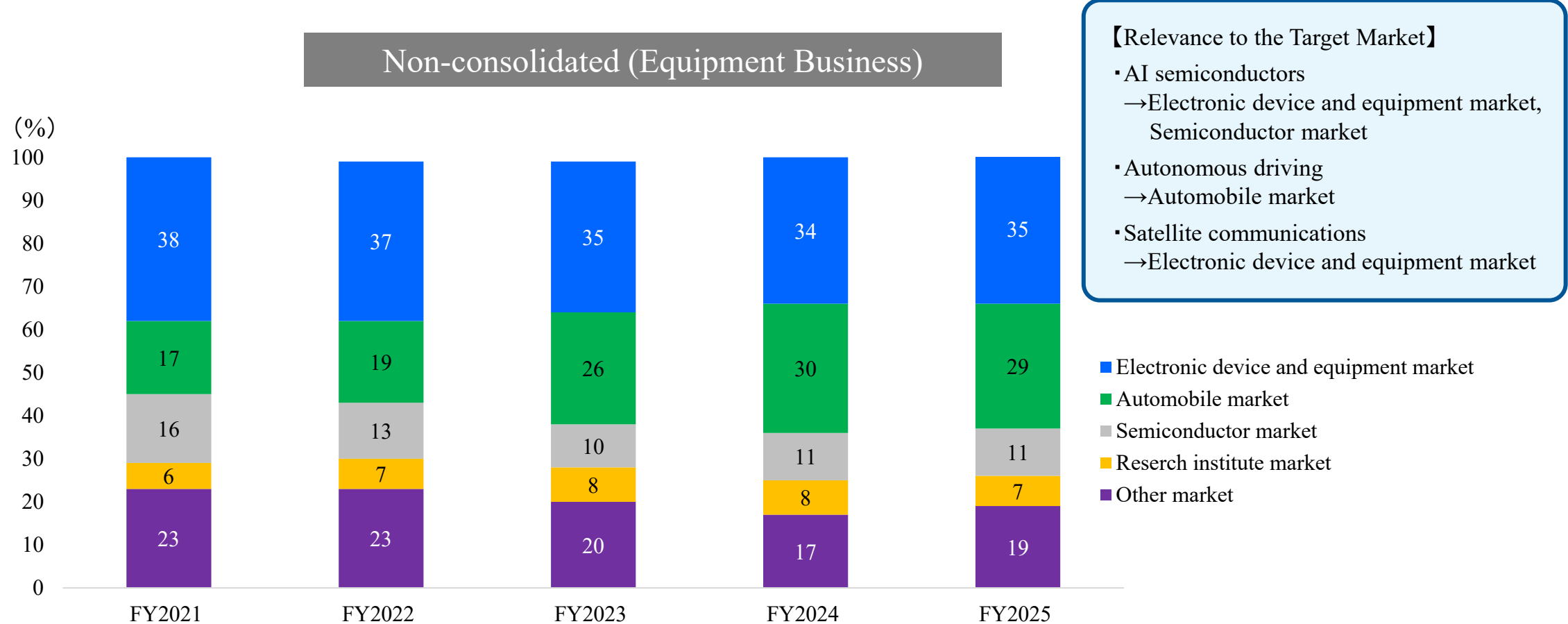
(Millions of yen)	FY2024 Results	FY2025 Initial Forecasts	FY2025 Revised Forecasts	FY2025 Results	Year on Year	Comparison with Initial Forecasts	Comparison with Revised Forecasts
Orders Received	2,170	1,800	2,340	2,529	+16.5%	+40.5%	+8.1%
Net Sales	1,758	1,700	2,300	2,747	+56.3%	+61.6%	+19.4%
Operating Profit Profit Ratio	126 7.2%	80 4.7%	120 5.2%	239 8.7%	+88.7% +1.5pt	+198.9% +4.0pt	+99.7% +3.5pt

Environmental Conservation, Plant Production Systems

- We secured large orders in the area of plant factories, and orders associated with renovation work on green spaces.
Orders received and net sales both increased year on year.

Sales by Market

In the electronic device and equipment market, testing demand related to AI semiconductors remained strong, raising the sales share.
In the automobile market, sales composition was about the same as last year due to recognition of EV and battery-related sales from orders in the previous fiscal year.

