

HIOKI E.E. CORPORATION
Financial Results Briefing for
the Fiscal Year Ending
December 31, 2023

(Securities Code: 6866)

February 2024

HIOKI



1. Company Overview

Photograph: The four seasons at HIOKI Forest Hills: Summer

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Overview

■ Name	HIOKI E.E. CORPORATION
■ Businesses	Development, manufacture, sale, and service of electrical measuring instruments
■ Founded	June 1935
■ Incorporated	January 1952
■ Capitalization	¥3,299 million
■ Representative	Takahiro Okazawa, President
■ Head Office	81 Koizumi, Ueda-shi, Nagano Prefecture
■ Group Companies	HIOKI Forest Plaza Corporation; HIOKI USA CORPORATION; HIOKI (Shanghai) MEASUREMENT TECHNOLOGIES CO., LTD.; HIOKI (Shanghai) TECHNOLOGY DEVELOPMENT CO., LTD.; HIOKI (Shanghai) MEASURING INSTRUMENTS CO., LTD.; HIOKI SINGAPORE PTE. LTD.; HIOKI KOREA CO.,LTD.; HIOKI INDIA PRIVATE LIMITED; HIOKI EUROPE GmbH; HIOKI TAIWAN CO.,LTD.; PT. HIOKI ELECTRIC INDONESIA
■ Employees	1,106 (consolidated-basis, including part-time workers) (as of December 31, 2023)



2. Financial Results Overview

Photograph: HIOKI Forest Hills

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Performance Overview

- We resolved quotation and order stoppages caused by component shortages in July 2023 and posted record consolidated sales again thanks to increased production capacity and clearing of our order backlog.
- Selling and administration expenses grew out of proportion to sales as a result of increases in the cost of sales due to soaring component costs, increased labor costs driven by overseas hiring, and the development of new facilities, creating downward pressure on profits.
- The energy market remained robust across a wide geographic range as both domestic and international sales grew.
- The battery market saw robust investment outside of China, but decreased demand in the Chinese market led to a reduction in sales there, causing international sales to decline compared to the previous fiscal year.

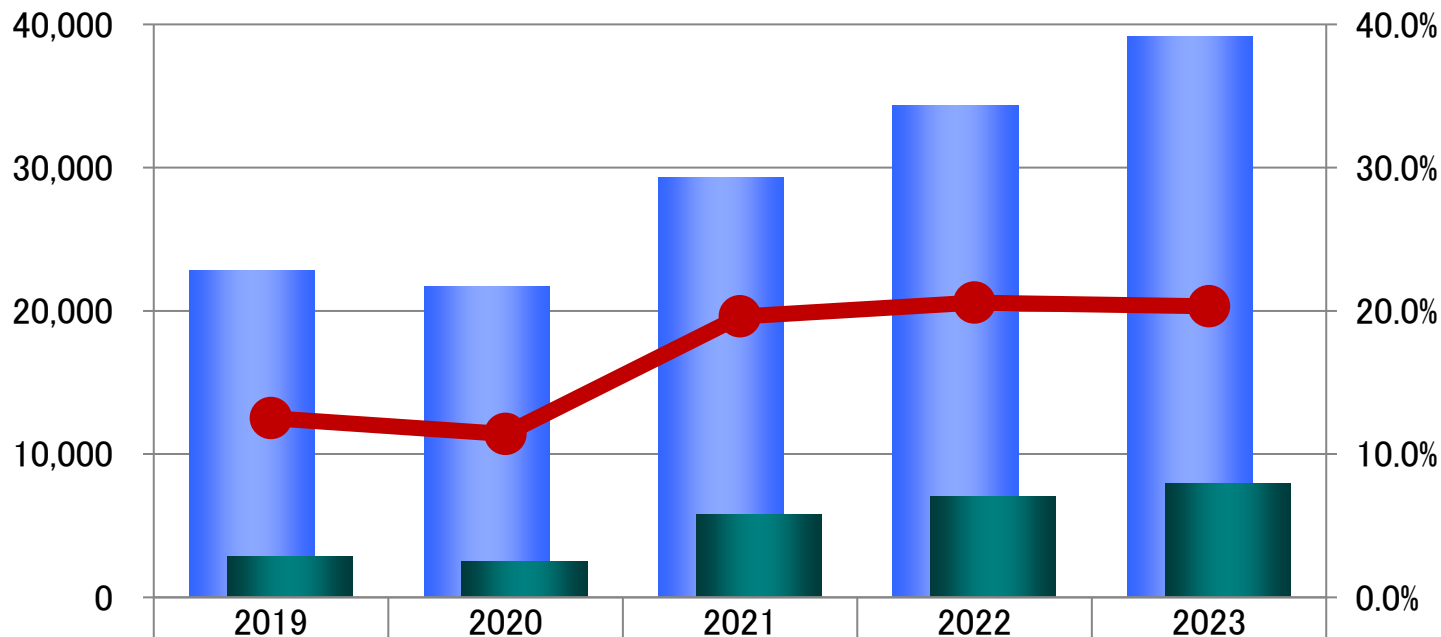
2023 Performance Summary

	2022		2023		
	Results (millions of yen)	Percent of sales (%)	Results (millions of yen)	Percent of sales (%)	Year-on-year (%)
Sales	34,371		39,154		113.9%
Cost of sales	18,501	53.8%	20,888	53.3%	112.9%
Selling, general, and administrative expenses	8,799	25.6%	10,309	26.3%	117.2%
Operating profit	7,070	20.6%	7,955	20.3%	112.5%
Recurring profit	7,287	21.2%	8,236	21.0%	113.0%
Net income	5,330	15.5%	6,329	16.2%	118.7%
Earnings per share	¥390.47		¥463.51		

Trend in Sales and Operating Profit

Sales and operating profit (millions of yen)

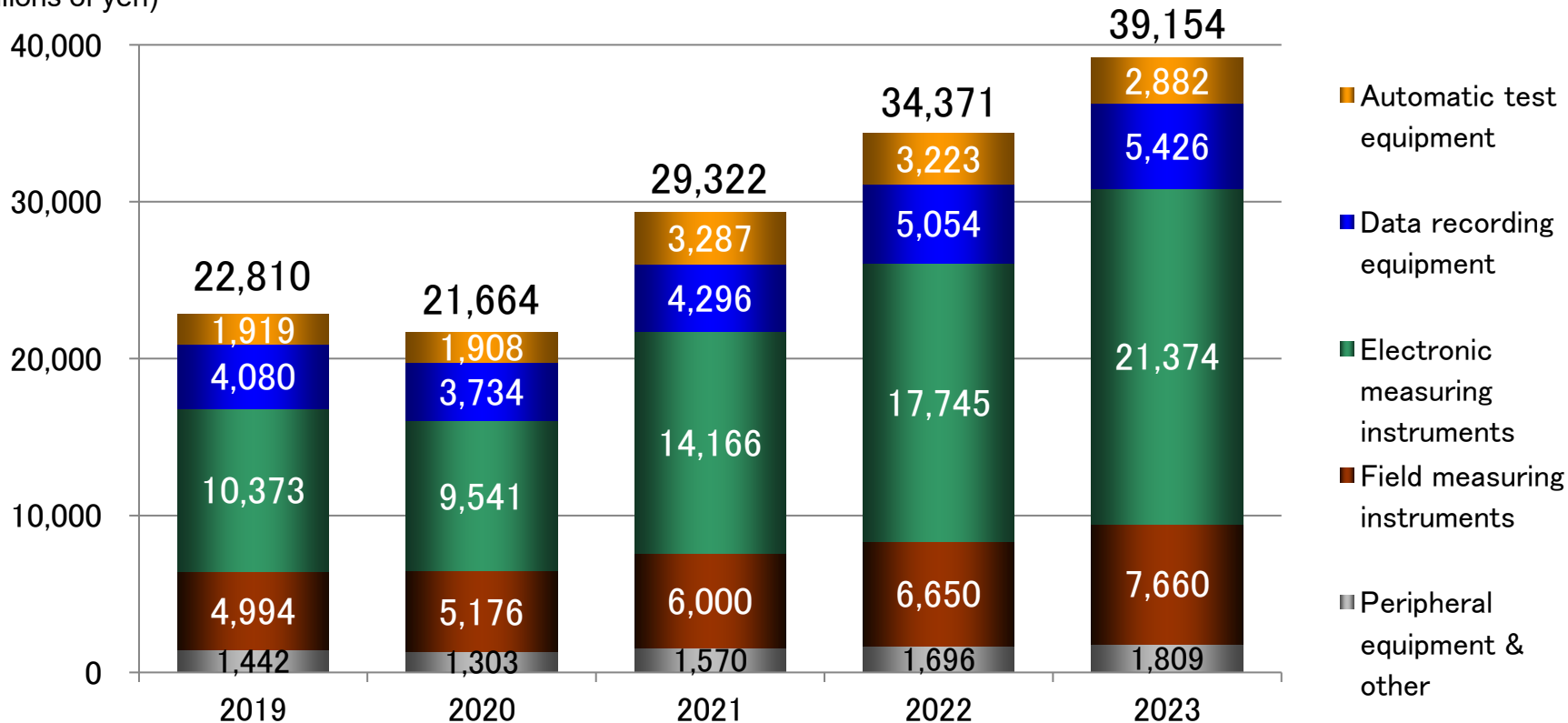
Operating profit rate



Sales	22,810	21,664	29,322	34,371	39,154
Operating profit	2,853	2,469	5,750	7,070	7,955
Operating profit rate	12.5%	11.4%	19.6%	20.6%	20.3%

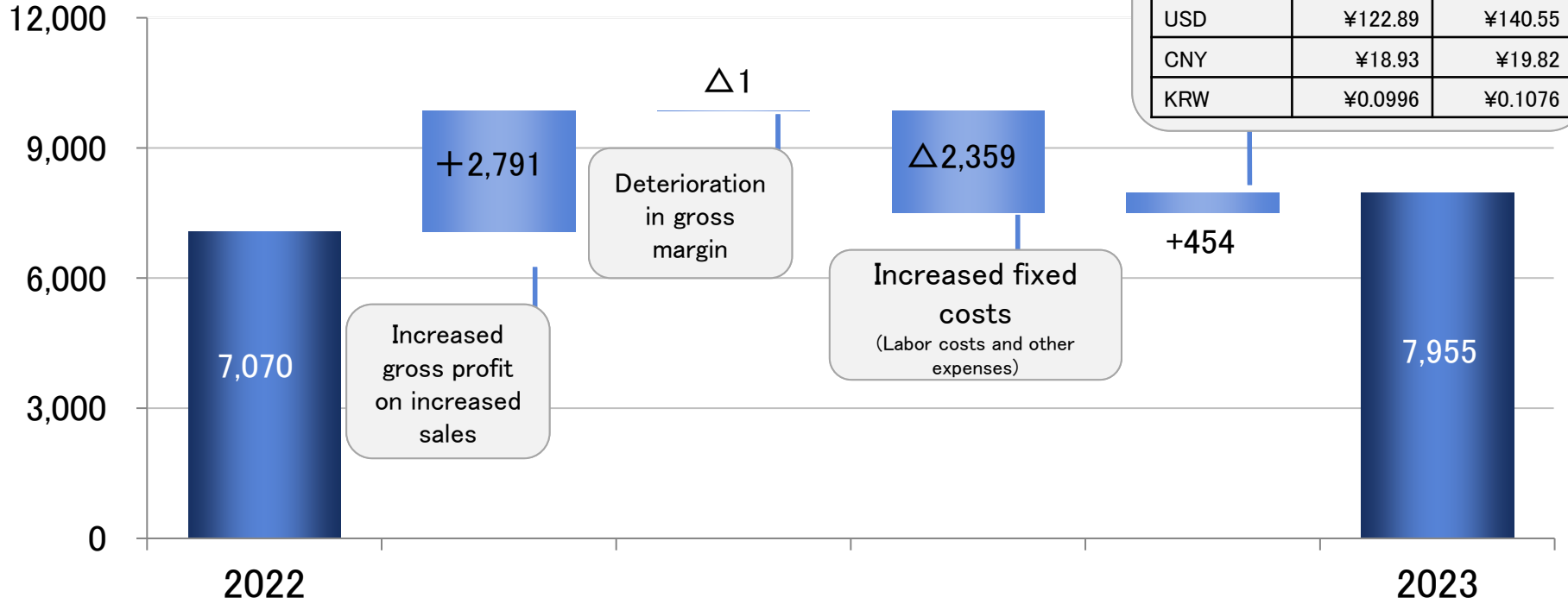
Trend in Sales by Product Category

(Millions of yen)



2023: Factors Impacting Operating Income

(Millions of yen)



Average exchange rates during year

	2022	2023
USD	¥122.89	¥140.55
CNY	¥18.93	¥19.82
KRW	¥0.0996	¥0.1076

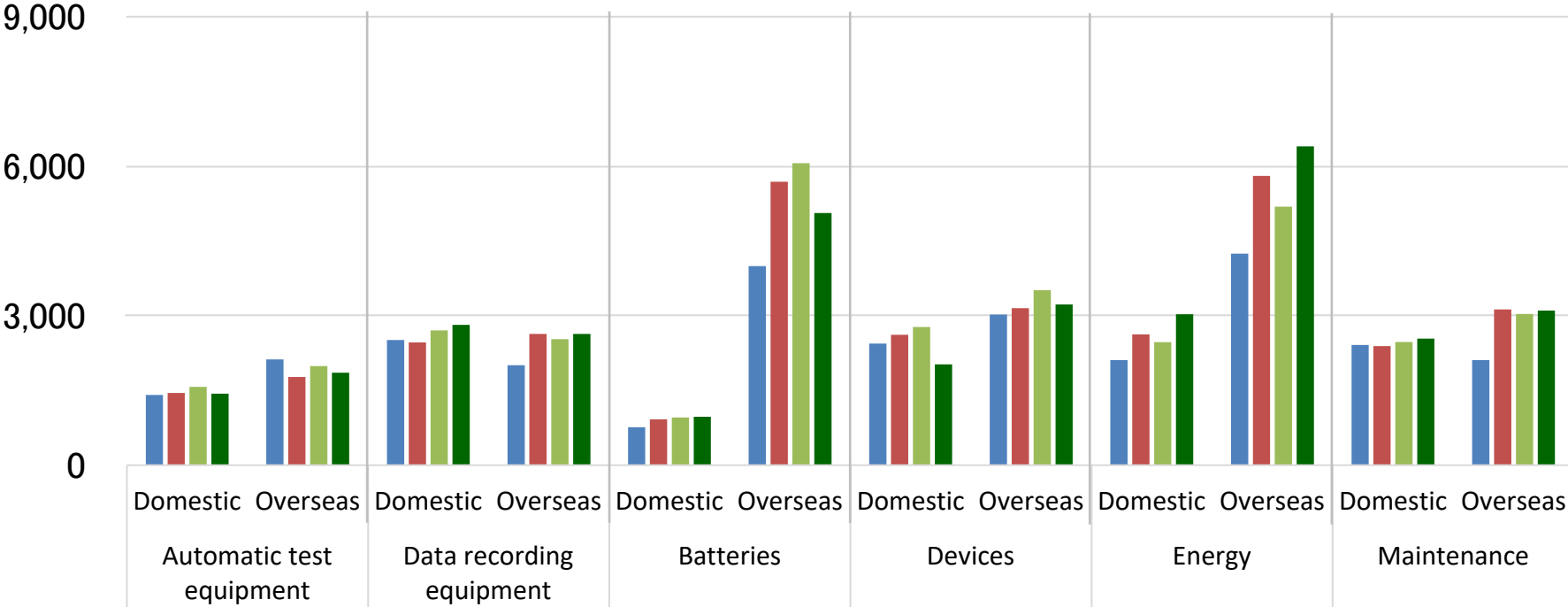
2023 Market Conditions by Product Group

Automatic test equipment		<ul style="list-style-type: none"> ● Sophisticated requirements in the semiconductor and automotive markets yielded robust orders of unpopulated circuit board and populated circuit board testing systems. ● The order backlog grew due to lengthening production lead times caused by diversification in product specifications.
Data recording equipment		<ul style="list-style-type: none"> ● Demand for data loggers grew as the trend towards higher-voltage batteries made it more important to ascertain voltage and temperature trends on the cell level. ● We launched several new products, including high-speed data loggers with high withstand voltages and numerous channels for use in PV inverter testing.
Electronic measuring instruments	Batteries	<ul style="list-style-type: none"> ● Although demand slowed in China's battery market, investment in the establishment of battery-related industries continued to rise worldwide. ● We bolstered partnerships with other companies in an effort to realize a circular economy for batteries.
	Devices	<ul style="list-style-type: none"> ● We launched a high-performance resistance meter to accommodate an industry trend towards lowering the resistance of the pathways that carry large currents in applications like solar and EV rapid-chargers. ● We launched a motor testing system for use in reliability testing of EV motors, which are used in harsh environments.
	Energy	<ul style="list-style-type: none"> ● The energy segment saw robust capital investment in technologies like renewable energy and EVs, and expectations concerning hydrogen energy rose. ● To meet the needs of these markets, we launched multiple new products with functionality targeting EVs and other applications characterized by large currents.
Field measuring instruments	Maintenance	<ul style="list-style-type: none"> ● Society is moving towards a distributed power grid as a result of growing reliance on renewable energy, and the importance of electrical equipment maintenance is growing. ● Verifying safety when repairing EVs is becoming more critical, and we launched a system consisting of multiple field measuring instruments to fulfill those needs.

Orders by Market Application

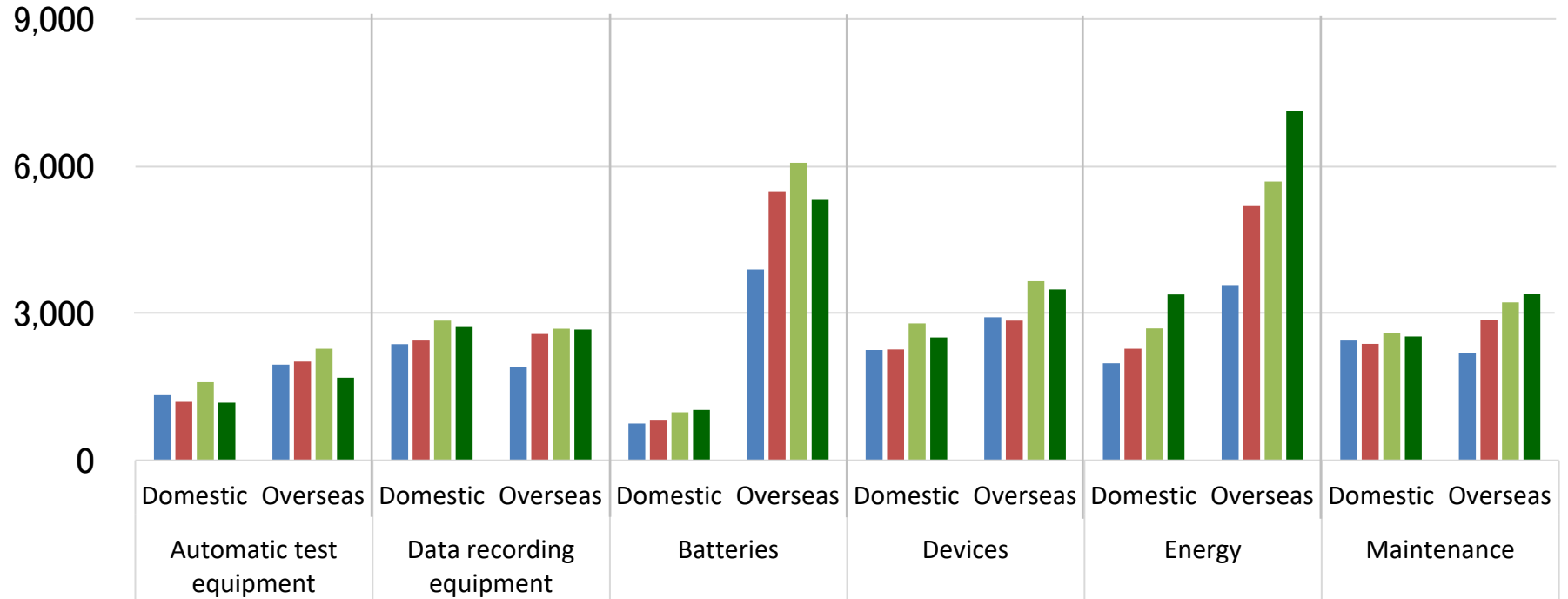
(Millions of yen)

■ 2021 ■ 2022 ■ 2023 (plan) ■ 2023 (actual)



Sales by Market Application

(Millions of yen) ■ 2021 ■ 2022 ■ 2023 (plan) ■ 2023 (actual)



Trend in Overseas Sales

Export sales as a percentage of total sales (target: 70% or greater)

