HIOKI

Integrated Report 2025

In 2025, Hioki Marked Its the 90th Anniversary of Its Founding

Founded on a corporate philosophy established in 1986,
Hioki has contributed to the progress of society and the everyday life of people through electrical measurement.
Today, we are advancing innovation in pursuit of our long-term management policy: Vision 2030.

HIOKI

Corporate Philosophy

Respect for Humanity
Contribution to Society

Our Mission

To contribute to stability
and development of society
by promoting customers'
safe and effective use of energy
through electrical measurement.

Vision 2030

Our Vision
(What We Want to Be)

"Beyond Measure"

As an industry front runner,
Hioki will become a solution creator
that helps forge a sustainable society
together with customers worldwide
by continuing to evolve
what it means to "measure."

Respect for Humanity

Hioki will build a free and open environment where employees can maximize their potential and abilities. Our aim is to foster the creativity and individuality of all persons and help them become the best version of themselves.
To ensure that personal development is the driving force behind Hioki's evolution and achieve lasting growth and development, management demonstrates "Respect for Humanity" to achieve a high degree of harmony between individual potential and organizational goals.

Contribution to Society

As a manufacturer, Hioki contributes to the security and advancement of society and the happiness of people by providing high-quality products and unparalleled services.
As a member of the communities we serve, we work actively to support the development of local youth and protect the local environment to make an educational, cultural, and environmental contribution.

Contents

Editorial Policy
This Integrated Report has been published by HIOKI E.E. CORPORATION (below "Hioki") to provide shareholders, investors, and other stakeholders with a better understanding of the Hioki Group's value creation stories from a medium- to long-term perspective and an overview of its real potential, including the intangible capital that is the source of value creation, which deserves wide disclosure. For more details, please visit our website.
➡ https://www.hioki.com/

Reporting Period
January 1, 2024–December 31, 2024
(Some information both before and after the reporting period is included for reference.)

Scope of Reporting
Data for the Hioki Group (Hioki and its 13 consolidated subsidiaries) is compiled and reported. When the scope of the data to be covered differs from the scope of the report, the applicable scope is specified individually for each case.

Reference Guidelines
- UN Global Compact
- GRI (Global Reporting Initiative) Standards
- IFRS Foundation "International Integrated Reporting Framework"
- IFRS Foundation "IFRS Sustainability Disclosure Standards"
- Task Force on Climate-related Financial Disclosures (TCFD)
- Taskforce on Nature-related Financial Disclosures (TNFD)
- Ministry of Economy, Trade and Industry (Japan) "Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value"

価値協創ガイダンス Guidance for Collaborative Value Creation

Forward-Looking Statements
The forward-looking statements included in this report are based on information available at the time of publication and encompass known and unknown risks and uncertainties. Various factors may cause actual results to differ materially from those described in the forward-looking statements.

90 Years Together with Our Stakeholders

Hioki's 90th anniversary is a milestone made possible by the support of our customers, business partners, investors, local communities and society, and all past and present employees. We will continue to value the relationships we have built with our stakeholders and strive for further growth into the future.

Our Customers

Meeting the Expectations of Leading-edge Customers Worldwide

Our mission is to contribute to our customers' business activities and, beyond that, to the realization of a sustainable society. To provide the highest level of customer service anywhere in the world, we are establishing creative collaboration hubs where we can listen directly to our customers' needs and offer them solutions.

Our Business Partners and Investors

Growing Together with Those Who Support Hioki's Challenges

Our suppliers, distributors, and investors play an indispensable role in sustaining and expanding our business. We will continue to meet their expectations by increasing global demand for our products, enhancing product quality, and expanding orders and returns to our partners.

Local Communities

From Ueda, Nagano to the World — Earning the Trust of Local Communities

Guided by our commitment to contribute to the development of society and preservation of the environment, we are expanding company-wide efforts such as youth development initiatives and tree-planting initiatives. In recent years, voluntary social contribution activities by our employees have also been on the rise. We remain dedicated to being a company that is trusted and cherished by the communities we serve.

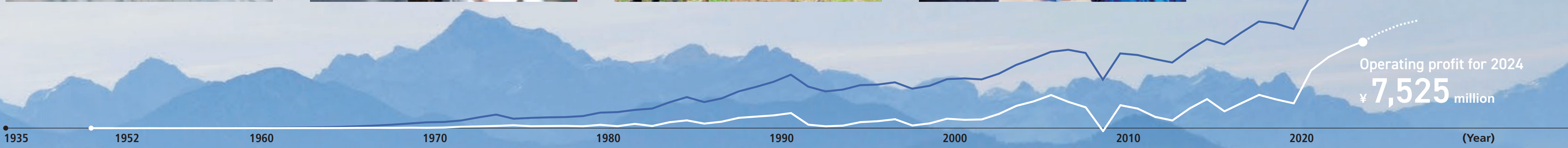
Our Employees

Upholding Management Based on Respect for Humanity by Valuing Each Individual Employee

In line with our corporate philosophy of Respect for Humanity, we aim to provide a workplace where each employee can pursue their personal purpose. We are committed to being a company that supports our employees' desires to do, achieve, challenge, and contribute.

Building Three Key Strengths

We carry out distinctive business activities based on the three key strengths developed over our 90-year history.



Foundation 1935–1951
- Our founder, Mizo Hioki, begins manufacturing electrical indicating meters in Minato-ku, Tokyo.
- Hioki's factory is relocated to Sakaki-machi in Nagano Prefecture after World War II.
- Hioki launches its first tester.

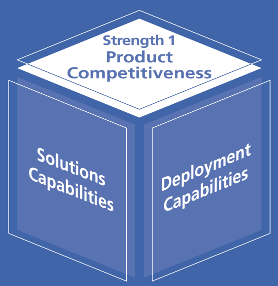
Mass Production 1952–1972
- HIOKI E.E. CORPORATION was incorporated.
- Received a large volume order for aircraft multi-testers from the U.S. Far East Air Force
- Expanded business centered on mass production technologies

Expansion 1973–1990
- Focused on developing in-house branded products and established four distinct product lines with aim to modernize management and establish proprietary technologies
- Completed the new Hioki Forest Hills Headquarters Factory

Strengthening 1991–2004
- The first Local Afforestation Program was held.
- Brought successive unique products to market
- Established a local subsidiary in the United States
- Hioki was listed on the First Section of the Tokyo Stock Exchange.

Challenge 2005–2019
- Focused on developing high value-added products from the customer's perspective
- Accelerated the establishment of overseas subsidiaries
- Completed a new factory and research building adjacent to the headquarters

Evolution 2020 and onward
- Formulated the Long-Term Management Policy: Vision 2030
- Announced the Basic Sustainability Policy and Declaration
- Established creative collaboration hubs domestically and internationally
- Launched the HI-Career System



Meeting Diverse Measurement Needs with a Lineup Leveraging Our Core Technologies

Hioki's measuring instruments accurately capture voltage and current to visualize issues, helping customers improve the performance and quality of components, products, and equipment. By leveraging solid technical expertise and its practical application, we aim to be the leader in niche markets.

Delivering Strength-Based Solutions Across Four Key Markets

Core Technology

Advanced Sensing Technology

Cultivated Through Years of Dedication to Electric Measurement

Hioki has developed and built proprietary technology and expertise in the measurement of current, voltage and impedance over many years. Through the technology that accurately captures the fundamental elements of electric measurement, we maintain technological advantage and fulfill the diverse needs of customers.

Energy

Enhancing the Practicality of Renewable Energy Through Performance and Safety Testing

In the research, development, and maintenance of solar power systems, our products evaluate energy conversion efficiency and safety to improve the overall reliability and ensure stable operation of power generation systems. By accelerating the shift from fossil fuels to renewable energy, Hioki products play a vital role in advancing a carbon-neutral society.

Electrolysis cell analyzer

Mobility

Enhancing the Efficiency of Development of High-Performance Onboard Systems for Electric Vehicles

Primarily used in R&D by automakers, Hioki products evaluate the operating status of onboard systems and visualize their energy flow. This contributes significantly to improving energy efficiency, minimizing energy consumption during vehicle operation, and ultimately providing and advancing the adoption of CO_2-free, sustainable transportation.

Power analyzer

Components

Supporting the Advancement of Communication Technology Through Electronic Component Testing

Hioki products are used for performance evaluation and quality inspection in the research, development, and production of electronic components. By measuring their electrical characteristics under varying operating conditions and applying the results to development, we help extend component lifespan and minimize power consumption. These efforts to improve the convenience of smart devices support the evolution of communication technology and contribute to the progress of an IoT-enabled society.

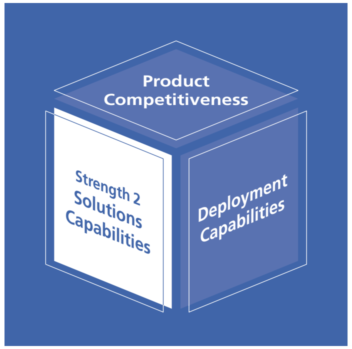
Impedance analyzer

Batteries

Driving the Development of Next-Generation Batteries for Electrification

Hioki provides total solutions that support everything from battery development to final inspection. In next-generation battery development, our technologies enhance manufacturing efficiency and enable precise characterization of next-generation materials. This accelerates the creation of high energy-density batteries, contributing to extended driving ranges and shorter charging times for xEVs.

Battery tester



Solving Customer-Oriented Issues Across the Entire Value Chain

Hioki's value chain is structured so that each function-based division works to maximize the value provided to customers. While we have long grown through the united efforts of our research and development, manufacturing, and sales, we reorganized into six distinct functions in 2024 to respond to market expansion and rapid change. Going forward, investment in digital transformation (DX) will further accelerate this new value chain.

Research and Development

Investment in Technology Development for Future Product Innovation

The Research & Development Division uses a target of investing 10% or more of net sales into research and development. By leveraging the strength of their close proximity to customers who are at the forefront of their industries, and through the creation of solutions and hypothesis testing for various market challenges, they generate new and unique technologies.

Ratio of R&D expenses to net sales (target)	Overseas engineering bases
10.0%	3 locations

Product

Product Development That Anticipates Future Needs

To pursue customer-driven product development and clarify accountability for product planning, the Product Division was established as an independent unit from the Sales and Research & Development Division in 2024. Rather than focusing on what is currently selling, they develop roadmaps to anticipate the future evolution of customer needs in each market and use these roadmaps to make new product planning.

Ratio of net sales from new products	Number of new products
25.2%	7 products

Marketing

Expanding Customer Touchpoints Through Branding and Promotion

The Marketing Division serves as a compass for business activities, guiding the direction of research and development, production, and sales. By implementing long-term branding strategies and short-term, results-oriented effective promotions in global markets, they work to expand customer touchpoints.

Year-on-year increase in inquiry emails	Countries/regions with the Hioki registered trademark
118%	109 locations

Manufacturing

Efficient, High-Quality Manufacturing Through Consolidation at Headquarters

The manufacturing division, responsible for high-quality manufacturing, is building a flexible production system capable of handling high-mix, variable-volume production to meet the diverse needs of the global market. To deliver products at the timing customers require, they are working to strengthen the supply chain and shorten lead times.

Average monthly production items	Average monthly production volume
980 items	87,000 units

Sales

Customer-Centered Support with a Local Presence Worldwide

Based on a dual sales structure of area-based and account-based sales, Hioki aims to build optimal sales channels. By maintaining close communication with distributors and customers, we respond to rapidly changing market needs with timely solutions.

Number of overseas sales subsidiaries	Ratio of employees at overseas bases
10 companies	26.7%

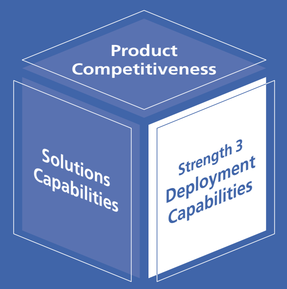
After-sales Service

Maintaining Product Safety and Accuracy Through Prompt Repairs and Calibration

Electrical measuring instruments used over long periods in various environments require regular maintenance and calibration. To minimize downtime caused by maintenance for measuring instruments, Hioki is expanding its global after-sales service network to provide local calibration and repair support overseas.

On-site support rate	Number of calibrations conducted over previous year
79%	6% increase

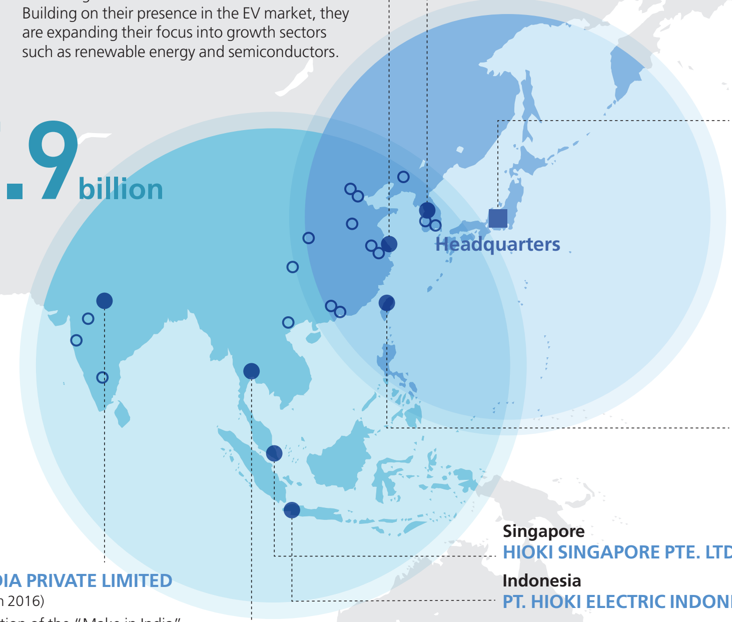
Each figure is obtained at a certain point in 2024 for the management indicator



Operating Sales Bases in 10 Countries, Allowing Us to Rapidly Address the Needs of Local Markets

We offer measurement solutions tailored to trends and market needs in each country.
While primarily relying on sales through distributors, we also establish direct sales structures where appropriate to match the character of local markets.

● Regional Group Company's Headquarters ○ Offices of Group Companies



Europe

Net sales

¥**2.5** billion

Germany

HIOKI EUROPE GmbH (established in 2017)

This company is promoting digital transformation (DX) in sales operations and establishing a direct sales approach targeting key customers. Focused on the battery and decarbonization -related energy markets, HIOKI EUROPE will further promote recognition of its solutions as indispensable in these key areas.

United Arab Emirates

HIOKI MEA FZCO (established in 2024)

The renewable energy power generation business is rapidly expanding. As companies are expected to actively invest in decarbonization initiatives, demand for measuring instruments that support improved energy efficiency is increasing.

Asia

Net sales

¥**17.9** billion

China

HIOKI (Shanghai) MEASUREMENT TECHNOLOGIES CO., LTD
(established in 2007)

Battery manufacturers are shifting production overseas and advancing the development of new technologies such as all-solid-state batteries. Building on their presence in the EV market, they are expanding their focus into growth sectors such as renewable energy and semiconductors.

India

HIOKI INDIA PRIVATE LIMITED
(established in 2016)

The acceleration of the "Make in India" policy is expected to drive increased investment in manufacturing. In particular, growth is anticipated in the automotive and battery-related sectors, especially within the EV market.

South Korea

HIOKI KOREA CO., LTD. (established in 2012)

Demand is growing in industries related to automotive electrification driven by decarbonization trends. HIOKI KOREA supports customers expanding beyond South Korea through collaboration with other local subsidiaries.

Taiwan

HIOKI TAIWAN CO., LTD.
(established in 2018)

In Taiwan, where many electronic component manufacturers are based, HIOKI TAIWAN is strengthening its proposals and solutions for measurement needs related to devices and semiconductors.

Singapore

HIOKI SINGAPORE PTE. LTD. (established in 2010)

Indonesia

PT. HIOKI ELECTRIC INDONESIA (established in 2018)

Thailand

HIOKI ELECTRIC (THAILAND) CO., LTD. (established in 2024)

Amid the ongoing energy transformation, Hioki is actively developing new markets and building relationships with China-based companies. Following its expansion into Indonesia and Thailand, Hioki plans to establish a sales subsidiary in Vietnam in 2025 to further enhance its customer-focused strategy.

Japan

Net sales

¥**14.5** billion

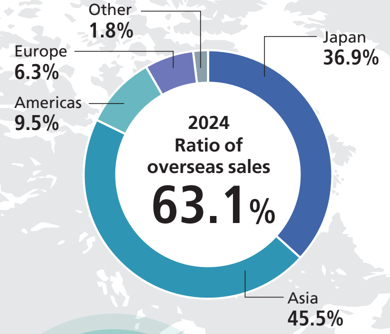
Japan

HIOKI E.E. CORPORATION
(founded in 1935 / incorporated in 1952)

Investment in electrification of automobiles and construction machinery, as well as battery technology development, remains active. To further advance creative collaboration with customers contributing to a decarbonized society, we are strengthening our focus on the hydrogen and battery materials sectors.

From Japan to the World

By housing production functions at the headquarters area, which also serves as our main development hub, Hioki efficiently manufactures high-quality, high-value-added products, and delivers them to customers around the globe.



Americas

Net sales

¥**3.7** billion

United States

HIOKI USA CORPORATION
(established in 1998)

To meet diverse regional needs with high-quality solutions, HIOKI USA is strengthening its direct sales approach, bypassing distributors. Investment in new energy-related industries driven by decarbonization trends is also accelerating.

Offering Measurement Solutions to Create a Society Powered by Electricity

In a decarbonizing society, electricity generated by carbon-free methods will become the primary source of power. Hioki's electrical measurement technologies will contribute to solving challenges across various fields in a future increasingly permeated by electrification.

Energy

Contributing to the Practicality of Clean Energy

In the hydrogen market—anticipated to grow as a major new energy source—Hioki's impedance measurement technology helps improve the efficiency of hydrogen production systems. In the field of mega solar power, advancements in maintenance testers support the long-term operation of power generation equipment.

Mobility

Contributing to the Spread of Next-Generation Mobility with Low Impact on People and the Environment

The driving range of electric vehicles (EVs) is being extended through improvements in the power efficiency of electric motors and inverter power supplies, while large vehicles are increasingly adopting high-output hydrogen engines. Hioki's high-precision current sensors and power analyzers— essential for improving energy conversion efficiency—are playing an expanding role in this field.

Components

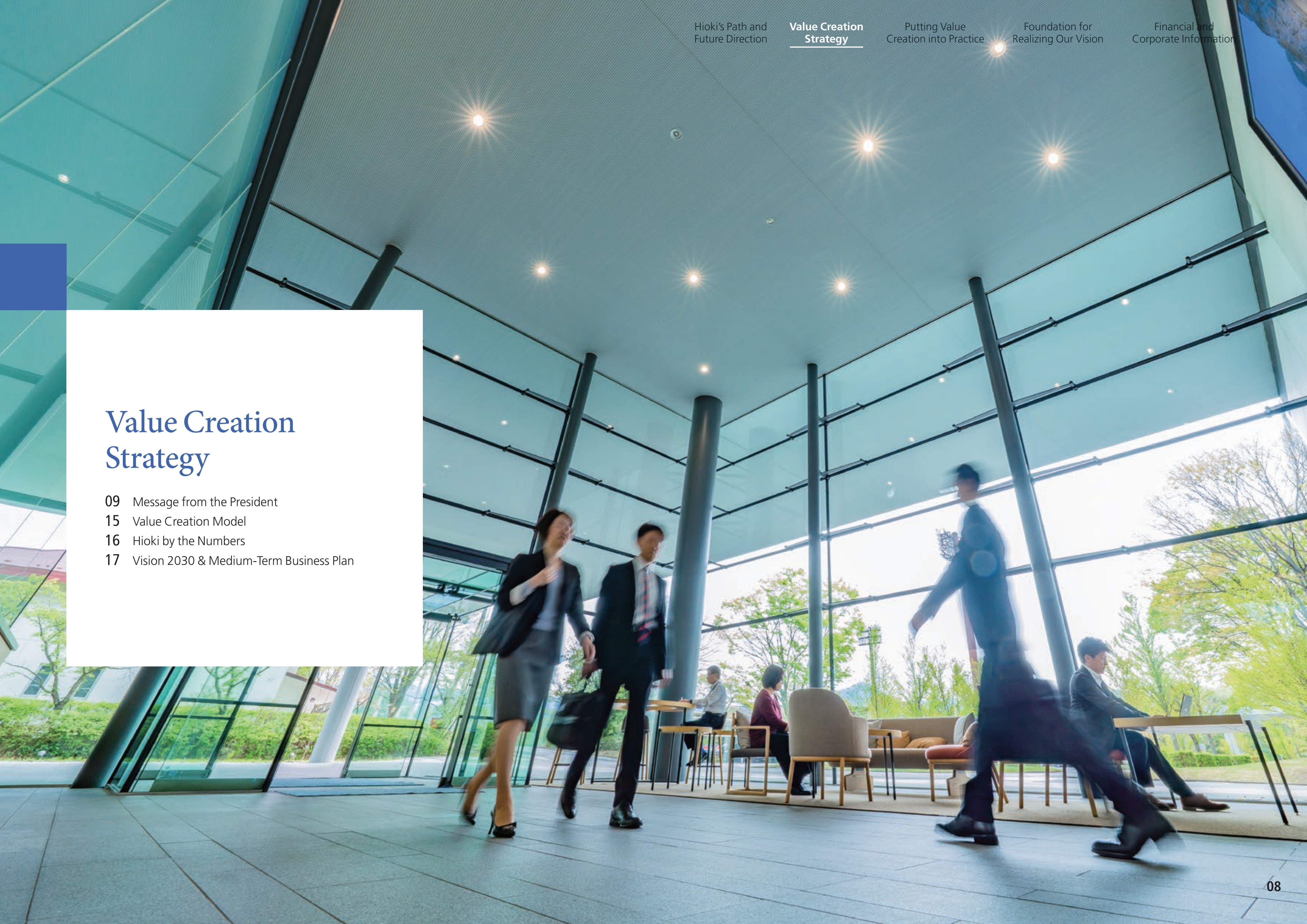
Contributing to the Realization of a Smart Society through Miniaturization and Enhanced Performance of Electronic Components

As power semiconductors enable more efficient power conversion, capacitors and inductors are also required to handle higher frequencies, voltages, and currents. By advancing its measurement technologies, Hioki provides optimal solutions for the development and mass production of next-generation components.

Batteries

Contributing to the Safety and Security of Social Infrastructure Such as Cloud Computing

The electricity demand is continuing to increase due to the expansion of data centers associated with the spread of generative AI, among others. Renewable energy and power storage are indispensable for decarbonization and sufficient power supply. Battery testers are expected to become an increasingly vital tool for improving battery performance and securing its safety.



Value Creation Strategy

Moving Forward "Beyond Measure"

In 2025, Hioki Marked the 90th Anniversary of Its Founding

We will keep building on our progress in using electrical measurement to support societal development and improve people's lives. With our entire Group united as solution creators, we will help shape the future.

T. Okazawa

Takahiro Okazawa
President

Looking Back on 90 Years since Our Founding

Advancing Our Efforts Under the Policy of "Establishing Proprietary Technologies" and "Modernizing Management"

Looking back on Hioki's 90-year history, I believe a major turning point occurred from 1973 to the early 1990s, when our current Senior Advisor, Tsuneaki Hioki, served as President. During this period, the Company withdrew from its OEM business for audio equipment manufacturers, which had once been a mainstay of earnings, and pursued the basic policies of establishing proprietary technologies and modernizing management, working earnestly toward their realization. In 1973, with the goal of building a management structure that could respond flexibly to changing times, we invited the late Miyaji Tomoda, a former president of the largest measuring instrument manufacturer of the era, to serve as an advisor. He guided us for over 20 years thereafter. This was also the starting point of our management stance of incorporating the voices of outside experts into management.

Furthermore, in 1986, Hioki's philosophy of "Respect for Humanity" and "Contribution to Society" was established as the foundation for management. I have heard that a book by an American business leader was used as a reference in formulating this philosophy. What was strongly emphasized at that time was the conviction that "a philosophy is not something to hang on the wall, but something to realize and embody. Therefore, it is essential to always think and act in accordance with the philosophy." This mindset has been handed down to the present day as part of our corporate culture.

In 1990, our headquarters was relocated from Sakaki Town to Ueda City in Nagano Prefecture. The primary purpose was to improve the workplace environment in order to attract outstanding talent. With the aim to create a "company in the forest" reminiscent of a university campus, all employees planted approximately 60,000 saplings over a two-year period prior to the move, under the guidance of the late Akira Miyawaki, Professor Emeritus of Yokohama National University. The headquarters factory complex, known as Hioki Forest Hills, remains surrounded by lush greenery to this day.

I feel a deep affinity with the management philosophy of our predecessors, their willingness to take on various challenges, and their determination to live as responsible members of society. As the head of management, I am committed to firmly passing on the DNA we have inherited to the younger generation of employees and putting it to work in creating our future.

Hioki Forest Hills

Long-Term Management Policy: Vision 2030

Sharing What We Want to Be in the Future with Our Global Team

In 2020, we announced our long-term management policy: Vision 2030. I first proposed the concept internally in 2019, when I was Senior Managing Executive Officer, and took the lead in formulating it. However, my sense of the need for such a long-term management policy dates back more than five years before that.

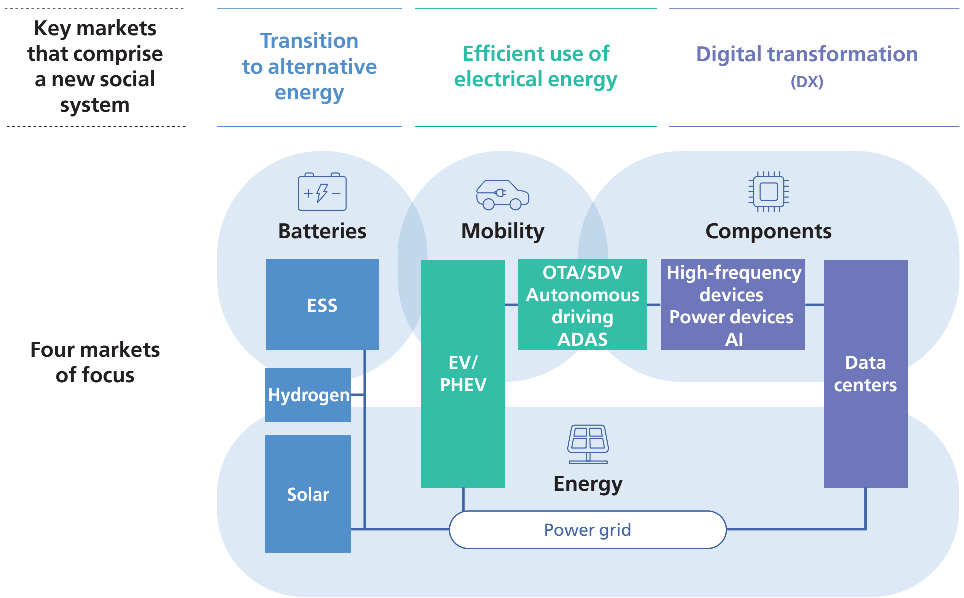
At the time, I was serving as Director of the Sales Division, working to achieve the targets of a three-year medium-term business plan while expanding our overseas sales network. What I came to realize was that simply presenting a three-year sales target to our overseas teams was not enough to inspire them. What is crucial is the Company's vision: "This is the future we aim for;" as well as the basic strategy: "This is how we will get there." Unless these are clearly presented before announcing the numerical targets for three years into the future, employees' hearts and minds will not be moved. This made me acutely aware of the necessity for a long-term management policy, and I have held onto that awareness ever since.

