

Translation

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Summary of Consolidated Financial Results for the Year Ended December 31, 2023 (Based on Japanese GAAP)

January 25, 2024

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 of ordinary general meeting of shareholders: February 28, 2024
 Scheduled date to file Securities Report: February 29, 2024
 Scheduled date to commence dividend payments: February 29, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(1) Consolidated operating results

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 | % |
| Year ended December 31, 2023 | 39,154 | 13.9 | 7,955 | 12.5 | 8,236 | 13.0 | 6,329 | 18.7 |
| Year ended December 31, 2022 | 34,371 | 17.2 | 7,070 | 23.0 | 7,287 | 21.5 | 5,330 | 17.9 |

| | Earnings per share | Diluted earnings per share | Profit attributable to owners of parent/equity | Ordinary profit/total assets | Operating profit/net sales |
|------------------------------|--------------------|----------------------------|--|------------------------------|----------------------------|
| | Yen | Yen | % | % | % |
| Year ended December 31, 2023 | 463.51 | – | 18.1 | 19.2 | 20.3 |
| Year ended December 31, 2022 | 390.47 | – | 17.1 | 18.9 | 20.6 |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|-------------------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of December 31, 2023 | 45,250 | 37,122 | 82.0 | 2,718.23 |
| As of December 31, 2022 | 40,605 | 32,779 | 80.7 | 2,401.01 |

(3) Consolidated cash flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| Year ended December 31, 2023 | 8,438 | (3,353) | (2,320) | 14,745 |
| Year ended December 31, 2022 | 1,241 | (1,475) | (2,455) | 11,836 |

2. Cash dividends

| | Annual dividends per share | | | | | Total cash dividends (Total) | Dividend payout ratio (Consolidated) | Ratio of dividends to net assets (Consolidated) |
|--|----------------------------|-----------------|-----------------|-----------------|--------|------------------------------|--------------------------------------|---|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Fiscal year-end | Total | | | |
| | Yen | Yen | Yen | Yen | Yen | Millions of yen | % | % |
| Year ended December 31, 2022 | – | 80.00 | – | 80.00 | 160.00 | 2,184 | 41.0 | 7.0 |
| Year ended December 31, 2023 | – | 90.00 | – | 90.00 | 180.00 | 2,458 | 38.8 | 7.0 |
| Year ending December 31, 2024 (Forecast) | – | 100.00 | – | 100.00 | 200.00 | | 41.1 | |

3. Forecast of consolidated financial results for the year ending December 31, 2024 (from January 1, 2024 to December 31, 2024)

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 |
| Six months ending June 30, 2024 | 21,000 | 3.3 | 4,350 | (4.3) | 4,400 | (7.0) | 3,320 | (3.7) | 243.12 |
| Full year | 42,000 | 7.3 | 8,700 | 9.4 | 8,800 | 6.8 | 6,640 | 4.9 | 486.24 |

4. Notes

(1) Changes in significant subsidiaries during the year ended December 31, 2023

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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

(3) Number of issued shares (common shares)

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

| | | | |
|-------------------------|-------------------|-------------------------|-------------------|
| As of December 31, 2023 | 14,024,365 shares | As of December 31, 2022 | 14,024,365 shares |
|-------------------------|-------------------|-------------------------|-------------------|

Number of treasury shares at the end of the period

| | | | |
|-------------------------|----------------|-------------------------|----------------|
| As of December 31, 2023 | 367,392 shares | As of December 31, 2022 | 372,001 shares |
|-------------------------|----------------|-------------------------|----------------|

Average number of shares during the period

| | | | |
|------------------------------|-------------------|------------------------------|-------------------|
| Year ended December 31, 2023 | 13,655,833 shares | Year ended December 31, 2022 | 13,650,969 shares |
|------------------------------|-------------------|------------------------------|-------------------|

Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

| | As of December 31, 2022 | As of December 31, 2023 |
|--|-------------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 13,616,619 | 16,525,166 |
| Notes and accounts receivable - trade, and contract assets | 3,639,339 | 3,603,329 |
| Electronically recorded monetary claims - operating | 316,839 | 245,278 |
| Merchandise and finished goods | 1,354,928 | 1,427,193 |
| Work in process | 983,886 | 1,015,135 |
| Raw materials and supplies | 6,093,739 | 6,403,800 |
| Other | 897,838 | 410,557 |
| Allowance for doubtful accounts | (23,041) | (27,170) |
| Total current assets | 26,880,151 | 29,603,291 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 16,344,563 | 16,928,156 |
| Accumulated depreciation | (8,787,950) | (9,159,162) |
| Buildings and structures, net | 7,556,613 | 7,768,993 |
| Machinery, equipment and vehicles | 1,784,509 | 2,003,760 |
| Accumulated depreciation | (1,378,824) | (1,448,558) |
| Machinery, equipment and vehicles, net | 405,685 | 555,202 |
| Tools, furniture and fixtures | 6,615,569 | 7,548,013 |
| Accumulated depreciation | (5,711,345) | (6,255,315) |
| Tools, furniture and fixtures, net | 904,223 | 1,292,698 |
| Land | 1,961,951 | 1,961,951 |
| Construction in progress | 106,914 | 1,176,147 |
| Total property, plant and equipment | 10,935,388 | 12,754,993 |
| Intangible assets | | |
| Software | 322,756 | 535,213 |
| Telephone subscription right | 3,241 | 3,241 |
| Software in progress | 97,924 | 59,621 |
| Total intangible assets | 423,922 | 598,076 |
| Investments and other assets | | |
| Investment securities | 637,789 | 816,053 |
| Deferred tax assets | 1,429,434 | 1,135,007 |
| Retirement benefit asset | 12,226 | 10,108 |
| Other | 287,054 | 333,383 |
| Total investments and other assets | 2,366,505 | 2,294,551 |
| Total non-current assets | 13,725,817 | 15,647,622 |
| Total assets | 40,605,968 | 45,250,913 |

(Thousands of yen)

| | As of December 31, 2022 | As of December 31, 2023 |
|---|-------------------------|-------------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 1,253,051 | 803,950 |
| Income taxes payable | 717,028 | 733,273 |
| Contract liabilities | 178,408 | 323,577 |
| Provision for product warranties | – | 97,654 |
| Provision for bonuses | – | 2,891,393 |
| Other | 4,528,931 | 2,208,354 |
| Total current liabilities | 6,677,419 | 7,058,203 |
| Non-current liabilities | | |
| Deferred tax liabilities | 9,335 | 24,572 |
| Retirement benefit liability | 604,361 | 522,883 |
| Other | 535,372 | 522,400 |
| Total non-current liabilities | 1,149,069 | 1,069,855 |
| Total liabilities | 7,826,489 | 8,128,059 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 3,299,463 | 3,299,463 |
| Capital surplus | 3,993,207 | 4,023,028 |
| Retained earnings | 25,655,500 | 29,663,773 |
| Treasury shares | (717,074) | (709,155) |
| Total shareholders' equity | 32,231,097 | 36,277,110 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 211,562 | 332,424 |
| Foreign currency translation adjustment | 627,329 | 783,227 |
| Remeasurements of defined benefit plans | (290,510) | (269,908) |
| Total accumulated other comprehensive income | 548,380 | 845,743 |
| Total net assets | 32,779,478 | 37,122,853 |
| Total liabilities and net assets | 40,605,968 | 45,250,913 |

