

Translation

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## Summary of Consolidated Financial Results for the Year Ended December 31, 2021 (Based on Japanese GAAP)

January 25, 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 of ordinary general meeting of shareholders: February 25, 2022  
 Scheduled date to file Securities Report: February 28, 2022  
 Scheduled date to commence dividend payments: February 28, 2022  
 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, 2021 (from January 1, 2021 to December 31, 2021)

#### (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, 2021	29,322	35.3	5,750	132.8	5,999	126.7	4,521	118.3
Year ended December 31, 2020	21,664	(5.0)	2,469	(13.5)	2,646	(10.8)	2,071	(5.7)

	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, 2021	331.35	–	16.3	18.0	19.6
Year ended December 31, 2020	151.91	–	8.1	9.1	11.4

#### (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, 2021	36,391	29,454	80.9	2,158.34
As of December 31, 2020	30,440	26,012	85.5	1,907.33

#### (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, 2021	4,695	(826)	(1,434)	14,237
Year ended December 31, 2020	4,207	(1,018)	(885)	11,542

### 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, 2020	–	20.00	–	40.00	60.00	818	39.5	3.2
Year ended December 31, 2021	–	65.00	–	100.00	165.00	2,251	49.8	8.1
Year ending December 31, 2022 (Forecast)	–	70.00	–	70.00	140.00		39.8	

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
Six months ending June 30, 2022	15,750	7.6	3,090	(1.4)	3,150	(2.5)	2,400	(1.3)	175.89
Full year	31,500	7.4	6,180	7.5	6,300	5.0	4,800	6.2	351.78

4. Notes

(1) Changes in significant subsidiaries during the year ended December 31, 2021

(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: No

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, 2021	14,024,365 shares	As of December 31, 2020	14,024,365 shares
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Number of treasury shares at the end of the period

As of December 31, 2021	377,652 shares	As of December 31, 2020	385,975 shares
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Average number of shares during the period

Year ended December 31, 2021	13,644,746 shares	Year ended December 31, 2020	13,635,399 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of December 31, 2020	As of December 31, 2021
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	13,323,366	16,017,461
Notes and accounts receivable - trade	2,346,128	3,357,039
Merchandise and finished goods	740,611	1,022,058
Work in process	472,779	659,497
Raw materials and supplies	1,197,417	2,691,016
Other	184,499	316,939
Allowance for doubtful accounts	(9,051)	(5,203)
<b>Total current assets</b>	<b>18,255,752</b>	<b>24,058,808</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	15,346,397	15,635,509
Accumulated depreciation	(7,964,702)	(8,390,157)
Buildings and structures, net	7,381,694	7,245,351
Machinery, equipment and vehicles	1,691,637	1,571,359
Accumulated depreciation	(1,320,885)	(1,279,218)
Machinery, equipment and vehicles, net	370,752	292,140
Tools, furniture and fixtures	6,030,766	6,157,203
Accumulated depreciation	(5,258,534)	(5,403,179)
Tools, furniture and fixtures, net	772,231	754,023
Land	1,992,142	1,998,862
Construction in progress	3,695	1,488
<b>Total property, plant and equipment</b>	<b>10,520,516</b>	<b>10,291,868</b>
<b>Intangible assets</b>		
Software	309,096	356,643
Telephone subscription right	3,241	3,241
Software in progress	34,606	19,021
<b>Total intangible assets</b>	<b>346,944</b>	<b>378,906</b>
<b>Investments and other assets</b>		
Investment securities	557,710	542,285
Deferred tax assets	506,458	854,070
Retirement benefit asset	9,005	8,266
Other	244,413	256,853
<b>Total investments and other assets</b>	<b>1,317,588</b>	<b>1,661,476</b>
<b>Total non-current assets</b>	<b>12,185,048</b>	<b>12,332,250</b>
<b>Total assets</b>	<b>30,440,800</b>	<b>36,391,059</b>

(Thousands of yen)

	As of December 31, 2020	As of December 31, 2021
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	592,726	835,185
Income taxes payable	528,920	1,156,614
Accrued expenses	1,504,360	3,088,667
Other	387,047	609,308
Total current liabilities	3,013,055	5,689,776
Non-current liabilities		
Deferred tax liabilities	7,174	6,826
Retirement benefit liability	882,073	725,626
Other	525,614	514,535
Total non-current liabilities	1,414,862	1,246,987
Total liabilities	4,427,917	6,936,764
<b>Net assets</b>		
Shareholders' equity		
Share capital	3,299,463	3,299,463
Capital surplus	3,952,139	3,968,885
Retained earnings	19,693,452	22,782,020
Treasury shares	(741,371)	(727,495)
Total shareholders' equity	26,203,683	29,322,874
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	160,495	148,034
Foreign currency translation adjustment	38,445	307,814
Remeasurements of defined benefit plans	(389,742)	(324,428)
Total accumulated other comprehensive income	(190,800)	131,420
Total net assets	26,012,882	29,454,295
<b>Total liabilities and net assets</b>	<b>30,440,800</b>	<b>36,391,059</b>

