

Translation

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Summary of Consolidated Financial Results for the Year Ended December 31, 2022 (Based on Japanese GAAP)

January 25, 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 of ordinary general meeting of shareholders: February 27, 2023
 Scheduled date to file Securities Report: February 28, 2023
 Scheduled date to commence dividend payments: February 28, 2023
 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, 2022 (from January 1, 2022 to December 31, 2022)

(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, 2022	34,371	17.2	7,070	23.0	7,287	21.5	5,330	17.9
Year ended December 31, 2021	29,322	35.3	5,750	132.8	5,999	126.7	4,521	118.3

	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, 2022	390.47	–	17.1	18.9	20.6
Year ended December 31, 2021	331.35	–	16.3	18.0	19.6

(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, 2022	40,605	32,779	80.7	2,401.01
As of December 31, 2021	36,391	29,454	80.9	2,158.34

(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, 2022	1,241	(1,475)	(2,455)	11,836
Year ended December 31, 2021	4,695	(826)	(1,434)	14,237

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, 2021	–	65.00	–	100.00	165.00	2,251	49.8	8.1
Year ended December 31, 2022	–	80.00	–	80.00	160.00	2,184	41.0	7.0
Year ending December 31, 2023 (Forecast)	–	90.00	–	90.00	180.00		40.4	

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
Six months ending June 30, 2023	19,450	22.5	3,970	26.4	4,040	18.8	3,040	21.4	222.69
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 year ended December 31, 2022

(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, 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 December 31, 2022	372,001 shares	As of December 31, 2021	377,652 shares
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Average number of shares during the period

Year ended December 31, 2022	13,650,969 shares	Year ended December 31, 2021	13,644,746 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2021	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	16,017,461	13,616,619
Notes and accounts receivable - trade	3,104,200	–
Notes and accounts receivable - trade, and contract assets	–	3,639,339
Electronically recorded monetary claims - operating	252,839	316,839
Merchandise and finished goods	1,022,058	1,354,928
Work in process	659,497	983,886
Raw materials and supplies	2,691,016	6,093,739
Other	316,939	897,838
Allowance for doubtful accounts	(5,203)	(23,041)
Total current assets	24,058,808	26,880,151
Non-current assets		
Property, plant and equipment		
Buildings and structures	15,635,509	16,344,563
Accumulated depreciation	(8,390,157)	(8,787,950)
Buildings and structures, net	7,245,351	7,556,613
Machinery, equipment and vehicles	1,571,359	1,784,509
Accumulated depreciation	(1,279,218)	(1,378,824)
Machinery, equipment and vehicles, net	292,140	405,685
Tools, furniture and fixtures	6,157,203	6,615,569
Accumulated depreciation	(5,403,179)	(5,711,345)
Tools, furniture and fixtures, net	754,023	904,223
Land	1,998,862	1,961,951
Construction in progress	1,488	106,914
Total property, plant and equipment	10,291,868	10,935,388
Intangible assets		
Software	356,643	322,756
Telephone subscription right	3,241	3,241
Software in progress	19,021	97,924
Total intangible assets	378,906	423,922
Investments and other assets		
Investment securities	542,285	637,789
Deferred tax assets	854,070	1,429,434
Retirement benefit asset	8,266	12,226
Other	256,853	287,054
Total investments and other assets	1,661,476	2,366,505
Total non-current assets	12,332,250	13,725,817
Total assets	36,391,059	40,605,968

(Thousands of yen)

	As of December 31, 2021	As of December 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	835,185	1,253,051
Income taxes payable	1,156,614	717,028
Accrued expenses	3,088,667	3,491,893
Contract liabilities	–	178,408
Other	609,308	1,037,038
Total current liabilities	5,689,776	6,677,419
Non-current liabilities		
Deferred tax liabilities	6,826	9,335
Retirement benefit liability	725,626	604,361
Other	514,535	535,372
Total non-current liabilities	1,246,987	1,149,069
Total liabilities	6,936,764	7,826,489
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	25,655,500
Treasury shares	(727,495)	(717,074)
Total shareholders' equity	29,322,874	32,231,097
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	148,034	211,562
Foreign currency translation adjustment	307,814	627,329
Remeasurements of defined benefit plans	(324,428)	(290,510)
Total accumulated other comprehensive income	131,420	548,380
Total net assets	29,454,295	32,779,478
Total liabilities and net assets	36,391,059	40,605,968

