HIOKI E.E. CORPORATION Financial Results Briefing for the Fiscal Year Ending December 31, 2022

(Securities Code: 6866)

February 2023

HIOKI

Contents

1. Company Overview

HIOKI

Photograph: The four seasons at HIOKI Forest Hills: Spring

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	1,009 (consolidated-basis, including part-time workers) (as of December 31, 2022)

2. Financial Results Overview

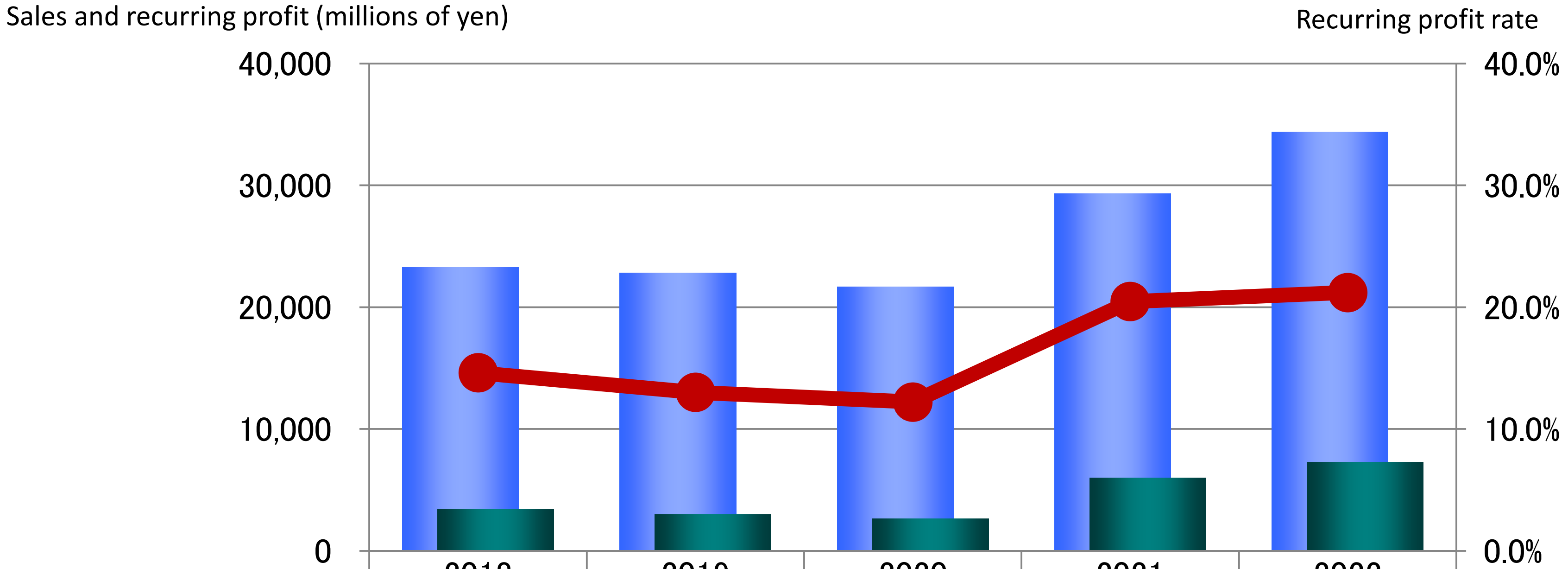
Photograph: The four seasons at HIOKI Forest Hills: Summer

Overview of 2022 Results

	2021		2022		
	Results (millions of yen)	Percent of sales (%)	Results (millions of yen)	Percent of sales (%)	Year-on-year (%)
Sales	29,322		34,371		117.2%
Cost of sales	15,683	53.5%	18,501	53.8%	118.0%
Selling, general, and administrative expenses	7,888	26.9%	8,799	25.6%	111.5%
Operating profit	5,750	19.6%	7,070	20.6%	123.0%
Recurring profit	5,999	20.5%	7,287	21.2%	121.5%
Net income	4,521	15.4%	5,330	15.5%	117.9%
Earnings per share	¥331.35		¥390.47		

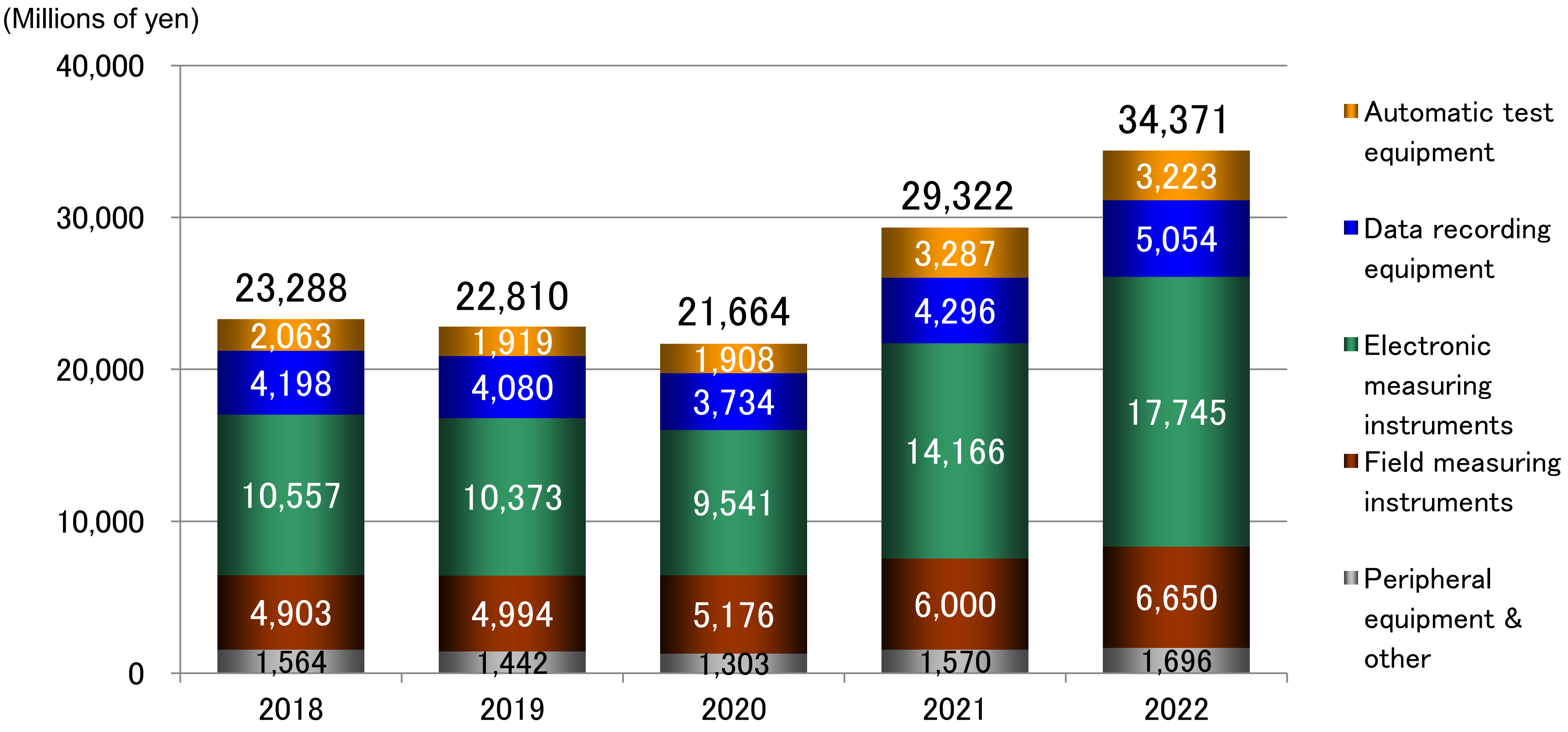
HIOKI

Trend in Sales and Recurring Profit

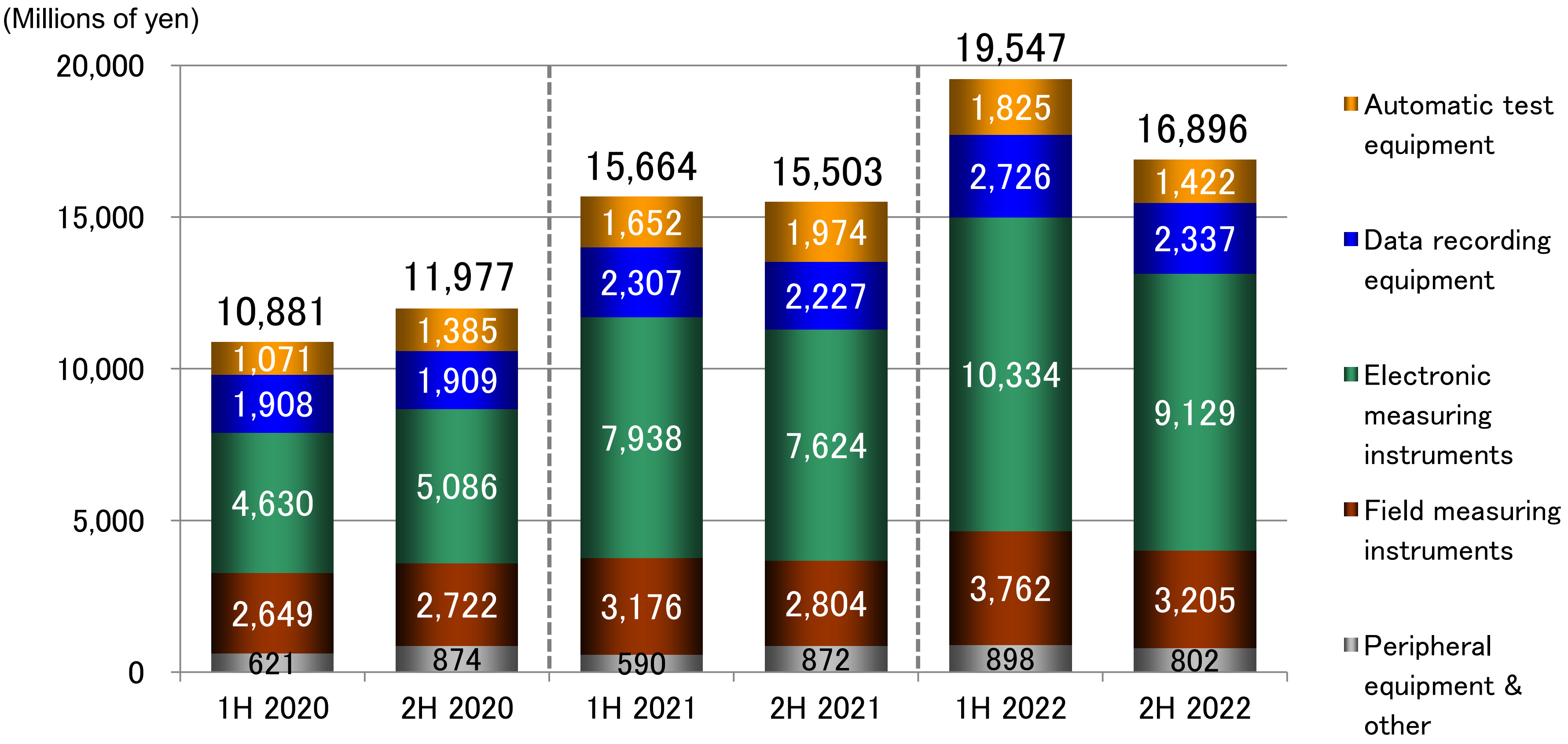


	2018	2019	2020	2021	2022
Sales	23,288	22,810	21,664	29,322	34,371
Recurring profit	3,403	2,967	2,646	5,999	7,287
Recurring profit rate	14.6%	13.0%	12.2%	20.5%	21.2%

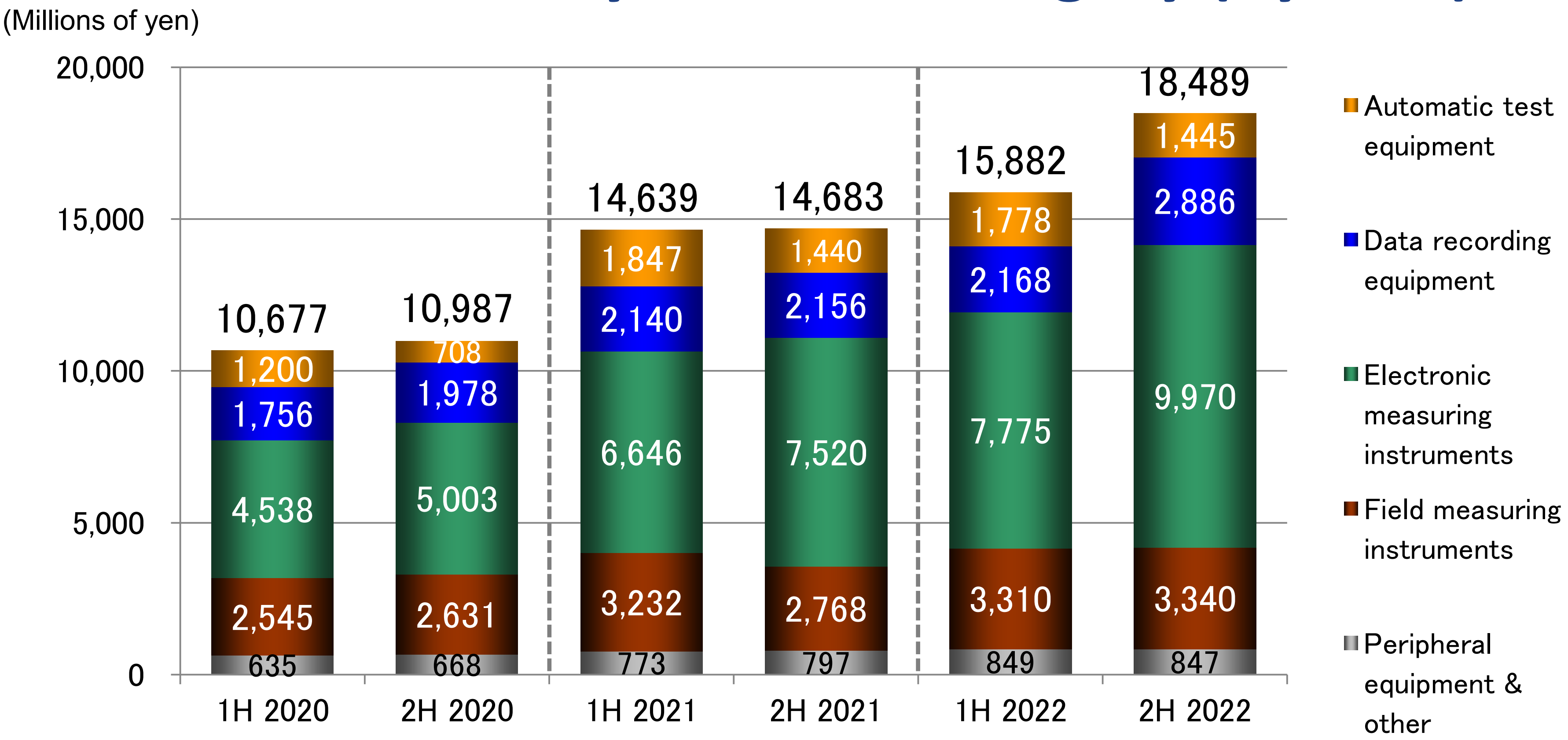
Trend in Sales by Product Category



Trend in Orders by Product Category (by Half)

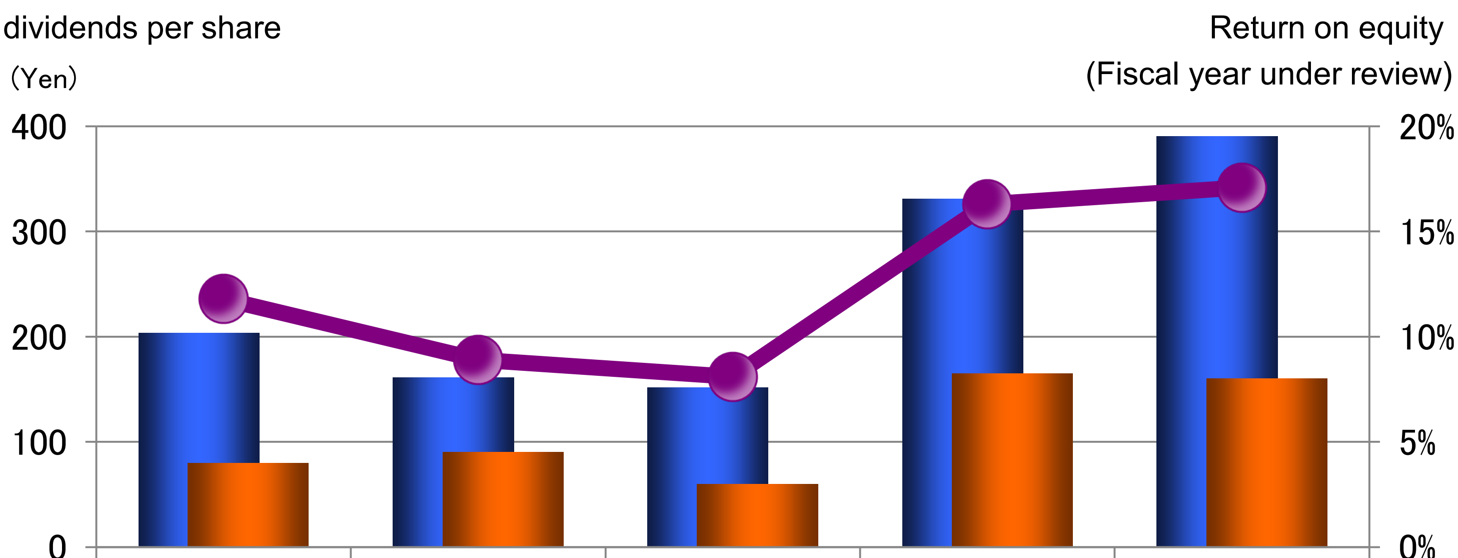


Trend in Sales by Product Category (by Half)