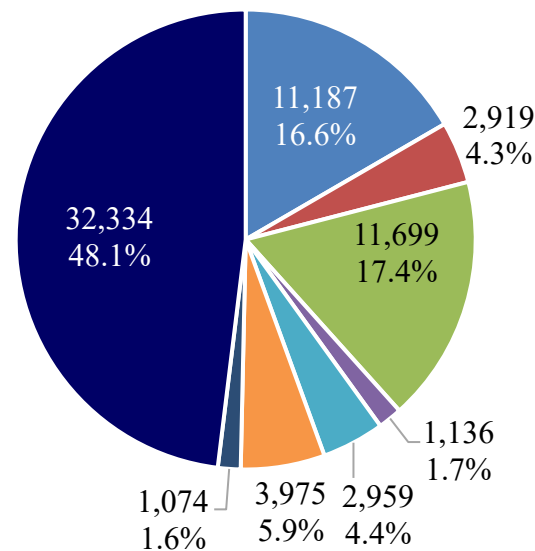


Sales by Region

Net sales increased in Japan, North America, Southeast Asia & India, and Taiwan, while China was roughly unchanged from the same period last year.

FY2024

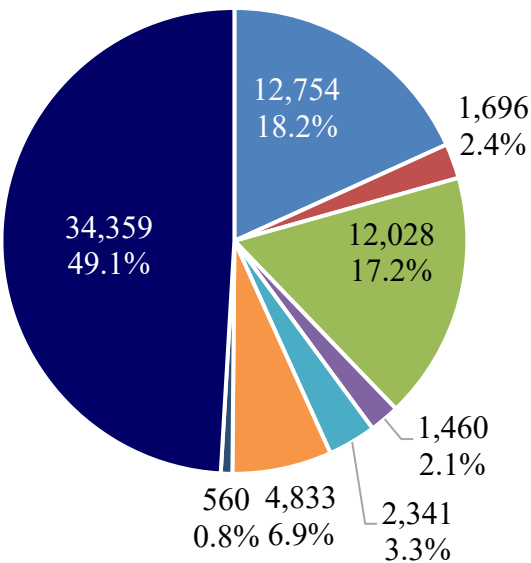
Overseas sales ratio : 51.9%



Total : 67,288 million yen
Overseas : 34,953 million yen
Domestic : 32,334 million yen

FY2025

Overseas sales ratio : 50.9%



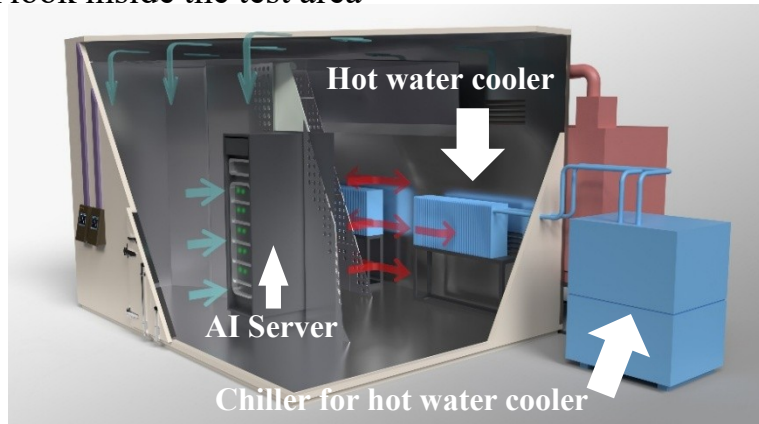
Total : 70,034 million yen
Overseas : 35,675 million yen
Domestic : 34,359 million yen

New Products for the AI Server Markets

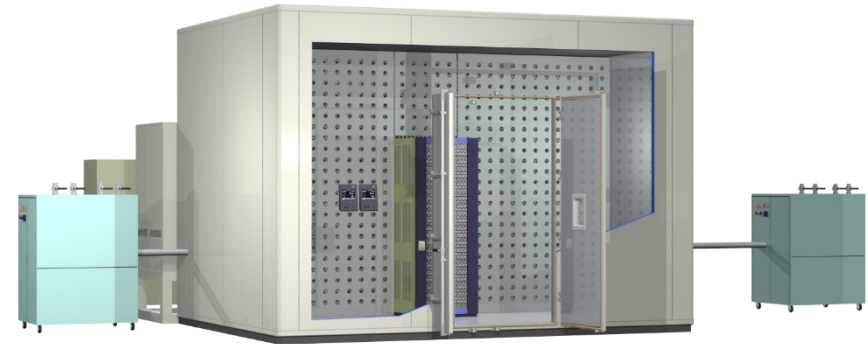
Walk-in Temperature & Humidity Chamber for High Heat-generation Loads

- In December 2025, we launched two models designed to handle high heat-generation loads for AI server reliability testing.
- Our proprietary control system provides precise temperature and humidity control to support heat-generation loads of 30 kW and 60 kW generated by servers.
- Enables testing compliant with ASHRAE standards used for server reliability evaluation.

