



DISCLAIMER: This English document is translated using a machine translation. This document is a translation of the original Japanese version and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.

September 9, 2025

To whom it may concern

Company name: HIOKI E. E. CORPORATION
Name of representative: Takahiro Okazawa, President
(Securities code: 6866; Tokyo Stock Exchange Prime Market)
Inquiries: Hisashi Shimizu, Director of Corporate
Planning Department
(Telephone: +81-268-28-0555)

Disclosure on Measures to Achieve Management Conscious of Capital Costs and Stock Prices

Our company has deliberated and resolved the "Measures to Achieve Management Conscious of Capital Costs and Stock Prices" at the Board of Directors meeting held on September 9, 2025. We hereby announce the details as follows.

Measures to Achieve Management Conscious of Capital Costs and Stock Prices

1. Current Situation Analysis

(1) Revision of Estimated Shareholders' Cost of Equity

Since our company does not borrow from financial institutions, we base our capital cost on the shareholders' cost of equity. In August last year, we engaged in continuous dialogue with our shareholders and investors regarding capital costs and capital profitability. Based on these discussions, the management meeting and the Board of Directors deliberated and decided to revise our estimated shareholders' cost of equity from approximately 7% (ranging between 6% and 8%) to around 10%.

Furthermore, we recognize the improvement of capital profitability as one of our key management challenges. Since 2022, we have set "Return on Equity (ROE) of 10% or higher" as one of our target management indicators. However, following the revision of our shareholders' cost of equity estimate in August last year, we raised this target to "Return on Equity (ROE) of 15% or higher" in February this year.

(2) Evaluation from the Capital Market

We recognize stock price, market capitalization, Price-to-Book Ratio (PBR), and Price-to-Earnings Ratio (PER) as important indicators of our evaluation by the capital market.

Currently, our ROE has been exceeding 15% since 2021, and our PBR is approximately twice. Comparing our capital profitability (ROE) with the shareholders' cost of equity, we recognize that we are currently achieving capital profitability that exceeds the expected returns sought by our shareholders and investors. We believe that our company is receiving a certain level of evaluation from our shareholders and investors.

On the other hand, regarding PER, we believe that our current performance lags behind the actual values published by the Japan Exchange Group across different scales and industries. This indicates a decline in growth expectations from our shareholders and investors concerning our company, and we recognize that improving this is a crucial challenge for us.

We will continue our efforts to enhance capital profitability to maintain continuous evaluation from our shareholders and investors.

2. Planning and Disclosure

To achieve management conscious of capital costs and stock prices, we will proceed with initiatives from the following three perspectives:

(1) Improvement of Capital Profitability

① Enhancement of Earnings Power

• Achievement of Mid-term Management Plan

We consider it important to advance efforts toward achieving our currently disclosed mid-term management plan. For details on our current initiatives, please refer to the materials from the earnings briefing held on July 29, 2025. Additionally, if we achieve the revised consolidated full-year earnings forecast for the fiscal year ending December 2025, amended on July 8, 2025, we anticipate reaching an ROE of 14.1% without acquiring treasury shares.

Reference URL (Earnings Briefing Materials for Q2 Fiscal Year Ending December 2025):

https://www.hioki.co.jp/file/cmw/hdInformation/3035/information_file1/?action=browser

• Promotion of Sales in Four Focus Markets

As one of our growth strategies, we have established "business development based on market axes" and have designated components, batteries, energy, and mobility as our focus markets. We aim to achieve product sales that exceed the growth of these markets themselves. Recently, we have also been expanding electrical measurement applications in data centers across these four focus markets. By consolidating information from our domestic and international sales bases, we will promote product development based on market axes and work on expanding sales in our focus markets.

② Enhancement of Asset Efficiency

• Introduction of Guidelines Related to the Balance Sheet (B/S) and Consideration of Cash Allocation Policies

To enhance corporate value through improved capital profitability, we will meticulously examine the current state of our consolidated balance sheet (B/S) and manage the B/S based on the following guidelines until the fiscal year ending December 2030.

Additionally, based on the above "Guidelines Related to the Consolidated Balance Sheet (B/S)," we are currently considering a three-year cash allocation policy from the fiscal year ending December 2026 onwards, which will be disclosed after February 2026.

