HIOKI E.E. CORPORATION
Financial Results Briefing for the Fiscal Year Ending December 31, 2021

(Securities Code: 6866)

February 2022

HIOKI

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1. Company Overview

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Photograph: The four seasons at HIOKI Forest Hills: Spring

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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.; PT. HIOKI ELECTRIC INSTRUMENT; HIOKI KOREA CO.,LTD.; HIOKI INDIA PRIVATE LIMITED; HIOKI EUROPE GmbH; HIOKI TAIWAN CO.,LTD.
Employees	1,058 (consolidated-basis, including part-time workers) (as of December 31, 2021)

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2.Financial Results Overview

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Photograph: The four seasons at HIOKI Forest Hills: Summer

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Overview of 2021 Results

	2020		2021		
	Results (millions of yen)	Percent of sales (%)	Results (millions of yen)	Percent of sales (%)	Year-on-year (%)
Sales	21,664		29,322		135.3%
Cost of sales	12,349	57.0%	15,683	53.5%	127.0%
Selling, general, and administrative expenses	6,845	31.6%	7,888	26.9%	115.2%
Operating profit	2,469	11.4%	5,750	19.6%	232.8%
Recurring profit	2,646	12.2%	5,999	20.5%	226.7%
Net income	2,071	9.6%	4,521	15.4%	218.3%
Earnings per share	¥151.91		¥331.35		

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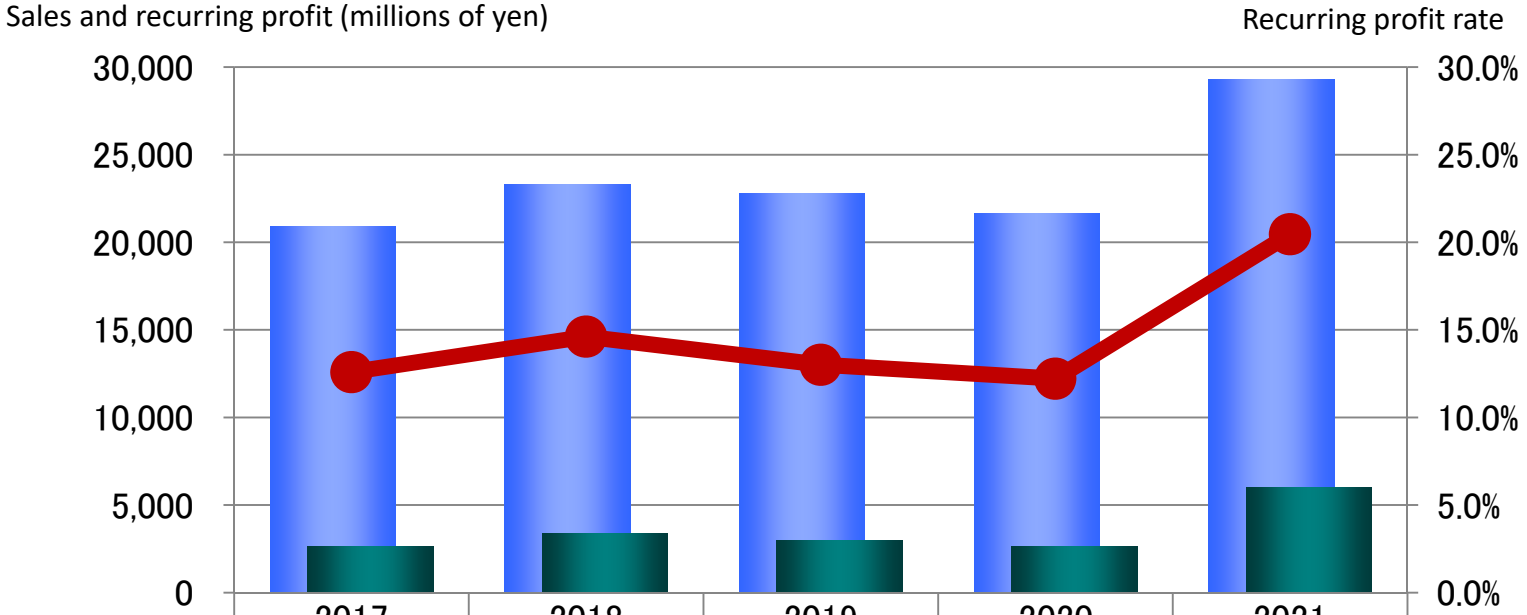
Trend in Sales and Recurring Profit



	2017	2018	2019	2020	2021
Sales	20,891	23,288	22,810	21,664	29,322
Recurring profit	2,630	3,403	2,967	2,646	5,999
Recurring profit rate	12.6%	14.6%	13.0%	12.2%	20.5%

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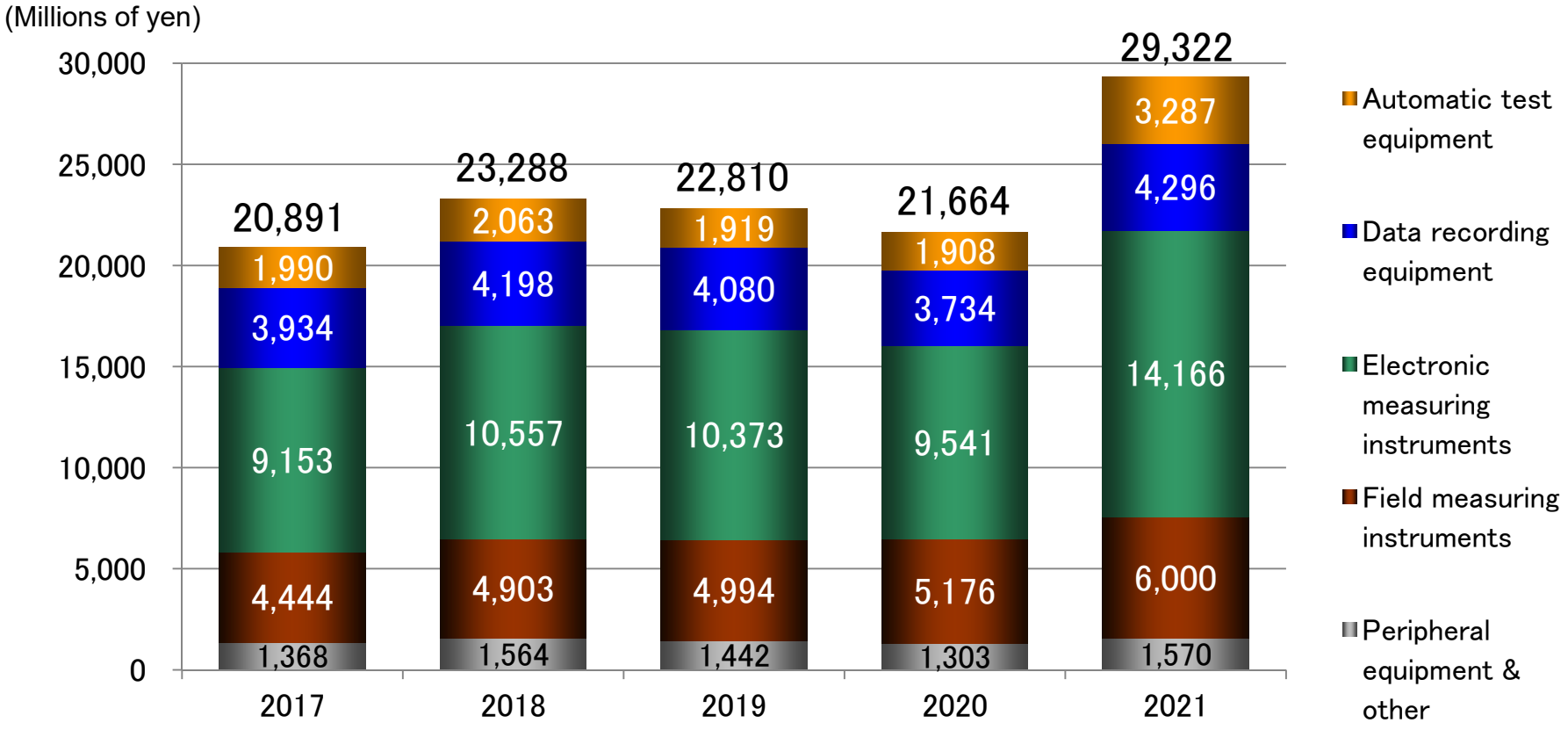
Trend in Sales by Product Category



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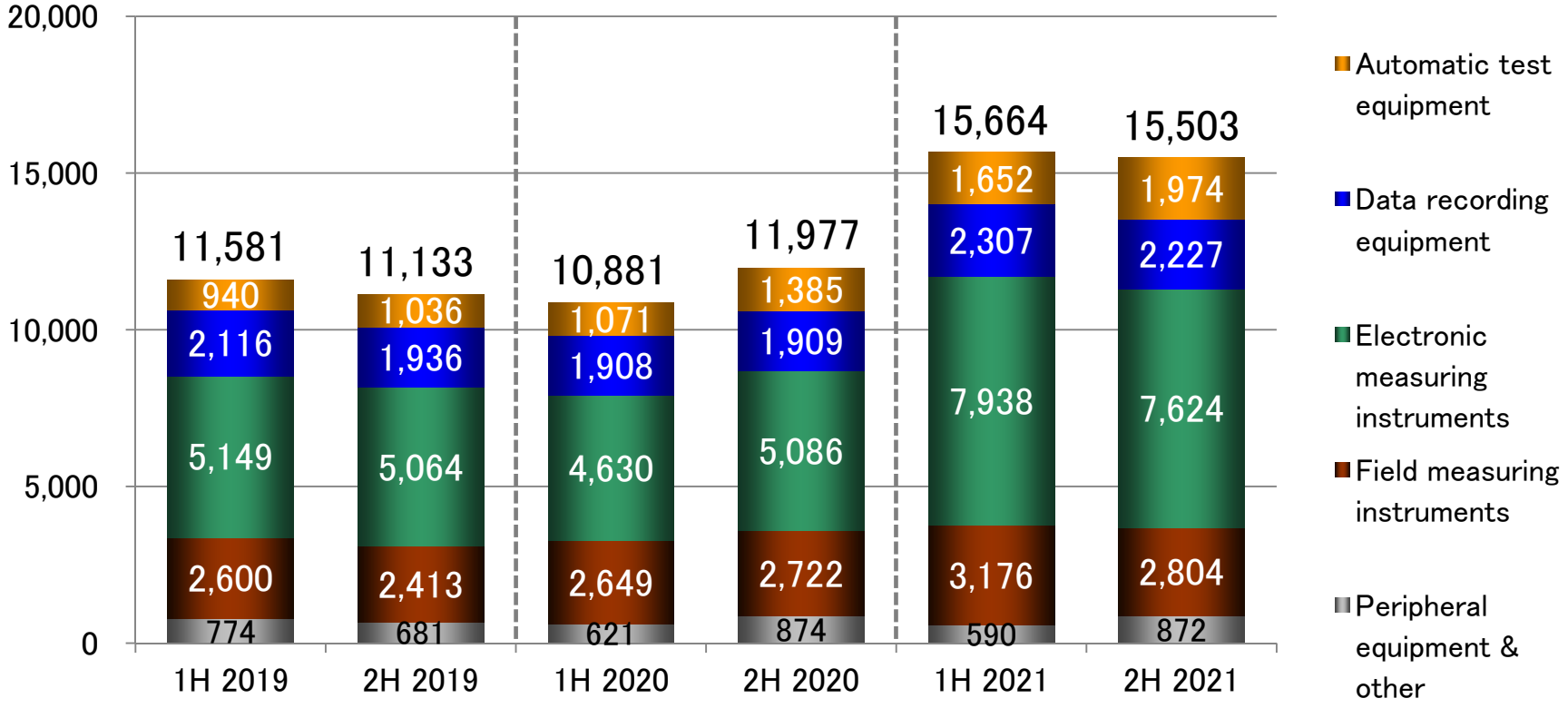
Trend in Orders by Product Category (Bi-Annual)

(Millions of yen)



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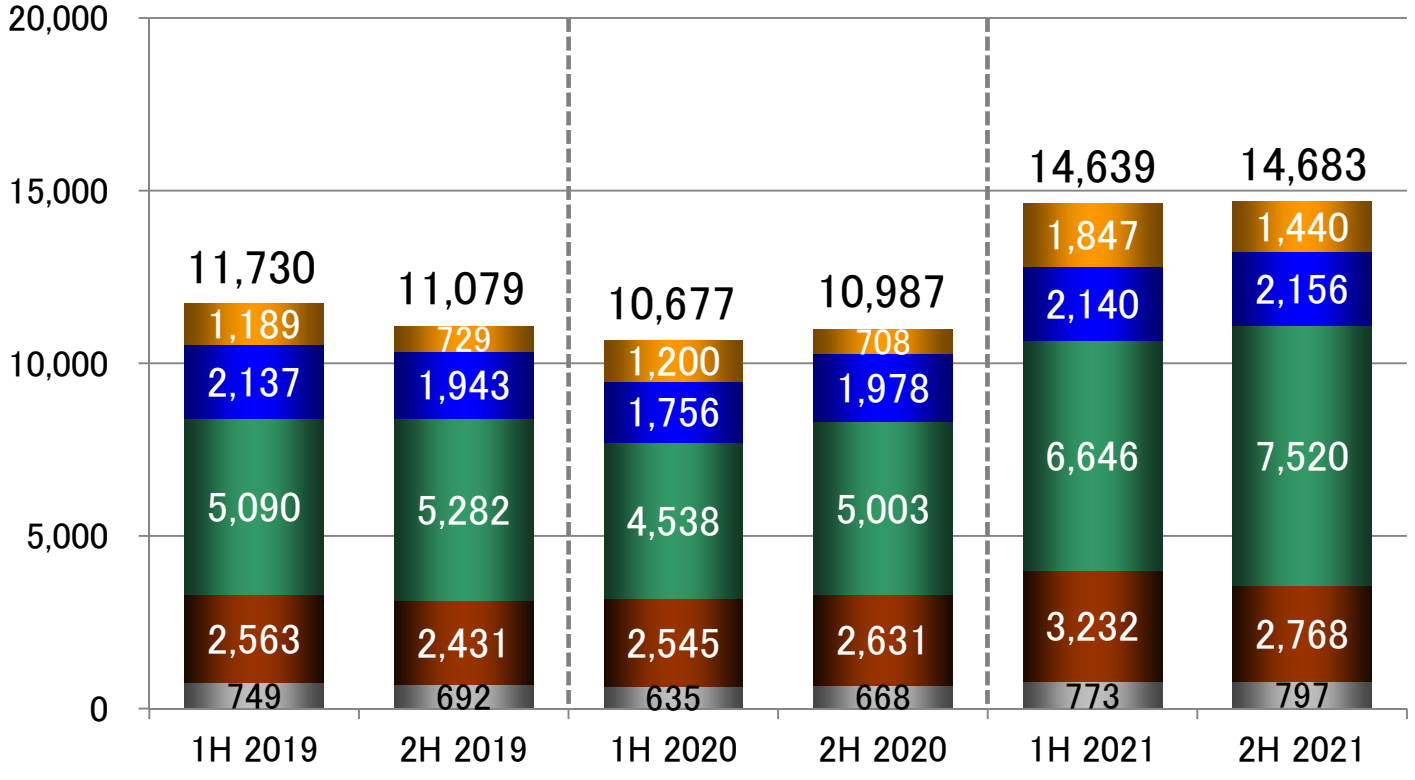
Trend in Sales by Product Category (Bi-Annual)

(Millions of yen)



