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## Announcement of Medium-Term Management Plan "Progressive Plus 2027"

To realize its long-term vision, "ESPEC Vision 2025," ESPEC CORP. (the "Company") has implemented a medium-term management plan (Stages I to III) every four years, and since FY 2022 has promoted the final stage of the medium-term management plan, "Progressive Plan 2025." However, due to the prospect of achieving the medium-term management targets in FY 2024 one year ahead of schedule, the Company has been considering a medium-term management plan starting in FY 2025. The Company hereby announces the outline of the medium-term management plan "Progressive Plus 2027" (FY 2025 to FY 2027).

### 1. Basic policies and targets

#### Establishing a lean, sustainable, and highly profitable earnings model

Aiming to continuously increase our value as a corporate group by becoming a "lean enterprise," which we will achieve through quality improvements and profit growth.

■ Target market	: AI semiconductors, autonomous driving, satellite communications	
■ Medium-term target for FY 2027 :	Net sales	70 billion yen
	Operating profit	10.5 billion yen
	Operating profit ratio	15.0%
	Profit	7.6 billion yen
	ROE	12.0% or more

The Company implemented its medium-term management plan, "Progressive Plan 2025," and set targets for FY 2025 at net sales of 65 billion yen, operating profit of 7.5 billion yen, operating profit ratio of 11.5%, and ROE of 10.0% or higher. In FY 2024, however, it was able to achieve these targets ahead of schedule with net sales of 67.2 billion yen, operating profit of 7.5 billion yen, operating profit ratio of 11.2%, and ROE of 11.0%.

The Company has long held the top share ( 30% worldwide or more, 60% in Japan or more) in the field of environmental test chambers, which is essential for the development and commercialization of cutting-edge technologies, and has continued to grow in step with global technological innovation. Since FY 2021, the Company has achieved record results by implementing strategic inventory, raising prices for products and services, and increasing production capacity, despite difficulties such as parts shortages and rising prices for parts and materials, as test demand in the EV and battery fields has expanded against the backdrop of the digitalization and

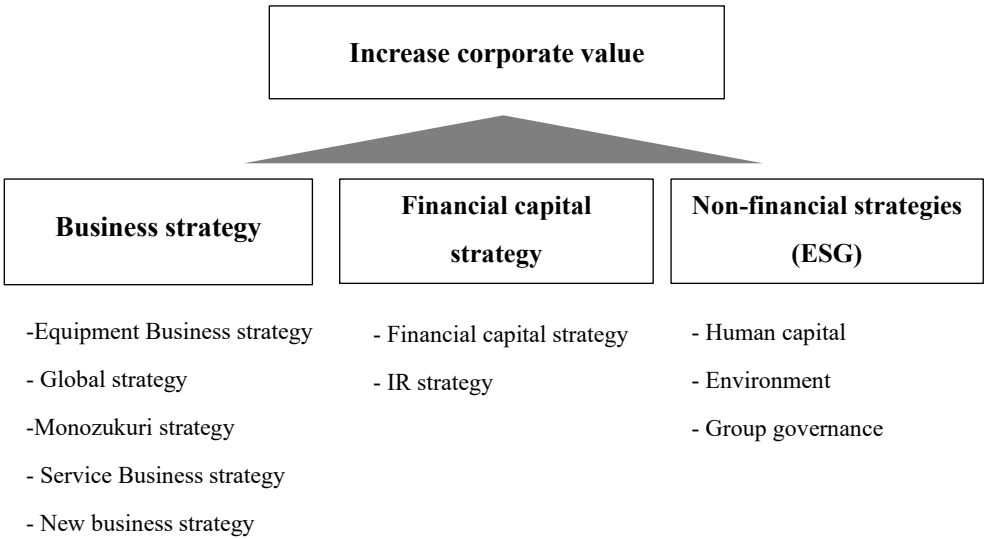
decarbonization of society. Looking ahead to the next 10 years, testing to ensure reliability and safety in cutting-edge technology fields such as generative AI and automated driving will remain a necessity, and we believe that global technological innovation will continue to be a business opportunity for the Company.

Based on this recognition, we have formulated the medium-term management plan Progressive Plus 2027, which begins in FY 2025. Over the current three years, in order for the Company to achieve sustainable growth, we will shift our focus to "quality improvement" and transform our corporate structure into a more leaner one. Our medium-term management targets prioritize achieving an operating profit ratio of 15.0% and ROE of 12.0% or more. By taking on higher goals than we have achieved in the past, we will make the current three years a springboard for growth and aim for sustainable corporate value enhancement.

Although the Company is still formulating its long-term vision for 2035, our aim is to remain a global leader in the environmental testing industry 10 years into the future and to continue the progressive spirit of the Company as well as to become a group that drives innovation through both its ideas and its actions.

## 2. Management strategy

To enhance corporate value, we will promote three strategies: business strategy, financial capital strategy, and non-financial strategies (ESG).



### (1) Business strategy

In the Equipment Business, we will respond to the testing needs of our target markets in the fields of AI semiconductors, autonomous driving, and satellite communications by developing diverse product lines, customizable capabilities, and new products development. In addition, we will prioritize Japan, the United States, and China as key regions, and aim to establish a competitive advantage in the global market by leveraging the collective strengths of the Group. Furthermore, we will make full use of IT and digital technologies to promote labor-saving and automation of manufacturing to improve profitability.

In the Service Business, we aim to expand earnings mainly through the Aichi Next Generation Mobility Test Lab in the laboratory testing services business. In the after-sales service business, we will utilize IT and digital technologies to provide services that solve customer issues such as remote monitoring of equipment. At the same time, we will work to expand our thermal solutions services related to CAE (Computer Aided Engineering)

and food machinery businesses with the aim of creating new businesses that will serve as pillars of future earnings.

(2) Financial capital strategy

Aiming for "management conscious of cost of capital and share price," we will work to improve the efficiency of total assets, return to shareholders based on cash allocation for three years, and strengthen IR activities.

(Note) For details, please refer to "Actions to Achieve Management Conscious of Cost of Capital and Share Price (Update)" and "Notice Concerning Revision of Basic Policy on Dividends " released today.

(3) Non-financial strategies (ESG)

We will strengthen our human capital initiatives, including the acquisition and development of human resources and the improvement of engagement. We will also focus on environmental initiatives and strengthening our group governance and risk management.