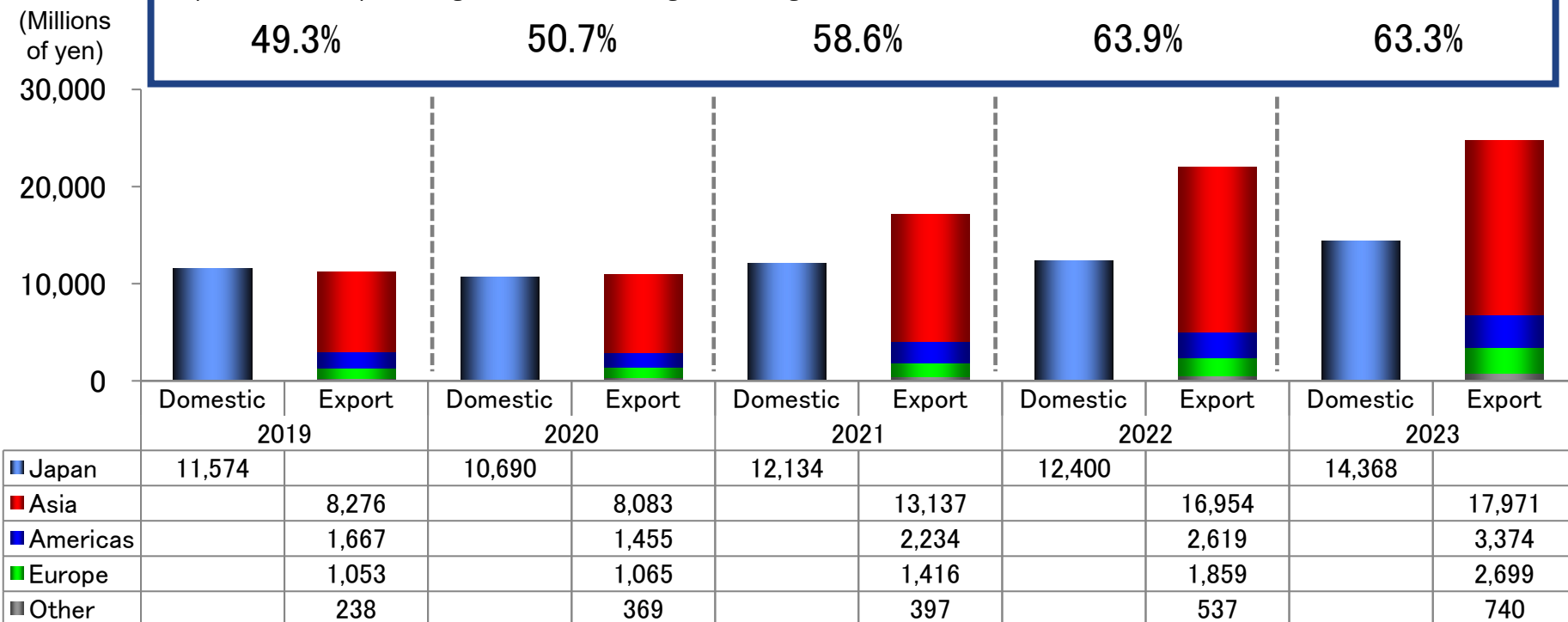
49.3%

50.7%

58.6%

63.9%

63.3%



Management Targets

Operating income rate on overseas sales: 20%

Percentage of overseas sales: 70% or greater

Return on equity (ROE): 10% or greater

Fiscal year ended December 2023

Operating income rate on overseas sales: 21.2%

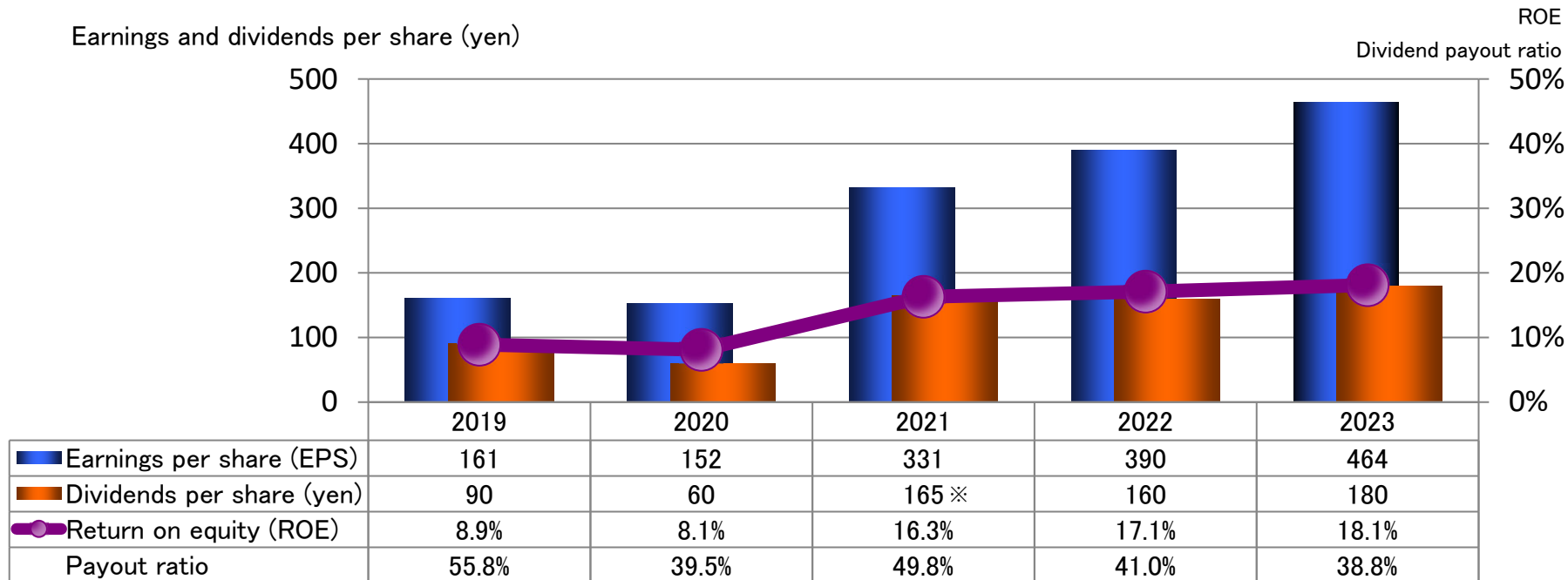
Percentage of overseas sales: 63.9%

Return on equity (ROE): 17.1%

2023 Earnings and Dividends per Share

Dividend policy: Deliver a return on shareholders' investments by adopting a stable annual dividend base of a consolidated dividend on equity (DOE) of at least 2% per share and a target consolidated dividend payout ratio of 40%.

Earnings and dividends per share (yen)

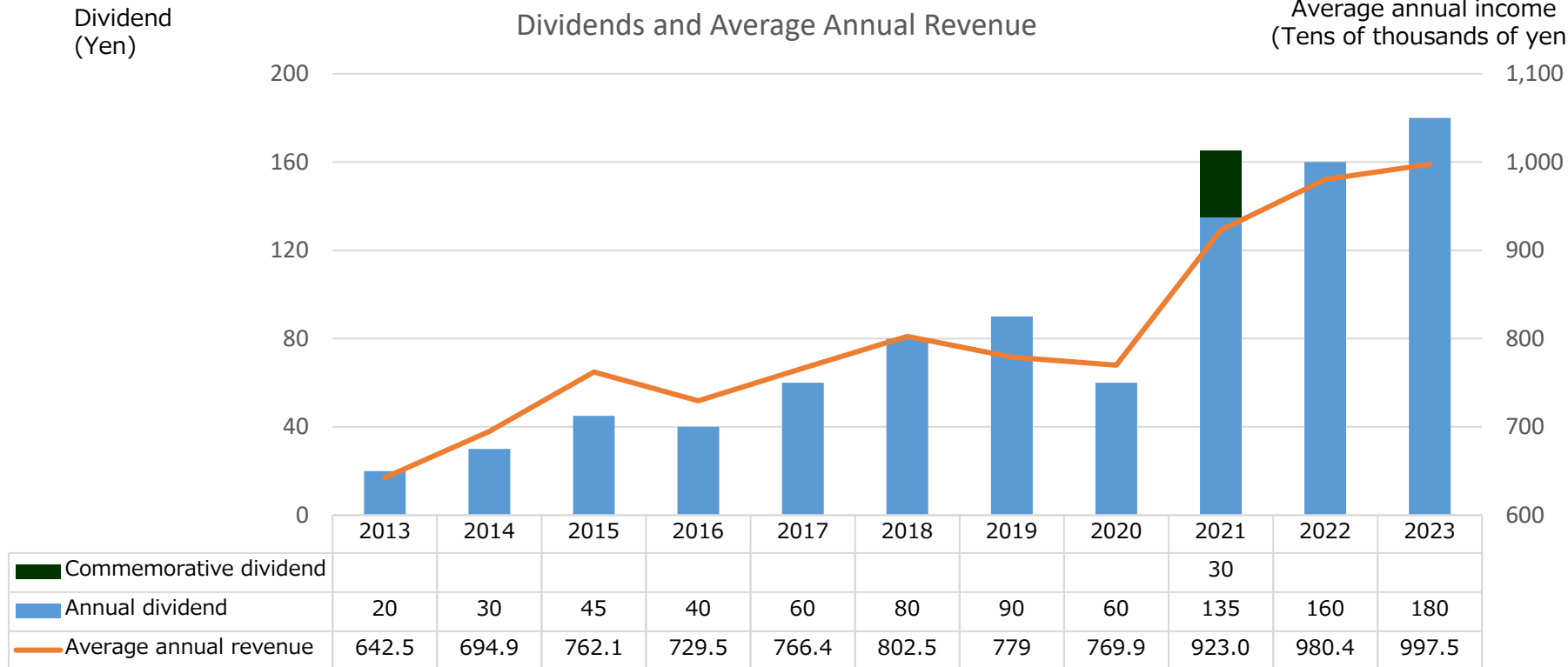


※30 yen of which is a commemorative dividend

Actively Returning Profits to Shareholders and Employees

Dividends and Average Annual Revenue

Average annual income
(Tens of thousands of yen)



Average annual income (average salary, inclusive of tax, as included in the Company's financial statements) includes extra wages and bonuses.



3. Initiatives to Realize Vision 2030

Long-term Management Policy: Vision 2030

Mission

Why do we contribute to society?

Our mission at Hioki is to contribute to society's peace of mind and development by promoting customers' safe, effective use of energy through electrical measurement.

Vision

10 years in the future

Beyond Measure

Hioki will become a creator of solutions that helps forge a sustainable society together with customers worldwide by continuing to evolve measurement as an industry leader.



Companywide efforts to realize these goals

As a solution creator, we supply competitive, high-value-added electrical measurement solutions to customers worldwide through sustained, ongoing innovation in companywide functions.

Five Types of Sustained, Ongoing Innovation in Companywide Functions for Realizing the Vision 2030

Innovation is the process of gaining customers by forging new connections.



Creating new **customer value**



Building new **production structures**



Building **relationships for collaborating creatively with customers to forge a new society**



Building new **supply chains**



Realizing new **organizations**

Future Directions of HIOKI's Businesses

Bringing products to every field that will use electric energy as infrastructure in the future



Focusing development resources on the key markets that comprise a new social system

Transition to alternative energy

Batteries

ESS



Effective use of electric energy

EVs/PHEVs



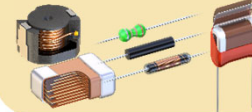
Charging infrastructure

CAN
Self-driving
ADAS



Digital transformation (DX)

Electronic components



5G base stations

Datacenters



UPS

Power grid

We're focusing development resources on key markets that make up new social systems.



Developing decarbonized energy

Production and transportation solutions

- Renewable energy
- Hydrogen energy
- Solar panels



Reducing energy loss

Power efficiency solutions

- Power conversion
- New battery types
- Power semiconductors



Utilizing electrical energy

Rechargeable battery solutions

- Safety and performance testing
- New material evaluation
- Energy storage systems (ESSs)



Digital transformation

Measurement data solutions

- Cloud-computing environment
- Remote measurement and data collection
- Data analysis








Growth Strategies

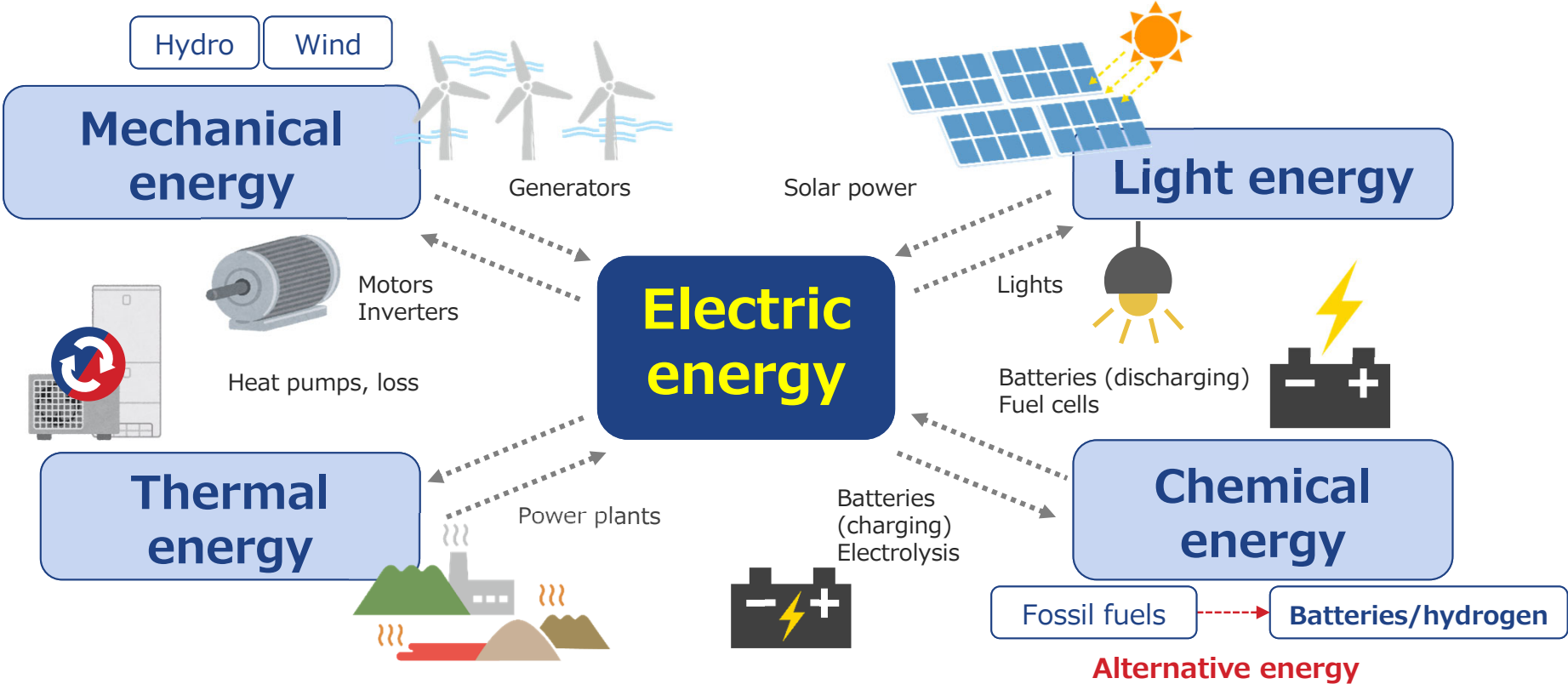
- **Developing products featuring unique Hioki technologies**
- **Developing market-focused businesses**
- **Achieving carbon neutrality under the GHG Protocol**

Resolving Societal Issues to Realize a Decarbonized Society

Principal measurement applications in key markets

	 Solar power Heat pumps	 Battery industry Hydrogen industry	 Mobility electrification	 Semiconductors Electronic components	 Datacenters DX infrastructure
Automatic test equipment		Module weld testing	ECU board testing	Package board testing Interposer testing	
Data recording equipment	Power distribution system maintenance Temperature record management	Charge/discharge measurement Temperature management	Thermal management Model-based development	Temperature characteristics testing Predictive plant maintenance	Temperature management Power data recording Predictive maintenance
Batteries	ESS development Maintenance	Battery material development Volume-production testing of cells Module testing	Battery degradation diagnostics		UPS maintenance
Devices	Solar panel insulation	Connection quality testing	Motor insulation testing Path resistance testing	Volume-production testing of MLCCs, high-frequency inductors, and high- capacity capacitors	
Energy	Power quality management Efficiency and performance improvements	Research into electrolytic cells Fuel cell development	Motor and inverter performance Energy management	Evaluation of magnetic material performance in power devices	Power quality management Power assessment and CO ₂ reduction
Maintenance	Power distribution system maintenance		EV maintenance		Construction/installation work testing and maintenance

Resolving Societal Issues through Electrical Measurement



Resolving Societal Issues through Electrical Measurement

Using energy efficiently

- Thanks to progress in power semiconductors, high-voltage, high-current, high-frequency switching technologies are advancing.
- Hioki provides advanced measurement technologies in the form of products like current sensors.



**New products
launches
scheduled for this
year**

**New products
launches
scheduled for this
year**



Expanding volume production applications for solar power

- Manufacturers are working to engineer higher-voltage designs while boosting power conversion efficiency to ensure limited energy resources can be used effectively.
- Hioki provides high-performance power measurement technologies.

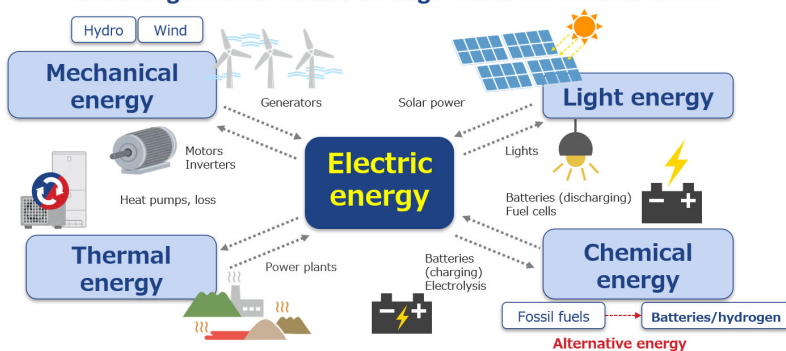
Thermal management: An increasingly important priority

- Management of heat is becoming more and more important as society looks to use energy effectively.
- Hioki provides measurement technologies for simultaneously measuring energy conversion and aggregating and analyzing data.



(Multiple products launched at the end of 2023)

Resolving Societal Issues through Electrical Measurement



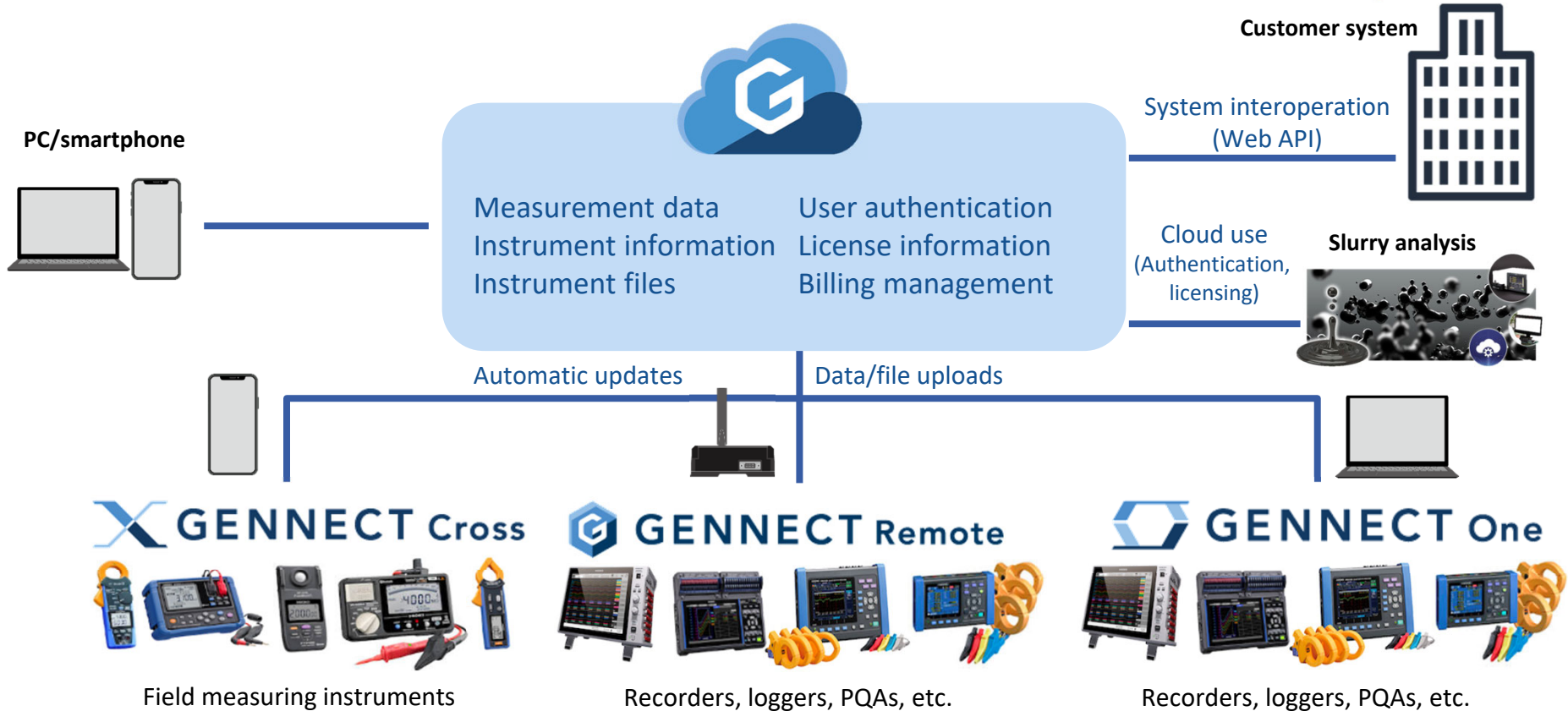
Ensuring a stable supply of renewable energy

- Improving battery performance, converting energy to hydrogen for storage and transport... R&D will continue in the future.
- Hioki provides measurement technologies that accommodate new technologies.

