

Translation

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Summary of Consolidated Financial Results for the Six Months Ended June 30, 2022 (Based on Japanese GAAP)

July 15, 2022

Company name: HIOKI E.E. CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 6866 URL <https://www.hioki.co.jp/>
 Representative: President Takahiro Okazawa
 Director, Senior Managing Executive Officer,
 Inquiries: Chief Financial Officer (CFO) and Director Yoshikazu Suyama TEL 0268-28-0555
 of Administration Department
 Scheduled date to file Quarterly Securities Report: August 1, 2022
 Scheduled date to commence dividend payments: August 12, 2022
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended June 30, 2022 (from January 1, 2022 to June 30, 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	%
Six months ended June 30, 2022	15,882	8.5	3,140	0.2	3,401	5.3	2,503	2.9
Six months ended June 30, 2021	14,639	37.1	3,133	97.0	3,231	94.7	2,432	96.5

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended June 30, 2022	183.40		-	
Six months ended June 30, 2021	178.29		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2022	36,342	31,108	85.6	2,278.62
As of December 31, 2021	36,391	29,454	80.9	2,158.34

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended December 31, 2021	-	65.00	-	100.00	165.00
Year ending December 31, 2022	-	80.00	-	-	-
Year ending December 31, 2022 (Forecast)	-	-	-	80.00	160.00

3. Forecast of consolidated financial results for the year ending December 31, 2022 (from January 1, 2022 to December 31, 2022)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	34,000	16.0	7,010	21.9	7,200	20.0	5,410	19.7	396.43

4. Notes

- (1) Changes in significant subsidiaries during the six months ended June 30, 2022
 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of June 30, 2022	14,024,365 shares	As of December 31, 2021	14,024,365 shares
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Number of treasury shares at the end of the period

As of June 30, 2022	371,956 shares	As of December 31, 2021	377,652 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2022	13,649,556 shares	Six months ended June 30, 2021	13,642,713 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2021	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	16,017,461	13,846,499
Notes and accounts receivable - trade	3,357,039	–
Notes and accounts receivable - trade, and contract assets	–	3,717,156
Merchandise and finished goods	1,022,058	1,610,892
Work in process	659,497	733,749
Raw materials and supplies	2,691,016	3,703,633
Other	316,939	505,604
Allowance for doubtful accounts	(5,203)	(6,836)
Total current assets	24,058,808	24,110,699
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,245,351	7,157,457
Machinery, equipment and vehicles, net	292,140	389,975
Tools, furniture and fixtures, net	754,023	868,817
Land	1,998,862	1,998,862
Construction in progress	1,488	28,003
Total property, plant and equipment	10,291,868	10,443,116
Intangible assets		
Software	356,643	332,741
Other	22,262	18,891
Total intangible assets	378,906	351,632
Investments and other assets	1,661,476	1,436,811
Total non-current assets	12,332,250	12,231,561
Total assets	36,391,059	36,342,260

(Thousands of yen)

	As of December 31, 2021	As of June 30, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	835,185	1,066,211
Income taxes payable	1,156,614	550,009
Provision for bonuses	–	1,288,125
Provision for bonuses for directors (and other officers)	–	59,180
Other	3,697,975	1,071,210
Total current liabilities	5,689,776	4,034,736
Non-current liabilities		
Deferred tax liabilities	6,826	5,562
Retirement benefit liability	725,626	661,949
Other	514,535	531,327
Total non-current liabilities	1,246,987	1,198,839
Total liabilities	6,936,764	5,233,576
Net assets		
Shareholders' equity		
Share capital	3,299,463	3,299,463
Capital surplus	3,968,885	3,993,207
Retained earnings	22,782,020	23,920,691
Treasury shares	(727,495)	(716,768)
Total shareholders' equity	29,322,874	30,496,594
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	148,034	173,982
Foreign currency translation adjustment	307,814	740,394
Remeasurements of defined benefit plans	(324,428)	(302,287)
Total accumulated other comprehensive income	131,420	612,089
Total net assets	29,454,295	31,108,684
Total liabilities and net assets	36,391,059	36,342,260