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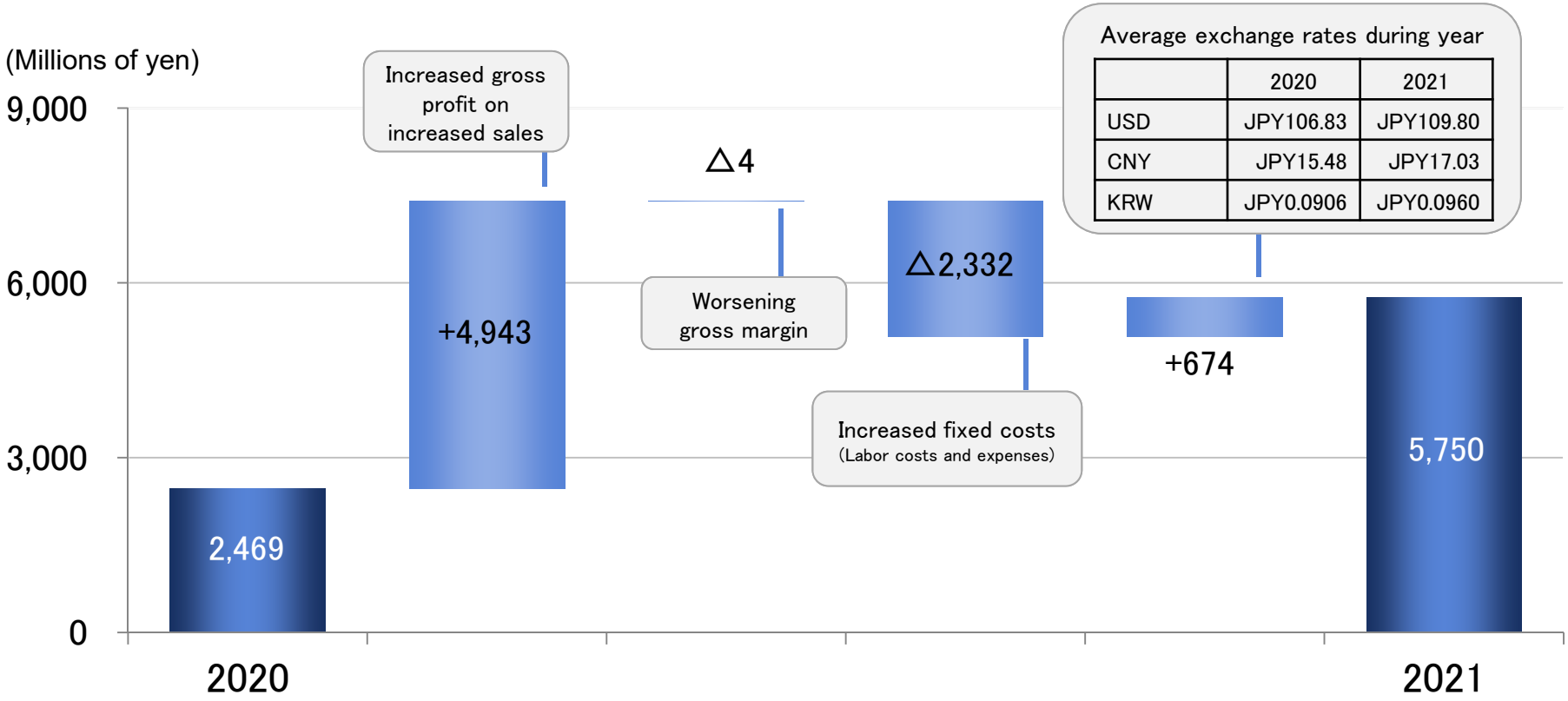
2021: Factors Impacting Operating Income



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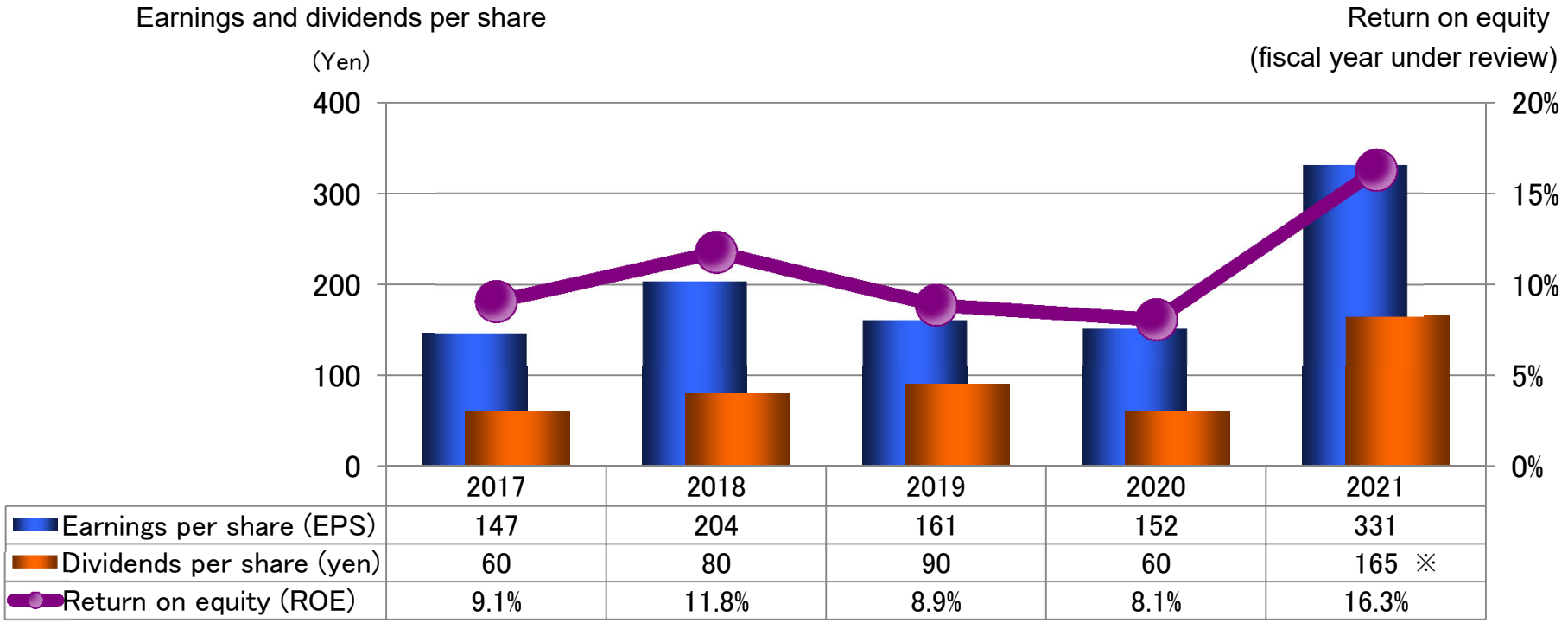
Trend in Earnings and Dividends per Share



	2017	2018	2019	2020	2021
Earnings per share (EPS)	147	204	161	152	331
Dividends per share (yen)	60	80	90	60	165 ※
Return on equity (ROE)	9.1%	11.8%	8.9%	8.1%	16.3%

*Includes ¥30 dividend commemorating Hioki's initial public offering

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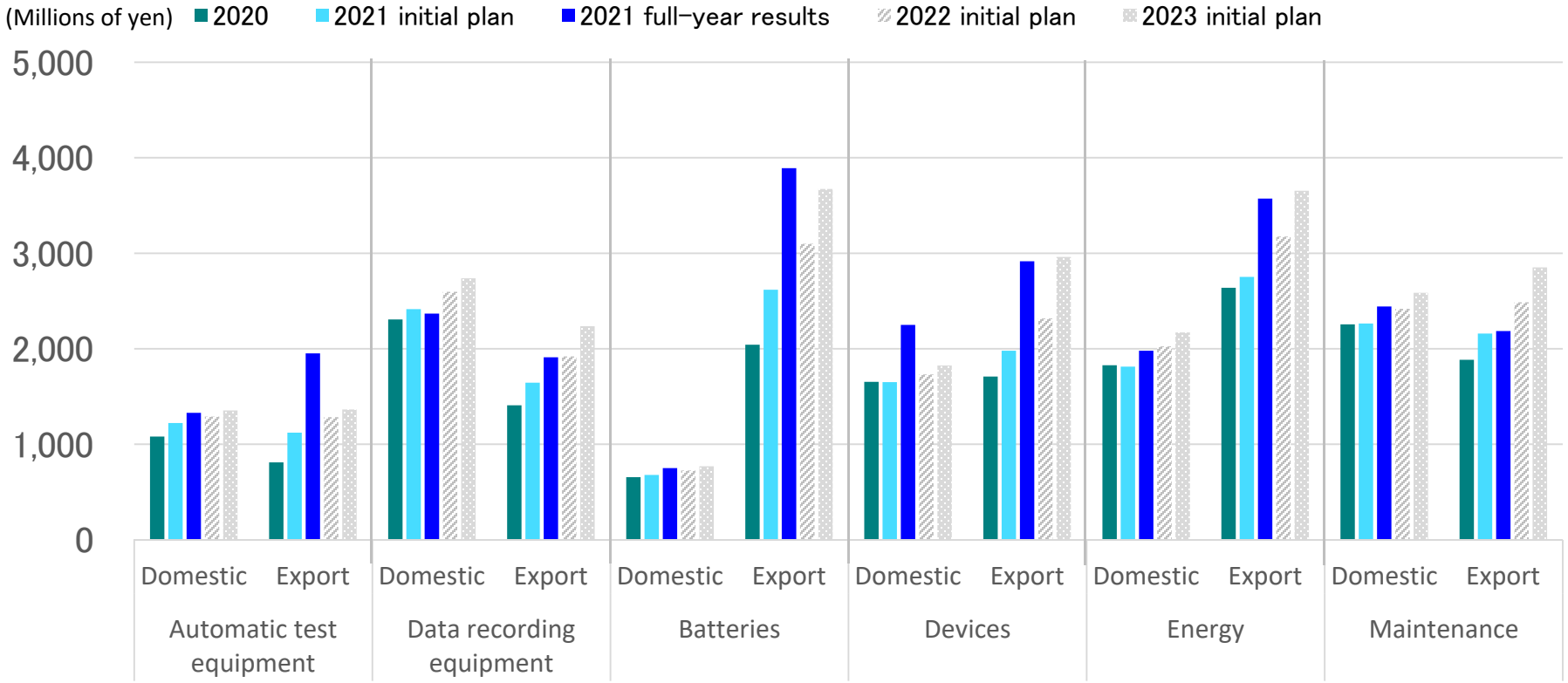
Sales by Market/Application



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Reasons Performance Exceed Plans

Product category	Factors
Automatic test equipment (Export)	• Introductions of new high-precision products to the bullish semiconductor market contributed to performance. • Created new applications for battery testing.
Batteries (Export)	• Increased investment in batteries for EVs, a high-performing sector, worldwide. • Intensive new product launches since 2020 bolstered performance.
Devices (Domestic)	• Electrification of vehicle powertrains and increased production of electronic devices necessary for the digital transformation (DX) pushed up demand for state-of-the-art components. • Demand for high-performance measurement and testing equipment rose as manufacturers sought to assure high reliability. • Performance was aided by Japanese companies' strong reputation in this area.
Devices (Export)	
Energy (Export)	• Manufacturers stepped up development related to EVs and renewable energy, fueling increased demand for power meters and other instruments. • Investment in solar power equipment rose.

During 2021, demand for these instruments rose at a greater-than-expected pace

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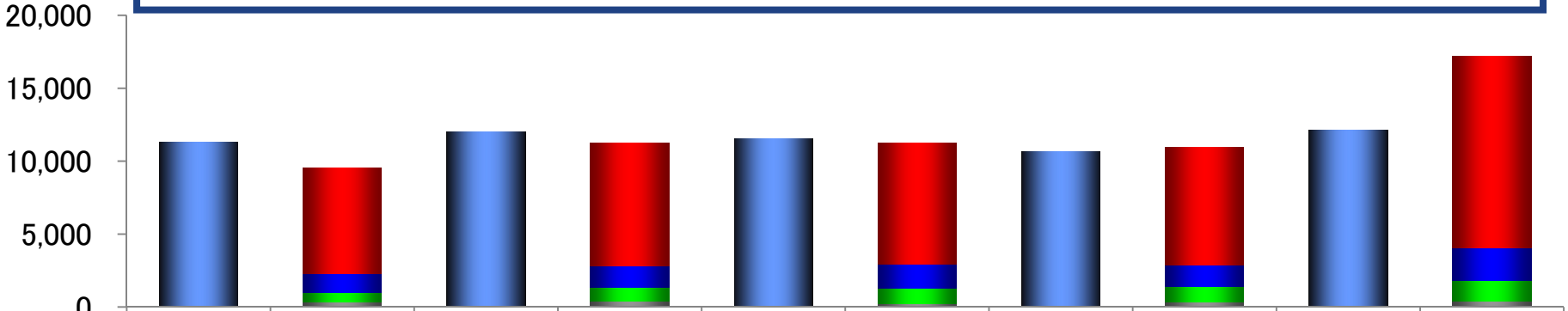
Trend in Export Sales

Export sales as a percentage of total sales

2017	2018	2019	2020	2021
45.8%	48.3%	49.3%	50.7%	58.6%



	Domestic	Export	Domestic	Export	Domestic	Export	Domestic	Export	Domestic	Export
	2017		2018		2019		2020		2021	
Japan	11,324		12,046		11,574		10,690		12,134	
Asia		7,271		8,434		8,276		8,083		13,137
Americas		1,270		1,480		1,667		1,455		2,234
Europe		685		934		1,053		1,065		1,416
Other		339		391		238		369		397

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Target Management Indicators

Recurring profit rate: 20%

Export sales as a percentage of total sales: 50%

Fiscal year ended December 2021

Recurring profit rate: 20.5%

Export sales as a percentage of total sales: 58.6%

We achieved both targets

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3. Mid-term Business Plan and Strategy

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Photograph: The four seasons at HIOKI Forest Hills: Winter

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Dealing with Risk

Risk	Mitigation measures
Component procurement risk due to semiconductor shortages and other issues	Declared a state of emergency with regard to component delivery delays and strengthened our internal structures. → Implemented steps last September. Drawing on outside resources to change existing product designs. Purchasing components.
Risk of delays in customer investments due to component procurement risk (2H 2021 and later)	**Working to assess the situation through close communication with customers.**
Risk of risk of rising costs due to increases in raw material prices	Boosting profitability by normalizing product prices in domestic and overseas markets.
Risk of rising expenses due to increased shipping costs	Boosting profitability by normalizing product prices in domestic and overseas markets.
Risk of an economic downturn due to urban lockdowns triggered by rising COVID-19 infections	Strengthening sales through a new business style that moves away from face-to-face meetings. We're strengthening investment in online activities.

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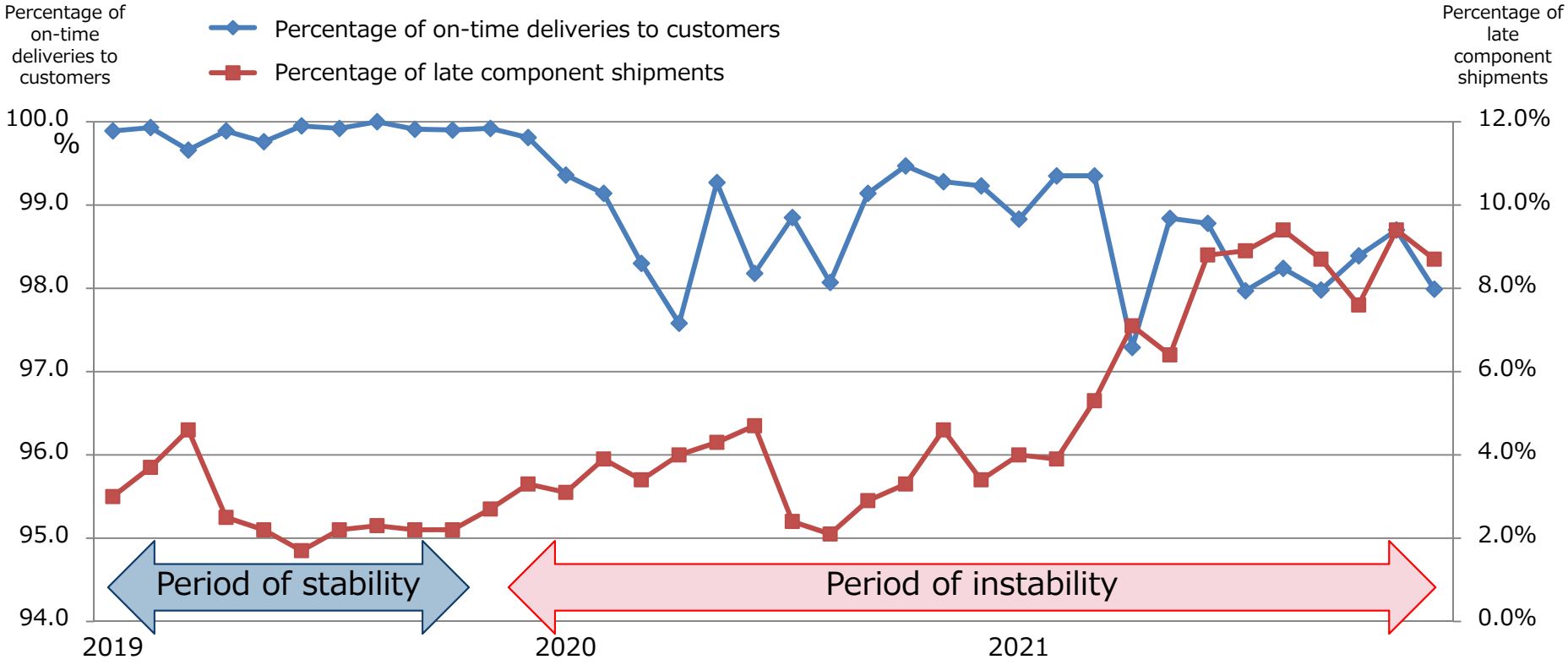
Percentage of On-time Deliveries to Customers and Percentage of Late Component Shipments