**New products
launches
scheduled for this
year**



Leading the Industry in Moving Data to the Cloud and Building Billing Systems

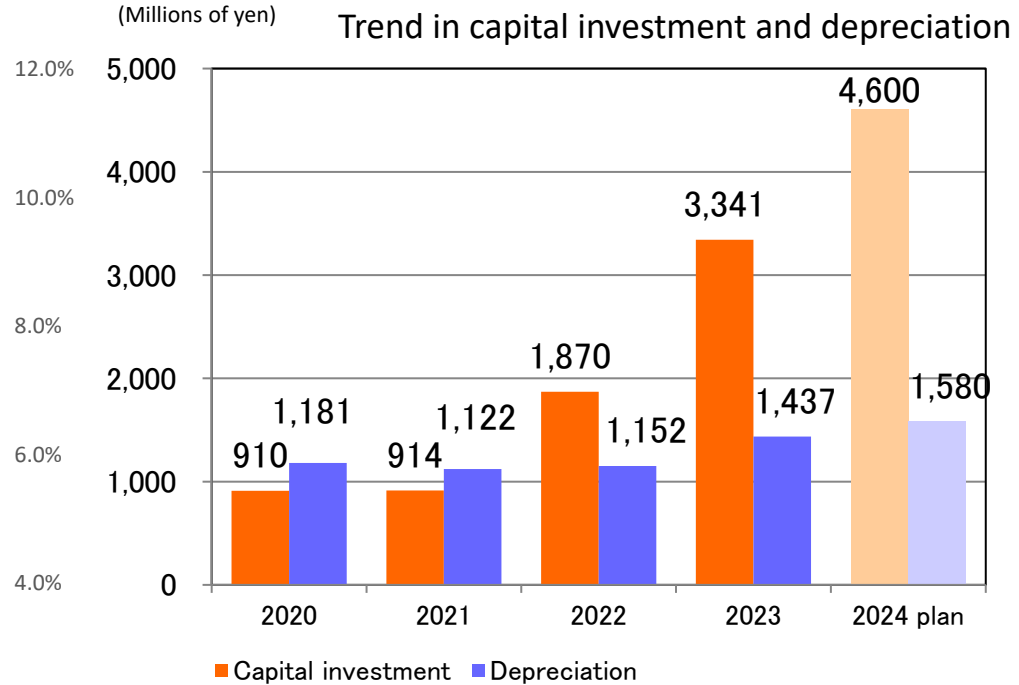
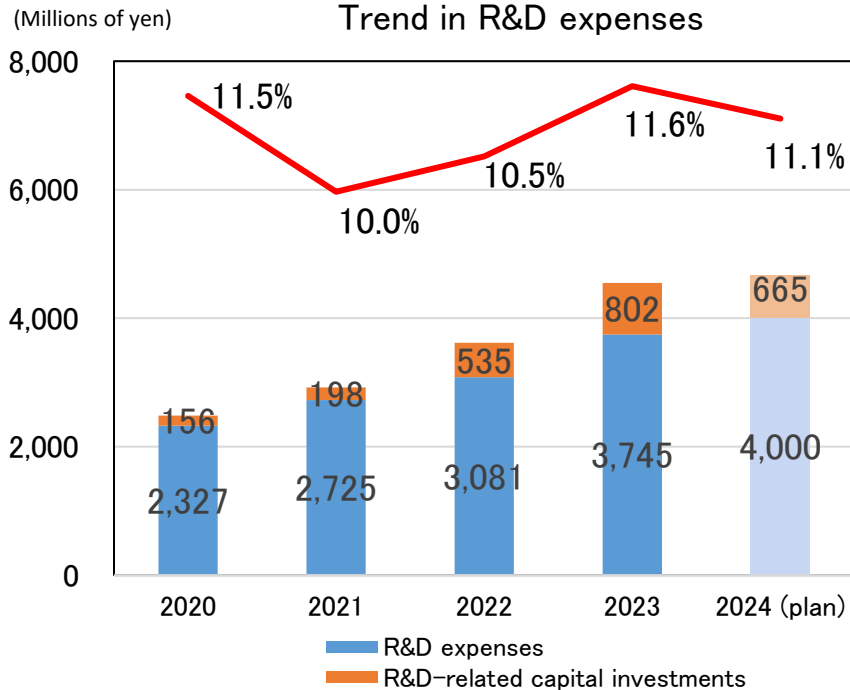




Creating new
customer value

Strengthening Competitiveness through Active R&D Investment and Capital Investment

Boosting R&D spending as a percentage of sales to at least 10%



Medium- and Long-term Strategic Investments

	Short-term investments (2024 to 2025)	Long-term investments (2024 and beyond)
New product development New business development	Earning certification under safety standards Improving development and production efficiency <ul style="list-style-type: none"> • Deploying new systems • Utilizing outside resources to speed development 	Strengthening investment in R&D Boosting the number of new-product development themes Pursuing collaboration with related groups and companies <ul style="list-style-type: none"> • Battery industry • Hydrogen-related businesses
Striving to boost international sales as a percentage of total revenue	Pursuing human investments (assigning personnel to overseas sites) <ul style="list-style-type: none"> • Working to add personnel by strengthening hiring at overseas sites (Contributing to performance in 2025 and beyond) Strengthening sales targeting key customers	Strengthening development structures overseas (China, India) Strengthening global after-sales service structures
ESG investment	E: Building solar carports, pursuing ZEB compliance at the Head Office S: Implementing a circular economy G: Making investments to strengthen information security	

- Making advance investments in people and property in 2024 to boost performance in 2025 and beyond
- Formulating a global pricing strategy



Creating new customer value



Building relationships for collaborating creatively with customers to forge a new society

Strengthening the Hydrogen Business, Which Has Inspired High Growth Expectations

- We've launched a Hydrogen Energy Solutions team as an in-house venture.
- The team is working with other companies, local governments, and related organizations to pioneer new markets.
- Hioki's strength lies in its ability to provide solutions that can accommodate large-scale pilot projects with a view towards commercializing and industrializing hydrogen.

Product Sep. 20, 2023

Hioki Receives Order from the National Institute of Advanced Industrial Science and Technology for an ALDAS-E Water Electrolysis

Hioki is pleased to announce that it received an order for the ALDAS-E, a system for measuring impedance in water electrolyzers and membrane electrode assemblies (MEA), from the Fukushima Renewable Energy Institute (FREIA), a unit of the National Institute of Advanced Industrial Science and Technology, in August 2023.



From Hioki's website



Creating new customer value



Building relationships for collaborating creatively with customers to forge a new society

Innovating with Customers



We renovated the first floor of the Innovation Center



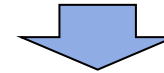
Collaboration Laboratory

We're building an environment to facilitate joint research with customers in fields like batteries, power electronics, and hydrogen.



Completed in March 2023

Since opening, the facility has seen progress in joint research with numerous customers.



In the future, we plan to establish sales facilities in Yokohama, Nagoya, and Osaka as well as Technical Centers at our sales companies in India and Indonesia. We've already opened a Technical Center at HIOKI (Shanghai) Technology Development Co., Ltd.



Creating new customer value

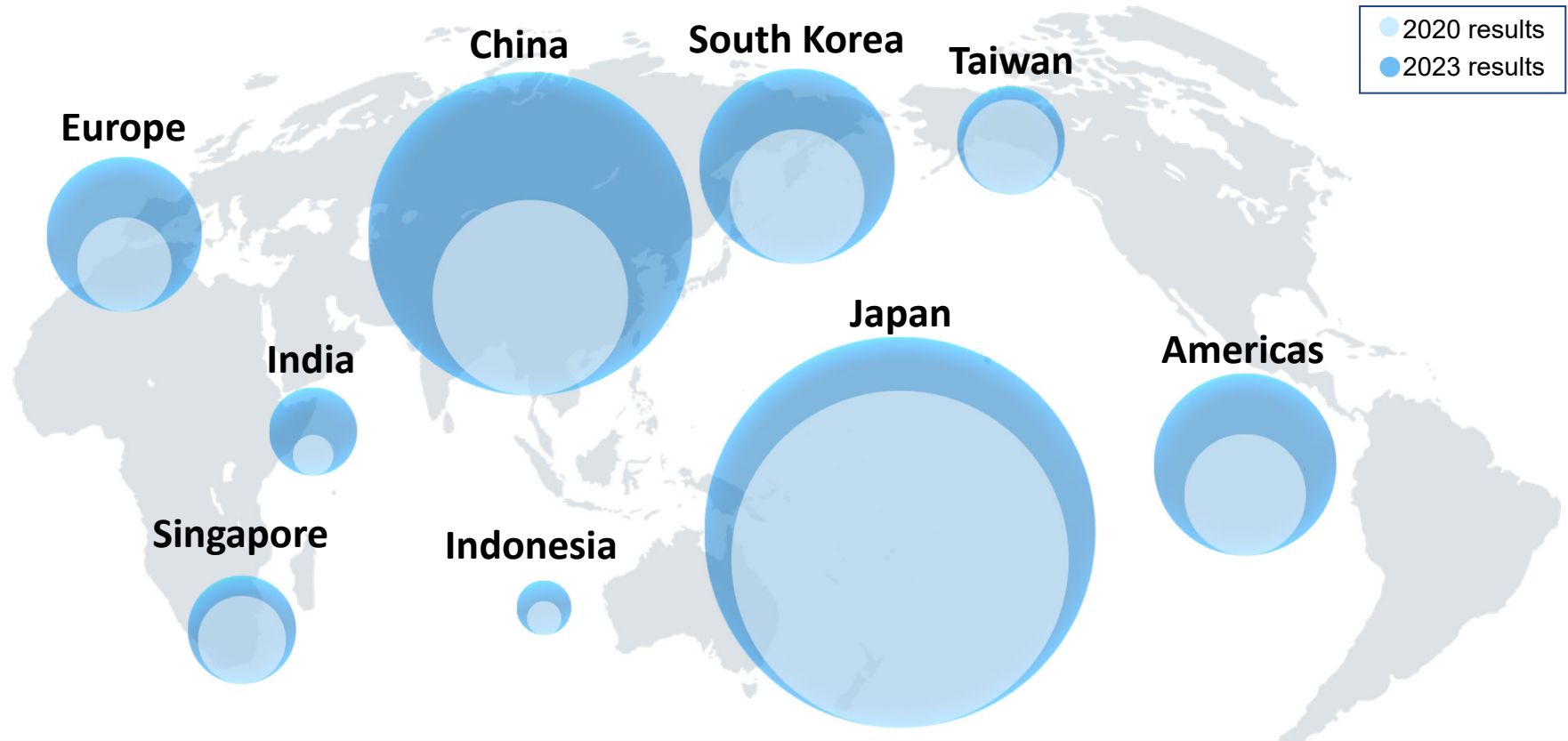


Building relationships for collaborating creatively with customers to forge a new society

Strengthening Collaboration with Outside Entities

	Initiative overview
Entering into agreements with five companies, including The Japan Research Institute	Our goal is to develop a business in China centering on services that diagnose EV batteries' remaining value and manage them continuously using blockchain. We supply diagnostic technologies for batteries used in EVs and related instruments.
Joining LIBTEC*	Hioki is involved, together with partners including battery material manufacturers and battery manufacturers, with research into shared platform technologies, including technology for evaluating battery materials. Some Hioki employees have been seconded to LIBTEC. *Consortium for Lithium Ion Battery Technology and Evaluation Center
Joining the Japan Hydrogen Association (JH2A)	The Japan Hydrogen Association was established to accelerate the development of a hydrogen-based society through social implementation projects as an open organization that cuts across industry boundaries while drawing on a bird's-eye view of the entire supply chain. We're striving to help realize this vision while working with a variety of stakeholders through the JH2A's activities.
Joining the Kansai Storage Battery Human Resources Development Consortium	Industry, educational institutions, local governments, support organizations, and other entities in the Kansai region, which is home to a concentration of storage battery-related industries, came together to establish this organization with the goal of training and securing storage battery-related human resources.
Participating in MOBI*	Hioki joined MOBI in April 2023. MOBI is one of the world's largest consortiums promoting the standardization and widespread adoption of blockchain, distributed ledger technology, and other technologies in the mobility sector. Our goal is to strengthen collaboration with fellow member companies as we work to build the battery value chain. *Mobility Open Blockchain Initiative
Supporting the hosting of the 1st ABEVTC*	Hioki supported ABEVTC, which was held in Bali, Indonesia, in May 2023. Our goal was to strengthen collaboration with people who are active on the front lines of industry. *ASEAN Battery and Electric Vehicle Technology Conference

Sales by region

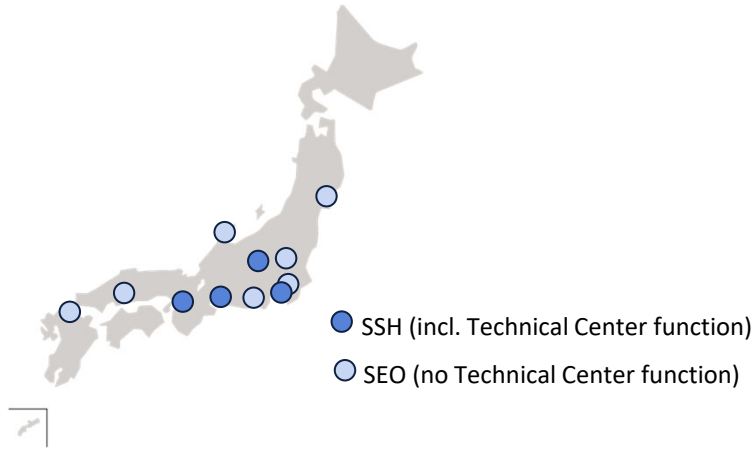




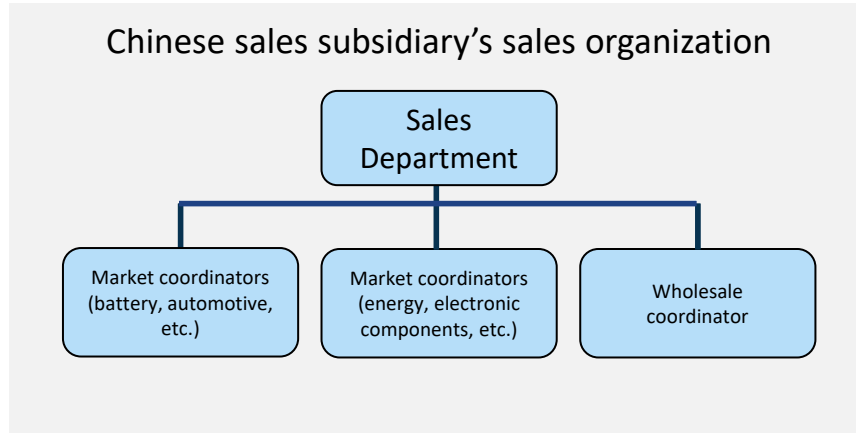
Transitioning from Area Sales to Markets and Adopting an Account-based Approach to Sales

Building relationships for collaborating creatively with customers to forge a new society

Reorganizing our domestic sales organization and our Chinese sales subsidiary's organization



We plan to establish Technical Centers at facilities in Yokohama, Nagoya, and Osaka and to assign technical sales coordinators as we put in place an environment to facilitate joint research with customers.

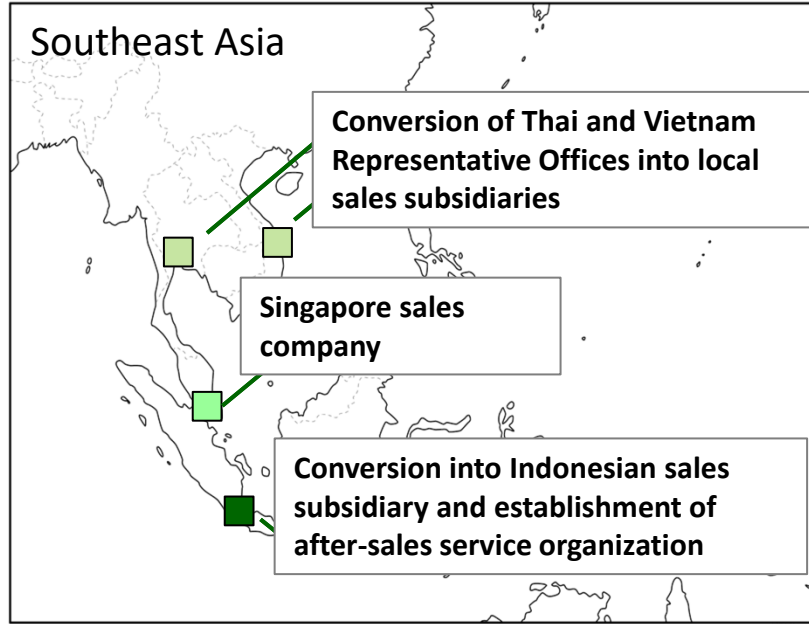


Our sales organization in China has been revamped based on applications for key markets, for example the battery and automotive sectors. Coordinators have been assigned so as to provide coverage for the entire country.

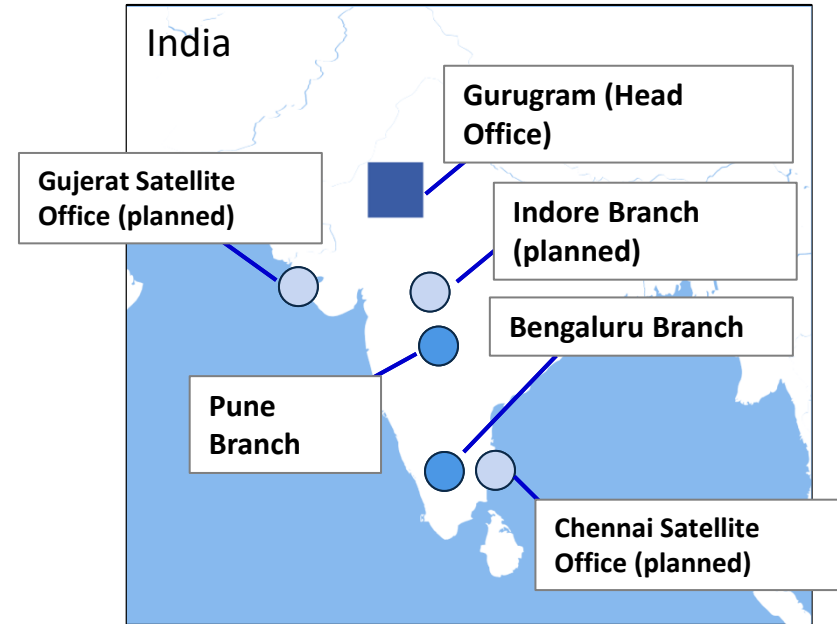


Accommodating the Push Towards Decarbonization by Cultivating Stronger Relationships with Customers

Building relationships for collaborating creatively
with customers to forge a new society



We've launched an initiative to convert our Thai and Vietnam Representative Offices into sales companies.