<A look inside the test area>



Newly developed air-conditioning system for improved energy and space savings



Walk-In Temperature & Humidity Chamber
for High Heat-Generation Loads

New Products for AI Semiconductor and Autonomous Driving Markets

Highly Accelerated Stress Test System (HAST Chamber) EHS-222M-L

- In October 2025, we added the EHS-222M-L model, which supports testing of large substrates, to the Highly Accelerated Stress Test System (HAST Chamber) lineup.
- Capable of evaluating a large number of samples in a single test.
- Contributes to shorter development cycles and higher reliability for electronic components.



Highly Accelerated Stress Test System
EHS-222M-L

Rapid-Rate Thermal Cycle Chamber TCC-151W-20

- In April 2025, a high-performance model capable of controlling specimen temperature at 20 K/min was added to the lineup of rapid-rate thermal cycle chambers
- Complies with international standards such as semiconductor package reliability test standards and standards for electronics and automotive markets.
- Comes standard with low-GWP* refrigerant “R-449A”



Rapid-Rate Thermal Cycle Chamber
TCC-151W-20

* Metric for expressing the warming potential of greenhouse gases relative to carbon dioxide. The smaller the value, the lower the environmental impact.

External Recognition

■ ESG-Related Evaluations

- Included in the ESG index “FTSE Blossom Japan Sector Relative Index”
Included in the ESG index “S&P/JPX Carbo Efficient Index”
- Rated “B” score for the sixth consecutive year in the CDP Climate Change Survey,
Water Security receives “B-” score for second consecutive year
Selected as Supplier Engagement Leader for four consecutive years, the Top Rank in the Supplier Engagement Ratings
- Received a 3.5-star rating in the NIKKEI Sustainable Management Survey, SDGs Edition
- Received a 3-star rating in the NIKKEI Sustainable Management Survey, Smart Work Edition
- The Kobe R&D Center received the FY2026 Prime Minister’s Award for Contributors to the Green Promotion Campaign.
- Received the Platinum Kurumin certification from the Minister of Health, Labour and Welfare as a company supporting child-raising.
- Earned the “Three Star Certification” under the “Osaka City Leading Company in Women’s Participation” and also certified as a “Company Promoting Ikumen”

■ IR Website Evaluations

- Awarded a Silver Prize in the Gomez IR Website Ranking (5th in its industry)
- Awarded as an excellent company in the Gomez ESG Website Ranking
- Selected as a Commendation Award of the Internet IR Award of Daiwa IR
- Selected as a “GRADE AAA” company website in the Nikko Investor Relations’
All-Japanese Listed Companies’ Website Ranking



Forecast for FY2026

Approach to FY2026 Forecast

- Recognizing FY2026 as an important year toward achieving the revised targets of the medium-term management plan, maintain orders received at a high level, and aim for record-high net sales and operating profit, as well as higher revenue and profit.
- We will further develop target markets, develop new products, and improve production efficiency, while also working to improve earnings in the China market and laboratory testing services.
- We will strengthen financial strategies and practice “management conscious of cost of capital and share price.”

■ Impact of the Deteriorating Situation in the Middle East

- Although there are concerns that rising tensions in the Middle East could slow the global economy, we currently believes the direct impact of higher component prices will be limited.
- We will monitor developments while also considering passing on higher component prices
- The future impact is difficult to predict, and We will continue to monitor the situation closely and respond appropriately.
- Current order trends have not been affected.

< Production Risks and Countermeasures >

For components in short supply (product components and components used for manufacturing equipment maintenance, etc.), we have begun taking steps to avoid production stoppages, such as securing inventory and searching for alternative products. This is expected to result in a temporary increase in inventories.

Forecasts for FY2026

(Millions of yen)	FY2025	FY2026 Forecasts			
	Full year results	1H	2H	Full Year	Year on Year
Orders received	72,596	35,800	34,200	70,000	-3.6%
Net sales	70,034	33,800	39,200	73,000	+4.2%
Gross profit	24,295	12,150	14,250	26,400	+8.7%
Profit ratio	34.7%	35.9%	36.4%	36.2%	+1.5pt
SG&A	17,210	9,000	9,400	18,400	+6.9%
SG&A ratio	24.6%	26.6%	24.0%	25.2%	+0.6pt
Operating profit	7,084	3,150	4,850	8,000	+12.9%
Profit ratio	10.1%	9.3%	12.4%	11.0%	+0.9pt
Ordinary profit	7,473	3,250	4,850	8,100	+8.4%
Profit ratio	10.7%	9.6%	12.4%	11.1%	+0.4pt
Profit attributable to owners of parent	5,879	2,300	3,580	5,880	+0.0%
Profit ratio	8.4%	6.8%	9.1%	8.1%	-0.3pt
Basic earnings per share (yen)	270.39	107.63	167.54	275.17	+1.8%
ROE	10.0%	-	-	10.0%	±0pt