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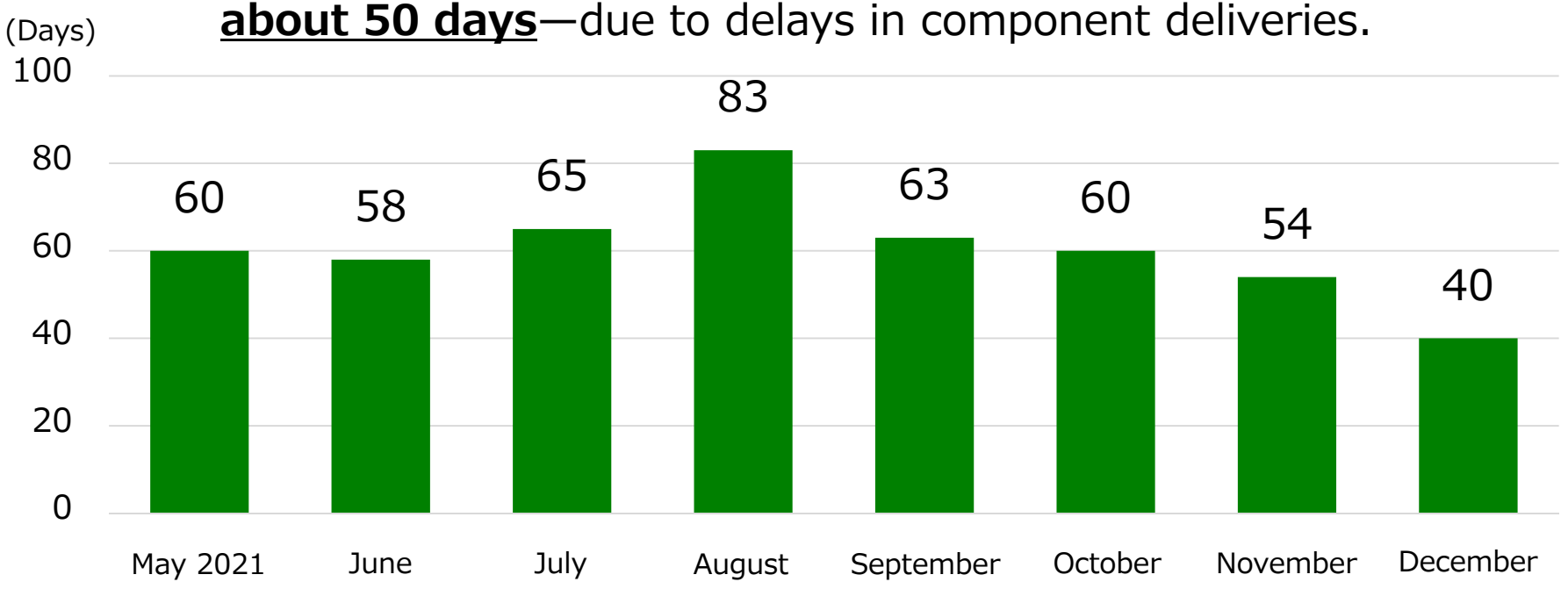
Number of Days from Order Receipt to Product Shipment (May 2021 and forward)

Orders that used to be fulfilled in 30 days are taking longer—**an average of about 50 days**—due to delays in component deliveries.



*Results for 15 major Hioki product lines

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Social Sustainability

- Decarbonization initiatives are underway worldwide
- Countries including the U.S., E.U., and Japan are working to achieve the goal of carbon neutrality by 2050
- China expects emissions to peak in 2030 and achieve carbon neutrality in 2060

Intermediate CO_2 reduction goals	
U.S.	Reduce to 50% to 52% of 2005 levels by 2030
China	Reach peak GHG emissions by 2030
E.U.	Reduce to 55% of 1990 levels by 2030
U.K.	Reduce to 78% of 1990 levels by 2035
Japan	Reduce to 46% of 2013 levels by 2030

Source: New Energy and Industrial Technology Development Organization (NEDO)
TSC Trends: Trends in Major Overseas Nations (U.S., China, E.U., and U.K.) Concerning Carbon Neutrality in Pursuit of COP26 Targets
https://www.nedo.go.jp/content/100938612.pdf

Compiled by Hioki based on major countries' CO2 reduction targets in pursuit of carbon neutrality (page 8).

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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 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

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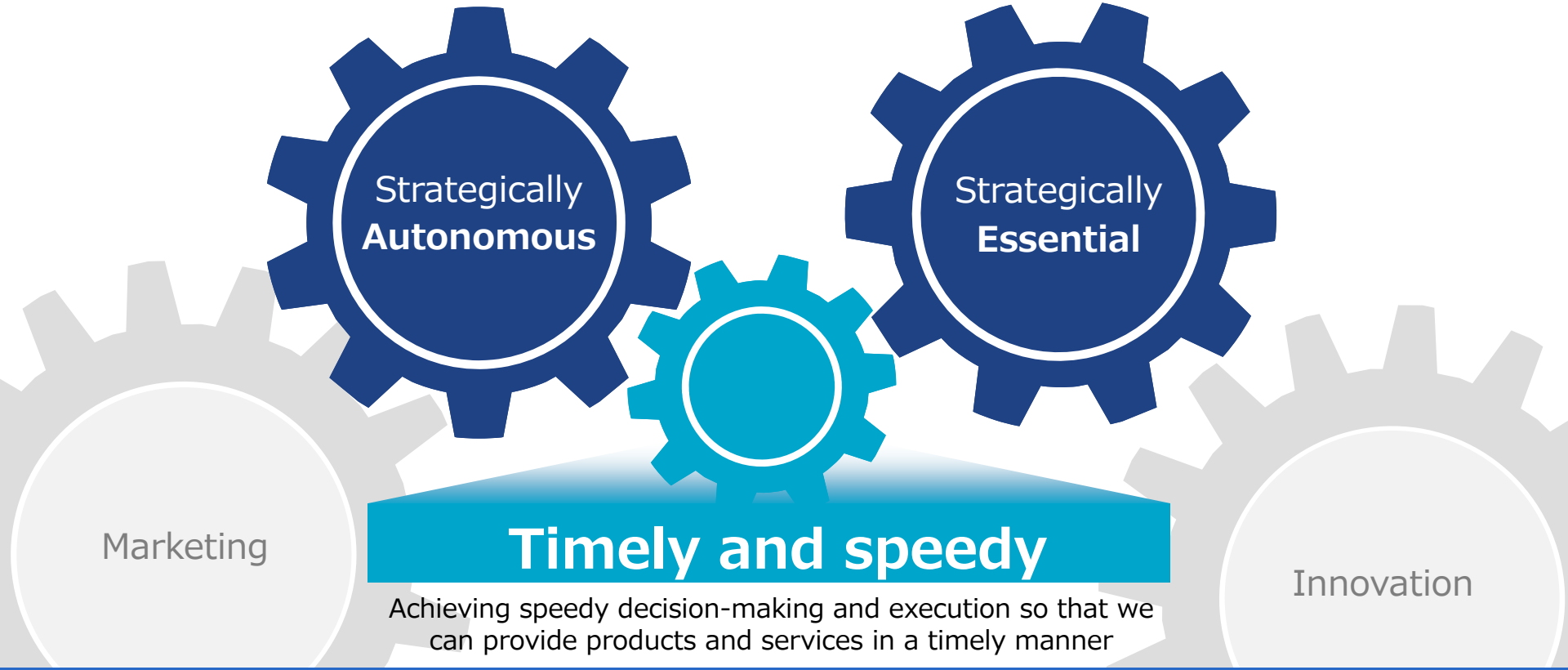
Realizing the Vision 2030



Timely and speedy

Achieving speedy decision-making and execution so that we can provide products and services in a timely manner

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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

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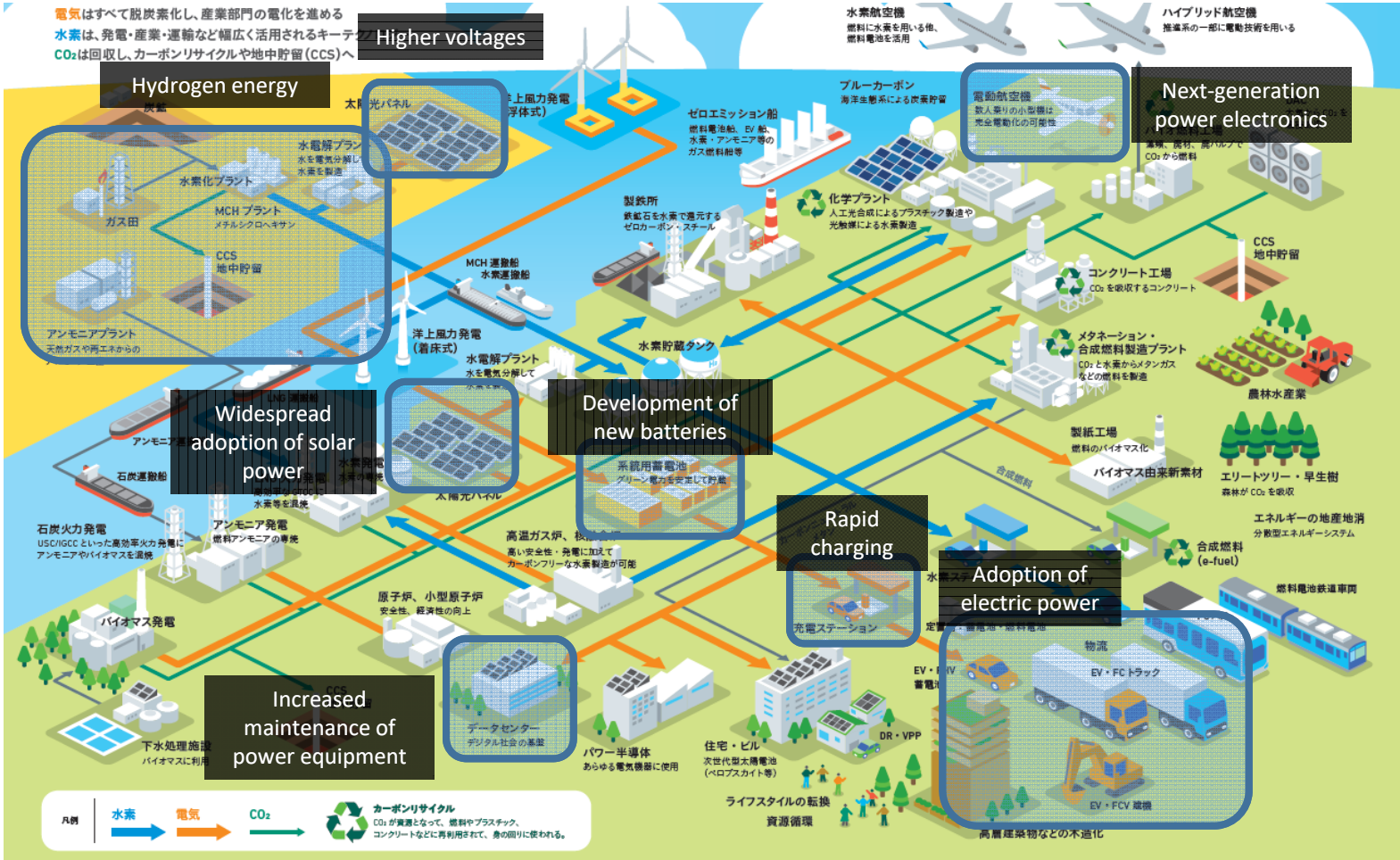
Major Fields in Carbon-neutral Industry

Creating new customer value



Source
Ministry of Economy, Trade and Industry
Announced on December 25, 2020
Public relations material (1)
From “Illustration of Carbon-neutral Industry”
(Compiled by Hioki based on the Ministry’s public relations materials)

Creating new customer value

New Products Launched in Key Markets

EV/FCV development

POWER ANALYZER
PW8001

Inspections of solar power systems

DC HIGH VOLTAGE PROBE
P2000

Promoting a total of 14 products that we launched last year

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Creating new customer value

Digital Transformation Initiative Plans

- Enhancing software services
- Moving forward with prior investments in software
- Strengthening cloud-related investments

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Creating new customer value

Beyond Measure → Creating New Measurement and Testing Standards
Building relationships for collaborating creatively with customers to forge a new society

2021 initiatives

- Joined LIBTEC*.
  *Consortium for Lithium Ion Battery Technology and Evaluation Center

- Presented a paper describing joint research with Shinshu University and other companies at the 62nd Battery Symposium in Japan.

Planned 2022 initiatives

- Will establish a new joint experimental laboratory (in our Research Building). We will strengthen our agile development capabilities and collaborate creatively with customers.
- Will strength R&D investment.
  FY2022 R&D expenses: ¥320 billion
  (FY2021: ¥272.5 billion)
- Will strengthen advance development in the area of hydrogen energy.

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Creating new customer value

Globalization

2021 initiatives	Planned 2022 initiatives
• Strengthened our sales structures in Europe and the U.S. Our U.S. subsidiary achieved full compliance with ISO/IEC 17025. • Our South Korean subsidiary opened its Taegu Office. The company's Daejeon Office began measurement sales.	• Will establish a global business development team to provide group-wide handling of projects that involve multiple sales companies. • Will open a Vietnam Sales Office. • Our Indian subsidiary will open offices in Pune and Bangalore. • Will increase the percentage of repairs made locally by sales companies, and we will continue to strengthen sales companies' after-sales service.

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Building new production structures

Building new supply chains

Strengthening Production Structures

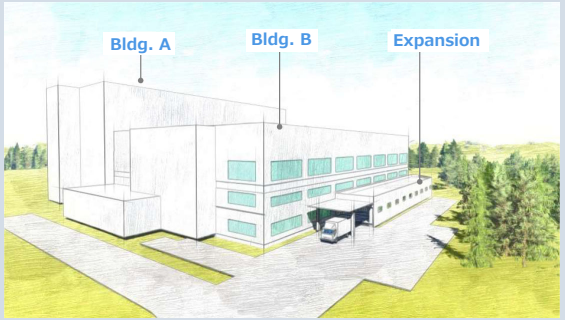
2021 initiatives

- Opened the Sakaki Plant at an affiliate plant in the town of Sakaki, which borders the city of Ueda, home to our Head Office, in Nagano Prefecture. The move is part of an effort to boost productivity by transferring production of field measuring instruments to the facility.

Dedication ceremony at the Sakaki Plant

Planned 2022 initiatives

- Will improve lines of movement by undertaking capital investments at our Head Office Plant. We expect these changes to increase floor space by a factor of 1.5 to 2.0.



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

Building new supply chains

Basic Sustainability Policy

The HIOKI Group will contribute to the realization of a sustainable society through its business based on the principles of "respect for humanity" and "contribution to society”.

- The HIOKI Group will contribute to the security and development of society by promoting the safe and effective use of energy by customers through electrical measurement.
- Will build a relationship of trust with all stakeholders through active communication.
- As a member of society, we will engage in activities that contribute to the development of society and environmental preservation.

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Building
new supply
chains

HIOKI Sustainability Declaration

Will continue our efforts to decarbonize our business based on the following targets.

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

For Scope 3, we aim to achieve carbon offset **without relying on emissions trading as much as possible** to achieve the goal by 2035

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Building new supply chains

Initiatives to Address Environmental Issues

2021 initiatives	Planned 2022 initiatives
• Transitioned to CO_2-free power at our Head Office Plant. We expect this change to reduce CO_2 emissions by about 2,300 tons (based on 2020 results). • Updated air-conditioning equipment at our Head Office Plant to reduce energy use. • Studied adoption of biomass plastic products. (This initiative will continue in 2022.) • Continued efforts to minimize food waste (for example, by reducing food waste in our employee restaurant).	• Will work towards having our Head Office Plant generate its own electricity using renewable energy. We will transition to CO_2-free power at other business sites. • Will support CO_2 visualization at affiliate plants.

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Realizing new organizations

Human Resources Initiatives

2021 initiatives	Planned 2022 initiatives
• Sought to increase diversity among our workforce, and we promoted a female operating officer. • Made organizational changes in response to changes in the market. • Created the HiChallenge program to promote employee growth through idea solicitation-based programs, internal ventures, and other means. • Created a career consultation program and began offering generation-specific career training. We helped empower employees to guide their own career paths. • Was chosen as a 2022 Great Place to Work® by the Great Place to Work® Institute Japan.	• Will appoint our Chief Technology Officer (CTO) to serve as Chief Information Officer (CIO) and Sustainability Officer. • Plan to have our General Shareholders' Meeting consider a female employee as an auditor candidate. • Will tap a local employee (from China) to serve as an operating officer at our Head Office. • Will promote personnel transfers between our Head Office and sales companies and between sales companies. • Will increase the number of long-term interns we accept.