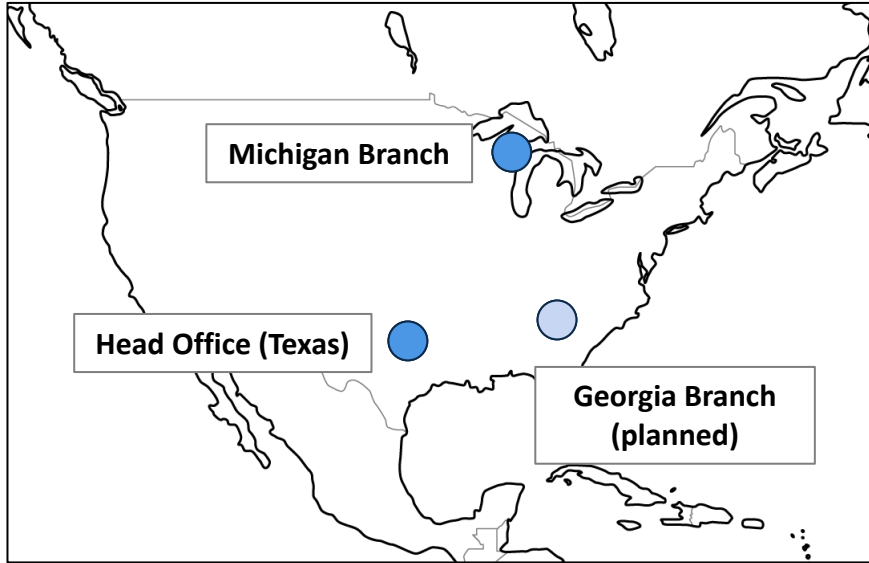


We're expanding our branches and satellite offices, and we've created organizations with R&D and AE functions.

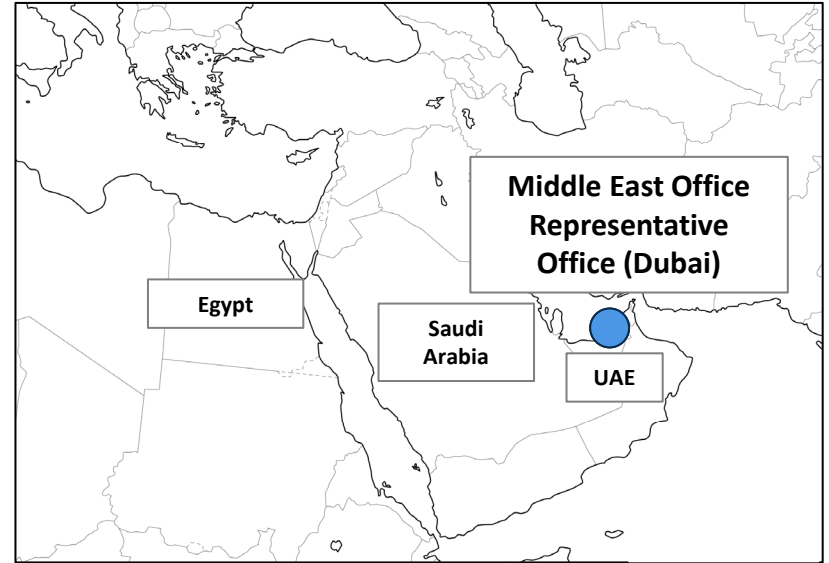


Accommodating the Push Towards Decarbonization by Cultivating Stronger Relationships with Customers

Building relationships for collaborating creatively
with customers to forge a new society



We're planning to open a branch in Georgia (Atlanta) with the goal of building closer relationships with strategic customers in the East and South.



We're planning to convert our Middle East Representative Office into a local sales subsidiary as part of a push to center sales on strategic customers in the Middle East and Africa (primarily in the UAE, Saudi Arabia, and Egypt).



Building new production structures

Initiatives to Boost Productivity and Profitability

The Sakaki Plant, which opened in November 2021, is now fully operational as a field measuring instrument manufacturing facility.

In 2022, we worked to shorten lead times by expanding our Head Office Plant and improving lines of movement.

The Ueda No. 2 Plant, which is located close to the Head Office Plant, will start operations during the first half of 2024. We're working to optimize production structures, including at the Head Office and Sakaki Plants, as we look to secure enough production capacity to generate at least ¥50 billion of consolidated-basis sales.

We're revamping domestic and international pricing based on continuing increases in component costs. We expect our material outsourcing cost rate to improve.

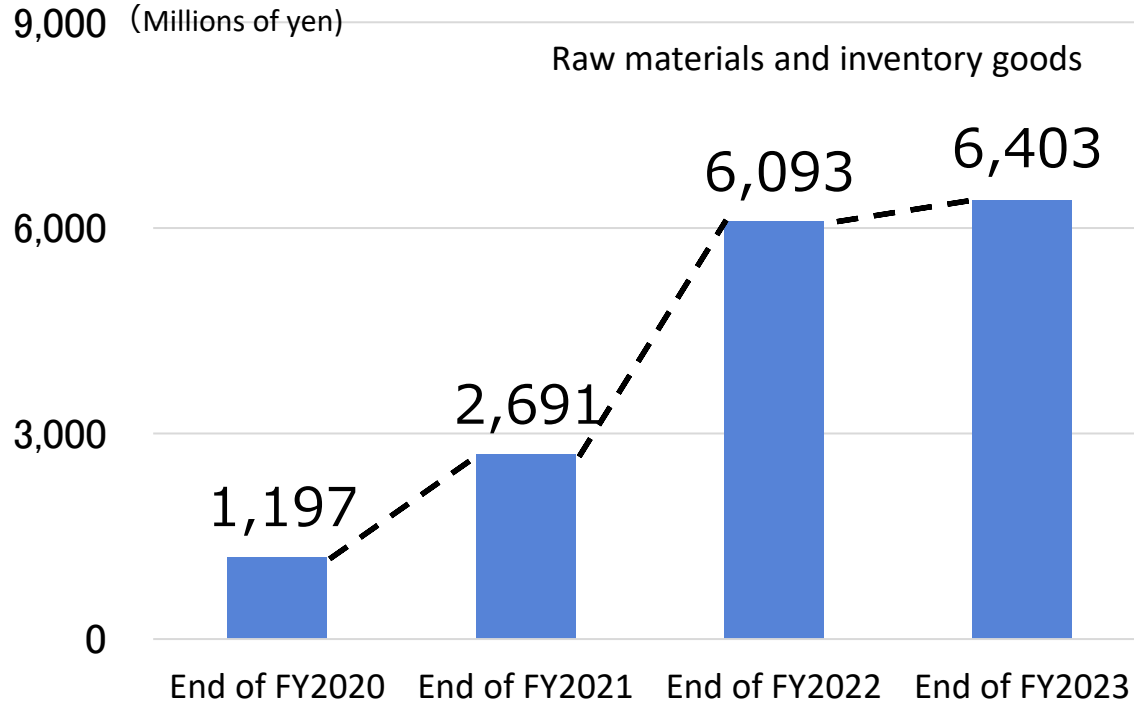


Ueda No. 2 Plant



Building new
supply chains

Initiatives to Optimize Component Inventory Levels



We procure parts with a view towards our responsibility to supply products and service to customers. Part inventory is growing rapidly because lead times are lengthening for most parts.



We're working to return to optimal inventory levels and to improve operating cash flows.



Realizing new
organizations

HiCareer: A New Human Resources Program

- Boost engagement (with employee-friendly workplaces that foster motivation) by empowering individual employees to realize their purpose (their vision of what they want to do and achieve; what challenges they want to embrace; and how they want to contribute) through Hioki's business.
- Enable employees to chart their own professional and personal roadmaps, shape the course of their careers, and select the areas of operations in which they wish to be involved. Offer organizational assistance to help them build their careers and choose the challenges they want to tackle so that they can continue to grow.
- Strive towards fairness in how opportunities are given to employees embracing challenges, for example qualifications and roles, salary increases and promotions, and wage structures, on the basis of their accumulated experience and skills over the medium and long term.

We're currently working out details internally as we prepare for the program's launch in 2025.

Hioki Sustainability Declaration

We will continue to work towards the following goals to further decarbonization:

- **2025 (90th anniversary of our founding)**

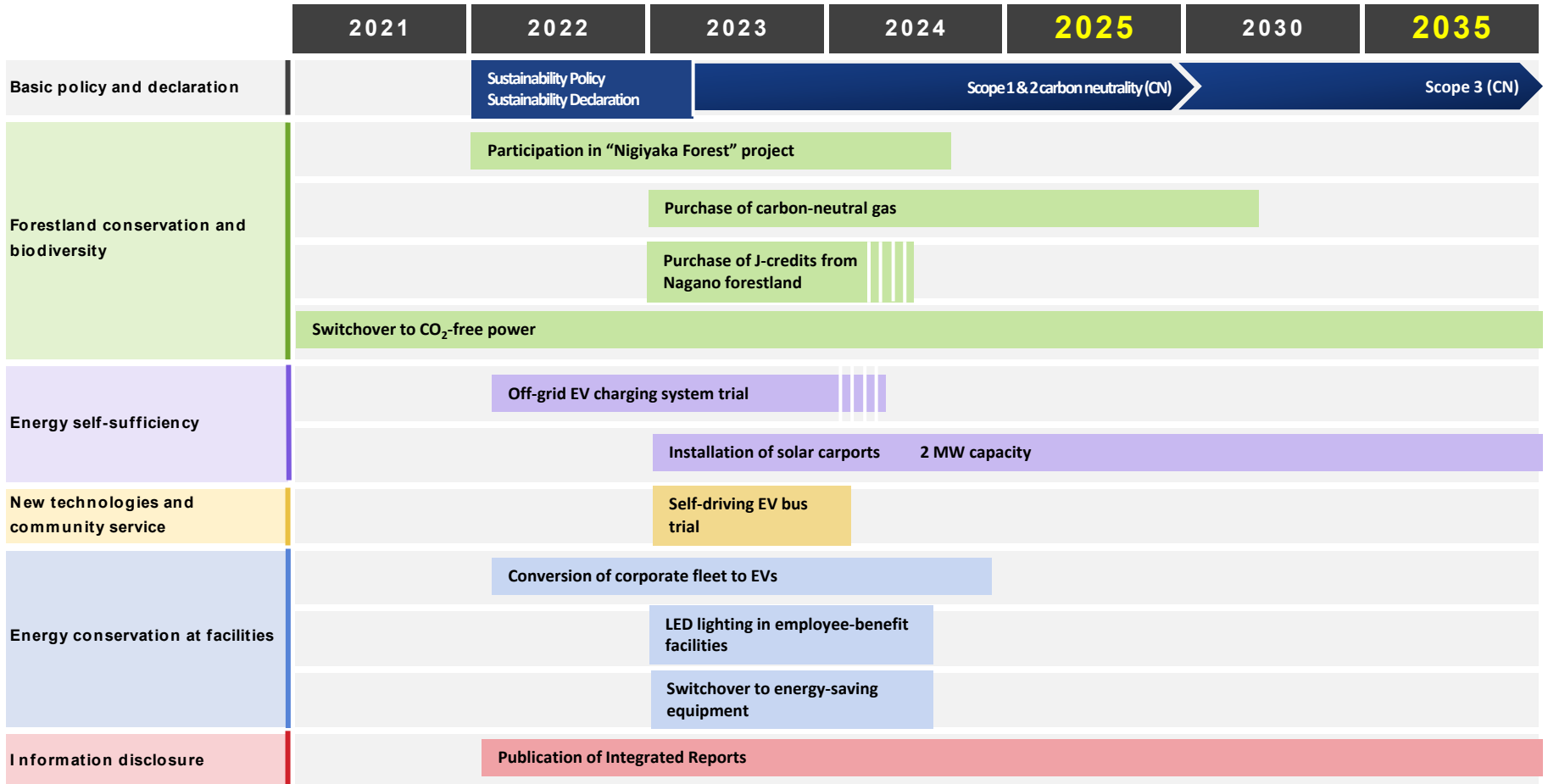
Achieve Scope 1 and Scope 2 carbon neutrality.

- **2035 (100th anniversary of our founding)**

Achieve Scope 3 carbon neutrality.

Scope 3 refers to an effort to implement carbon offsets **while minimizing reliance on emissions trading** as we work to achieve our goals by 2035.

Initiatives to Achieve Scope 1 and 2 Sustainability



Sustainability initiatives

Hioki Sustainability Declaration

We will continue to work towards the following goals to further decarbonization:

- 2025 (90th anniversary of our founding)
Achieve Scope 1 and Scope 2 carbon neutrality.
- 2035 (100th anniversary of our founding)
Achieve Scope 3 carbon neutrality.

Scope 2

Installation of solar carport (to be completed in 2025)

Plans to install a solar carport with a power generation capacity of 2MW and a 2MWh lithium-ion energy storage facility on a site of approximately 23,000 m². Expected to cover about half of the electricity used at the head office.

Scope 1

Conversion of company cars to EVs

Switching company cars to EVs
In addition, a demonstration experiment of an off-grid EV charging system using solar carports as a power source is underway with Yanekara Corporation, The University of Tokyo-originated startup.

Scope 2

Conversion to LED Lighting for Welfare Facilities

Conversion to LED lights at the indoor practice facility and tennis courts
Expected to reduce CO₂ emissions by 8,761 t-CO₂/year

Scope 1

Purchase of J-Credit

Purchase 100t-CO₂ of forest-derived J-credits from Nagano Prefecture to offset gasoline and diesel fuel consumption
Offset about 1/3 of gasoline and diesel consumption of our domestic sites.

Scope 2

Replacement of equipment

Replacement of compressors that consume large amounts of electricity
Expected to reduce CO₂ emissions by 20.9 t-CO₂/year.

Scope 1

Introduction of carbon-neutral gas

Switching all gas used at the head office to certified carbon neutral gas and offsetting CO₂ emissions from fuel used in Japan

Scope 3

Partial elimination of plastic packaging

Implemented for products sold in carrying cases (e.g., clamp meters)
Expected to reduce CO₂ emissions by 0.83t-CO₂/year

Scope 3

Promoting the switch to rechargeable batteries

Promoting the use of nickel-metal hydride rechargeable batteries in battery-operated products.
Expected to achieve a maximum reduction of 95% in CO₂ emissions by switching from alkaline batteries.

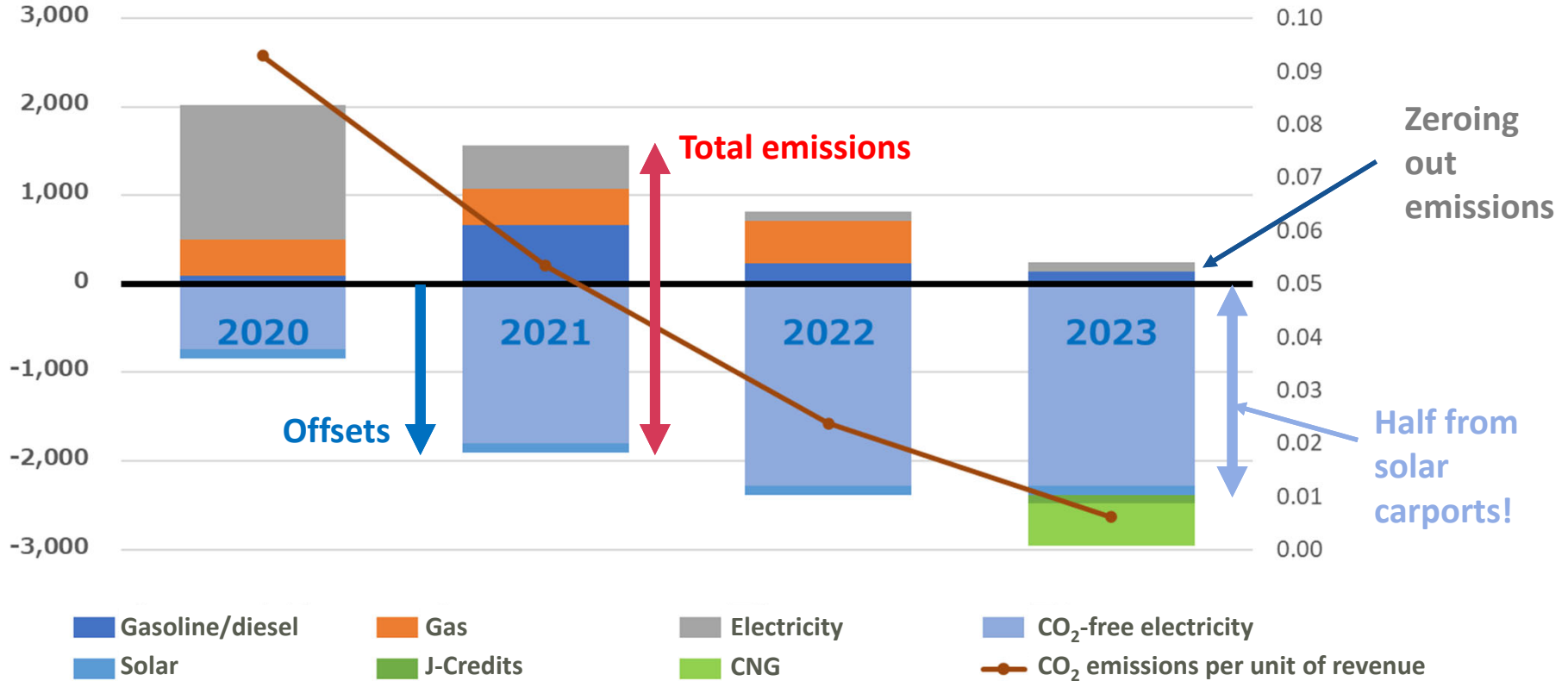
Completion of Phase 1 Solar Carports



- Solar panels on carports provide power to the Head Office Plant. In the future, they will meet about half of the facility's power requirements while reducing greenhouse gas emissions.
- We're using the site to trial new technologies and provide feedback to product development and service teams. (The four-phase project involves installing solar panels from different manufacturers.)