As one step toward resolving this issue, which I continued to consider even after becoming Senior Managing Executive Officer, I launched the Long-Term Management Policy Formulation Project in 2019. During discussions with employees on the theme of shapes and trends of the future that are already happening, we identified key concepts such as climate change and the strong environmental awareness of younger generations. Based on these, we spent six months developing a long-term vision looking 10 years ahead.

The resulted in Vision 2030, in which we formulated our Mission: "To contribute to stability and development of society by promoting customers' safe and effective use of energy through electrical measurement" and our Vision: "'Beyond Measure,' as an industry front runner, Hioki will become a solution creator that helps forge a sustainable society together with customers worldwide by continuing to evolve what it means to 'measure.'" We also made clear our future business direction: "Focus development resources on key markets that comprise a new social system."

At the time, I also considered aligning our product portfolio with the Vision. However, given the growing social demand for electrical energy in the years ahead, I concluded that selection and concentration should be made not according to a product axis, but along a market axis, focusing on the markets where our products are delivered. This thinking led to the expression "key markets that comprise a new social system." These markets include areas such as the transition to alternative energy, the efficient use of electrical energy, and the promotion of digital transformation (DX). From these, we selected four priority markets on which to focus our efforts: Energy, Mobility, Components, and Batteries.

The Direction of Our Business



Formulating the New Medium-Term Business Plan

Announcing Numerical Targets to Clarify the Path Toward 2030

In January 2021, I assumed the position of President, taking on the responsibility of implementing Vision 2030, which I had developed during my tenure as Senior Managing Executive Officer. By back-casting from what we want to be in 2030, we formulated a medium-term business plan with fiscal 2025 as its final year, and we have been steadily advancing it. However, in 2024, while still within the plan period, I decided to remake the plan entirely. Below, I explain the reasons for this decision.

Over the four years to 2024, our sales grew 1.8-fold and operating profit tripled, representing rapid and unexpected growth. A major factor behind this was the acceleration of global trends toward decarbonization, such as electric vehicles (EVs) and renewable energy, following the change in US administration in 2021. Riding this tailwind, our business saw a surge in orders across multiple fields, enabling us to achieve many of the numerical targets in the medium-term business plan ahead of schedule. However, at the same time, responding to the immediate demands of rapidly expanding markets consumed much of our capacity, resulting in significant delays to the strategic initiatives, such as technological development to strengthen our presence in key markets, that we had envisioned when announcing Vision 2030. Taking these circumstances into account, I decided to launch a new medium-term business plan starting in 2025.

I envision the six years leading up to 2030 as consisting of two major stages. In the first three years (2025–2027), we will focus our management resources on strengthening the organizational foundation needed to achieve our ultimate goal of the Group's unified management and on developing the elemental technologies for key markets where we have fallen behind. In the latter three years (2028–2030), we will leverage the strengthened management foundation and elemental technologies built in the first stage to deliver new products and innovative solutions that stay one step ahead of customer needs, putting the entire Hioki Group firmly on a growth trajectory.

Since the announcement of our long-term management policy five years ago, we have intentionally refrained from presenting numerical targets for 2030, even internally. However, with the launch of the new medium-term business plan, we have now announced numerical targets of an operating profit ratio of 25.0%, a ratio of domestic and overseas sales of 25% and 75%, and return on equity (ROE) of at least 15%. This is because, over the past four years, we have made progress in building relationships with customers in each target market, and what we want to be in 2030 has become more concrete. This clarity has also defined the conditions required for us to be the industry front runner envisioned in our Vision. Accordingly, I judged that now is the right time to present not only abstract slogans, but also specific numerical goals, to both internal and external stakeholders (see page 17 for details).

Strengthening the Organizational Foundation

Expanding Our Technological Toolkit to Develop Products Tailored to Each Market

In May last year, ahead of launching the new medium-term business plan, we implemented a major organizational restructuring. This included elevating our key organizations from departments to divisions and reviewing the roles and functions each division should fulfill. Of particular importance was the reorganization of our technology development, product development, and marketing functions into two core entities: the Research & Development (R&D) Division and the Product & Marketing (P&M) Division (see page 05 for details).

Having grown as a technology-driven company, we have traditionally relied on our technology development departments to take the lead in product planning and development. However, with overseas sales now accounting for over 60% of total net sales, it has become increasingly difficult for development teams at our Japan headquarters alone to fully grasp the diverse needs of customers worldwide. The aim of this restructuring is to address that challenge and to drive more market-focused business activities in regions across the globe.

Under the new structure, the R&D Division will focus exclusively on expanding our technological toolkit to create products and solutions that meet the increasingly diverse needs of different countries and regions, while accumulating these capabilities as long-term technological assets. The P&M Division, meanwhile, will work closely with customers, exploring the characteristics of demand and uncovering latent needs in each region, while also taking responsibility for planning tangible products based on these insights.

These two divisions are not intended to operate independently; rather, they must be seamlessly connected. The P&M Division will cultivate growth strategies by maintaining close relationships with leading-edge customers in each region, identifying promising markets, and planning products in a timely manner. The R&D Division will then leverage the cutting-edge insights obtained through the P&M Division to anticipate changes in markets and customer needs from a medium- to long-term perspective, and will focus on expanding the technological toolkit needed to respond. Through deepening collaboration between these two functions over the three years of the new medium-term business plan, we aim to fully advance toward our goal of the Group's unified management from around 2028, when the next medium-term business plan will begin.

Another important initiative for strengthening our organizational foundation is the advancement of a digital transformation (DX) within the Company. Last year, we established a dedicated organization to promote DX. Going forward, and we will steadily drive DX across the entire Group through planned strategic investments. Our first priority will be to enhance information security measures in each department from a business risk hedging perspective, followed by integrating systems across the Hioki Group. In 2025, we will update the core system for our production department and the accounting system, and subsequently work toward the unification of customer information. Ultimately, we aim to build a company-wide customer relationship management (CRM) system that enables instant access to customer data from anywhere in the world, serving as a powerful tool to support the Group's growth.

Realizing Unified, Group-Wide Management

Pursuing the Maximization of Group Strengths from the Perspective of Overall Optimization

In Vision 2030, the Company pledged to contribute to customers around the world, but the ways of thinking about and pathways toward a sustainable society differ from country to country and region to region. Even when it comes to initiatives such as decarbonization, in reality there are significant differences depending on the country or region. In the four years since becoming President, visiting sites and customers around the world has renewed my awareness of this. I believe that, for us to grow as a truly global company, the ability to respond to such diversity is essential.

With this recognition, from 2025, I have raised the banner of the Group's unified management and am calling on the Company to always keep our thinking anchored on the Hioki Group. Currently, in Japan we have one Group company responsible for employee benefits, and overseas we operate 11 wholly-owned sales companies, including one in Vietnam established this March. As members of Hioki, these sales companies are closely connected to cutting-edge customers in each country, pursuing growth and development through activities suited to the local business environment and latest needs. By shifting our perspective from Hioki Japan to the Hioki Group as a whole, which spans the globe, we can foster the flexibility to embrace national and regional differences and diversity. I believe this will enable us to pursue overall optimization and the maximization of strengths for the Group, which will be key to sustainable growth going forward.

To maximize our strengths, we will make human resource assignments within the Group more fluid. For example, in October last year, we appointed the head of our Chinese subsidiary, who also serves as one of our executive officers, as our Director of Asia-Pacific Market. We will continue to expand organic personnel exchanges between headquarters and subsidiaries, as well as among subsidiaries themselves. With this aim in mind, in October last year we placed the Human Resources Department within the newly established Administration Division, renamed it the Global Human Resources Department, and recruited personnel from outside the Company who have extensive HR management experience in Japan and abroad. There are people in every country who aspire to succeed on the global stage. The Company plans to put a framework in place within this fiscal year that can meet the needs of such individuals.

Furthermore, if we are to further pursue close contact with customers in each country and region, our front-line salespeople will need technical expertise, and local subsidiaries will need their own technical development functions. From this perspective, we have opened local R&D bases, such as innovation centers, in countries where our overseas expansion is progressing, like China and India. We plan to expand such co-creation hubs with customers to other regions as well.

Our overseas sales ratio has now risen to 63%. However, at present, much of our sales composition is concentrated in the East Asia region, particularly the Chinese market. From the standpoint of achieving sales evels commensurate with each country's market size, we recognize the need to expand sales in large-scale markets such as the United States and Europe over the medium to long term. These advanced markets have far more intense competitive environments than Asia, but I believe that only by overcoming this challenge can we establish our status as a truly global company.

A meeting at the R&D base in China

Motor testing at the Technical Center in the United States

Promoting Sustainability Management

Pioneering Initiatives in Each Aspect of ESG

As can be seen from the Hioki Philosophy and the Hioki Forest Hills initiatives mentioned above, our company has been engaged in activities to help solve various social issues long before sustainability management became a global trend, with the aim of continuing to be a trusted company.

On the environmental front, we not only contribute to CO_2 reduction through our products but also, with the awareness that we ourselves are also emitters of CO_2, actively promote initiatives to reduce CO_2 emissions in accordance with the GHG Protocol. In 2021, we switched the electricity used at our Ueda headquarters, where our production factory is located, to CO_2-free power, and since last year we have begun generating electricity using a solar carport (a carport-type solar power generation system). Going forward, we also plan to promote ZEB* conversion of our buildings in conjunction with the renovation of the headquarters office building.

On the social front, we have been quick to establish progressive employee benefit systems, such as extending the retirement age to 65 and implementing a childcare leave system of up to three years. In 2023, we concluded an Agreement on a Learning Consortium with the local Nagano Nihon University School, providing students with opportunities to gain diverse learning experiences, including insights into real-world mechanisms and sustainability concepts, through internships at our company.

Furthermore, as a measure to strengthen human capital, we introduced a new personnel system this fiscal year called the HI-Career System, aimed at enabling each employee to realize their own purpose. Through this system, we intend to respond carefully to individual requests, for example, from young employees who wish to work overseas shortly after joining the Company or veteran employees who find it difficult to relocate from headquarters due to elderly parents. We have also changed the promotion process from one based on supervisor recommendations to one in which promotion candidates volunteer themselves. These HR system reforms will not be limited to our Japan headquarters but will be rolled out globally.

On the governance front, based on the fundamental stance of listening sincerely to the voices of external experts, we have introduced Outside Directors and have leveraged the experience and insights of people from diverse specialized fields in our business execution, thereby working to improve management transparency. In addition, from this fiscal year we have increased the number of Outside Directors to five, resulting in a reversal of the ratio between internal and external directors on the Board of Directors. Given our current growth stage, we believe that an advisory-style Board of Directors composed of experts is optimal, and we expect that discussions from diverse perspectives will enhance the effectiveness of our management strategies.

*Net Zero Energy Building: A building designed to achieve a net-zero annual primary energy balance for the energy it consumes

Message to Stakeholders

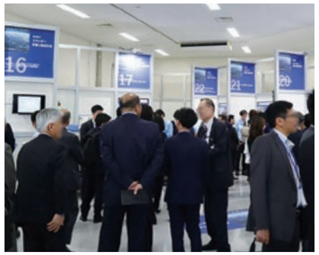
As a Solution Creator, Always Looking "Beyond Measure"

It is often said that a company's lifespan is 30 years. Having now reached our 90th anniversary, Hioki is in effect celebrating its third birthday as a company. This milestone has been made possible entirely thanks to the many stakeholders who have supported us over the years: our customers, business partners, shareholders, and investors among them. I would like to take this opportunity to express my heartfelt gratitude to all of you. To mark this occasion, we held a series of 90th anniversary commemorative events as an expression of our appreciation. The warm encouragement and valuable feedback we received through these events have become a powerful source of motivation for our continued growth.

In 2023, I announced our medium-term priority policy, HI-CEO+, to the Company. The "H" stands for Hioki, and the "I" for Individual. In other words, HI-CEO+ conveys the message that each and every member of the Hioki Group should act with the mindset of a CEO, embracing ownership and an entrepreneurial spirit, actively seeking out change, adapting to it, and seeing it as an opportunity for growth. As the head of management, I believe my greatest mission is to create an environment in which all employees of the Group can fully demonstrate that sense of ownership.

The key visual for our 90th anniversary carries the tagline "Lead the Future." Until now, through our electrical measurement technologies, we have promoted the safe and efficient use of energy, contributing to the security and development of society. Looking ahead, in an era where technological development, centered on electrical energy, will play an increasingly vital role in realizing a sustainable society, measurement solutions will need to be one step ahead of technological progress. To deliver such high value-added solutions, we aim to become a company where every employee continually thinks "Beyond Measure," and one that, though long in history, is recognized as keeping its management approach fresh and forward-looking.

We look forward to continuing Hioki's evolution together with you.



Holding a New Technology Exhibition showcasing the future of electrical measurement technologies

Hosting a battery conference featuring prominent figures from the industry

Commemorative ceremony attended by overseas employees and their families

Hioki 90th Anniversary Tagline and Statement

The evolution of technology requires the support of cutting-edge measurement solutions that stay one step ahead. With this confidence and sense of responsibility, we pledge and declare our commitment to inspiring each employee to become a creator.

It transports freight. It illuminates. It moves things. The power of measurement has underpinned our use of electricity, playing an essential role in people's lives.

Today, people are entering into a new relationship with energy. As we move towards a sustainable society, the pace of technological evolution is accelerating.

Measurement remains one step ahead of that evolution. To realize unprecedented technologies requires unprecedented measurement solutions.

To underpin society and human life, Hioki comes together to embrace ambitious goals and drive progress in the world.

The future is not unknown. It's not just something we imagine. We believe that the future can be charted through the power of measurement. We will lead the way to that future.

We Aim for Sustainable Growth by Providing Measurement Solutions to Customers Around the World and Helping Solve Social Issues

Medium-Term Business Plan (2025 to 2027) → p. 18

Long-Term Management Policy: Vision 2030 → pp. 01, 17

Customer needs | Transition to a decarbonized society | Develop new energy sources | Maintain and manage social infrastructure | Reduce environmental impact

Capital Inputs

Human Capital → p. 38
Reforming personnel systems to support individuals in achieving their personal purpose

Intellectual Capital → pp. 04, 29
Possessing world-class core technologies in the field of electrical measurement

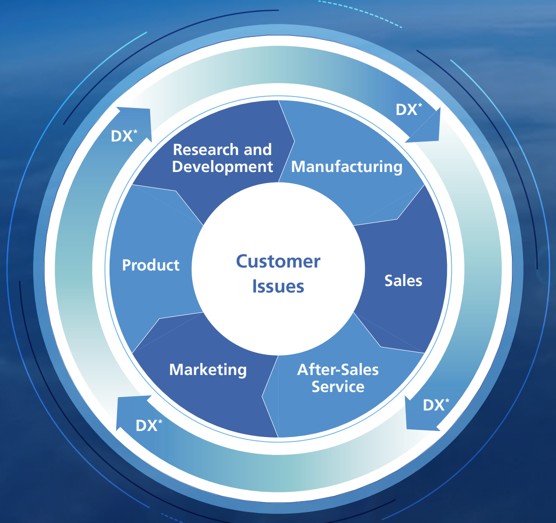
Manufactured Capital → p. 05
Establishing high-quality manufacturing and a flexible production system at domestic sites

Financial Capital → p. 33
Making strategic investments from a medium- to long-term perspective

Social and Relationship Capital → p. 37
Creating value together with a diverse range of stakeholders

Natural Capital → p. 44
Promoting GHG emissions reduction, resource conservation, and environmental protection

Customer-Centric Business Activities → p. 05



Three Growth Strategies → p. 17

Product development with the indispensability of Hioki	Market-oriented business development	Achievement of carbon neutrality under the GHG Protocol

Target Market

Energy → p. 24

Mobility → p. 26

Components → p. 27

Batteries → p. 28

Measurement Solutions

2027 (plan)

Net sales 51.2 billion yen

- Japan 18.05 billion yen
- Asia 23.19 billion yen
- Americas 5.08 billion yen
- Europe 3.62 billion yen
- Other 1.27 billion yen

Ratio of overseas sales
64.8%

Establishing creative collaboration hubs worldwide to address customer issues

Practical application and widespread adoption of clean energy

Improving power efficiency in an electrified society

Developing components that support a smart society

Realizing Our Philosophy

Respect for Humanity
Contribution to Society

Creating Value

Social Value

Efficient use of energy

Environmental protection related to business activities and respect for human rights

Corporate Value

Employee growth and job satisfaction

Individual purposes

Strengthening of business foundation

Sustainable growth and development

Business Foundation

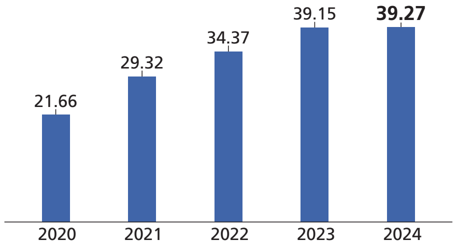
Sustainability Management → p. 36

Corporate Governance System → p. 48

* Digital Transformation

Net Sales

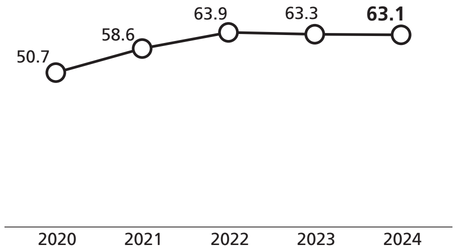
¥**39.27** billion



Net sales in 2024 increased by 0.3% year on year, driven by higher sales of automatic testing equipment, data-recording equipment, and field measuring instruments. This marks the fourth consecutive year of record-high net sales.

Ratio of Overseas Sales

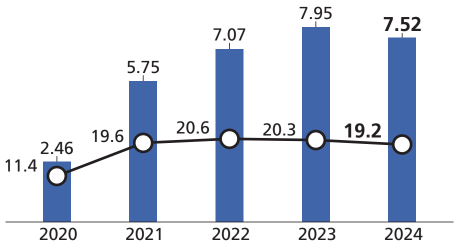
63.1 %



The ratio of overseas sales has exceeded 60% since 2022. As a target management indicator for 2030, we aim to raise this figure to 75%.

Operating Profit / Operating Profit Ratio

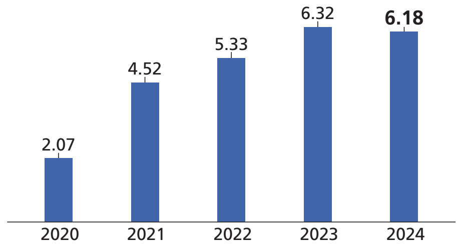
¥**7.52** billion **19.2** %



Reflecting stronger profitability, the operating profit ratio has remained around 20% since 2021. We aim to raise this figure to 25.0% by 2030, as set forth in our management indicators.

Profit Attributable to Owners of Parent

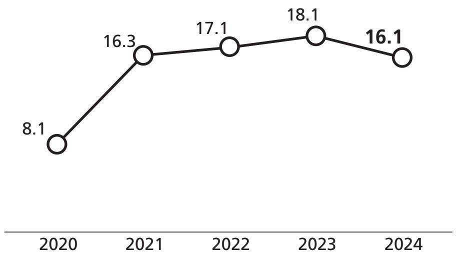
¥**6.18** billion



Although there was a 2.2% year-on-year decline in 2024, profit attributable to owners of parent has seen significant growth since 2021, driven by increases in both net sales and operating profit.

ROE

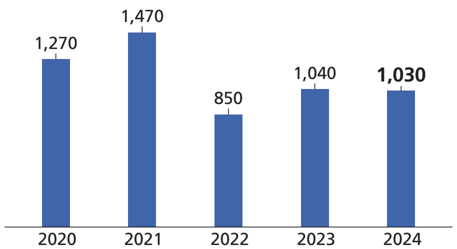
16.1 %



Reflecting improved capital efficiency, ROE has exceeded 15% since 2021. We have set a target of maintaining ROE 15% or higher in our 2030 management indicators.

Scope 1 and 2 CO_2 Emissions*

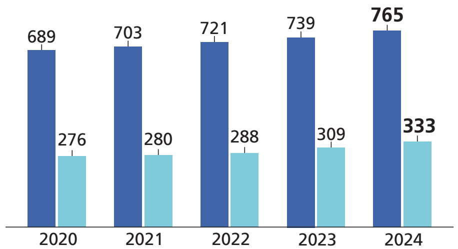
1,030 t-CO_2



We are continuing our efforts with the goal of achieving carbon neutrality for Scope 1 and 2 emissions by 2025. In 2024, we reduced CO_2 emissions by 1% compared to the previous year.

Number of Employees (Men / Women)

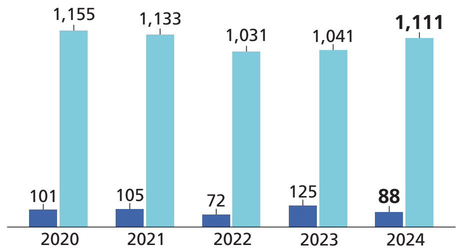
765 **333**



To further penetrate overseas markets, we are strengthening recruitment not only in Japan but also at our overseas subsidiaries, resulting in a steady increase in the number of employees each year.

Number of Industrial Property Rights Acquired / Held

88 **1,111**



Since industrial property rights have a direct impact on the enhancement of our pricing power, we are strengthening risk management in coordination with our business strategy.

* Figures for 2020 is for Japan only and Scope 2 is calculated using the market-based method

Working to Realize Our Long-Term Management Policy, Vision 2030

Four years have passed since the launch of Vision 2030, and with 2030 now within tangible reach, Hioki is entering the stage of translating its long-term vision into concrete, actionable plans.

Accordingly, we have set specific targets for 2030 and will implement our Medium-term Business Plan to achieve them.

Key points for realization

- Establishment of an integrated Group-wide business structure
- Three growth strategies
  1. Product development with the indispensability of Hioki →p. 19
  2. Market-oriented business development →p. 20
  3. Achievement of carbon neutrality under the GHG Protocol →p. 46

2025

Net sales ¥42.1 billion

Operating profit ratio 18.6%

2027

Net sales ¥51.2 billion

Operating profit ratio 22.5%

2030

Operating profit ratio 25.0%

Sales ratio

Domestic 25% Overseas 75%

ROE

15% or higher

Higher per-capita net sales

Higher productivity

Job satisfaction & greater skill

Our Mission

To contribute to stability and development of society by promoting customers' safe and effective use of energy through electrical measurement.

Vision 2030

Our Vision (What We Want to Be)

"Beyond Measure"

As an industry front runner, Hioki will become a solution creator that helps forge a sustainable society together with customers worldwide by continuing to evolve what it means to "measure."

Company-Wide Course of Action to Realize Our Mission and Vision

Provide competitive, high value-added electrical measurement solutions to customers across the globe as a solution creator through continuous company-wide innovation.

Necessary elements to realize our Vision

- Market competitiveness
- IT platforms
- Elemental technologies
- New HR framework
- GAS
- Sales and production processes
- New products
- Carbon neutrality
- Global systems (HR and IT)
- New fields

Medium-Term Business Plan to Lay the Foundation for 2030

We Have Clarified the Goals of the Long-Term Management Policy, Vision 2030, and Are Shifting Toward a Leaner, More Robust Organization

Since the formulation of Vision 2030 in 2020, four years have passed. Since "what we want to be in 2030" has become clearer, the need to define specific targets has grown. In 2024, the management team conducted in-depth strategic discussions and set concrete targets for 2030, including the ratio of domestic and overseas sales, operating profit ratio, and ROE (return on equity). Some of these targets were publicly disclosed in February 2025. When setting these targets, we envisioned what Hioki wants to be in 2030, not only in terms of net sales at each site, but also including workforce size and annual income. These targets are based on expected market growth rates and are intentionally designed to exceed them.

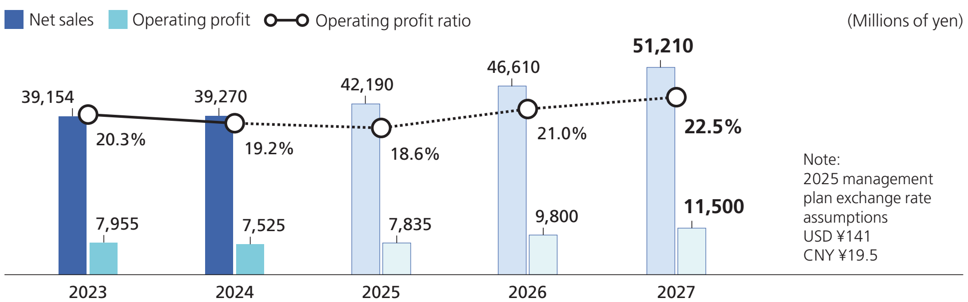
This new business plan places strong emphasis on both profitability and productivity. While profitability has been a key metric in previous plans, we have newly introduced net sales per employee as a measure of productivity. This indicator aims to improve overall business performance by enhancing the productivity of each individual employee.

To achieve these ambitious targets for 2030, the three-year period through 2027 will serve as a critical foundation-building phase. During this time, we will lay the groundwork for future growth and develop strategies to realize sustainable growth.

Target Management Indicators (as of 2027)

Ratio of operating profit to net sales	Ratio of overseas sales	Return on equity (ROE)
22.5%	70% or higher	15% or higher

Medium-Term Business Plan

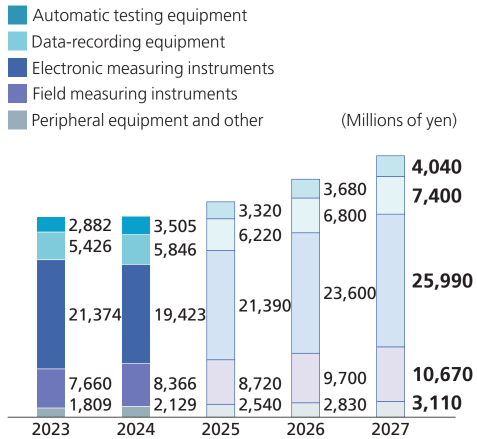


Planning Overall Sales Growth Centered on Electronic Measuring Instruments

As a manufacturer of electrical measuring instruments, the Company offers a wide range of products, which are categorized into four product groups based on their functions. In the Medium-term Business Plan, the Company has formulated growth-focused plans for each of these product groups. In particular, the electronic measuring instrument segment is expected to see increased demand due to the global trend toward electrification.

In addition, beginning this fiscal year, we have designated four key markets of focus and are advancing product planning based on market trends. Moving forward, we intend not only to develop plans for each product group but also to establish specific strategies for each focus market.

Mid-Term Sales Targets by Product Category

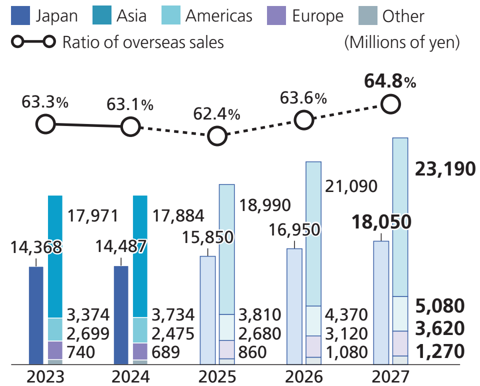


Setting Regional Targets and Strengthening Marketing-Sales Integration

Looking ahead to 2030, Hioki has set targets for each region for the year 2027. Efforts toward decarbonization vary by country and region, each with distinct characteristics. To effectively respond to each nation's policy landscape, it is essential to have independent local offices that can autonomously identify customer needs. Accordingly, in 2024, Hioki restructured its marketing organization to strengthen integration with the sales division.

Additionally, in order to build a more balanced revenue structure and mitigate geopolitical risks, Hioki is enhancing its sales network particularly in Europe and the Americas.