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

| | Fiscal year ended December 31, 2022 | Fiscal year ended December 31, 2023 |
|--|--|--|
| Net sales | 34,371,110 | 39,154,033 |
| Cost of sales | 18,501,293 | 20,888,520 |
| Gross profit | 15,869,817 | 18,265,513 |
| Selling, general and administrative expenses | 8,799,295 | 10,309,597 |
| Operating profit | 7,070,521 | 7,955,916 |
| Non-operating income | | |
| Interest income | 6,270 | 9,721 |
| Dividend income | 26,151 | 28,723 |
| Foreign exchange gains | – | 87,585 |
| Rental income from buildings | 7,454 | 7,339 |
| Subsidy income | 108,042 | 49,481 |
| Refund income | 118,608 | 42,922 |
| Other | 60,953 | 63,513 |
| Total non-operating income | 327,480 | 289,288 |
| Non-operating expenses | | |
| Interest expenses | 7,844 | 8,307 |
| Foreign exchange losses | 102,348 | – |
| Other | 11 | 37 |
| Total non-operating expenses | 110,203 | 8,345 |
| Ordinary profit | 7,287,798 | 8,236,858 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 2,293 | 2,206 |
| Total extraordinary income | 2,293 | 2,206 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 3,940 | 5,990 |
| Loss on valuation of membership | 2,600 | – |
| Total extraordinary losses | 6,540 | 5,990 |
| Profit before income taxes | 7,283,552 | 8,233,074 |
| Income taxes - current | 2,094,939 | 1,655,018 |
| Income taxes for prior periods | 473,748 | – |
| Income taxes - deferred | (615,480) | 248,465 |
| Total income taxes | 1,953,208 | 1,903,484 |
| Profit | 5,330,344 | 6,329,589 |
| Profit attributable to owners of parent | 5,330,344 | 6,329,589 |

Consolidated statements of comprehensive income

(Thousands of yen)

| | Fiscal year ended December 31, 2022 | Fiscal year ended December 31, 2023 |
|---|--|--|
| Profit | 5,330,344 | 6,329,589 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 63,527 | 120,861 |
| Foreign currency translation adjustment | 319,514 | 155,898 |
| Remeasurements of defined benefit plans, net of tax | 33,917 | 20,602 |
| Total other comprehensive income | 416,960 | 297,362 |
| Comprehensive income | 5,747,304 | 6,626,952 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 5,747,304 | 6,626,952 |

Consolidated statements of changes in equity

Fiscal year ended December 31, 2022

(Thousands of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 3,299,463 | 3,968,885 | 22,782,020 | (727,495) | 29,322,874 |
| Changes during period | | | | | |
| Dividends of surplus | | | (2,456,864) | | (2,456,864) |
| Profit attributable to owners of parent | | | 5,330,344 | | 5,330,344 |
| Purchase of treasury shares | | | | (652) | (652) |
| Disposal of treasury shares | | 24,322 | | 11,072 | 35,395 |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | – | 24,322 | 2,873,479 | 10,420 | 2,908,223 |
| Balance at end of period | 3,299,463 | 3,993,207 | 25,655,500 | (717,074) | 32,231,097 |

| | Accumulated other comprehensive income | | | | Total net assets |
|--|---|---|---|--|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | |
| Balance at beginning of period | 148,034 | 307,814 | (324,428) | 131,420 | 29,454,295 |
| Changes during period | | | | | |
| Dividends of surplus | | | | | (2,456,864) |
| Profit attributable to owners of parent | | | | | 5,330,344 |
| Purchase of treasury shares | | | | | (652) |
| Disposal of treasury shares | | | | | 35,395 |
| Net changes in items other than shareholders' equity | 63,527 | 319,514 | 33,917 | 416,960 | 416,960 |
| Total changes during period | 63,527 | 319,514 | 33,917 | 416,960 | 3,325,183 |
| Balance at end of period | 211,562 | 627,329 | (290,510) | 548,380 | 32,779,478 |

