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February 13, 2023

**Consolidated Financial Results**  
for the Nine months Ended December 31, 2022  
(Under Japanese GAAP)

Company name: ESPEC CORP.  
 Listing: Tokyo Stock Exchanges, Prime Market  
 Securities code: 6859  
 URL: <https://www.espec.co.jp>  
 Representative: Satoshi Arata, Representative Director and President  
 Inquiries: Keiji Oshima, Director and Executive Officer, Chief Officer of Corporate Control Headquarters  
 Telephone: +81-6-6358-4741  
 Scheduled date to file quarterly securities report: February 14, 2023  
 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, 2022 (from April 1, 2022 to December 31, 2022)

(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, 2022	35,972	27.9	2,416	106.1	2,695	94.4	1,708	104.8
December 31, 2021	28,131	6.1	1,172	(11.9)	1,386	(7.0)	834	(11.6)

Note: Comprehensive income For the nine months ended December 31, 2022 ¥ 2,128 million 48.5%  
 For the nine months ended December 31, 2021 ¥ 1,433 million (5.0%)

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended				
December 31, 2022		76.73		-
December 31, 2021		37.12		-

(2) Consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2022	63,532	45,182	70.8	2,059.78
March 31, 2022	61,922	45,592	73.3	2,028.44

Reference: Equity

As of December 31, 2022 ¥44,970 million  
 As of March 31, 2022 ¥45,378 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, 2022	-	18.00	-	42.00	60.00
Fiscal year ending March 31, 2023	-	24.00	-		
Fiscal year ending March 31, 2023 (Forecast)			-	45.00	69.00

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

Components of the interim dividend for the fiscal year ending March 31, 2023

Ordinary dividend ¥22 Commemorative dividend ¥2

Components of the year-end dividend for the fiscal year ending March 31, 2023 (forecast)

Ordinary dividend ¥43 Commemorative dividend ¥2

## 3. Forecast of consolidated operating results for the fiscal year ending March 31, 2023 (From April 1, 2022 to March 31, 2023)

(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, 2023	52,000	24.2	4,000	103.2	4,350	87.3	2,900	52.2	129.50

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

### \*Notes

#### (1) Changes in significant subsidiaries during the period

(changes in specified subsidiaries resulting in the change in scope of consolidation): None

Newly included: (Company name: )

Excluded: (Company name: )

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

For details, see “Application of special accounting methods in the creation of quarterly consolidated financial statements” on p.8.

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

1) Changes in accounting policies due to revisions to accounting standards and other regulations: None

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

#### (4) Number of issued shares (common shares)

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

As of December 31, 2022	23,781,394 shares
As of March 31, 2022	23,781,394 shares

##### 2) Number of treasury shares at the end of the period

As of December 31, 2022	1,948,930 shares
As of March 31, 2022	1,410,246 shares

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

Nine months ended December 31, 2022	22,264,390 shares
Nine months ended December 31, 2021	22,480,482 shares

\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

### \* 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 p.3 for forecast assumptions and notes of caution for usage.

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## 1. Qualitative information concerning consolidated financial results

Forward-looking statements contained herein are based on the Group's judgment as of December 31, 2022.

### (1) Description of operating results

During the first nine months of fiscal 2022, the year ending March 31, 2023, the ESPEC Group's business environment saw favorable investments in the electronics and automotive fields against a backdrop of digitalization and decarbonization in society. Demand continued to be strong mainly in the market related to 5G and IoT, as well as automated driving and electrification of automobiles. From the production aspect, the Group endeavored to secure production volume through all types of measures, including by continuing the strategic accumulation of inventories, procuring alternatives and changing designs in response to the parts procurement difficulties. Looking at the Company's consolidated operating results for the first nine months of the fiscal year, orders received increased 21.7% year on year to ¥47,153 million, a record high. Net sales increased 27.9% year on year to ¥35,972 million, a record high. On the profit front, the Company recorded operating profit of ¥2,416 million, a 106.1% increase compared to the same period in the previous fiscal year due to higher sales that offset the impact of rising component prices and electrical fees, and the impact of an increase in sales, general and administrative expenses accompanying the expansion of orders received. Profit attributable to owners of parent increased 104.8% year on year to ¥1,708 million.

