

## **【Qualitative information about performance】**

### **Summary of Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2024 (Japan Basis)**

April 15, 2024

Company: HIOKI E.E. Corporation  
Listing: Tokyo Stock Exchange  
Code no.: 6866  
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Tentative date for submission of quarterly report: April 30, 2024

Tentative date of start of dividend payment: n/a

Availability of supplementary information about quarterly results: No

Briefing on quarterly results: No

Please see the following URL for consolidated financial performance and other results.

[https://www.hioki.co.jp/file/cmw/hdInformation/2866/information\\_file1/?action=browse](https://www.hioki.co.jp/file/cmw/hdInformation/2866/information_file1/?action=browse)

#### 1. Qualitative information about performance during the quarter under review

##### (1) Explanation of operating results

The future direction of the global economy remains opaque due to factors including rising energy prices, concerns about a recession in the Chinese economy, prospects for an economic slowdown due to fiscal tightening by various countries, and exchange rate instability. Although there are concerns about a slowdown in the global decarbonization effort in some countries and markets, growth in corporate capital investment in response to national governments' decarbonization policies is expected to continue over the medium and long term. Going forward, the accelerating electrification of automobiles is likely to drive pursuit of higher-performance power supplies (in the form of smaller, more lightweight systems that are also more efficient), and as a result, the capital investment environment in the battery, device, and energy markets is expected to remain robust over the medium and long term.

Orders received during the first quarterly consolidated cumulative period declined compared to the corresponding period of the previous fiscal year. In the energy market, demand in response to

decarbonization efforts by governments worldwide remained strong. At the same time, demand fell in the battery market due to a short-term slowing of EV growth, particularly in China, and in the device market, where capital investment has been restrained.

In terms of customers' geographic locations, the impact of declining demand in the battery market had a particularly pronounced impact in Asia. In Europe, demand fell in various sectors even as capital investment in the battery market remained strong. Meanwhile, performance was robust in Japan and the United States, where decarbonization initiatives are gathering momentum.

As it works to realize Vision 2030 and achieve the goals set forth in its Medium-term Business Plan, the Hioki Group has identified as growth strategies product development that adds to Hioki's essentiality, market-oriented business development, and achievement of carbon neutrality under the Greenhouse Gas Protocol. We are currently pursuing related initiatives in various areas of our operations, as described below.

In the area of development, we carried out a review of structures that facilitate product development that adds to Hioki's essentiality and of marketing structures that facilitate market-oriented business development. In response, we will reorganize our development and marketing organizations effective May 1, 2024. In addition, we have worked to open Technical Centers at sales facilities in Japan (in Yokohama, Nagoya, and Osaka) and at sales subsidiaries in India and Indonesia so that we pursue innovation more effectively in partnership with customers.

In the area of manufacturing, we're optimizing lines of movement at production facilities while pursuing environmentally friendly manufacturing and a digital transformation with the goal of building resilient, flexible production structures. To further boost our production capabilities, we're putting in place a suitable manufacturing environment on a property located about 2 kilometers from the Head Office Plant for which we entered into a purchase agreement during the previous consolidated fiscal year as a precursor to the start of operations at the facility in mid July 2024.

In the area of sales, we've moved forward with efforts to convert satellite offices in Thailand, Vietnam, and the Middle East into sales subsidiaries in order to strengthen customer-oriented sales targeting those countries' decarbonization efforts. We completed that process for the Thai office in April 2024. Furthermore, we've moved ahead with initiatives to grow sales within our domestic sales organization, which we reorganized to better target key markets and customers while developing new customers, and at our Chinese sales subsidiary. We're also working to strengthen sales in the energy market based on forecasts that growth in the battery market would slow during the previous consolidated fiscal year, and we continued those efforts during the first quarterly consolidated cumulative period.

Turning to profitability, both operating profit and ordinary profit declined compared to the

corresponding period of the previous fiscal year as a result of the decline in sales. We continued last year's efforts to study how product pricing can be adjusted, both in Japan and overseas, to reflect rising part and labor costs, and we revised product pricing in Japan in April 2024.

As a result of the above, sales during the first quarterly consolidated cumulative period fell 9.1% from the corresponding period of the previous fiscal year to 9,111 million yen, while operating profit fell 31.1% to 1,613 million yen. Ordinary profit fell 27.6% to 1,724 million yen, and quarterly net income attributable to owners of the parent fell 26.3% to 1,206 million yen.

## (2) Explanation of financial position

Total assets at the end of the first quarterly consolidated accounting period fell 3,640 million yen from the end of the previous consolidated fiscal year to 41,610 million yen due to a decrease in cash and deposits.

Liabilities fell 3,854 million yen from the end of the previous consolidated fiscal year to 4,273 million yen due to decreases in income taxes payable and accrued expenses and accounts payable, which are included in the "Other" category of current liabilities.

Net assets rose 214 million yen from the end of the previous consolidated fiscal year to 37,337 million yen due to increases in valuation difference on available-for-sale securities and foreign currency translation adjustment.

## (3) Explanation concerning consolidated earnings forecasts and other forward-looking statements

There has been no change to the consolidated earnings forecast for the second quarterly consolidated cumulative period or the full-year consolidated earnings forecast as announced in the summary of financial results on January 25, 2024.

The environment in which the Group operates is characterized by a high level of uncertainty due to factors including rising energy prices, concerns about a recession in the Chinese economy, prospects for an economic slowdown due to fiscal tightening by various countries, and exchange rate instability. We will continue to monitor order conditions at our sales facilities and to carefully examine the outlook for future orders. In the event the consolidated earnings forecast needs to be revised in the future due to changing conditions, we will announce those revisions in a timely manner.