Mid-Term Sales Targets by Region



❶ Product development with the indispensability of Hioki

Delivering High Value-Added Solutions to Customers Worldwide

Providing Solutions That Address Unique Challenges Through Close Customer Engagement Across the Globe

As outlined in its Vision 2030, Hioki is committed to "concentrating its development resources on prioritized markets that constitute new social systems." Toward the realization of a sustainable society, the use of renewable energy such as hydrogen and solar power is advancing, along with the effective utilization of energy through storage systems and electric vehicles (EVs). For these new social systems to become widespread, both technological innovation and the establishment of appropriate evaluation methods are indispensable.

In its aim to become an indispensable partner in solving customer challenges, Hioki established the Creative Collaboration Laboratory within its headquarters' research building in 2023. This facility is equipped for joint experimentation, measurement, and evaluation with customers, enabling Hioki to gain deeper insight into customers' measurement subjects and promote the development of new measuring solutions through collaborative efforts.

Furthermore, as leading-edge customers are located around the world, we are developing similar facilities not only at our headquarters but also at domestic and overseas sites. This approach ensures direct communication with and on-site support to local customers, establishing a system able to solve their challenges efficiently. Through such investments, we aim to swiftly capture local needs and reflect them in our product development.

Establishment of Creative Collaboration Sites with Customers in Both Japan and Overseas

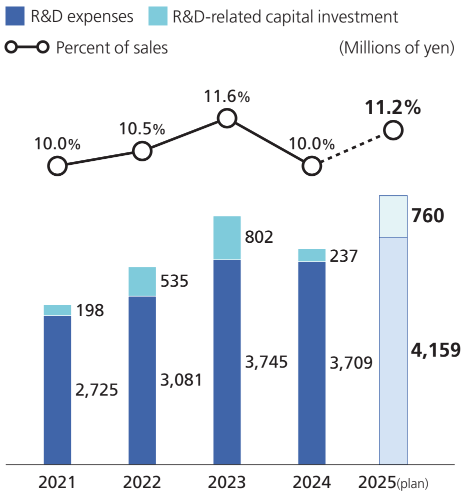
Strengthening Competitiveness Through Continued Investment in Value Creation

For manufacturers, the development of elemental technologies is a lifeline, and products are the source of growth. Hioki has established a continuous investment target of 10% of net sales toward research and development.

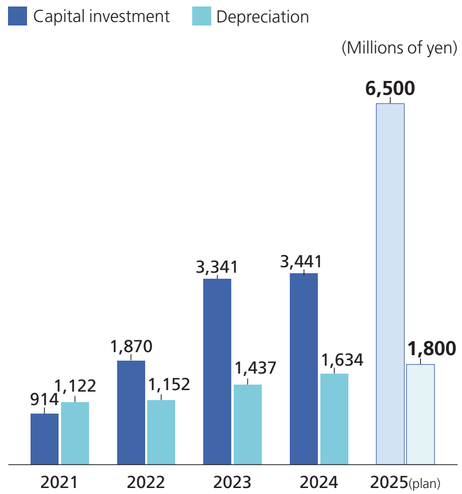
In addition to investments in regional Creative Collaboration Laboratories, which serve as direct points of contact with customers, we are also reinforcing our continued commitment to investments in elemental technology development, core to its identity as a manufacturer. To develop products that are aligned with market needs and capable of solving customer challenges, it is essential not only to understand customer needs, but also to secure the elemental technologies required to fulfill them. To acquire and accumulate these technologies internally, Hioki is proactively investing in R&D facilities and in human capital.

With regard to human capital investment, we are promoting both internal talent development and the use of external resources. In internal training, technical reviews and instruction by external lecturers are being expanded. As for external resources, we are accelerating technical partnerships and functional development with other companies in product development. By strengthening both types of initiatives, the Company aims to contribute to increases in net sales and productivity per employee.

R&D Expenses



Capital Investment and Depreciation



❷ Market-oriented business development

Targeting Markets with Even Further Growth Expected

Aiming to Achieve Product Sales That Exceed the Growth of the Market Itself

Beginning in 2025, we launched market-driven strategic planning and information disclosure aligned with the growth strategy of market-oriented business development. Previously, we had only formulated budget plans based on our product groups. From this fiscal year forward, we will also develop plans based on market segmentation. In a rapidly changing market environment, understanding customer needs more accurately is essential for product planning. To this end, the Product & Marketing Division is taking the lead in analyzing markets and using those findings as a starting point to promote product planning and technology development tailored to each market.

The Company has defined the following four markets of focus: (1) Energy, (2) Mobility (Electrification), (3) Components, (4) Batteries. We have independently forecasted market sizes for these areas in 2027, analyzed overall market scale, and identified addressable segments for the Company. This analysis has clarified the relationship between each market's maturity or novelty and the Company's existing technologies, thereby establishing a foundation for future strategy formulation. In each market, we will selectively develop new products and strengthen marketing activities to expand sales more efficiently.

The Measuring Instrument Market Forecasted to Continuously Grow Globally

Since the launch of Vision 2030, the trend toward decarbonization has accelerated the Company's growth. While this momentum may be affected by political changes such as shifts in the US administration, we anticipate that demand will continue to grow steadily. Driven by decarbonization efforts, electricity consumption is increasing as a replacement for fossil fuel-based energy. As a result, there is a growing need for the efficient use of electrical energy. Globally, demand for electrical-related products is rising, which directly translates to growing demand for our electrical measuring instruments. We will seize this favorable business climate to continue market expansion in the four key markets focus areas outlined above.

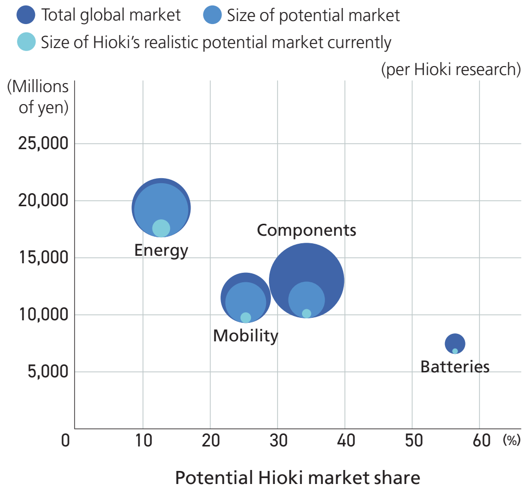
In order to advance our market- oriented business strategy, we also recognize the need to collect and accumulate data from both customers and markets. To deeply understand markets and forecast future trends, it is crucial to obtain insights into how customers use our products and how they solve their challenges. We are actively investing in marketing activities to gain a more detailed understanding of market conditions and predict what lies ahead. As part of this initiative, we are introducing new sales systems and implementing CRM tools.

Four Future Markets of Focus

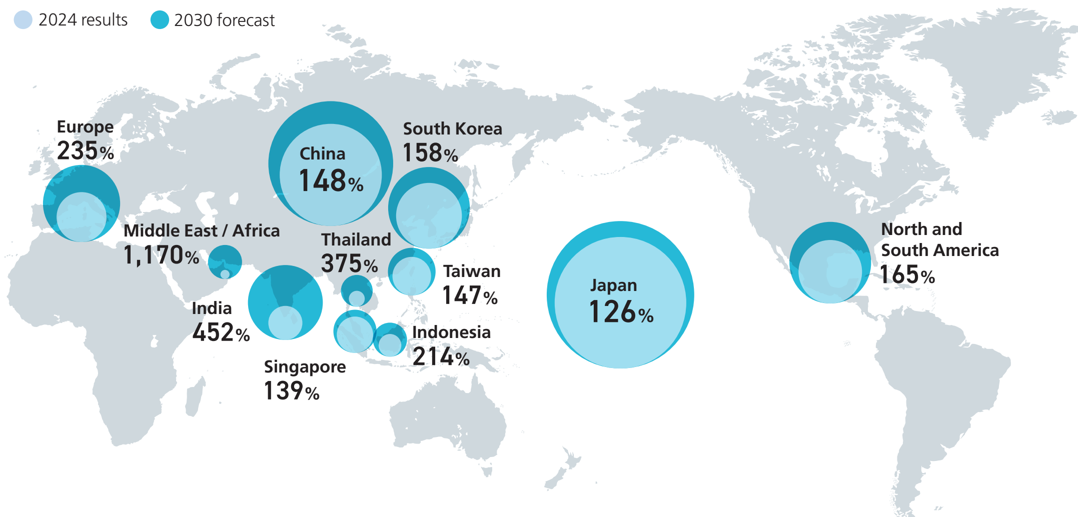
Market	Market growth rate (Hioki forecast)	Target sales growth rate for Hioki products
Energy	4.0%	9.3%
Mobility	5.0%	9.2%
Components	9.6%	13.0%
Batteries	9.0%	7.6%

Striving to realize product sales that exceed the market's own growth

2027 Forecast



Sales Growth Rate by Region



Putting Value Creation into Practice

Kenneth Soh

**Executive Officer,
Director of Product &
Marketing Division**

A Global Vision of Market-Driven Development and Tech-Powered Agility

Reimagined Development and Marketing Meet Customer Needs While Strengthening Sales

In 2024, we established our Product & Marketing Division in order to fundamentally transform how Hioki develops new products, then executes marketing strategies that successfully promote them. At the heart of this change is our vision of being an innovative and efficient solution provider that is aligned with key global trends; solves our customers' challenges while enriching society; and maximizes business returns via effective branding and marketing.

With the inception of this division comes a major shift in how Hioki pursues product development. Until now, our product and solution development has focused on technology seeds. Going forward, however, we will shift our focus to market-driven business development. This will ensure that our products and marketing initiatives are closely aligned with customer needs and industry trends.

The Product & Marketing Division comprises four departments: Product Management, Product Marketing, Marketing Communication, and Department X. Accelerating our business transformation, we have consolidated key functions under Department X, which now houses the Maintenance Product Group; New Business Team; and Business X. Here, "X" symbolizes our commitment to eXcellence in customer service, eXploration of new business opportunities, and a mindset that goes beyond measure. Department X will serve as the launchpad for software-driven solutions, ensuring innovation remains at the core of our strategy.

Hioki will drive this evolution forward by collaborating with customers to gather insights, including identifying pain points they encounter in their operations. Additionally, we will conduct comprehensive market analysis to anticipate emerging trends and position our products effectively. These efforts will help accelerate adoption and strengthen sales.

Products and Launch Strategies That Enhance Profitability

We are committed to doubling our number of new product launches—a key driver of revenue growth—over the next three years. Helping to facilitate this is the streamlining of our development processes. For example, we are considering strategies including the adoption of agile methodologies (approaches to project management and software development that prioritize collaboration, customer feedback, and rapid delivery) and collaboration with external partners, such as contractors and original design manufacturers, that can accelerate our time-to-market. These will enable us to focus internal resources on high-value, measurement-focused innovations that enhance our profitability.

In terms of marketing, we are striving for more impactful product launches. One recent globally coordinated launch achieved a 200% increase in product awareness, leading to a market adoption two weeks faster than average. Through such strategies, we anticipate that new products will drive 30% of Hioki's net sales by 2027, reinforcing our commitment to expansion that is both profitable and sustainable.

Pursuing Market Leadership While Strengthening Our Global Brand

Hioki has in recent years established a strong reputation in the EV battery sector, particularly in Japan, China, South Korea, and Southeast Asia. In Europe, meanwhile—driven by adoption of our innovative and precise power analyzers—we have built a solid presence in the automotive industry. Overall, Hioki enjoys greater brand awareness in Asia, largely due to geographic proximity and cultural similarities.

Historically, our overseas sales strategy has focused on offering products to our international distributors, as well as entrusting them with the promotion of the Hioki brand in their respective markets. Global brand awareness thus varied widely, according to each distributor's marketing capabilities. However, with the establishment last year of our Product & Marketing Division, we are prioritizing consistency in global brand messaging as a core strategy.

To further reinforce our brand presence in the EV battery industry—where Hioki is a market leader in certain segments—we are organizing and participating in targeted conferences. Hioki's thought leadership, meanwhile, is being bolstered through white papers and video marketing. We are also expanding our customer engagement initiatives. The Hioki Community, for example, is a platform designed to foster brand loyalty through activities such as site visits and tree planting.

Local marketers within each subsidiary will continue to play a crucial role in our centralized marketing efforts. Their ability to tailor our branding and marketing to regional preferences ensures that Hioki's global strategy remains relevant and impactful across diverse markets.

Tech-Powered Solutions Bring Agility, Efficiency, and Business Impact

Digitalization is essential to our transformation. As key elements of this, we are implementing systems to streamline both product development and global marketing operations, and transitioning our product groups towards more software-driven solutions.

New productivity tools include AI-powered data analytics for market intelligence—enabling smarter product decisions and targeted marketing—and enhanced project management tools that seamlessly connect R&D, marketing, and subsidiaries. Automated campaign management tools, meanwhile, optimize global marketing execution while maximizing reach; and a centralized product information system is improving knowledge sharing and consistency across teams. Integration of these digital tools will improve agility, speed, accuracy, and coordination across product development, R&D, marketing, and sales. This, in turn, will drive greater operational efficiency and business impact.

Solutions that are more software-driven help differentiate our offerings in the marketplace, while raising overall profitability through potential for recurring revenue streams. AI integration is an important element in this transformation, too—born from the recognition that an ability to effectively scale AI will significantly enhance our products' competitiveness and appeal.

As well as keeping in close contact with headquarters via online meetings and messaging, we also visit monthly. One key lesson learned during the COVID-19 pandemic was the importance of remote working and virtual interaction—these have become cornerstones of our communication.

As we progress towards becoming a truly global enterprise, we anticipate that communication with our overseas subsidiaries will only increase in frequency and intensity. A unified global platform will be crucial in supporting this, and our Global DX Planning Department is actively advancing this goal.

A group photo with the panelists of the Battery Conference

Kenneth, who participated as a moderator at ABEVTC (ASEAN Battery and Electric Vehicle Technology Conference)

Report by Market

Energy

Market Trends

- **With growing energy demand, the adoption of renewable energy and greater power efficiency are essential**

Market growth rate up to 2027 4.0%

Major Products

Providing performance and safety testing to enhance the practicality of renewable energy, along with efficient operational support through data integration and analysis

- Power analyzers
- Power quality analyzers
- Battery testers (for maintenance)
- GENNECT
- ALDAS

Growth rate through to 2027 of Hioki product line-up 9.3%

Market Environment

In the energy market, energy demand is expanding due to increased power consumption in AI data centers, economic growth in emerging countries, and greater demand for air conditioning systems as temperatures rise. Meeting this demand requires not only fossil fuel-based power generation but also renewable sources such as solar and wind power. Countries are working to accommodate rising energy demand while aiming to realize a sustainable society.

Achieving such a society requires more effective use of energy and improved equipment efficiency. Power conversion equipment, accurate measurement of electric power, and the efficient measurement of devices are therefore of growing importance. While the adoption of renewable energy accelerates and the share of solar and wind power in the energy mix is increasing each year, these generation methods present challenges such as unstable output and voltage fluctuations. To ensure stable power supply, it is essential to measure power quality in the electrical grid, identify the causes of power issues, and take countermeasures.

2024 Results

Sales of measurement instruments for the energy market in 2024 were driven by power quality analyzers and battery testers. Sales of power quality analyzers grew in response to rising electricity consumption in data centers and emerging countries, while demand increased for battery testers used in the maintenance of energy storage systems (ESSs). Power analyzers were also utilized to measure the efficiency of inverters that convert direct current from solar power generation into alternating current, and these product lines contributed to overall sales growth.

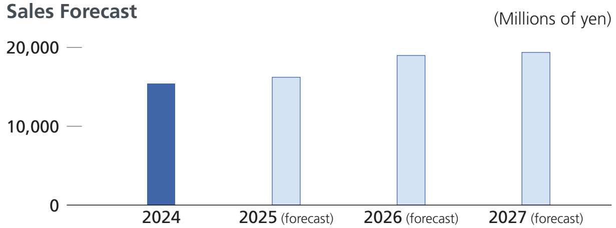
Growth Opportunities

We are advancing a transformation from a hardware-focused measurement instrument manufacturer to a comprehensive solutions provider that also incorporates software. At the core of this transformation is the GENNECT series, which integrates and analyzes data from multiple measurement instruments. This platform enables centralized management and operation of various instruments on a shared software foundation, helping customers improve operational efficiency and promoting broader adoption of our products. We will continue working to make these solutions widely used by customers seeking to improve the maintenance of electrical equipment and the efficient use of energy.

With the development of AI and cloud computing, data centers are being constructed worldwide, driving greater demand for maintenance measurement instruments such as power quality analyzers and battery testers for post-construction inspection and verification processes, as well as for ongoing operations and maintenance. As renewable energy becomes more widespread and ESS development advances as social infrastructure supporting stable power supply, further growth is anticipated in maintenance instruments that help ensure safe operation.

In addition, we provide electrical measurement solutions to help achieve a carbon-neutral society that utilizes hydrogen. Our ALDAS measurement systems for electrolytic cells and fuel cells are used in a wide range of phases from basic research to social implementation. By helping to identify optimal operating conditions for electrolysis equipment and advancing the development of materials, these systems contribute to building a sustainable society.

Sales Forecast



Special Feature

Realizing Large-Scale Hydrogen Production and Contributing to the Energy Transition

To strengthen advanced development and solution offerings for the hydrogen energy sector, we launched the Hydrogen Energy Solution (H2ES) team in 2022 as an in-house venture, and in 2025, we commercialized a new measuring instrument.

Utilizing Hydrogen Energy for a Decarbonized Society

In recent years, hydrogen has gained attention as a next-generation energy source to help address climate change. Hydrogen can be produced without emitting CO_2 through water electrolysis, a method that generates hydrogen by passing electricity, derived from renewable energy, through water. However, implementing hydrogen as a viable energy source within social infrastructure requires both large quantities of hydrogen and large-scale water electrolysis systems capable of producing it. Hioki has commercialized an impedance measurement system essential for the development of such large-scale water electrolysis equipment, contributing to the realization of efficient hydrogen production.

Development of Measuring Instruments for High Currents in Large-Scale Water Electrolysis Systems

When the project began in 2022, evaluation technologies for small, lab-scale water electrolysis cells were already available. However, technologies for evaluating large-scale water electrolysis systems operating under high current and high voltage conditions at the demonstration test level had yet to be established. In response, we developed the ALDAS series of measuring instruments by leveraging impedance measurement and high-precision current measurement technologies, which are our core technologies cultivated over many years. These instruments enable evaluation of water electrolysis systems operating with high currents. Under operating conditions that simulate real-world implementation, ALDAS makes it possible to perform key performance evaluations for improving hydrogen production efficiency, optimize operating conditions, and diagnose cell material degradation. Another major feature of the ALDAS series is that it can be introduced without requiring any modifications to the water electrolysis systems being evaluated, allowing it to adapt to a wide range of research environments.

Following deliveries of the ALDAS-E model to institutions such as the National Institute of Advanced Industrial Science and Technology (AIST) and the Japan Aerospace Exploration Agency (JAXA), we launched the ALDAS-Mini in February 2025 as a product for the research and development of electrolytic cells for hydrogen production.

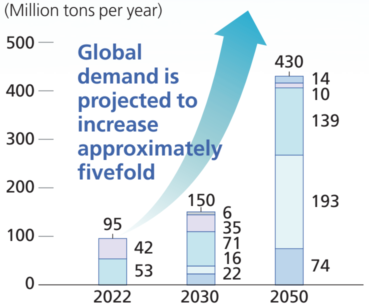
From Zero Knowledge to Commercialization Through On-Site Demonstration Trials

Shin Kasai
Manager of H2ES (Hydrogen Energy Solution) Section
Metrology Laboratory
Research & Development Division

Our hydrogen business began as an in-house venture, launched through our internal venture program. Guided by the vision of "bringing hydrogen energy into the implementation phase through electrical measurement solutions," we have continued our activities with determination. Despite having no prior expertise in hydrogen within the Company, we visited testing sites, identified measurement challenges during demonstration trials, and developed ALDAS accordingly. By incorporating customer feedback and making continuous improvements, we have evolved ALDAS into a solution rooted in real-world needs.

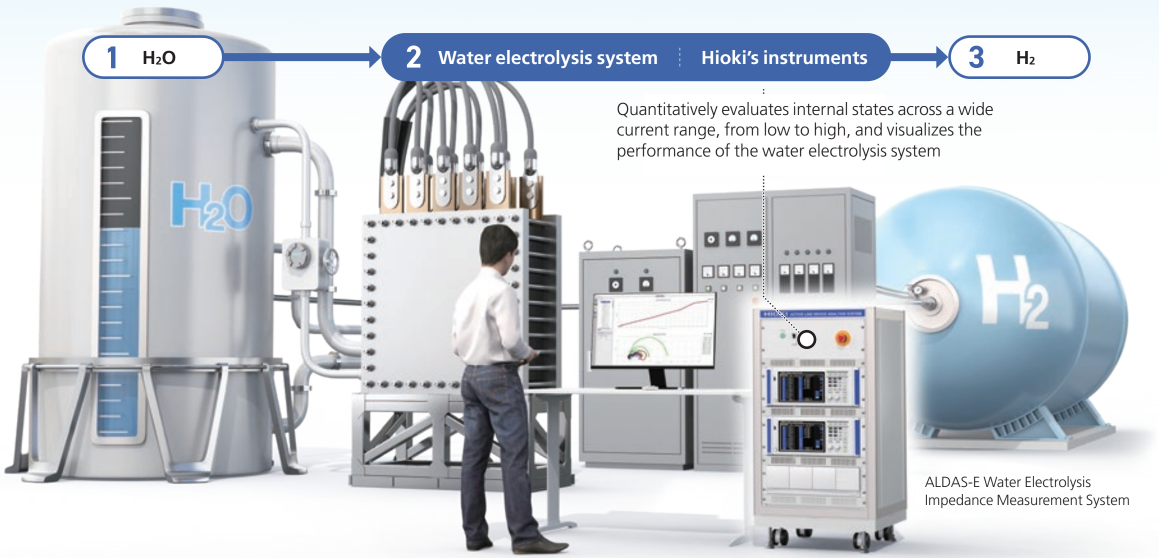
By enabling the performance evaluation of large-scale water electrolysis cells and stacks, which was something previously considered difficult, we have received enthusiastic reactions and high expectations from our customers. Going forward, we will continue to take on new challenges as part of our commitment to advancing next-generation energy solutions for a carbon-neutral future.

Global Demand for Hydrogen and Other Energy Carriers by Sector



Source: Created based on the Ministry of Economy, Trade and Industry, "Domestic and International Trends Surrounding Hydrogen and the Current Status of Hydrogen Policy"

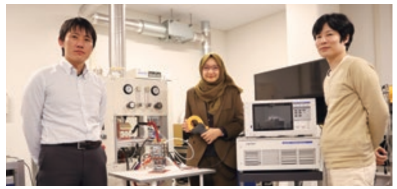
Hydrogen Production and the Role of Measuring Instruments



ALDAS-E Water Electrolysis Impedance Measurement System

Development Project Timeline

- **2022** Launched the Hydrogen Energy Solutions team with four employees at age 35 or below
- **2023** Received an order for ALDAS-E from the Fukushima Renewable Energy Institute, AIST (FREA) of the National Institute of Advanced Industrial Science and Technology
- **2024** Delivered ALDAS-E to the Japan Aerospace Exploration Agency (JAXA)
- **2025** Released the ALDAS-Mini



Mobility

Market Trends

- **Price competition is intensifying, and there are expectations for the spread of electric vehicles (EVs)**
- **Industry efficiency and technological innovation are advancing**

Market growth rate up to 2027 5.0%

Major Products

Streamlining the development of high-performance onboard systems for EVs

- Power analyzers
- Current sensors
- Data loggers
- Resistence meters

Growth rate through to 2027 of Hioki product line-up 9.2%

Market Environment

The electrification of automobiles, represented by xEVs (a collective term for electric vehicles such as BEVs, PHEVs, HEVs, and FCEVs), plays an important role in realizing a sustainable future, and adoption thereof is progressing worldwide. Currently, market competition is intensifying, and low-priced models are expected to proliferate globally, starting from China. At the same time, the rapid expansion of production is causing some manufacturers to face challenges such as inventory management and ensuring profitability. However, this situation is part of the market maturation process and has the potential to drive efficiency and technological innovation across the industry. While many high-end EV models still remain more expensive than internal combustion engine (ICE) vehicles, technological advances and the progress of economies of scale are expected to further improve price competitiveness going forward.

By 2027, the market is expected to regain momentum through the elimination of overcapacity, clarification of trade regulations, and the introduction of next-generation EVs. In addition, research and development into innovative electric mobility solutions such as electric vertical takeoff and landing (eVTOL) aircraft is expected to continue in the medium term.

2024 Results

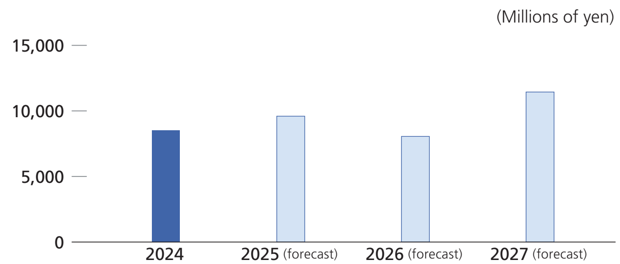
Sales in the mobility market came in below target, largely due to decreased sales of power analyzers used in R&D for efficiency improvements. This reflects the difficult conditions facing the xEV sector. On the other hand, sales of recording devices, which play a vital role in the development and verification process, showed a modest increase. Data loggers achieved solid results in the intensely competitive logger market. Their success underscores our capability to deliver timely, precise solutions that address the evolving development needs of our customers, supported by the steady introduction of new modules and proprietary sensors meant to meet the growing demands of the market.

Growth Opportunities

With an eye on the expected recovery trend in the EV market, we are maintaining promotional efforts for our power analyzers and current sensors while continuing to roll out new products. In powertrain (drivetrain) testing in particular, the pairing of our power analyzers and current sensors has become firmly established as an industry standard. Building on this advantage, we aim to further grow our share in the performance evaluation of electric powertrains, where high efficiency is pursued.

The aftermarket, centered on maintenance and inspection, is also seeing steady expansion as EV adoption spreads. To help ensure vehicle safety, we supply measuring instruments that meet international standards, and as we broaden our sales network, we are deepening our reach into this growing sector. Looking ahead, testing demand for EVs is expected to rise sharply as early-generation models age, and we are continuing to introduce products such as resistance meters, insulation resistance testers, digital multimeters, and infrared thermometers in order to establish a strong position in this market. In addition, our measuring instruments, including next-generation power analyzers, resistance meters, and data loggers, are expected to become even more essential to leading manufacturers and certification bodies as technological innovation in the mobility industry continues.

Sales Forecast



Components

Market Trends

- **Advances in semiconductor technology are driving technological progress**
- **Entering an upward cycle with growth expected**

Market growth rate up to 2027 9.6%

Major Products

Supporting the development of next-generation technologies through performance testing of electronic components and motors, as well as inspection of electronic circuit boards

- Resistence meters
- LCR meters
- Partial-discharge detectors
- Flying probe testers

Growth rate through to 2027 of Hioki product line-up 13.0%

Market Environment

Since the 1970s, the semiconductor market has played an essential role in supporting the foundation of technological progress. In recent years, advances in semiconductor technology have been a driving force behind the proliferation of AI, and in response to the resulting surge in power consumption, the development of highly efficient power management solutions has accelerated.

The growth of the semiconductor industry is underpinned by close collaboration with a broad range of component-related industries, including passive component manufacturers and materials suppliers, together forming an interconnected ecosystem.