HIOKI

Trend in Earnings and Dividends per Share

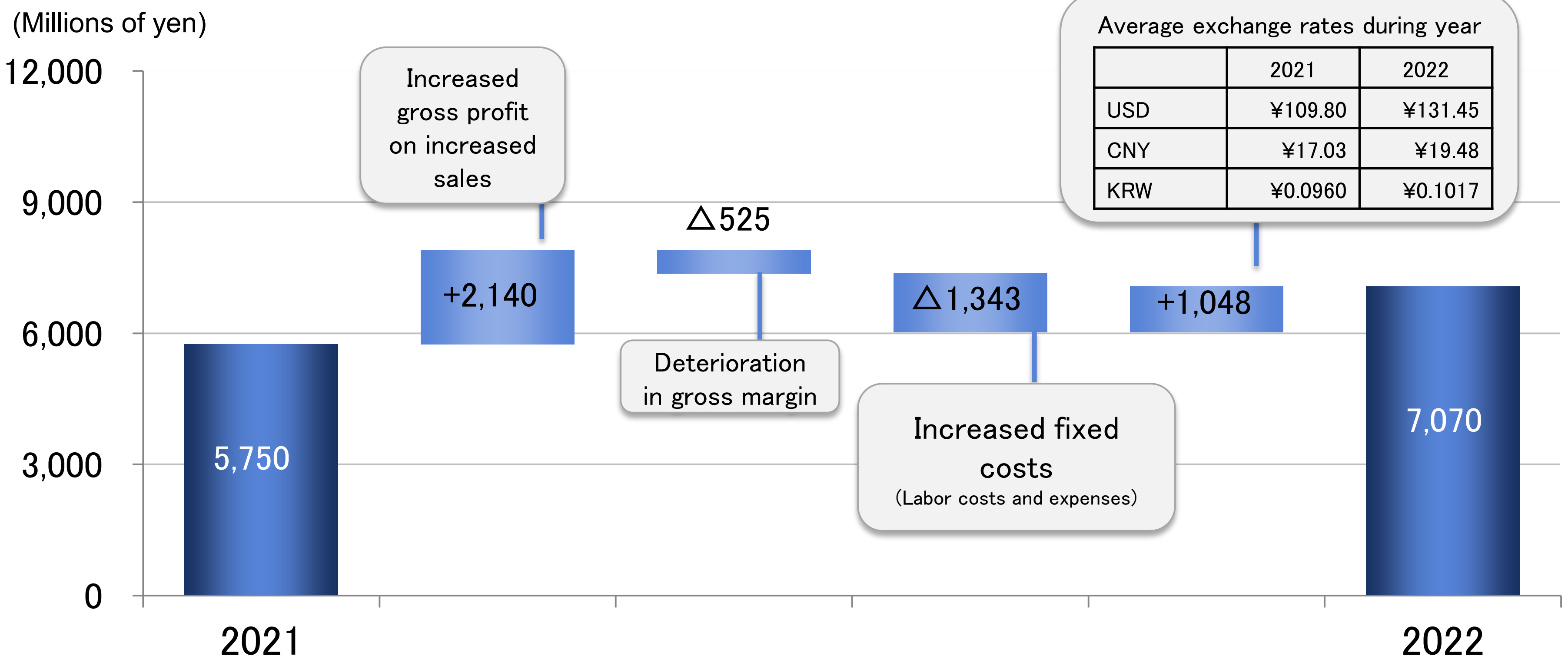


	2018	2019	2020	2021	2022
Earnings per share (EPS)	204	161	152	331	390
Dividends per share (yen)	80	90	60	165＊	160
Return on equity ROE)	11.8%	8.9%	8.1%	16.3%	17.1%

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

HIOKI

2022: Factors Impacting Operating Income



Average exchange rates during year

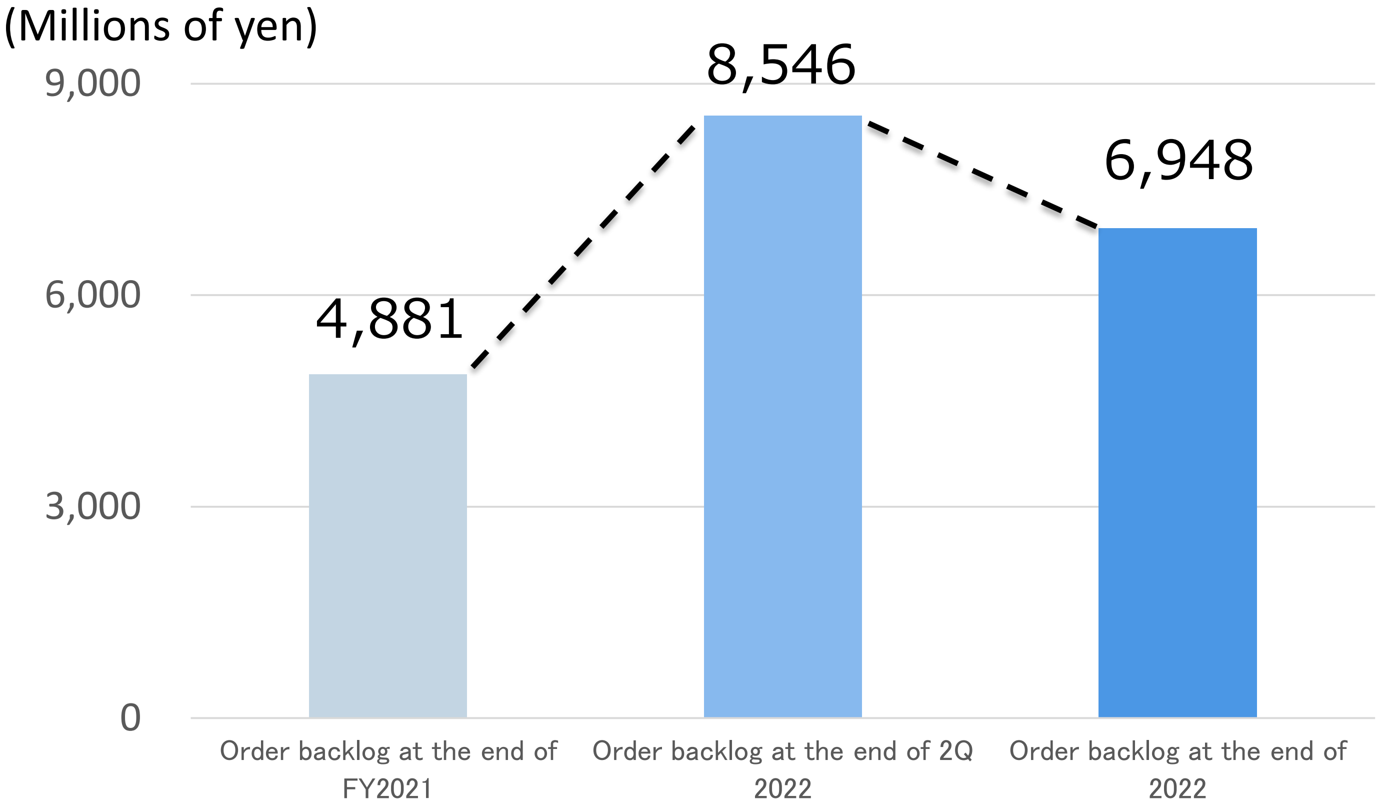
	2021	2022
USD	¥109.80	¥131.45
CNY	¥17.03	¥19.48
KRW	¥0.0960	¥0.1017

HIOKI

Dealing with Risk Factors

Risk	2022 status	2023 expectation
Part procurement risk	• We used external resources to change existing product designs. • We procured parts at costs exceeding market prices via a variety of routes while giving top priority to fulfilling our responsibility to supply parts to customers. During the second half, procurement conditions improved.	Improvement, with some exceptions (Risk declining)
Risk of increased costs due to higher raw material and energy prices and soaring shipping costs	• We strengthened earnings by reassessing the suitability of product pricing in Japan abroad.	Continuation of 2022 conditions
Risk of economic stagnation due to urban lockdowns resulting from the COVID-19 pandemic (variants)	• Our inability to ship products domestically within China, which lasted for two months last April and May, was resolved in July. • We finished studying how to revamp structures to prepare for distribution snags in China. • Orders for some products slowed following a rise in infections in China at the end of 2022.	Unclear but expected reduction in risk due to normalization of life with COVID
Risk of fluctuations in performance due to exchange rates	• Yen weakness fueled growth in revenue and profit.	Our 2023 business plan is based on an appreciating yen, but future exchange rates remain unclear.

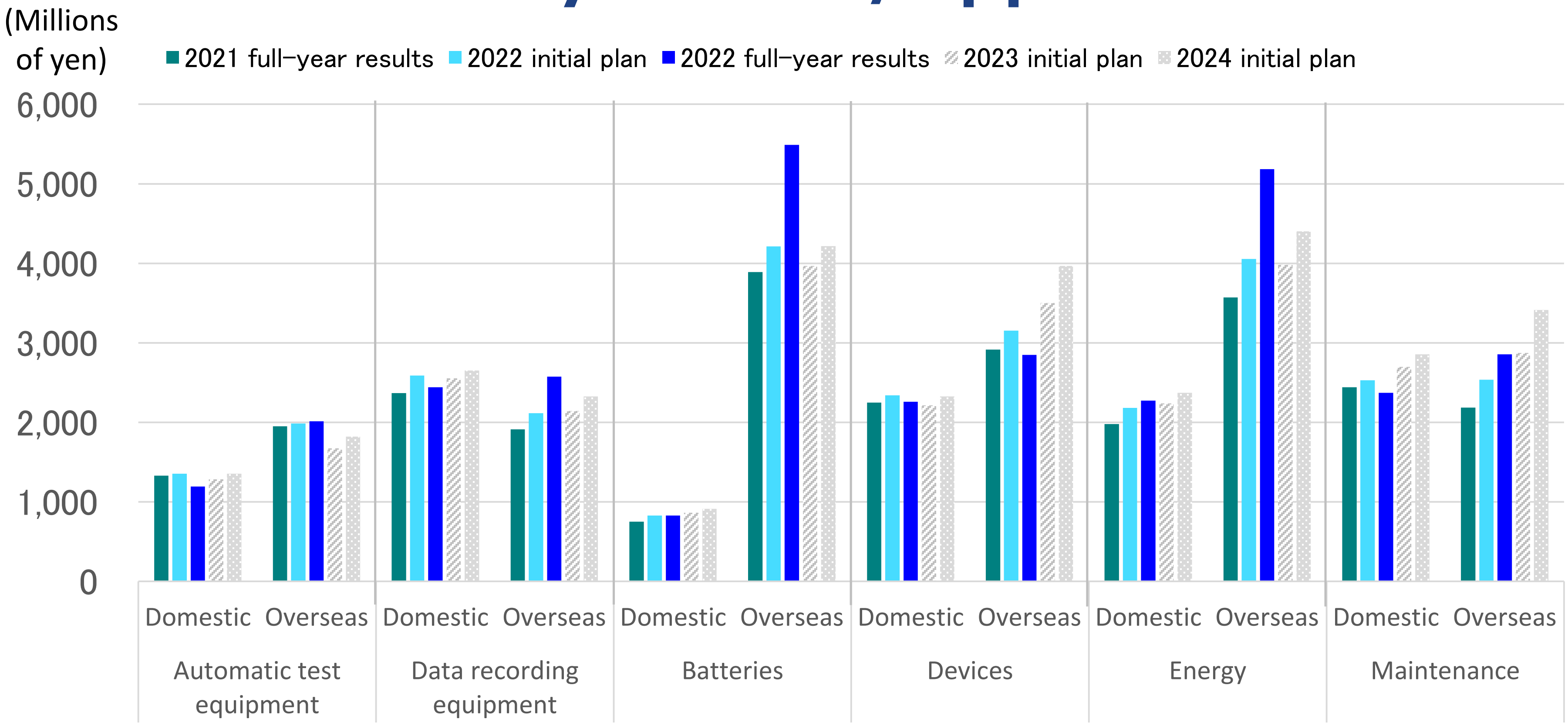
Trend in Order Backlog



The halt in accepting orders and issuing quotes, which began in January 2022, **has already been resolved**.

HIOKI

Sales by Market/Application



Factors in Success/Failure in Achieving Plan Goals

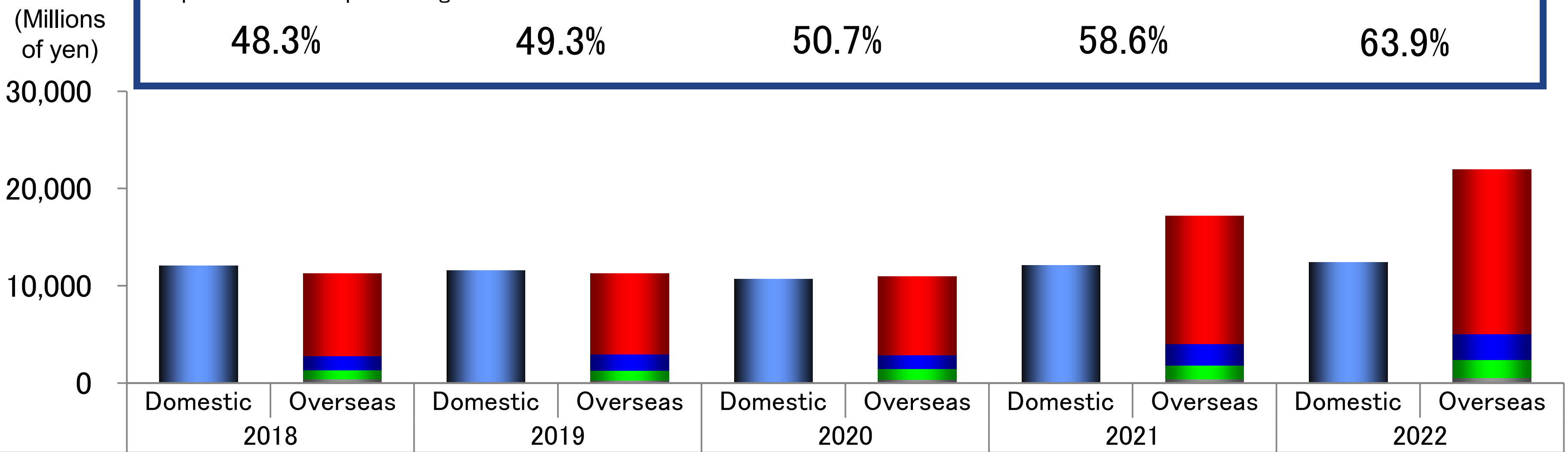
Product category	Factors
Data recording instruments (International)	• Efforts to manage thermal energy in order to ensure effective energy use became more sophisticated. • Demand for high-speed, high-precision data loggers grew overseas.
Batteries (Overseas)	• Companies made investments to increase battery production for EVs in the face of brisk sales worldwide. • We launched battery inspection equipment designed for use with EVs and other products with new technologies.
Devices (Domestic/overseas)	• Investment in parts engineered to deliver high-voltage reliability for use in xEVs remained robust. • Investment in mass production, particularly by overseas electronic component manufacturers, declined as worldwide demand for smartphones and PCs slowed.
Energy (Overseas)	• The electrical energy measurement field grew rapidly thanks to brisk investment in EV R&D, PV inverter mass production, and energy savings in response to ongoing decarbonization efforts.
Maintenance (Overseas)	• The pace of EV and renewable energy development picked up, and demand for instruments for use in maintenance management applications rose. • We enhanced offerings of instruments and software designed to boost the efficiency of work carried out in the field.

HIOKI

Trend in Overseas Sales

Export sales as a percentage of total sales

2018	2019	2020	2021	2022
48.3%	49.3%	50.7%	58.6%	63.9%



	2018 Domestic	2018 Overseas	2019 Domestic	2019 Overseas	2020 Domestic	2020 Overseas	2021 Domestic	2021 Overseas	2022 Domestic	2022 Overseas
Japan	12,046		11,574		10,690		12,134		12,400	
Asia		8,434		8,276		8,083		13,137		16,954
Americas		1,480		1,667		1,455		2,234		2,619
Europe		934		1,053		1,065		1,416		1,859
Other		391		238		369		397		537

Management Targets

Recurring income rate on overseas sales: 20%

Percentage of overseas sales: 70% or greater

Return on equity (ROE): 10% or greater

Fiscal year ended December 2022

Recurring income rate on overseas sales: 21.2%

Percentage of overseas sales: 63.9%

Return on equity (ROE): 17.1%

HIOKI

3. Mid-term Business Plan and Strategy

HIOKI

Photograph: The four seasons at HIOKI Forest Hills: Winter

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.

HIOKI

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

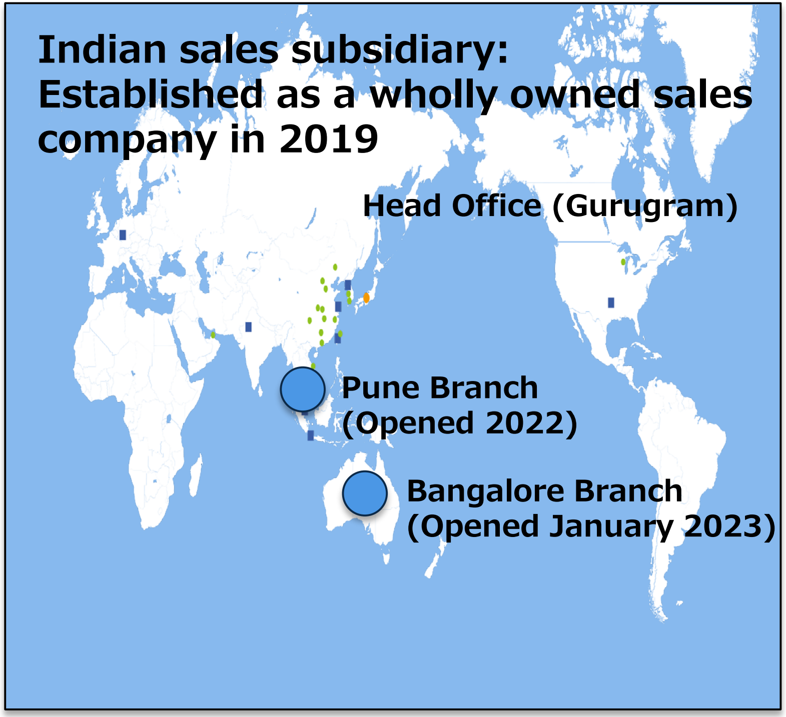
Five Innovation Initiatives

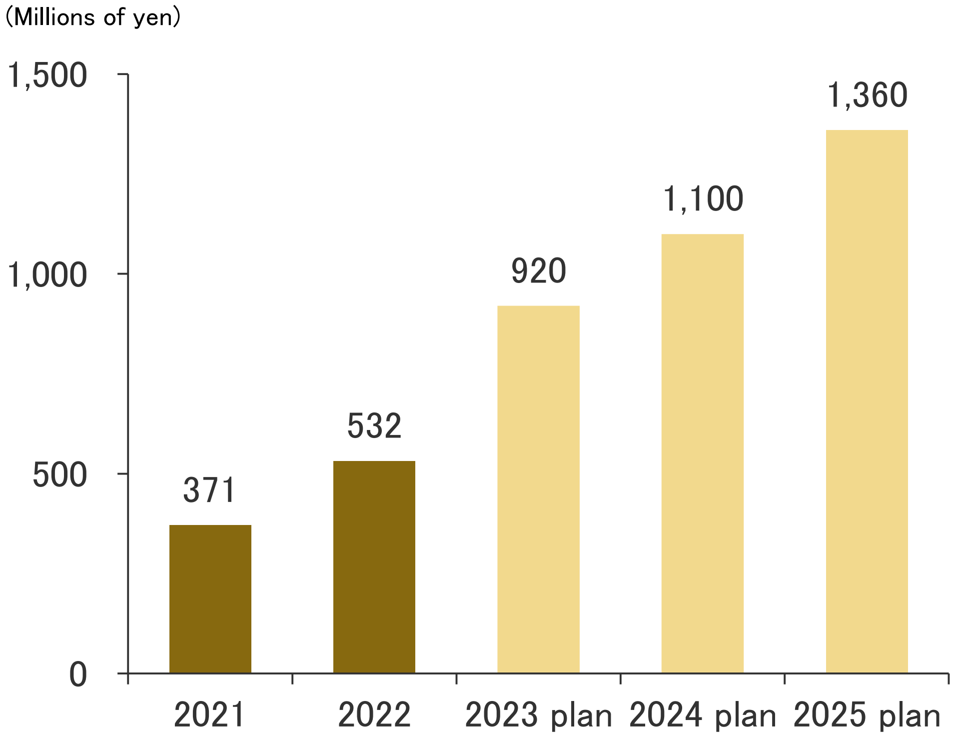
Creating new value	• Our sales subsidiary in opened a new sales branch in Bangalore after previously launching a similar facility in Pune. We're strengthening our face-to-face sales activities worldwide. • We're also strengthening assignments of personnel to overseas sales subsidiaries, for example by taking advantage of internal recruitment.
Building new production structures	• The Sakaki Plant, which opened the year before last, began operating at full scale as a facility dedicated to producing field measuring instruments. We completed a construction project to add floor space to the Head Office Plant and improved lines of movement. We expect to continue improving productivity going forward. • We continued to focus on communicating closely with suppliers in an effort to facilitate smooth production.
Building relationships for collaborating creatively with customers to forge a new society	• We're establishing a new Creative Collaboration Lab at the Innovation Center (construction will be completed in March 2023). We're equipping the facility with state-of-the-art technologies in the areas of hydrogen energy, batteries, and power electronics, and we're building relationships to enable creative collaboration with customers.
Building new supply chains	• We're implementing initiatives to reduce CO_2 emissions in our supply chains and at partner plants. • We're strengthening initiatives focusing on respect for human rights in our supply chains. • We're seeking cooperation through face-to-face dialog with suppliers at material procurement policy briefings.
Realizing new organizations	• We're planning human resources programs to help individual employees realize a sense of purpose. • We're implementing DE&I across the Group, and we've appointed personnel to spearhead that effort.

