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## Actions to Achieve Management Conscious of Cost of Capital and Share Price (Update)

ESPEC CORP. (the “Company”) hereby announces that, at the meeting of its Board of Directors held on May 14, 2026, it reanalyzed the current status of measures to realize management that takes capital costs and share prices into account, and resolved to implement the following future measures.

### 1. Analysis of the current status

The Company thus far has deemed that its cost of shareholders’ equity is about 8%, which it calculates using the capital asset pricing model (CAPM). However, the figure has been revised to about 10% based on discussions at the Board of Directors undertaken in light of rising interest rates and dialogue with shareholders and investors.

In addition, the Company recognizes that improving capital profitability is an important management issue and accordingly positions ROE as a key management indicator. We have set an ROE target of 12.0% or more under the Medium-Term Management Plan “Progressive Plus 2027” (FY2025 to FY2027), currently in effect. However, ROE for FY2025 was 10.0%, which fell short of the initial target of 11.0%. The Company believes it is important to secure ROE consistently exceeding its cost of shareholders’ equity and to aim even higher.

We recognize that the share price remains undervalued at a PBR of 1.03 times and a PER of 11.0 times as of the end of March 2026. While presenting our medium- to long-term growth strategy and financial capital strategy to the stock market and forging ahead with such initiatives, we will also strengthen our IR activities to prompt expectations regarding the Company’s growth potential.

### Results

	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3	2025/3	2026/3
Net sales (million yen)	47,060	42,443	38,668	41,852	52,892	62,126	67,288	70,034
Operating profit (million yen)	5,470	3,742	2,572	1,968	4,366	6,585	7,526	7,084
Profit attributable to owners of parent (million yen)	4,030	2,818	1,961	1,905	3,330	4,969	6,003	5,879
ROE (%)	9.9	6.6	4.5	4.2	7.2	10.0	11.0	10.0
PBR (times)	1.12	0.88	0.94	0.97	0.95	1.26	0.92	1.03
PER (times)	10.9	13.3	21.6	23.2	13.5	13.4	8.7	11.0
Share price (yen)	2,063	1,642	1,849	1,968	2,035	3,050	2,382	2,973

\* 2019/3 (FY2018) was an irregular 15-month fiscal period for overseas consolidated subsidiaries. The figures for net sales, operating profit, profit attributable to owners of parent, and ROE are for reference assuming the fiscal year of the overseas consolidated subsidiaries was 12 months.

## 2. Formulation and disclosure of plans

### (1) Revision of target of the medium-term management plan

We have been promoting the Medium-Term Management Plan “Progressive Plus 2027” (FY2025 to FY2027) in seeking to improve capital profitability, yet have regrettably revised our FY2027 targets as follows in light of our financial results for FY2025, the initial fiscal year of the plan. Regarding the ROE target, we have decided to further strengthen the financial capital strategy while leaving the initial target of 12.0% or more unchanged.

#### FY2027 Target of the Medium-Term Management Plan “Progressive Plus 2027”

Before revision: Net sales of 70.0 billion yen, operating profit of 10.5 billion yen, operating profit ratio of 15.0%, profit of 7.6 billion yen, and ROE of 12.0% or more

After revision: 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

### (2) Update of policy on initiatives to achieve management conscious of cost of capital and share price

In seeking to ensure more effective management conscious of cost of capital and share price, the Company is promoting a financial capital strategy that emphasizes capital efficiency.

The Company thus far has prioritized stable business growth, focused on building a robust financial base, and maintained a high level of equity capital. Meanwhile, we recognize that the extent to which a company effectively harnesses capital and whether it is able to generate returns exceeding its cost of capital is an important factor with respect to corporate valuations in the stock market in recent years.

With this in mind, we will engage in balance sheet management conscious of capital efficiency going forward, which will involve controlling the equity-to-asset ratio to remain within 70% for the time being after identifying the appropriate level of equity capital required for addressing business risks and making growth investment. With our sights set on making growth investment and increasing corporate value, we will strive to achieve both financial soundness and capital efficiency with initiatives that include utilizing debt as necessary.

We will steadily advance both our business growth strategy and financial capital strategy while also strengthening our IR activities with the aims of consistently generating ROE exceeding cost of shareholders' equity and achieving sustained increases in corporate value.

The updated policy on initiatives to achieve management conscious of cost of capital and share price is as follows:

\* Content updated as of May 2026 is underlined.

- Aim to Achieve the FY2027 Target (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) of the Medium-Term Management Plan “Progressive Plus 2027”
- Generate cash by improving 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

Shareholder return policy: Set a dividend payout ratio of 40% or more and flexibly acquire treasury shares

During the period of the medium-term management plan, we will ensure a total return ratio of 50% or more, cumulative over three years, and will not reduce dividends

### (3) Main initiatives to improve capital profitability

#### (i) Increase profitability

We will work to implement growth strategies targeting AI semiconductors, autonomous driving, and satellite communications, and strengthen profitability.

In FY2025, we made progress in developing the AI semiconductor sector in Japan, Southeast Asia, and Taiwan, and the satellite communications sector in North America, while also launching new products for target markets. Although we also achieved improvement in profitability of customized products, which had been a management issue, profitability deteriorated due to intensified competition in the Chinese market in the equipment business and a decline in laboratory testing services caused by slowing EV demand. We will strengthen profitability by taking early action to address these challenges, while steadily forging ahead with efforts to achieve enhanced product value and more efficient manufacturing, which are key initiatives of the medium-term management plan.

#### (ii) Financial strategy and shareholder returns

In FY2025, we sought to improve efficiency of total assets by reducing raw material inventories and curtailing work in progress by improving production lead times, while also striving to balance growth investment and shareholder returns based on the cash allocation policy of the three-year medium-term management plan.

Regarding shareholder returns, we decided to acquire treasury shares in November 2025 based on our shareholder return policy and established a basic policy on the cancellation of treasury shares. We will maintain a baseline dividend payout ratio of 40% or more while flexibly acquiring treasury shares. During the period of the medium-term management plan, our policy is to target a total return ratio of 50% or more as a guideline cumulatively over three years while refraining from reducing dividends.

Going forward, we aim to continuously increase our corporate value while striking a balance between ensuring financial soundness and improving capital efficiency.

#### (iii) Strengthening IR activities

We will enhance dialogue with shareholders and investors to improve reputation in the stock market and strengthen management.

In FY2025, meetings were held with analysts and institutional investors both in Japan and overseas from a total of 199 companies (1.3 times the number in FY2024), with top management actively participating in IR activities (meetings with the President held with a total of 25 companies). In addition, we have been taking steps to enhance our IR activities based on dialogue with shareholders and investors. This involves holding online earnings briefings, conducting corporate briefings for individual investors, and publishing integrated reports and sponsored research reports. We will continue to improve our management strategies and measures drawing on feedback to management, which is reported to the Board of Directors five times annually.

(Note) This material has been prepared based on currently available information and based on reasonable judgment. However, please be aware that this material may change due to various factors in the future.