Segment Financial Forecasts for FY2026

	(Millions of yen)	FY2025	FY2026 Forecasts			
		Full year results	1H	2H	Full Year	Year on Year
Equipment Business	Orders received	62,216	30,700	28,750	59,450	-4.4%
	Net sales	59,468	29,350	33,200	62,550	+5.2%
	Operating profit	6,606	3,010	4,060	7,070	+7.0%
	Profit ratio	11.1%	10.3%	12.2%	11.3%	+0.2pt
Service Business	Orders received	8,294	4,500	4,700	9,200	+10.9%
	Net sales	8,327	4,070	5,080	9,150	+9.9%
	Operating profit	228	190	650	840	+268.0%
	Profit ratio	2.7%	4.7%	12.8%	9.2%	+6.5pt
Other Business	Orders received	2,529	850	1,050	1,900	-24.9%
	Net sales	2,747	630	1,220	1,850	-32.7%
	Operating profit	239	-50	140	90	-62.4%
	Profit ratio	8.7%	-7.9%	11.5%	4.9%	-3.8pt
Elimination	Orders received	-442	-250	-300	-550	-
	Net sales	-507	-250	-300	-550	-
	Operating profit	10	0	0	0	-
Total	Orders received	72,596	35,800	34,200	70,000	-3.6%
	Net sales	70,034	33,800	39,200	73,000	+4.2%
	Operating profit	7,084	3,150	4,850	8,000	+12.9%
	Profit ratio	10.1%	9.3%	12.4%	11.0%	+0.9pt

FY2026 Recognition of the Operating Environment

We are expanding our global presence, focusing on AI semiconductors and satellite communications, the target markets of the medium-term management plan.

Equipment Business	Environmental Test Chambers	<p>Japan : AI semiconductors remained firm, while EVs and batteries decreased.</p> <p>China : Semiconductors and electronics remained firm.</p> <p>Southeast Asia : Semiconductors and electronics are performing well.</p> <p>India : Automobiles and semiconductors remained firm.</p> <p>North America : Strong demand, centered on satellite communications.</p> <p>Europe : Recovery trend centered on aerospace and vehicle-mounted semiconductors.</p>
	Energy Device Equipment	Sluggish in EV battery-related investment.
	Semiconductor Equipment	Demand for general-purpose memory semiconductors is sluggish, but demand for advanced semiconductors (CPU, GPU, HBM, etc.) is steady.
Service Business	After-Sales Service Laboratory Testing Services and Facility Rentals	<p>After-sales service: Strong performance driven by expansion of maintenance contracts.</p> <p>Laboratory testing services: EV batteries are sluggish, while electrification modules other than EV batteries, autonomous driving modules and aerospace equipment are steady.</p>
Other Business	Environmental Conservation Plant Production Systems	Plant production systems, including plant research devices, remain strong.

FY2026 Assumed Exchange Rate

Assumed Exchange Rate

	FY2024	FY2025		FY2026
	Full Year Results	1H Results	Full Year Results	Full Year Assumption
U.S. dollar (yen)	152.62	146.03	150.67	155
Euro (yen)	163.87	168.05	174.64	180
Yuan (yen)	21.11	20.29	21.22	22

FY2026 exchange rate sensitivity (Millions of yen)

	Net sales	Operating profit
U.S. dollar	+97	+14
Euro	+15	+8
Yuan	+50	+6

* Impact of a 1-yen depreciation of the Japanese yen (0.1-yen for the Chinese yuan)

FY2026 Investment Plans

(Millions of yen)

	FY2025	FY2026 Forecasts			
	Full Year Results	1H	2H	Full Year	Year on Year
Capital Expenditures	2,004	1,390	2,530	3,920	+95.5%
Depreciation	1,957	1,000	1,080	2,080	+6.3%
R&D Expenses	1,521	1,060	1,010	2,070	+36.1%

Main investments

- Fukuchiyama Plant renovation
- Expansion of production area at North American subsidiary

Main R&D activities

- Expand product lineup for the AI semiconductors field (Model changes and lineup expansions for mainstay products)
- Expand environmentally friendly products