HIOKI

Strengthening Operations in the Indian Market

Creating new customer value

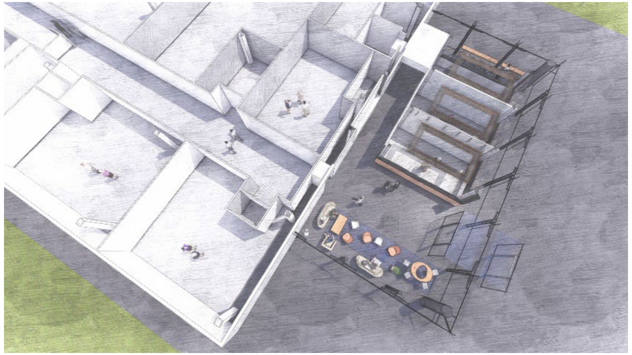




Measures to Strengthen R&D

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

New Creative Collaboration Lab
(To be completed in March 2023)



We're building an environment to foster joint research with customers in areas such as batteries, power electronics, and hydrogen.

Strengthening development of hydrogen-related technologies

JAPAN HYDROGEN ASSOCIATION

After joining LIBTEC* in 2021, we joined the Japan Hydrogen Association.

*Consortium for Lithium Ion Battery Technology and Evaluation Center (Director: Akira Yoshino)

Building new
production structures

Reassessing Production Structures to Improve Productivity

- Our Sakaki Plant, which opened in November 2021, is now fully operational as a field measuring instrument production facility.
- In 2022, we updated our Head Office Plant with a truck terminal, additional elevators, and other layout enhancements. Improved manufacturing lines of movement will help us shrink lead times.

Sakaki Plant


New truck terminal at the Head Office Plant

Management Targets

Operating profit on sales: 20%

Percentage of overseas sales: 70% or greater

Return on equity (ROE): 10% or greater

We've switched from recurring income rate to **operating profit on sales** as a management indicator since the latter facilitates direct judgments of business profitability.

HIOKI

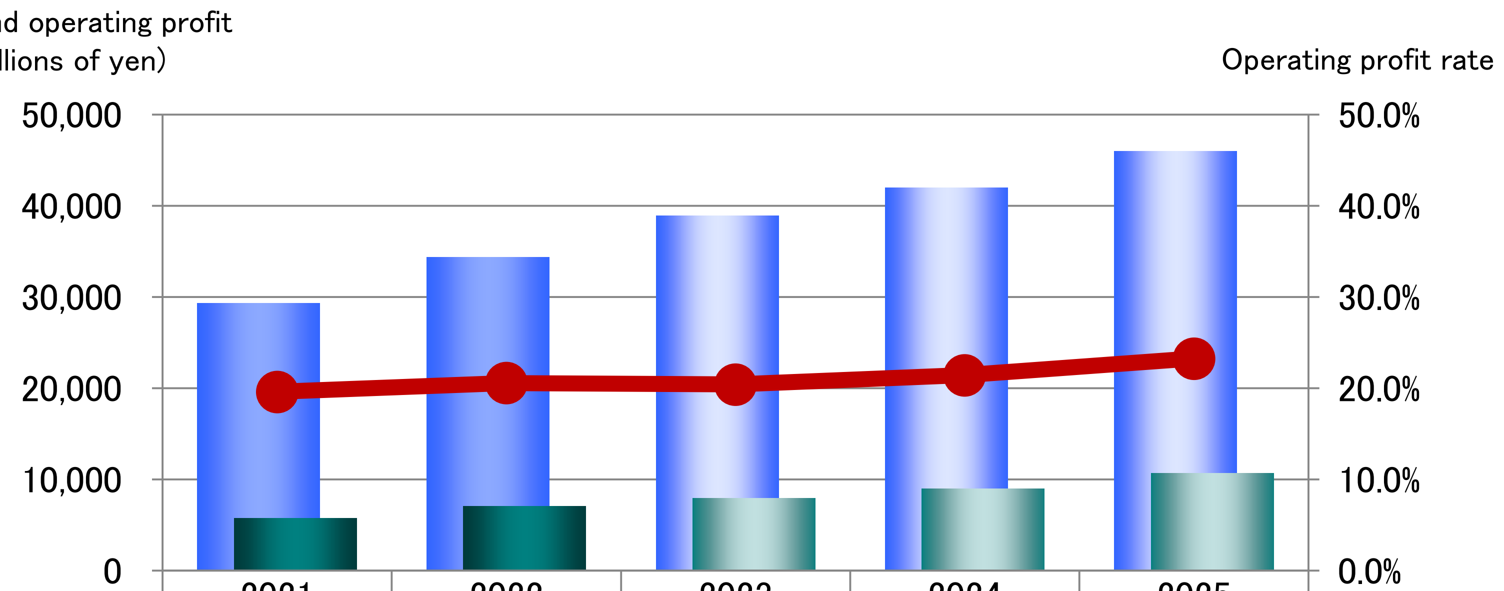
2023 Business Forecast

	2022		2023		
	Results (millions of yen)	Percent of sales (%)	Plan (millions of yen)	Percent of sales (%)	Year-on-year (%)
Sales	34,371		38,900		113.2%
Cost of sales	18,501	53.8%	20,800	53.5%	112.4%
Selling, general, and administrative expenses	8,799	25.6%	10,160	26.1%	115.5%
Operating profit	7,070	20.6%	7,940	20.4%	112.3%
Recurring profit	7,287	21.2%	8,080	20.8%	110.9%
Net income	5,330	15.5%	6,080	15.6%	114.1%
Earnings per share	¥390.47		¥445.39		

Mid-term Business Plan (2023 to 2025)

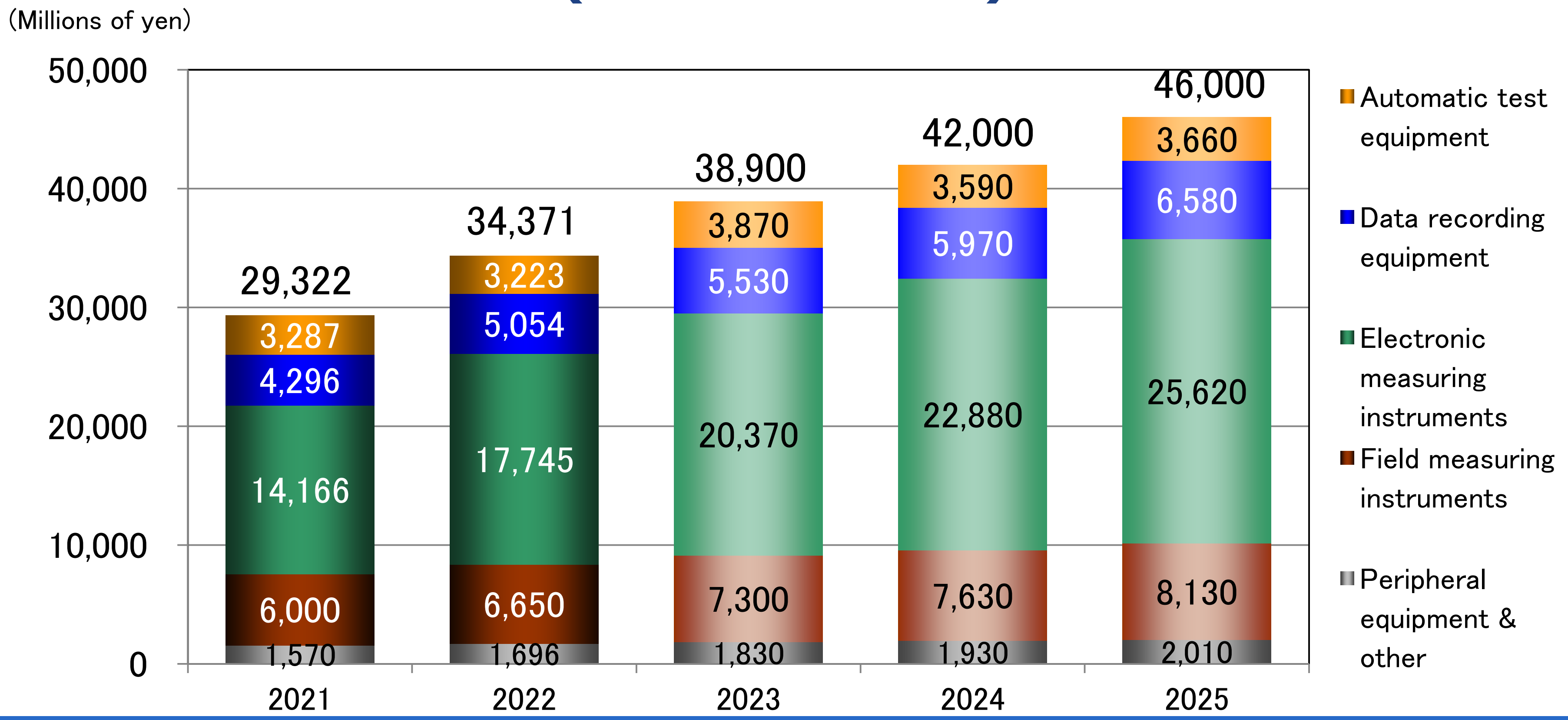
Exchange rate assumptions: 2023 business plan

USD	¥130
CNY	¥19



	2021	2022	2023	2024	2025
Sales	29,322	34,371	38,900	42,000	46,000
Recurring profit	5,750	7,070	7,940	9,000	10,700
Recurring profit rate	19.6%	20.6%	20.4%	21.4%	23.3%

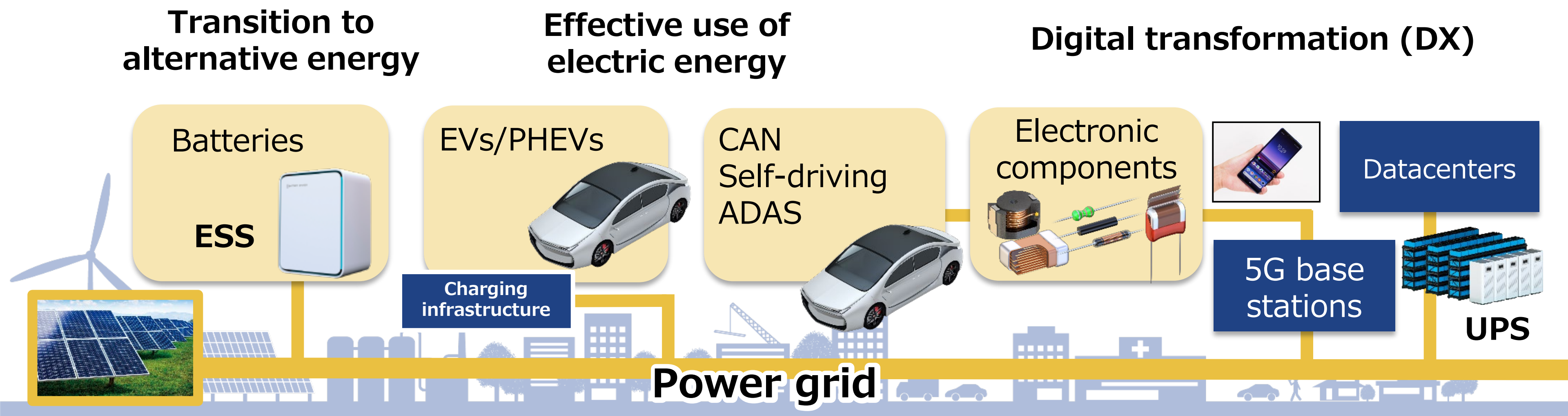
Mid-term Sales Plan by Product Category (2023 to 2025)



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
Effective use of electric energy

Contribution to the Battery Life Cycle

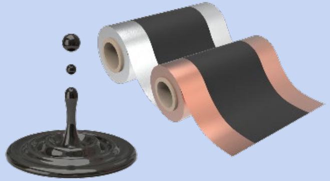
Electricity measurement technologies for improving battery performance

Hioki has leading market share in battery measurement.

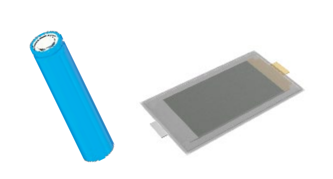
Massive investment in industry
Next growth sector

Rising interest in environmental issues and other social issues

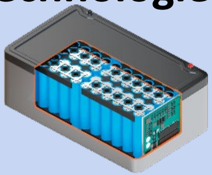
Battery materials



Battery cells



Module and pack technologies



Reuse Recycle

Electrochemical analysis

Battery testers

BMS testing

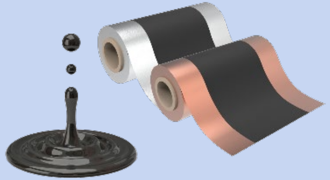
Degradation diagnostic technologies

Transition to alternative energy
Effective use of electric energy

Contribution to the Battery Life Cycle

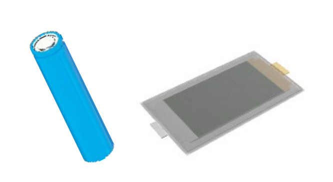
Electricity measurement technologies for improving battery performance

Battery materials



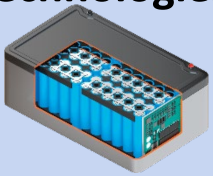
Hioki has leading market share in battery measurement.