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Net sales	14,639,794	15,882,354
Cost of sales	7,614,260	8,673,448
Gross profit	7,025,533	7,208,906
Selling, general and administrative expenses	3,892,001	4,068,114
Operating profit	3,133,531	3,140,791
Non-operating income		
Interest income	2,378	3,006
Dividend income	11,846	12,692
Rental income from buildings	4,405	3,813
Foreign exchange gains	50,782	133,530
Subsidy income	6,769	509
Refund income	–	76,707
Other	25,449	34,491
Total non-operating income	101,631	264,750
Non-operating expenses		
Interest expenses	3,956	3,711
Other	6	5
Total non-operating expenses	3,962	3,716
Ordinary profit	3,231,201	3,401,825
Extraordinary income		
Gain on sale of non-current assets	3,546	1
Total extraordinary income	3,546	1
Extraordinary losses		
Loss on retirement of non-current assets	1,174	55
Loss on valuation of membership	–	2,600
Total extraordinary losses	1,174	2,655
Profit before income taxes	3,233,573	3,399,172
Income taxes - current	798,686	644,195
Income taxes - deferred	2,538	251,635
Total income taxes	801,225	895,830
Profit	2,432,348	2,503,341
Profit attributable to owners of parent	2,432,348	2,503,341

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Profit	2,432,348	2,503,341
Other comprehensive income		
Valuation difference on available-for-sale securities	52,300	25,948
Foreign currency translation adjustment	164,336	432,579
Remeasurements of defined benefit plans, net of tax	22,576	22,140
Total other comprehensive income	239,213	480,669
Comprehensive income	2,671,561	2,984,010
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,671,561	2,984,010

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Cash flows from operating activities		
Profit before income taxes	3,233,573	3,399,172
Depreciation	533,049	534,165
Increase (decrease) in allowance for doubtful accounts	(1,852)	1,019
Increase (decrease) in provision for bonuses	1,159,404	1,274,288
Increase (decrease) in provision for bonuses for directors (and other officers)	57,080	59,180
Increase (decrease) in retirement benefit liability	(19,834)	(23,590)
Share-based payment expenses	17,698	17,397
Interest and dividend income	(14,225)	(15,698)
Subsidy income	(6,769)	(509)
Refund income	–	(76,707)
Interest expenses	3,956	3,711
Loss (gain) on sale of non-current assets	(3,546)	(1)
Loss on retirement of non-current assets	1,174	55
Loss on valuation of membership	–	2,600
Decrease (increase) in trade receivables	(1,510,519)	(239,998)
Decrease (increase) in inventories	(794,609)	(1,512,058)
Increase (decrease) in trade payables	437,506	230,749
Increase (decrease) in accrued expenses	(994,164)	(2,601,605)
Increase (decrease) in accrued consumption taxes	50,975	(21,111)
Other, net	(141,832)	(391,565)
Subtotal	2,007,064	639,491
Interest and dividends received	12,393	13,744
Subsidies received	6,769	509
Refunds received	–	76,707
Interest paid	(3,880)	(5,573)
Income taxes paid	(575,210)	(1,251,527)
Net cash provided by (used in) operating activities	1,447,136	(526,648)
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	727	–
Purchase of property, plant and equipment	(254,158)	(636,773)
Proceeds from sale of property, plant and equipment	3,358	1
Purchase of investment securities	(1,201)	(1,199)
Other, net	(61,852)	(67,455)
Net cash provided by (used in) investing activities	(313,125)	(705,427)
Cash flows from financing activities		
Purchase of treasury shares	(1,292)	(345)
Dividends paid	(544,617)	(1,363,364)
Net cash provided by (used in) financing activities	(545,909)	(1,363,709)
Effect of exchange rate change on cash and cash equivalents	157,707	424,822
Net increase (decrease) in cash and cash equivalents	745,808	(2,170,962)
Cash and cash equivalents at beginning of period	11,542,667	14,237,461
Cash and cash equivalents at end of period	12,288,476	12,066,499