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New Management Targets

Recurring income rate: 20%

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

Return on equity (ROE): 10% or greater

Will strive to achieve a balanced sales mix that does not depend unduly on performance in any particular geographic area. Will work to boost ROE by improving our **net profit margin and total asset turnover**

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2022 Business Forecast

	2021		2022		
	Results (millions of yen)	Percent of sales (%)	Results (millions of yen)	Percent of sales (%)	Year-on-year (%)
Sales	29,322		31,500		107.4%
Cost of sales	15,683	53.5%	16,840	53.5%	107.4%
Selling, general, and administrative expenses	7,888	26.9%	8,480	26.9%	107.5%
Operating profit	5,750	19.6%	6,180	19.6%	107.5%
Recurring profit	5,999	20.5%	6,300	20.0%	105.0%
Net income	4,521	15.4%	4,800	15.2%	106.2%
Earnings per share	¥331.3		¥351.8		

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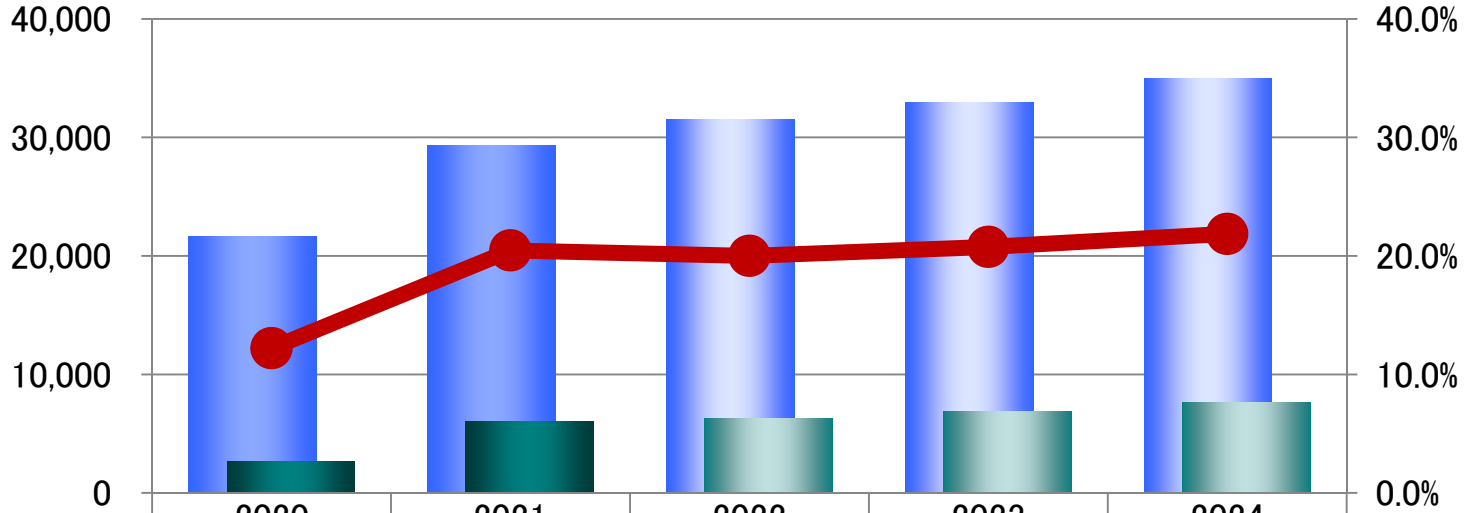
Mid-term Business Plan (2022 to 2024)

Sales and recurring profit (millions of yen)

Recurring profit rate



	2020	2021	2022	2023	2024
Sales	21,664	29,322	31,500	33,000	35,000
Recurring profit	2,646	5,999	6,300	6,850	7,650
Recurring profit rate	12.2%	20.5%	20.0%	20.8%	21.9%

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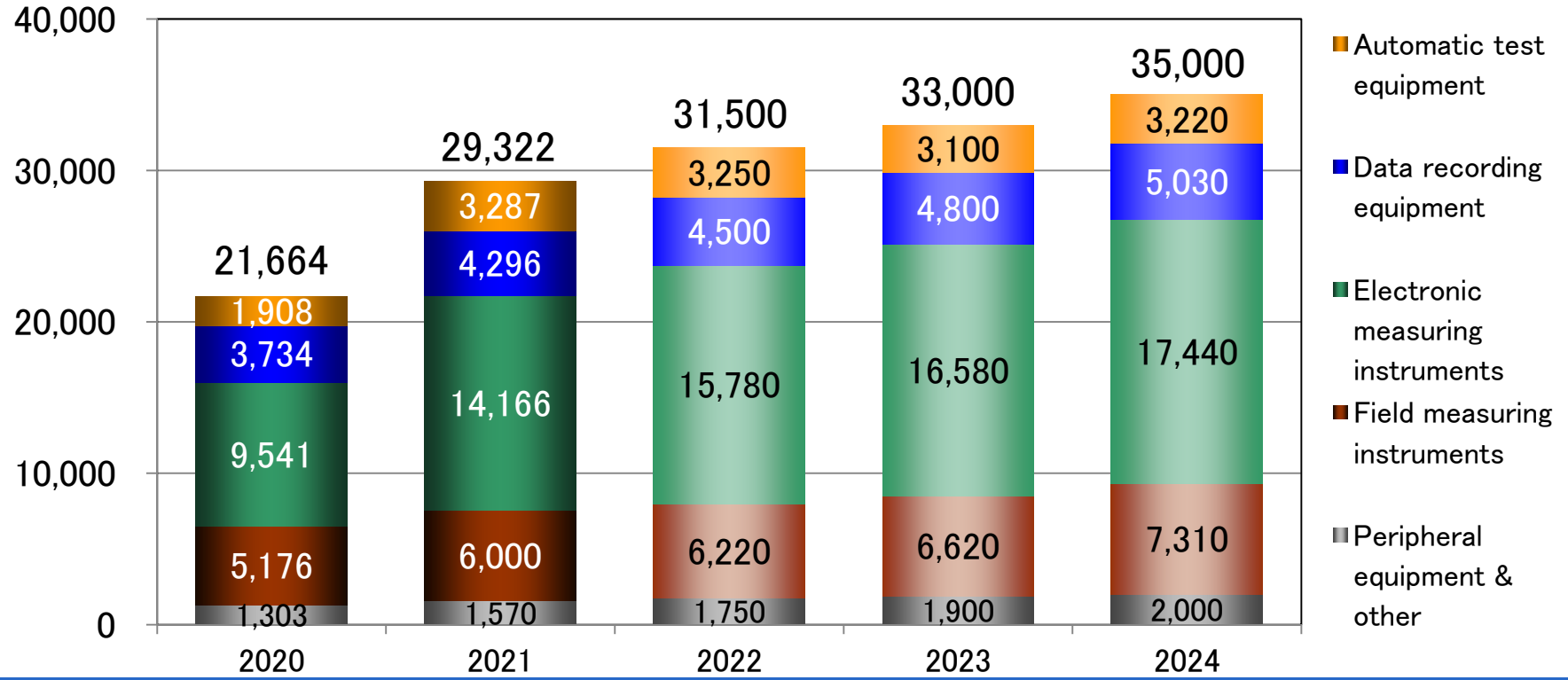
Mid-term Sales Plan by Product Category (2022 to 2024)

(Millions of yen)



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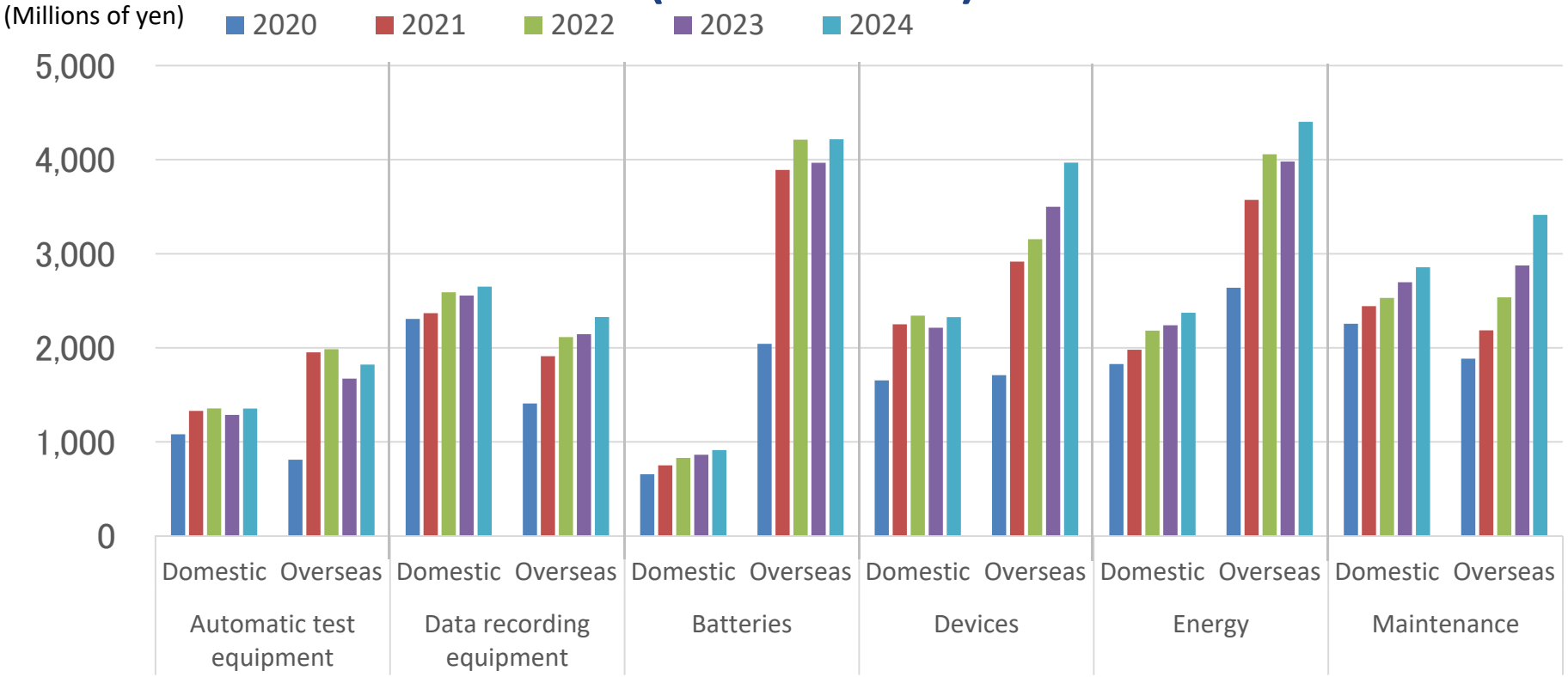
Mid-term Sales Plan by Product Category (2022 to 2024)



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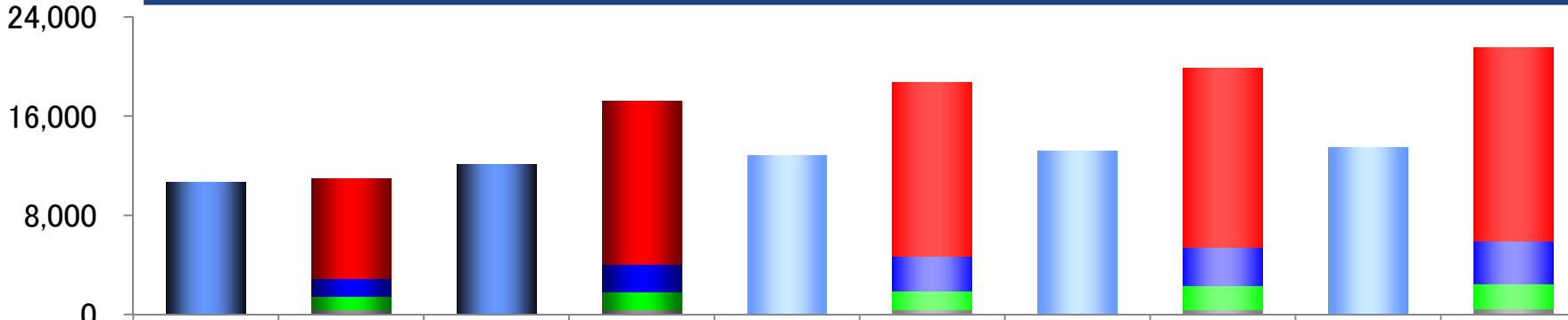
Export Mid-term Sales Plan (2022 to 2024)

Export sales as a percentage of total sales

2020	2021	2022 plan	2023 plan	2024 plan
50.7%	58.6%	59.4%	60.2%	61.6%



	2020		2021		2022 plan		2023 plan		2024 plan	
	Domestic	Export	Domestic	Export	Domestic	Export	Domestic	Export	Domestic	Export
Japan	10,690		12,134		12,800		13,150		13,450	
Asia		8,083		13,137		14,000		14,450		15,650
Americas		1,455		2,234		2,800		3,100		3,400
Europe		1,065		1,416		1,550		1,900		2,050
Other		369		397		350		400		450

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Change in Dividend Policy

Until FY2021
Deliver a return on shareholders' investments by adopting a stable **annual dividend base of 20 yen** and a target consolidated dividend payout ratio of 40%.

Starting in FY2022
Deliver a return on shareholders' investments by adopting a stable annual dividend base of a **consolidated dividend on equity (DOE) of at least 2% (this fiscal year, ¥45*)** per share and a target consolidated dividend payout ratio of 40%. *Dividend figures will be announced during the financial briefing each January.

Will expand our base of stable dividends for fiscal years in which we post a net loss by changing to DOE.

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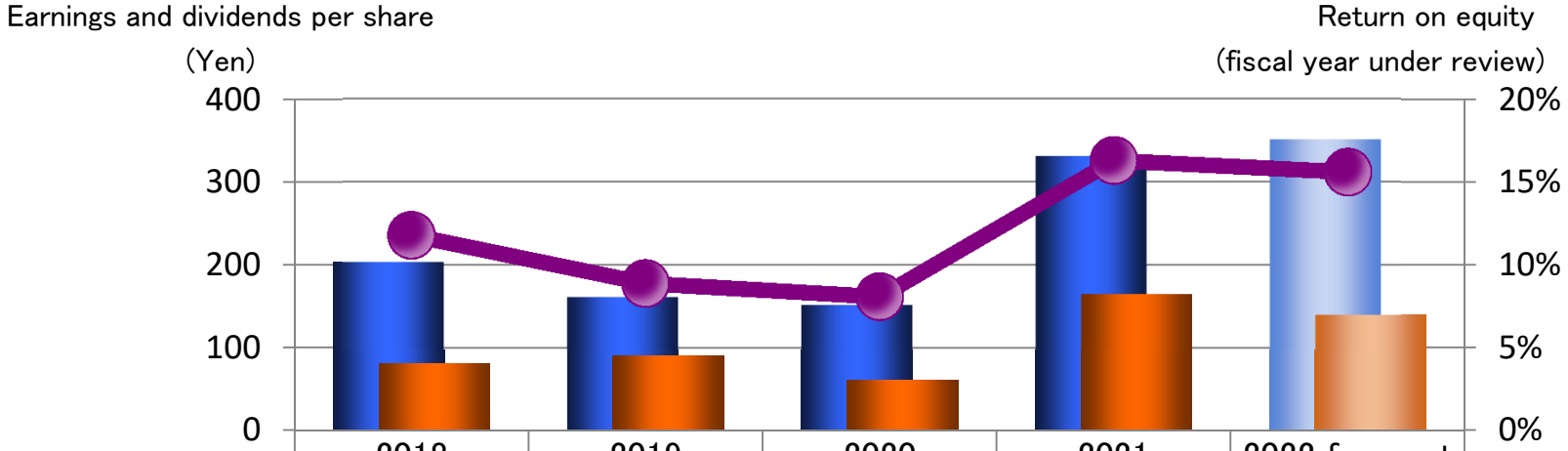
Earnings and Dividends per Share Outlook for 2022

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%.



	2018	2019	2020	2021	2022 forecast
Earnings per share (EPS)	204	161	152	331	351
Dividends per share (yen)	80	90	60	165	140
Return on equity (ROE)	11.8%	8.9%	8.1%	16.3%	15.6%

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Through Vision 2030, HIOKI will contribute to the realization of a sustainable society by supplying high-quality products and services to customers, working to move away from reliance on carbon.