GHG Scope 1 & 2 Status

(2023: Anticipated Values)



Publication of the Integrated Report (2nd Edition)



New content:

- Hioki by the numbers
- Human resource strategy
- Value chain
- Initiatives to implement TCFD recommendations
- Messages from outside directors and outside auditors



4. Mid-term Business Plan

HIOKI

Photograph: The four seasons at HIOKI Forest Hills: Winter

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Management Targets

Operating profit on sales: 20%

Percentage of overseas sales: 70% or greater

Return on equity (ROE): 10% or greater

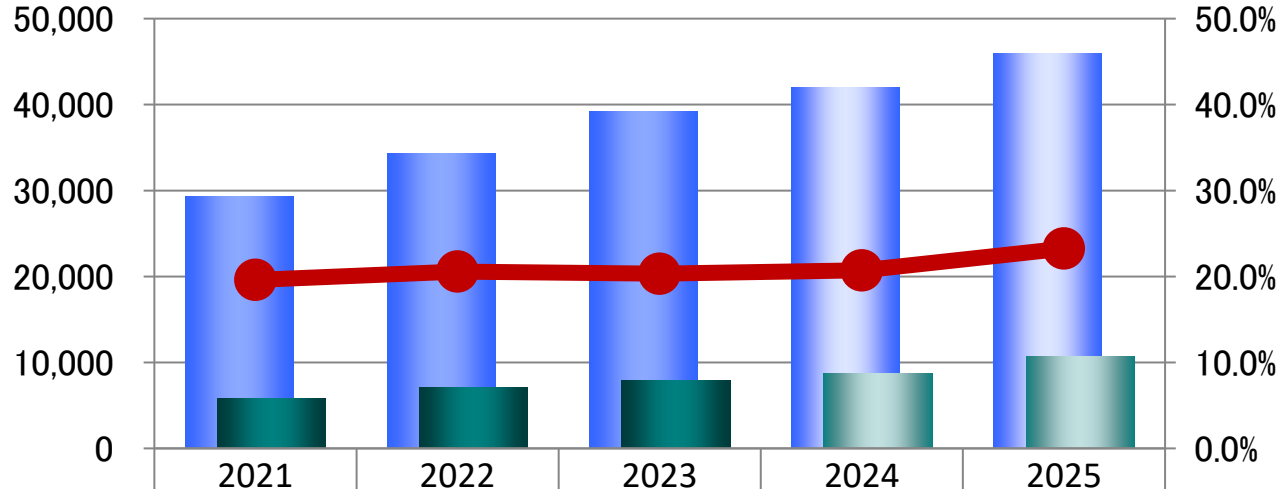
2023 Business Forecast




	FY2023 results		FY2024 (forecast)		
	Results (millions of yen)	Percent of sales (%)	Plan (millions of yen)	Percent of sales (%)	Year-on-year (%)
Sales	39,154		42,000		107.3%
Cost of sales	20,888	53.3%	21,500	51.2%	102.9%
Selling, general, and administrative expenses	10,309	26.3%	11,800	28.1%	114.5%
Operating profit	7,955	20.3%	8,700	20.7%	109.4%
Recurring profit	8,236	21.0%	8,800	21.0%	106.8%
Net income	6,329	16.2%	6,640	15.8%	104.9%
Earnings per share	¥463.51		¥486.24		

Mid-term Business Plan (2023 to 2025)

Sales and operating profit
(Millions of yen)

Operating profit rate



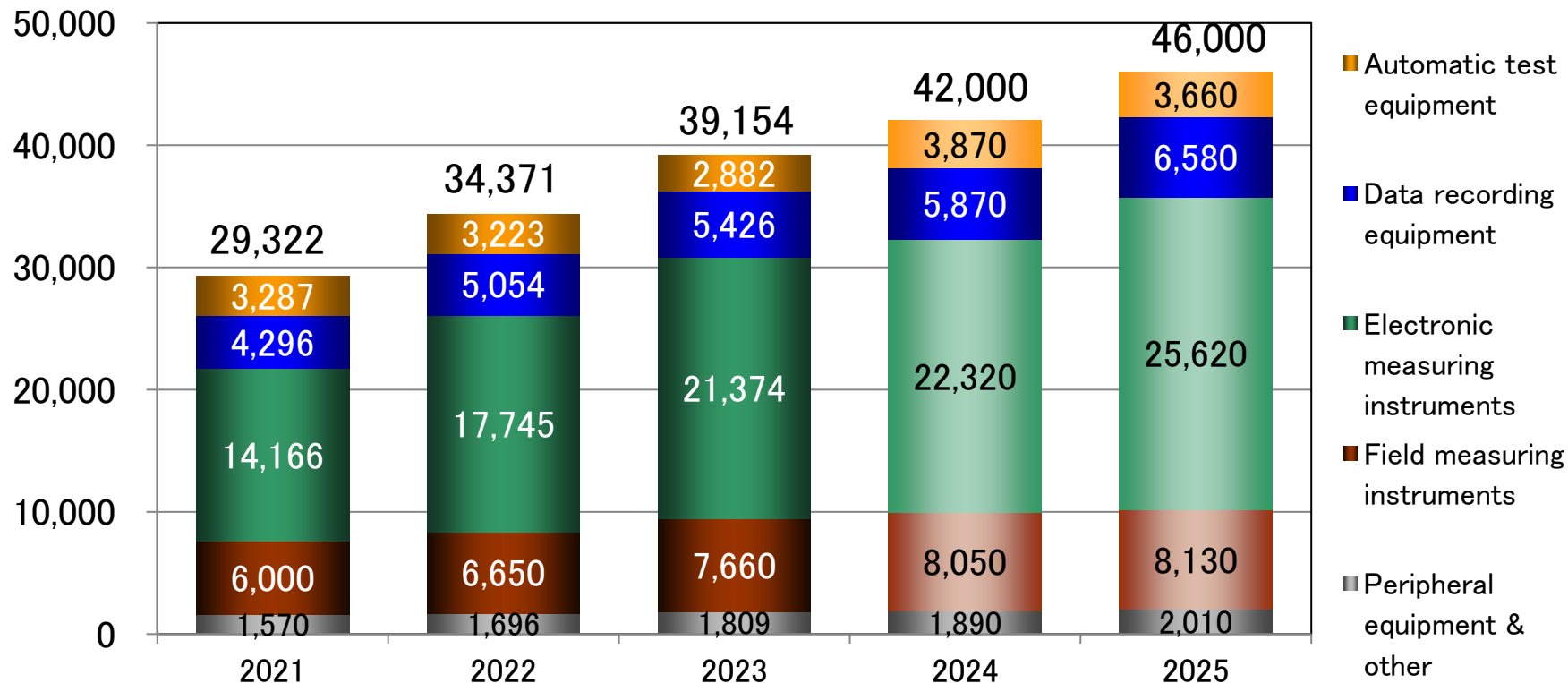
 Sales	29,322	34,371	39,154	42,000	46,000
 Operating profit	5,750	7,070	7,955	8,700	10,700
 Operating profit rate	19.6%	20.6%	20.3%	20.7%	23.3%

Exchange rate assumptions:
2024 business plan

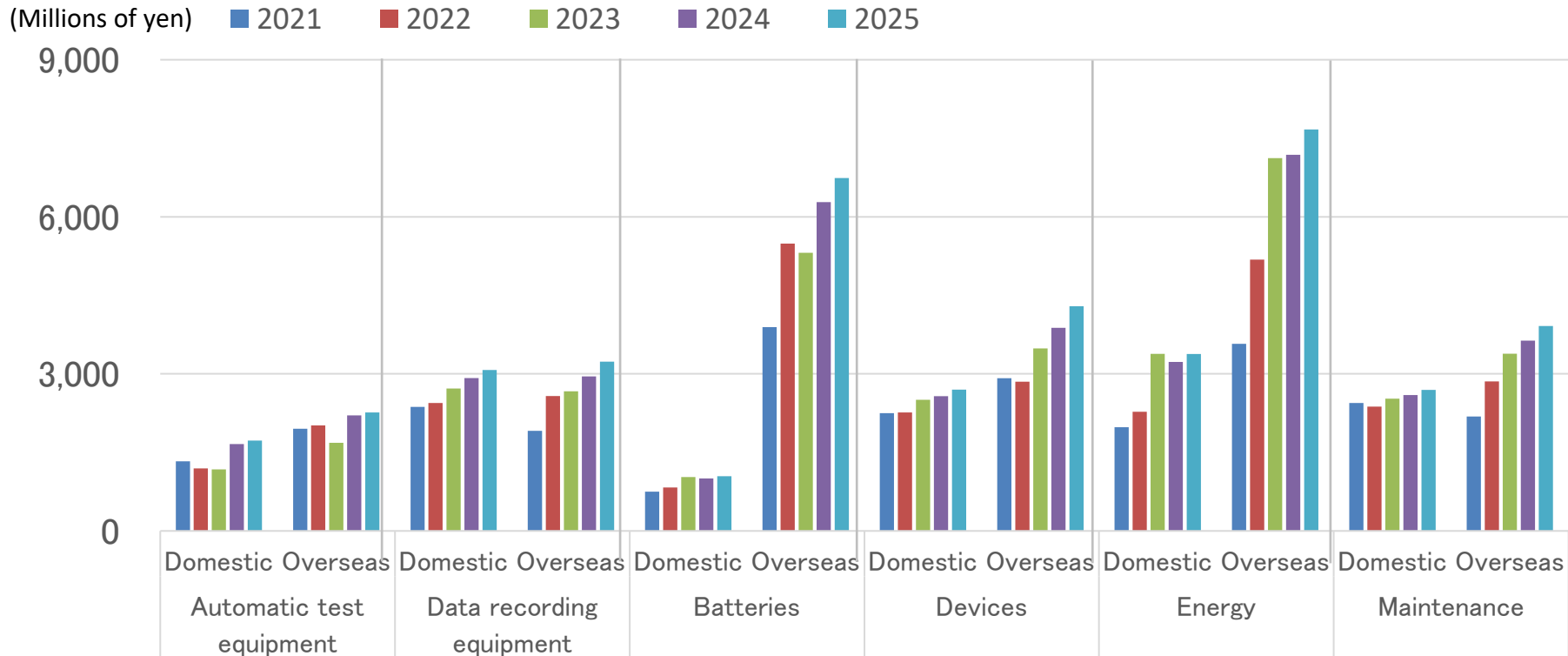
USD	¥135
CNY	¥19

Mid-term Sales Plan by Product Category (2024 to 2025)

(Millions of yen)



Mid-term Sales Plan by Market Application (2023 to 2025)



Export Mid-term Sales Plan (2024 to 2025)

Export sales as a percentage of total sales

(Millions of yen)

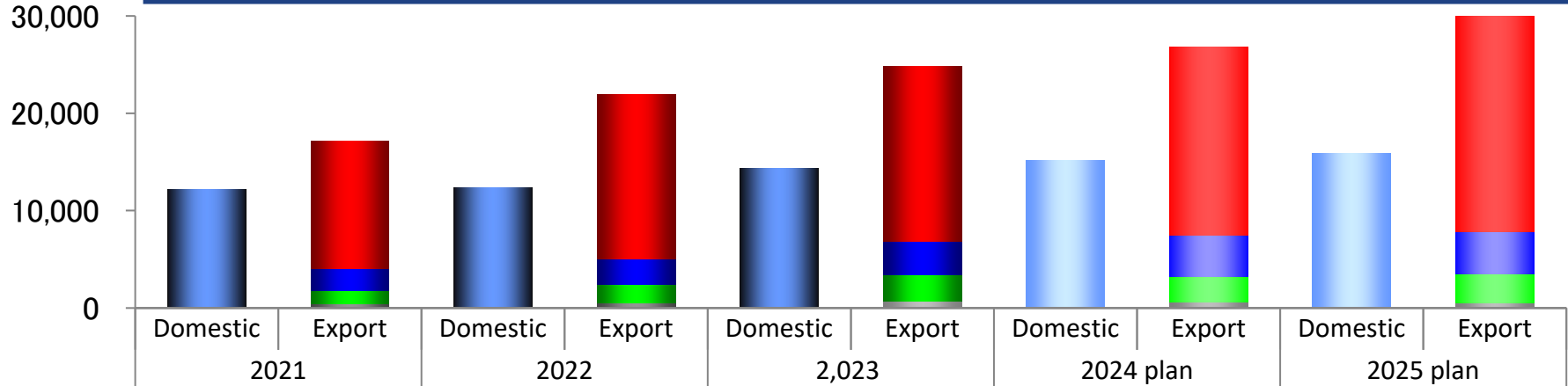
58.6%

63.9%

63.3%

63.9%

65.5%



■ Japan	12,134		12,400		14,368		15,170		15,870	
■ Asia		13,137		16,954		17,971		19,390		22,300
■ Americas		2,234		2,619		3,374		4,230		4,360
■ Europe		1,416		1,859		2,699		2,640		2,920
■ Other		397		537		740		570		550

Earnings and Dividends per Share Outlook for 2023

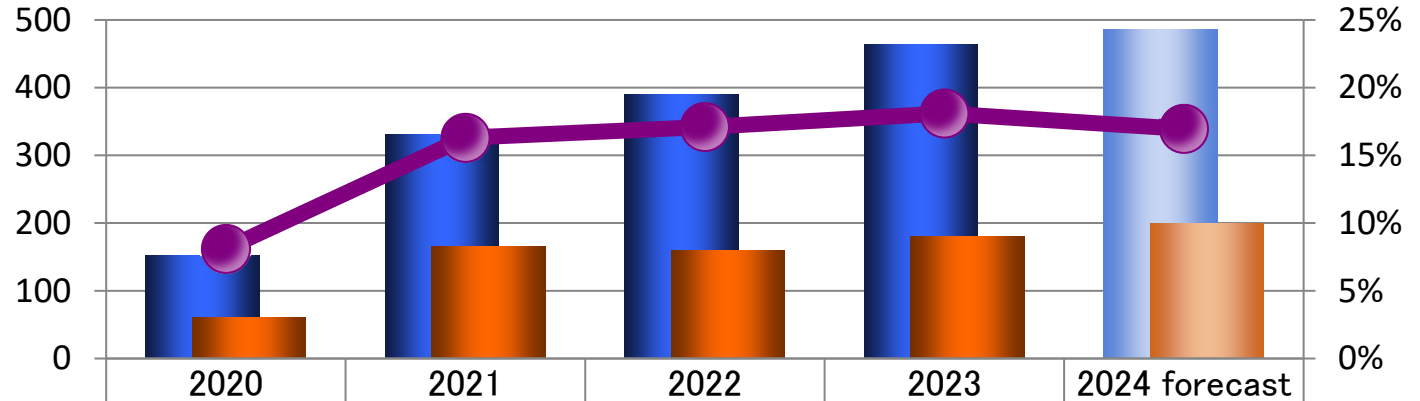
Dividend policy: Deliver a return on shareholders' investments by adopting a stable annual dividend base of a consolidated dividend on equity (DOE) of at least 2% per share and a target consolidated dividend payout ratio of 40%.

Earnings and dividends per share

(Yen)

Return on equity

(Fiscal year under review)



■ Earnings per share (EPS)

■ Dividends per share (yen)

● Return on equity ROE

Going forward, we will contribute to the realization of a sustainable society by providing high-quality products and services for use in customers' decarbonization initiatives as we strive to realize Vision 2030.



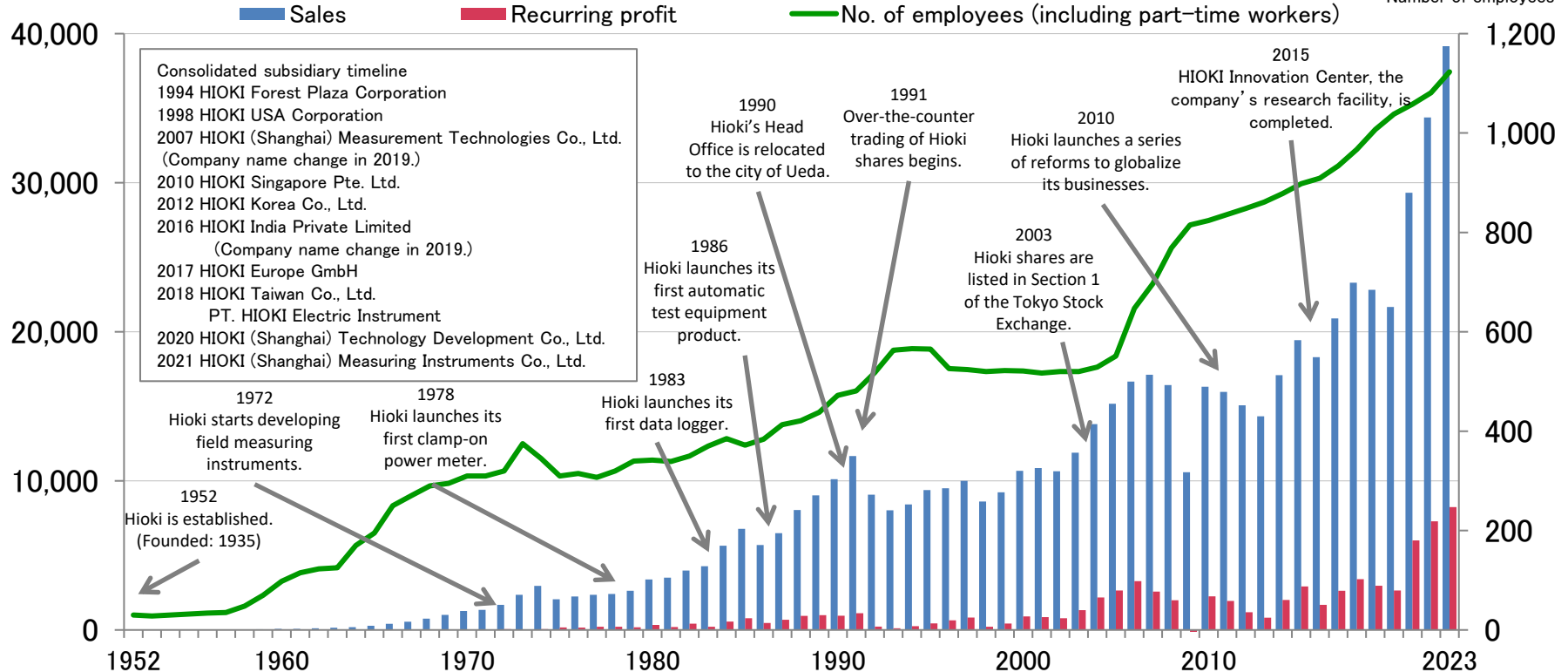
4. Reference Materials

Performance and Employee Head Count since HIOKI's Establishment

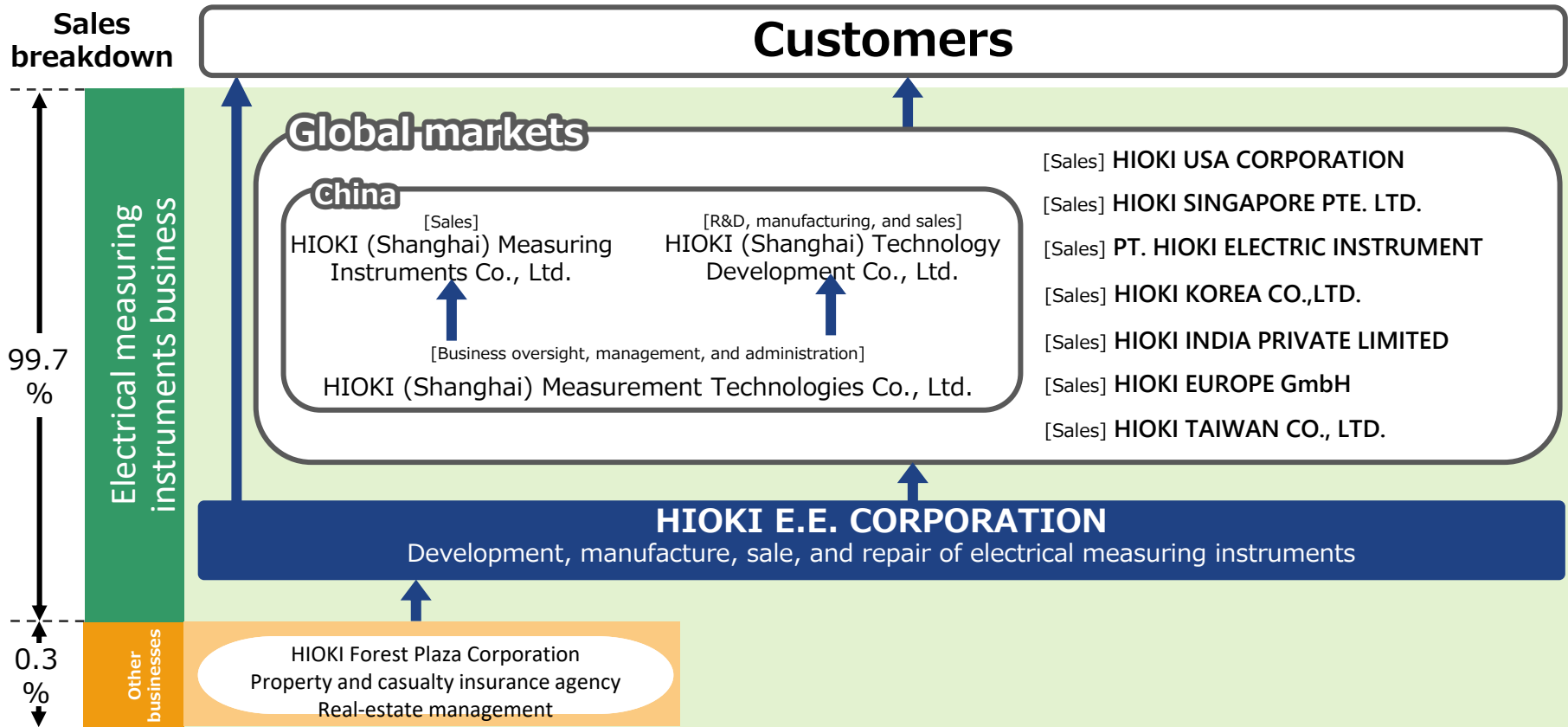
Source: Internal data
(1999 and beyond: Consolidated basis)

Sales and recurring profit
(Millions of yen)

Number of employees



HIOKI Group Business Diagram





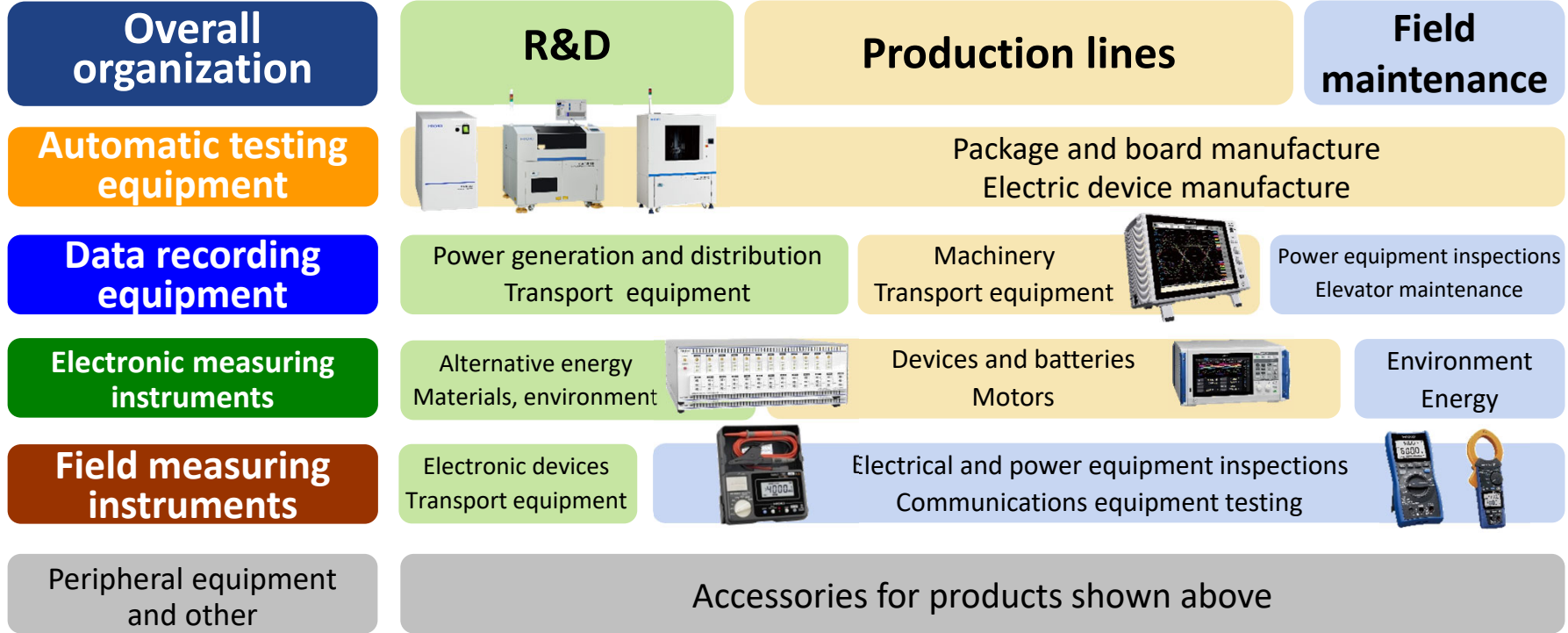
Vision 2030 Beyond Measure

Hioki is committed to pushing the boundaries of measurement as an industry front-runner, and to becoming a solution creator that works with customers worldwide to realize a sustainable society.



