



【Qualitative information about performance】

Summary of Financial Results for the Nine Months Ended September 30, 2024 (Based on Japanese GAAP)

October 15, 2024

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Scheduled date to commence dividend payments: –

Preparation of supplementary material on financial results: No

Holding of financial results meeting: No

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

https://www.hioki.co.jp/file/cmw/hdInformation/2942/information_file1/?action=browser

1. Overview of business performance

(1) Overview of business performance during the quarter under review

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

Orders received during the third quarterly consolidated cumulative period generally tracked the corresponding period of the previous fiscal year. Looking at performance by market segment, demand in the device and energy markets was lackluster despite ongoing decarbonization efforts by governments worldwide, causing orders received to remain flat. In the battery market, EV growth, particularly in China, exhibited a short-term slowdown, and the outlook continues to anticipate falling demand.

Looking at performance by customer location, orders in Africa rose compared to the corresponding period of the previous fiscal year, while orders in Asia were driven by continued robust demand in South Korea, Southeast Asia, and other locations. By contrast, orders in China continued to trend well below initial forecasts as a result of a significant slump in demand in the battery and energy markets.

As it works to realize Vision 203 and achieve the goals set forth in its Medium-term Business Plan, the Hioki Group has identified as growth strategies product development that adds to Hioki's essentiality, market-oriented business development, and achievement of carbon neutrality under the Greenhouse Gas Protocol. It is currently pursuing related initiatives.

During the first half of the consolidated accounting period under review, we reorganized our development and marketing teams by carrying out a review of structures that facilitate development of products featuring unique Hioki technologies and of marketing structures that facilitate the development of market-focused businesses. During the third quarterly consolidated accounting period, we studied a companywide review of organizational structures to further accelerate these moves. As a result of that effort, Hioki elevated principal departments to division status at the September meeting of its Board of Directors, which also decided to further strengthen operational structures so that the Group can come together to realize Vision 2030 and the new Medium-term Business Plan under the leadership of its executive directors. Effective October 1, the Company's research and development, manufacturing, sales, and general-affairs teams were reorganized to create the Research & Development Division, Manufacturing Division, Global Sales Division, and Administration Division, which report directly to the president and CEO.

In the area of manufacturing, the Ueda No. 2 Plant, which is located about 2 kilometers from the Head Office Plant, began operating on July 8 to further boost production capacity. The responsibilities of the new complex include the development, production, and sale of automatic test equipment, as well as the provision of after-sales service.

In the area of sales, newly established sales subsidiaries began operating in Thailand and the United Arab Emirates as part of an effort to boost sales and accommodate various countries' decarbonization initiatives by strengthening our customer-oriented approach to sales.

We continued last year's efforts to study how product pricing can be adjusted, both in Japan and overseas, to reflect rising part and labor costs, and we revised product pricing in Japan in April and pursued promotional activities. Notwithstanding those efforts, falling demand had a significant impact on the decline in sales, causing operating profit and ordinary profit to trail results for the corresponding period of the previous fiscal year.

As a result of the above, sales during the third quarterly consolidated cumulative period fell 5.0% from the corresponding period of the previous fiscal year to 28,077 million yen, while operating profit fell 18.0% to 5,160 million yen. Ordinary profit fell 17.3% to 5,382 million yen, and quarterly net income attributable to owners of the parent fell 16.5% to 4,031 million yen.