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5. Reference Materials

Photograph: HIOKI Forest Hills

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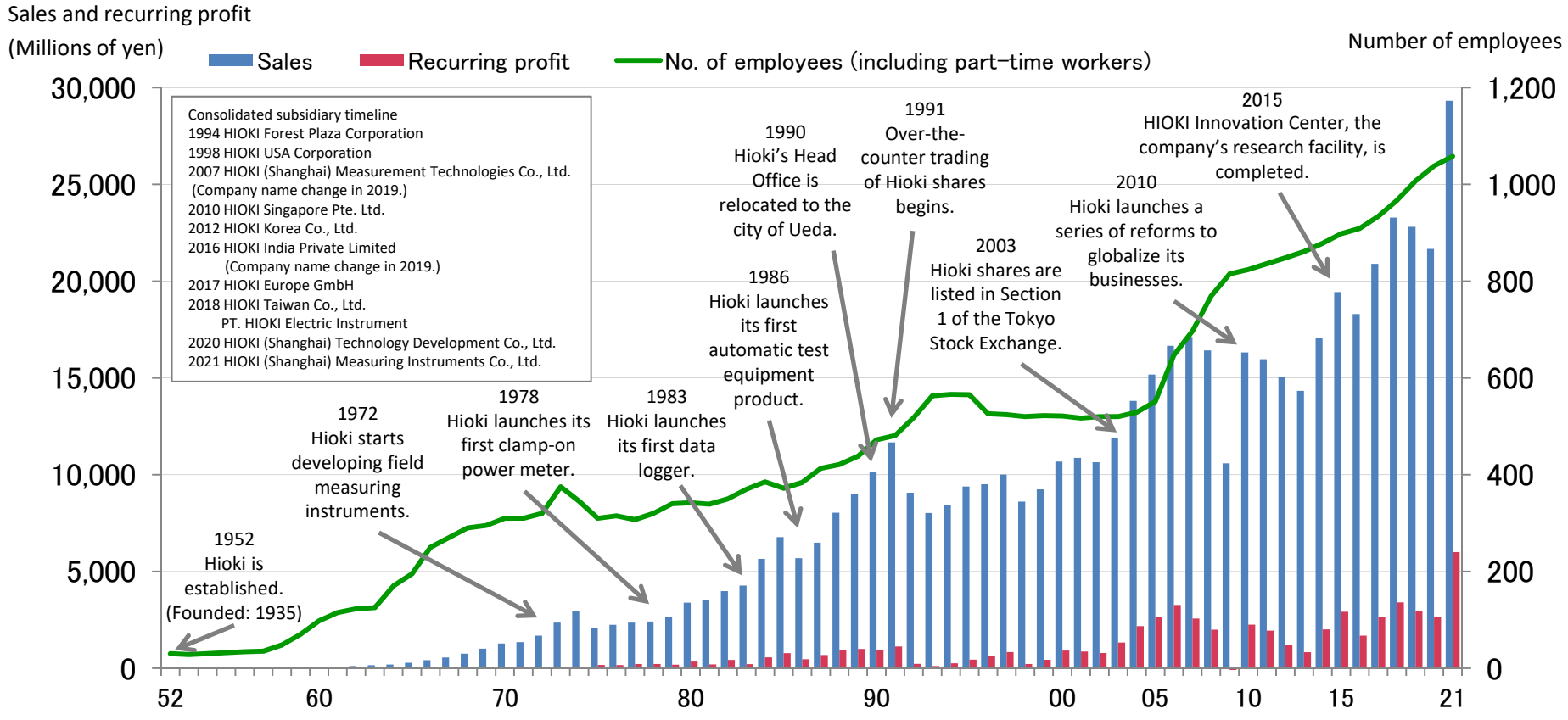
Performance and Employee Head Count since HIOKI's Establishment



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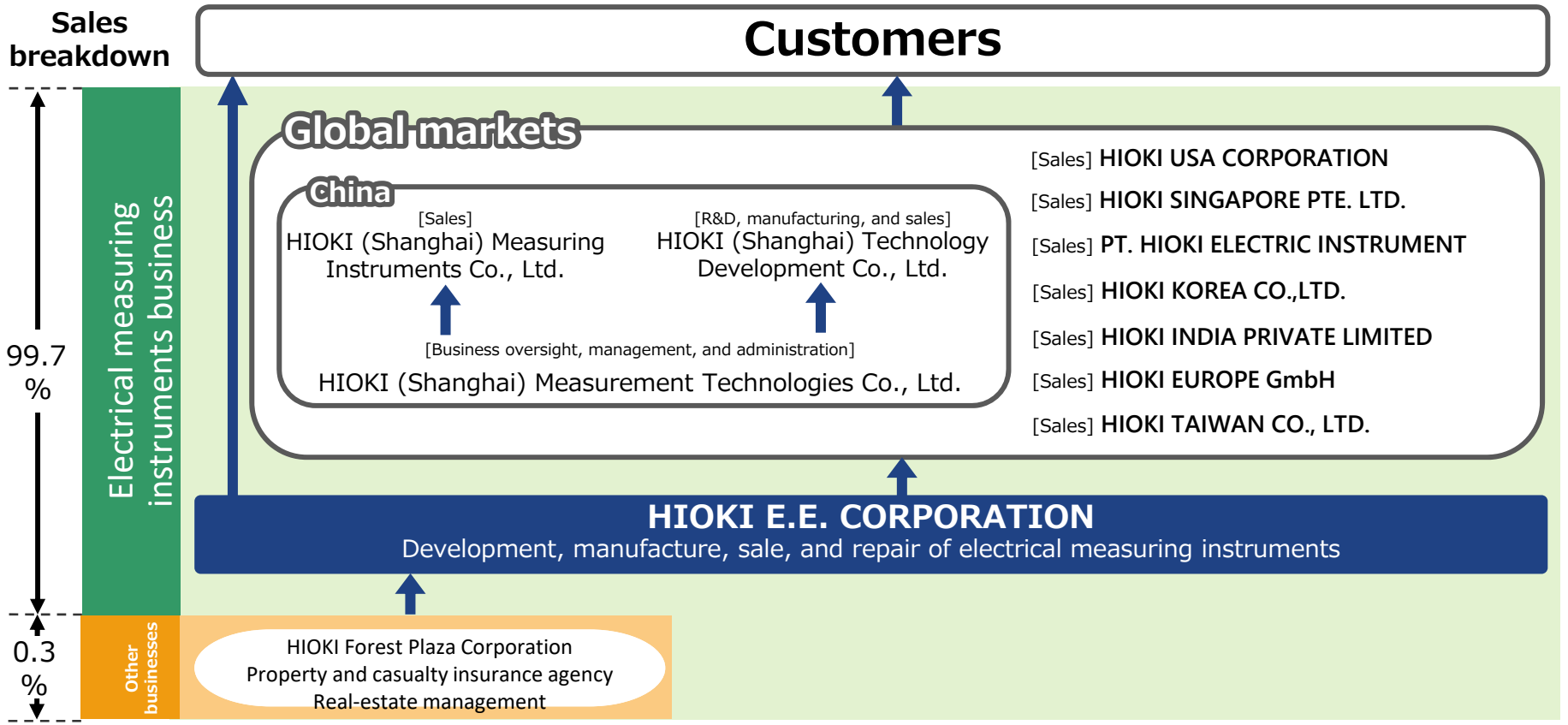
HIOKI Group Business Diagram



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Reference Materials

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.

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

Alternative energy

Batteries

UPS

Electrification and computerization of automobiles

EV/PHEV

Charging infrastructure

CAN
Self-driving
ADAS

Infrastructure underpinning the digital transformation (DX)

Electronic components

Datacenters

5G base stations

UPS

Power grid

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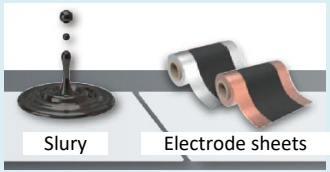
Contribution to the Battery Life Cycle

Electricity measurement technologies for improving battery performance

Battery materials



Hioki has leading market share in battery measurement.

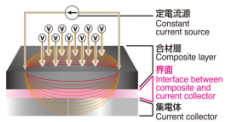
Battery cells

Massive investment in industry
Next growth sector

Module and pack technologies

Rising interest in environmental issues and other social issues

Recycling Reuse



Electrochemical analysis

Battery testers

BMS testing

Degradation diagnostic technologies

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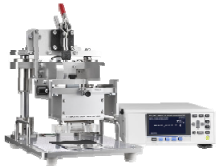
New Product Launches in Key Markets

Solutions for battery processes

Electrode sheet R&D



Verification of tab weld quality

Charge/discharge testing

Internal resistance measurement

BMS evaluation/testing

Lithium-ion battery production processes

Slurry	Electrode sheets	Coater Press Slitting	Sheet cutting Stacking	Tab welding	Sealing Vacuum drying	Liquid injection Impregnation	Charging Aging	Cell testing	Module/ pack testing

Multichannel measurement

Contamination and separator tear detection

Open voltage measurement

Open voltage measurement Cell defect detection/analysis

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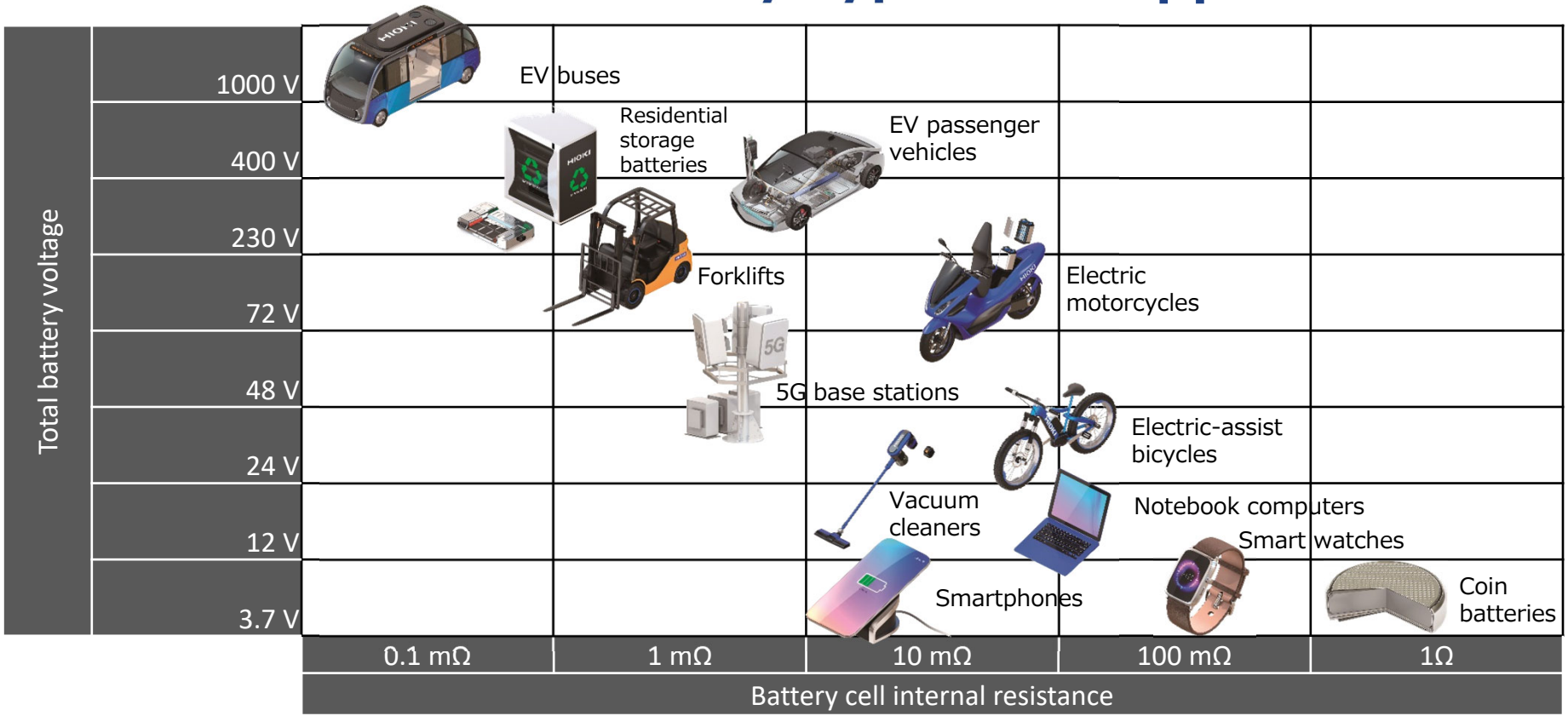
Battery Types and Applications



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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 300 products

Overall organization	R&D	Production lines	Field maintenance
Automatic testing equipment		Package and board manufacture Electric device manufacture	
Data recording equipment	Power generation and distribution Transport equipment	Machinery Transport equipment 	Power equipment inspections Elevator maintenance
Electronic measuring instruments	Alternative energy Materials, environment 	Devices and batteries Motors 	Environment Energy
Field measuring instruments	Electronic devices Transport equipment	 Electrical and power equipment inspections Communications equipment testing 	
Peripheral equipment and other	Accessories for products shown above		

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

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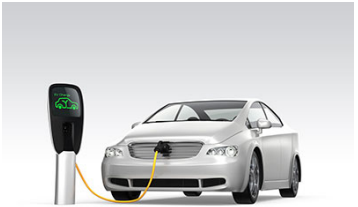
HIOKI's Expanding Products and Markets

Strive to grow and develop by expanding product launches in every market and by creating new product categories

Key markets	Environment and alternative energy	Electronic components	Automotive	Infrastructure
Automatic testing equipment		Smart-phones, onboard equipment, 5G, etc.	EVs HEVs	
Data recording equipment	Solar power, LEDs, batteries, etc.			Power, construction, etc.
Electronic measuring instruments				
Field measuring instruments				
New product categories				



Research and education | Medicine | Food | Agriculture | Service and lease | Electrical machinery | Untapped markets

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2021 Market Conditions by Product Group

Automatic test equipment		• Succeeded in developing a new market for circuit boards. • Aided by a brisk semiconductor market, sales of test equipment for populated boards grew significantly.
Data recording equipment		• Demand for Memory HiCorders for use in industrial equipment remained flat. • Sales of data loggers for use in applications such as effective use of energy continued to be strong. • Sales of high-dielectric-strength multichannel data loggers for use in battery evaluation grew significantly.
Electronic measuring instruments	Batteries	• Sales grew significantly, particularly in China, as we introduced multiple new battery tester models for the battery market.
	Devices	• Sales of measuring instruments for electronic devices grew significantly thanks to brisk capital investment in the electronic component industry due to adoption of 5G and the transition to electric drivetrains for automobiles.
	Energy	• Sales transitioned to a growth footing thanks to brisk growth in the energy market.
Field measuring instruments	Maintenance	• Sales grew as the importance of electrical equipment maintenance rose as a result of decarbonization and increased reliance on data communications. • Sales grew as we introduced new IoT-enabled products in response to growing demand for IoT support due to changes in the work environment stemming from labor shortages.

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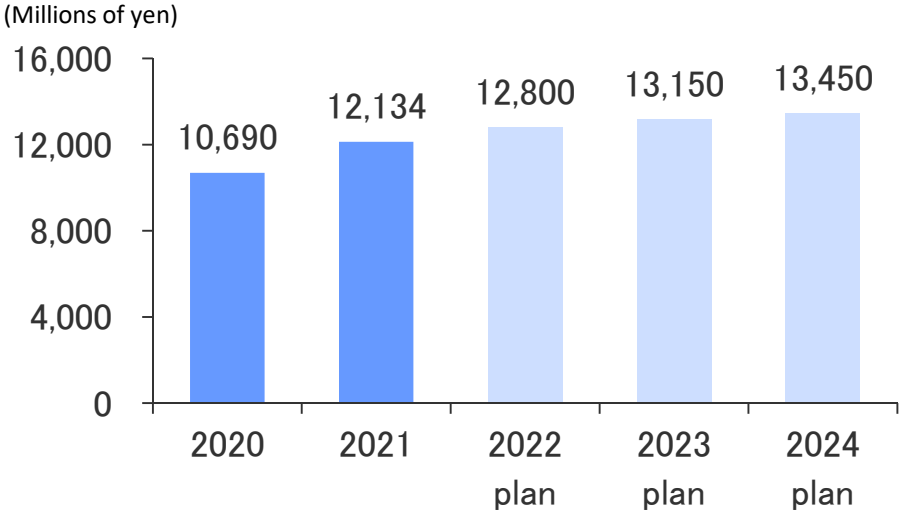
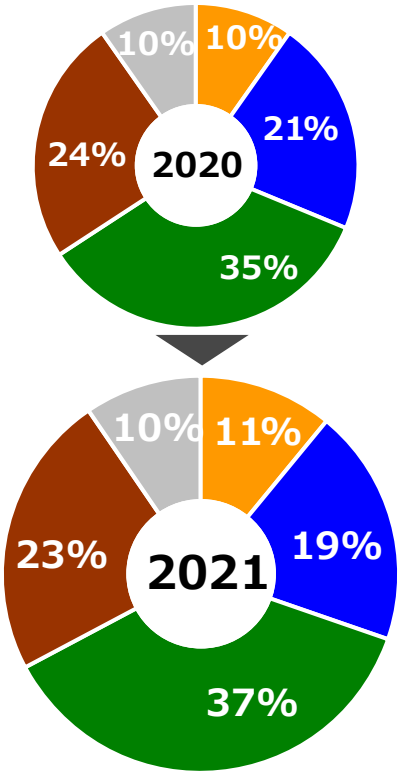
Actual and Forecasted Sales by Geographic Region: Japan

- Will launch a technical consultation service. Expert user experience designers will propose optimizations for the measurement environment.
- Electronic device, automobile, battery, and infrastructure demand is expected to grow as the move away from carbon accelerates.



