

Translation

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Summary of Consolidated Financial Results for the Six Months Ended June 30, 2023 (Based on Japanese GAAP)

July 18, 2023

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, 2023
 Scheduled date to commence dividend payments: August 14, 2023
 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, 2023 (from January 1, 2023 to June 30, 2023)

(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, 2023	20,334	28.0	4,545	44.7	4,731	39.1	3,447	37.7
Six months ended June 30, 2022	15,882	8.5	3,140	0.2	3,401	5.3	2,503	2.9

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended June 30, 2023	252.45		-	
Six months ended June 30, 2022	183.40		-	

(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, 2023	41,454	35,474	85.6	2,597.54
As of December 31, 2022	40,605	32,779	80.7	2,401.01

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, 2022	-	80.00	-	80.00	160.00
Year ending December 31, 2023	-	90.00	-	-	-
Year ending December 31, 2023 (Forecast)	-	-	-	90.00	180.00

3. Forecast of consolidated financial results for the year ending December 31, 2023 (from January 1, 2023 to December 31, 2023)

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	38,900	13.2	7,940	12.3	8,080	10.9	6,080	14.1	445.39

4. Notes

- (1) Changes in significant subsidiaries during the six months ended June 30, 2023
 (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, 2023	14,024,365 shares	As of December 31, 2022	14,024,365 shares
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Number of treasury shares at the end of the period

As of June 30, 2023	367,382 shares	As of December 31, 2022	372,001 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, 2023	13,654,686 shares	Six months ended June 30, 2022	13,649,556 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2022	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	13,616,619	13,740,635
Notes and accounts receivable - trade, and contract assets	3,639,339	4,222,086
Electronically recorded monetary claims - operating	316,839	242,641
Merchandise and finished goods	1,354,928	1,647,865
Work in process	983,886	1,047,222
Raw materials and supplies	6,093,739	6,423,688
Other	897,838	488,115
Allowance for doubtful accounts	(23,041)	(26,773)
Total current assets	26,880,151	27,785,481
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,556,613	7,603,330
Machinery, equipment and vehicles, net	405,685	417,356
Tools, furniture and fixtures, net	904,223	1,215,362
Land	1,961,951	1,961,951
Construction in progress	106,914	17,036
Total property, plant and equipment	10,935,388	11,215,037
Intangible assets		
Software	322,756	359,714
Other	101,165	172,567
Total intangible assets	423,922	532,282
Investments and other assets	2,366,505	1,922,159
Total non-current assets	13,725,817	13,669,478
Total assets	40,605,968	41,454,959

(Thousands of yen)

	As of December 31, 2022	As of June 30, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	1,253,051	1,154,184
Income taxes payable	717,028	647,235
Provision for bonuses	–	1,837,273
Provision for bonuses for directors (and other officers)	–	42,280
Other	4,707,340	1,220,267
Total current liabilities	6,677,419	4,901,241
Non-current liabilities		
Deferred tax liabilities	9,335	6,065
Retirement benefit liability	604,361	537,171
Other	535,372	535,952
Total non-current liabilities	1,149,069	1,079,188
Total liabilities	7,826,489	5,980,430
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	28,010,396
Treasury shares	(717,074)	(709,090)
Total shareholders' equity	32,231,097	34,623,799
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	211,562	311,701
Foreign currency translation adjustment	627,329	801,042
Remeasurements of defined benefit plans	(290,510)	(262,013)
Total accumulated other comprehensive income	548,380	850,729
Total net assets	32,779,478	35,474,529
Total liabilities and net assets	40,605,968	41,454,959

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, 2022	Six months ended June 30, 2023
Net sales	15,882,354	20,334,801
Cost of sales	8,673,448	10,729,090
Gross profit	7,208,906	9,605,711
Selling, general and administrative expenses	4,068,114	5,060,471
Operating profit	3,140,791	4,545,239
Non-operating income		
Interest income	3,006	6,455
Dividend income	12,692	14,098
Rental income from buildings	3,813	3,460
Foreign exchange gains	133,530	133,608
Subsidy income	509	3,114
Refund income	76,707	–
Other	34,491	29,787
Total non-operating income	264,750	190,526
Non-operating expenses		
Interest expenses	3,711	3,921
Other	5	2
Total non-operating expenses	3,716	3,924
Ordinary profit	3,401,825	4,731,842
Extraordinary income		
Gain on sale of non-current assets	1	2
Total extraordinary income	1	2
Extraordinary losses		
Loss on retirement of non-current assets	55	5,609
Loss on valuation of membership	2,600	–
Total extraordinary losses	2,655	5,609
Profit before income taxes	3,399,172	4,726,234
Income taxes - current	644,195	737,100
Income taxes - deferred	251,635	542,049
Total income taxes	895,830	1,279,149
Profit	2,503,341	3,447,085
Profit attributable to owners of parent	2,503,341	3,447,085

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Profit	2,503,341	3,447,085
Other comprehensive income		
Valuation difference on available-for-sale securities	25,948	100,138
Foreign currency translation adjustment	432,579	173,713
Remeasurements of defined benefit plans, net of tax	22,140	28,497
Total other comprehensive income	480,669	302,349
Comprehensive income	2,984,010	3,749,434
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,984,010	3,749,434

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Cash flows from operating activities		
Profit before income taxes	3,399,172	4,726,234
Depreciation	534,165	643,917
Increase (decrease) in allowance for doubtful accounts	1,019	3,109
Increase (decrease) in provision for bonuses	1,274,288	1,824,482
Increase (decrease) in provision for bonuses for directors (and other officers)	59,180	42,280
Increase (decrease) in retirement benefit liability	(23,590)	(14,537)
Share-based payment expenses	17,397	18,890
Interest and dividend income	(15,698)	(20,554)
Subsidy income	(509)	(3,114)
Refund income	(76,707)	–
Interest expenses	3,711	3,921
Loss (gain) on sale of non-current assets	(1)	(2)
Loss on retirement of non-current assets	55	5,609
Loss on valuation of membership	2,600	–
Decrease (increase) in trade receivables	(239,998)	(385,232)
Decrease (increase) in inventories	(1,512,058)	(599,122)
Increase (decrease) in trade payables	230,749	(98,913)
Increase (decrease) in accrued expenses	(2,601,605)	(2,907,486)
Increase (decrease) in accrued consumption taxes	(21,111)	416,730
Other, net	(391,565)	(322,652)
Subtotal	639,491	3,333,560
Interest and dividends received	13,744	18,449
Subsidies received	509	3,114
Refunds received	76,707	–
Interest paid	(5,573)	(5,783)
Income taxes paid	(1,251,527)	(756,179)
Net cash provided by (used in) operating activities	(526,648)	2,593,161
Cash flows from investing activities		
Purchase of property, plant and equipment	(636,773)	(1,306,792)
Proceeds from sale of property, plant and equipment	1	2
Purchase of investment securities	(1,199)	(1,195)
Other, net	(67,455)	(209,909)
Net cash provided by (used in) investing activities	(705,427)	(1,517,895)
Cash flows from financing activities		
Purchase of treasury shares	(345)	(1,167)
Dividends paid	(1,363,364)	(1,091,528)
Net cash provided by (used in) financing activities	(1,363,709)	(1,092,696)
Effect of exchange rate change on cash and cash equivalents	424,822	141,446
Net increase (decrease) in cash and cash equivalents	(2,170,962)	124,015
Cash and cash equivalents at beginning of period	14,237,461	11,836,619
Cash and cash equivalents at end of period	12,066,499	11,960,635