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

(Thousands of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Net sales	21,664,170	29,322,002
Cost of sales	12,349,259	15,683,587
Gross profit	9,314,911	13,638,414
Selling, general and administrative expenses	6,845,066	7,888,005
Operating profit	2,469,844	5,750,408
Non-operating income		
Interest income	4,969	5,824
Dividend income	21,045	21,880
Foreign exchange gains	–	54,708
Rental income from buildings	7,733	8,610
Subsidy income	106,031	63,127
Refund income	–	47,641
Other	71,048	55,494
Total non-operating income	210,830	257,288
Non-operating expenses		
Interest expenses	5,722	7,870
Foreign exchange losses	27,219	–
Other	1,657	789
Total non-operating expenses	34,599	8,660
Ordinary profit	2,646,075	5,999,037
Extraordinary income		
Gain on sale of non-current assets	4	9,174
Gain on sale of investment securities	69,319	–
Total extraordinary income	69,323	9,174
Extraordinary losses		
Loss on retirement of non-current assets	6,764	1,618
Loss on valuation of membership	1,230	–
Total extraordinary losses	7,994	1,618
Profit before income taxes	2,707,404	6,006,593
Income taxes - current	942,689	1,855,051
Income taxes - deferred	(306,672)	(369,612)
Total income taxes	636,017	1,485,438
Profit	2,071,387	4,521,154
Profit attributable to owners of parent	2,071,387	4,521,154

## Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Profit	2,071,387	4,521,154
Other comprehensive income		
Valuation difference on available-for-sale securities	(99,940)	(12,461)
Foreign currency translation adjustment	22,258	269,369
Remeasurements of defined benefit plans, net of tax	(255,390)	65,313
Total other comprehensive income	(333,072)	322,221
Comprehensive income	1,738,314	4,843,376
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,738,314	4,843,376

## Consolidated statements of changes in equity

Fiscal year ended December 31, 2020

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,299,463	3,937,100	18,508,011	(764,596)	24,979,979
Changes during period					
Dividends of surplus			(885,946)		(885,946)
Profit attributable to owners of parent			2,071,387		2,071,387
Purchase of treasury shares				(736)	(736)
Disposal of treasury shares		15,038		23,961	39,000
Net changes in items other than shareholders' equity					
Total changes during period	–	15,038	1,185,440	23,225	1,223,704
Balance at end of period	3,299,463	3,952,139	19,693,452	(741,371)	26,203,683

	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	260,436	16,187	(134,351)	142,271	25,122,251
Changes during period					
Dividends of surplus					(885,946)
Profit attributable to owners of parent					2,071,387
Purchase of treasury shares					(736)
Disposal of treasury shares					39,000
Net changes in items other than shareholders' equity	(99,940)	22,258	(255,390)	(333,072)	(333,072)
Total changes during period	(99,940)	22,258	(255,390)	(333,072)	890,631
Balance at end of period	160,495	38,445	(389,742)	(190,800)	26,012,882

Fiscal year ended December 31, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,299,463	3,952,139	19,693,452	(741,371)	26,203,683
Changes during period					
Dividends of surplus			(1,432,585)		(1,432,585)
Profit attributable to owners of parent			4,521,154		4,521,154
Purchase of treasury shares				(2,974)	(2,974)
Disposal of treasury shares		16,745		16,851	33,596
Net changes in items other than shareholders' equity					
Total changes during period	–	16,745	3,088,568	13,876	3,119,190
Balance at end of period	3,299,463	3,968,885	22,782,020	(727,495)	29,322,874

	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	160,495	38,445	(389,742)	(190,800)	26,012,882
Changes during period					
Dividends of surplus					(1,432,585)
Profit attributable to owners of parent					4,521,154
Purchase of treasury shares					(2,974)
Disposal of treasury shares					33,596
Net changes in items other than shareholders' equity	(12,461)	269,369	65,313	322,221	322,221
Total changes during period	(12,461)	269,369	65,313	322,221	3,441,412
Balance at end of period	148,034	307,814	(324,428)	131,420	29,454,295



## Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Cash flows from operating activities		
Profit before income taxes	2,707,404	6,006,593
Depreciation	1,180,573	1,121,476
Increase (decrease) in allowance for doubtful accounts	(5,617)	(4,049)
Share-based payment expenses	32,500	34,497
Increase (decrease) in retirement benefit liability	(33,696)	(61,891)
Interest and dividend income	(26,015)	(27,705)
Subsidy income	(106,031)	(63,127)
Refund income	–	(47,641)
Interest expenses	5,722	7,870
Loss (gain) on sale of non-current assets	(4)	(9,174)
Loss on retirement of non-current assets	6,764	1,618
Loss (gain) on sale of investment securities	(69,319)	–
Loss on valuation of membership	1,230	–
Decrease (increase) in trade receivables	368,712	(960,620)
Decrease (increase) in inventories	(263,465)	(1,890,057)
Increase (decrease) in trade payables	22,405	242,329
Increase (decrease) in accrued expenses	958,587	1,560,540
Increase (decrease) in accrued consumption taxes	(15,649)	(91,146)
Other, net	62,297	22,185
Subtotal	4,826,396	5,841,696
Interest and dividends received	22,763	24,260
Subsidies received	106,031	63,127
Refunds received	–	47,641
Interest paid	(4,779)	(5,910)
Income taxes paid	(742,795)	(1,275,799)
Net cash provided by (used in) operating activities	4,207,617	4,695,015
Cash flows from investing activities		
Payments into time deposits	(150,004)	–
Proceeds from withdrawal of time deposits	–	741
Purchase of property, plant and equipment	(804,519)	(642,982)
Proceeds from sale of property, plant and equipment	5	14,352
Purchase of investment securities	(3,213)	(3,784)
Proceeds from sale of investment securities	110,179	–
Other, net	(171,288)	(194,584)
Net cash provided by (used in) investing activities	(1,018,842)	(826,256)
Cash flows from financing activities		
Purchase of treasury shares	(736)	(2,974)
Dividends paid	(884,773)	(1,431,980)
Net cash provided by (used in) financing activities	(885,509)	(1,434,955)
Effect of exchange rate change on cash and cash equivalents	15,496	260,990
Net increase (decrease) in cash and cash equivalents	2,318,761	2,694,793
Cash and cash equivalents at beginning of period	9,223,906	11,542,667
Cash and cash equivalents at end of period	11,542,667	14,237,461