Sales Ratio by Product Category

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



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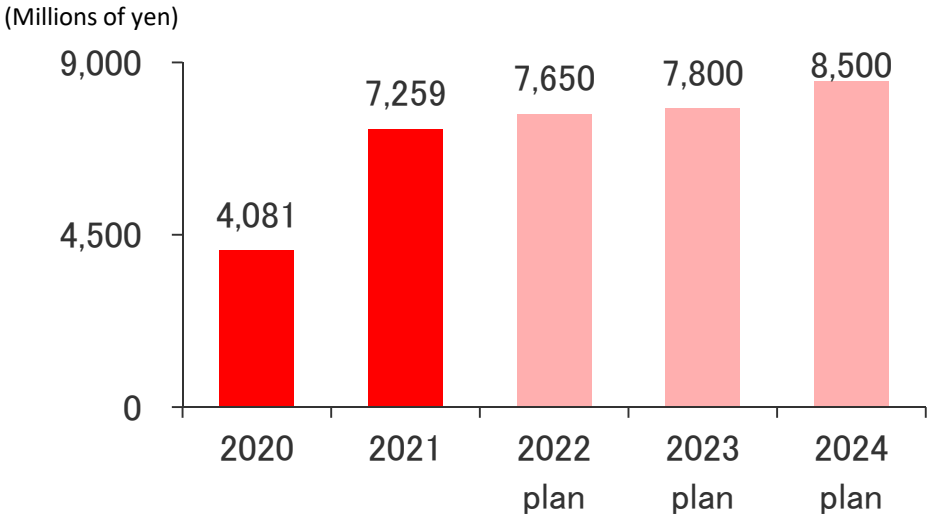
Actual and Forecasted Sales by Geographic Region: China

- Building on growth of the battery market, will strengthen energy-related businesses that are helping customers implement carbon-free operations.
- Will develop new demand through a customer-focused approach. Will introduce solutions through the R&D functions of subsidiaries' subsidiaries.



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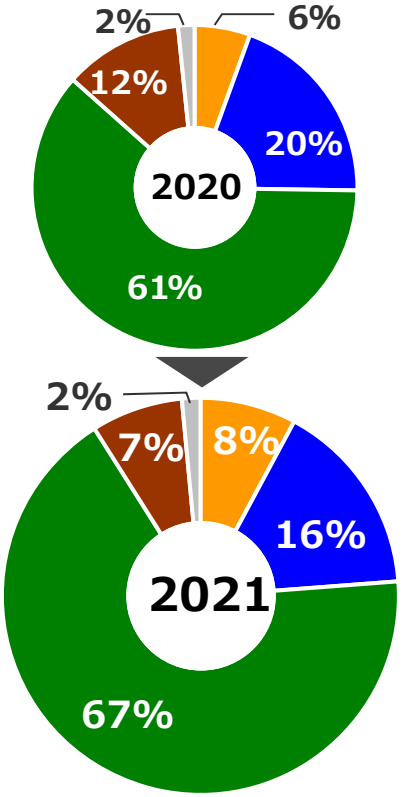

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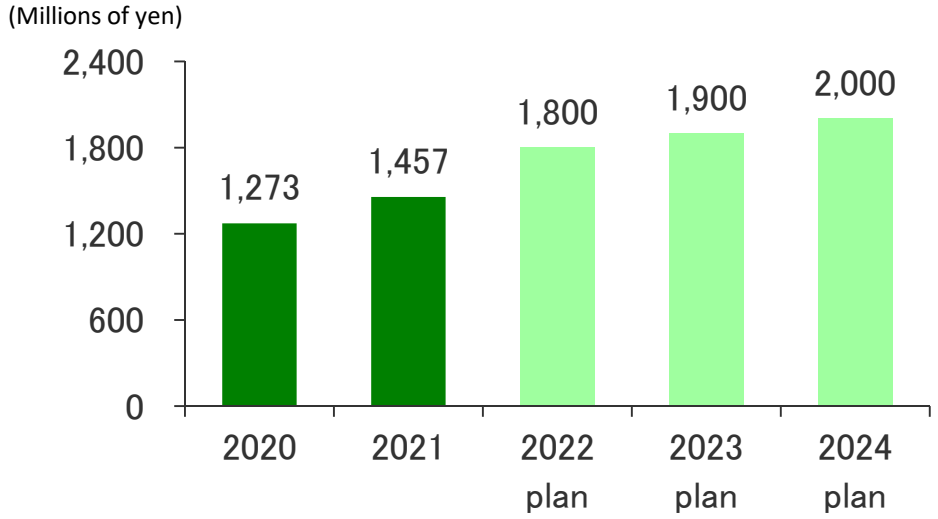
Actual and Forecasted Sales by Geographic Region: Southeast Asia (including Oceania)

- Expect investment in lithium-ion battery production and EV production to rise throughout Southeast Asia.
- Will start selling products through an online store.



Sales Ratio by Product Category

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- Field measuring instruments
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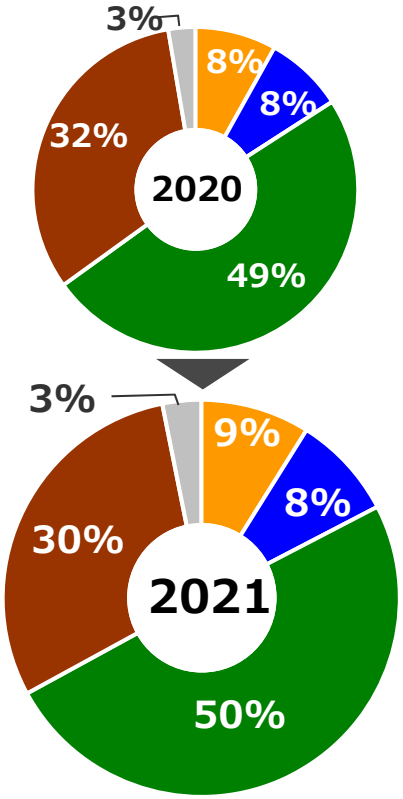

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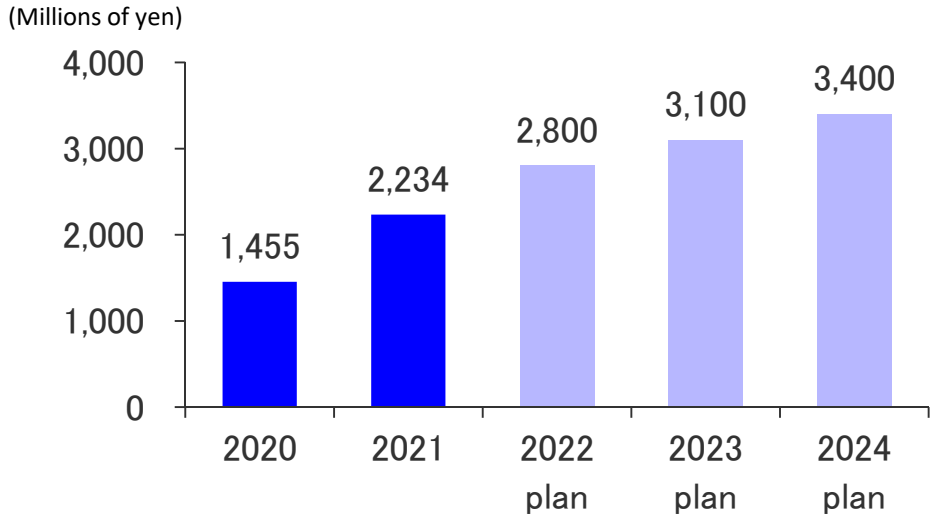
Actual and Forecasted Sales by Geographic Region: U.S.A. (North and South America)

- Investment in carbon-free energy, including the EV industry and next-generation batteries, will accelerate.
- Consolidation and human resources investment will continue in the carbon-free energy sector.



Sales Ratio by Product Category

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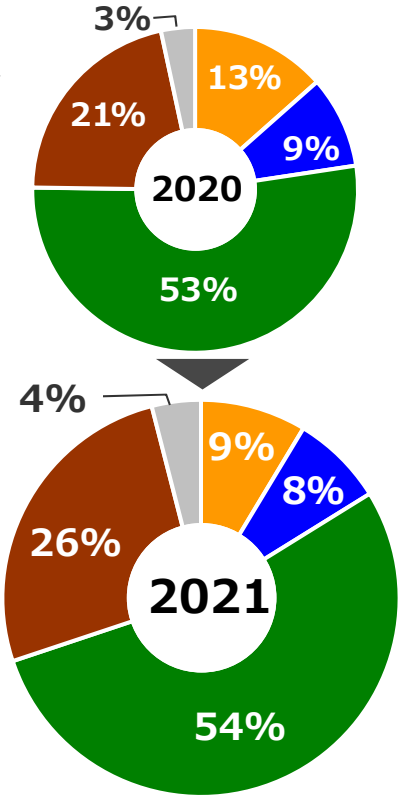
- Electronic measuring instruments
- Field measuring instruments
- Peripheral equipment & other



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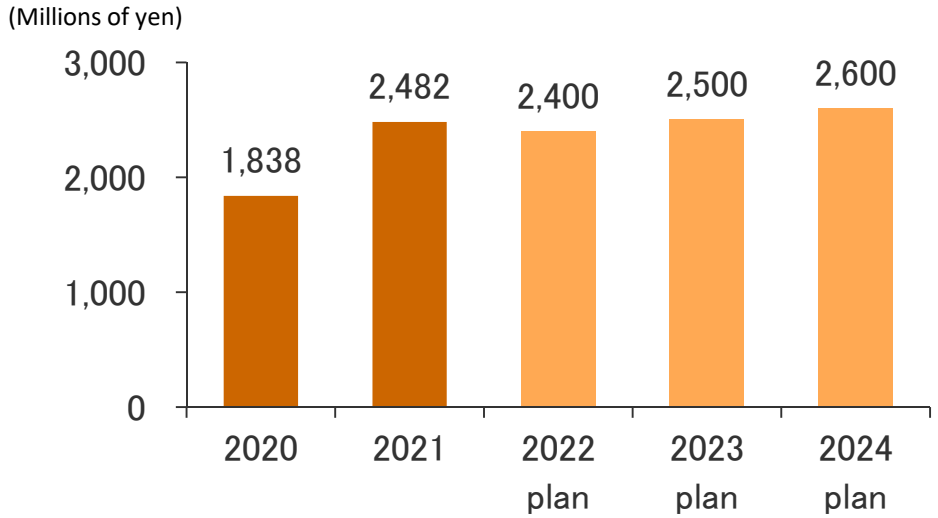
Actual and Forecasted Sales by Geographic Region: Korea

- Capital investment by battery manufacturers will continue.
- Will create new solutions through our customer-focused approach by strengthening technical functions.



Sales Ratio by Product Category

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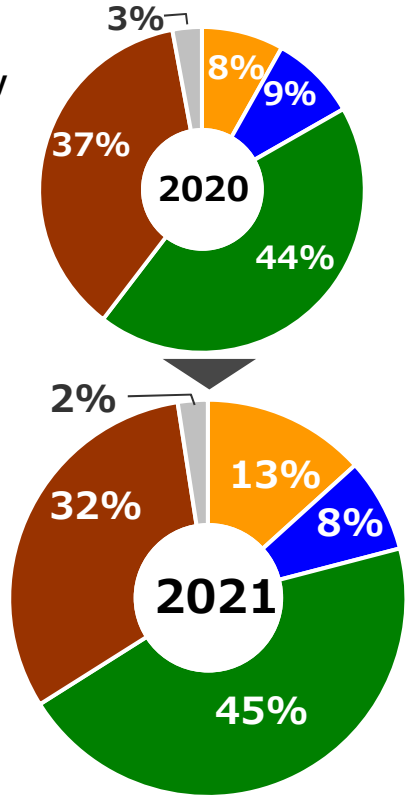
- Field measuring instruments
- Peripheral equipment & other



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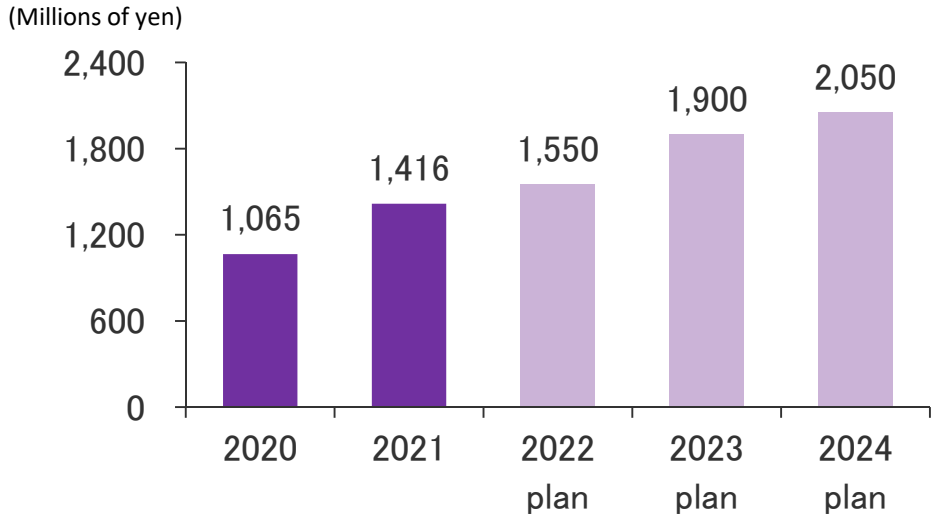
Actual and Forecasted Sales by Geographic Region: Europe

- R&D investment will accelerate along with battery production investment in Europe.
- Will look to expand our sales network by strengthening marketing functions.



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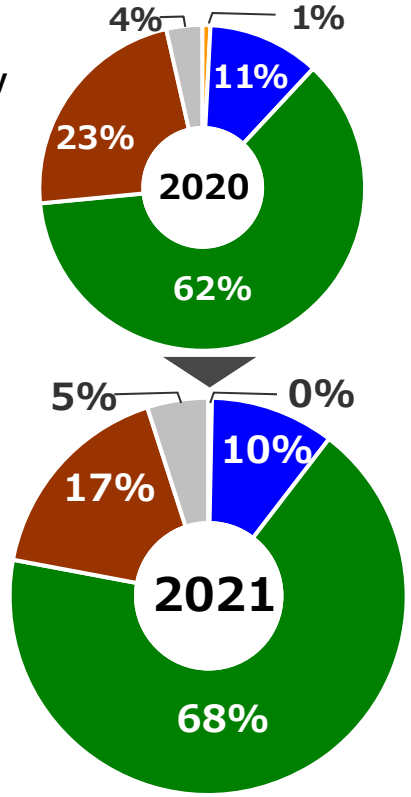

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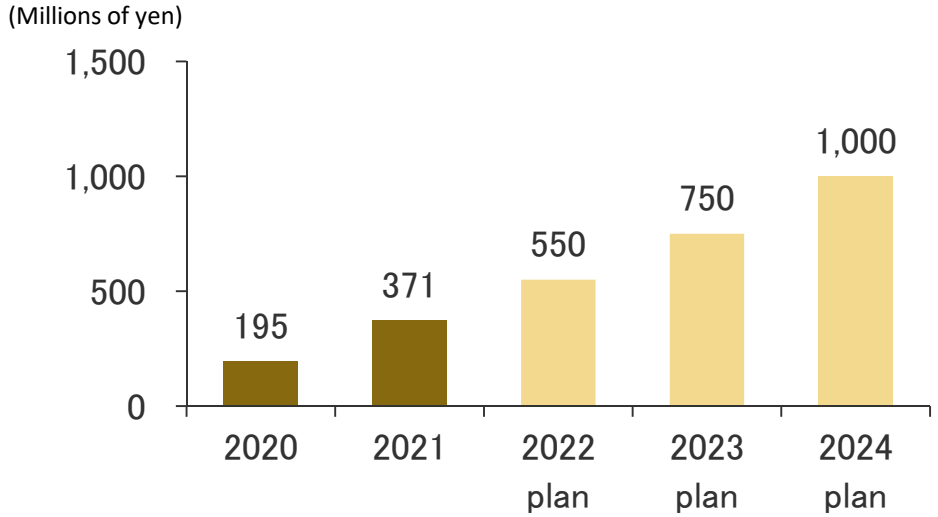
Actual and Forecasted Sales by Geographic Region: India

- Expect to see investment in the manufacturing increase under the “Make in India” initiative.
- Local battery production will accelerate. Will work to collaborate with equipment manufacturers.
- Investment in the EV industry will accelerate and demand is expected to grow.