	Previous consolidated 3 <sup>rd</sup> quarter (fiscal 2021) (Millions of yen)	This consolidated 3 <sup>rd</sup> quarter (fiscal 2022) (Millions of yen)	Change (%)
Orders received	38,752	47,153	21.7
Net sales	28,131	35,972	27.9
Operating profit	1,172	2,416	106.1
Ordinary profit	1,386	2,695	94.4
Profit attributable to owners of parent	834	1,708	104.8

### Performance by segment

This consolidated 3<sup>rd</sup> quarter (Fiscal 2022)

	Orders received (Millions of yen)	Net sales (Millions of yen)	Operating profit (loss) (Millions of yen)
Equipment business	41,031	30,866	2,329
Service business	5,216	4,672	185
Other business	1,148	656	(96)
Elimination	(243)	(222)	(0)
Total	47,153	35,972	2,416

### Equipment business

In the environmental test chambers field, in the Japanese market orders received and net sales both increased year on year for both highly versatile standardized and customized products. In overseas markets, orders received were also strong. Net sales increased year on year in China, North America, Europe, Southeast Asia and Korea.

In the energy devices equipment field, orders received and net sales both increased year on year due to strong sales of chambers for charge-discharge testing mainly in the Japanese market due to the expansion of investment for electrification of automobiles.

In the semiconductor equipment field, orders received was on a par with the same period of the previous fiscal year, but net sales decreased due to a delay in customers' plans.

As a result, the equipment business on the whole saw orders received increase 24.3% to ¥41,031 million and net sales increase 32.8% year on year to ¥30,866 million. On the profit front, the Company recorded operating profit of ¥2,329 million, an increase of 144.9% compared to the same period of the previous fiscal year, mainly due to an increase in net sales.

	Previous consolidated 3 <sup>rd</sup> quarter (fiscal 2021) (Millions of yen)	This consolidated 3 <sup>rd</sup> quarter (fiscal 2022) (Millions of yen)	Change (%)
Orders received	33,007	41,031	24.3
Net sales	23,237	30,866	32.8
Operating profit	951	2,329	144.9

## Service business

In the after-sales service and engineering field, both orders received and net sales increased year on year due to a strong performance in preventative maintenance services such as maintenance agreements.

In laboratory testing services and facility rentals, orders received were on a par with the same period of the previous fiscal year and net sales increased due to a strong performance in laboratory testing services, centered on automotive rechargeable batteries.

As a result, the service business on the whole saw orders received increase 4.5% year on year to ¥5,216 million and net sales increase 4.5% to ¥4,672 million. On the profit front, the Company recorded operating profit of ¥185 million, a decrease of 40.6% compared to the same period of the previous fiscal year, due to the impact of surging electricity fees in laboratory testing services and an increase in sales, general, and administrative expenses due mainly to operating expenses for new after-sales services.

	Previous consolidated 3 <sup>rd</sup> quarter (fiscal 2021) (Millions of yen)	This consolidated 3 <sup>rd</sup> quarter (fiscal 2022) (Millions of yen)	Change (%)
Orders received	4,993	5,216	4.5
Net sales	4,472	4,672	4.5
Operating profit	311	185	(40.6)

## Other business

In the other business field, which is centered on the environmental preservation and plant production systems businesses, forest creation and waterfront biotope restoration performed sluggishly, but orders received for plant research devices and plant factories increased year on year. As a result, orders received increased 20.1% year on year to ¥1,148 million, and net sales increased 7.3% to ¥656 million, but there was an operating loss of ¥96 million.