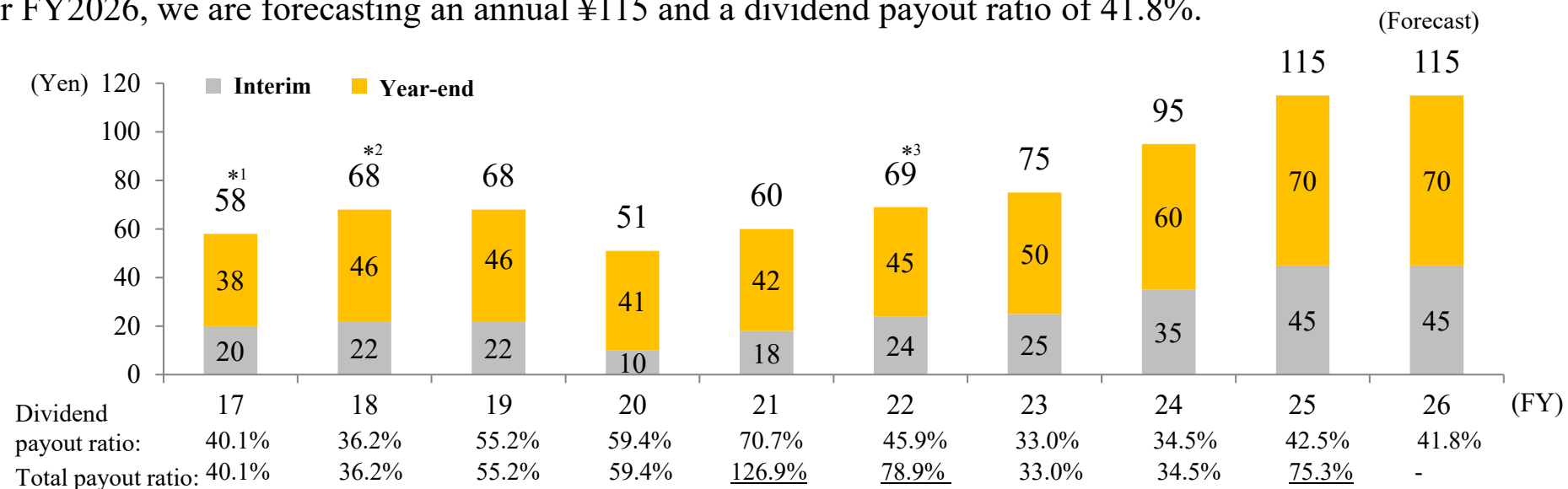
Shareholder Return Policy and FY2026 Dividend Forecast

Shareholder Return Policy

Set the consolidated dividend payout ratio at 40% or more, and flexibly carry out acquisition of treasury shares. During the period of the Medium-Term Management Plan PROGRESSIVE PLUS 2027 (FY2025–2027), the total return ratio cumulative over the three-year period will be 50% or more, and no dividend reductions will be made.

Dividend per Share and Dividend Payout Ratio/Total Return Ratio

For FY2026, we are forecasting an annual ¥115 and a dividend payout ratio of 41.8%.



(Underlined sections indicate share repurchases by the Company)

*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.

Main Initiatives in FY2026

Equipment Business

- Exploration of new needs and acquisition of business opportunities in global markets.
- Development and market launch of high value-added products that meet testing requirements.
- Shortening of product lead times by improving ease of customization.

Service Business

After-sales service : Expansion of maintenance contract services; cost reduction through improved utilization rates.

Laboratory testing services: Securing orders for electrification and autonomous driving modules, as well as aerospace-related equipment, and improving profitability.

Area Strategy

Japan : Strengthening sales activities in AI semiconductors and satellite communications, and capturing replacement-demand opportunities.

North America: Strengthening sales in satellite communications and driving earnings growth by increasing production capacity.

China : Strengthening sales in semiconductors, electronic components and devices.

Main ESG Initiatives in FY2026

■ E for Environment

- Advancing the 8th Mid-Term Plan on the Environment Plus II (FY2026–2027)

Strengthening measures against global warming, promoting biodiversity conservation, promoting resource circulation and strengthening chemical substance management, and enhancing disclosed information (CDP, TCFD, TNFD)

■ S for Society

- Establishing a vision-realization-oriented HR system and promoting internal communication
- Introducing a work-sharing system and promoting health and productivity management
- Commencing operation of a stock compensation system for employees in management assistant positions

■ G for Governance

- Strengthening Group governance
- Implementing supply chain risk measures
- Strengthening risk management