Sales Ratio by Product Category

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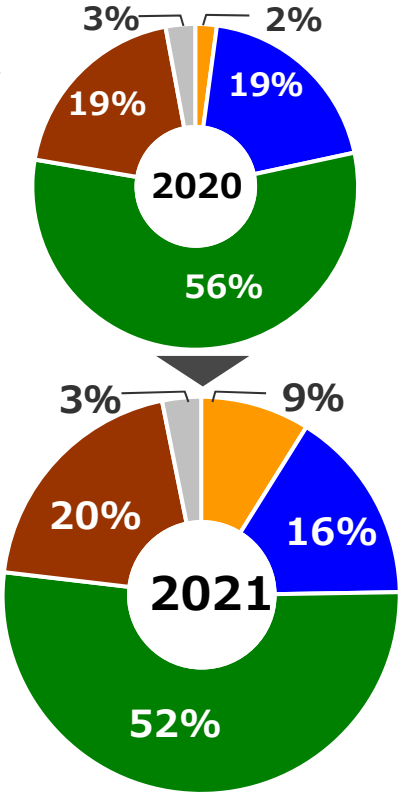
- Field measuring instruments
- Peripheral equipment & other



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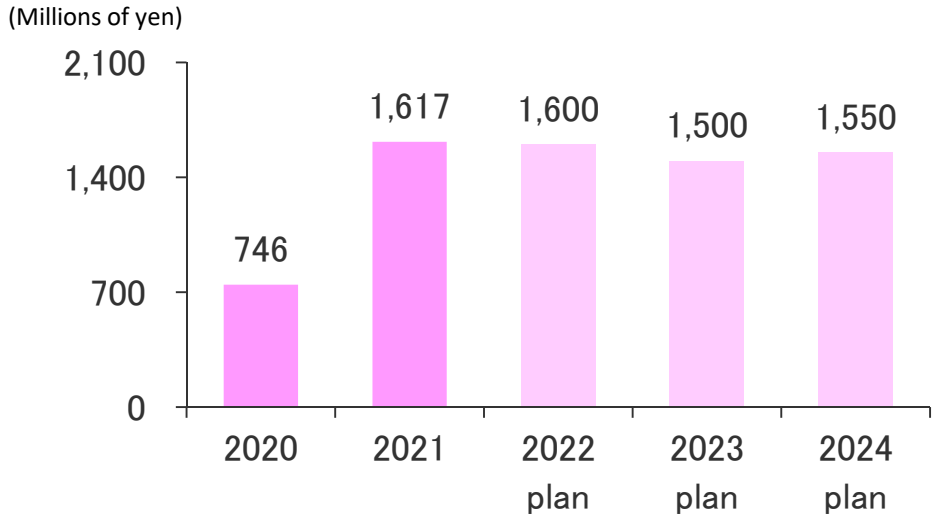
Actual and Forecasted Sales by Geographic Region: Taiwan

- Expect to see capital investment due to ongoing investment in the device and semiconductor package markets as well as investment in moving production facilities from China to Taiwan.
- Expect battery R&D investment to grow.



Sales Ratio by Product Category

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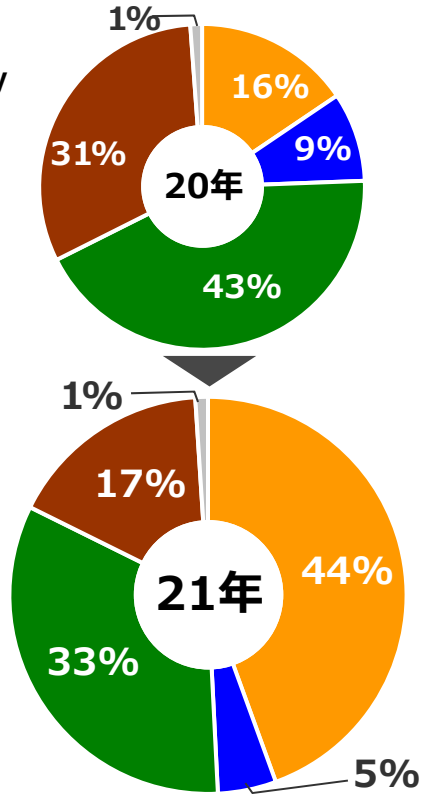

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Actual and Forecasted Sales by Geographic Region: Other

Middle East	2022 plan: ¥250 million The potential for renewable energy, particularly solar power, is high in the region due to efforts by oil-producing countries in the Gulf to pursue decarbonization. Initiatives targeting hydrogen and fuel ammonia generation as clean energies are proceeding at a rapid clip, driving up demand for electrical measurement in generation, transport, and maintenance processes.

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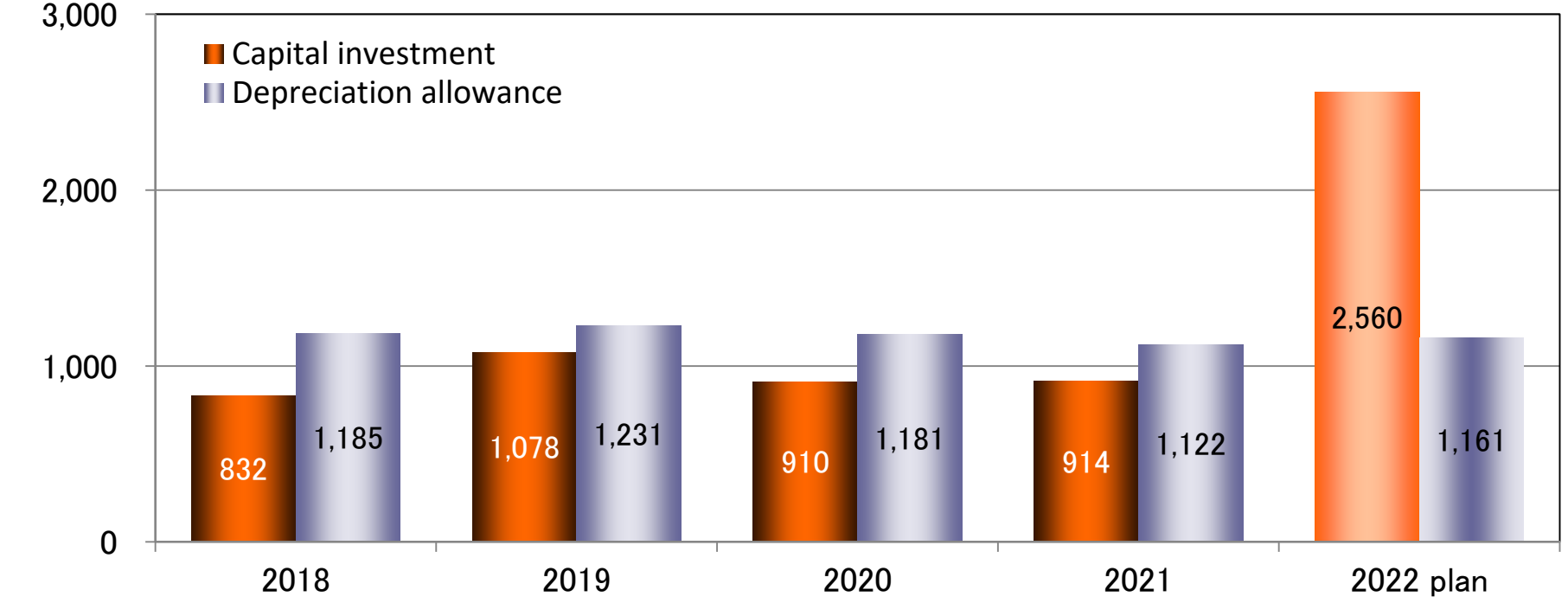
Capital Investment and Depreciation Allowance

(Millions of yen)

(Tangible and intangible)



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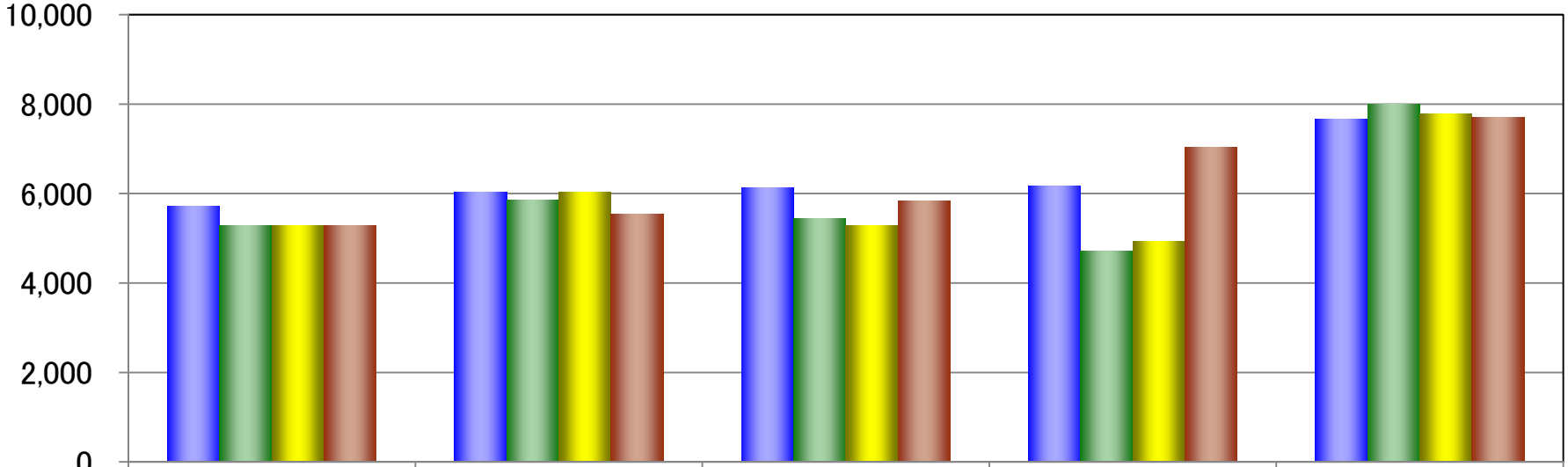
Quarterly Order Volume

(Millions of yen)



	2017	2018	2019	2020	2021
1Q	5,725	6,033	6,137	6,165	7,665
2Q	5,289	5,856	5,443	4,716	7,999
3Q	5,287	6,041	5,290	4,936	7,792
4Q	5,283	5,535	5,842	7,041	7,711

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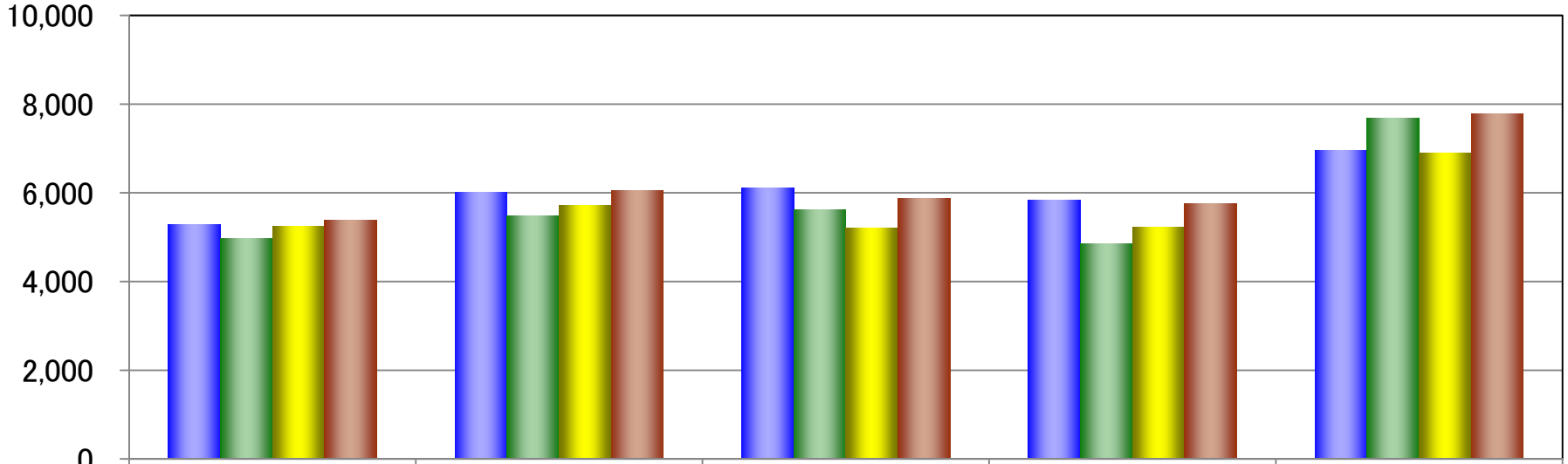
Quarterly Sales

(Millions of yen)



	2017	2018	2019	2020	2021
1Q	5,280	6,011	6,107	5,829	6,949
2Q	4,977	5,490	5,622	4,848	7,690
3Q	5,248	5,723	5,207	5,225	6,896
4Q	5,386	6,062	5,871	5,762	7,787

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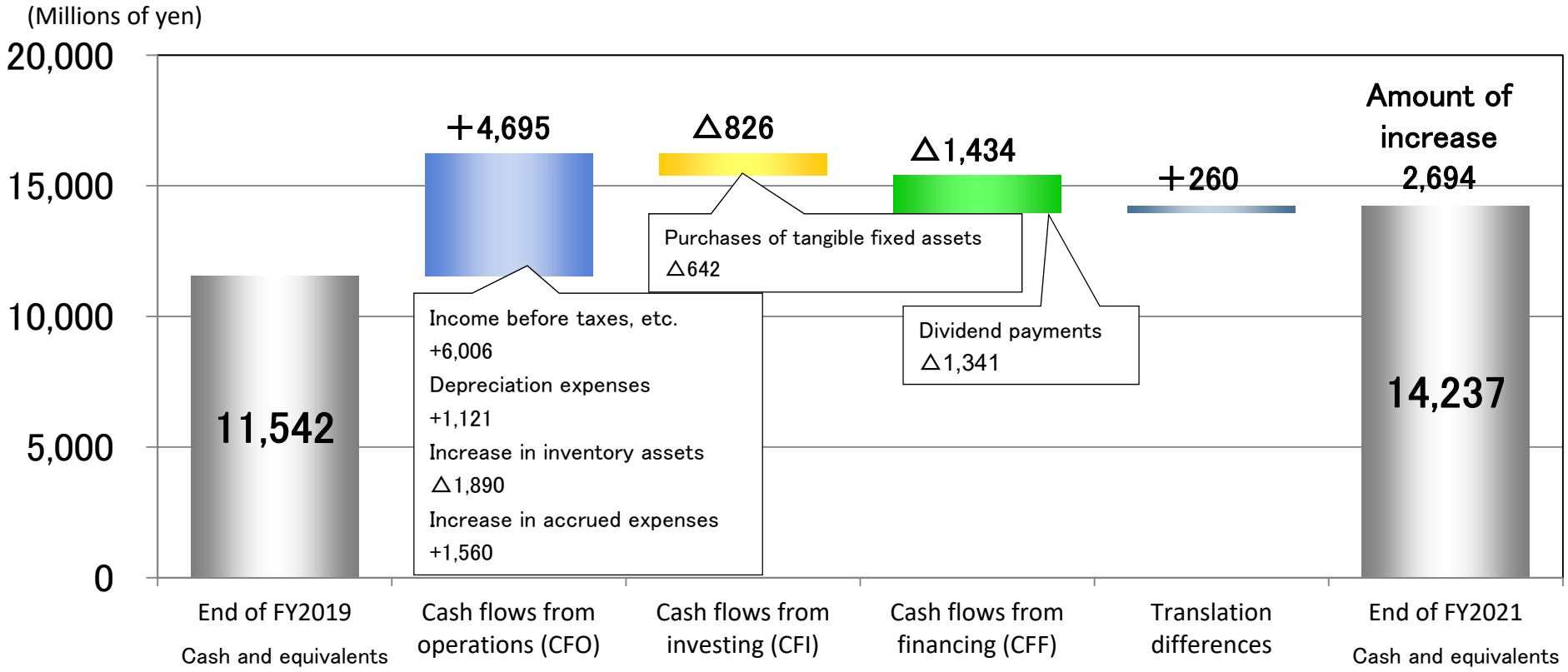
Cash Flows