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

(Thousands of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Net sales	29,322,002	34,371,110
Cost of sales	15,683,587	18,501,293
Gross profit	13,638,414	15,869,817
Selling, general and administrative expenses	7,888,005	8,799,295
Operating profit	5,750,408	7,070,521
Non-operating income		
Interest income	5,824	6,270
Dividend income	21,880	26,151
Foreign exchange gains	54,708	–
Rental income from buildings	8,610	7,454
Subsidy income	63,127	108,042
Refund income	47,641	118,608
Other	55,494	60,953
Total non-operating income	257,288	327,480
Non-operating expenses		
Interest expenses	7,870	7,844
Foreign exchange losses	–	102,348
Other	789	11
Total non-operating expenses	8,660	110,203
Ordinary profit	5,999,037	7,287,798
Extraordinary income		
Gain on sale of non-current assets	9,174	2,293
Total extraordinary income	9,174	2,293
Extraordinary losses		
Loss on retirement of non-current assets	1,618	3,940
Loss on valuation of membership	–	2,600
Total extraordinary losses	1,618	6,540
Profit before income taxes	6,006,593	7,283,552
Income taxes - current	1,855,051	2,094,939
Income taxes for prior periods	–	473,748
Income taxes - deferred	(369,612)	(615,480)
Total income taxes	1,485,438	1,953,208
Profit	4,521,154	5,330,344
Profit attributable to owners of parent	4,521,154	5,330,344

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Profit	4,521,154	5,330,344
Other comprehensive income		
Valuation difference on available-for-sale securities	(12,461)	63,527
Foreign currency translation adjustment	269,369	319,514
Remeasurements of defined benefit plans, net of tax	65,313	33,917
Total other comprehensive income	322,221	416,960
Comprehensive income	4,843,376	5,747,304
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,843,376	5,747,304

Consolidated statements of changes in equity

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

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

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Cash flows from operating activities		
Profit before income taxes	6,006,593	7,283,552
Depreciation	1,121,476	1,152,264
Increase (decrease) in allowance for doubtful accounts	(4,049)	17,277
Share-based payment expenses	34,497	35,095
Increase (decrease) in retirement benefit liability	(61,891)	(75,743)
Interest and dividend income	(27,705)	(32,422)
Subsidy income	(63,127)	(108,042)
Refund income	(47,641)	(118,608)
Interest expenses	7,870	7,844
Loss (gain) on sale of non-current assets	(9,174)	(2,293)
Loss on retirement of non-current assets	1,618	3,940
Loss on valuation of membership	–	2,600
Decrease (increase) in trade receivables	(960,620)	(517,016)
Decrease (increase) in inventories	(1,890,057)	(4,016,343)
Increase (decrease) in trade payables	242,329	417,470
Increase (decrease) in accrued expenses	1,560,540	379,711
Increase (decrease) in accrued consumption taxes	(91,146)	(419,833)
Other, net	22,185	41,427
Subtotal	5,841,696	4,050,878
Interest and dividends received	24,260	28,431
Subsidies received	63,127	108,042
Refunds received	47,641	118,608
Interest paid	(5,910)	(7,844)
Income taxes paid	(1,275,799)	(3,056,617)
Net cash provided by (used in) operating activities	4,695,015	1,241,499
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	741	–
Purchase of property, plant and equipment	(642,982)	(1,292,403)
Proceeds from sale of property, plant and equipment	14,352	2,299
Purchase of investment securities	(3,784)	(4,518)
Other, net	(194,584)	(180,607)
Net cash provided by (used in) investing activities	(826,256)	(1,475,230)
Cash flows from financing activities		
Purchase of treasury shares	(2,974)	(652)
Dividends paid	(1,431,980)	(2,454,412)
Net cash provided by (used in) financing activities	(1,434,955)	(2,455,065)
Effect of exchange rate change on cash and cash equivalents	260,990	287,954
Net increase (decrease) in cash and cash equivalents	2,694,793	(2,400,841)
Cash and cash equivalents at beginning of period	11,542,667	14,237,461
Cash and cash equivalents at end of period	14,237,461	11,836,619