We recognize that the semiconductor industry is currently in the early phase of an upward cycle. In particular, the commercialization of next-generation power semiconductors such as GaN and SiC, coupled with the development of highly integrated devices designed to supply power to AI-ready data centers, is propelling overall growth in the industry. In light of these factors, we project a market growth rate of 9.6%.

2024 Results

Sales in the components market came in slightly below the 2024 target. Among individual product lines, resistance meters and LCR meters recorded sales growth, driving overall category performance. These instruments are indispensable for evaluating the performance of passive components and also play a key role as diagnostic tools in quality control and troubleshooting. In motor testing in particular, resistance meters are used to measure the resistance of motor windings, helping identify issues such as short circuits and open circuits.

Growth Opportunities

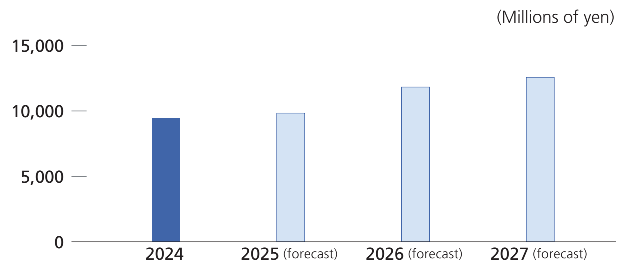
We are advancing strategic product development and exploring new markets to position ourselves for the next phase of growth.

The introduction of new power semiconductors capable of operating at higher voltages and frequencies, along with strong demand for smaller and lighter designs, is creating new measurement needs for EV drive motors traction motors). In response, we have launched partial discharge detectors tailored to the testing needs of advanced motors. Moving forward, we aim for our products to play an increasingly important role in the mass production of high-performance motors, steadily expanding our market share.

The substantial power consumption of AI-oriented GPUs is accelerating both the evolution of power electronics and the drive toward greater device integration. To address this, we are enhancing the performance of our passive component inspection instruments, such as flying probe testers and LCR meters. Strengthening our inspection capabilities will enable us to open up new applications and capture additional market share.

We are committed to establishing our position as a comprehensive solution provider that supports the entire inspection process for the manufacturing of key components such as EV motors and highly integrated devices for AI applications.

Sales Forecast



Batteries

Market Trends

- **Surge in demand for Energy Storage Systems (ESS)**
- **Long-term market expansion driven by enhanced safety and accelerated development of next-generation technologies**

Market growth rate up to 2027 9.0%

Major Products

Leading the development of next-generation batteries that combine safety and performance

- Battery testers (for manufacturing)
- Digital multimeters
- Slurry analytical systems
- Electrode resistance measurement systems

Growth rate through to 2027 of Hioki product line-up 7.6%

Market Environment

The battery industry is seeing a rapid surge in demand for Energy Storage Systems (ESS) to stabilize power for AI, data centers, and renewable energy, even as overheated demand for EVs has cooled. New investment in production facilities, which had been stagnant since the latter half of 2023, has shown signs of recovery, especially in China, with major battery manufacturers resuming investments based on long-term plans. Additionally, demand for replacing aging equipment is supporting the market, and highly profitable small batteries continue to perform well. The overall battery market is projected to continue long-term expansion, with research and development expenditures increasing annually alongside market growth, particularly in R&D aimed at improving safety. Development of next-generation technologies, including semi-solid-state and all-solid-state batteries, is also accelerating.

In the current battery manufacturing supply chain, market dominance by specific companies is advancing. At the same time, US tariff policies, local regulations, and other factors are driving diversification of production bases. More countries are actively working to attract the battery industry, and manufacturing systems are being established worldwide.

2024 Results

Due to slowing demand for EV batteries, capital investment in production facilities by battery manufacturers recorded negative growth for the first time in 10 years. Our main products, battery testers and digital multimeters, maintained a high market share by adapting to changes in demand sources, but shipments declined in line with market trends. Meanwhile, testers for battery material R&D continued to show steady growth.

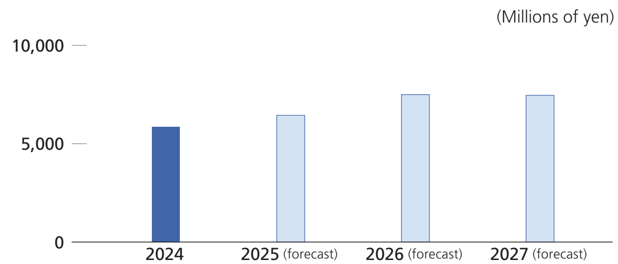
Growth Opportunities

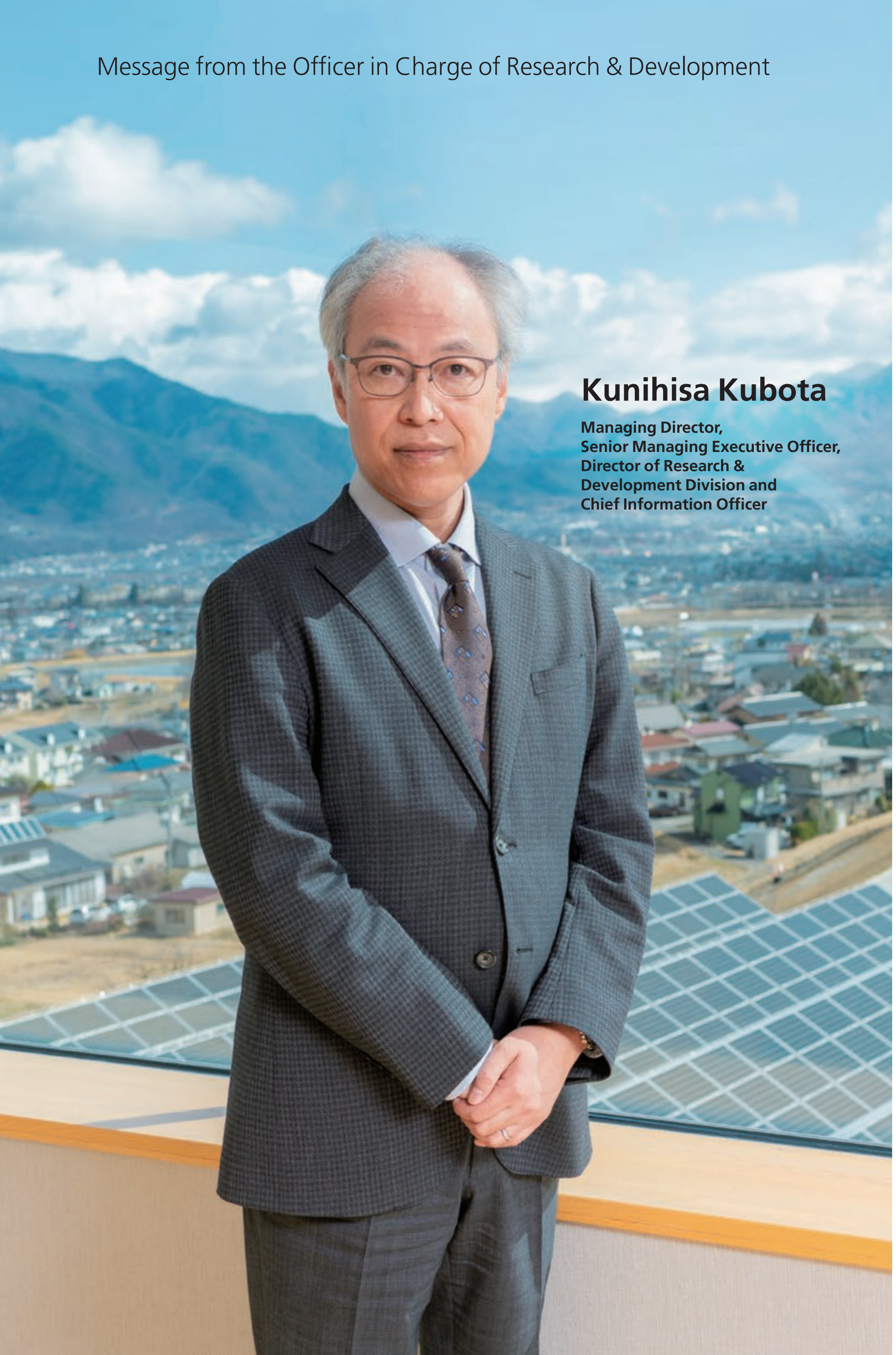
A key driver of battery industry growth is achieving both safety and performance. Challenges once considered difficult are being overcome through technological innovations in materials development, battery design, and production processes, expanding the scope of applications as they evolve. In the ESS field, extending cycle life and improving performance in low-temperature environments remain challenges. In applications where both extremely high safety and performance are essential, solid-state batteries with reduced highly flammable electrolytes are expected to be adopted.

In the materials development field supporting such technological innovations, we offer proprietary technologies such as powder impedance measurement, slurry analysis, and electrode resistance measurement, and we will continue to deepen these efforts. In the areas of battery design and production processes, we will strengthen evaluation testing and inspection solutions to ensure safety and performance through a broad product lineup.

Looking ahead, the battery industry is expected to evolve from an EV-centric structure into a more diverse market, with growing measurement needs across the entire life cycle of various applications. Leveraging the network we have built in the mass production equipment sector using cells, we will accelerate expansion into new, high-growth peripheral markets and remain a frontrunner in responding to changes in the battery industry.

Sales Forecast





Kunihisa Kubota

Managing Director,
Senior Managing Executive Officer,
Director of Research & Development Division and
Chief Information Officer

Creating Innovation by Combining Leading-Edge Technology with Deep Understanding of Customer and Market Needs

Strengthening Our Global R&D Structure Through Organizational Reform and the Hiring of International Talent

In 2024, we implemented an organizational restructuring that transferred the functions of product planning and PLM (Product Lifecycle Management)—previously handled by the technical division—to the newly established Product & Marketing Division. In parallel, the newly formed Research & Development Division has shifted its focus more squarely toward technology development and product design. As a result, engineers within the Research & Development Division are now in an environment where they can devote themselves more fully to research and development activities. In addition, to enhance the headquarters' cross-functional coordination with our expanding overseas development bases, we also established a new department within the Research & Development Division: the Global R&D Support Section.

In recent years, while advancing its global business expansion, Hioki has actively stepped up the recruitment of outstanding technical talent around the world. At the same time, we are proactively hiring non-Japanese personnel in Japan, steadily advancing the internationalization of the Research & Development Division. Local development structures, particularly in China and India, are also being progressively established. What I value most in these developments is that, in each country and region, our teams are now grasping firsthand with local market conditions and independently undertaking practical initiatives that respond to the cutting-edge needs of our customers.

Establishing Creative Collaboration Hubs Worldwide to Capture Customer Needs

It takes a considerable amount of time for groundbreaking new technologies to take shape as products. For this reason, it is essential to anticipate future trends and advance the development of advanced technologies in advance, so that we are ready to deliver products and solutions in a timely manner once customer needs become apparent. Guided by this belief, we are building a system that enables us to develop technologies that will be needed in the future by maintaining close communication with our customers to gather a wide range of needs, while always keeping an eye on what lies ahead.

One example of this approach is the expansion of facilities designed to foster innovation through creative collaboration with our customers. In Japan, we established the Creative Collaboration Laboratory in 2023 within the research building at our headquarters, outfitted with state-of-the-art equipment. In 2024, we followed this with the launch of technical centers within our sales offices in Yokohama and Osaka, where we collaborate directly with customers to address leading-edge measurement challenges.

Internationally, we have established innovation centers in China and India as local R&D bases, and a training center in Indonesia to serve as a technical bridge with customers. In 2025, we also plan to open a new technical center in the United States, targeting the mobility market. Through these creative collaboration hubs, we aim to deepen our communication with customers and become their go-to partner whenever a challenge arises—making their first thought: "Let's consult with Hioki."

Integrating Intellectual Property Strategy with Business and Development Strategies

The implementation of an intellectual property strategy is one of the key responsibilities of the Research & Development Division. To that end, we have been promoting a three-pronged approach that closely integrates intellectual property strategy with both our business and development strategies. At Hioki, expenditures related to intellectual property are regarded as investments. We protect newly developed advanced technologies through patents to strengthen our pricing power as a manufacturer. Decisions on which country we apply for patents in are made in accordance with our business strategy, based on a careful examination of the effectiveness of patent protection in each country, and we are working to secure rights in key markets. In addition, we are also placing emphasis on securing trademarks as part of our efforts to establish a global brand.

Looking ahead, we intend to further promote patent literacy across the entire Research & Development Division. Many of our engineers are already conducting global surveys of advanced technologies in their respective fields, taking great care to avoid infringing on the rights of others, while also becoming able to verify whether our own rights are being infringed. Our goal is for all engineers to acquire this level of capability. To date, Hioki has prioritized the exercise of patent rights over licensing. However, exercising rights itself is not the end goal. Rather, it serves as a means of gaining valuable insights that will inform future patent strategies. We intend to feed the knowledge gained through these efforts back into the development of even more robust strategic initiatives.

Leveraging Our Sensing Technologies to Address Social Challenges

Over the 90 years since its founding, Hioki has maintained its technological advantage by continuously developing and accumulating proprietary technologies for measuring current, voltage, and impedance. We remain attentive to market changes and strive to stay abreast of the latest customer needs. Without being complacent, we commit ourselves to strengthening our technical capabilities by actively learning leading-edge technologies. I believe that our sustained advantage is rooted in our consistent and sincere pursuit of what is expected of a manufacturer, as described above.

One area where we see significant future potential is the hydrogen sector. We recognized the global momentum toward a hydrogen society early on, and now that this trend is beginning to materialize as a viable business domain, we have taken concrete steps toward commercialization. In response, we launched an internal venture through a company-wide call for proposals, initiating both development activities and market engagement. I believe this was made possible by our corporate culture: one that empowers younger employees, grants them a degree of autonomy, and encourages bold challenges. Looking ahead, we will continue to value employee initiative while pursuing innovation that anticipates changes in the market and customer needs. Our focus will remain on creating advanced technologies that contribute to solving complex social challenges.

Advancing Global Digital Transformation (DX) to Strengthen Information Security and Accelerate Development

In addition to serving as Director of the Research & Development Division, I also hold the role of Chief Information Officer (CIO). As part of the organizational restructuring carried out in 2024, we established the Global DX Planning Department, which is currently leading a platform development project aimed at transforming our operations and accelerating decision-making at the management level. This platform, designed to enhance security and serve as a new core system centered around enterprise resource planning (ERP) and CRM, is targeted for rollout in 2026.

Our customer base is expanding from Japan to the global market, and we are working toward the goal of achieving an overseas sales ratio of 75% or higher. To reach this target, we are optimizing our supply chain and accelerating the global sharing of market information, enabling us to deliver solutions to customers around the world in a timely manner. Importantly, each DX initiative is not merely a system renewal project, but a transformation of the way we work. These projects also serve to cultivate DX talent and foster a company-wide culture of digital innovation, helping to further accelerate our digital transformation into the future.

Driving Growth Through a Global DX Strategy

Yasunao Takano

Managing Director
Managing Executive Officer
Director of Global Sales Division
and Director of European Market

Strengthening Customer Focus Through the Establishment of New Overseas Offices and Changes to the Sales Structure

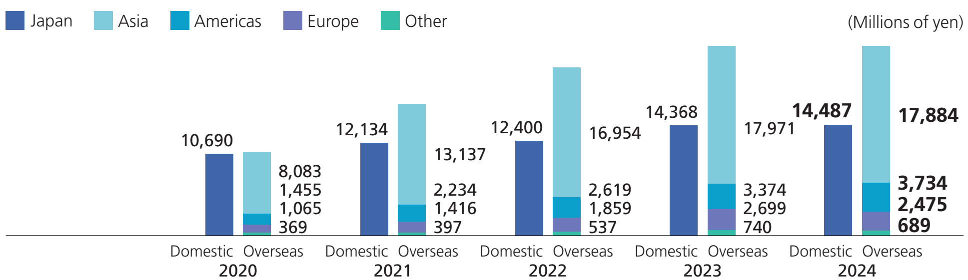
Expanding the Global Sales Network Through the Establishment of Local Sales Subsidiaries

The proportion of overseas sales in the Hioki Group has been rising year by year, reaching 63.1% in 2024. I believe this growth is largely the result of shifting our sales structure from one-country/one-agent to a system centered on local sales subsidiaries. For Hioki, where the product range is extensive and careful customer communication at the proposal stage is crucial, having our own employees on the ground who can speak the local language is essential for presenting our full lineup effectively. To that end, starting with the United States in 1998, we have established sales subsidiaries around the world and implemented tailored sales proposals customized to each product's unique characteristics. As a result, our overseas sales have grown steadily, while simultaneously developing numerous key local personnel at each subsidiary.

In 2024, we established sales subsidiaries in Thailand, where investment is accelerating globally in response to strengthened decarbonization efforts, and in the United Arab Emirates, which, despite being an oil-producing country, is rapidly investing in non-oil sectors. In March 2025, we also established a new subsidiary in Vietnam, where each country's investment activity is vibrant. Looking ahead, we plan to quickly embark on research on the opening of a business base in the African market, where rapid economic growth continues amid an increase in population.

Net Sales

(Millions of yen)



	2020	2021	2022	2023	2024
Ratio of overseas sales (target: 70% or higher)	**50.7%**	**58.6%**	**63.9%**	**63.3%**	**63.1%**

To achieve our long-term management policy, Vision 2030, it is also necessary to narrow down our target markets and further strengthen our closeness with customers. Based on this approach, in 2024 we reorganized our sales organization in the Japanese and Chinese markets. This involved shifting from the conventional area-based sales structure to a structure organized by market and industry, focusing on specific products and customer sectors. As a result, target customers and markets have become clearer and more precisely defined, and the quality of customer communication at the front lines has improved. We anticipate this initiative will significantly elevate our sales personnel's knowledge base and enhance their solution-proposal abilities.

While the expansion of our business bases is progressing smoothly, strengthening human resources at each overseas location remains an issue. When President Okazawa visits overseas subsidiaries, he always makes a point of holding sessions to explain the corporate philosophy. This has deepened a resonance felt for Hioki's philosophy and improved employee retention. However, chronic shortages of personnel in both sales and back-office roles persist, making it necessary to strengthen our global human resource strategy.

Strengthening Marketing and Sales Capabilities from a Global Perspective

In 2024, significant organizational restructuring also took place at each department in our headquarters. Among these, one important development was the establishment of the Product & Marketing (P&M) Division. Traditionally, the function of product planning at Hioki has been primarily led by the engineering division, and these efforts were largely based on the needs of customers in Japan. However, with the ratio of overseas sales now exceeding 60%, and with plans for further global expansion, it has become essential to broaden the scope of the product planning process to include overseas markets. Likewise, marketing strategies and the exploration of customer needs should be based on insights gained through communication with customers in each country and region. Going forward, the P&M Division will seek to identify latent market needs from a global perspective while pursuing a product planning process that is closely aligned with the specific requirements of customers in each market.

Another major change in the sales division was the establishment of the Global DX Planning Department. To build a data-driven sales structure, Hioki is introducing a CRM system. However, as a prerequisite, it is essential to standardize sales processes that currently differ by location. For this reason, the newly established Global DX Planning Department is taking the lead in initiatives to integrate information systems, databases, and information security systems across all locations. This effort also reflects the reality that many of our customers are now global companies. By tracking customer activities worldwide and strengthening information sharing and coordination across the Hioki Group, we aim to capture detailed market dynamics in real time that cannot be seen when viewed only on a country-by-country basis. Furthermore, we intend to leverage this information to enhance product planning and sales strategies from a truly global perspective.

Comments from Presidents of Overseas Sales Subsidiaries

Jiung Park
President
HIOKI KOREA CO., LTD.

Responding to the Global Expansion of South Korean Companies

Major South Korean companies are accelerating their overseas expansion, particularly by establishing production bases. Specifically, they utilize manufacturing lines in South Korea as pilot lines, stabilize performance, and then deploy these lines overseas. The measuring instruments used on these lines undergo an adaptation period of approximately six months to one year before being applied to overseas line construction. Hioki Korea is working to expand the share of Hioki products on these lines by actively collaborating with major companies in South Korea and partnering with equipment companies to conduct on-site testing.

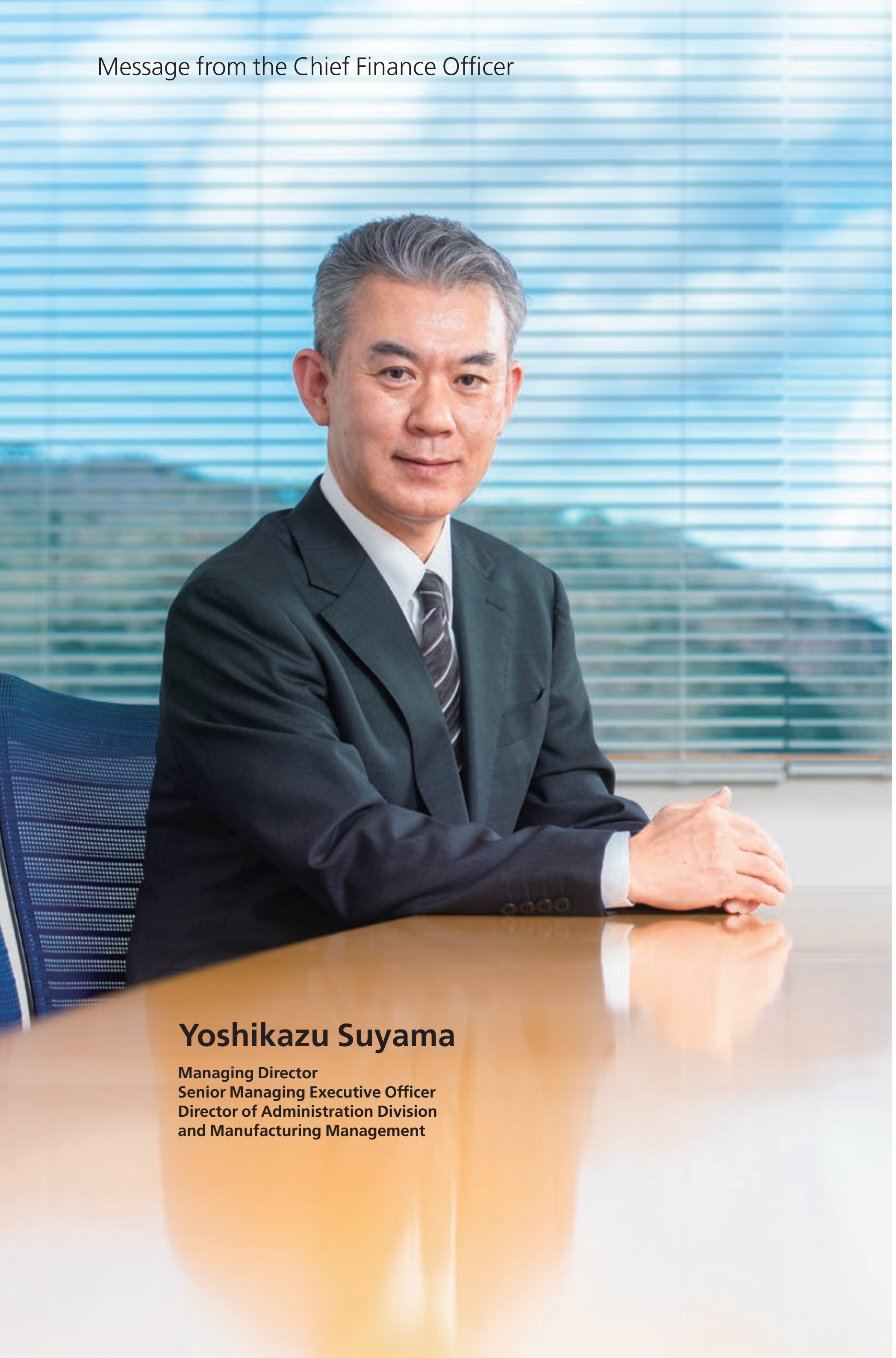
While some sectors are beginning to move R&D functions overseas, the trend of expanding production facilities is expected to continue for the time being. The success of global deployment of Hioki products to South Korean companies depends on our ability to respond effectively to domestic needs such as those in research laboratories and production engineering, as well as on our capacity to deliver swift and highly satisfactory service to their overseas factories.

Kazuhiro Takezawa
President
HIOKI ELECTRIC VIETNAM COMPANY LIMITED

Supporting the Expansion of Global Companies into Vietnam

As many global companies position Vietnam as a strategic base under their China Plus One strategy, the country is experiencing rapid growth in foreign investment in the manufacturing sector, particularly in the fields of electronic equipment and semiconductors. Until now, Hioki's activities in the Vietnamese market have been limited to the operations of a representative office.

With the establishment of our new subsidiary, we are now working to build a structure that enables prompt and high-quality after-sales service. In the future, we also plan to provide support for Hioki products purchased outside Vietnam by global companies that have entered the country. Furthermore, by leveraging the company-wide CRM system currently being implemented and strengthening collaboration with our global offices, we aim to deliver more timely and accurate solution proposals, deepen relationships with our customers, and provide the highest level of customer service.



Yoshikazu Suyama

Managing Director
Senior Managing Executive Officer
Director of Administration Division and Manufacturing Management

Leveraging Cash Generated from Sales Activities to Proactively Drive Medium- to Long-Term Strategic Investments

Achieving Record-High Sales for the Fourth Consecutive Year

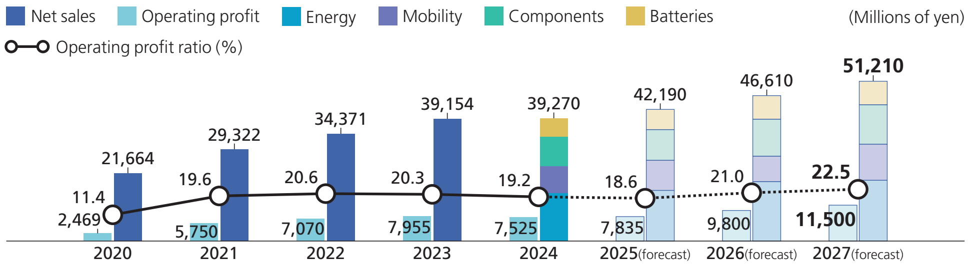
Looking back on Hioki Group's performance in 2024, we achieved record-high net sales for the fourth consecutive year. However, operating profit and all subsequent profit metrics, as well as the ratio of operating profit to net sales, declined slightly compared to the previous year.

The main factors behind the decrease in profits include the expansion of overseas bases, such as the establishment of our new subsidiary in Vietnam this spring, increased personnel expenses due to stronger recruitment efforts both domestically and internationally, and greater investment in research and development to create high value-added businesses. The Group is currently in a phase of rapid growth, and we view this temporary decline in profits resulting from higher fixed costs as part of the process of enhancing our growth capabilities for the future.

For 2025, we expect double-digit growth in both net sales and operating profit. However, this fiscal year will also see a significant increase in DX-related investments, including ERP and CRM systems, as well as considerable one-time expenses associated with our 90th anniversary projects, such as the Hioki Future Tech 2025–New Technology Exhibition held in April. As a result, the increase in profits will be more modest relative to the rate of sales growth.

As part of these anniversary initiatives, we invited employees from our overseas subsidiaries and key representatives from major distributors to Japan. Through these efforts, we aim to further strengthen our global cohesion and reinforce the Group's unified management.

Net Sales and Operating Profit



Note: Sales by market have been disclosed starting in 2024.