Battery cells



Massive investment in industry
Next growth sector

Module and pack technologies



Rising interest in environmental issues and other social issues

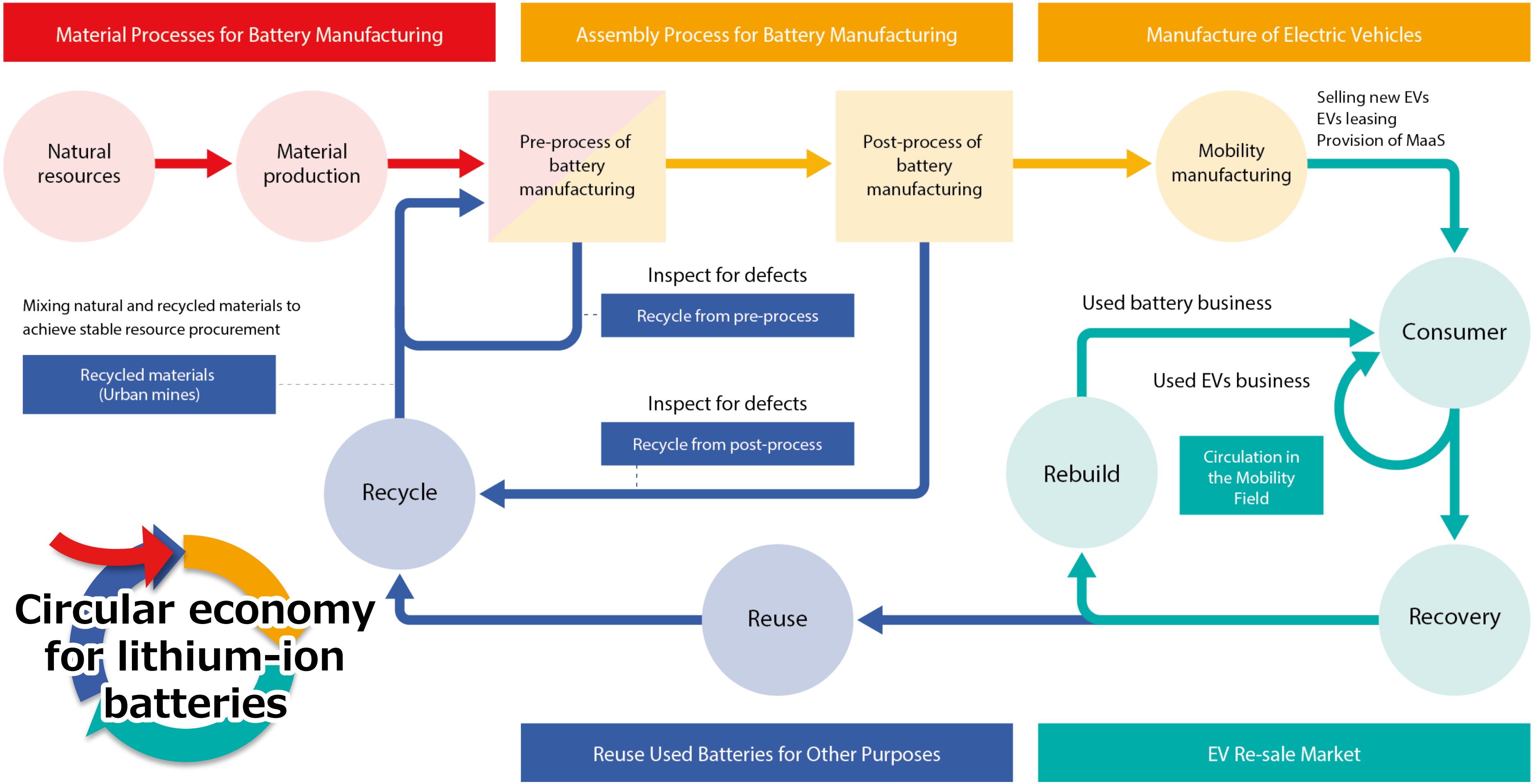
Reduce
Reuse
Recycle

Electrochemical analysis

Battery testers

BMS testing

Degradation diagnostic technologies

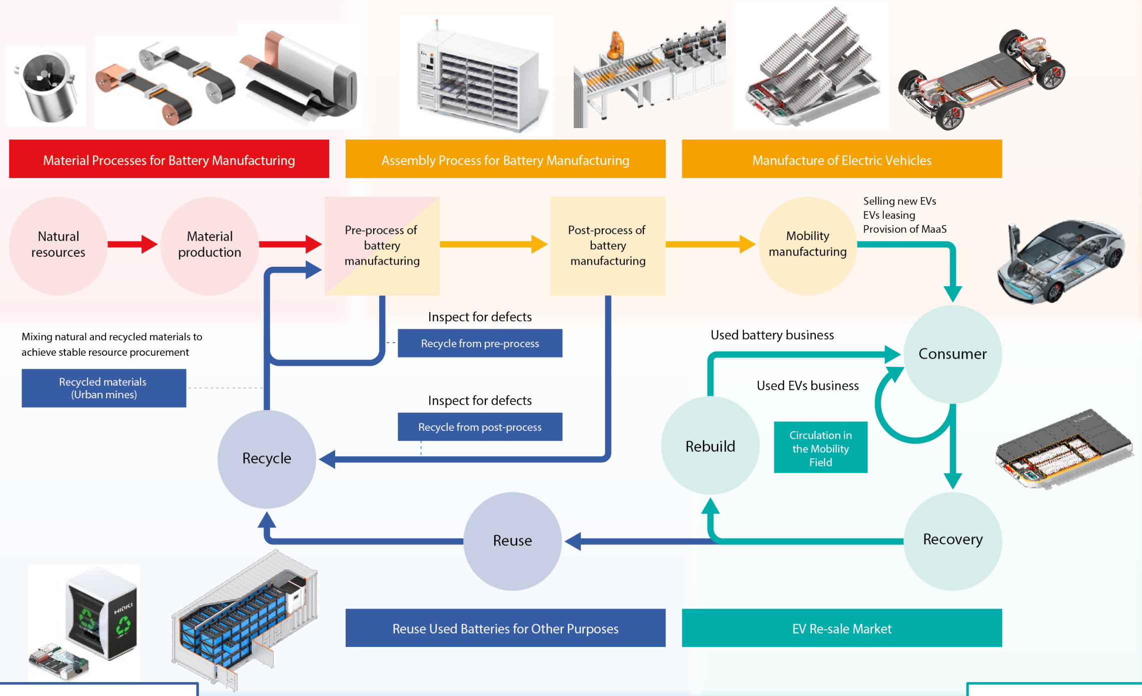

Material Processes for Battery Manufacturing
Assembly Process for Battery Manufacturing
Manufacture of Electric Vehicles
Natural resources
Material production
Pre-process of battery manufacturing
Post-process of battery manufacturing
Mobility manufacturing
Selling new EVs
EVs leasing
Provision of MaaS
Mixing natural and recycled materials to achieve stable resource procurement
Recycled materials (Urban mines)
Inspect for defects
Recycle from pre-process
Inspect for defects
Recycle from post-process
Recycle
Used battery business
Consumer
Used EVs business
Rebuild
Circulation in the Mobility Field
Recovery
Reuse
Circular economy for lithium-ion batteries
Reuse Used Batteries for Other Purposes
EV Re-sale Market

Creating high-performance batteries

- Developing instruments that are the first of their kind in order to judge optimal manufacturing processes
- Joining LIBTEC

Supplying safe, high-quality batteries

- Developing a “three brothers” approach to battery safety testing



Connecting technology with society

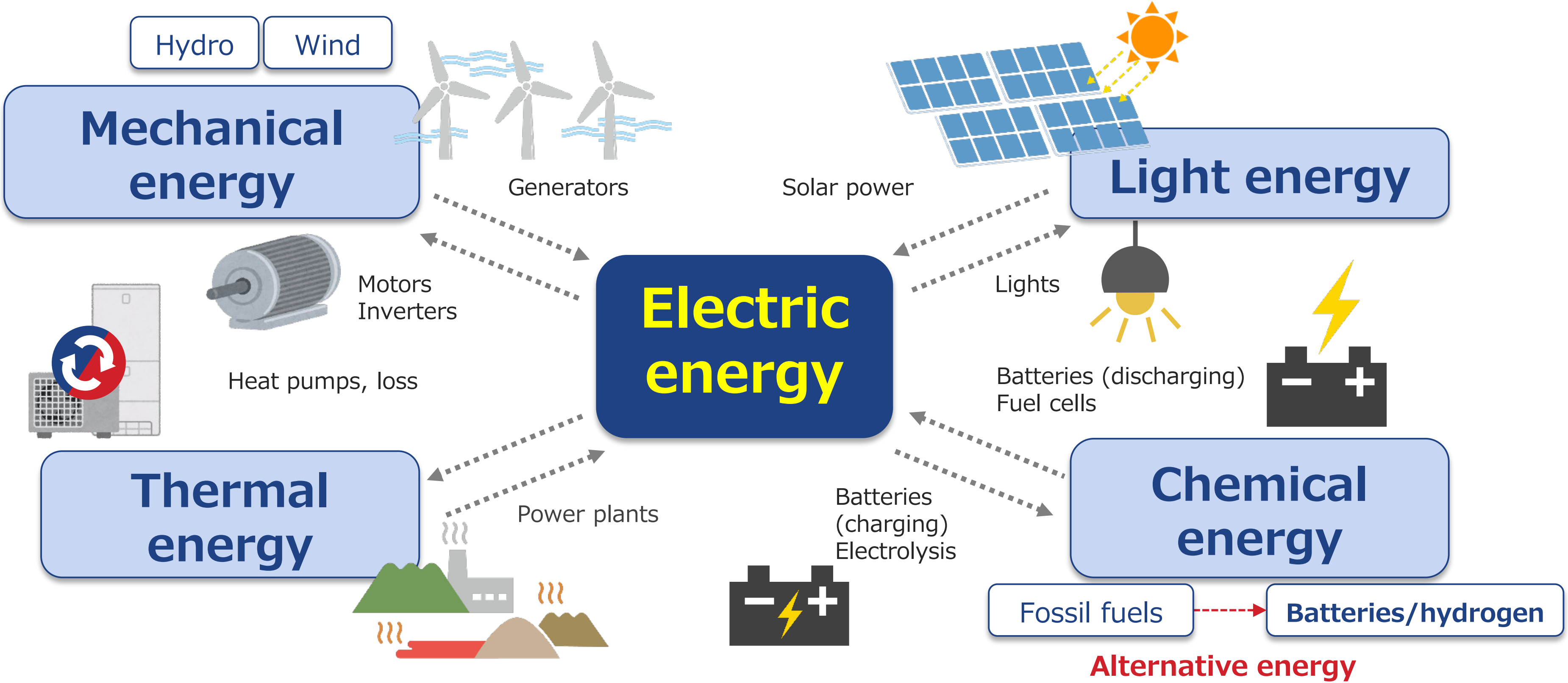
- Joining consortiums
- Partnering with companies in different industries

Using resources effectively

- Developing new technologies for measuring battery packs directly

Transition to alternative energy
Effective use of electric energy

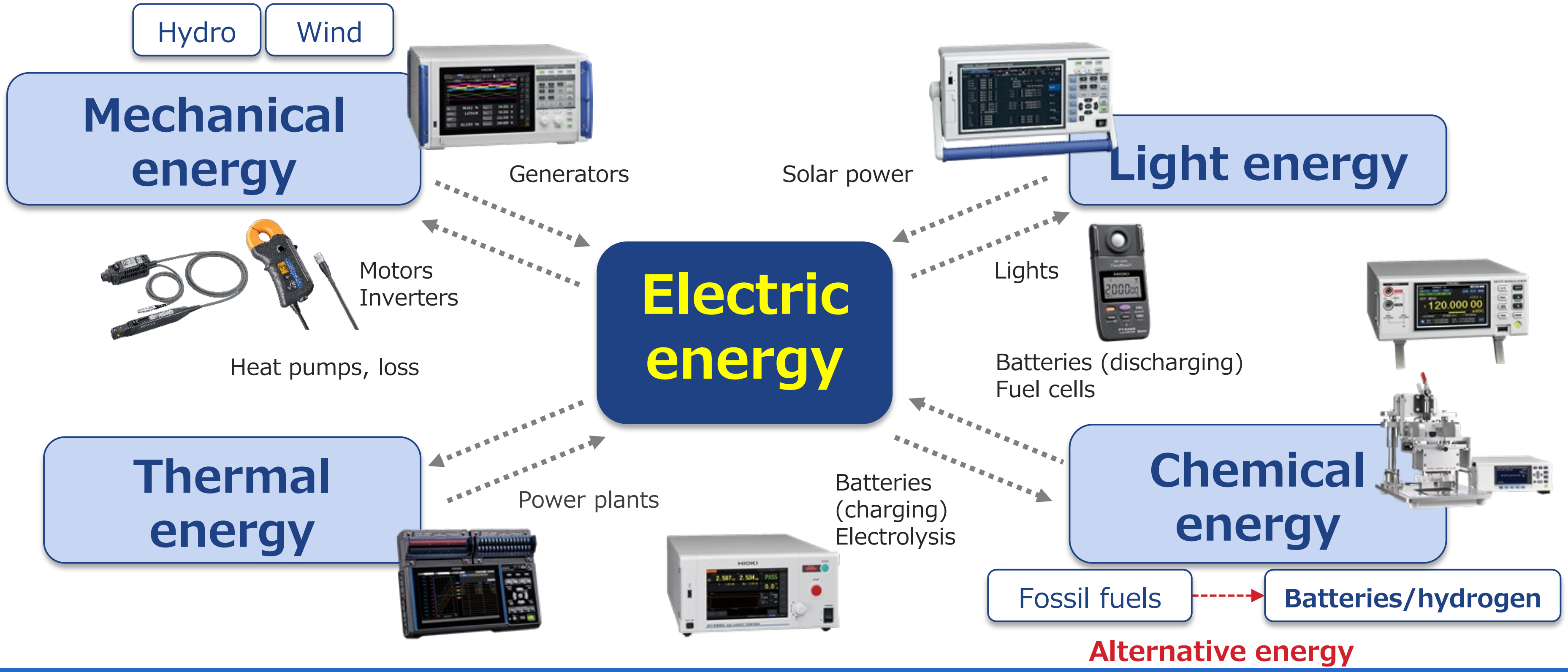
Resolving Societal Issues through Electrical Measurement



HIOKI

Transition to alternative energy
Effective use of electric energy

Resolving Societal Issues through Electrical Measurement



Planned DX Initiatives

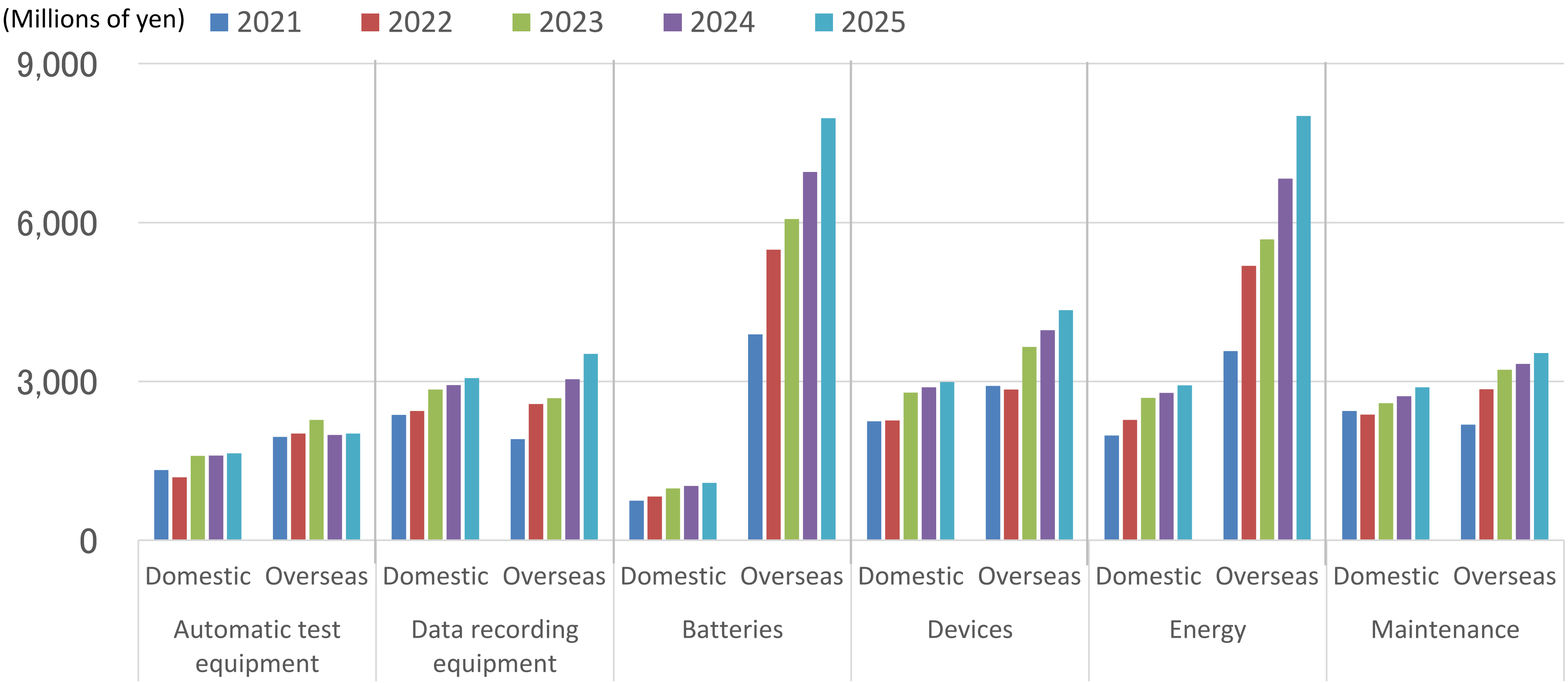
External (Customers)

- Enhancing software services (GENNECT Cloud)
- Strengthening over-the-air (OTA) updates

Internal (Hioki)

- Strengthening internal security structures
- Updating core systems

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

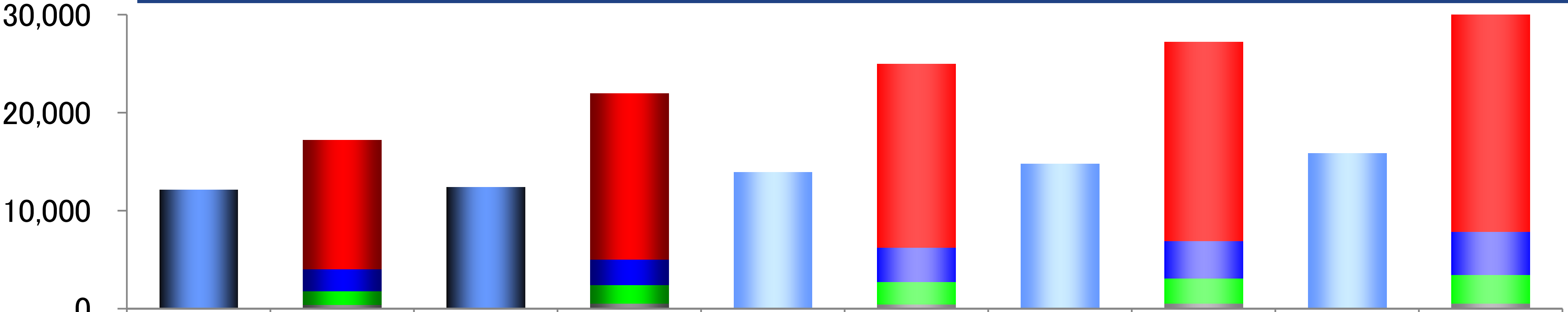


Export Mid-term Sales Plan (2023 to 2025)

Export sales as a percentage of total sales

2021	2022	2023 plan	2024 plan	2025 plan
58.6%	63.9%	64.2%	64.8%	65.5%

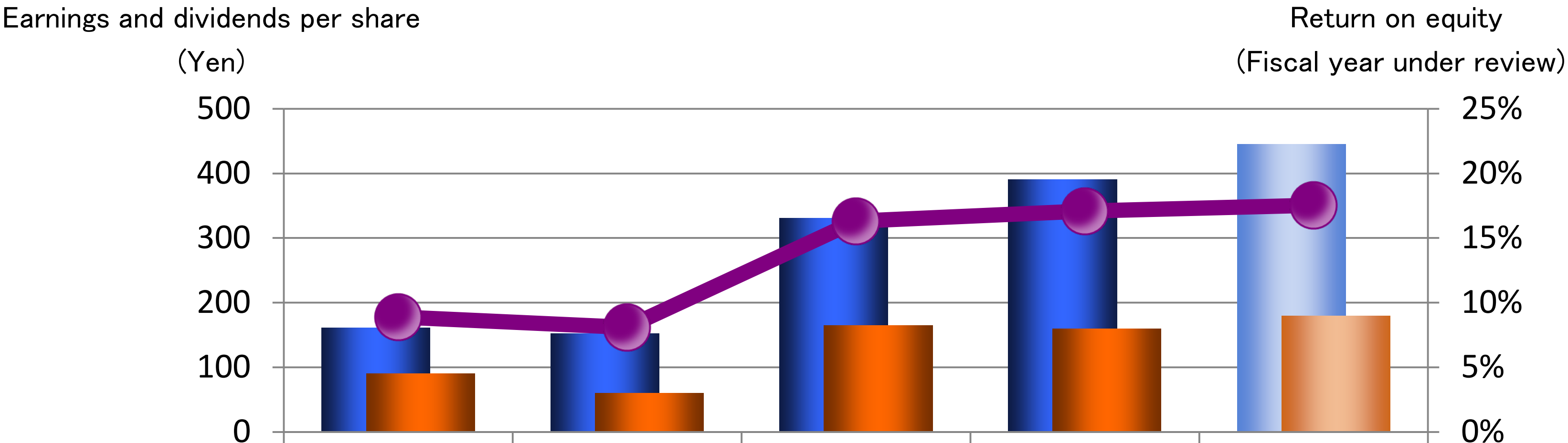
(Millions of yen)



	2021 Domestic	2021 Export	2022 Domestic	2022 Export	2023 plan Domestic	2023 plan Export	2024 plan Domestic	2024 plan Export	2025 plan Domestic	2025 plan Export
Japan	12,134		12,400		13,920		14,780		15,870	
Asia		13,137		16,954		18,740		20,290		22,300
Americas		2,234		2,619		3,520		3,820		4,360
Europe		1,416		1,859		2,310		2,590		2,920
Other		397		537		410		520		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%.