Guidelines Related to the Consolidated Balance Sheet (B/S):

- Aim to keep the ratio of "Cash and Deposits" on the consolidated balance sheet within 20%, managing it to stay within an annual average of 25%-30% in the meantime.
- Considering our optimal capital structure and to minimize the Weighted Average Cost of Capital (WACC), we aim to maintain the consolidated equity ratio around 60% while managing it to remain around 70% in the meantime.

• Further Reduction of So-called Strategic Holdings

In our disclosure on August 9, 2024, titled "Measures to Achieve Management Conscious of Capital Costs and Stock Prices," we announced our policy to further reduce so-called strategic holdings to enhance asset efficiency. Following deliberations at the Board of Directors, we sold three stocks in the fiscal year ending December 2024 and suspended the acquisition of one stock through our business partners' stockholding association. We are currently negotiating with counterpart companies regarding stocks held for non-investment purposes and will continue to reduce them as necessary.

(2) Shareholder Return Policies

① Change in Dividend Policy

Based on a dividend rate of at least 2% of consolidated net assets (DOE) as a stable base for profit returns and aiming for a consolidated payout ratio of 40%, we have been implementing enhanced profit returns through improved performance. In light of our dialogues with shareholders and investors, we have resolved at today's Board of Directors meeting to change our dividend policy to clearly increase dividend amounts in line with the increase in shareholders' equity. We will continue to actively return profits to our shareholders based on this dividend policy.

Dividend Policy Before the Change:

Regarding profit distribution to shareholders, we intended to implement enhanced profit returns through improved performance based on a stable profit return base of at least a 2% consolidated dividend rate on net assets (DOE) and aiming for a consolidated payout ratio of 40%. Our basic policy is to distribute surplus funds twice a year through interim dividends and year-end dividends.

Dividend Policy After the Change:

Regarding profit distribution to shareholders, we intend to implement enhanced profit returns through improved performance based on aiming for a consolidated payout ratio of 40%. Additionally, even in cases where performance deteriorates due to temporary factors, we will strive to maintain stable dividends based on the dividend rate of shareholders' equity. Our basic policy is to distribute surplus funds twice a year through interim dividends and year-end dividends.

②Acquisition of Treasury Shares

Based on the aforementioned cash allocation policy and aiming to improve capital efficiency, we plan to acquire treasury shares opportunistically when we consider the stock price levels to be low.

(3) Proactive Information Disclosure to Reduce Shareholders' Cost of Equity and Appropriately Foster Growth Expectations

To reduce shareholders' cost of equity and appropriately foster growth expectations, it is important to enhance the trust of our shareholders and investors through proactive information disclosure and deepen their understanding of our growth strategies. While our company has been disclosing various information based on our information disclosure policy, we will continue to provide information that contributes to the investment decisions of our shareholders and investors. Additionally, in July 2025, we will issue the Integrated Report 2025 to enhance non-financial information.

Furthermore, we are aware that the Minister in charge of finance has requested the disclosure of securities reports to be scheduled before the shareholders' meeting, aiming to promote further dialogue with shareholders and investors and necessitating environmental adjustments. Our company will continue to hold shareholders' meetings within two months from the end of the fiscal period. Our responsible department is gathering information and will continue to consider future responses. We will also strive to disclose earnings information as promptly as possible.

【Reference】:Return on capital, share price, and related information

Return on capital

| | 2020 | 2021 | 2022 | 2023 | 2024 |
|-----|------|-------|-------|-------|-------|
| ROE | 8.1% | 16.3% | 17.1% | 18.1% | 16.1% |

Share price, etc.

| | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|-------|-------|-------|-------|-------|
| Share price (yen) | 4,180 | 8,780 | 6,330 | 6,320 | 7,530 |
| Market capitalization (hundreds of millions of yen) | 586 | 1,231 | 887 | 886 | 1,056 |
| PBR | 2.19 | 4.07 | 2.64 | 2.33 | 2.56 |
| PER | 27.52 | 26.50 | 16.21 | 13.64 | 16.56 |

※Share price and other data have been calculated based on the closing price on the last trading day of the fiscal year in question.

End of announcement.