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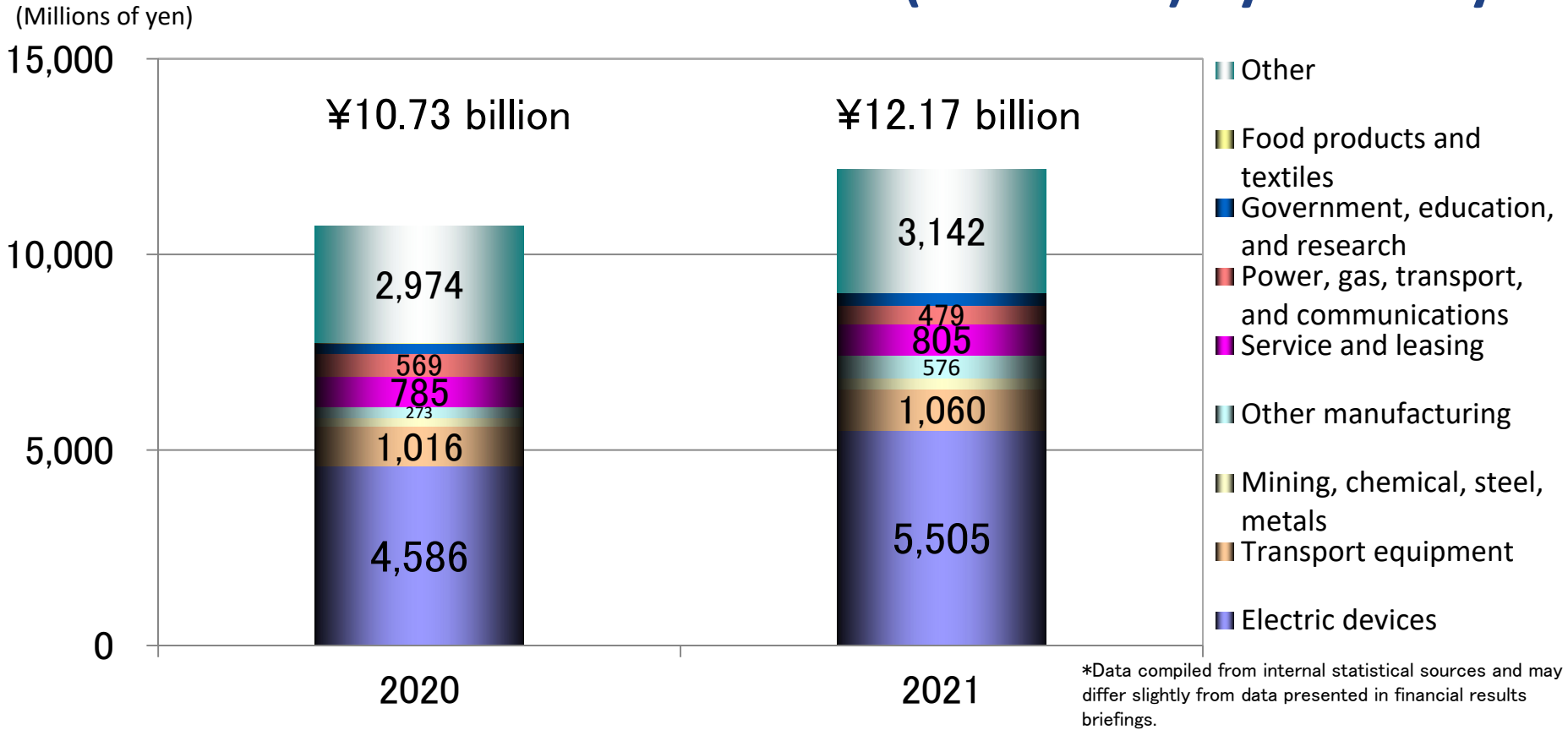
Trend in Sales (Domestic) by Industry



*Data compiled from internal statistical sources and may differ slightly from data presented in financial results briefings.

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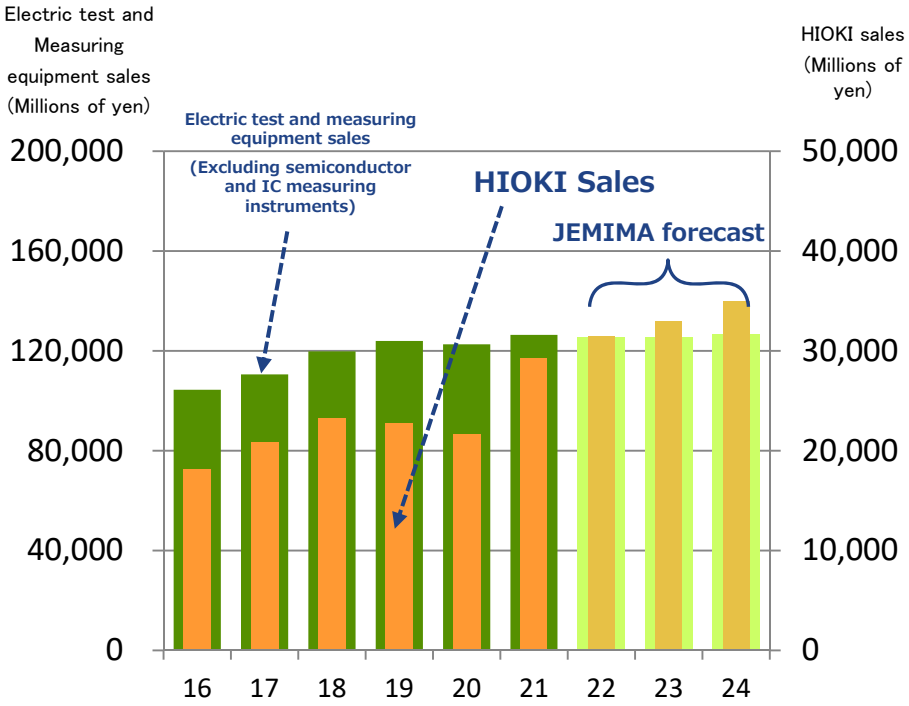
Business Environment in the Electrical Measuring Instruments Industry and Future Outlook



***Japan Electric Measuring Instruments Manufacturers' Association (JEMIMA) forecast**

The group forecasts an annual growth rate of +0.4% from FY2021 to FY2025.

Factors: Growth in the use of high-speed communications such as 5G is driving up demand for the ability to measure components and modules. Development of electric drivetrains for automobiles and more advanced self-driving functions is increasing the need for the ability to measure large numbers of electronic components. Growing momentum in the areas of increasingly high-performance batteries and fuel cell development is pushing up demand for measurement capabilities for use in material development and evaluation.

* As defined by JEMIMA, electric test and measuring equipment accounts for about 30% of electricity meters. Under the JEMIMA classification scheme, HIOKI's products consist of general measuring instruments, obtained by excluding semiconductor and IC measuring instruments from the electric test and measuring equipment category.

* Based on statistical data from the Japan Electric Measuring Instruments Manufacturers' Association. Sales figures for 2020 and subsequent years reflect JEMIMA forecasts (as of December 2020).

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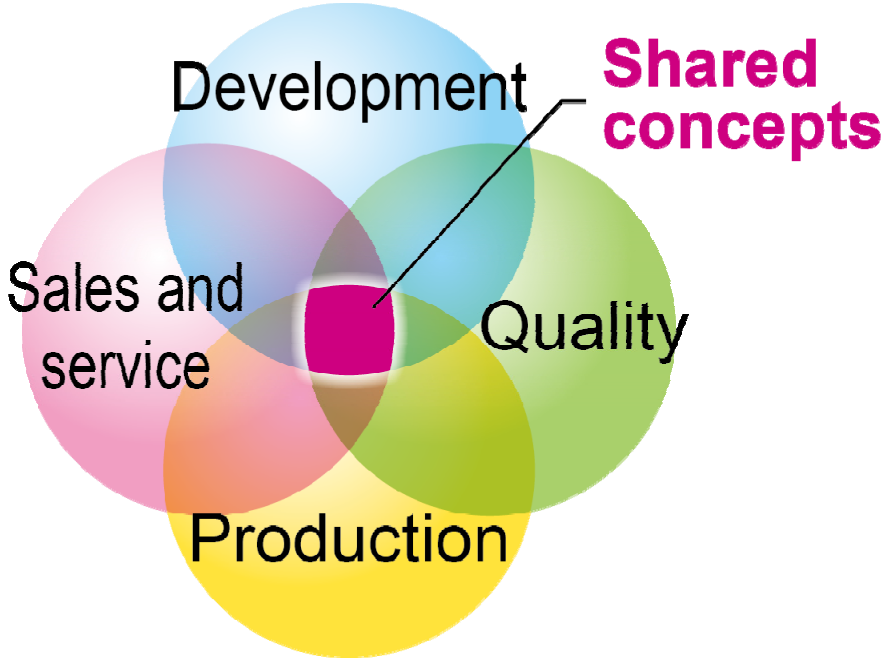
Improving Value-added Productivity

Concurrent engineering

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



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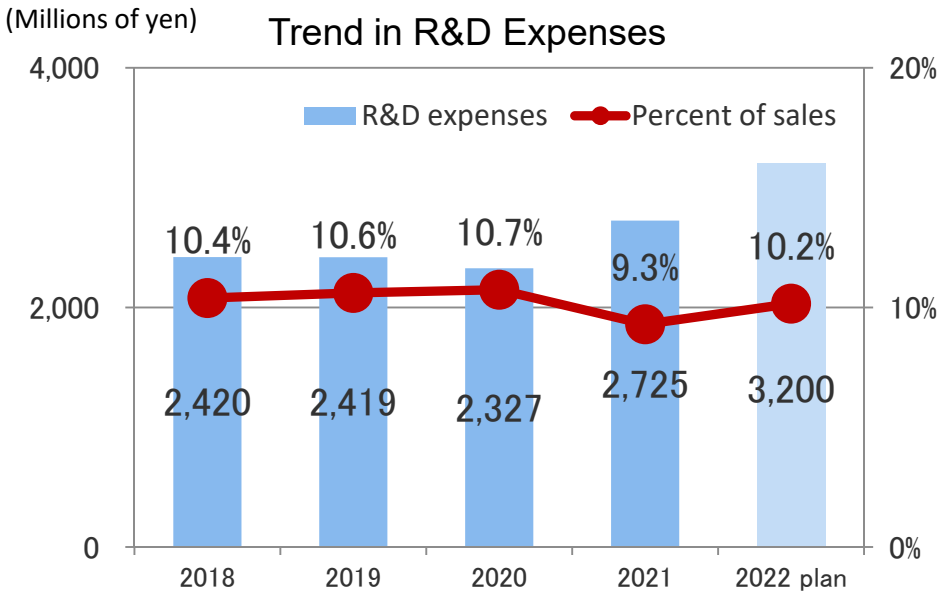
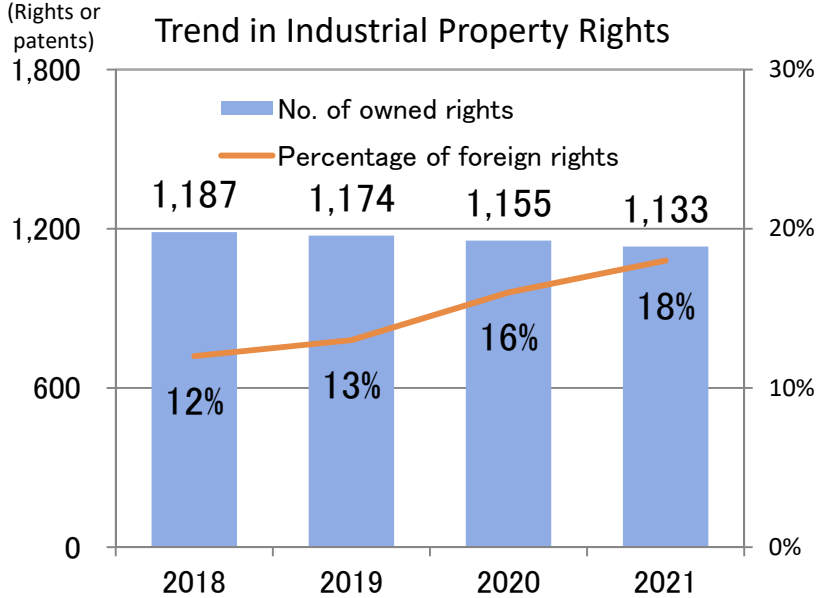
Development Capability: Unique Products Built around Core Technologies

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





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Production Capability: Manufacturing Calibrated to Sales Velocity

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

Enhancing initiatives at the source of development

Minimizing cost through leveled production

Anticipating customer information and accommodating customer requests

Shortening delivery times for after-sales service

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Sales Capabilities: Customer-focused Solutions Sales

Domestic sales

- Direct marketing to domestic customers
- About 70 sales staff at 12 domestic facilities
- PR via webinars and other non-contact means

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

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Automatic Test Equipment

Pass/ fail testing of electronic circuit boards

Principal products	Fields of use (applications)
Populated circuit board testing systems	Testing circuit boards on which electronic components have already been mounted
Bare board testing systems	Testing circuit boards with embedded active and passive devices or boards on which no components have been mounted (Including IC packages and flexible boards used in devices such as mobile phones)

In-Circuit Tester FA1220

Flying Probe Tester FA1816

Flying Probe Tester FA1817

Reliable detection of latent defects on high-density circuit boards

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Data Recording Equipment

- Recording and analyzing changes in electrical signals over time

Principal products	Fields of use (applications)
Memory recorders	Observing and recording waveforms for high-speed phenomena in an extensive array of applications ranging from the electric field to the machinery field
Data loggers	Monitoring and recording long-term changes in temperature, voltage, and other characteristics across numerous channels

Developed in 1983

Capable of capturing large amounts of data over extended periods of time

Memory HiCorder
MR6000

Memory HiLogger
LR8450

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Electronic Measuring Instruments: Batteries

Battery evaluation and testing

Principal products	Fields of use (applications)
Battery testers	Battery R&D and shipping inspections; measuring internal resistance and battery voltage

Extensive product line to accommodate a variety of batteries

Safety testers	Measuring batteries' insulation resistance and performing withstand voltage testing

Broad product line for an array of applications

Digital multimeters	Providing high accuracy and multichannel capability that extends from R&D to the production line

Broad product line for an array of applications

BATTERY HiTESTER
BT3562A

Insulation Tester
ST5520

PRECISION DC VOLTMETER
DM7276

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Electronic Measuring Instruments: Devices

Evaluating and testing electronic components and devices

Principal products	Fields of use (applications)
Circuit element measuring instruments	Testing on electronic component production lines Evaluating the performance of materials

Fast, high-stability measurement in a compact, lightweight package

Impedance Analyzer

IM7585

Super megohmmeters	Accommodating embedded applications such as laminated ceramic capacitor mass-production testing

Meeting a variety of needs with an extensive product line

SUPER MEGOHM METER

SM7110

Resistance meters	Supports built-in automatic machines such as mass production inspection of multilayer ceramic capacitors

Meeting a variety of needs with an extensive product line

RESISTANCE METER

RM3545

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Electronic Measuring Instruments: Energy/Other

Power and power quality analysis in the environment and energy field

Principal products	Fields of use (applications)
Power meters	Evaluating and analyzing inverters and motors Reducing energy use by electrical equipment; managing power

HIOKI developed the first clamp-type meter in 1978.

Power Analyzer
PW8001

Power quality analyzers	Verifying the quality of dispersed power supplies such as alternative energy (solar and wind power, fuel cells, etc.) and cogeneration systems

Analytical devices capable of identifying the causes of power supply problems

Power Quality Analyzer
PQ3198

Current probes	Observing current waveforms

For use as oscilloscope sensors

Current Probe
CT6711

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Field Measuring Instruments

Performing maintenance and inspections of electrical wiring work and equipment

Principal products	Fields of use (applications)
Clamp ammeters	Maintenance and inspections of electrical wiring work and equipment

A powerful brand with a long history

AC/DC Clamp Meter
CM4001

Insulation resistance testers	Maintenance and inspections of electrical work and equipment

A must-have instrument for electrical work

Insulation Tester for Photovoltaic Systems
IR4053

Digital multimeters	Measuring characteristics from voltage to current and resistance

Used in all applications

Digital Multimeter DT4261

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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.

Inquiries related to this presentation or investor relations at HIOKI

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