Preparing Multiple Scenarios to Address Diverse Risks as the Chief Financial Officer

I believe the role of the chief financial officer is to take a broad view of the environment surrounding our business while building a well-balanced and robust financial foundation. It is also a critical responsibility to identify all potential business risks, develop multiple scenarios in response to different situations, and, when necessary, raise the alarm.

Most recently, during the supply-demand constraints for parts in the COVID-19 pandemic from 2020 to 2022, we moved proactively to secure parts to avoid inconveniencing our customers. As a result of providing long-term forecasts and placing firm orders, inventories rose significantly, which negatively impacted cash flow. Over the next two years, we focused on reducing inventories, and levels are now finally returning to normal. However, because procurement lead times have become significantly longer and will not return to pre-pandemic levels, we are forced to maintain a relatively high level of inventory investment.

As for the financial base, we maintained a high equity ratio of approximately 89% as of the end of March 2025, and free cash flow continues to increase steadily, so there are no major concerns at present. That said, human resources are a critical management asset in all functions, and with fixed costs for growth strategies likely to rise further in the future, we are constantly mindful of the need to keep a certain level of cash on hand.

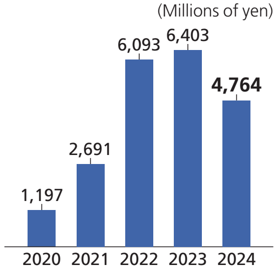
Selecting Three KPIs from the Perspective of Growth and Capital Efficiency

Hioki has identified three key financial indicators as KPIs: the ratio of operating profit to net sales, the ratio of overseas sales, and return on equity (ROE).

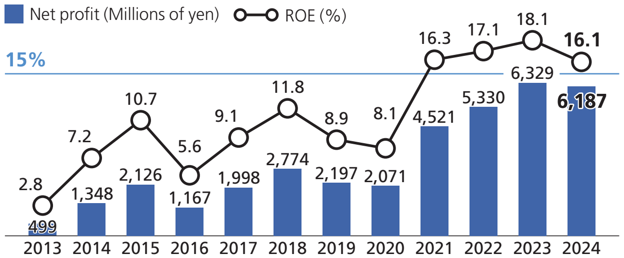
We chose the ratio of operating profit to net sales as a KPI because our business model focuses on reinvesting cash generated from operating activities into new technologies and product development to drive growth. In this model, the amount of cash generated is more important than the absolute value of sales. We emphasize the ratio of overseas sales because, while expanding our sales in the domestic market, we see further potential for sustainable growth in overseas markets and aim to achieve a 70% ratio. ROE is prioritized as an important indicator of the efficient use of shareholders' equity. Reflecting our dialogue with shareholders and investors, we have raised the target level in our new medium-term business plan from 10% or higher to 15% or higher.

While monitoring the balance between investment and cash, we will continue to implement shareholder return measures as needed, including share repurchases and commemorative dividends.

Parts Inventory



Net Profit and ROE



Continuing Strategic Investments to Achieve the Long-Term Management Policy Vision 2030

As part of our medium- to long-term investment strategy, we will continue to make proactive upfront investments in people and assets to achieve our long-term management policy, Vision 2030.

In particular, for R&D, which is the foundation of our value creation, we will continue aggressive strategic investments with a target of allocating approximately 10% of net sales. These investments will focus on strengthening engineering talent, upgrading equipment, and expanding our development capabilities overseas. In addition, we plan to allocate cash to ESG-related investments such as achieving ZEB (Net Zero Energy Building) standards for our headquarters, as well as to initiatives that strengthen our management infrastructure, including promoting DX to advance Group's unified management.

At the same time, we recognize that returning profits to our shareholders is a key management priority. In 2024, we paid an annual dividend of 200 yen per share, an increase of 20 yen from the previous year. Going forward, we will continue striving to deliver shareholder returns based on a target dividend-on-equity ratio (DOE) of 2% or higher and a payout ratio of around 40%, including share repurchases where appropriate. We will also work to enhance trust through timely and proactive information disclosure.

Medium-and Long-Term Strategic Investments

	Implemented in 2024	On-going since 2024
Product development with the indispensability of Hioki	• Deploying testing equipment, for example at the Creative Collaboration Lab, to aid in meeting customers' needs • Earning certification under safety standards • Improving the productivity of development and production Deploying new systems Utilizing outside resources to speed development	• Strengthen investment in R&D • Boosting the number of new-product development themes • Pursuing collaboration with related groups and companies Battery industry Hydrogen-related businesses
Market-oriented business development	• Strengthening targeting of key customers and establish Technical Centers at domestic and overseas facilities • Strengthening sales targeting key customers by assigning account sales personnel • Pursuing human investments (assigning personnel to overseas facilities) • Work to boost headcount by strengthening hiring at overseas facilities	• Strengthening development structures overseas (China, India) • Strengthening global after-sales service structures
ESG investments	E: Building solar carports Pursuing ZEB compliance as part of renovation work at the headquarters building S: Implementing a circular economy G: Making investments to strengthen information security and revamp internal systems	

Foundation for Realizing Our Vision

Message from the Chief Sustainability Officer

At Hioki, we operate in the field of electrical measurement, an essential foundation for creating new value in society. While contributing to the creation of the future, we also carry a strong sense of responsibility for being involved in a business that supports society through electric energy. This includes a commitment to restoring the natural environment that was altered to build our factories. Based on this awareness, we are placing a strong focus on sustainability-oriented management. As of 2025, I have assumed the role of Chief Sustainability Officer. I believe it is Hioki's mission to connect people, nature, and the company itself to the next generation. In order to fulfill that mission, I am determined to accelerate the promotion of sustainability management with a sense of urgency; driven by the belief that we must take the lead and act now, or it may be too late.

Yoshikazu Suyama
Managing Director
Senior Managing Executive Officer
Director of Administration Division and Manufacturing Management

Sustainability Management Approach and Policy

Guided by our corporate philosophy of respect for humanity and contribution to society, Hioki is committed to sustainable practices. In 2022, we set clear targets toward decarbonization, aiming to achieve carbon neutrality for Scope 1 and 2 emissions by 2025 and for Scope 3 emissions by 2035. To achieve carbon neutrality, we are pursuing a two-pronged approach: reducing our own emissions through internal efforts (self-help) and offsetting any unavoidable CO_2 emissions through investment-based measures, such as forest carbon credits and non-fossil fuel certificates.

Furthermore, in 2025, based on our basic sustainability policy, we plan to use the internal carbon pricing we have introduced as a foundation to accelerate investment in decarbonization. Through these efforts, we will further strengthen our commitment to building a sustainable future.

Sustainability Initiatives to Date

Hioki's sustainability efforts have spanned a wide range of areas. In 1988, two years before relocating our headquarters factory to their current location in the city of Ueda, Nagano Prefecture, we held a tree-planting festival, which laid the foundation for future local greening initiatives. In 1997, we obtained ISO 14001 certification, strengthening our environmental management system. In addition, we have actively addressed social issues from a global perspective, including participation in a vegetation restoration project in Kenya as part of our social contribution activities.

In 2025, we set our internal carbon pricing at 15,000 yen per ton as a criterion for investment decisions aimed at realizing a sustainable society. This enables us to evaluate the appropriateness of sustainability-related projects and make swift, well-grounded investment decisions. We remain committed to reaching greater heights in the pursuit of a sustainable future.

Basic Sustainability Policy

The Hioki Group will contribute to the realization of a sustainable society through business activities 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 customers' safe and efficient use of energy through electrical measurement.
- We will build relationships 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 preservation of the environment.

Hioki Sustainability Declaration

We will continue efforts to decarbonize our business based on the following targets:

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

The policy for Scope 3 emissions is to achieve the 2035 target without resorting to carbon emissions trading to the extent possible.

Sustainability Management Timeline

1986	The Hioki Philosophy is adopted of Respect for Humanity and Contribution to Society.
1989	Forest Hills Scholarship Fund, a public-interest trust, is launched.
1990	The headquarters and main factory are relocated to a newly completed facility at Hioki Forest Hills in Ueda, Nagano Prefecture.
1991	The "Ueda Minami League" youth baseball program is launched.
1993	Construction of the Hioki Lodge I (employee dormitory) is completed.
1994	HIOKI FOREST PLAZA CORPORATION is established.
1997	Hioki earns ISO 14001 certification.
1998	Hioki Forest Plaza project "Minami Junior Sports Club" is launched.
2005	The Hioki Scholarship and Greening Foundation is established.
2006	Solution Factory adjacent to the Headquarters Factory is completed.
2010	Hioki Scholarship and Greening Foundation transitioned to public interest incorporated foundation.
2015	The Hioki Innovation Center (Research Building) is completed.
2020	Hioki announces Vision 2030, its long-term management policy.
2021	The headquarters factory switches to CO_2-free power. Sakaki Factory is opened.
2022	Hioki formulates its Basic Policy on Sustainability and its Sustainability Declaration. Green Procurement Guidelines are revised. H_2 Energy Solution Team is assembled.
2023	Hioki installs a solar carport with a generating capacity of 2 MW. Creative Collaboration Laboratory is newly set up in the Innovation Center.
2024	Joining the UN Global Compact. Ueda Factory II is opened. Technical Centers are set up in Yokohama and Osaka.
2025	Internal carbon pricing is established.

Hioki engages in communication that responds to the interests and expectations of its stakeholders, including employees, business partners, customers, shareholders and investors, as well as local communities, and we are committed to creating value through our business activities.

Stakeholders	Interests and Expectations	Communication Channels	Value Provided	Initiatives
Employees	• Realizing individual purpose to "do, achieve, challenge, and contribute" • A work environment where employees can work with peace of mind and enthusiasm • An open and transparent corporate culture • Fair evaluation, treatment, and compensation	• Labor-management dialogue forums (Management Advisory Committee, Compensation Committee, Health and Safety Committee) • One-on-one meetings, 360-degree feedback (FB360), goal-setting tools • Various training programs and courses • Internal and external consultation desks (whistleblowing system) • "Great Place to Work (GPTW)" survey • Internal newsletters, intranet	• Enhanced job satisfaction (great workplace environment × fulfilling work duties) • Opportunities for self-realization of each employee to fully demonstrate their potential and capabilities	• HI-Career System ➞ pp. 39, 40 • HI-Challenge System ➞ p. 41 • HI-Jump System ➞ p. 41 • Standardization of global HR systems ➞ p. 41 • Safety and health management ➞ p. 41 • Ensuring occupational health and safety ➞ p. 41
Business Partners	• Fair and equitable transactions • Compliance with relevant laws and social ethical standards • Sustainable mutual development • Safe and hygienic working environments	• Daily procurement and sales activities • Supplier briefings and seminars • Supplier surveys • In-house parts exhibitions • Dedicated website for distributors • Hioki distributor meetings	• Mutual development as trusted partners • Sustainable, fair, and equitable business opportunities • Shared knowledge on reducing environmental impact	• Procurement policy briefing and sustainability seminars ➞ p. 42 • Supplier surveys ➞ p. 42 • Environmentally conscious parts procurement (in-house parts exhibitions) ➞ p. 42
Customers	• Solutions to help build a sustainable society • Reliable support when facing challenges • Safe and secure use of high-quality products • Stable supply of products	• Daily sales and service activities • Creative collaboration hubs • Website and social media • Customer support • Tradeshows and online seminars • Free member services website	• Solutions tailored to customer needs through customer-focused engagement • Assurance of high quality through rigorous quality control • On-time delivery through pursuit of high-mix, low-volume, variable production • Extended product lifespan through robust after-sales service	• Global expansion of sales bases ➞ p. 06 • Establishment of Creative Collaboration Laboratory and technical centers ➞ p. 19 • Expansion of global after-sales service network ➞ pp. 05, 43 • Three-year product warranty ➞ p. 43
Shareholders and Investors	• Medium- to long-term enhancement of corporate value • Timely and appropriate information disclosure • Constructive and transparent dialogue • Growth in share price and stable dividends	• General Meeting of Shareholders and corporate briefings • Financial results briefings (biannual) • One-on-one meetings • IR website • Various reports	• Increased corporate value and share price through sustainable growth • Timely and fair disclosure of appropriate corporate information • Opportunities for and promotion of dialogue • Stable dividends	• Hosting of General Meeting of Shareholders and corporate briefings ➞ p. 43 • Hosting of financial results briefings (biannual) ➞ p. 43 • Participation in one-on-one meetings ➞ p. 43
Local Communities	• Contributing to local communities • Educational support for youth • Environmental consideration • Job creation and tax contribution	• Scholarships for science and engineering students and graduate students from Nagano Prefecture • Youth programs • Local engagement and community contributions • Tree-planting activities in various countries and regions • De-carbonization initiatives • On-site sports facilities at headquarters • Hosting of the Hioki Festival at headquarters	• Advancement of local culture and education • Protection of ecosystems and the natural environment • Realization of a sustainable society • Opportunities for improved health and refreshment	• Forest Hills Scholarship Fund ➞ p. 43 • Promotion of environmental education through eelgrass cultivation ➞ p. 43 • Use of public transportation for commuting ➞ p. 46 • Environmental conservation activities ➞ p. 47

Akiko Kobayashi

Executive Officer
Director of Global Human Resources Department and DE&I Promotion, Administration Division

Achieving Vision 2030 by Realizing Individual Purpose

Driving Talent Strategy with a Philosophy-Driven Approach

Hioki's fundamental perspective on human capital is to link individual growth to the company's growth. We aim to achieve sustainable growth as a company through the growth of each employee. Underlying this approach is our corporate philosophy of respect for humanity and contribution to society. For this reason, we believe our talent strategy should also be driven by this philosophy. Our mission in Global HR is to help every employee, through their work at Hioki, to realize their personal purpose, whether it is something they want to do, achieve, challenge, and contribute. This means supporting each individual in developing the skills they aspire to acquire and building the careers they envision, thereby maximizing the combined strengths of individuals and the organization under Hioki's philosophy.

In our overseas subsidiaries, a shared identity as colleagues working together is particularly important. As such, during the hiring process, we ensure candidates fully understand our corporate philosophy and seek to recruit those who genuinely connect with and embrace it. Even after joining, we provide regular opportunities to revisit and reaffirm this philosophy.

In the new medium-term business plan starting in 2025, we have clarified specific targets and indicators such as CSFs, KGIs, and KPIs toward achieving Vision 2030. This alignment ensures that the directions pursued by the company, divisions, departments, and individuals are unified into a single vector, and we can truly feel the strengthened sense of cohesion as we move forward together.

Launch of the HI-Career System to Support Proactive Challenge and Growth

The primary goal of the HI-Career System, our human resources system, introduced at our headquarters in 2025, is to enable all employees to choose their own career paths based on their personal aspirations and goals, and to support them as they take on proactive challenges and grow through those experiences. Under the new system, we offer a range of career path options that consider both short-term perspectives and

Various training programs and self-development support

Promotion of DE&I: hosting parenting cafés

Active engagement of global talent

how individuals can grow over the medium to long term. To help employees realize their personal purpose through their work at their own pace, we provide support through various training programs and consultations, fostering autonomous career development.

In designing this program, we conducted extensive discussions starting in 2022 through a study group formed by volunteer members of management, as well as repeated negotiations with the labor union to align management's intentions with the voices of employees on the ground. When introducing the program, we held briefing sessions at headquarters and more than 30 sessions at business sites across Japan to promote understanding of the program's purpose and details, while listening sincerely to feedback from employees.

About four months have passed since implementation, and overall, many employees seem to view the new program positively as an opportunity for career advancement and personal growth. At the same time, we recognize that some employees find it difficult to make autonomous career choices or feel uncertain about whether the program will operate effectively. We will continue working to deepen understanding among employees and incorporate diverse opinions and requests from within the company into further improvements of the program.

Strengthening the Talent Portfolio from a Global Perspective

To achieve Vision 2030, the Global Human Resources Department is currently working on developing a global talent portfolio. We aim to clarify the skills and attributes needed for Hioki Group to achieve Vision 2030 and ensure continuous growth and development. Based on this, we will identify key challenges, formulate recruitment plans, optimize talent placement, and design effective post-hiring development programs from a global perspective.

We are also continuing to focus on DE&I initiatives. In 2024, we implemented a variety of measures to enhance job satisfaction among minority employees, addressing issues such as closing the gender gap, promoting multicultural inclusion, supporting childcare and caregiving, disability inclusion, and LGBTQ+ support. Furthermore, in 2025, with the goal of empowering employees with lifelong control of their careers and achievement of personal fulfillment through work, we will review our current retirement age system of 65.

Our efforts have also been recognized externally. In 2024, we were certified for the fourth consecutive year as a "Great Place to Work" by Great Place to Work® Institute Japan, and for the first time, we were awarded the top-level "Best Workplace" recognition in the D&I AWARD 2024 by JobRainbow Inc.

That said, we recognize there are still challenges to overcome. One pressing issue is the need to strengthen our global talent and establish a global HR framework, as the importance of these efforts continues to grow alongside our business globalization. Strengthening recruitment channels for global talent has helped increase the amount of global talent at our headquarters to 21 as of March 2025. However, from the standpoint of reinforcing our overseas structure and promoting diversity, this is still not sufficient. We will continue to expand these initiatives while ensuring psychological safety for every Hioki Group employee, regardless of nationality, and creating an inclusive team environment where diverse individuals can leverage each other's strengths. By doing so, we aim to further enhance job satisfaction and drive growth across the entire group.

New HR Framework: HI-Career System

Objectives

- Help individuals build their careers and achieve continuous growth while fulfilling their purpose **(what they want to do, achieve, challenge, and contribute)** through Hioki's business
- Develop and implement medium- to long-term growth strategies
- Establish framework to increase the overseas sales ratio to 75%

Measures

We will align all employees' purpose with the Company's management policies at a high level, enabling them to achieve their goals while enhancing job satisfaction (great workplace environment and fulfilling work duties).

Great workplace environment

[Innovative working arrangements]
- Long-term work from home
- Discretionary work

[Remuneration system]
- Benefits
- Return home allowance
- Temporary return-home allowance

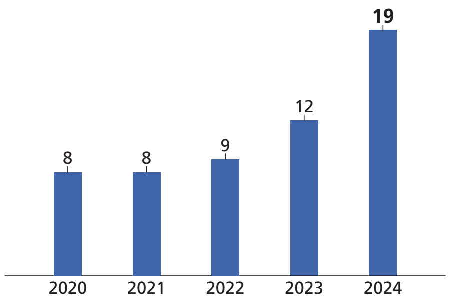
Fulfilling work duties

[Selection]
- Career course
- Area of work
- Self-recommended promotion

[Remuneration system]
- Role allowance
- Global incentives
- Promotion and salary increase

Hioki Philosophy Business principles | **Ideal candidates** | **Long-term Management Policy Vision 2030** | **Medium-term Priority Policy of "HI-CEO+"**

Amount of Non-Japanese Employees (Headquarters Only)



Nationalities of non-Japanese employees (As of December 2024):
China, Malaysia, Mongolia, United Kingdom, United States, South Korea, Brazil, India, France, South Africa, Bangladesh

DE&I Initiatives in 2024

Gender Gap:
- Career training exclusively for women
- Hosting DE&I cafés and events

Multicultural Inclusion:
- Updated business principles (Respect for Diversity)
- Hosting DE&I cafés
- Providing vegetarian menu options in employee cafeterias and dormitory cafeterias
- Creating employment manuals for non-Japanese employees
- Translating company rules and procedures into English

Childcare & Caregiving:
- Hosting parenting cafés
- Hosting two caregiving roundtable sessions

LGBTQ+:
- Establishing a partnership recognition system

Disabilities:
- Supporting employment of persons with disabilities

S Strengthening Human Capital

Basic Approach—Hioki's Philosophy on People

Under Hioki's corporate philosophy, we believe that people are the core of the Company. Accordingly, we have always maintained a people-centered management approach that spares no expense in investing in people. We provide a creative and liberating environment where we can nurture our employees to be autonomous and independent individuals—an environment that greatly aligns with our organizational goals.

We seek individuals who resonate with our corporate philosophy and business principles; those who demonstrate integrity, humility, sincerity, gratitude, and a strong sense of ethics. In an environment where all employees respect diversity and embrace one another's individuality*, we aim for each person to realize their full potential and fulfill their individual purpose—their will to "do, achieve, challenge, and contribute."

* Individuality encompasses all forms of human difference, and includes but is not limited to race, nationality, language, culture, ethnicity, religion, beliefs, values, disabilities, gender identity, sexual orientation, sex, age, health, family status, social standing, educational background, work history, past experience, hobbies, and personality traits.

Focusing on Job Satisfaction

Investing in human capital is a top priority for enhancing the Company's competitiveness. To improve job satisfaction (combination of a great workplace environment and fulfilling work duties), we have implemented various initiatives, and we are working to make further improvements based on external evaluations of our efforts. Given the rapidly changing global landscape and the decline in the working population, the key to our corporate growth lies in enhancing our employees' sense of fulfillment and how each individual can be intrinsically motivated to contribute to society through their work at Hioki.

In 2023, we launched our medium-term priority policy, HI-CEO+. The "H" stands for Hioki, while the "I" represents the Individual. The "+" symbolizes the idea of adding each person's strengths and individuality, and mutually leveraging these differences. This concept is closely tied to our corporate philosophy and our fundamental approach to people.

Medium-Term Priority Policy (2023–2025)

HI-CEO+

Hioki × Individual

Customer first | Excellence in balance | One HIOKI, One TEAM | + Plus

Nurturing Talent

New HR Framework: HI-Career System

Launched in 2025, the HI-Career System is a concrete initiative under our policy "HI-CEO+," aimed at expanding workstyle options, promoting employee autonomy in career development, and helping individuals realize their personal purpose. This system supports not only those seeking bold challenges, like the desire to work on the global stage or create a new business, but also those with different priorities, such as wanting to work in a region with a fulfilling environment for their family or wanting to prioritize their own life to meet caregiving responsibilities.

For a company to grow sustainably, it is essential that every employee, first and foremost as a member of Hioki, takes ownership of their future by aligning career decisions with their personal values and life circumstances. At the same time, it is also necessary for the company to create an environment where everyone can thrive. The HI-Career System not only encourages employees to take on new challenges but also allows them to design their careers proactively, including how work fits within their broader life plans. This empowers employees in diverse circumstances to build the careers they aspire to. On that foundation, Hioki is committed to actively supporting employees who take on challenges in alignment with the Company's management policy.

While allowing individuals to shape their careers more flexibly through the Company's corporate business activities based on their personal purpose brings a greater burden of individual accommodation for the organization, we believe that strengthening organizational support structures and breaking away from path dependency are essential for our continued growth. We are moving forward with this in mind.

Our History of Human Capital Enhancement Initiatives

2011	Extension of retirement age to 65 (implemented in stages through 2025)
2012	Treatment of veteran employees improved
2017	Early implementation of extending the mandatory retirement age to 65; introduction of a continued employment system allowing reemployment up to age 70 Human Resources Department established
2018	New personnel system started (linking individual growth to Company growth)
2019	Human resources policy formulated
2020	Treatment of veteran employees improved Career training started
2021	Annual salary system for management positions introduced HI-Challenge System (internal recruitment)
2023	Director of Human Resources given the additional role of promoting DE&I HI-Jump System (new business creation)
2025	HI-Career System (to be launched)

Main Revisions to Guidelines and Regulations Under the HI-Career System

Guidelines/Regulations	Previous System	HI-Career System
Work Location Selection Guidelines	• Centered on Ueda • Work locations assigned under general employment framework	• Centered on HOME (place of hire, family, housing) • Self-selection of work area; matching between individuals and organization
Domestic Assignment Allowance Guidelines	• Travel allowance for home visits per internal sales rules	• Travel allowance for employees on solo assignments away from HOME
Overseas Assignment Regulations	• Overseas assignment incentive • One temporary return home per year	• Benefits and global incentives (under Salary Regulations) • Two temporary returns home per year; up to 10 days of special leave
Qualification and Role Management Guidelines	• Qualifications	• Qualifications and roles (basic role assignment, special role assignment, limited special roles)
Salary Regulations	• Qualification allowance • Welfare allowance • Overseas assignment incentive	• Role-based allowance • Benefits • Global incentives
Review of Promotion and Salary Standards	• Annual merit-based salary increase in April • Promotions based on recommendations • Bonus calculation included qualification allowance	• Merit-based salary increase via July promotions • Self-nomination for promotion (review of promotion process; detailed feedback provided) • Bonus calculation includes elements like role-based allowance and global incentives

S Strengthening Human Capital

Strengthening talent to achieve Vision 2030 management targets

To realize the management targets set forth in Vision 2030, securing talent and harnessing the synergistic benefits of diversity have been identified as top priorities across the entire Hioki Group. Our human capital key goal indicator (KGI) for 2030 includes initiatives such as actively recruiting and empowering so-called minority talent, including women in sales and technical roles and non-Japanese employees. Additionally, we are focused on creating systems that empower employees at headquarters, whose numbers are projected to decline, with a lifelong active role throughout their careers.

To enhance our competitiveness in global markets, we are implementing a three-year plan beginning in 2025 to standardize our global HR systems. This plan focuses on strengthening performance management and evaluation frameworks, building a comprehensive educational infrastructure, and establishing a structured talent pool. Specifically, we aim to establish and standardize HR and training systems that are adapted to the legal and cultural contexts of each country. At the same time, we will improve the efficiency of talent management across regions while maintaining consistency throughout the Hioki Group. Furthermore, we are working to systematically identify and develop talent at every organizational level with the skills necessary for sustained growth, particularly in the areas of leadership, global business capability, and technical expertise. These efforts are intended to promote the mobility and dynamism of talent across our global operations.

Language, as a critical communication tool, is another focus area. By 2030, we aim for all headquarters employees to be engaged in English education. In departments that frequently interact with global stakeholders or include non-Japanese staff, we are working to ensure smooth and effective communication as a natural part of daily operations.

HI-Challenge System

The HI-Challenge System is designed to promote the realization of Vision 2030 by encouraging all employees to become solution creators and drive continuous innovation across the organization by creating new combinations of ideas and roles. This program allows employees to take on new internal roles, participate in in-house projects and internal ventures, or join internal internships on their own initiative. In 2024, under eight diverse challenge themes, the program has enabled employees to pursue assignments such as internal transfers, overseas postings, and cross-company exchanges (including assignments), all of which support the realization of individual purpose.

HI-Jump System

From 2020, Hioki conducted a three-year internal entrepreneurship drive inviting employees to propose new business ideas aimed at solving social issues. Over the three years, 36 proposals were submitted, and some of the ideas have already been implemented within departments. In response to employee feedback expressing challenges in balancing long-term aspirations with daily responsibilities despite the environment well-prepared for desired work based on the Vision 2030 and difficulties in turning ideas into actionable business plans, the program was rebranded in 2023 as the HI-Jump System. It shifted to a team-based workshop format to encourage the development of new business proposals. In 2023, 14 teams comprising 42 participants joined, with five teams receiving final awards. In 2024, 12 teams with 38 participants took part, and 10 teams were recognized in the final evaluation. Some of these teams are currently continuing their efforts toward commercialization by leveraging mentorship, holding regular meetings, participating in multi-month external incubation programs, and engaging in joint research with external partners. These efforts represent an ongoing refinement of the program as a means of supporting the realization of individual purpose.

DE&I

At Hioki, we continue to promote diversity, equity, and inclusion (DE&I) by categorizing minority career support into five focus areas: closing the gender gap, multicultural inclusion, SYOGAI (a combined focus on employing people with disabilities and enabling lifelong active roles), childcare and caregiving, and LGBTQ+ inclusion.

Our targets for 2030 include: achieving a female management ratio of 15% or more, attaining a 100% parental leave utilization rate for both men and women, hiring two employees with disabilities annually regardless of the statutory employment rate, and abolishing the mandatory retirement age under the HI-Career II personnel system (see page 58 for current performance). Additionally, we aim to build an inclusive workplace environment where, through our ongoing company-wide D&I surveys, at least 80% of employees recognize their workplace or team as inclusive.