HIOKI Product Organization and Fields of Use

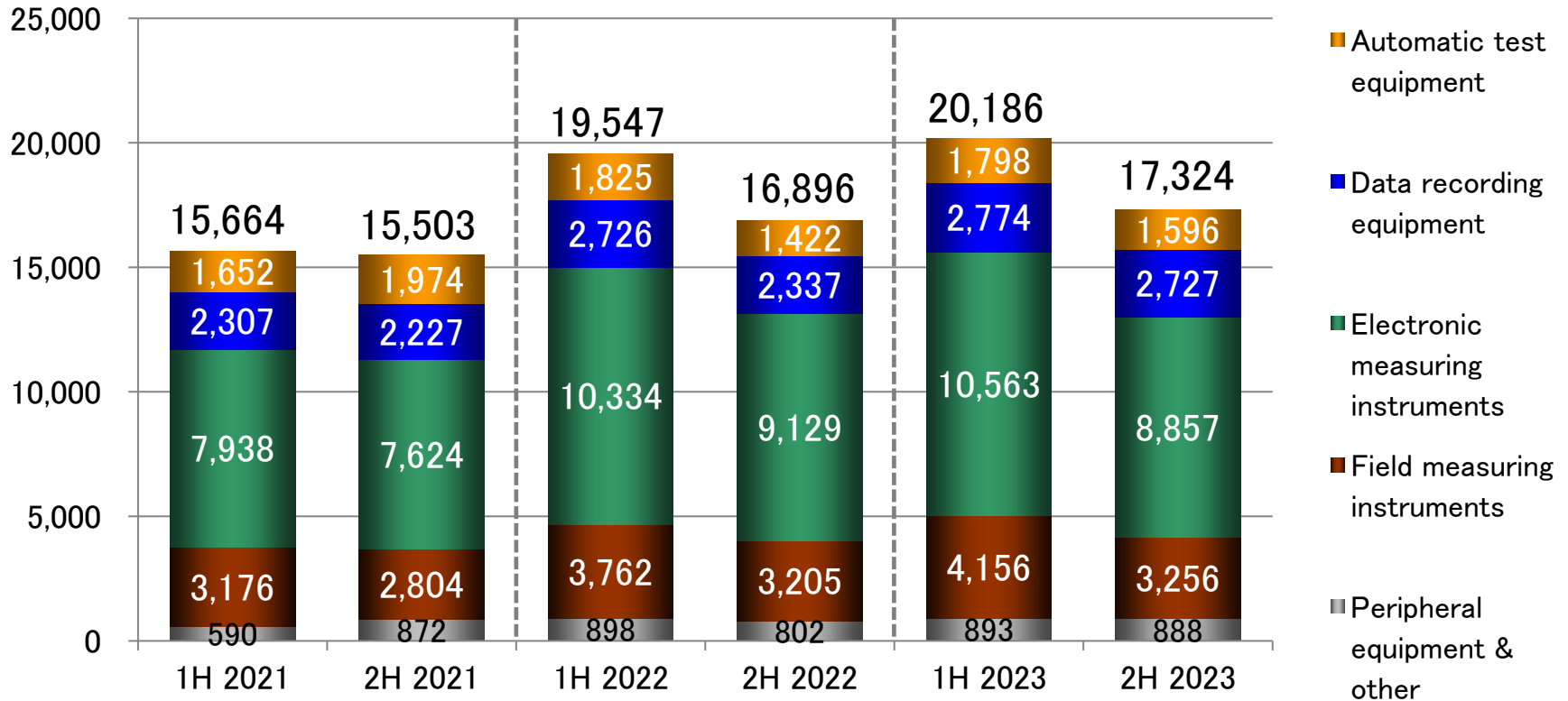
HIOKI meets customer needs ranging from advanced R&D to production lines and on-site electrical work in every industry with about 300 products.



*The width of each application category illustrates its relative contribution to HIOKI's sales.

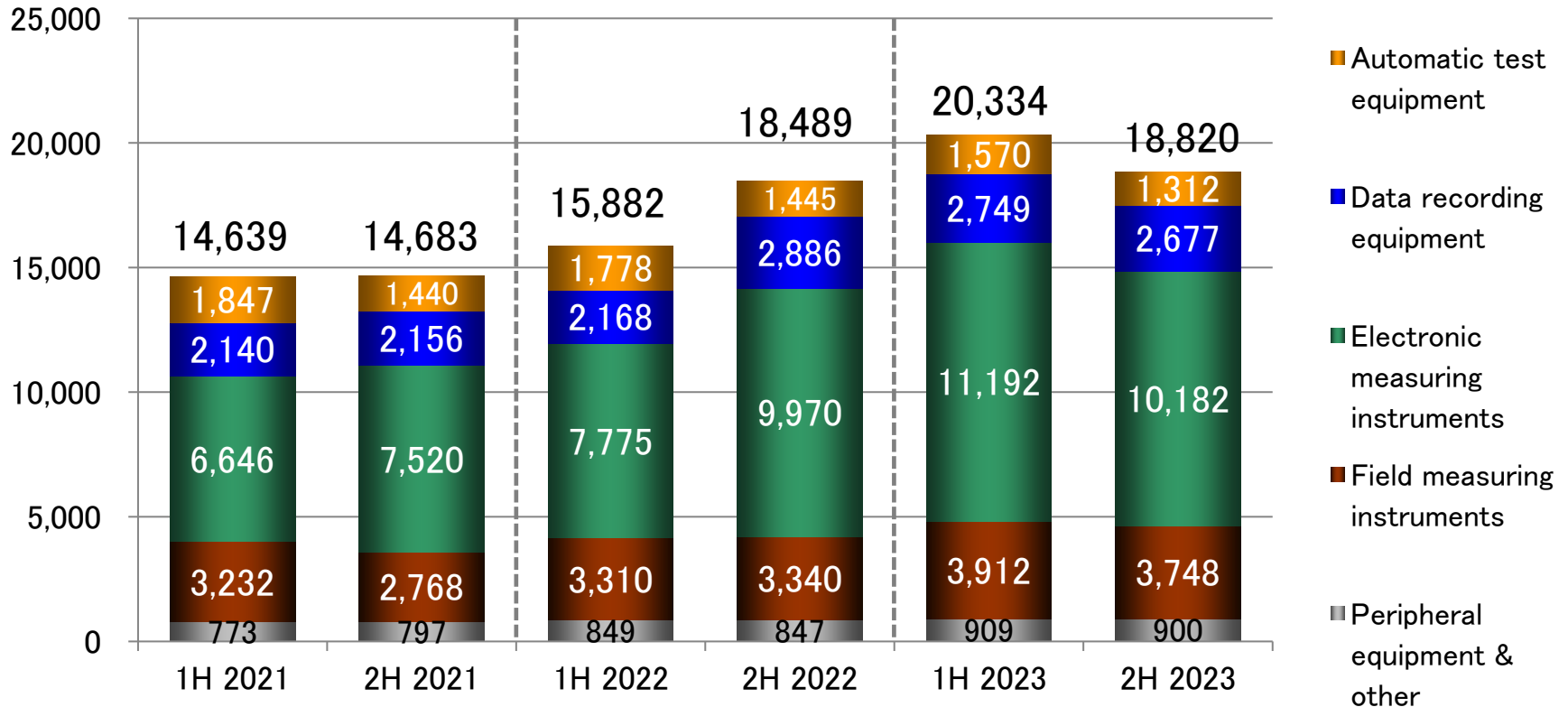
Trend in Orders by Product Category (by Half)

(Millions of yen)



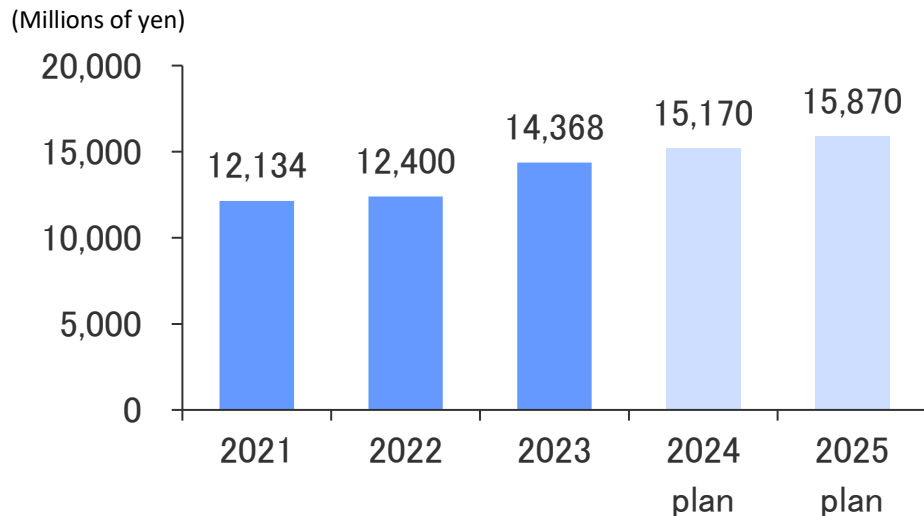
Trend in Sales by Product Category (by Half)

(Millions of yen)



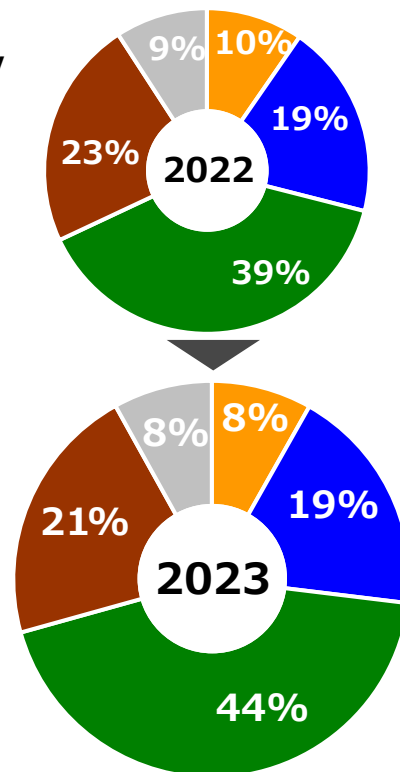
Actual and Forecasted Sales by Geographic Region: Japan

- Although the electronic devices market performed poorly in 2023, we saw growth in the EV and energy markets, where products include power analyzers.
- In 2024, we plan to reorganize our sales structures and establish Technical Centers that will allow us to collaborate creatively with customers who are helping realize a decarbonized society. We will also work to build relationships with key customers.



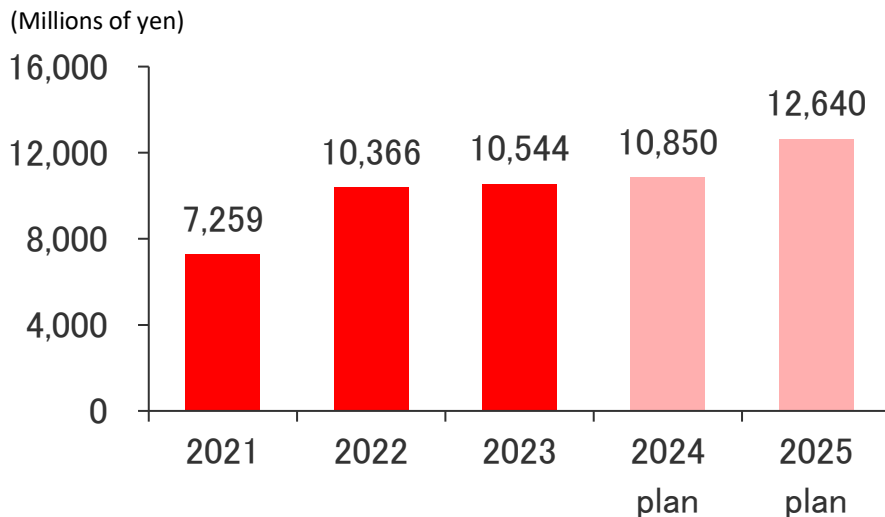
Sales Ratio by Product Category

- Automatic test equipment
- Data recording equipment
- Electronic measuring instruments
- Field measuring instruments
- Peripheral equipment & other



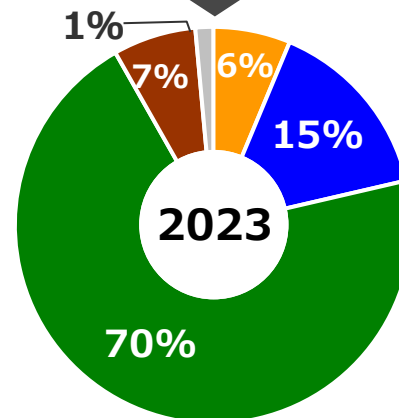
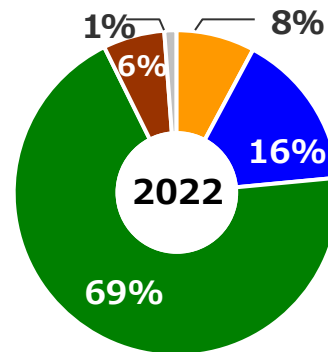
Actual and Forecasted Sales by Geographic Region: China

- Growth in China's battery manufacturing industry has slowed. Going forward, we will focus on battery recycling-related businesses and EV maintenance.
- We've made inroads in the renewable energy market, and we will strive to realize growth in this area of our operations as a future tentpole business.
- We will work quickly to build new customer relationships in the semiconductor and power industries.



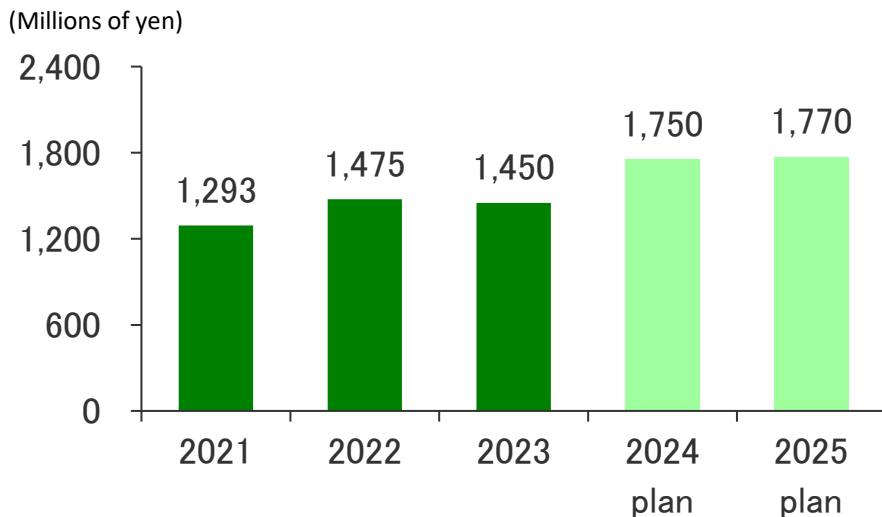
Sales Ratio by Product Category

- Automatic test equipment
- Data recording equipment
- Electronic measuring instruments
- Field measuring instruments
- Peripheral equipment & other



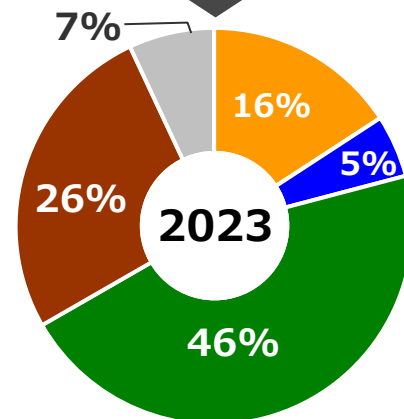
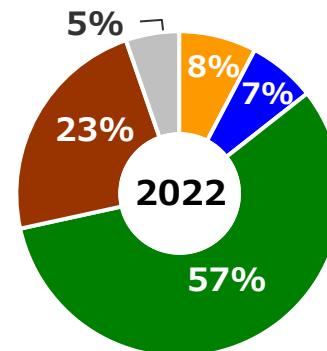
Actual and Forecasted Sales by Geographic Region: Southeast Asia (except Indonesia; including Oceania)

- We're focusing on the battery and EV-related markets. We're working to propose solutions to key customers and organizations, and we're seeing progress in brand penetration.
- We will accelerate our efforts to identify new customers in potential markets such as infrastructure, education, and the component industry as we prepare for the transition to a decarbonized society.



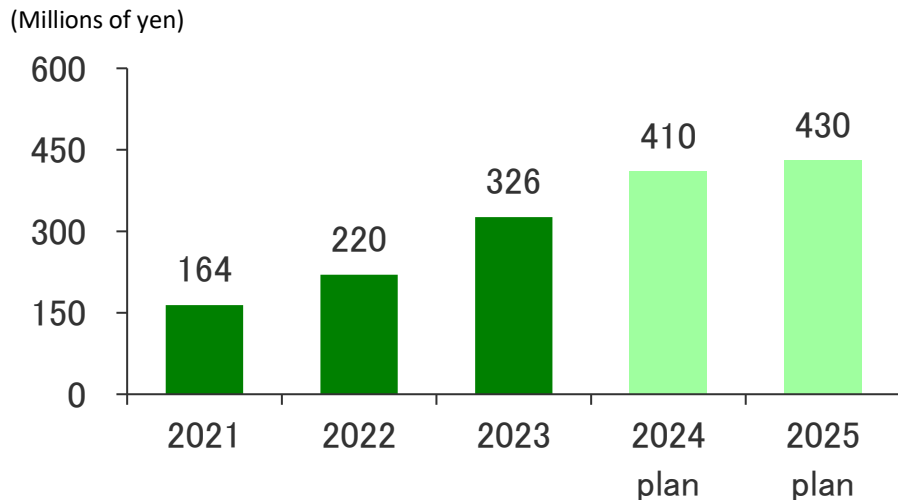
Sales Ratio by Product Category

- Automatic test equipment
- Data recording equipment
- Electronic measuring instruments
- Field measuring instruments
- Peripheral equipment & other



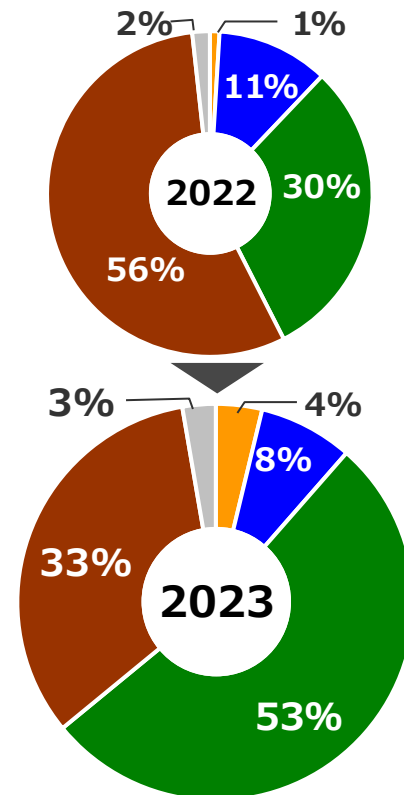
Actual and Forecasted Sales by Geographic Region: Indonesia

- We're focusing on the EV, power, and energy markets, and we've realized high year-on-year growth of 146%.
- We will accelerate our efforts to build a Hioki ecosystem in the key EV, power, and energy markets by cultivating relationships with policymakers and institutions responsible for national standards, testing, and certification.