	2019	2020	2021	2022	2023 forecast
Earnings per share (EPS)	161	152	331	390	445
Dividends per share (yen)	90	60	165	160	180
Return on equity ROE)	8.9%	8.1%	16.3%	17.1%	17.5%

E

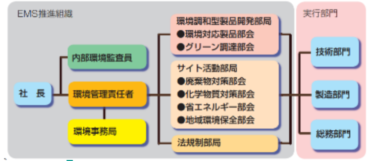
Sustainability Timeline

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

1986 → 1990 → 1995 → 2000 → 2005 → 2010 → 2015 → 2020 → 2025 → 2030 → 2035

Hioki Forest Hills → **Local afforestation program** → **Hioki Scholarship and Greening Foundation** → **Tree-planting in Kenya** / **Green Point program**

Zero-waste campaign

Reduction in food waste

Tree-planting by overseas sales companies

Health Promotion Center

Platinum Kurumin

Transition to CO_2-free power at plants
Planned installation of 2 MW solar power system

Publication of Integrated Report

E

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 2025.

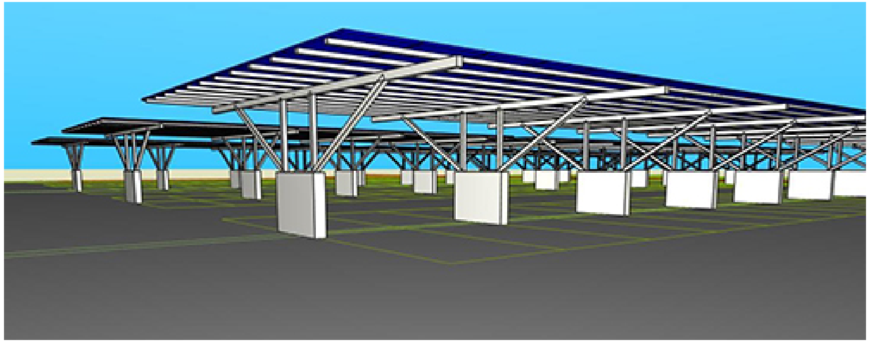
HIOKI

Decarbonization Initiatives

- Transition to CO_2-free power at the Head Office Plant in 2021, and at the Sakaki Plant in 2022.

Head Office Plant

- Install a 2 MW solar panel-equipped carport at the Head Office Plant so that we can generate about half the electricity used by the Head Office ourselves.



Solar panel-equipped carport
(Artist's conception; we plan to start construction by the end of 2023 and complete the project in 2025.)

Hioki Programs That Support Individuals' Sense of Purpose

Career autonomy

1. Hi-Challenge program

A set of mechanisms that lets employees embrace challenges like job changes and projects

2. Career training and consultations

A set of mechanisms that helps employees think about their own career and sense of purpose

3. Hi-Career program (under development)

A program that will allow employees to think about their own sense of purpose and career plan and then choose their own workstyle and approach to creating market value

“We manage the company in an employee-first manner in which the priority is on individual purpose and maximizing their individuality will drive the company's growth.”

new organization with a laboratory function that aims to create new value by measuring actual products in our testing lab. The Hioki Innovation Center will also be equipped with a functionality that enables the actual experience of measurement in a creative collaboration with customers. We have also joined an external organization to work with customers from the development stage of battery materials.

4. Building new supply chains

To contribute to a sustainable society starting from the supply chain, we have revised our basic procurement policy. We also set targets for Scope 1, 2, and 3 of the GHG Protocol to strengthen sustainability. As Scope 3 cannot be achieved without the cooperation of suppliers, as a manufacturer of electrical measuring instruments, we will support the visualization of energy consumption of each company.

5. Realizing new organizations

To respond to changes in the external operating environment, we have changed our technical development and manufacturing divisions into a business and market-oriented organization.

In order to drive the maximization of individual potential, we have created a system that will foster this by allowing each employee to choose which area motivates them while also respecting their individual sense of purpose (their will to do something, realize goals, take on challenges, make contributions). We also have a study program that enables employees to develop their careers at overseas sales subsidiaries. We believe that customer recognition and appreciation are important in fostering a sense of fulfillment, and we expect that these efforts will produce the next seeds that will lead to winning customer recognition.

Sustainability initiatives

Based on its corporate philosophy, Hioki has long been engaged in activities to contribute to the realization of a sustainable society, and in 2022 we formulated the Basic Sustainability Policy to disseminate that intention both inside and outside the company. Sustainability has two axes, sustainability as a manufacturer and sustainability as a social institution, and we believe that both must be embodied through the measuring business.

A Managing Executive Officer who is the Chief Technical Officer and Chief Information Officer has been appointed as the person in charge of promoting sustainability, as efforts to promote collaboration throughout the Hioki Group are being further accelerated.

Management focused on individual purposes

To grow sustainably into an industry frontrunner, we need to be able to turn small corners faster than anyone else, create new measurement and test standards, and compete in niche markets. The growth of our employees is an essential part of achieving this goal.

Individuals are the most important factor in realizing our vision, which is rooted in the principles of “Respect for Humanity” and “Contribution to Society,” and maximizing their individuality will give rise to a stronger drive to achieve our vision. That is why Hioki's aim is to manage the company in an employee-first manner in which the priority is on individual purpose. The company will continue with its updates to create new value and actively promote the appointment of younger employees.

Looking ahead, we will continue to invest in the development of an environment for collaborative creation with customers and in the exploration of new businesses, and by further strengthening corporate governance. We will enhance trust in Hioki and realize our individual purpose to become a company that is “Beyond Measure.”

July 2022

Takahiro Okazawa
President

In order for Hioki to become an industry frontrunner as a company that continues to develop, we need each and every employee to become a solution creator and consistently contribute to society.

Initiatives to Strengthen Human Capital

Human resources program reforms	Recognition by outside entities
2011 Age of retirement extended to 65 (progressively in steps by 2025). 2012 Compensation for veteran employees improved. 2017 Ongoing reemployment program for employees of up to 70 years of age introduced. Human Resources Department launched. 2018 **New human resources program started.** (Leveraging individual growth for corporate growth) 2019 Human resources policy formulated. 2020 Compensation of veteran employees improved. **Career training started.** 2021 Annual salary for managers introduced. **Hi-Challenge program launched (open to employees).** 2023 **Hi-Career program development begun** with the Human Resources Department manager serving as the DE&I promotion officer.	2018 Hioki earns Kurumin certification as a parenting-friendly company (2020: Platinum certification). 2020 Hioki earns Eruboshi certification, the highest level, from the Minister of Health, Labour and Welfare. 2021 Hioki is chosen as a Great Place to Work and as a Best Company in the medium-size enterprise category in the GPTW 2022 edition. Hioki is chosen as an Advanced Positive Workplace Company as part of the Workplace Environment Improvement Promotion Program. 2022 Hioki receives the Best Future Generation Support Company Award from the Alliance of Governors in Support of Future Generations for Japan.

Strengthening Corporate Governance Structures

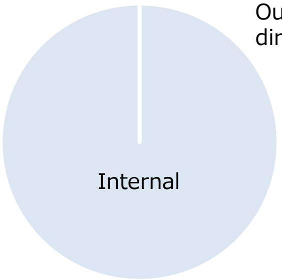
■ Strengthening of structures

- 2001 Listed on Section 2 of the Tokyo Stock Exchange; Executive officer system introduced
- 2002 Management Advisory Committee established
  - Sho Masujima (formerly Executive Director, TDK)
  - Junjiro Tomosawa (Vice Chairman, Asahi Glass)
- 2003 Listed in Section 1 of the Tokyo Stock Exchange
- 2009 Management Advisory Committee membership changed
  - Ken'ichi Mori (formerly Managing Director, Toshiba)
  - Takao Isoyama (formerly Vice President, Tokio Marine Nichido)
- 2013 Management Advisor Committee abolished, outside director added
  - Yasuo Nakagami (formerly Managing Director, Mitsubishi Heavy Industries)
- 2015 Outside director added
  - Sakuzo Nakatani (formerly
  - President, Nissin Kogyo)
- 2016 Management Advisory Committee reestablished; members: five, including two outside directors
- 2021 Management Advisory Committee abolished Nomination and Compensation Committees established
  Members: Three, including two outside directors
- 2022 Listed in the Prime Market of the Tokyo Stock Exchange
- 2023 Two outside directors added (One of the four is a woman.)

■ Changes in Board of Directors makeup

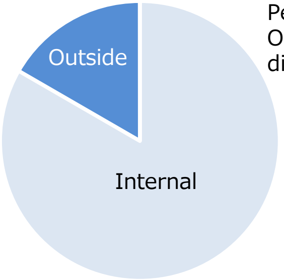
February 2001

Internal: 7
Percentage of Outside directors: 0%



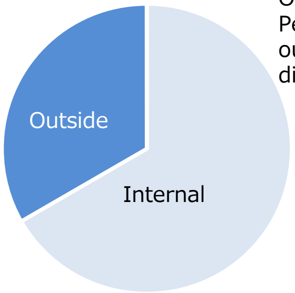
February 2013

Internal: 5
Outside: 1
Percentage of Outside directors: 17%



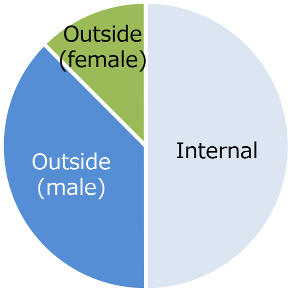
February 2015

Internal: 4
Outside: 2
Percentage of outside directors: 33%



February 2023

Inside (male): 4
Outside (male): 3
Outside (female): 1
Percentage of outside directors: 50%



We're planning to publish our second Integrated Report (in July 2023).

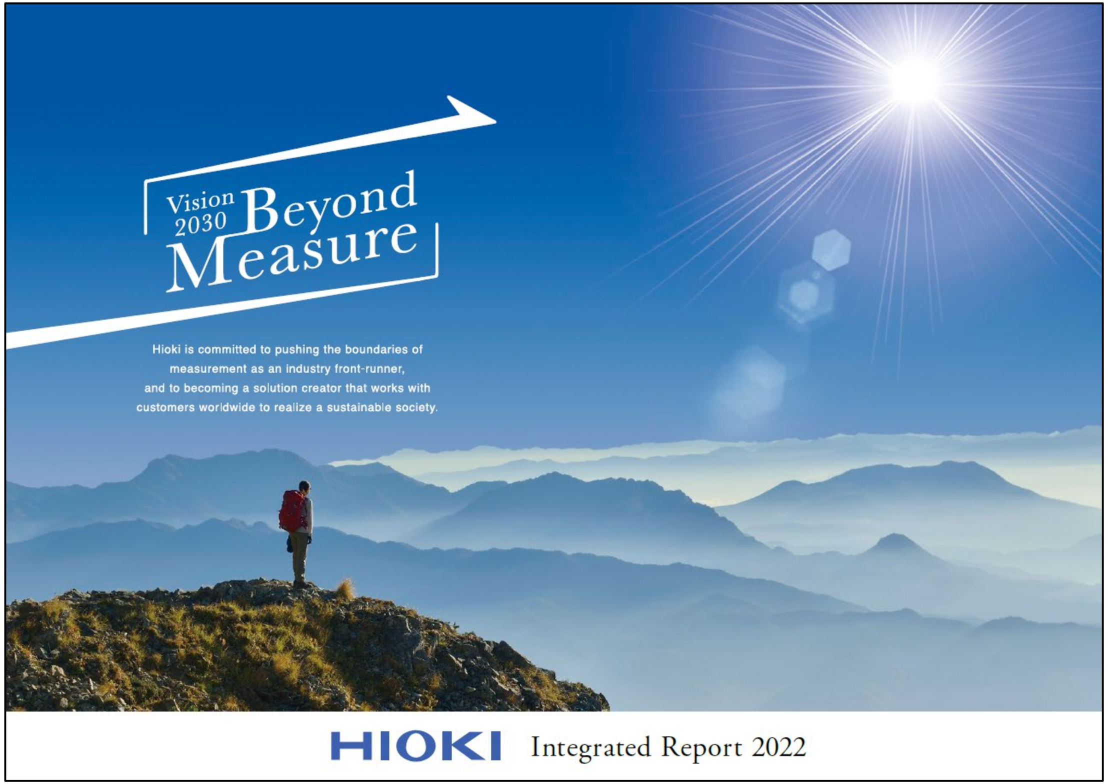


Image: Last year's report, our first

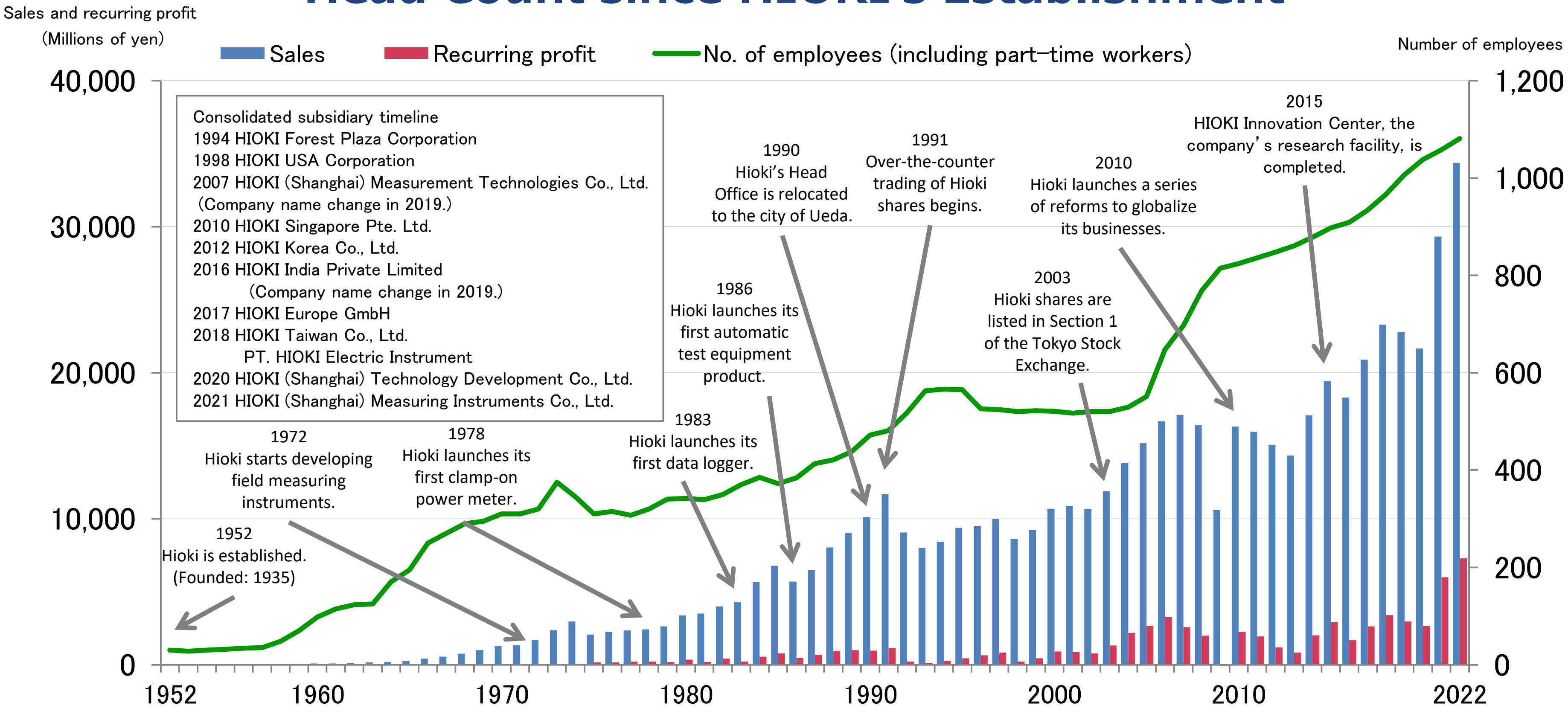
Going forward, we will contribute to the realization of a sustainable society by providing high-quality products and services for use in customers’ decarbonization initiatives as we strive to realize Vision 2030.

4. Reference Materials

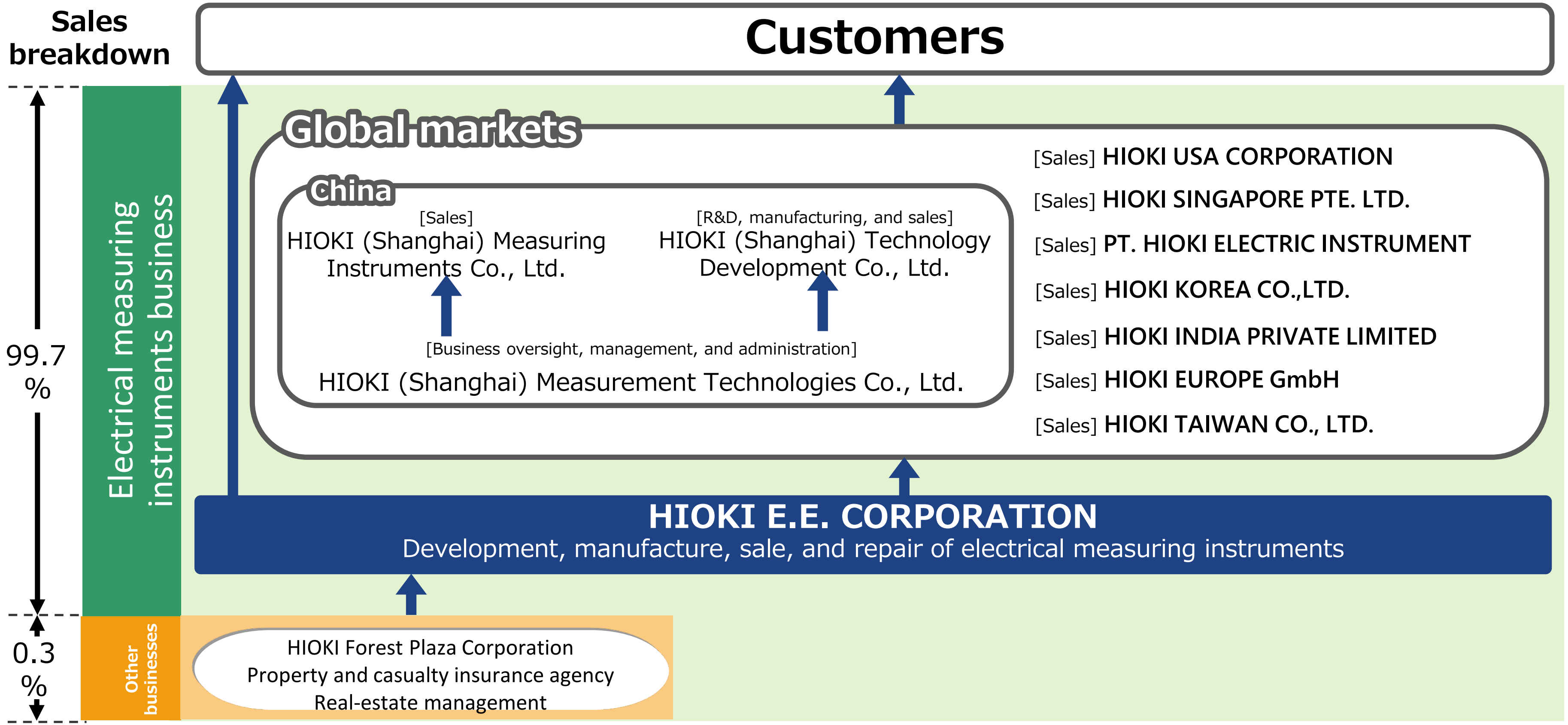
Photograph: HIOKI Forest Hills

Performance and Employee Head Count since HIOKI's Establishment

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



HIOKI Group Business Diagram



HIOKI

Reference Materials

Reference Materials

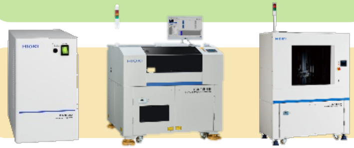
Major Fields in Carbon-neutral Industry

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)

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.