Health Management

Hioki is committed to promoting health and well-being management by creating a workplace where employees can work in good physical and mental health, while also supporting the health of employees and their families.

Efforts in 2024

Improving health literacy
- Held events to measure vegetable intake
- Promoted use of on-site fitness facilities
- Organized walking events
- Hosted health seminars

Lifestyle improvement initiatives
- For employees aged 30 and those 35 and older, as well as their dependent spouses, we cover the cost of comprehensive medical exams and cancer screenings. (achieving a 100% participation rate)
- Implemented a smoke-free policy inside company buildings and held smoking-cessation support programs
- Offered complimentary breakfast at employee dormitories and complimentary salad at the employee cafeteria for lunch

Mental health support
- Conducted mental health training by job level
- Administered stress checks and provided follow-up interviews for employees with high stress
- Established internal and external consultation services

For more details, please visit our website:
➡ https://www.hioki.com/sustainability/society/our-people.html

Job Health and Safety

At Hioki, we operate our own unique occupational health and safety management system through specialized committees focused on safety promotion, electrical safety, chemical substance management, traffic safety, health promotion, the 5Ss, and in-house fire prevention. Each committee takes the lead in activities such as policy development, risk assessment, workplace patrols, and employee training and education. The initiatives of these committees are reported monthly to the Job Health and Safety Committee, where the PDCA (Plan-Do-Check-Act) cycle is used to drive continuous improvement.

S Supply Chain Management

Basic Approach

The Hioki Group aims to strengthen win-win relationships by fostering close communication with both suppliers and distributors. Through these efforts, we strive to grow and develop together as partners. We prioritize relationships of cooperation and trust with our business partners, maintaining fair transactions that are conscious of the global environment and local communities.

We aim to foster the security and development of society by providing high-quality electrical measurement solutions that meet customers' requested deadlines worldwide. To achieve this, we source various components from suppliers around the globe and deliver solutions. For this, we collaborate with our business partners in materials procurement, focusing on not only quality and supply stability but also social aspects, such as human rights, labor safety, and the environment. In so doing, we help realize a sustainable society with an integrated supply chain.

Basic Procurement Policy

We have established a Basic Procurement Policy to build and maintain strong relationships with our suppliers and to ensure fair and honest procurement practices. In addition, our Green Procurement Guidelines set forth provisions to promote environmental conservation, manage chemical substances including avoiding the use of environmentally hazardous materials, and prohibit the use of conflict minerals. In cooperation with our business partners, we are working together to help build a sustainable society.

Procurement Policy Briefings and Supplier Surveys

Since 2009, we have held annual procurement policy briefings for our business partners. At these briefings, in addition to renewing the importance of our procurement policy, we provide updates on various matters related to Vision 2030, including recent developments within the Group, key priority initiatives, and the status of parts quality.

Beginning in 2023, we have also hosted an optional sustainability seminar alongside the procurement policy briefings. In 2024, the seminar addressed both the importance of advancing sustainability initiatives and the method for calculating CO_2 emissions, a topic selected in response to feedback from the previous year's survey. As a result, participation increased compared to the prior year.

We also conduct annual questionnaire surveys of our existing business partners to identify risks involving social issues, such as human rights violations related to child labor and forced labor, as well as occupational health, and also environmental challenges, including CO_2 emissions and waste management.

In 2024, we surveyed 228 companies and received responses from 223. The results indicate that many suppliers are steadily establishing systems for managing key environmental performance indicators. Amid growing public interest in supply chain management, we will continue strengthening partnerships with our business partners to minimize negative impacts on local communities and the global environment as well as business continuity risks, while working together to build a sustainable supply chain.

Supplier Questionnaire Survey Response Rate

Year conducted	2021	2022	2023	2024
Response rate	68.0%	88.3%	95.3%	98.0%

Quality and Stable Supply

As the global semiconductor shortage eases, new challenges have emerged, such as prolonged lead times for parts and increased inventory levels. To ensure a stable supply of materials, we are working to strengthen collaboration with our business partners, including holding regular meetings aimed at shortening delivery lead times and enhancing information sharing.

Regarding the quality of parts, during procurement policy briefings we encourage cooperation in areas such as 4M* change management to prevent quality issues before they occur and in parts analysis to prevent recurrence. Through these efforts, we strive to deliver high-quality products and the best possible service. Additionally, at these briefings, we recognize and honor business partners who have contributed to quality improvement, VA/VE proposals, and on-time delivery, thereby fostering stronger mutual relationships.

*4M: Man, machine, materials, methods

Human Rights

Respect for humanity is a shared value and also part of Hioki's corporate philosophy. Accordingly, we respect the human rights of all stakeholders involved in our businesses, including our employees and business partners. Our Employee Code of Conduct, established in accordance with the philosophy of respect for humanity, clearly states that we do not discriminate on the basis of race, gender, nationality, creed, physical condition, and the like in our recruitment and employment activities. In addition, we also promote awareness of human rights among all employees through various education programs.

In our Basic Procurement Policy, we declare that "we will comply with the relevant laws, regulations, and social ethical norms of each country, respect the fundamental human rights and diversity of individuals, and strive to realize a safe and hygienic working environment in which all people can demonstrate their full potential." We will continue emphasizing respect for human rights as a key management issue that is an important foundation for business continuity.

Labor Safety

Fulfilling our corporate social responsibility (CSR) requires us to consider the labor safety of our business partners and to act responsibly toward society. In the 2024 supplier questionnaire survey, we added items related to labor safety and conducted an assessment regarding legal compliance and improvements in working conditions. The results revealed that many companies are seeking information and support in these areas. Going forward, we plan to develop concrete support measures aimed at improving labor safety and to establish opportunities for information exchange and collaboration.

Environment

We place great importance on the procurement of environmentally conscious parts as part of our corporate social responsibility and sustainability initiatives. At our in-house parts exhibitions, held twice a year, our business partners propose recycled materials and biodegradable materials. Through the reuse of cushioning materials and the use of recyclable materials, we are working to reduce environmental impact across the entire product life cycle.

S Communication with Stakeholders

Communication with Customers

Hioki prioritizes customer interactions to deliver high-quality products and exceptional service.

Quality assurance

In the development process of new products, we are committed to developing high-quality products by conducting rigorous quality checks at each phase: design, prototyping, evaluation, and manufacturing. As a result, we now offer a three-year warranty on most of our products. By responding promptly to customer requests related to quality, we aim to further enhance customer satisfaction.

Building a network for customer-focused sales activities

In line with our desire to resolve customers' problems using measurement technology, our bases in Japan and sales subsidiaries around the world are cooperating with local distributors to establish a customer-focused sales network. Depending on the circumstances in each country, from 2024 we have shifted from area-based sales to account-based sales and opened technical centers, thus further expanding our contact points with customers. Here, not only our sales staff but all of our employees communicate closely with customers to provide solutions for their issues. They also use feedback to identify latent and future needs, which are then used to develop new products.

After-sales service

To ensure that customers around the world can use our measuring instruments with confidence for many years to come, we are committed to providing optimal and comprehensive after-sales service. In order to minimize downtime in our customers' operations due to repairs or calibration of measuring instruments, we are expanding our global after-sales service network to enable on-site repair and calibration.

Communication with Shareholders and Investors

We actively create opportunities for communication to enhance understanding of our Company and build trust with our stakeholders.

Appropriate information disclosure

Hioki has adopted the following basic policy on disclosing information to shareholders and investors: "Hioki is committed to disclosing information in a timely, fair, and appropriate manner to facilitate understanding and trust, so that the Company's operations can be evaluated fairly by all stakeholders, including shareholders and investors." We comply with the Timely Disclosure Rules put in place by the Tokyo Stock Exchange regarding information disclosure. We also work to disclose information quickly and accurately based on considerations of fairness and timeliness when we believe it might be of use to stakeholders or the general public even if it does not technically fall under the rules.

Status of dialogue with shareholders and other investors

We also hold interim and year-end financial results briefings for institutional investors and securities analysts. These briefings have been conducted in a hybrid format, combining both Web-based and in-person sessions. Nevertheless, we aim to engage in direct interaction with top management whenever possible. We are also holding one-on-one meetings as needed to deepen understanding of our Company. In recent years, the numbers of one-on-one meetings and small-group meetings have been on the rise due to increasing interest among investors as our business performance has grown. After every General Meeting of Shareholders, we hold current-status briefings for shareholders as a forum for open dialogue annually. We actively encourage shareholders in attendance to ask questions and share their opinions. In this way, we strive to address shareholders' concerns.

Key communication activities in 2024

- One-on-one meetings with institutional investors: 166
- Briefings for analysts and institutional investors: 2
- Briefings for individual investors: Participated in an event hosted by an investment trust company, with the president presenting

Communication with Local Communities

Following our corporate philosophy of contribution to society, we actively support the development of local culture and education. By growing alongside our local community, we aim to achieve a prosperous society with the people living in that community.

Hioki Scholarship and Greening Foundation

In 1989, with the aim of supporting the development of engineers and contributing to the local community, we began providing scholarships to students from our local area (Ueda and Sakaki) who were entering science and engineering departments at four-year universities (we established a public interest incorporated foundation for this in 2005). The program has expanded steadily over the years, and in 2025, its scope was extended to include students from master's to doctoral programs. We continue to support the advancement of academic research and study.

Promoting environmental education through seagrass (Zostera) seedling cultivation: Sea Forest Project

With a focus on nurturing the next generation, we are also working in partnership with educational institutions. Since 2023, in collaboration with Hiki Junior High School in Shirahama Town, Wakayama Prefecture, which shares the same kanji as Hioki, and the National Institute of Technology, Wakayama College, we have been engaged in cultivating seagrass (Zostera), which plays a vital role in reducing CO_2 emissions. This initiative deepens students' understanding of the natural environment and promotes learning about electrical measurement systems essential for seagrass cultivation.

An online class at Hiki Junior High School

E Environmental Management

Basic Approach

In 2022, Hioki established our Basic Sustainability Policy based on our corporate philosophy and publicly announced it alongside the Hioki Sustainability Declaration, which outlines our targets for decarbonization. Under our environmental policy, we are actively engaged in environmentally conscious initiatives. Contributing to the realization of a sustainable society through our business activities is a vital responsibility for us, and each employee is committed to thoroughly reducing environmental impact at every stage of our operations. Furthermore, by expanding the global reach of our measurement solutions, we aim to contribute to achieving a sustainable society for our customers.

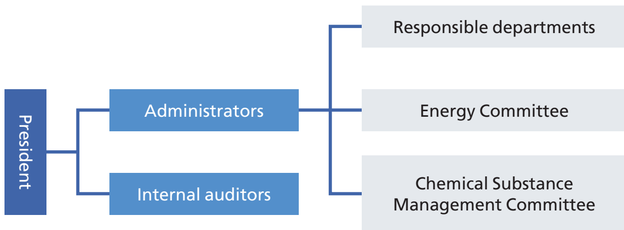
Environmental Activities to Date

In 1978, ahead of other companies, we developed and began selling a clamp power meter that allowed anyone to measure electric power safely and easily. Since then, we have fostered a corporate culture that contributes to society by promoting energy conservation through the use of our products. Our tree-planting initiative, Local Afforestation Program, launched in 1995, has expanded over the years in cooperation with the Hioki Scholarship and Greening Foundation.

We have obtained ISO 9001 certification, the international standard for quality management and quality assurance, for the development, manufacturing, sales, and servicing (repair and calibration) of electrical measuring instruments. We have also acquired ISO 14001 certification, the international standard for environmental management systems, at our headquarters factory in 1997, the Sakaki Factory in 2022, and the Ueda Factory II in 2024.

To better integrate environmental promotion initiatives with our business activities, we transitioned both ISO 14001 and ISO 9001 into a unified management system in 2016. In areas that require specialized expertise, such as energy and chemical substances, we have established dedicated committees to effectively promote initiatives company-wide. In this way, we are strengthening organization-wide collaboration and further advancing efforts toward the realization of a sustainable society.

Environmental Promotion Structures in Our Integrated Management System



Examples of Environmental Activities and Improvements

1988	All employees planted 60,000 trees at the factory construction site
1992	Received Japan Greenery Research and Development Center Chairman's Award
1995	Launched our Local Afforestation program, a tree-planting initiative Received Greenery Promotion Prize in 15th Urban Green Awards
1998	Received Kanto Bureau of Economy, Trade and Industry Director General's Award for outstanding factory-greening efforts
2005	Obtained 1st Social and Environmental Green Evaluation System (SEGES) certification Received METI Minister's Award for outstanding factory-greening efforts
2007	Participation in Kenya vegetation restoration project
2009	Hioki headquarters factory received the Prime Minister's Commendation for its contribution to greenery initiatives
2010	Hioki Scholarship and Greening Foundation transitioned to public interest incorporated foundation in line with Japan's public interest corporation system reforms
2014	Overseas sales subsidiaries launched tree-planting efforts
2021	Signed "Forestation Support Agreement" under Nagano Prefecture's "Forest Foster Parent Promotion Project" (Hioki Scholarship and Greening Foundation)
2022	Endorsed TCFD recommendations Gradually transitioning company vehicles to EVs
2023	Introduced VCS-certified and CCB-certified carbon-neutral gas Purchased J-Credits derived from forests in Nagano Prefecture Participated in the *Nigiyaka* Forest Project Conducted a demonstration experiment with autonomous EV buses Began construction of a 2MW solar carport
2024	Certified as Other Effective area-based Conservation Measures (OECM) of the Ministry of the Environment Sponsored the TNFD (Taskforce on Nature-related Financial Disclosures) recommendations
2025	Joined the Shinshu Grassland Restoration NPO Installed a rapid EV charger on the premises of headquarters

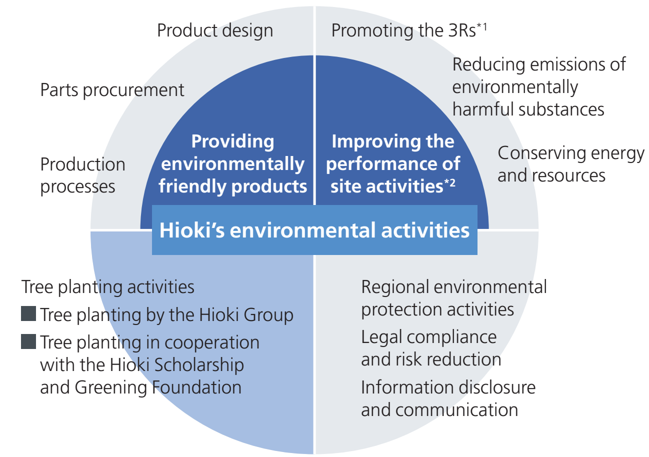
Sustainability Promotion Framework

Starting in 2025, the responsibility for promoting sustainability has been assigned to the Managing Director and Senior Managing Executive Officer who also serves as director of the Administration Division. Within the Administration Division, the Corporate Planning Department has been designated as the department in charge of sustainability promotion. Under this new framework, the entire Administration Division will lead various sustainability initiatives, including environmental management at group companies.

Environmentally Conscious Business Activities

We promote environmentally conscious design with the goal of reducing environmental impact throughout the entire product life cycle. In particular, we are transitioning to biomass polyethylene cushioning materials made from plant-derived raw materials for product packaging, thereby working to reduce the use of petroleum-based plastics. Through these efforts, we are also gradually advancing product design that takes into consideration Scope 3 emissions.

Overview of Activities to Reduce Environmental Burden



*1 3Rs: short for reduce, reuse, and recycle
*2 Site activities at factories and offices

E Information Disclosure in Accordance with TCFD and TNFD Recommendations

Basic Approach

Hioki recognizes that promoting sustainability, including with regard to climate change issues, is an important management priority. With this in mind, we publicly endorsed the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) in 2022 and are also participating in the TCFD Consortium. Following the TCFD recommendations, we will continue analyzing the risks and opportunities that climate-related issues pose to the Group's business, and we will disclose relevant financial and management information while reflecting these insights into our management strategy. Additionally, in 2024, we expressed our support for the Taskforce on Nature-related Financial Disclosures (TNFD), and we aim to help realize a sustainable society from a nature-positive perspective.

Governance

Hioki has established a clear supervisory framework involving both the Board of Directors and executive management. At least once a year, the Board deliberates on the Company's sustainability roadmap, reviewing progress and policies related to climate change and nature-related issues. Matters pertaining to specific areas, such as the environment, water, and biodiversity, are discussed as needed in the Management Meeting, with the outcomes regularly reported to the Board of Directors. Through this structure, Hioki ensures both clear assignment of roles and responsibilities in governance, and a system of regular oversight and reporting, in line with the requirements of the TCFD and TNFD.

Governance initiatives specific to TNFD (natural capital and biodiversity)

In 2024, Hioki Forest Hills, our headquarters, was recognized by Japan's Ministry of the Environment as an OECM (Other Effective Area-based Conservation Measure) coexistence with nature site. As part of our biodiversity conservation efforts, we report an annual protection plan and its implementation to the ministry. Progress on endangered species monitoring and conservation activities is regularly reported to the Board of Directors. We also actively disclose our participation in external initiatives, such as forest stewardship programs and the Sea Forest Project, a collaborative industry-academia initiative with schools in Wakayama Prefecture. Through these efforts, Hioki is advancing a methodical and quantitative approach to identifying and governing its impacts and dependencies on natural capital, in alignment with TNFD requirements.

Strategy

Scenario analysis

To visualize the risks and opportunities associated with climate change and natural capital, Hioki conducted a scenario-based assessment of environmental risks at both domestic and international sites, utilizing the climate impact service provided by Weathernews Inc. The analysis concluded that while direct financial risks remain limited, greater attention must be given to potential indirect impacts, particularly those related to reputation and supply chain disruptions.

Scenarios used

- Climate: RCP 4.5 (moderate risk), RCP 8.5 (high risk)
- Water/nature: Predictive models related to future water stress and biodiversity loss

Opportunities

Responding to rising societal demands for sustainability creates opportunities to enhance our corporate brand and pursue joint development initiatives with partner companies. Collaboration with public projects and initiatives aimed at decarbonization and nature-positive efforts is also expected to elevate our CSR value. Furthermore, from an ESG investment perspective, both our measurement instruments and our initiatives are likely to be recognized as evaluation criteria by investors, further strengthening our brand.

Installation of solar carport and lithium-ion storage system

A 2MW solar carport has been installed on the premises of our headquarters. This initiative aims to establish a self-sufficient renewable energy system and holds strategic importance from both the standpoint of reducing Scope 1 and Scope 2 emissions and enhancing our business continuity planning (BCP). In addition, a 2MWh lithium-ion storage system has been installed, enabling the generation of approximately half of the annual electricity consumed at the headquarters.

Business, Strategic, and Financial Impacts of Climate-Related Risks and Opportunities

Risks/ Opportunities	Main impacts	Our responses	Degree of impact
Transition risks	• Introduction of carbon tax and soaring raw material costs	• Promote consumption of electricity generated in-house • Reduce greenhouse gas (GHG) emissions throughout the supply chain • Deploy products and services free of fossil-fuel resources • Realize a circular economy	Large
	• Decrease in sales due to energy-saving demand	• Promote energy-saving and IoT-enabled products • Adopt long-life and low-power-consumption components	Medium
Physical risks	• Opportunity losses due to business shutdowns (caused by typhoons, floods, etc.) and increased costs associated with damage restoration	• Select low-risk candidate areas when relocating or newly establishing branch/sales offices including overseas bases • Identify supply chain risks	Small
Oppor-tunities	• Energy conservation, switch to renewables, conversion of automobiles to EVs	• Develop and release products and services to meet environmental challenges and needs • Deploy services built with Hioki's measurement solutions	Large
	• Creation of new markets and technologies	• Established H2ES (Hydrogen Energy Solution) Section and joined the Japan Hydrogen Association	Medium
	• Addressing diversification of alternative resources gives us stronger resilience	• Secure independent power source by converting the headquarters parking lot into a solar carport	Medium

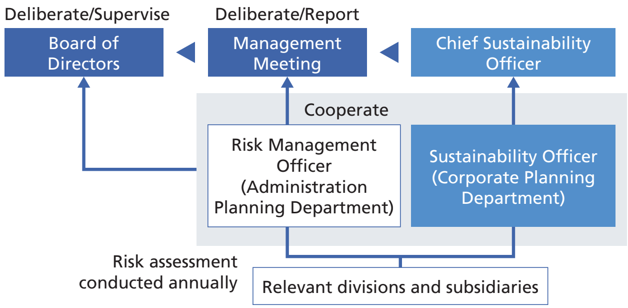
E Information Disclosure in Accordance with TCFD and TNFD Recommendations

Commuting by public transportation
With the opening of the Ueda Factory II in 2024 and the resulting diversification of employee commuting methods, the Company conducted a pilot program for commuting via local railway, following a trial increase in service frequency by the local railway operator. As the Sakaki Factory is located close to the nearest station, the initiative received strong support for participation in the trial.

Environmental Risk Management System

The Group has established Risk Management Regulations and Crisis Response Regulations, which stipulate risk assessment for various threats, including those related to climate change, as well as preventive procedures, and measures to be taken when risks materialize. Risk assessments are conducted once a year, and appropriate actions are taken as necessary. The results of these assessments are evaluated at the Management Meeting, and the Director of the Administration Division reports them to the Board of Directors, which provides the necessary oversight.

Risk Management Framework Hart



Indicators and Targets

Hioki Sustainability Declaration
As a key environmental indicator, Hioki measures and discloses its greenhouse gas (GHG) emissions (Scopes 1, 2, and 3) annually. We aim to achieve carbon neutrality for Scope 1 and Scope 2 emissions by 2025, and complete carbon neutrality including Scope 3 by 2035.

By 2025 (90th anniversary of founding)
Achieve carbon neutrality in Scope 1 and Scope 2

By 2035 (100th anniversary)
Achieve Scope 3 carbon neutrality

Progress toward carbon neutrality
We are pursuing carbon neutrality along two main axes. The first axis involves reducing the use of gasoline and gas, and promoting energy conservation. Specific initiatives include transitioning company vehicles to electric (EV) or plug-in hybrid (PHEV) models both in Japan and overseas, and generating energy for in-house consumption through solar carports. We are also considering converting our headquarters building to ZEB (Net Zero Energy Building) to further reduce energy consumption.

The second axis involves fulfilling our social responsibility by offsetting any remaining CO_2 emissions through investments in forest credits and non-fossil certificates both in Japan and abroad. These efforts will allow us to achieve effective carbon neutrality. We will also make such investments for our 2024 GHG emissions.

Initiatives toward a circular economy
In consideration of resource depletion, and guided by the perspectives of both TCFD and TNFD, Hioki is strengthening its commitment to a circular economy. In 2024, we joined an industry-government-academia partnership for the circular economy. We have designated 2025 as the First Year of the Circular Economy and will set specific targets to promote efficient resource use and reduce environmental impact.

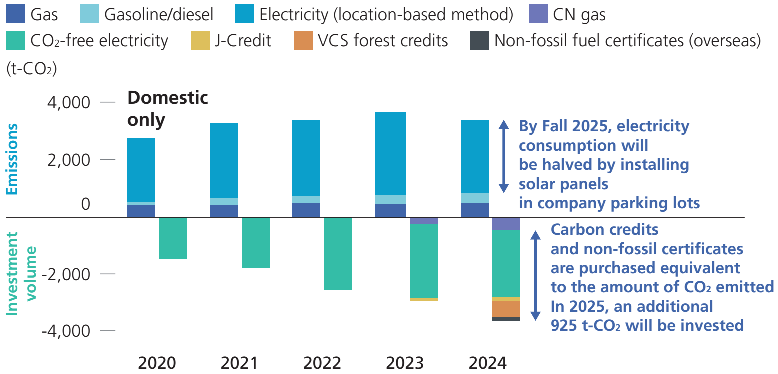
Target:
Convert 50%* of products using plastic to those using recycled plastic.
*The numerator represents the number of model names of main products (main units) using recycled plastic; the denominator represents the number of model names of main products (main units) that use plastic.

Period:
March 25, 2025 - January 1, 2030

Conditions for achievement:
(1) Applies only to main products (main units) that use plastic.
(2) Recycled plastic must be produced using offcuts generated during the manufacturing process of plastic parts used in Hioki products.

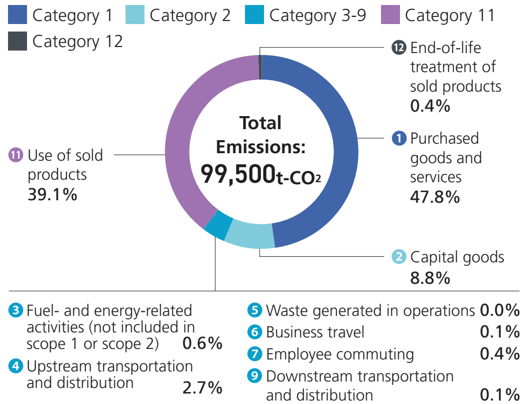
CO_2 Emissions Trends

GHG (Scope 1 & 2) emissions
Third-party verification between 2022 and 2024



Note: Under the GHG Protocol, offsets are not officially recognized, and therefore the Company invests in an equivalent amount of CO_2 to contribute to decarbonization of society.

2024 Scope 3 results
Third-party verification planned for some categories



E Environmental Preservation Activities

Reducing Environmental Impact Through Our Business Activities

As a manufacturer of electrical measuring instruments, Hioki contributes to decarbonization and improved energy efficiency in society through our core business of measurement. With the global spread of renewable energy and electrification technologies, demand is growing for precise and high-performance measurement solutions, and Hioki is meeting this demand by offering a diverse range of solutions.

Initiatives for the battery market

In response to the growing global EV and ESS markets, Hioki provides high-precision and high-speed measurement solutions for battery performance evaluation. Our efforts contribute not only to research and development support and improvements in energy efficiency, but also to battery production sites and the advancement of the battery circular economy.

Initiatives for the hydrogen energy sector

Anticipating the emergence of a hydrogen-based society, Hioki established the H2ES (Hydrogen Energy Solution) Section in 2024 and has been engaged in the research and development of high-precision measurement technologies for applications such as fuel cells and water electrolysis systems. These efforts represent not only product development, but also a medium- to long-term investment aimed at contributing to the development of a measurement infrastructure for the entire hydrogen supply chain.

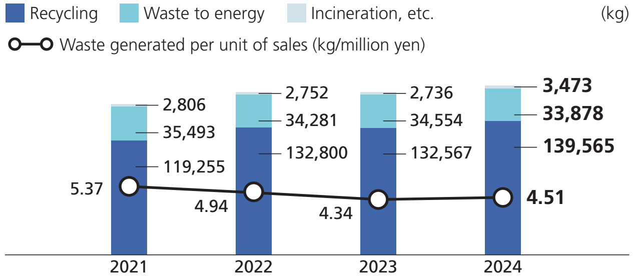
Waste Reduction

Hioki positions waste reduction and recycling as key environmental issues and aims to contribute to the realization of a circular economy. Through company-wide efforts spanning from manufacturing processes to office operations, we are working to minimize waste generation and promote resource recovery.

Each stage of production involves activities to reduce by-products and defective items, and we actively promote the reuse of plastic cushioning materials generated during unpacking. We have also introduced reusable containers and returnable cases for the transportation of delivered parts and work-in-progress items.

By thoroughly sorting waste, we strive to improve our recycling rate and minimize the volume of landfill waste.