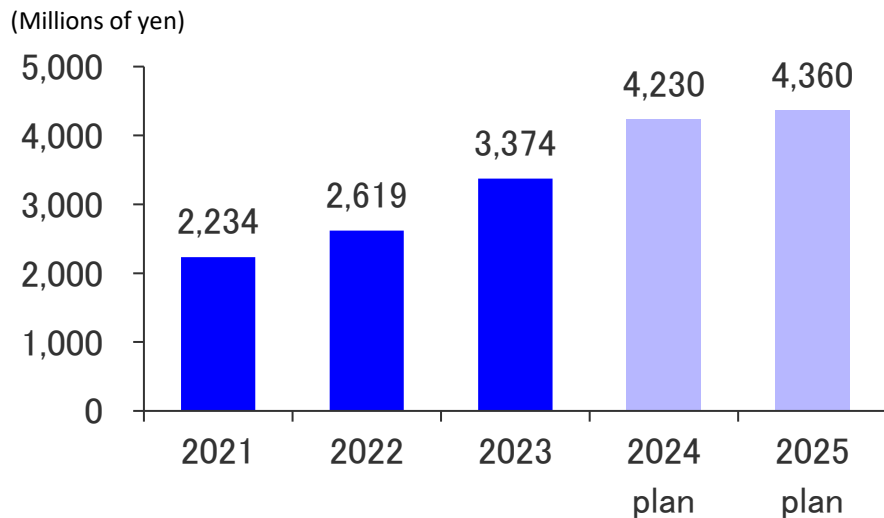
Sales Ratio by Product Category

- Automatic test equipment
- Data recording equipment
- Electronic measuring instruments
- Field measuring instruments
- Peripheral equipment & other



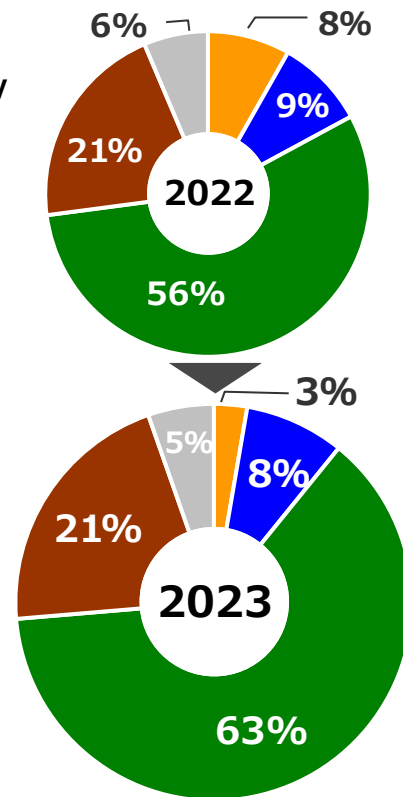
Actual and Forecasted Sales by Geographic Region: Americas (North and South America)

- Although EV demand is trending downward, investment in renewable energy-related industries remains brisk as companies prepare for decarbonization.
- We will focus on strategic customers in the renewable energy market, including batteries.



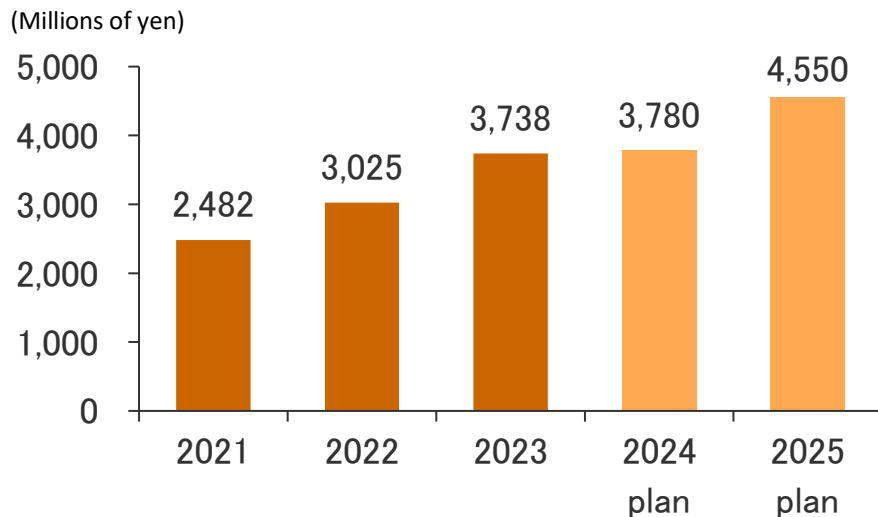
Sales Ratio by Product Category

- Automatic test equipment
- Data recording equipment
- Electronic measuring instruments
- Field measuring instruments
- Peripheral equipment & other



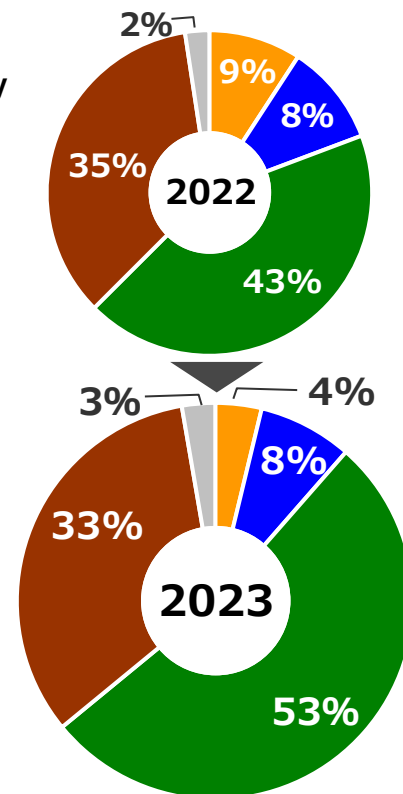
Actual and Forecasted Sales by Geographic Region: South Korea

- Despite a lull in demand for battery-related measuring instruments due to a slowdown in the battery market that began in 2022, we've seen demand for related instruments grow as a result of our focus on electrification-related markets.
- We will focus on electrification-related industries, which are involved with decarbonization, and we expect to see growth in demand.



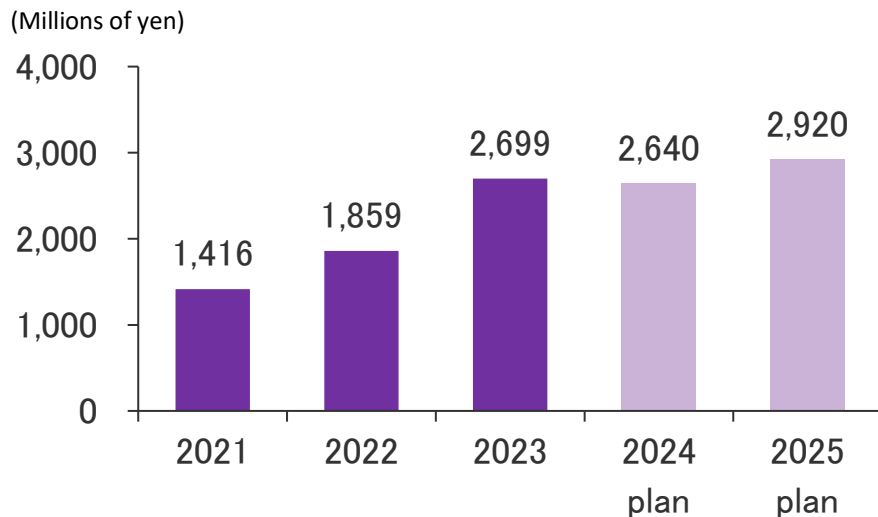
Sales Ratio by Product Category

- Automatic test equipment
- Data recording equipment
- Electronic measuring instruments
- Field measuring instruments
- Peripheral equipment & other



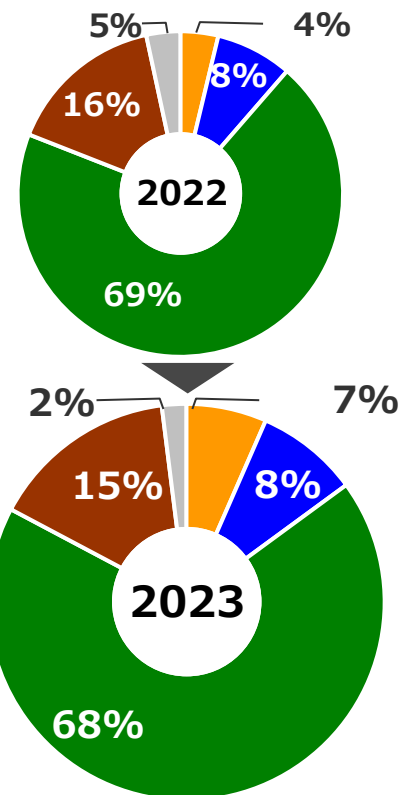
Actual and Forecasted Sales by Geographic Region: Europe

- Robust growth continued during the first half in the battery market and during the second half in decarbonization and energy-related markets.
- We will make a concerted effort to spread awareness of the essential nature of Hioki's solutions, with a focus on decarbonization-related markets.



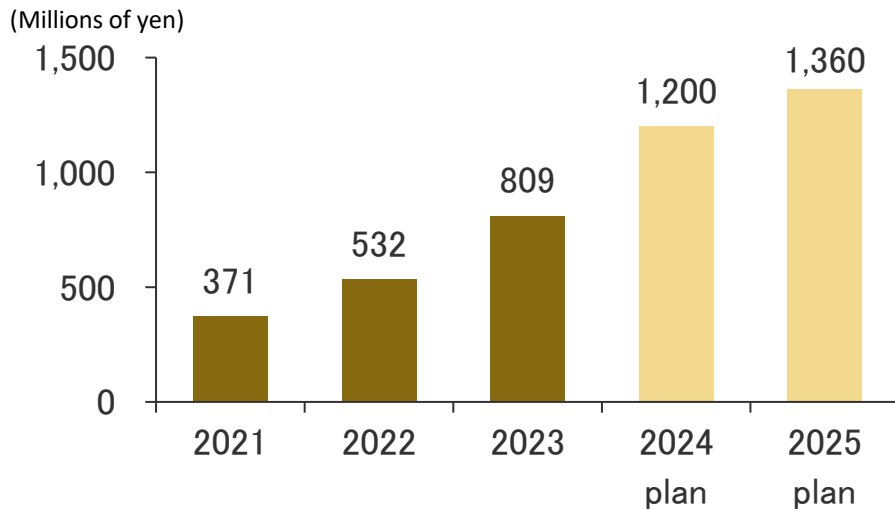
Sales Ratio by Product Category

- Automatic test equipment
- Data recording equipment
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- Field measuring instruments
- Peripheral equipment & other



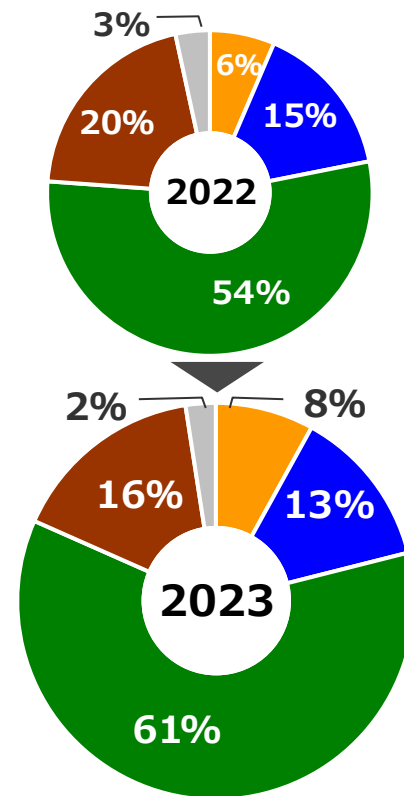
Actual and Forecasted Sales by Geographic Region: India

- We expect to see investment in the manufacturing industry rise as a result of the “Make in India” policy.
- We will focus on the electrification business (inverter and motor development).
- Investment in EV research and engineer education (universities and governmental research institutes) will grow.



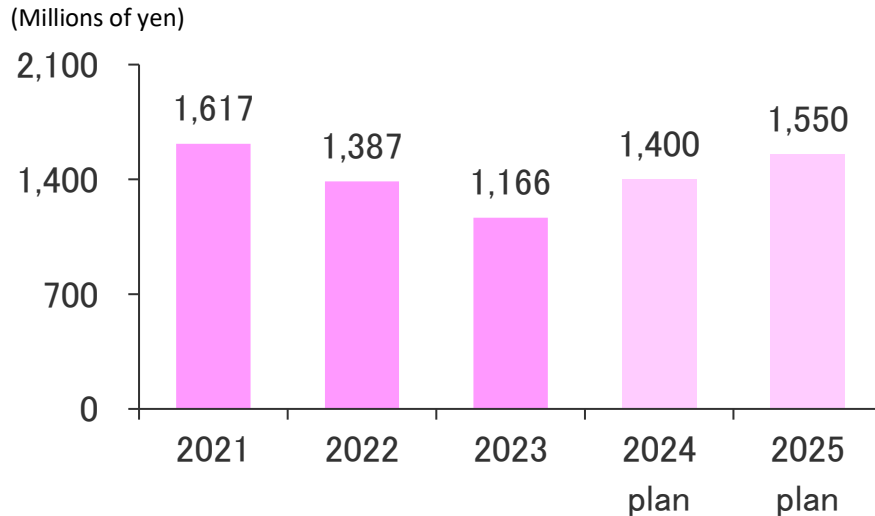
Sales Ratio by Product Category

- Automatic test equipment
- Data recording equipment
- Electronic measuring instruments
- Field measuring instruments
- Peripheral equipment & other



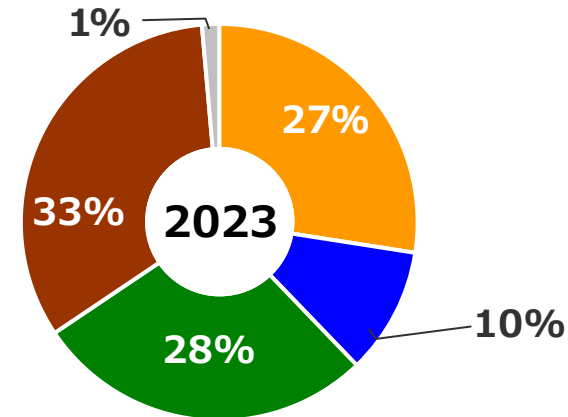
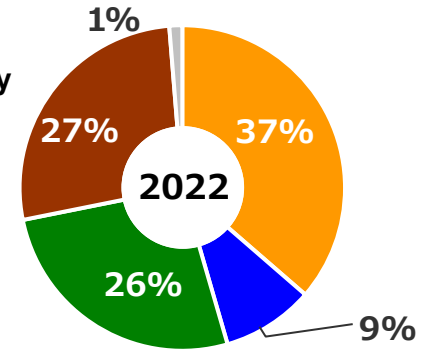
Actual and Forecasted Sales by Geographic Region: Taiwan

- We will focus proposals on electronic measuring instruments, data recording equipment, and field measuring instruments as we expect to see capital investment associated with energy efficiency improvements.
- We will work to cultivate the semiconductor market, with a focus on ATE products (primarily probe guard testing).
- We expect to see capital investment in the device market during the second half of 2024.
- We will open a repair center in April 2024 as we strive to boost service value.



Sales Ratio by Product Category

- Automatic test equipment
- Data recording equipment
- Electronic measuring instruments
- Field measuring instruments
- Peripheral equipment & other



Actual and Forecasted Sales by Geographic Region: Other

Middle East

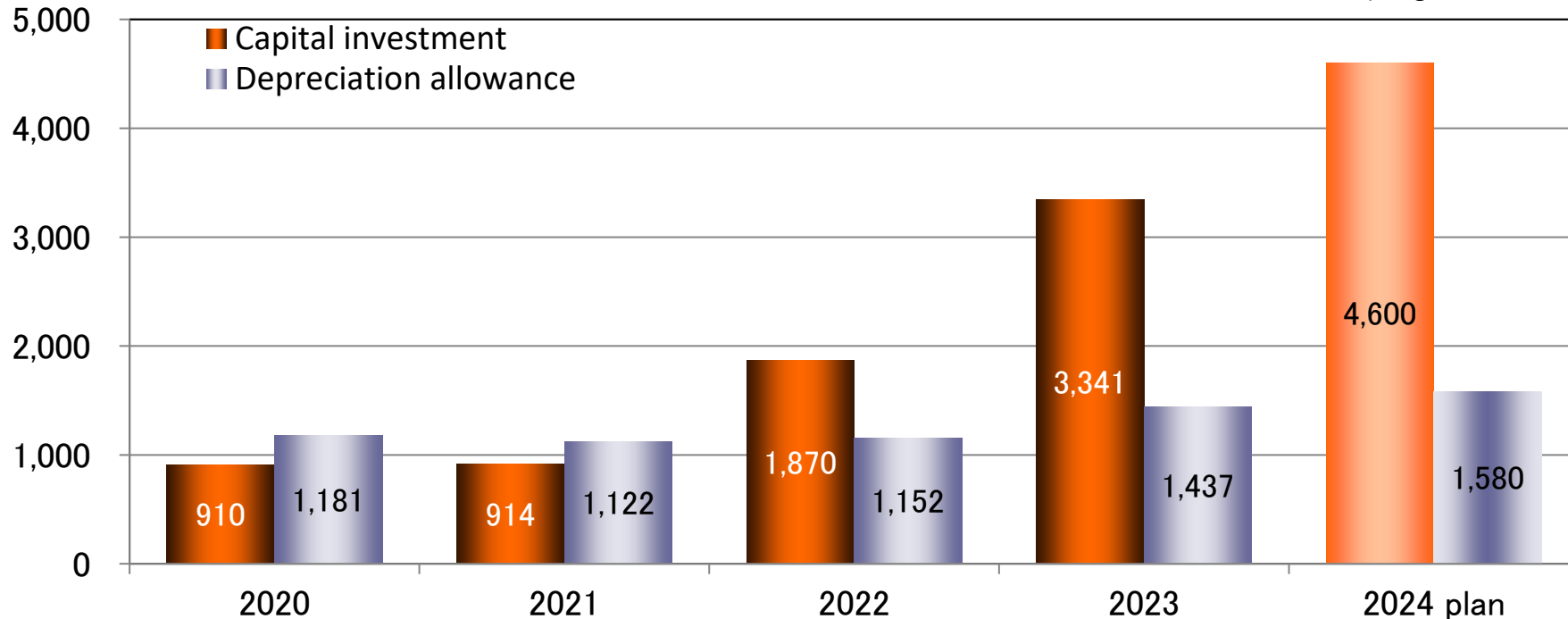
2024 plan: ¥570 million

The Middle East's renewable energy generation business is growing rapidly, due in part to the hosting of COP28 in Dubai in December 2023. We expect to see active investment in decarbonization-related technologies, and demand for measuring instruments will grow in sectors where there is a need for energy efficiency.