	Previous consolidated 3 <sup>rd</sup> quarter (fiscal 2021) (Millions of yen)	This consolidated 3 <sup>rd</sup> quarter (fiscal 2022) (Millions of yen)	Change (%)
Orders received	956	1,148	20.1
Net sales	612	656	7.3
Operating loss	(89)	(96)	-

\* There are marked seasonal fluctuations in the Group's performance based on quarterly sales because of a strong trend toward contractual deliveries occurring in the 2<sup>nd</sup> and 4<sup>th</sup> consolidated 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 ¥63,532 million, an increase of ¥1,610 million over the end of the previous consolidated fiscal year. Major factors included an increase of 3,236 in inventories such as work in process owing to an increase in order backlog, a decrease of 1,999 in securities due to conversion to cash, an increase in cash and deposits of ¥934 accompanying a decrease in trade receivables and conversion of securities into cash and a decrease of ¥639 million due to recovery in trade receivables (notes and accounts receivable trade, contract assets, and electronically recorded monetary claims-operating). Liabilities were ¥18,350 million, an increase of ¥2,020 million from the end of the previous consolidated fiscal year. Major factors included an increase of ¥1,378 million from the rise in other current liabilities such as contract liabilities associated with the increase in orders received, an increase of ¥1,077 in accounts payable (notes and accounts payable – trade and electronically recorded obligations – operating) associated with the increase in purchases accompanying an increase in orders received and a decrease of ¥308 million in provision for bonuses. Net assets were ¥45,182 million, a decrease of ¥409 million against the end of the previous fiscal year. Major factors included a decrease of ¥1,043 million due to an increase in treasury shares following the purchase of treasury shares, an increase of ¥213 million in retained earnings due to appropriation of ¥1,488 million as dividends while recording ¥1,708 million in profit attributable to owners of parent during the nine months ended December 31, 2022 and an increase of ¥375 million in foreign currency translation adjustment accompanying the weakening of the yen.

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

With regard to the consolidated financial results for the the full year of the fiscal 2022, the year ending March 31, 2023, the Company has not revised forecasts announced on October 28, 2022 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, 2022	As of December 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	13,254	14,189
Notes and accounts receivable - trade, and contract assets	13,595	12,237
Electronically recorded monetary claims - operating	2,607	3,325
Securities	2,902	902
Merchandise and finished goods	2,036	2,486
Work in process	2,805	4,931
Raw materials and supplies	3,670	4,330
Other	2,236	2,260
Allowance for doubtful accounts	(30)	(36)
Total current assets	43,076	44,626
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,915	5,021
Land	4,632	4,660
Other, net	2,840	2,713
Total property, plant and equipment	12,388	12,395
Intangible assets		
Goodwill	698	630
Other	586	579
Total intangible assets	1,284	1,210
Investments and other assets	5,172	5,300
Total non-current assets	18,845	18,906
Total assets	61,922	63,532
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	3,478	3,939
Electronically recorded obligations - operating	3,817	4,434
Short-term borrowings	82	89
Income taxes payable	428	414
Provision for bonuses	487	178
Provision for bonuses for directors (and other officers)	10	—
Provision for share awards for directors (and other officers)	82	—
Provision for product warranties	178	211
Provision for loss on orders received	16	13
Other	4,953	6,332
Total current liabilities	13,537	15,613
Non-current liabilities		
Long-term borrowings	269	224
Retirement benefit liability	245	235
Provision for share awards for directors (and other officers)	93	120
Provision for retirement benefits for directors (and other officers)	4	4
Asset retirement obligations	22	23
Other	2,157	2,128
Total non-current liabilities	2,792	2,736
Total liabilities	16,330	18,350

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Net assets		
Shareholders' equity		
Share capital	6,895	6,895
Capital surplus	7,120	7,120
Retained earnings	31,836	32,050
Treasury shares	(2,236)	(3,280)
Total shareholders' equity	43,616	42,786
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,109	1,158
Revaluation reserve for land	(663)	(663)
Foreign currency translation adjustment	1,294	1,669
Remeasurements of defined benefit plans	21	18
Total accumulated other comprehensive income	1,762	2,183
Non-controlling interests	213	211
Total net assets	45,592	45,182
Total liabilities and net assets	61,922	63,532

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

## Quarterly consolidated statements of income

(Nine months ended December 31, 2022)