Revision of the Medium-Term Management Plan

Targets Review of the Medium-Term Management Plan PROGRESSIVE PLUS 2027

	FY2027 Initial Forecasts	FY2027 Revised Forecasts	Variance	Reasons for the Revision
Net Sales	70 billion yen	76 billion yen	+6 billion yen	<p>Net sales are progressing smoothly as we develop target markets, mainly in AI semiconductors and satellite communications.</p> <p>We expect expanded sales in the satellite communications field in North America and in the AI semiconductors field in Southeast Asia, development of the Indian market, and recovery in sales in the China and European markets.</p>
Operating Profit	10.5 billion yen	9.1 billion yen	-1.4 billion yen	<ul style="list-style-type: none"> - Impact on earnings from investment to increase production capacity for rapidly expanding orders in North America - Delayed improvement in profitability in the China market and in laboratory testing services - Delay in the timing of realizing the effects of the growth strategy, enhancing product value and manufacturing efficiency <p>We will first steadily achieve an operating profit ratio of 12%, which is a record high level (11.6% in FY2018), and use this as a stepping stone to establish a lean, sustainable, high-profit business structure.</p>
Profit Ratio	15.0%	12.0%	-3.0pt	
Profit Attributable to Owners of Parent	7.6 billion yen	6.7 billion yen	-0.9 billion yen	
ROE	12.0%or more	12.0%or more	No changes	Further strengthen the financial capital strategy and maintain the initial target of 12.0% or more.

* The expected rate (U.S. dollar) is changed from ¥145 to ¥155.

Revision of Targets by Business Segment

		FY2027 Initial Forecasts	FY2027 Revised Forecasts	Variance
Net Sales	Equipment Business	58,550	65,050	+6,500
	Service Business	10,200	9,650	-550
	Other Business	1,800	1,900	+100
	Elimination	- 550	- 600	-50
	Total	70,000	76,000	+6,000
Operating Profit Profit Ratio	Equipment Business	8,910 15.2%	7,720 11.9%	-1,190 -3.3pt
	Service Business	1,500 14.7%	1,250 13.0%	-250 -1.7pt
	Other Business	90 5.0%	130 6.8%	+40 +1.8pt
	Elimination	0	0	-
	Total	10,500 15.0%	9,100 12.0%	-1,400 -3.0pt

Equipment Business: Growth Strategy Progress

	Evaluation of FY2025		Issues and Future Initiatives
Development of target markets (AI semiconductors, autonomous driving, satellite communications)	On track	Orders received in FY2025 increased significantly by +50% year on year. AI semiconductors were steady mainly in Japan, Southeast Asia, and Taiwan (+30%), and satellite communications increased substantially mainly in North America (+150%). No major fluctuations in autonomous driving.	Launch of new products for the AI semiconductor sector, where global demand is expected to grow, and launch of new products for the satellite communications field.
Improvement in profitability of custom products	On track	In FY2025, improved to a level comparable to standard products, also due to the repeat effect.	Enhance profitability by acquiring orders for new needs and securing repeat orders
Enhancement of product value through new products and model changes	Needs attention	In FY2025, we launched products for the AI semiconductor field, but there were delays in the product development and market launch plan.	Execute the product development plan and launch into the market
Enhancement of manufacturing efficiency (in-house production, shortening lead time)	Needs attention	In FY2025, we formulated the Fukuchiyama Plant renovation plan, but operations will begin in the second half of FY2027.	Execute the Fukuchiyama Plant renovation plan, improve gross profit ratio, and shorten product lead time

Service Business: Growth Strategy Progress

	Evaluation of FY2025		Issues and Future Initiatives
Expansion of laboratory testing services sales	Behind plan	In FY2025, revenue decreased due to customers' restraint on investment and changes to development plans accompanying the slowdown in EV demand. In addition, profitability deteriorated due to an increase in depreciation expense. Due to the recording of an impairment loss, depreciation expense from FY2026 onward is reduced.	Acquire orders in steady fields (electrification/automation modules, aerospace equipment)
Transforming after-sales service into a highly efficient business	Needs attention	In FY2025, we revised technical fees in October, and going forward, profitability is expected to improve.	Expand preventive maintenance services (Super Support Plan) and improve productivity through higher utilization rates