Capital Investment and Depreciation Allowance

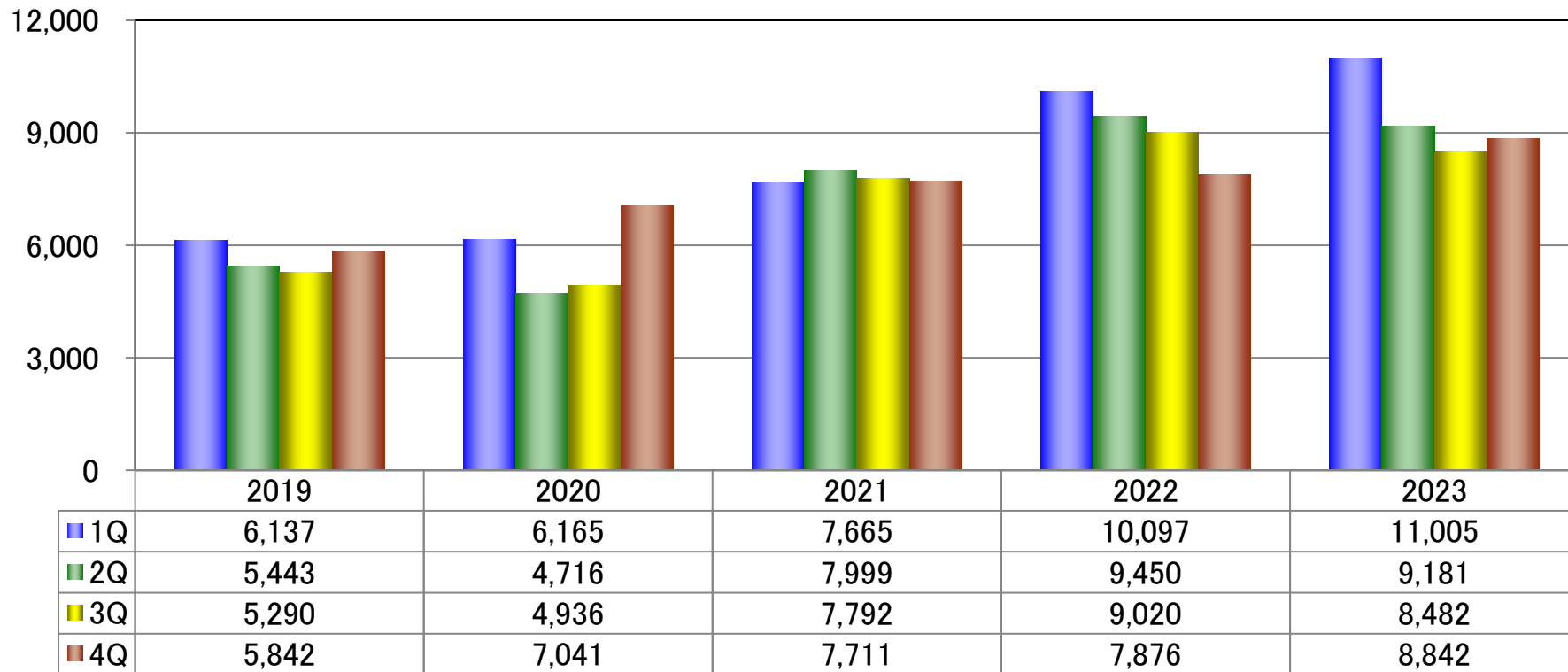
(Millions of yen)

(Tangible and intangible)



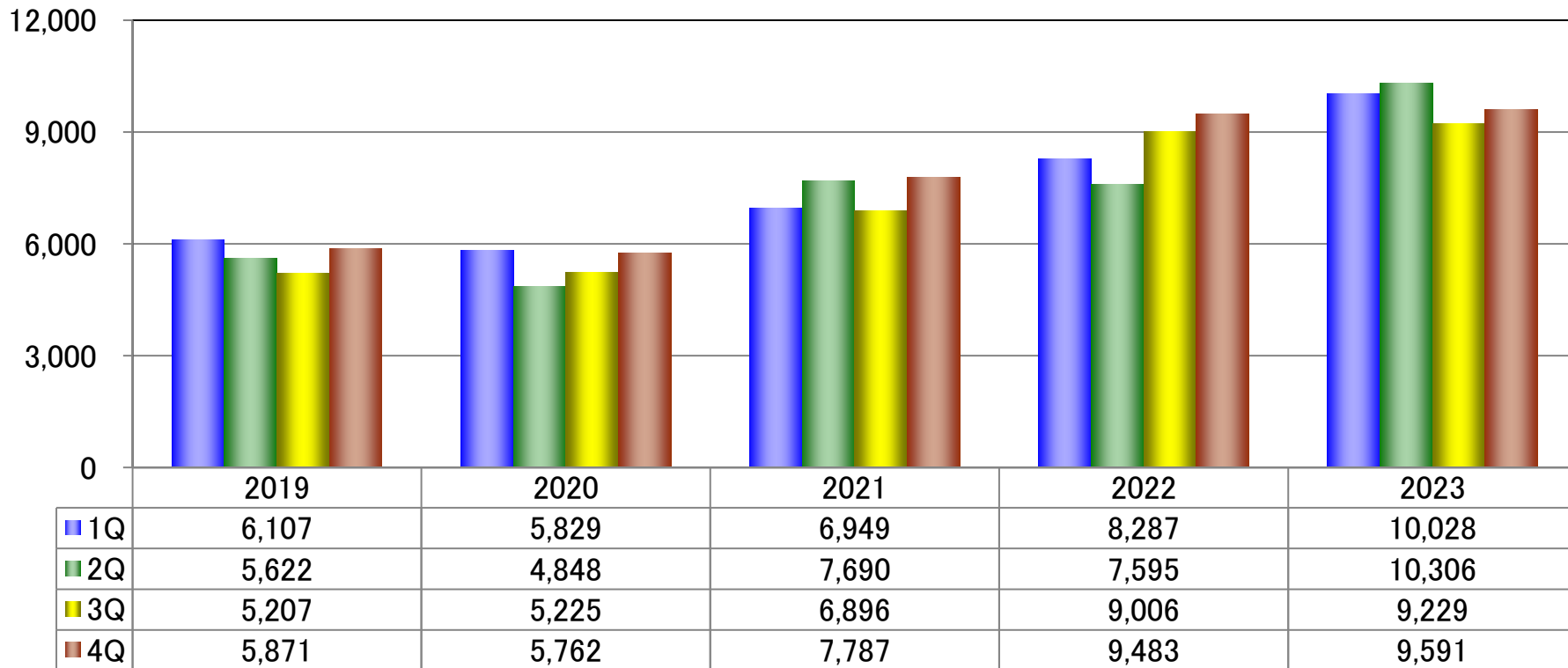
Quarterly Order Volume

(Millions of yen)



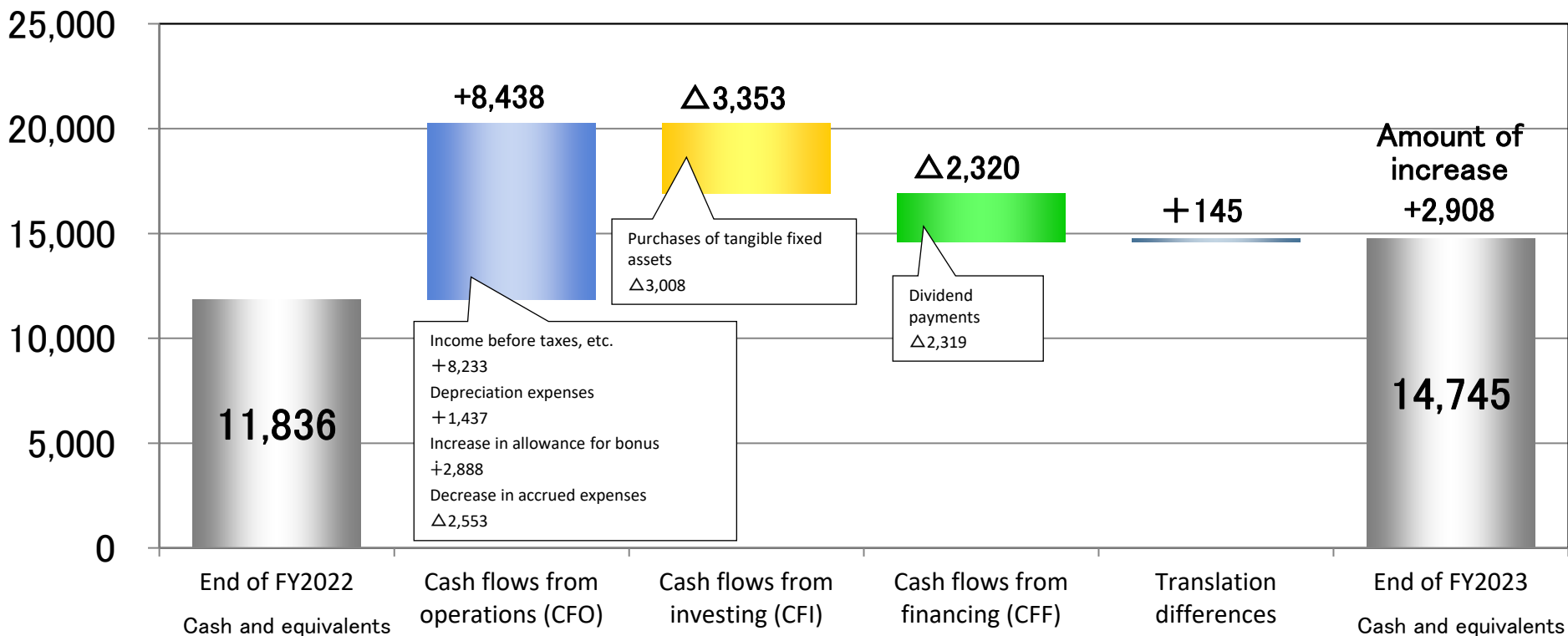
Quarterly Sales

(Millions of yen)



Cash Flows

(Millions of yen)



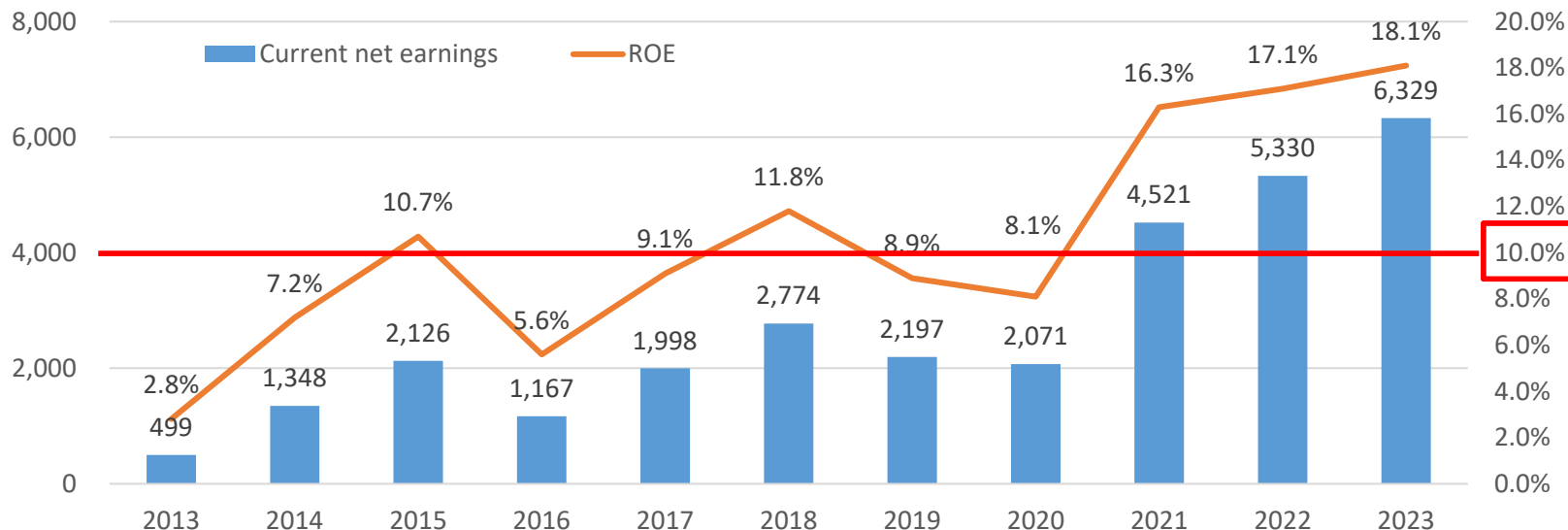
Management Informed by Awareness of Capital Cost

(Millions of yen)

Shareholder capital cost: We estimate at 6% to 8%.

Hioki's policy: We've established the goal of an ROE of at least 10% as a management indicator.

We will realize ROE in excess of capital cost by achieving the goals set forth in the Mid-term Business Plan in accordance with Vision 2030.



Sustainability Timeline

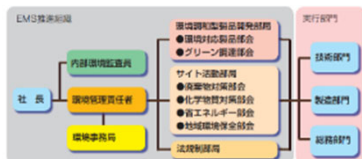
We've undertaken a series of sustainability initiatives in accordance with The Hioki Philosophy, and we will continue to pursue new initiatives as we work to realize Vision 2030.

The Hioki Philosophy
Respect for Humanity
Contribution to Society

ISO 14001 certification



EMS organizational structures



Solar panel installation



Vision 2030
Sustainability Policy



1995
Conference of the Parties to the United Nations Framework Convention on Climate Change (COP1)

1997
Enactment of the Kyoto Protocol (COP3)

2000
Launch of CDP and MDGs

2015
Adoption of SDGs; Paris Agreement (COP21)



Hioki Forest Hills

Local afforestation program

Zero-waste campaign

Hioki Scholarship and Greening Foundation

Green Point

植樹本数: 1,077本
植樹日: 2010年5月15日
植樹場所: 手曲市天治市民の森

Tree-planting in Kenya

Green Point program

Tree-planting by overseas sales comp

Health Promotion Center

Reduction in food waste




Platinum Kurumin

- Transition to CO₂-free power
- Start of trial of off-grid EV charging system
- Planned installation of 2 MW solar power system
- Purchase of carbon-neutral gas
- Purchase of J-credits derived from Nagano Prefecture forestland

Publication of Integrated Report



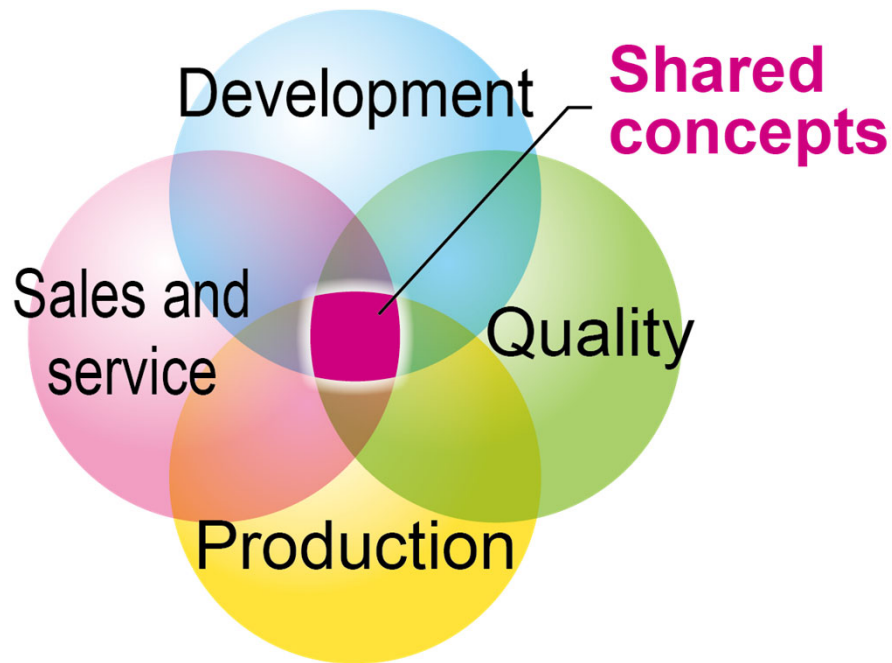
Initiatives to Achieve GHG Scope 3

	Initiative overview
Promoting use of recycled plastic	We're actively promoting use of off-cuts from the plastic used to mold Hioki products.
Switch from dry cells to nickel-hydride batteries	CO ₂ emissions and battery waste can be reduced compared to use of alkaline dry cells through repeated use of nickel-hydride batteries.
Progressive phaseout of polypropylene bags in product packaging	To reduce Scope 3 Category 1 and 12 CO ₂ emissions, we're phasing out use of plastic bags for some products. We plan to increase the number of targeted products in the future. 
Strengthening product development management	We're revising the formats of the documents we use to develop new products and strengthening internal management to conserve energy and resources.
Strengthening of software products	We're striving to reduce CO ₂ emissions from purchased parts by strengthening development and sale of software products.
Supporting business partners' decarbonization efforts	Examples of business partners' current initiatives include switching to CO ₂ -free power and using EVs to deliver products. We will continue to support such initiatives in the future.
Promoting paperless workflows	We're reducing paper use by moving to electronic product documentation.

Improving Value-added Productivity

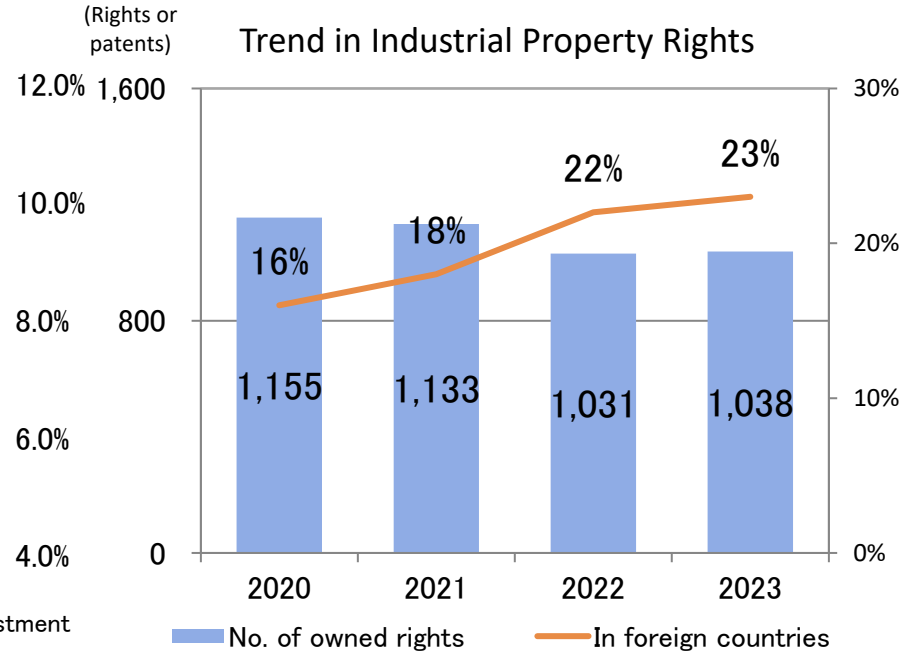
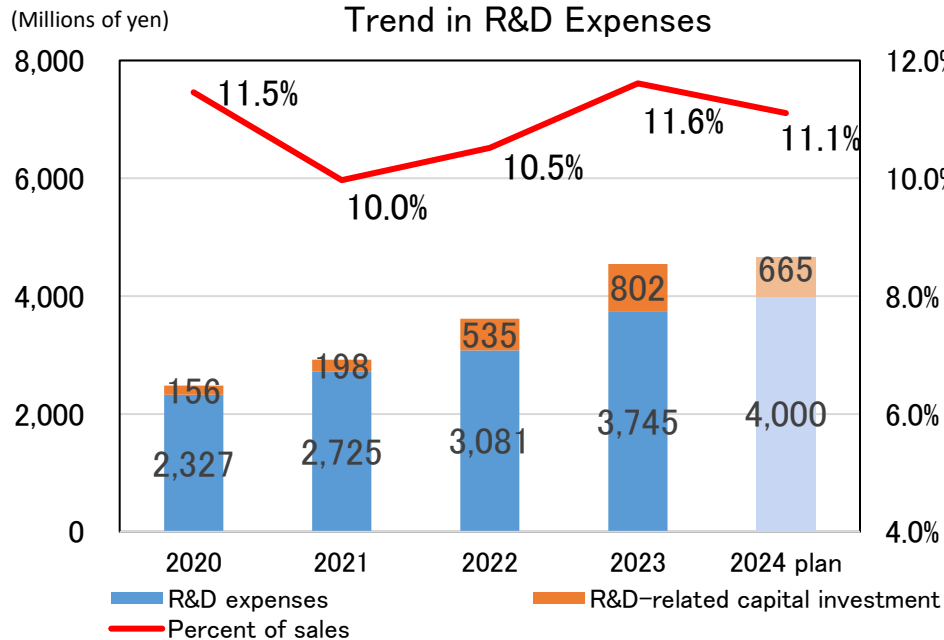
Concurrent engineering

In HIOKI's approach to product development, departments come together organically with the goal of improving productivity.



Development Capability: Unique Products Built around Core Technologies

- Patent program that motivates inventors
- R&D spending as percent of sales: Greater than 10%



Production Capability: Manufacturing Calibrated to Sales Velocity



Quality

Aggressively practicing a “Quality First” approach from the standpoint of the “Sangen Principle” based on the 5S philosophy



Cost

Enhancing initiatives at the source of development
Minimizing cost through leveled production



Delivery

Anticipating customer information and accommodating customer requests
Shortening delivery times for after-sales service

Sales Capabilities: Customer-focused Solutions Sales

Domestic sales

- Direct marketing to domestic customers
- About 60 sales staff at 11 domestic facilities
- PR via webinars and other virtual methods



Global sales

- Group companies: 10 facilities
- Overseas representative offices: 2 facilities
- Realizing market potential in partnership with overseas distributors (about 280 companies)



Assessing latent customer requests and future needs

Note on the Information in This Presentation

Plans, forecasts, strategies, and other information in this presentation relating to future business performance were compiled on the basis of currently available data and by their nature incorporate a certain degree of risk and uncertainty. Actual performance will be determined by a variety of important factors and may vary significantly.



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