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.

HIOKI's Expanding Products and Markets

We strive to grow and develop by expanding product launches in every market and by creating new product categories.

Key markets

Key markets	Energy	Devices	Batteries Automotive	Infrastructure
Automatic testing equipment		Smartphones, 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				

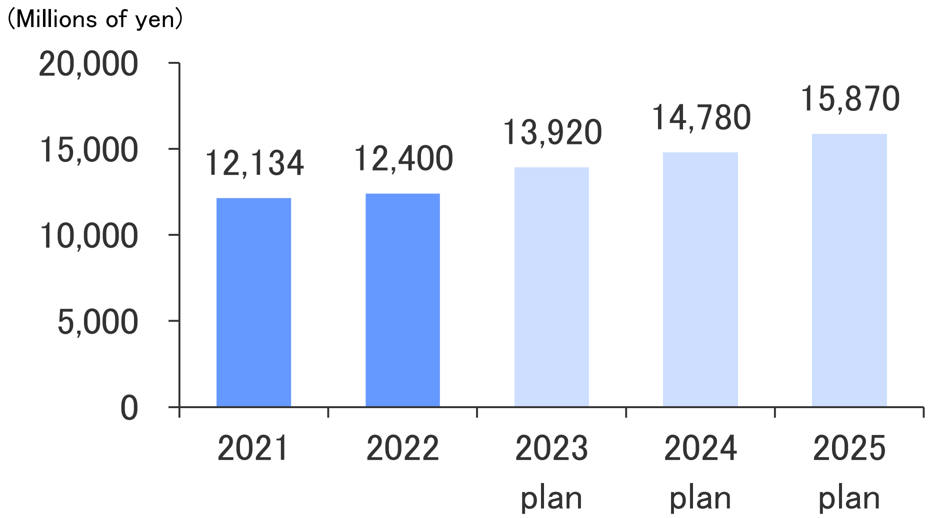
Research and education | Medicine | Food | Agriculture | Service and lease | Electrical machinery | Untapped markets

2022 Market Conditions by Product Group

Automatic test equipment		●Sales of unpopulated circuit board testing systems remained strong thanks to sophisticated requirements in the semiconductor market, where the move to ever-finer-pitch designs continues. ●Sales of populated board testing systems remained strong thanks to sophisticated requirements in the automotive market, where the trend towards electrification continues.
Data recording equipment		●Demand for high-speed, high-resolution data recorders rose thanks to increasingly sophisticated energy management in global markets. ●Sales of high-dielectric-strength multichannel data loggers for use in battery evaluation continued to enjoy substantial growth.
Electronic measuring instruments	Batteries	●Capital investment remained brisk, particularly in the Chinese and Korean markets, and extended to other regions, including Europe and India. ●We launched a series of new products such as testing equipment designed to boost the safety of lithium-ion batteries for EVs.
	Devices	●Investment in high-voltage, high-reliability components for xEVs was robust. ●Investment in mass production by overseas electronic component manufacturers weakened as a result of declining smartphone and PC demand.
	Energy	●Hioki maintained a high rate of growth in the electrical energy measurement field, where we enjoy competitive advantages, thanks to the ongoing move towards decarbonization. ●We launched a new series of current sensors that deliver even higher-reliability measurement.
Field measuring instruments	Maintenance	●We enhanced our line of field measuring instruments with IoT support in order to improve work efficiency in the field. ●We added functionality to our software suite allowing IoT-capable field measuring instruments to connect to the cloud from around the world and provided services that improve work efficiency worldwide.

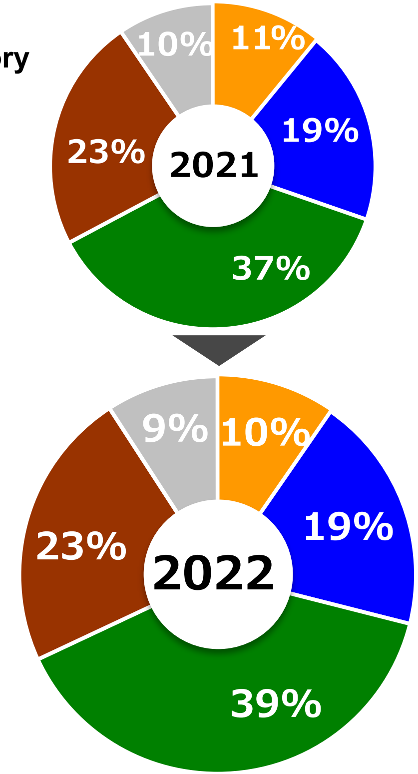
Actual and Forecasted Sales by Geographic Region: Japan

- We launched a technical consultation service. Expert user experience designers are carrying out sales activities to bring innovation to bear on customers' latent issues.
- We anticipate demand in the electronic device, xEV, battery, and new energy fields as the move away from carbon accelerates.



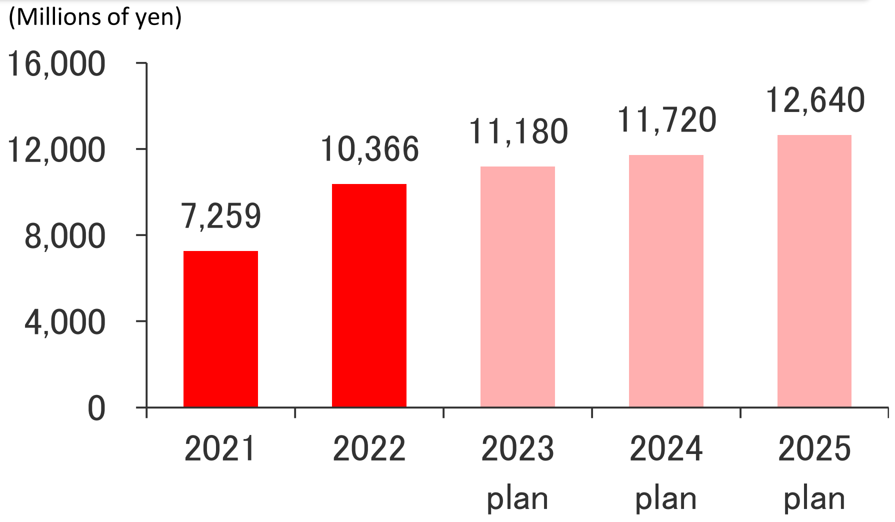
Sales Ratio by Product Category

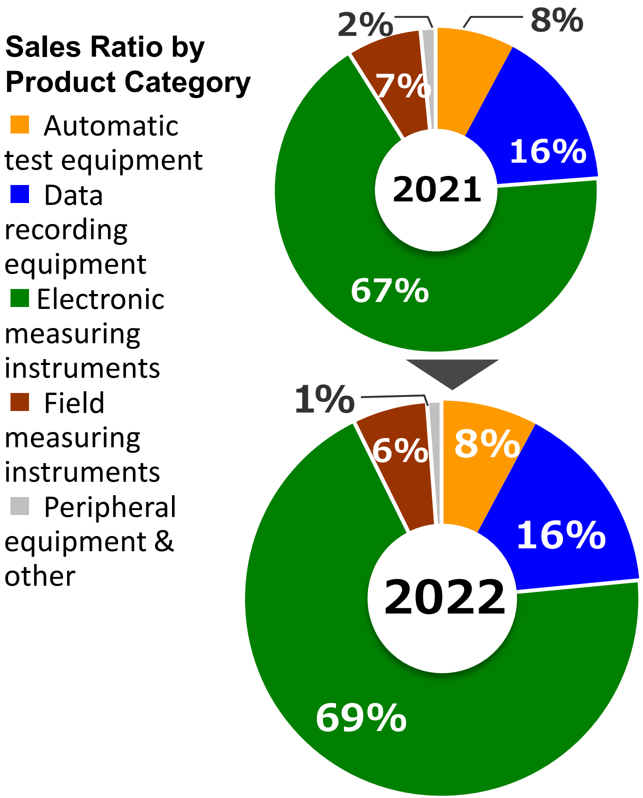
- Automatic test equipment
- Data recording equipment
- Electronic measuring instruments
- Field measuring instruments
- Peripheral equipment & other



Actual and Forecasted Sales by Geographic Region: China

- The battery industry continues to enjoy bullish performance. Sales in the industry are permeating from power conditioners to the EV power measurement field.
- We will maintain our position as a leader in the battery industry by increasing sales in markets including power, healthcare, and university research while focusing on EVs and new energy.

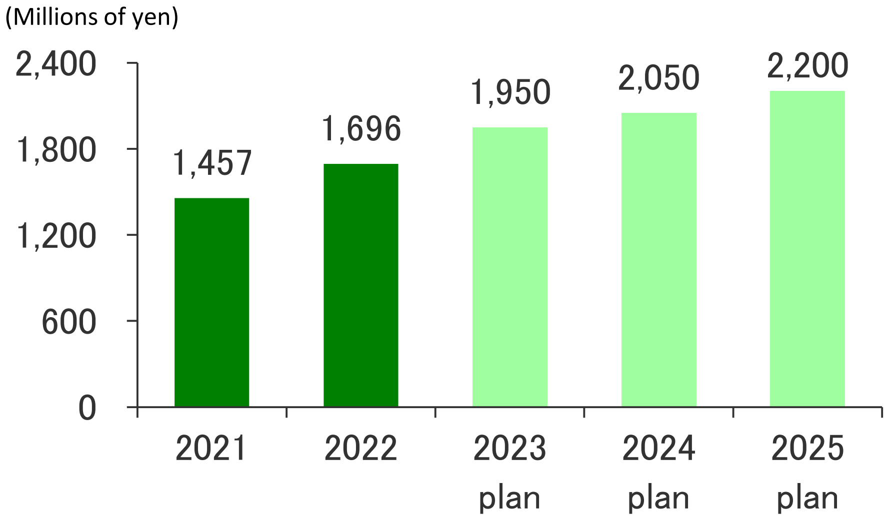


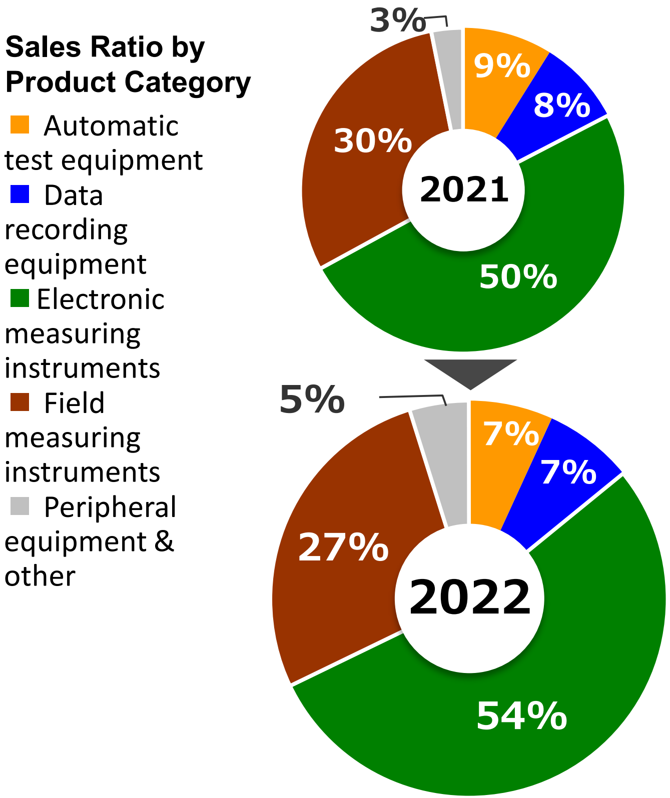


HIOKI

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

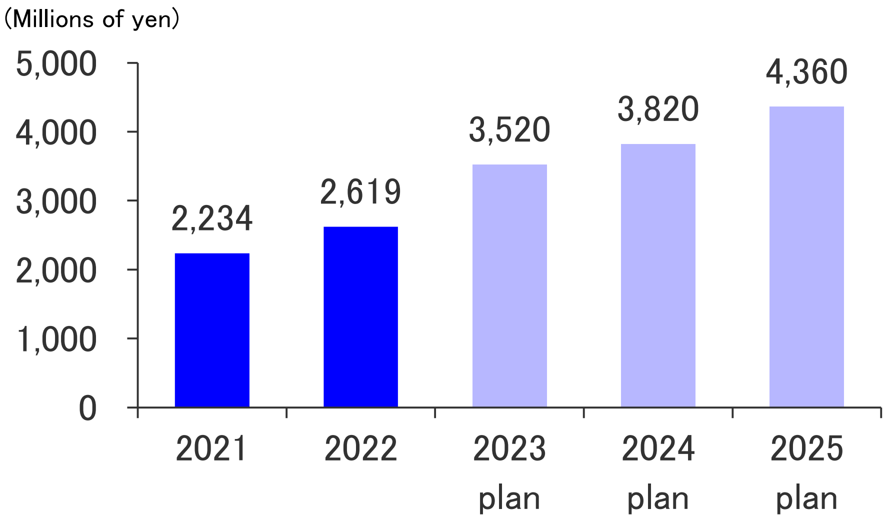
- We're developing battery and EV markets in the region's countries and focusing on building relationships with customers.
- We will strive to cultivate new markets, including infrastructure and educational institutions, as investment in decarbonization accelerates.

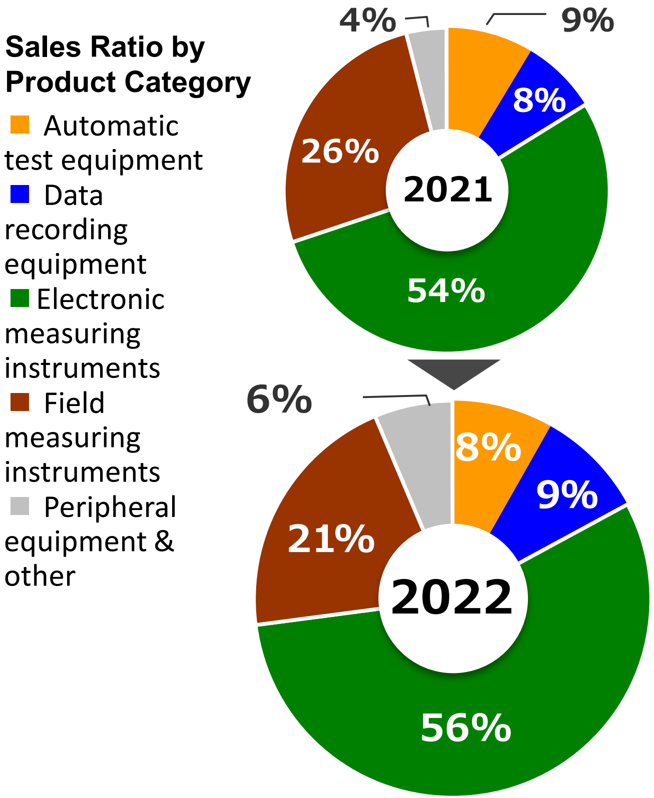




Actual and Forecasted Sales by Geographic Region: U.S.A. (North and South America)

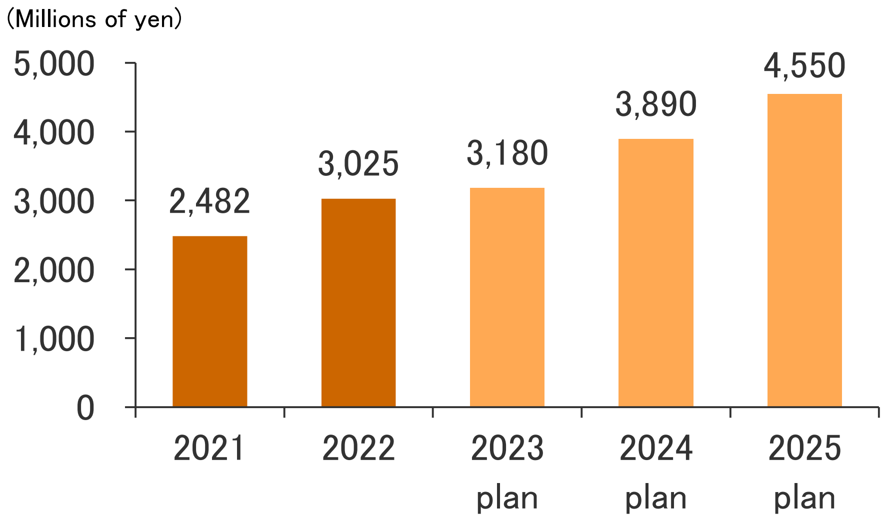
- Investment in decarbonization and energy, for example in EV-related industries and next-generation battery development, is accelerating.
- We will focus on strategic customers in the decarbonization and energy markets.