Global Strategy Progress

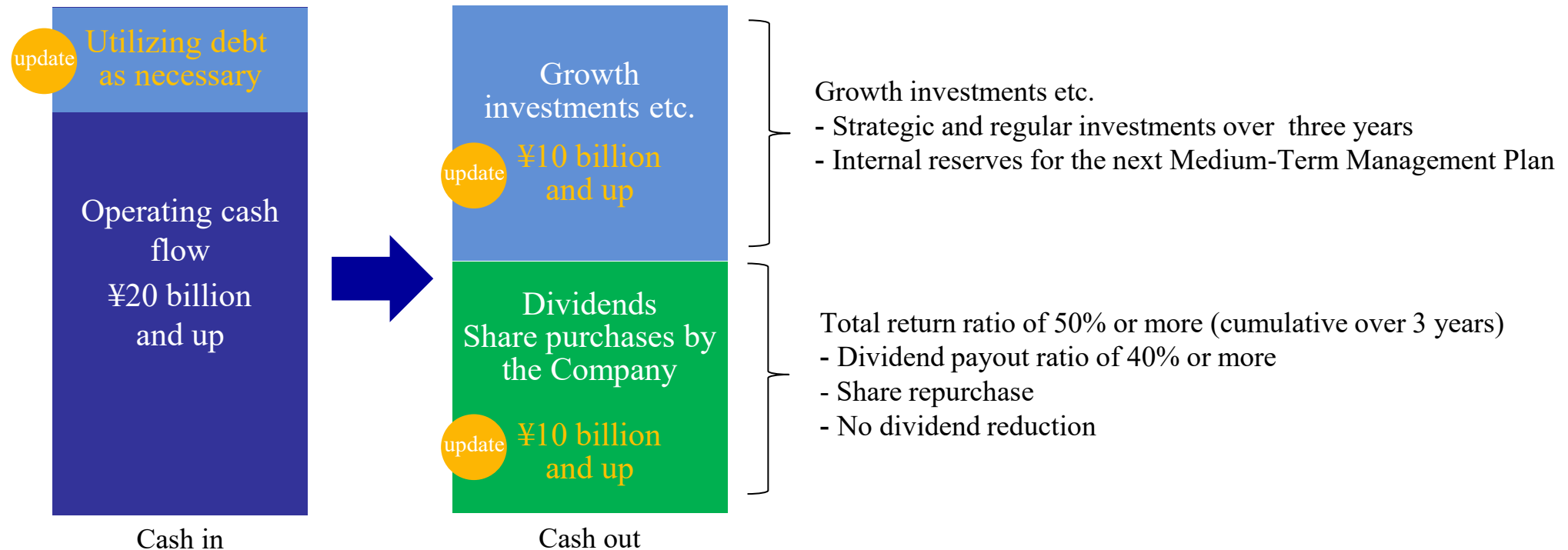
	Evaluation of FY2025		Issues and Future Initiatives
Japan	On track	The automobile field decreased, but the targeted AI semiconductors field remained steady.	Launch new products centered on the AI semiconductors field and promote higher-efficiency manufacturing.
North America	On track	Orders received expanded significantly, centered on the satellite communications field.	Increase production capacity and shorten product lead time.
China	Behind plan	Due to intensified competition with local manufacturers, orders received and net sales were maintained, but profitability deteriorated.	With a policy of placing priority on securing share, maintain share through product launches for the domestic semiconductors field as well as custom responsiveness and service capabilities.
South Korea	Behind plan	Decreased due to an economic slowdown from the impact of tariffs.	Acquire orders in the AI semiconductors field and shorten product lead time.
Southeast Asia	On track	Centered on the AI semiconductors field, orders received expanded from Japanese-affiliated and foreign-capital (U.S., Korea, China) customer.	Develop new customers (semiconductors and automobile fields) and differentiate through service capabilities.
India	On track	Expanded orders received, centered on the semiconductors and automobile (four-wheel, two-wheel) fields.	Establish service bases within FY2026, and differentiate through service capabilities.
Taiwan	On track	Although this is an area where competition with local manufacturers is severe, we launched products for AI servers and acquired orders.	Develop competitive products and shorten product lead time.
Europe	Behind plan	Delayed launch of products compliant with environmental regulations.	Develop fields other than automobile (aerospace and semiconductors fields) and expand the lineup of products compliant with environmental regulations.

Update of Cash Allocation (FY2025–FY2027)

Cash Allocation Policy

Proactively allocate cash generated over three years to growth investments and shareholder returns

With an emphasis on capital efficiency, use debt as needed for growth investments and enhancing corporate value. As part of shareholder returns, we will also flexibly consider and execute share repurchases.



Update on Measures to Realize Management Conscious of Cost of Capital and Stock Price

(strengthening the financial capital strategy)

Disclosed on May 14, 2026

Update on Measures to Realize Management Conscious of Cost of Capital and Stock Price.

Enhance capital profitability through strengthening the financial capital strategy, and aim to achieve the medium-term management plan target of ROE of 12% or more in FY2027.