Fiscal year ended December 31, 2023

(Thousands of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 3,299,463 | 3,993,207 | 25,655,500 | (717,074) | 32,231,097 |
| Changes during period | | | | | |
| Dividends of surplus | | | (2,321,317) | | (2,321,317) |
| Profit attributable to owners of parent | | | 6,329,589 | | 6,329,589 |
| Purchase of treasury shares | | | | (1,232) | (1,232) |
| Disposal of treasury shares | | 29,820 | | 9,152 | 38,972 |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | – | 29,820 | 4,008,272 | 7,919 | 4,046,012 |
| Balance at end of period | 3,299,463 | 4,023,028 | 29,663,773 | (709,155) | 36,277,110 |

| | Accumulated other comprehensive income | | | | Total net assets |
|--|---|---|---|--|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | |
| Balance at beginning of period | 211,562 | 627,329 | (290,510) | 548,380 | 32,779,478 |
| Changes during period | | | | | |
| Dividends of surplus | | | | | (2,321,317) |
| Profit attributable to owners of parent | | | | | 6,329,589 |
| Purchase of treasury shares | | | | | (1,232) |
| Disposal of treasury shares | | | | | 38,972 |
| Net changes in items other than shareholders' equity | 120,861 | 155,898 | 20,602 | 297,362 | 297,362 |
| Total changes during period | 120,861 | 155,898 | 20,602 | 297,362 | 4,343,375 |
| Balance at end of period | 332,424 | 783,227 | (269,908) | 845,743 | 37,122,853 |

Consolidated statements of cash flows

(Thousands of yen)

| | Fiscal year ended December 31, 2022 | Fiscal year ended December 31, 2023 |
|---|--|--|
| Cash flows from operating activities | | |
| Profit before income taxes | 7,283,552 | 8,233,074 |
| Depreciation | 1,152,264 | 1,437,714 |
| Increase (decrease) in allowance for doubtful accounts | 17,277 | 3,619 |
| Increase (decrease) in provision for bonuses | – | 2,888,096 |
| Increase (decrease) in provision for product warranties | – | 97,654 |
| Increase (decrease) in retirement benefit liability | (75,743) | (49,423) |
| Share-based payment expenses | 35,095 | 38,376 |
| Interest and dividend income | (32,422) | (38,444) |
| Subsidy income | (108,042) | (49,481) |
| Refund income | (118,608) | (42,922) |
| Interest expenses | 7,844 | 8,307 |
| Loss (gain) on sale of non-current assets | (2,293) | (2,206) |
| Loss on retirement of non-current assets | 3,940 | 5,990 |
| Loss on valuation of membership | 2,600 | – |
| Decrease (increase) in trade receivables | (517,016) | 192,462 |
| Decrease (increase) in inventories | (4,016,343) | (344,679) |
| Increase (decrease) in trade payables | 417,470 | (449,152) |
| Increase (decrease) in accrued expenses | 379,711 | (2,553,714) |
| Increase (decrease) in accrued consumption taxes | (419,833) | 425,440 |
| Other, net | 41,427 | 130,860 |
| Subtotal | 4,050,878 | 9,931,573 |
| Interest and dividends received | 28,431 | 34,120 |
| Subsidies received | 108,042 | 49,481 |
| Refunds received | 118,608 | 42,922 |
| Interest paid | (7,844) | (8,307) |
| Income taxes paid | (3,056,617) | (1,611,614) |
| Net cash provided by (used in) operating activities | 1,241,499 | 8,438,176 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (1,292,403) | (3,008,474) |
| Proceeds from sale of property, plant and equipment | 2,299 | 888 |
| Purchase of investment securities | (4,518) | (5,021) |
| Other, net | (180,607) | (341,373) |
| Net cash provided by (used in) investing activities | (1,475,230) | (3,353,980) |
| Cash flows from financing activities | | |
| Purchase of treasury shares | (652) | (1,232) |
| Dividends paid | (2,454,412) | (2,319,555) |
| Net cash provided by (used in) financing activities | (2,455,065) | (2,320,787) |
| Effect of exchange rate change on cash and cash equivalents | 287,954 | 145,139 |
| Net increase (decrease) in cash and cash equivalents | (2,400,841) | 2,908,546 |
| Cash and cash equivalents at beginning of period | 14,237,461 | 11,836,619 |
| Cash and cash equivalents at end of period | 11,836,619 | 14,745,166 |