

For immediate release

July 15, 2022

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Notice with Regard to Divergence from the Consolidated Earnings Forecast

This notice has been issued to clarify the divergence of earnings figures as announced by the Company today from the consolidated earnings forecast for the first two quarters of the fiscal year ending December 31, 2022, as set forth in the “Notice of Revisions to Consolidated Earning and Dividend Forecasts” issued on April 12, 2022.

1. Divergence between the consolidated earnings forecast for the first two quarters and actual performance during the period (January 1 to June 30, 2022)

	Sales	Operating profit	Ordinary profit	Quarterly net income attributable to owners of the parent	Quarterly net income per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previously announced forecast (A)	17,000	3,570	3,700	2,780	203.71
Results (B)	15,882	3,140	3,401	2,503	183.40
Difference (B-A)	△ 1,117	△ 429	△ 298	△ 276	
Percent change (%)	△ 6.6	△ 12.0	△ 8.1	△ 10.0	
Reference: Performance during the second quarter of the previous fiscal year (Second quarter of the fiscal year ending December 31, 2022)	14,639	3,133	3,231	2,432	178.29

2. Reasons for divergence

During the first two quarters of the current fiscal year, demand for instruments in the battery, device, and energy markets remained strong as a result of global decarbonization initiatives. We booked record orders during the period thanks to robust demand for instruments in overseas markets across a broad range of regions. At the same time, a roughly

two-month lockdown lasting from late March until the end of May in Shanghai, where a Hioki sales subsidiary is headquartered, prevented shipments of products to customers. As a result, we missed the previously announced earnings forecast despite an increase in profit that was driven by weakness in the yen.

In light of our expectation that the backlog of product shipments caused by the Shanghai lockdown will be cleared by mid July, no change has been made to the previously announced full-year earnings and dividend forecasts.

The current business environment continues to be affected by numerous elements of uncertainty, including constraints on the supply of semiconductors and other components, rising COVID-19 infections, the effects of Russia's invasion of Ukraine, and the rapid weakening of the yen. Should additional revisions to the consolidated earnings outlook become necessary in the future, we will announce them immediately.

Reference:

1. Orders received

First two quarters of the previous consolidated fiscal year (January 1 to June 30, 2021)	First two quarters of the current consolidated fiscal year (January 1 to June 30, 2022)	Increase/decrease	
Millions of yen	Millions of yen	Millions of yen	%
15,664	19,547	3,883	24.8

2. Order backlog

Previous consolidated fiscal year (December 31, 2021)	First two quarters of the current consolidated fiscal year (June 30, 2022)	Increase/decrease	
Millions of yen	Millions of yen	Millions of yen	%
4,881	8,546	3,665	75.1