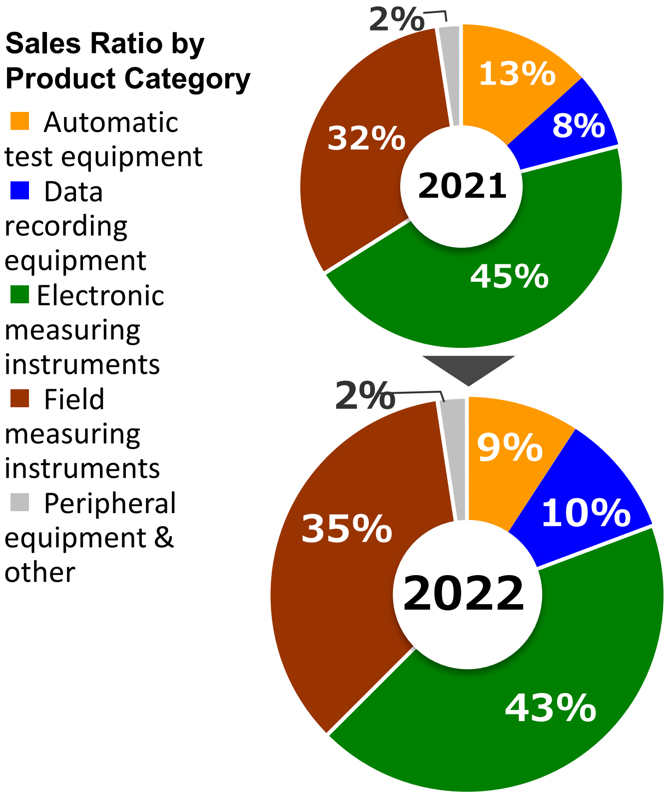




Actual and Forecasted Sales by Geographic Region: South Korea

- Capital investment by battery manufacturers continues.
- We will work to increase sales in the electrification business (inverter development and motor development markets, systems, and defense).

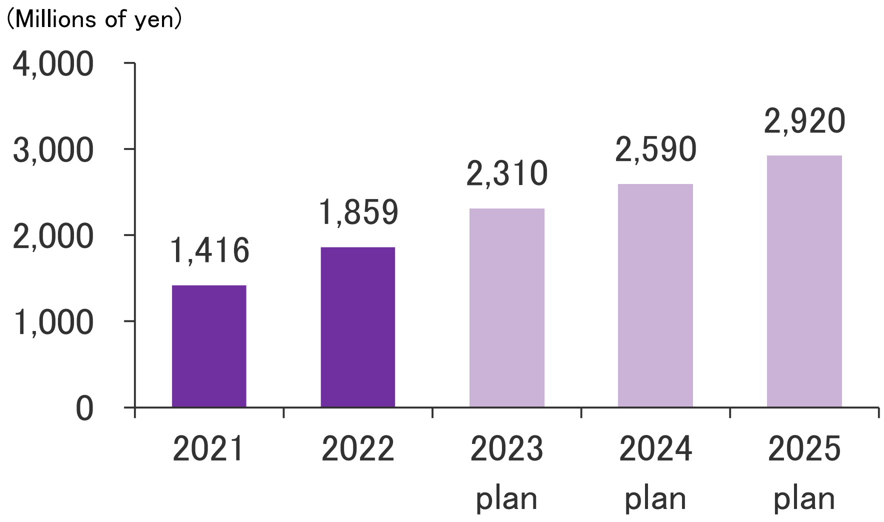


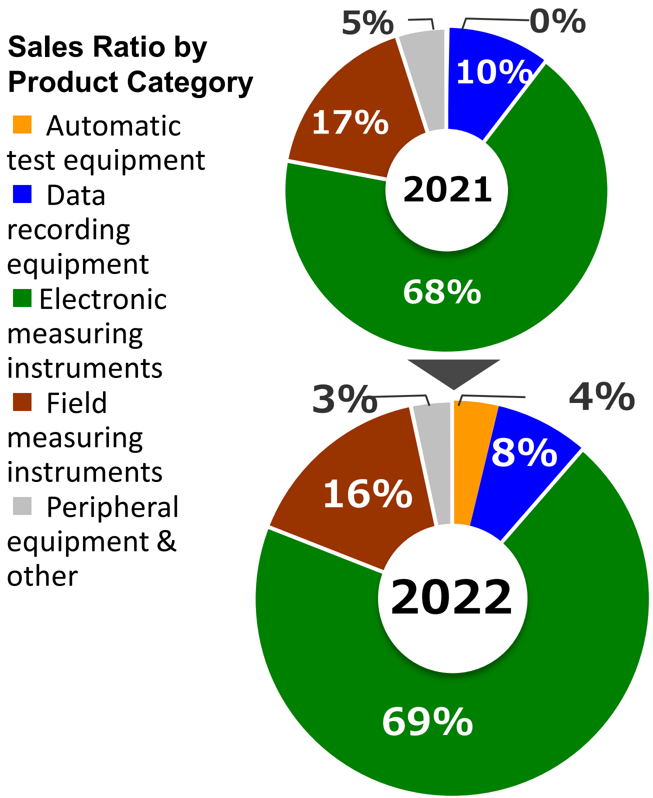


HIOKI

Actual and Forecasted Sales by Geographic Region: Europe

- Although business conditions are being destabilized by high inflation, investment in realizing a decarbonized society remains robust.
- We will continue promotional efforts targeting the EV and battery markets as we look to foster permeation of the Hioki brand.

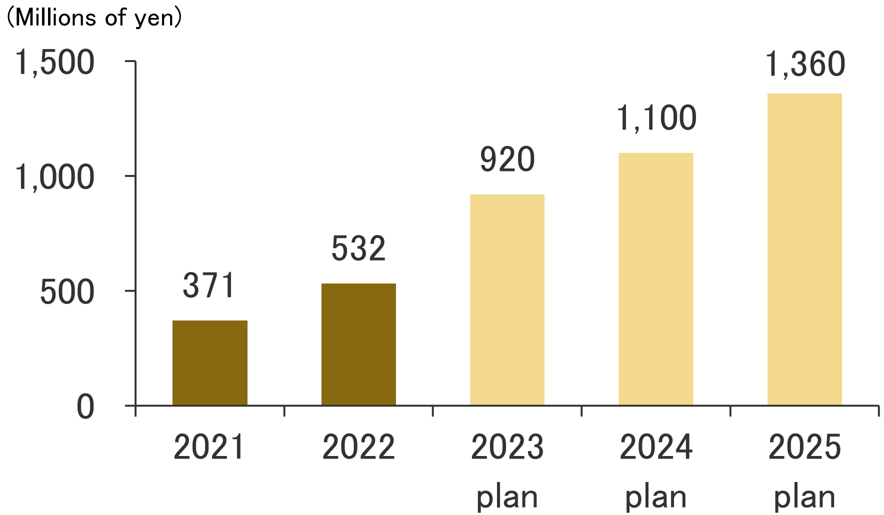


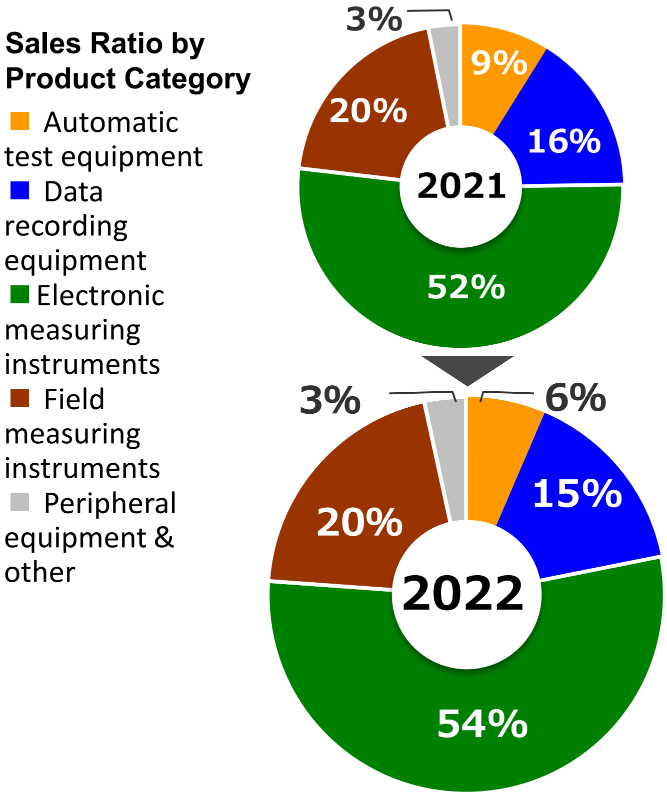


HIOKI

Actual and Forecasted Sales by Geographic Region: India

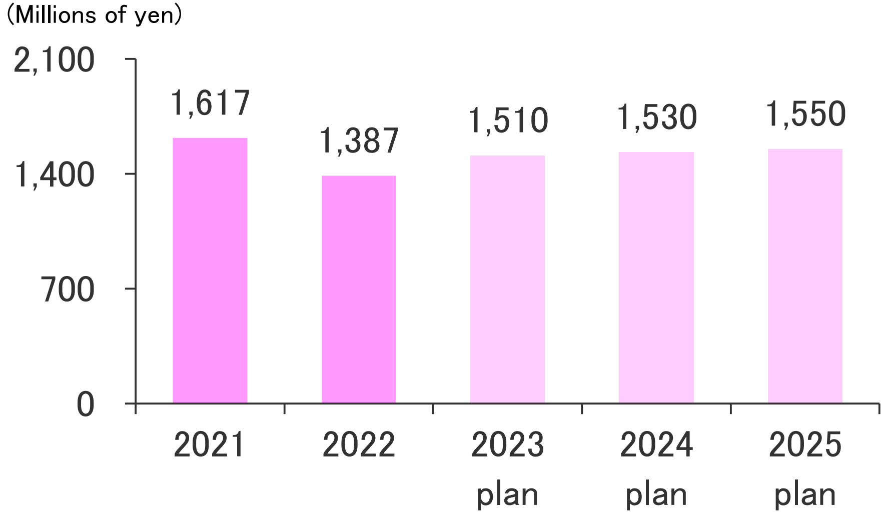
- Investment in the manufacturing industry is expected to grow as a result of the government's "Make in India" policy.
- Local production of batteries is accelerating. We're working with equipment manufacturers. Investment in engineer education is also increasing.
- Investment in the EV industry is accelerating, and demand is expected to grow.

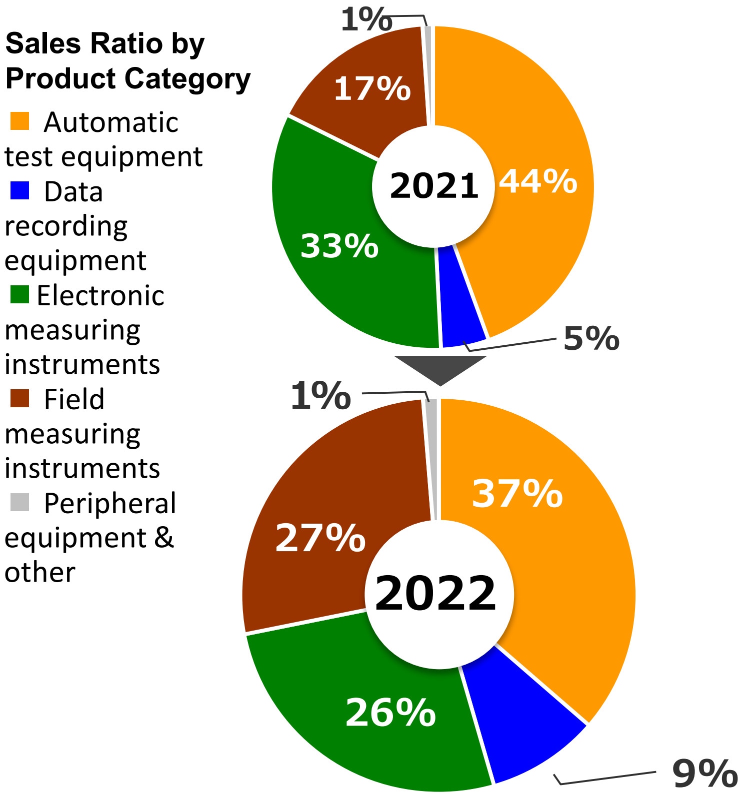




Actual and Forecasted Sales by Geographic Region: India

- Capital investment is expected to rise during the second half thanks to a recovery in the device market.
- We will continue to focus on the battery, energy, and electronic device (including semiconductors) markets.
- We will provide valuable services by strengthening our technological capabilities and field repair services.

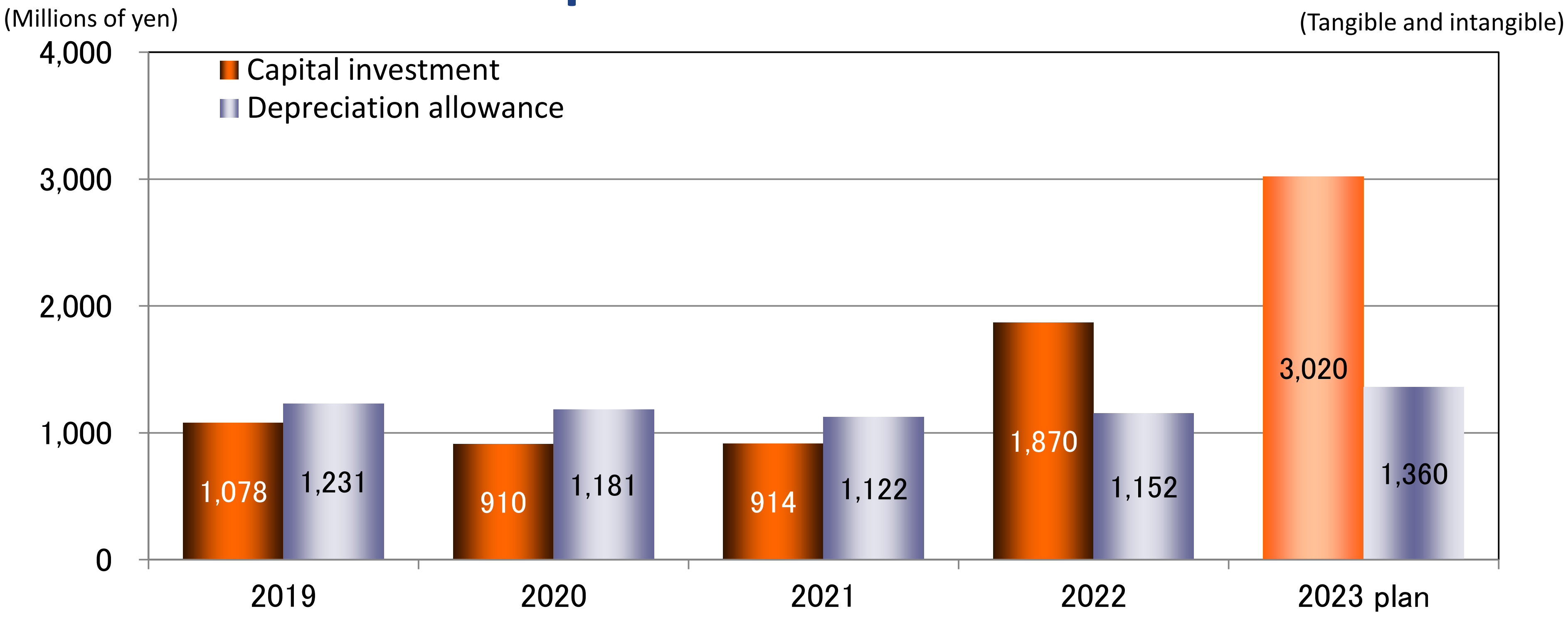




Actual and Forecasted Sales by Geographic Region: Other

Middle East	2023 plan: ¥400 million We're working to establish Hioki branding in the Middle East, North Africa, and Pakistan. We anticipate measurement demand from the effort to transition away from oil and realize a carbon-neutral society, particularly in connection with large projects that take advantage of areas that are well suited to energy savings.

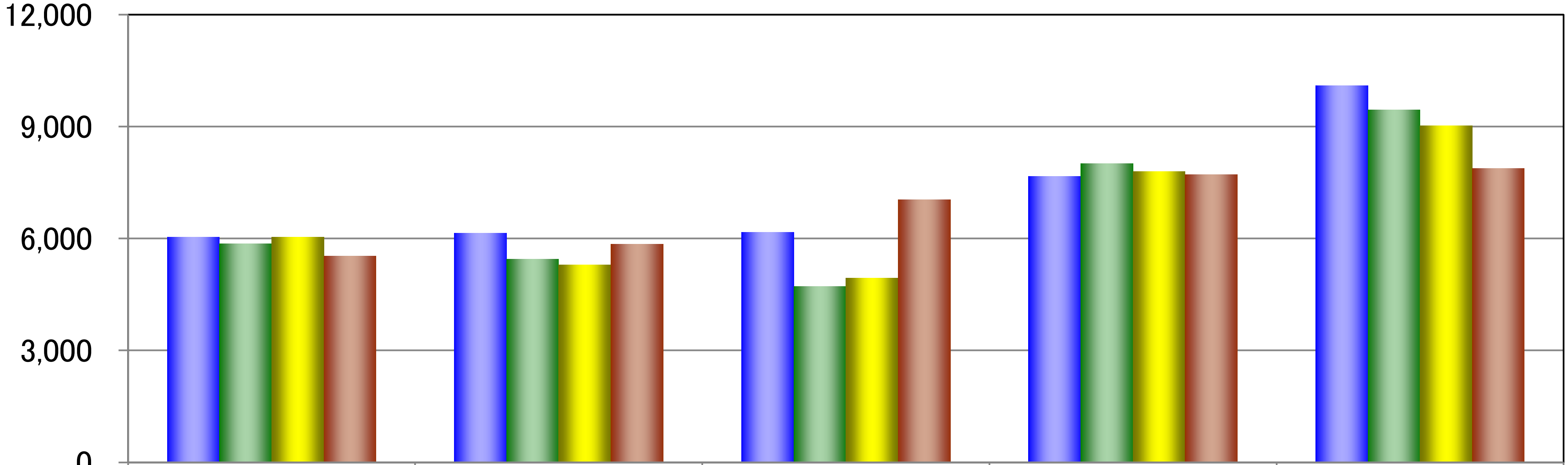
Capital Investment and Depreciation Allowance



HIOKI

Quarterly Order Volume

(Millions of yen)