Policies

* Underlining indicates the content updated in May 2026.

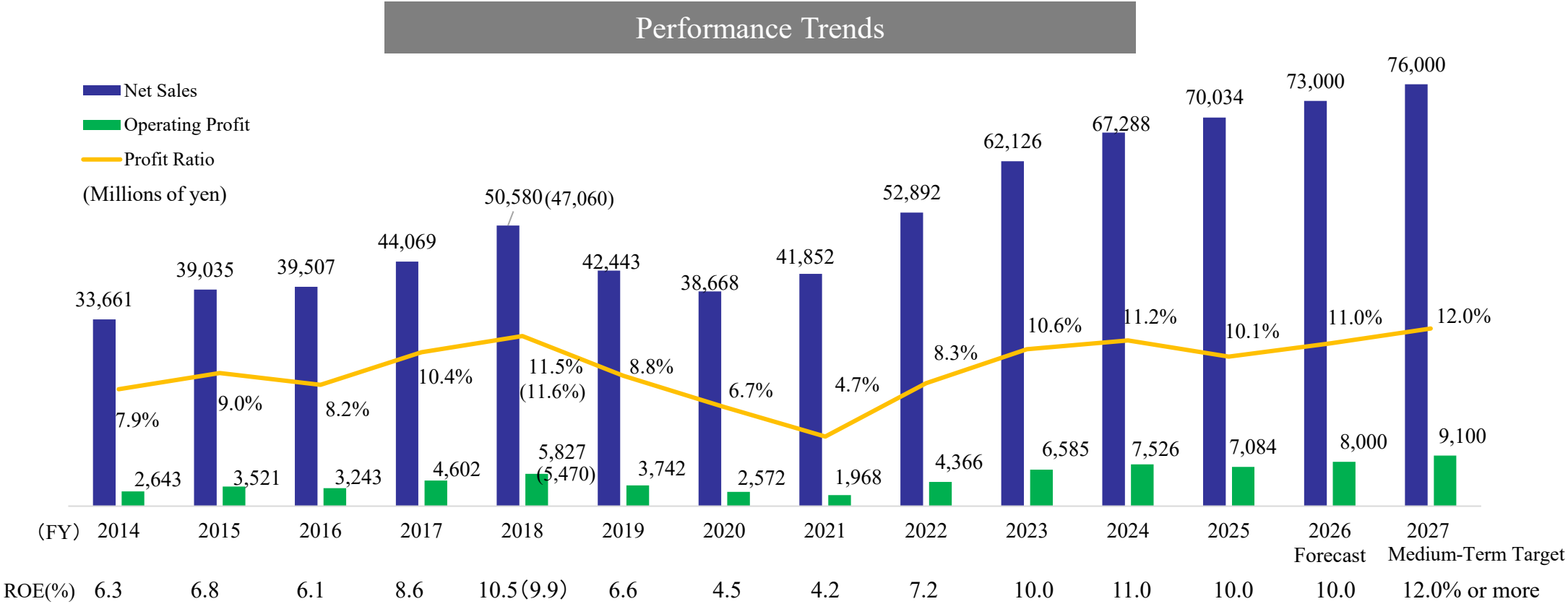
- Aim to achieve (net sales of ¥76.0 billion yen, operating profit of ¥9.1 billion yen, operating profit ratio of 12.0%, profit of ¥6.7 billion yen, and ROE of 12.0% or more) under the Medium-Term Management Plan “PROGRESSIVE PLUS 2027”
- Generate cash through improvement of the operating profit ratio and efficiency of total assets, while also utilizing debt as necessary
- Engage in balance sheet management with a focus on capital efficiency, using an equity-to-asset ratio of 70% or less and on-hand liquidity of within three months as indicators to control capital
- Aggressively invest in growth and return profits to shareholders based on the three-year cash allocation policy

Main Initiatives

- | | |
|----------------------------|--|
| (1) Increase profitability | Implement a growth strategy targeting the AI semiconductors, autonomous driving, and satellite communications fields, strengthen profitability |
| (2) Financial strategies | Optimize inventories and reduce trade receivable, and control capital |
| Shareholder returns | Implement proactive shareholder returns based on the shareholder return policy (P.28) |
| (3) Enhance IR activities | Enhance dialogue with shareholders and investors to improve reputation in the stock market and strengthen management |

Performance Trends

We will advance earnings improvement across the entire ESPEC Group, while also improving capital efficiency, and aim to establish a lean, sustainable, and highly profitable earnings model.



* FY2018 was an irregular 15-month fiscal period for overseas consolidated subsidiaries. “()” figures showing values based on a 12-month accounting period

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