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net sales	28,131	35,972
Cost of sales	18,337	23,627
Gross profit	9,794	12,345
Selling, general and administrative expenses		
Salaries and allowances	2,800	3,217
Provision for bonuses	48	51
Provision for share awards for directors (and other officers)	17	27
Provision for product warranties	86	101
Provision of allowance for doubtful accounts	14	8
Amortization of goodwill	71	93
Other	5,582	6,428
Total selling, general and administrative expenses	8,621	9,929
Operating profit	1,172	2,416
Non-operating income		
Interest income	37	12
Dividend income	95	128
Subsidy income	1	68
Foreign exchange gains	73	45
Other	59	61
Total non-operating income	266	316
Non-operating expenses		
Interest expenses	30	26
Commission expenses	6	6
Other	15	4
Total non-operating expenses	52	37
Ordinary profit	1,386	2,695
Extraordinary income		
Gain on sale of non-current assets	2	1
Gain on sale of investment securities	35	—
Total extraordinary income	37	1
Extraordinary losses		
Loss on sale of non-current assets	0	6
Loss on retirement of non-current assets	7	4
Total extraordinary losses	7	10
Profit before income taxes	1,416	2,686
Income taxes - current	581	979
Profit	834	1,706
Loss attributable to non-controlling interests	(0)	(1)
Profit attributable to owners of parent	834	1,708



Quarterly consolidated statements of comprehensive income  
(Nine months ended December 31, 2022)

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	834	1,706
Other comprehensive income		
Valuation difference on available-for-sale securities	58	49
Foreign currency translation adjustment	540	375
Remeasurements of defined benefit plans, net of tax	0	(3)
Total other comprehensive income	599	421
Comprehensive income	1,433	2,128
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,433	2,129
Comprehensive income attributable to non-controlling interests	(0)	(1)

### (3) Notes to the quarterly consolidated financial statements

#### Notes on the assumption of a going concern

No applicable

#### Notes on significant changes in shareholders' equity

Not applicable

#### Application of special accounting methods in the creation of 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.

#### Segment information

##### I Previous consolidated 3<sup>rd</sup> quarter (from April 1, 2021 to December 31, 2021)

##### 1. Information concerning the net sales and profit or loss of each reportable segment (Millions of yen)

	Reportable segment			Total	Adjustment <sup>1</sup>	Carried amount on quarterly consolidated statements of income <sup>2</sup>
	Equipment business	Service business	Other business			
Net sales						
(1) Sales to external customers	23,223	4,299	609	28,131	-	28,131
(2) Internal sales or transfers between segments	14	172	3	190	(190)	-
Total	23,237	4,472	612	28,322	(190)	28,131
Segment profit (loss)	951	311	(89)	1,172	(0)	1,172

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 fixed assets, and goodwill, etc. for each reportable segment.

##### Significant changes in the amount of goodwill

In the Equipment business segment, the Company acquired 80% of the outstanding shares of ESPEC THERMALTECH SYSTEM CORP. and included this company in the scope of consolidation.

The increase in the amount of goodwill from this transaction was ¥444 million in the first nine months of fiscal 2021.

##### II This consolidated 3<sup>rd</sup> quarter (from April 1, 2022 to December 31, 2022)

##### 1. Information concerning the net sales and profit or loss of each reportable segment (Millions of yen)

	Reportable segment			Total	Adjustment <sup>1</sup>	Carried amount on quarterly consolidated statements of income <sup>2</sup>
	Equipment business	Service business	Other business			
Net sales						
(1) Sales to external customers	30,849	4,472	650	35,972	-	35,972
(2) Internal sales or transfers between segments	17	199	6	222	(222)	-
Total	30,866	4,672	656	36,195	(222)	35,972
Segment profit (loss)	2,329	185	(96)	2,417	(0)	2,416

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

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

##### 2. Information related to impairment loss on fixed assets, and goodwill, etc. for each reportable segment.

There were no significant changes in the amount of goodwill during the first nine months ended December 31, 2022.

#### Material Subsequent Events

No applicable