Amount of Waste Discharged



Note: At the Hioki headquarters only

Chemical Substance Management and Pollution Prevention

Hioki has established a rigorous management system to minimize the environmental and health impacts of chemical substances used in research, development, and manufacturing activities. While complying with domestic and international regulations and customer requirements, we aim to ensure both product safety and environmental responsibility. For chemical substances in particular, we have established a dedicated committee and carry out strict management based on internal guidelines, including the Chemical Substance Management Procedures, Designated Chemical Substance Control Procedures, Local Exhaust System Management Standards, and Storage Procedures for Hazardous Materials and Similar Substances.

Local Forest Creation

Recognition as a coexistence with nature site (OECM)

Hioki prioritizes harmony between corporate activities and nature, and carries out sustainable forest conservation efforts on the grounds of our headquarters, known as Hioki Forest Hills. These activities not only contribute to the preservation of biodiversity but also foster creative collaboration with the local community and support environmental education for future generations. This forest is home to plant and insect species designated as endangered by Japan's Ministry of the Environment and Nagano Prefecture. In 2024, the site was officially recognized as part of the Ministry of the Environment's Coexistence with Nature Site (OECM).

Going forward, we plan to develop an annual conservation plan and implement protection activities to a standard equivalent to that of a national park.

Certification as a coexistence with nature site

Greenification activities (Local Afforestation Program)

Since 1995, Hioki has promoted community-based greening through the Local Afforestation Program. In addition, under the Forest Foster Parent Agreement signed in 2021, we have continued to donate saplings and carry out tree-planting activities. Through these efforts, we regard forests not merely as green spaces but as vital assets that connect ecosystems and human society. We will continue to promote coexistence with nature in partnership with the local community.

Players of the youth hardball baseball team, Ueda Minami League, after finishing their tree-planting

Recycling Activities

The PET bottles collected by the Hioki China Group are recycled into school uniforms to meet the needs of the international education sector. These uniforms are donated to schools in economically developing regions, promoting the use of environmentally conscious school apparel. Through this initiative, we aim to deepen children's understanding of sustainable development and nurture a new generation committed to carbon neutrality. Our overseas subsidiaries will continue to engage in recycling activities going forward.

G Outline of Corporate Governance System

Basic Approach

We recognize corporate governance as a management system whose goal is to increase corporate value. Our highest priority is legal compliance. We work to: • Streamline business management • Ensure appropriate profit • Increase the transparency of leadership by actively disclosing management information • Fulfill our responsibilities to society for shareholders, investors, customers, employees, and all other stakeholders

Management Structure

Board of Directors

The Board of Directors consists of nine Directors (including five Outside Directors). The Board of Directors meets once a month to make important decisions for managing our business. Other irregular meetings are held as necessary.

We have established the Nominating Committee and the Remuneration Committee as advisory bodies to the Board of Directors to ensure transparency and fairness in management decision-making. Both Committees consist of six members, five of whom are Outside Directors designated as independent Officers.

To ensure prompt management decision-making, we keep the Board of Directors relatively small (nine members). We have also strengthened management oversight by inviting independent Outside Directors (five members) with no vested interest in Hioki. All Outside Directors and Outside Audit & Supervisory Board Members who meet the qualifications for independent Officers are designated as independent Officers. The Company appoints the lead independent Outside Director through mutual selection by independent Outside Directors who meet the independence criteria established by the Financial Instruments and Exchange Act. Currently, the lead independent Outside Director is Osamu Mawatari, whose role includes coordinating and communicating with the executive management, as well as collaborating with the Audit & Supervisory Board Members and the Audit & Supervisory Board.

Executive Management Board System

We have adopted an Executive Management Board system in which the responsibilities for each Director's supervising function and the management decision-making on the Board are separated from their management duties. Executive officers are responsible for business

Key Agenda Items Discussed by the Board of Directors for 2024

- Revisions to the business principles and the basic policy on internal control system development
- Open discussions on growth strategies and the medium-term management strategy
- Measures to promote management with a focus on capital cost and share price
- Progress on information security measures and digital transformation (DX) initiatives
- Deliberation on the sustainability roadmap

execution and promptly carry out decisions made by the Board of Directors, thereby ensuring swift execution of operations based on management decisions.

Audit & Supervisory Board

In addition to adopting the Audit & Supervisory Board system based on the Companies Act, the Company strengthened its management oversight function by inviting independent Outside Audit & Supervisory Board Members (two of the four) with no vested interest in the Company. Audit & Supervisory Board Members attend important meetings such as those of the Board of Directors. The Audit & Supervisory Board audits the Directors' performance of their duties.

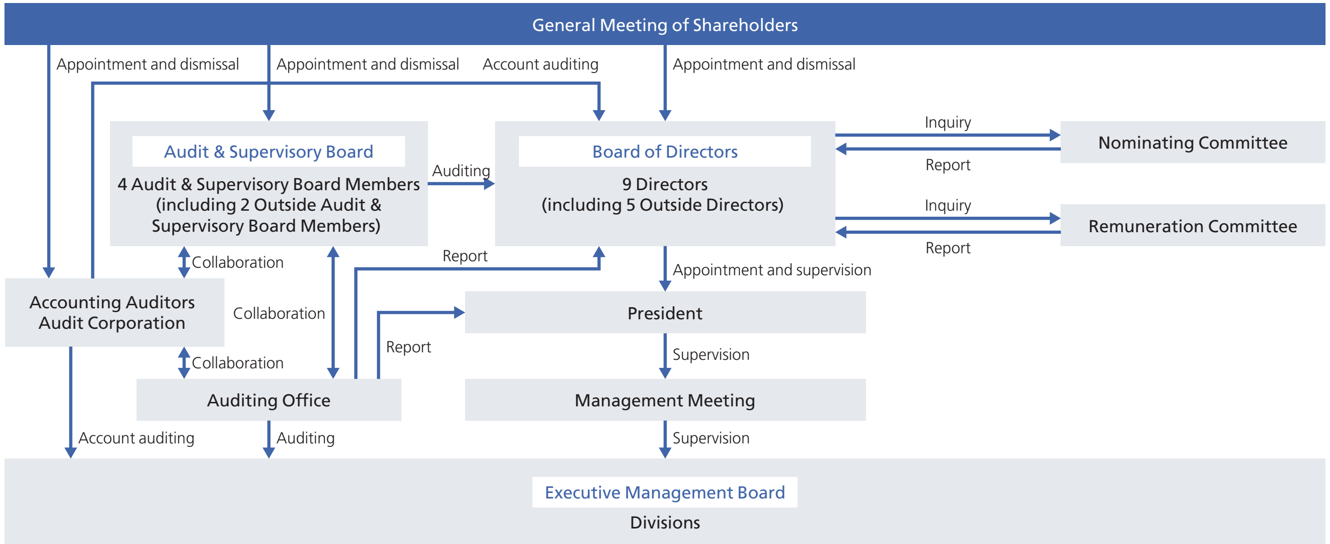
Nominating Committee and Remuneration Committee

Both the Nominating Committee and the Remuneration Committee consist of six members, five of whom are Outside Directors designated as independent Officers. Both committees are chaired by an Outside Director, ensuring the independence of their composition.

The Nominating Committee meets as necessary as an advisory body to the Board of Directors, reports to the Board of Directors, and recommends candidates for Directors, changes of candidates for executives, and other matters, including the selection of candidates for President (Chief Executive Officer). In addition, the Nominating Committee recommends candidates for Audit & Supervisory Board Members to the Audit & Supervisory Board and candidates approved by the Audit & Supervisory Board to the Board of Directors. The Committee met nine times in 2024.

The Remuneration Committee meets as an advisory body to the Board of Directors and reports, as necessary, to the Board of Directors

Corporate Governance Organization



G Strengthening the Corporate Governance System

on remuneration systems, decision policies, amounts of remuneration, and other matters concerning the remuneration of Directors and Audit & Supervisory Board Members while considering trends in other companies. The Remuneration Committee is entrusted by the Board of Directors to calculate the amount paid to each Director within the range approved at the General Meeting of Shareholders in accordance with the policy for determining the remuneration of Directors. The Committee met three times in 2024.

Meetings Held Exclusively for Outside Directors and Outside Audit & Supervisory Board Members

We hold quarterly meetings held exclusively for Outside Directors and Outside Audit & Supervisory Board Members. No internal directors, officers, or employees of the Company participate, ensuring that the meetings are independently conducted by outside members only.

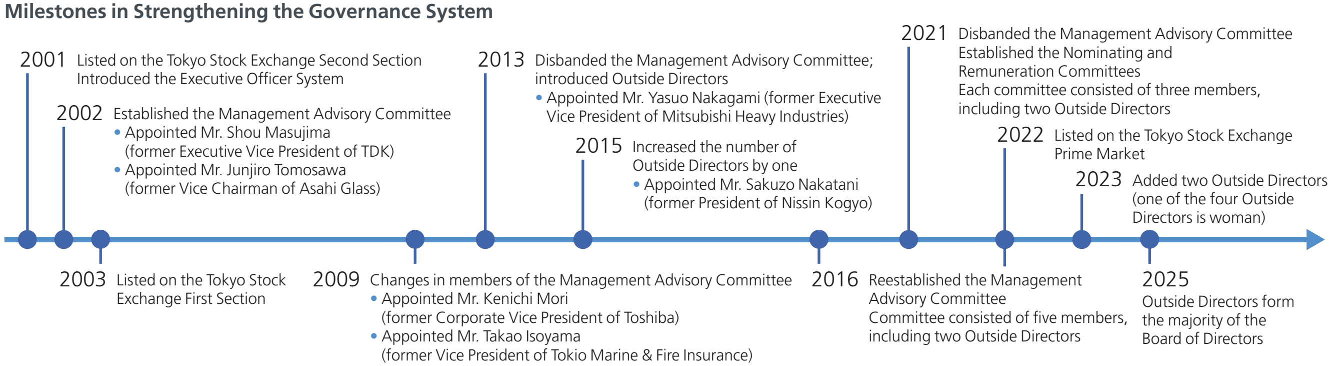
In these meetings, Outside Directors engage in discussions with Outside Audit & Supervisory Board Members, who maintain regular communication with the Full-time Audit & Supervisory Board Members with extensive knowledge about the Group. These discussions allow for the effective sharing of valuable information among outside officers. By exchanging views on the challenges facing the Company, these outside officers are able to form a shared understanding that they bring to the Board of Directors.

By having Outside Directors and Outside Audit & Supervisory Board Members discuss issues facing the Group, we can identify risks and opportunities at an early stage. We will continue to hold these meetings to enhance the sustainability of the Company.

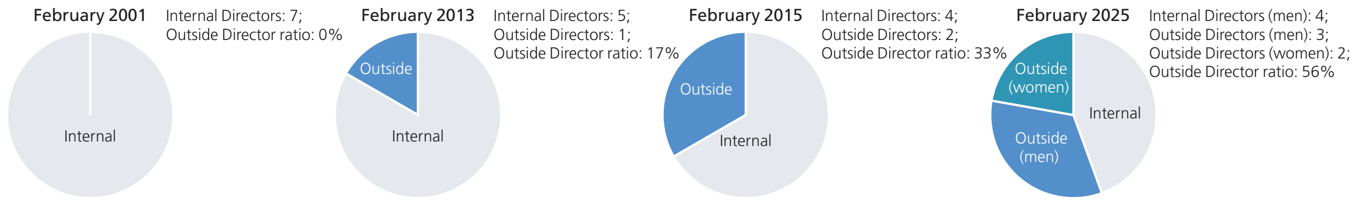
Our Journey to Strengthen the Governance System

Guided by the belief that a company is a public institution that serves society, we have long sought to incorporate the perspectives of external experts into our management. In 1973, we appointed Dr. Miyaji Tomoda, former President of Yokogawa Electric Works Ltd., as an advisor to the Company to provide guidance in both technical and managerial aspects. This tradition has been passed down over the years. In 2002, we established a Management Advisory Committee and invited experts with management experience at other companies to join. In response to the growing emphasis on corporate governance, we appointed our first Outside Director in 2013. Since then, we have steadily increased the number of Outside Directors, and as of the General Meeting of Shareholders held in February 2025, Outside Directors now make up the majority of the Board of Directors. By strengthening oversight of executive management and incorporating expert perspectives into corporate decision-making, we aim to further enhance our corporate value.

Milestones in Strengthening the Governance System



Changes in Board Composition



Remuneration for Executives

The basic policy for the remuneration of each Director is designed to encourage the Director to aim for the continuous increase of corporate value over the medium and long term. It is also designed to encourage Directors to enhance multiplicative effects between financial results and shareholder value to maintain a highly transparent system. The amount of remuneration for each Director is determined by the Board of Directors after consultation with the Remuneration Committee, in which Outside Directors are the majority, for greater transparency.

The remuneration of Directors (excluding Outside Directors) is composed of a fixed remuneration (salary and stocks) and performance-linked remuneration. Outside Directors receive fixed remuneration (salary) only in view of their independence and neutrality. Following a resolution of the General Meeting of Shareholders held in February 2025, we provide compensation by granting performance-linked stock remuneration that are subject to post-issuance delivery.

Succession Plan

The Nominating Committee also discusses a succession plan, which includes determining the method for selecting candidates for the Company's next management team. To objectively identify future succession candidates, the Company plans to have Outside Directors share their past management experiences and to visualize the necessary skills sets and potential of successor candidates. By having a visual representation of each candidate's skills sets, we can clarify the areas that might be lacking, which we can reflect in subsequent training methods. This will also enable the Nominating Committee to deliberate on candidates for the next management team.

G Director Skills and Activities

Approach to the Composition of the Board of Directors

Hioki's Articles of Incorporation specify that there be no more than 10 Directors, and we have appointed nine as of now. Of the nine Directors, five are Outside Directors who have business management experience at other companies or in the legal profession. By welcoming knowledge from outside the Company, we strive to increase the transparency, soundness, and effectiveness of management. Also, among the nine Directors, two Directors are women. In this way, the Company ensures diversity of the Board of Directors.

The table on the table below is a skills matrix for the Board of Directors.

Our operations are audited by an Audit & Supervisory Board. The Articles of Incorporation specify that there be no more than five Audit & Supervisory Board Members, and presently we have four, two of whom are Outside Audit & Supervisory Board Members. We appointed at least one Audit & Supervisory Board Member with abundant knowledge of finance and accounting qualifications including being a certified public accountant. Other Audit & Supervisory Board Members have vast experience and thorough knowledge of our business. One of the four Audit & Supervisory Board Members is woman.

Senior Management Appointments and Criteria

The appointment of the President and other Directors is made by the Board of Directors. The Board makes appointments by first nominating individuals using selection criteria, the candidates are then deliberated by the Nominating Committee, then decided by the Board upon consideration of the deliberation input.

[Appointment criteria]

In considering candidates, we select those who fully understand and respect Hioki's corporate philosophy and business principles, have a wealth of knowledge and experience in corporate management, possess capabilities to enhance the Group's corporate value, and have the following additional qualities:

(1) Good character, deep insight, and integrity
(2) Ability and willingness to embrace challenges with innovative ideas, unbound by precedent
(3) Ability to conceptualize and execute strategies from global and Groupwide perspectives
(4) Extensive knowledge and deep insight into corporate governance, sustainability, and compliance
(5) Good health and abundant energy and stamina

Skills Matrix of the Board of Directors (as of February 27, 2025)

Position	Name	Number of Shares Held in the Company (as of the end of December 2024)	Years in Position	Attendance at Board of Directors Meetings (January–December 2024)	Membership in Voluntary Committees		Skills							
					Nominating Committee	Remuneration Committee	Corporate management	Global, overseas assignments	Finance and accounting	R&D, business development, DX	Manufacturing and production technologies	Sales and marketing	Legal affairs, compliance, internal controls	Human resources, labor
President Quality Assurance Management	Takahiro Okazawa	32,694	14 years	15 out of 15 meetings	○		●	●			●	●		
Managing Director, Senior Managing Executive Officer Director of Administration Division and Manufacturing Management	Yoshikazu Suyama	28,892	14 years	15 out of 15 meetings		○	●		●		●		●	●
Managing Director, Senior Managing Executive Officer Director of Research & Development Division and Chief Information Officer	Kunihisa Kubota	10,844	7 years	15 out of 15 meetings			●			●				
Managing Director, Managing Executive Officer Director of Global Sales Division and Director of European Market	Yasunao Takano	14,012	4 years	15 out of 15 meetings			●	●	●			●	●	●
Outside Director	Yoshiharu Tamura	276	2 years	15 out of 15 meetings	○	◎ (Committee Chair)	●	●		●	●	●		
Outside Director	Yukari Maruta	–	2 years	15 out of 15 meetings	○	○							●	
Outside Director	Osamu Mawatari	576	2 years	15 out of 15 meetings	◎ (Committee Chair)	○	●	●				●		
Outside Director	Tatsundo Maki	–	Newly appointed	–	○	○	●	●	●				●	
Outside Director	Hiromi Watase	–	Newly appointed	–	○	○	●			●		●		

Note: The following is a list of our Directors' principal areas of expertise and experience. It does not represent all areas of the expertise and experience of each Director.

Assessment of the Effectiveness of the Board of Directors and the Audit & Supervisory Board

Continuous Improvement of Systems and Operations

We conduct anonymous surveys to enable the Board of Directors to evaluate its own effectiveness. The results of the assessment are discussed by the Board of Directors to enable self-evaluation. We have established a system for Directors and Audit & Supervisory Board Members to share management information and customer information, the status of internal audits, the minutes of important meetings, and other documents on a daily basis. All Directors and Audit & Supervisory Board Members attend meetings of the Board of Directors and have discussions based on the information they receive. Directors concurrently serving as an Executive Officer report the status of their performance of duties to the Board of Directors. The Outside Directors and Outside Audit & Supervisory Board Members comment on the performance of the Directors' and Executive Officers' duties. In these ways, we aim for the vitalization of the meetings of the Board of Directors.

Overview of the Effectiveness Evaluation of the Board of Directors in 2024

1. Evaluation Method

In December 2024, a questionnaire survey was conducted with seven Directors and four Audit & Supervisory Board Members.

The questions covered 12 topics, including:
- Roles and responsibilities of the Directors and the Board of Directors
- Review of agenda items submitted to the Board of Directors
- Frequency and duration of the Board of Directors meetings
- Materials submitted to the Board of Directors
- Structure and composition of the Board of Directors and other governance bodies
- Meeting facilitation by the Chair of the Board of Directors

2. Summary of Evaluation Results

Based on past evaluations of the effectiveness of the Board of Directors, the Board held multiple discussions on management strategy and the medium-term business plan during 2024. In addition, several free discussions were conducted on growth strategies such as digital transformation (DX) and technology/product development systems. These efforts were evaluated positively as having produced meaningful outcomes. As a strength, it was confirmed that appropriate education and training are being provided to both Directors and Audit & Supervisory Board Members. On the other hand, some challenges remained, such as the nature of agenda items submitted to the Board of Directors and the early distribution of materials. The evaluation concluded that further improvements are necessary to ensure the effectiveness of the Board of Directors.

3. Future Initiatives

Based on the above evaluation results and subsequent discussions at the Board of Directors, the Company will pursue the following improvements to further enhance the effectiveness of the Board of Directors.

Key Issues/Strengths	Planned Improvements in 2025
Creating an environment to allow more meaningful discussions within limited time	(1) Monitor the effects of delegated authority following a revision to the Rules of Administrative Authority (2) Improve the volume and quality of information by standardizing the format of proposals to clarify their content and ensure the completeness of necessary information (3) Continue efforts to provide materials at an earlier stage, along with strengthened schedule management for material distribution by the Board Secretariat (4) Revise the schedule of the Board of Directors and other key meetings, such as the Management Meeting, to enable discussions at the Board of Directors to be promptly reflected in business execution by Executive Officers and business departments
Increasing opportunities for open discussions that contribute to corporate value	(1) Establish forums outside of regular meetings of the Borad of Directors to discuss medium- to long-term issues (2) Plan off-site meetings
Providing opportunities for education and training for Directors and Audit & Supervisory Board Members	(1) Provide education and training opportunities such as online seminars

Role of the Audit & Supervisory Board at Hioki

Achieving Defensive Governance Through Close Coordination Among All Audit & Supervisory Board Members

Hidenori Murata
Chairperson of the Audit & Supervisory Board
Full-time Audit & Supervisory Board Member

The Audit & Supervisory Board is composed of four members: two full-time Audit & Supervisory Board Members and two Outside Audit & Supervisory Board Members. Each member attends Board of Directors meetings, where they provide appropriate suggestions and advice, while also maintaining close communication with the accounting auditor and audit firm.

Leveraging their deep understanding of the Company's management and operations, the full-time Audit & Supervisory Board Members participate in key meetings such as the Management Meeting and conduct on-site audits at overseas subsidiaries and domestic sales offices.

The two Outside Audit & Supervisory Board Members possess extensive expertise in finance and accounting, as well as broad knowledge of commercial law, the Companies Act, the Financial Instruments and Exchange Act, corporate legal affairs, and practical experience in internal corporate audits. They also actively exchange opinions during the quarterly meetings held exclusively for Outside Directors and Outside Audit & Supervisory Board Members.

Another important responsibility of Audit & Supervisory Board Members is their involvement in the internal reporting system. In 2024, Audit & Supervisory Board Members took the lead in investigating multiple whistleblower reports and requested that the Board of Directors improve the operation of the internal reporting system.

To further strengthen the independence of the Audit & Supervisory Board, the Board submitted a proposal for the next Audit & Supervisory Board Member candidate to the Nominating Committee. Following discussions by the Nominating Committee and a resolution by the Board of Directors, a proposal for the appointment of the candidate was submitted to the 73rd Annual General Meeting of Shareholders, scheduled for February 2025.

The Audit & Supervisory Board will continue to reinforce its activities to further enhance the Company's defensive governance.

G Risk Management and Compliance

Risk Management System

We have organized a risk management system for the Group, establishing regulations and other systems for managing risks for the Company and its subsidiaries. We believe that risk management is extremely important, recognizing that how we address various risks can significantly affect our corporate management foundation.

Hioki and its subsidiaries have established Risk Management Regulations and Crisis Response Regulations, which stipulate risk assessment and prevention procedures for various risks, as well as measures to take when risks materialize.

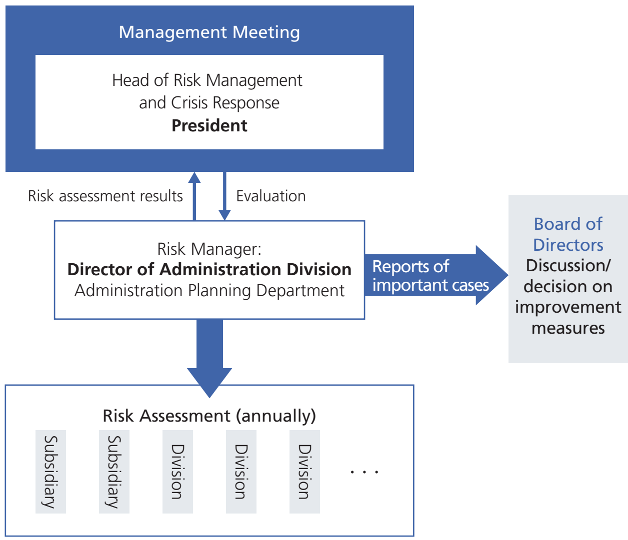
As the head in charge of risk management and crisis responses for Hioki and its subsidiaries, President oversees measures in those two areas. Hioki's divisions and subsidiaries conduct their respective operations in accordance with the aforementioned rules and regulations, striving to avoid risks and mitigate losses for the entire Group.

Also, every division and subsidiary of the Company conducts annual risk assessments and takes appropriate measures as necessary. Using the results of the assessments and measures, the Administration Planning Department, which is in charge of risk management, conducts interviews with division managers and the presidents of subsidiaries to determine whether any shortcomings for identifying risks exist. At the same time, they confirm the best ways to address each risk.

The results of risk assessments for each department and subsidiary are assessed annually at our Management Meeting. The director of the Administration Division, who is the head of risk management for the Group, reports the details of these assessments to the Board of Directors, which then deliberates and decides on improvement measures for important matters.

In addition, we have established Company-wide committees for health and safety, environmental measures, export control, and other goals, as well as Groupwide rules and procedures to address the various risks surrounding the Company and its subsidiaries.

Risk Management System



Compliance

Employee Code of Conduct

In line with Hioki's philosophy of Respect for Humanity and Contribution to Society, we have formulated the Employee Code of Conduct to comply with laws and regulations, the Articles of Incorporation, and social norms. Directors and executives in managerial positions within the Group are proactively complying with and practicing the Code of Conduct to serve as role models for the employees.

Initiatives to protect personal information

The Hioki Group has established provisions to appropriately handle private information and is working to build a system to protect the rights and interests of individuals while operating businesses appropriately and efficiently within the entire Group. We are also regularly carrying out educational activities for the Group's employees through training and other events.

Internal reporting system

We have built and are operating a whistle-blowing system with a legal advisor, Outside Directors, external organizations and others as liaison for employees to directly provide information about possible inappropriate acts they suspect violate laws or regulations. This system guarantees confidentiality and allows whistle-blowers to report issues related to human rights or harassment. Depending on the nature of the report, an investigative committee consisting of Audit & Supervisory Board Members can be formed to conduct an investigation. The findings are then reported to the Board of Directors to determine corrective actions and disciplinary measures, if needed.

Insider trading prevention rules

We have established regulations to prevent insider trading of Hioki's shares by executives and employees of the Hioki Group and are promoting compliance with these rules throughout the Group.

Compliance training

We also provide compliance training for employees working in Japan. Training sessions on various themes are regularly held to raise awareness of compliance.

Anti-Corruption

In May 2024, we joined the United Nations Global Compact and are actively advancing initiatives aligned with its principles, including anti-corruption efforts. As part of our business principles, we are committed to maintaining noble ethics, in which employees are expected not only to follow the Employee Code of Conduct and comply with relevant laws and regulations in each country and region where we operate, but also to demonstrate strong personal integrity and act according to their own values. Additionally, we provide essential information and conduct compliance training to support these expectations.

Information Security

As part of our basic policy on internal control system development, the Global DX Planning Department is responsible for establishing and maintaining our information management framework. Recognizing that information security risks can significantly impact our business performance, the department has worked on implementing and supporting IT tools across the Company and its subsidiaries, as well as building a comprehensive security infrastructure. The department also conducted on-site visits to overseas subsidiaries to assess local conditions and, based on the issues identified during these visits, has taken steps to enhance information security across the Company and its subsidiaries. Reports on these activities are regularly submitted to the Company's Board of Directors.