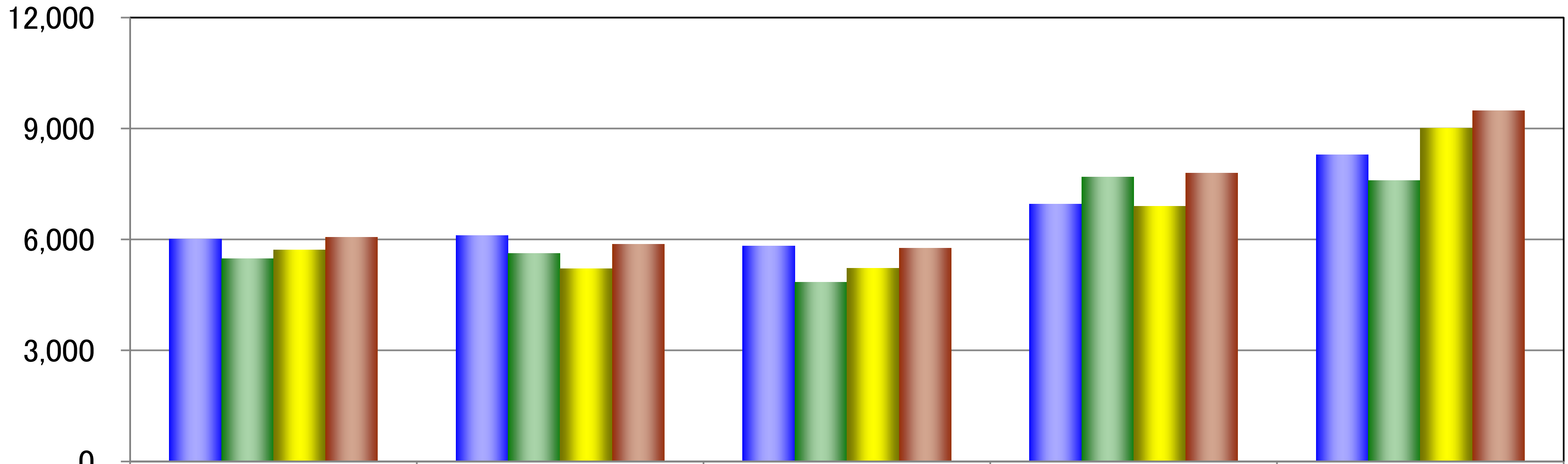


	2018	2019	2020	2021	2022
1Q	6,033	6,137	6,165	7,665	10,097
2Q	5,856	5,443	4,716	7,999	9,450
3Q	6,041	5,290	4,936	7,792	9,020
4Q	5,535	5,842	7,041	7,711	7,876

Reference Materials

Quarterly Sales

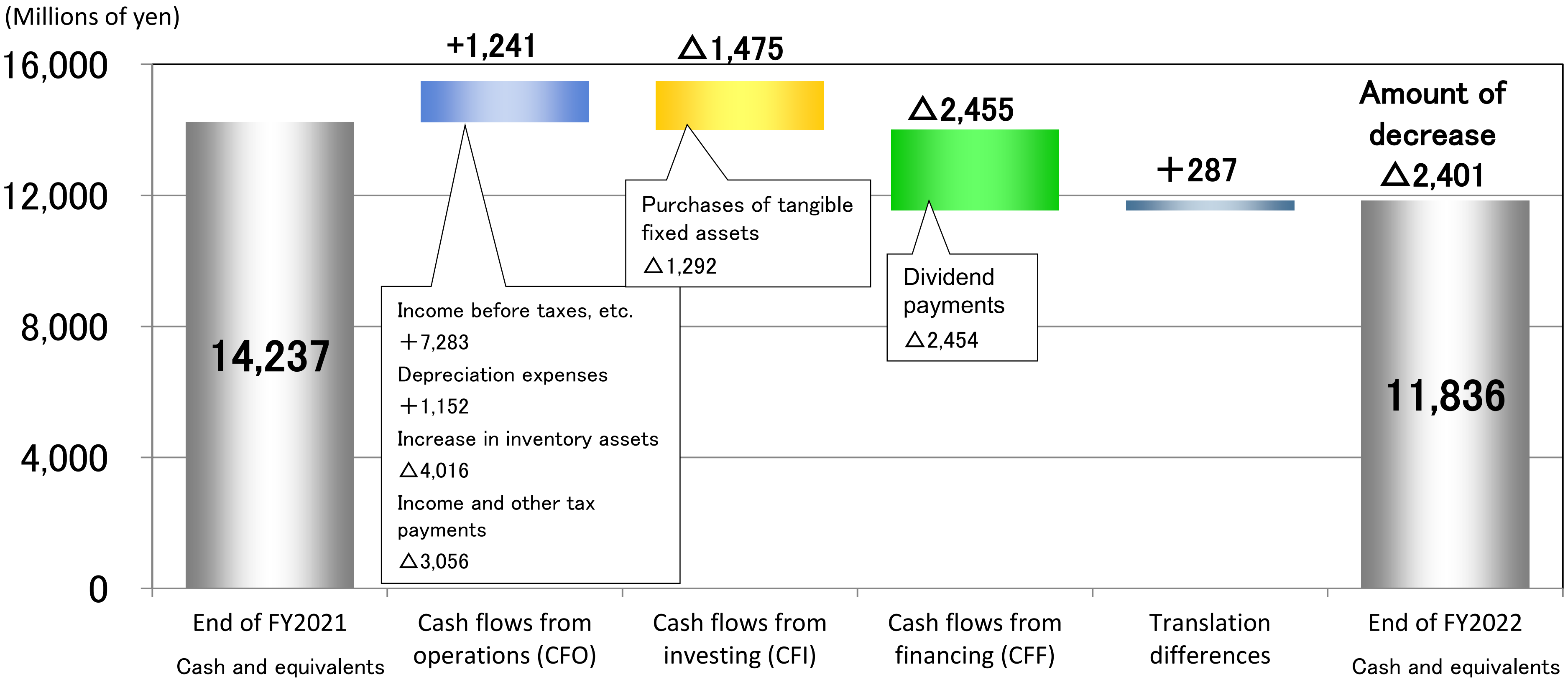
(Millions of yen)



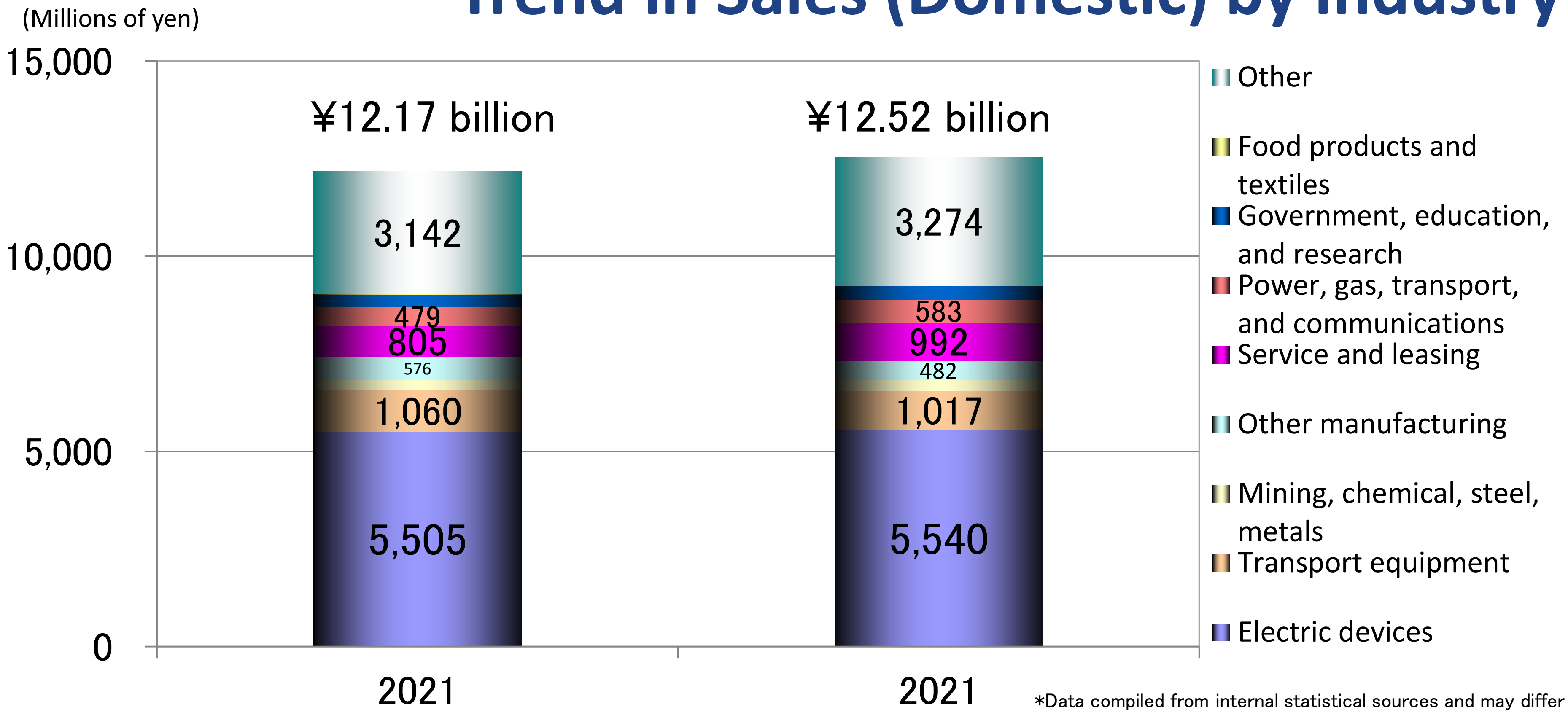
	2018	2019	2020	2021	2022
1Q	6,011	6,107	5,829	6,949	8,287
2Q	5,490	5,622	4,848	7,690	7,595
3Q	5,723	5,207	5,225	6,896	9,006
4Q	6,062	5,871	5,762	7,787	9,483

HIOKI

Cash Flows


(Millions of yen)
16,000
12,000
8,000
4,000
0
+1,241
△1,475
△2,455
+287
Amount of decrease △2,401
14,237
11,836
Income before taxes, etc. ＋7,283
Depreciation expenses ＋1,152
Increase in inventory assets △4,016
Income and other tax payments △3,056
Purchases of tangible fixed assets △1,292
Dividend payments △2,454
End of FY2021 Cash and equivalents
Cash flows from operations (CFO)
Cash flows from investing (CFI)
Cash flows from financing (CFF)
Translation differences
End of FY2022 Cash and equivalents

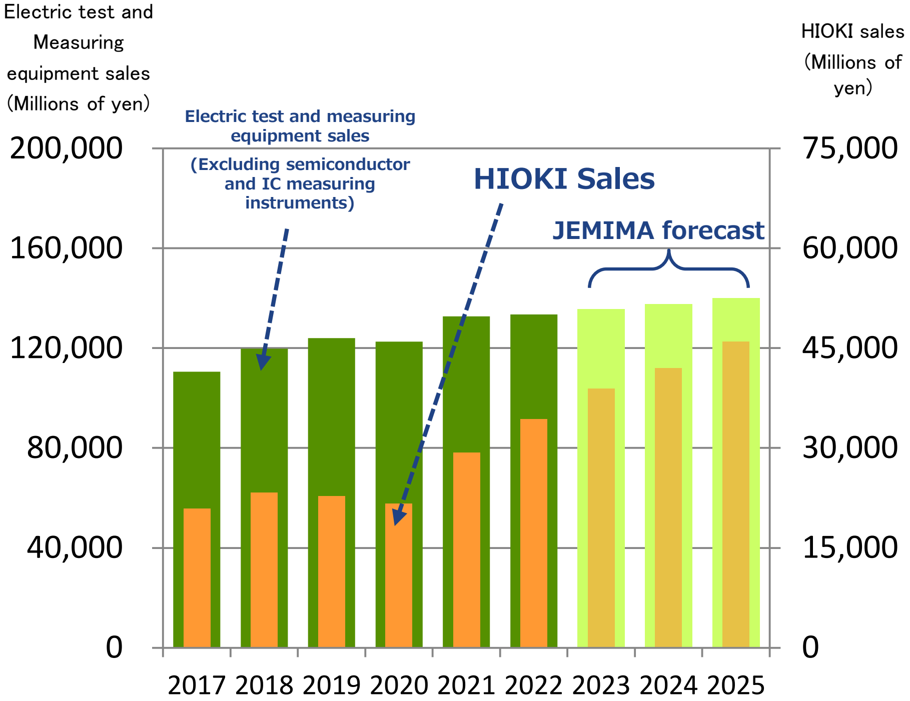
Trend in Sales (Domestic) by Industry



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

HIOKI

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 +1.7% from FY2022 to FY2026.

Factors: Self-driving and increased use of electronic components in automobiles are fueling measurement demand, as is development of energy-saving and renewable energy technologies in the drive to achieve carbon neutrality. There is also demand for measurement capabilities in regard to communications infrastructure and datacenters as carriers look to boost capacity.

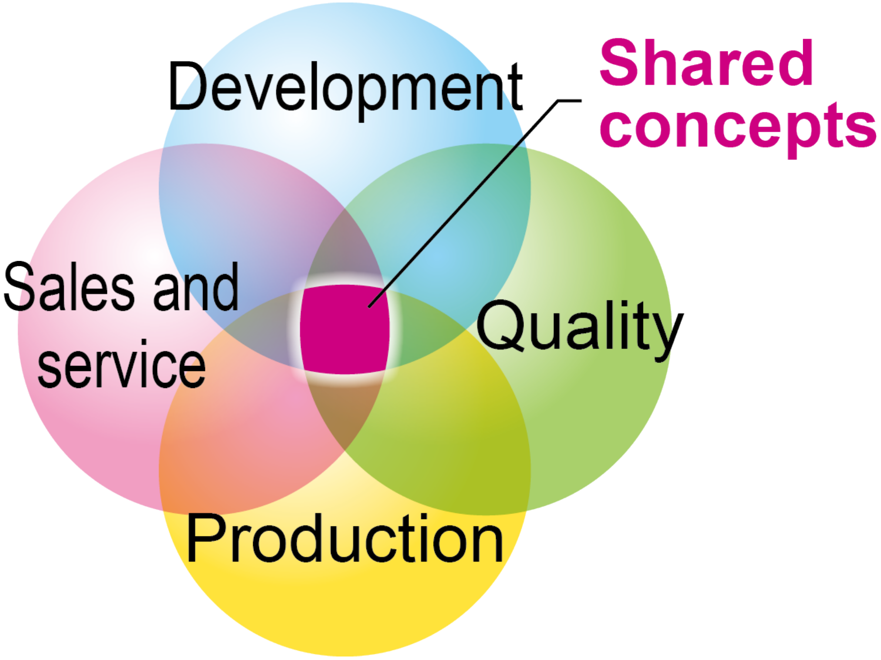
* As defined by JEMIMA, electric test and measuring equipment accounts for about 20% of electricity meters. Under the JEMIMA classification scheme, HIOKI's products consist of general measuring instruments, obtained by excluding semiconductor and IC measuring instruments from the electric test and measuring equipment category.

* Based on statistical data from the Japan Electric Measuring Instruments Manufacturers' Association. Sales figures for 2022 and subsequent years reflect JEMIMA forecasts (as of December 2022).

Improving Value-added Productivity

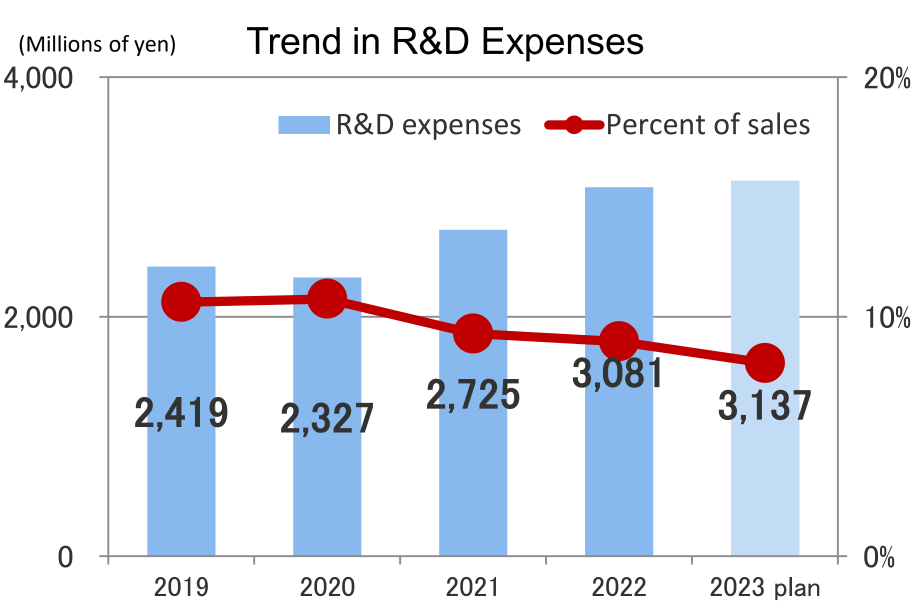
Concurrent engineering

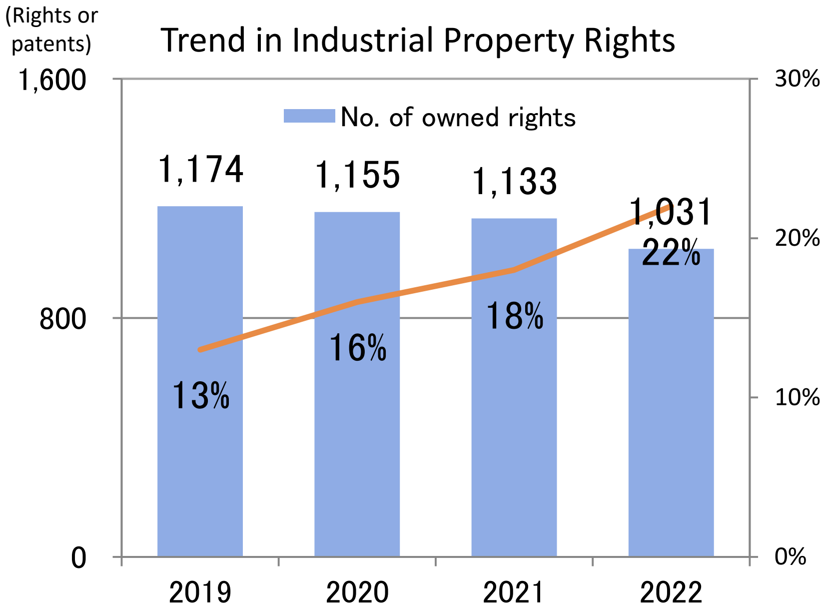
In HIOKI's approach to product development, departments come together organically with the goal of improving productivity.



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 12 domestic facilities
- PR via webinars and face-to-face meetings

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

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

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

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

BT5525

PRECISION DC VOLTMETER

DM7276

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

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

Meeting a variety of needs with an extensive product line

Resistance meters	Accommodating embedded applications such as inductor and resistor mass-production testing

Meeting a variety of needs with an extensive product line

Impedance Analyzer

IM7585

SUPER MEGOHM METER

SM7110

RESISTANCE METER

RM3545

HIOKI

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.

Principal products	Fields of use (applications)
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

Principal products	Fields of use (applications)
Current probes	Observing current waveforms

For use as oscilloscope sensors

Power Analyzer
PW8001

Power Quality Analyzer
PQ3198

Current Probe
CT6711

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

Insulation resistance testers	Maintenance and inspections of electrical work and equipment

A must-have instrument for electrical work

Digital multimeters	Measuring characteristics from voltage to current and resistance

Used in all applications

AC/DC Clamp Meter CM4373-50

Insulation Tester for Photovoltaic Systems IR4053

Digital Multimeter DT4261

HIOKI

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

Junko Narusawa
Public Relations Senior Lead Specialist
Administration Division
HIOKI E.E. CORPORATION
Phone: +81-268-28-0555 E-mail: ir@hioki.co.jp URL: https://www.hioki.co.jp/jp/