Board of Directors, Audit & Supervisory Board Members, and Executive Management Board

(As of August 1, 2025)

Directors

President
❶ Takahiro Okazawa

Director
❷ Yoshikazu Suyama

Director
❸ Kunihisa Kubota

Director
❹ Yasunao Takano

Outside Director
❺ Yoshiharu Tamura

Outside Director
❻ Yukari Maruta

Outside Director
❼ Osamu Mawatari

Outside Director
❽ Tatsundo Maki

Outside Director
❾ Hiromi Watase

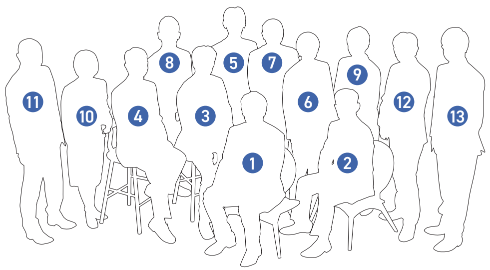
Audit & Supervisory Board Members

Full-time Audit & Supervisory Board Member
❿ Toshiko Ohno

Full-time Audit & Supervisory Board Member
⓫ Hidenori Murata

Outside Audit & Supervisory Board Member
⓬ Akira Yuba

Outside Audit & Supervisory Board Member
⓭ Hitoshi Takahashi



Executive Management Board

President	Takahiro Okazawa Quality Assurance Management
Managing Director, Senior Managing Executive Officer	Yoshikazu Suyama Director of Administration Division and Manufacturing Management
Managing Director, Senior Managing Executive Officer	Kunihisa Kubota Director of Research & Development Division and Chief Information Officer
Managing Director, Managing Executive Officer	Yasunao Takano Director of Global Sales Division and Director of European Market
Executive Officer	Toshihiko Tsuchiya Vice President of Engineering, Research & Development Division and Director of Global Development
Executive Officer	Koichi Yanagisawa Director of Technology Development and Manager of Metrology Laboratory, Research & Development Division
Executive Officer	Hajime Yoda Director of Product Development and Manager of Sensing & Storage Unit, Research & Development Division
Executive Officer	Tsutomu Mandai Director of Manufacturing Division
Executive Officer	Tsutomu Yamaguchi Director of Quality Assurance Department
Executive Officer	Pan Dongyun Director of Asia-Pacific Market, Global Sales Division, and President of HIOKI SINGAPORE PTE. LTD.
Executive Officer	Masayuki Yamabe Director of American Market, Global Sales Division, and President of HIOKI USA CORPORATION
Executive Officer	Manabu Watanabe Director of Domestic Sales, Global Sales Division
Executive Officer	Kenneth Soh Director of Product & Marketing Division
Executive Officer	Akiko Kobayashi Director of Global Human Resources Department and DE&I Promotion, Administration Division

Messages from Outside Directors

Osamu Mawatari
Lead Independent Outside Director

[Brief personal history]

Apr. 1979	Joined Motorola Semiconductors Japan, Inc.
Sept. 1998	General Manager, Imaging & Entertainment Systems Group, Motorola Japan, Inc.
Apr. 2001	Joined Nihon Synopsys G.K.
Jan. 2003	Joined Analog Devices KK
May 2006	President and Representative Director, Analog Devices KK; Vice President, Analog Devices Inc.
Feb. 2023	Outside Director of Hioki (current position)

Establishing Technology/Talent Management and Governance as Urgent Priorities Amid Business Expansion

The transformation of Hioki over the past two years has been remarkable. Through proactive global expansion, the Company has significantly increased its international presence, with the ratio of overseas sales now approaching 70%. Strategically, we have implemented major organizational restructuring to strengthen our market-oriented focus in addition to our technology- and product-based approach. One of Hioki's key strengths is its ability to drive rapid change. However, in order to ensure these changes lead to the expected outcomes, several challenges must be addressed. First, the establishment of robust technology and talent management frameworks is an urgent task to support global and market-driven business development. Critical technologies and talent that require significant time for in-house development or training must be actively acquired from external sources in order to keep pace with an increasingly fast-changing business environment. Second, alongside our rapid global expansion and organizational restructuring, it is essential to establish corporate governance. A critical part of this effort is the globalization of our information management systems, covering processes from manufacturing to sales. The Board of Directors will continue to deepen discussions on these key issues and remain committed to achieving our Vision 2030 and enhancing corporate value.

Yoshiharu Tamura
Independent Outside Director

[Brief personal history]

Apr. 1979	Joined NEC Corporation
Dec. 1993	Senior Manager, Development Department, Mobile Terminal Division, NEC Corporation
Apr. 2004	Senior General Manager, Mobile Terminal Division, NEC Corporation
Apr. 2010	Established and became Managing Director, NEC Casio Mobile Communications, Ltd.
Apr. 2011	President and Representative Director, NEC Casio Mobile Communications, Ltd.
Oct. 2014	Managing Partner, Avergence Incorporated (current position)
Feb. 2023	Outside Director of Hioki (current position)

Expectations for Strengthening the Roles and Collaboration Between the Marketing and Development Departments

Over the past year, the roles of the Marketing and Development Departments have been clearly defined. Within the Development Department, responsibilities have been further clarified between the creation of new technologies that establish indispensability and the development of products that quickly and reliably deliver those technologies to customers with high quality. These changes represent a significant step forward toward realizing Vision 2030. Looking ahead, it will be important to ensure that no gaps or leaks arise at the interface between these divisions to avoid inefficiencies. On the other hand, some aspects of the product development process have historically been influenced by a legacy of past practices, which have not always been efficient. This point has been raised multiple times at the Board of Directors meetings, leading to a growing movement toward streamlining development processes. Key challenges going forward include strengthening project management during process execution and establishing shared platforms for common functions. Another area where I have previously offered suggestions is the commercialization of after-sales service. I am pleased to see that the relevant department is now actively working on this, and I have high expectations for the outcomes.

Yukari Maruta
Independent Outside Director

[Brief personal history]

Sept. 2006	Registered as an attorney-at-law
Sept. 2006	Joined a law office in Tokyo
Sept. 2010	Established and became partner, Sakura Nagano Law Office (current position)
Mar. 2014	Outside Corporate Auditor, C. E. Management Integrated Laboratory Co., Ltd. (current position)
Feb. 2023	Outside Director of Hioki (current position)

Strengthening Global Compliance and Building Back-Office Systems as Important Tasks

As Hioki headquarters accelerates its global expansion, strengthening compliance under the leadership of headquarters is essential and serves as a key pillar supporting that progress. In addition to complying with local laws and regulations, ensuring proper information and labor management, and respecting human rights and cultural differences, recent trends require careful attention to the extraterritorial application of foreign laws. To address these challenges, we believe it is critical for Hioki to take the lead in advancing the following initiatives: 1) enhancing both internal and external audits, including appropriate personnel assignments; 2) establishing an internal whistleblowing system for overseas subsidiaries; 3) following through with a response chart for use in the event of compliance violations.

While discussions at the Board of Directors have thus far focused primarily on business performance and expansion, it will be increasingly important to deepen reporting and discussion on back-office functions as well. In terms of human resources, attention should be paid to the recently launched HI-Challenge program, and efforts must be strengthened to foster an open, supportive environment that enables employees to grow and fully demonstrate their abilities. It is also essential to monitor the operation of the internal whistleblowing system and work toward building an effective and responsive framework as early as possible.

Tatsundo Maki
Independent Outside Director

[Brief personal history]

Apr. 1997	Joined Asahi Audit Corp. (currently KPMG AZSA LLC)
Apr. 2000	Registered as a Certified Public Accountant
Apr. 2009	Representative Partner of SCS Global LLC (current position)
Oct. 2012	Representative Director of SCS Global Consulting K.K. (current position)
June 2017	Outside Director of Fuji Seal International, Inc. (current position)
Feb. 2025	Outside Director of Hioki (current position)

Contributing to Hioki's Global Growth by Leveraging International Business and Consulting Experience

My relationship with Hioki began through an India-focused seminar hosted by a financial institution, and I have had the pleasure of staying connected with the Company ever since. I am honored to now serve as an Outside Director. Upon taking up this role, one of the first things that stood out to me was the Company's culture of actively listening to the perspectives of external members. Discussions at the Board of Directors are lively and incorporate a wide range of viewpoints, which are naturally synthesized and reflected in management decisions.

Hioki has a long history of global expansion and has already achieved a significant ratio of overseas sales. The Company has set a target to increase this figure to 75% by 2030. Achieving this will require further strategic allocation of management resources, especially talent, along with deeper localization in overseas markets. At the same time, the complexity and importance of governance, risk management, and performance oversight will continue to grow.

Drawing on my extensive business and consulting experience abroad, particularly in Asia, I am committed to actively contributing to Hioki's journey toward integrated global management and the realization of a truly global Hioki Group.

Hiromi Watase
Independent Outside Director

[Brief personal history]

Apr. 1988	Joined Recruit Co., Ltd.
May 1993	Founder of the first issue of Zexy
Apr. 2011	Established Alea Co., Ltd., Representative Director (current position)
May 2016	Outside Director of MAXVALU NISHINIHON CO., LTD. (currently FUJI CO., LTD.) (current position)
June 2016	Outside Director of Partner Agent, Inc. (currently Tameny Inc.)
Sept. 2019	Outside Director of DLE Inc.
May 2022	Outside Director of KASUMI CO., LTD. (current position)
June 2022	Director of The Jikei University (current position)
June 2024	Outside Director of MIXI, Inc. (current position)
Feb. 2025	Outside Director of Hioki (current position)
June 2025	Non-Executive Director of Sony Payment Services Inc. (current position)

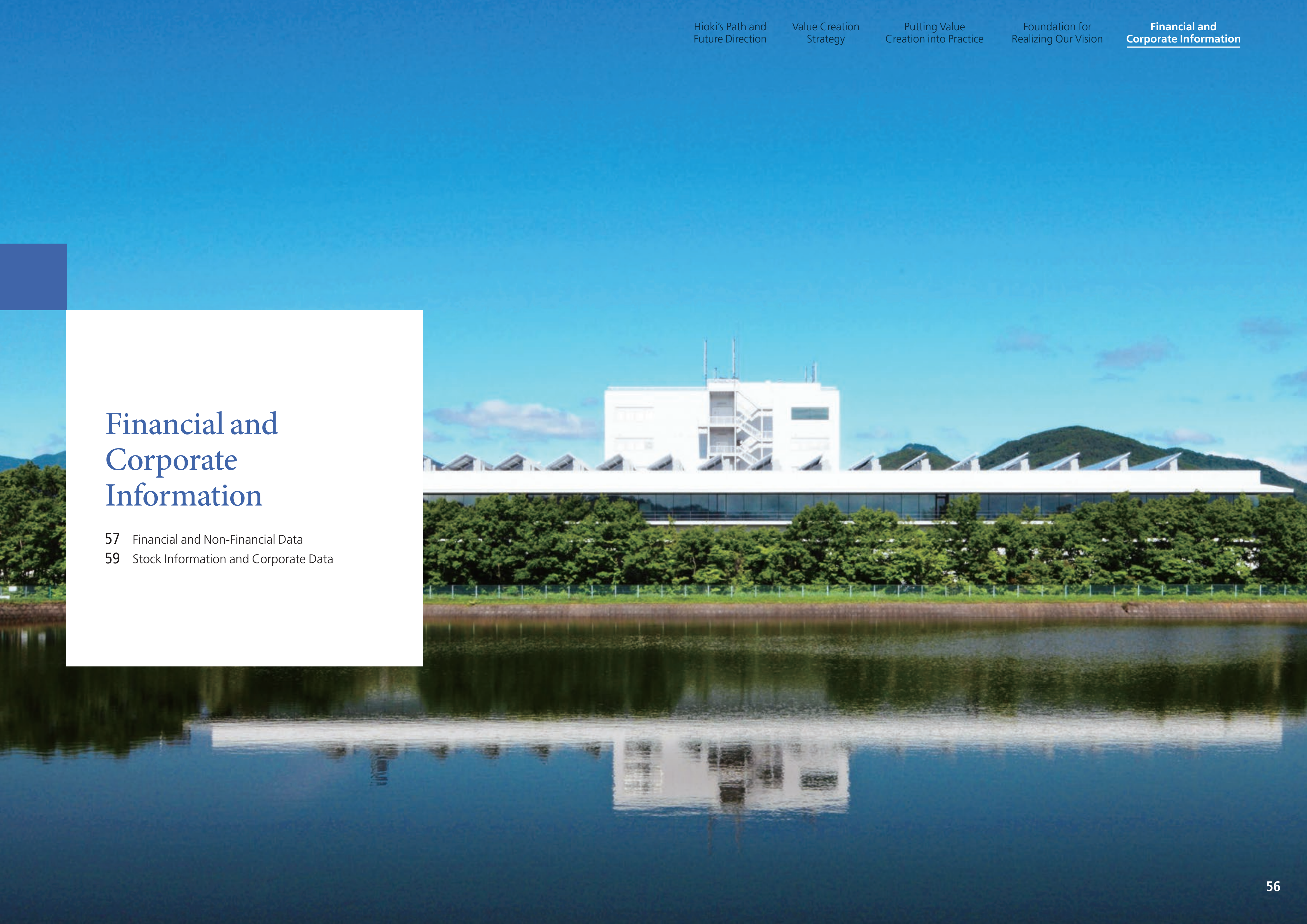
Supporting Further Growth Through the Strategic Use of Hioki's Assets

Since 2023, I have been supporting the planning and management of Hioki's new business contest (HI-Jump System) as part of the Company's efforts to become a more dynamic and creative organization. I have had the privilege of working alongside employees from a wide range of experience levels and job positions, from younger staff to seasoned veterans, all of whom have shown remarkable passion for the initiative. The business proposals put forth have included initiatives that contribute to local communities, address social issues, and resolve sources of customer dissatisfaction. Hioki's employees demonstrate both a high level of vision and strong technical capabilities. I find the combination of the creative ideas of younger members and the executional power of more experienced employees to be highly impressive. I believe that by inventorying, deconstructing, and making a broad interpretation of the technological and customer assets Hioki already possesses, the Company can articulate its value in new ways, open up new business domains, and shape a forward-looking growth strategy.

Drawing on my experience launching multiple new businesses at Recruit, I developed a proprietary new business development process tailored to large enterprises. I have since used such expertise to support over 100 major companies. I see it as my role to help ensure that Hioki grows into a significantly larger and stronger organization over the next 10 to 20 years.

Concurrent Positions Held by Directors and Audit & Supervisory Board Members

Three of the Outside Directors concurrently serve as officers at other listed companies or similar organizations. However, this does not interfere with their attendance at the Company's Board of Directors meetings and remains within a reasonable scope. Similarly, one of the Outside Audit & Supervisory Board Members concurrently serves as an officer at another listed company. However, this does not interfere with the member's attendance at meetings of the Board of Directors or the Audit & Supervisory Board of the Company and is also considered to be within a reasonable scope. These details are disclosed annually through the Notice of Convocation of the General Meeting of Shareholders, the Securities Report, and the Corporate Governance Report.



Financial and Corporate Information

Eleven-Year Financial Data

(Millions of yen)

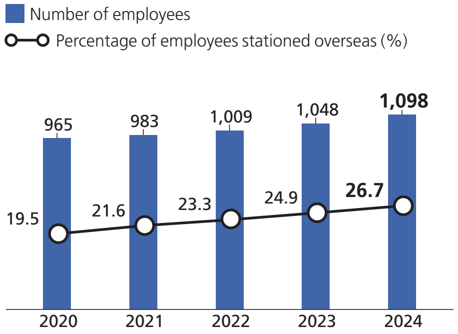
	2014/12	2015/12	2016/12	2017/12	2018/12	2019/12	2020/12	2021/12	2022/12	2023/12	2024/12
Net sales	17,086	19,432	18,131	20,891	23,288	22,810	21,664	29,322	34,371	39,154	**39,270**
Operating profit	1,970	2,892	1,677	2,503	3,314	2,853	2,469	5,750	7,070	7,955	**7,525**
Ordinary profit	2,007	2,914	1,682	2,630	3,403	2,967	2,646	5,999	7,287	8,236	**7,990**
Profit attributable to owners of parent	1,348	2,126	1,167	1,998	2,774	2,197	2,071	4,521	5,330	6,329	**6,187**
Earnings per share (yen)	98.97	156.03	85.67	146.67	203.63	161.27	151.91	331.35	390.47	463.51	**454.83**
Ratio of operating profit to net sales (%)	11.5	14.9	9.3	12.0	14.2	12.5	11.4	19.6	20.6	20.3	**19.2**
Ratio of ordinary profit to net sales (%)	11.7	15.0	9.3	12.6	14.6	13.0	12.2	20.5	21.2	21.0	**20.3**
Ratio of profit to net sales (%)	7.9	10.9	6.4	9.6	11.9	9.6	9.6	15.4	15.5	16.2	**15.8**
Return on equity (%)	7.2	10.7	5.6	9.1	11.8	8.9	8.1	16.3	17.1	18.1	**16.1**
Return on assets (%)	9.2	12.5	7.3	10.8	12.8	10.7	9.1	18.0	18.9	19.2	**17.1**
Ratio of overseas sales (%)	46.3	45.9	44.0	45.8	48.3	49.3	50.7	58.6	63.9	63.3	**63.1**
Profit before income taxes	1,883	2,906	1,668	2,609	3,601	2,975	2,707	6,006	7,283	8,233	**8,034**
Total assets	23,252	23,177	23,200	25,650	27,365	27,963	30,440	36,391	40,605	45,250	**48,159**
Net assets	19,369	20,721	21,035	22,786	24,216	25,122	26,012	29,454	32,779	37,122	**39,820**
Net worth	19,331	20,670	21,035	22,786	24,216	25,122	26,012	29,454	32,779	37,122	**39,820**
Net assets per share (yen)	1,418.66	1,516.91	1,543.68	1,672.18	1,777.17	1,843.68	1,907.33	2,158.34	2,401.01	2,718.23	**2,942.32**
Cash flows from operating activities	2,674	2,560	2,333	3,499	3,845	3,282	4,207	4,695	1,241	8,438	**8,874**
Cash flows from investing activities	(1,668)	(3,241)	(1,827)	(1,166)	(121)	(1,199)	(1,018)	(826)	(1,475)	(3,353)	**(3,746)**
Cash flows from financing activities	(272)	(476)	(680)	(612)	(884)	(1,293)	(885)	(1,434)	(2,455)	(2,320)	**(3,602)**
Free cash flow*1	1,006	(681)	506	2,333	3,724	2,083	3,189	3,869	(234)	5,085	**5,128**
Cash and cash equivalents at end of period	5,489	4,278	3,999	5,768	8,504	9,223	11,542	14,237	11,836	14,745	**16,507**
Capital investment	2,868	1,443	1,683	1,078	655	985	740	736	1,685	3,006	**3,299**
R&D expenses	2,104	2,409	2,466	2,293	2,420	2,419	2,327	2,725	3,081	3,745	**3,709**
Depreciation	730	1,034	1,249	1,239	1,185	1,231	1,180	1,121	1,152	1,437	**1,634**
Dividend payout ratio (%)	30.3	28.8	46.7	40.9	39.3	55.8	39.5	49.8	41.0	38.8	**44.0**
Annual dividends per share (yen)	30	45	40	60	80	90	60	165*2	160	180	**200**
Total amount of dividends	408	613	545	817	1,090	1,226	818	2,251	2,184	2,458	**2,719**
Price-to-book ratio (times)	1.21	1.46	1.37	1.72	2.02	2.06	2.19	4.07	2.64	2.33	**2.56**

*1 Total of cash flows from operating activities and cash flows from investing activities
*2 Including 30 yen of commemorative dividend

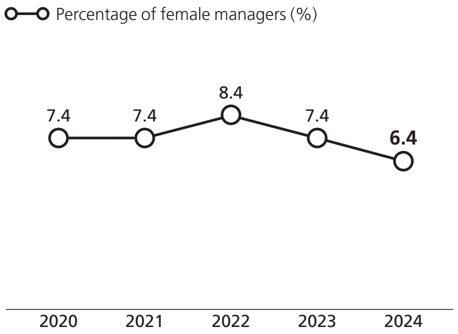
Non-Financial Data (Social Data)

	2020/12	2021/12	2022/12	2023/12	2024/12	Remarks
Number of employees	965	983	1,009	1,048	**1,098**	Entire Group
Percentage of employees stationed overseas (%)	19.5	21.6	23.3	24.9	**26.7**	
Average length of employment (years)	17.0	17.1	17.2	17.3	**17.1**	Entire Group (as of Jan. 1)
Number of hires	61	47	62	76	**70**	Entire Group
Number of female hires	17	17	21	30	**21**	Entire Group
Retention rate of new graduates (%)	98.4	98.4	98.4	96.7	**96.6**	Hioki E.E. Corporation only, retention rate after 3 years of employment (as of Apr. 1)
Percentage of female managers (%)	7.4	7.4	8.4	7.4	**6.4**	Hioki E.E. Corporation only (as of Jan. 1)
Number of non-Japanese employees	8	8	9	12	**19**	Hioki E.E. Corporation only
Percentage of employees with disabilities (%)	2.0	1.9	2.2	2.5	**2.5**	Hioki E.E. Corporation only, including part-timers (as of June 1)
Percentage of childcare leave taken by male employees (%)	12.9	26.7	50.0	63.3	**73.5**	Hioki E.E. Corporation only
Percentage of childcare leave taken by female employees (%)	100.0	100.0	100.0	100.0	**100.0**	Hioki E.E. Corporation only
Number of annual paid holidays taken (days)	11.7	13.1	14.7	13.3	**15.0**	Hioki E.E. Corporation only (as of Mar. 31)
Number of HI-Challenge events (cases)	–	13	12	9	**8**	Hioki E.E. Corporation only
Industrial property rights (cases)	1,155	1,133	1,031	1,041	**1,111**	
Percentage of foreign interests (%)	16.0	18.0	22.0	23.0	**29.0**	

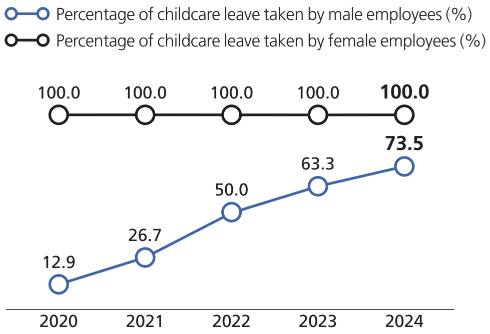
Number of Employees / Percentage of Employees Stationed Overseas



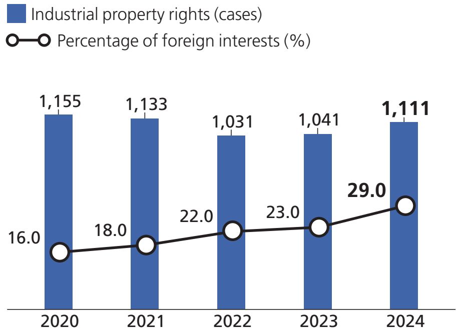
Percentage of Female Managers



Percentage of Childcare Leave Taken by Male Employees / Percentage of Childcare Leave Taken by Female Employees



Industrial Property Rights / Percentage of Foreign Interests



Stock Information (as of December 31, 2024)

Stock Information

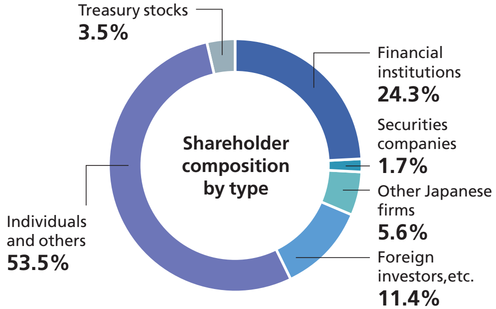
Number of authorized shares	40,514,000
Number of shares Issued	14,024,365
Number of shareholders	7,559

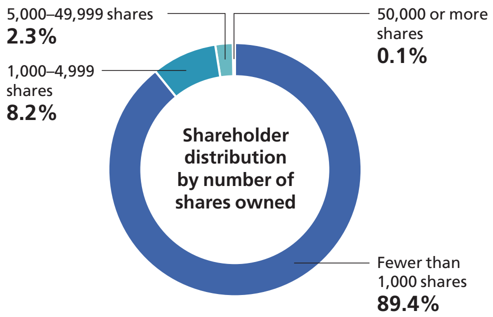
Major Shareholders

Shareholder's name	Number of shares (thousands)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	1,269	9.38
Hioki Employee Shareholding Association	815	6.03
Tsuneaki Hioki	800	5.91
Yuji Hioki	719	5.31
The Hachijuni Bank, Ltd.	666	4.92
Custody Bank of Japan, Ltd. (trust account)	574	4.24
Taeko Hioki	573	4.24
Meiji Yasuda Life Insurance Company	510	3.77
MISAKI ENGAGEMENT MASTER FUND	350	2.59
Hideo Hioki	340	2.51

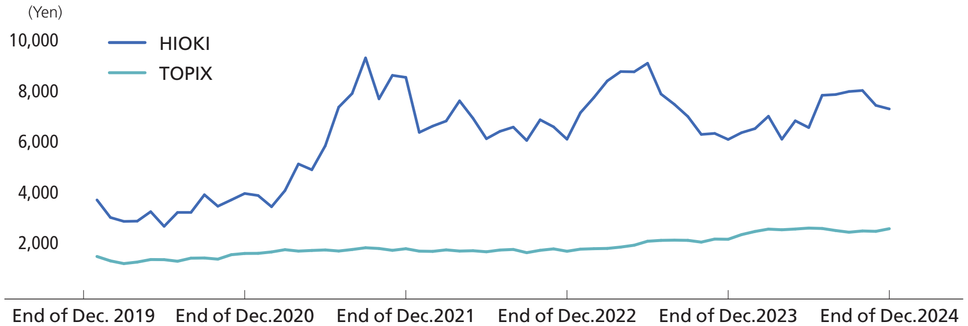
Notes:
1. The Company holds 490,000 treasury shares that are excluded from the list of major shareholders above.
2. The shareholding ratio is calculated excluding treasury shares.

Shareholder Information





Stock Price



Corporate Data (as of February 27, 2025)

Company Profile

Company name	HIOKI E.E. CORPORATION
Founded	June 1935
Incorporated	January 1952
Trademark	HIOKI
Capitalization	¥3,299 million
Employees	1,098 (consolidated) (as of December 31, 2024)
Main business	Development, manufacture, sale, and servicing of electrical measuring instruments
Headquarters	81 Koizumi Ueda, Nagano 386-1192, Japan

Group companies	HIOKI FOREST PLAZA CORPORATION
	HIOKI USA CORPORATION
	HIOKI (Shanghai) MEASUREMENT TECHNOLOGIES CO., LTD.
	HIOKI (Shanghai) TECHNOLOGY DEVELOPMENT CO., LTD.
	HIOKI (Shanghai) MEASURING INSTRUMENTS CO., LTD.
	HIOKI SINGAPORE PTE. LTD.
	HIOKI KOREA CO., LTD.
	HIOKI INDIA PRIVATE LIMITED
	HIOKI EUROPE GmbH
	HIOKI TAIWAN CO., LTD.
	PT. HIOKI ELECTRIC INDONESIA
	HIOKI ELECTRIC (THAILAND) CO., LTD.
	HIOKI MEA FZCO

External Evaluations

Minister of Health, Labour and Welfare "Platinum Kurumin certification"

Minister of Health, Labour and Welfare "Eruboshi certification"

Great Place to Work Japan "Certified Great Place to Work in 2025"

Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi "Certified Health & Productivity Management Organizations 2025"

D&I AWARD 2024 "Best Workplace"

Ministry of the Environment, Nationally Certified Sustainably Managed Natural Sites, 30by30 (OECMs)

Participation in Global/Corporate Responsibility Programs

UN Global Compact

Task Force on Climate-related Financial Disclosures (TCFD)

TNFD
Taskforce on Nature-related Financial Disclosures (TNFD)

HIOKI
HIOKI E. E. CORPORATION

[Headquarters] 81 Koizumi, Ueda, Nagano 386-1192, Japan
TEL: +81-268-28-0555　FAX: +81-268-28-0559
https://www.hioki.com/

The HIOKI logo

The "O" is not a simple circle but an oval. It symbolizes Earth embracing an egg of creation, nurturing people as it brings forth innovation and contributes to the development of society.

ANNIVERSARY
1935 - 2025

90th Anniversary Symbol Mark

A design symbolizing Hioki's legacy of innovation and future vision
The symbol created for Hioki's 90th anniversary embodies its global presence, commitment to progress, and the Hioki philosophy of respect for humanity. The design represents the trajectory from Hioki's historical roots to its future aspirations and vision. This symbol was selected from a variety of designs submitted by our employees.