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August 7, 2026

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: Takehisa Obara, Director of Corporate Planning Department

(Telephone: +81-268-28-0555)

Disclosure regarding "Measures to realize management conscious of capital cost and stock price"

At the meeting of the Board of Directors held on August 7, 2026, the Company deliberated and resolved on its initiatives to achieve management that is conscious of capital costs and stock prices. We hereby announce the details as follows.

Details

Measures to realize management conscious of capital cost and stock price

1. Current Situation Analysis

(1) Review of estimated shareholder capital cost

As the Company has no borrowings from financial institutions and its capital structure is primarily composed of shareholders' equity, the Company mainly uses the cost of shareholders' equity to assess its cost of capital.

In August 2024, the Company held extensive discussions with shareholders and investors regarding capital costs and capital profitability. Based on these discussions, the Company deliberated the matter at meetings of the Management Committee and the Board of Directors, and consequently raised its estimate of the Company's cost of shareholders' equity from approximately 7% (6%-8%) to approximately 10%. The Company has not changed this estimate since then.

The Company also recognizes the improvement of capital profitability as one of its important management issues. Since 2022, the Company had set “return on equity (ROE) of 10% or higher” as one of its target management indicators. However, following the increase in the estimated cost of shareholders’ equity in August 2024, the Company raised this target to “ROE of 15% or higher” in February 2025.

(2) Evaluation from the capital market

The Company recognizes its stock price, market capitalization, price-to-book ratio (PBR), and price-to-earnings ratio (PER) as important indicators for understanding its assessment by the capital markets.

The Company’s stock price had remained sluggish for an extended period through 2025. The Company viewed this as a situation in which its growth prospects and corporate value were not being sufficiently evaluated by shareholders and investors, and positioned the improvement of this situation and the enhancement of growth expectations as important management issues.

Based on this recognition, the Board of Directors and the Management Committee have continuously examined and discussed growth strategies and related investment plans in light of the external environment, as well as how to explain these strategies clearly to shareholders and investors. Since 2026, the Company has provided clear explanations of these growth strategies and other matters through earnings releases, earnings briefings, and other means.

In addition to these initiatives, the Company’s improved recent business performance was comprehensively evaluated. As a result, since the announcement of the first-quarter financial results in April 2026, the Company’s stock price and market capitalization have increased significantly, and changes have also been observed in the Company’s PBR and PER.

The Company views these changes in market valuation as an indication that shareholders’ and investors’ expectations for the Company’s growth have increased. Going forward, the Company believes it must steadily execute its growth strategies and continuously improve its business performance in order to meet these expectations.

Although improvements have been seen in market indicators such as the stock price, the Company must continue to work on improving its capital profitability. The Company’s actual ROE for the fiscal year ended December 31, 2025 was 13.0%, exceeding the estimated cost of shareholders’ equity of approximately 10%. However, it did not reach the Company’s target ROE of 15% or higher, and the Company recognizes further improvement in this area as an important issue.

Based on the full-year consolidated earnings forecast for the fiscal year ending December 31, 2026 disclosed on June 5, 2026, the Company expects its ROE at the end of 2026 to be approximately 16%.

Taking the above circumstances comprehensively into account, the Company believes that it is currently receiving a certain level of evaluation from shareholders and investors. However, the Company believes that it is important to connect this evaluation to the enhancement of corporate value over the medium to long term, rather than allowing it to remain temporary.

The Company will continue its initiatives to enhance capital profitability and earn the sustained support of shareholders and investors.

2. Planning and Disclosure

To achieve management that is conscious of capital costs and stock prices, the Company will pursue initiatives from the following three perspectives.

(1) Improvement of capital profitability

① Enhancement of earning power

・Achievement of the medium-term management plan

The Company believes that it is important to continue its initiatives aimed at achieving the currently disclosed medium-term management plan. For details of the initiatives as of the present date, please refer to the presentation materials for the earnings briefing held on February 13, 2026.

Reference URL (FY2025 financial results briefing materials):
https://www.hioki.com/download/48756

・Promotion of sales in four focus markets

As one of its growth strategies, the Company has adopted "business development based on market segments" and has identified components, batteries, energy, and mobility as its four priority markets. The Company aims to achieve product sales growth that exceeds the growth of these markets themselves.

Recently, the Company has also been expanding its electrical measurement applications in data centers, which span across these four priority markets.

The Company will consolidate information from its domestic and overseas sales locations, promote product development based on market segments, and work to expand sales in its priority markets.

② Improvement of asset efficiency

・Introduction of guidelines for the balance sheet and consideration of policies for cash allocation

With the aim of enhancing corporate value through improved capital profitability, the Company has carefully examined the current status of its balance sheet and manages its balance sheet through the fiscal year ending December 31, 2030, based on the following guidelines.

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

・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.

In addition, based on the above "Policy Regarding the Consolidated Balance Sheet," the Company disclosed a cash allocation policy for the three years beginning with the fiscal year ending December 31, 2026, at the earnings briefing held on February 13, 2026.

In accordance with this policy, the Company will strengthen investments in research and development and capital expenditures, while promoting M&A investments as part of its growth strategy and strengthening shareholder returns.

・Further reduction of so-called policy shareholdings

In its disclosure dated August 9, 2024, titled "Initiatives to Achieve Management that is Conscious of Capital Costs and Stock Prices," the Company announced its policy of further reducing cross-shareholdings as part of its efforts to improve asset efficiency.

Based on this policy and following deliberations by the Board of Directors, the Company sold shares of five companies during the fiscal year ended December 31, 2025, including partial sales of holdings.

In addition, although the Company has continued to suspend the acquisition of shares in one company through a business partner stock ownership plan, the number of shares held in that company increased as of the end of December 2025. This increase resulted from the repurchase of the company's shares using dividends received from that company in accordance with the rules of the business partner stock ownership plan, and was an unintended increase in the number of shares held by the Company.

The Company will continue discussions with the relevant companies regarding the shares currently held for purposes other than pure investment and will reduce such holdings from time to time.

(2) Shareholder return measures

① Acquisition of treasury shares

Based on its cash allocation policy and for the purpose of improving capital efficiency, the Company intends to acquire treasury shares from time to time when it determines that its stock price is undervalued in light of its corporate value.

In accordance with this policy, the Company disclosed, on June 5, 2026, "Notice Regarding the Determination of Matters Relating to the Acquisition of Treasury Shares."

Reference URL:

https://www.hioki.com/sites/default/files/document/2026-06/release20260605_2.pdf

(3) Proactive information disclosure

The Company believes that, in order to reduce the cost of shareholders' equity and appropriately foster growth expectations, it is important to enhance the trust of shareholders and investors through proactive information disclosure and deepen their understanding of the Company's growth strategies.

The Company has disclosed a wide range of information in accordance with its disclosure policy and will continue to provide information that contributes to the investment decisions of shareholders and investors.

In July 2026, the Company issued the Integrated Report 2026, thereby enhancing its disclosure of non-financial information.

Reference URL: https://www.hioki.com/system/files/2026-07/Integrated_Report_2026_J_2.pdf

In addition, last year, the Minister of Finance issued a request to improve the environment so that annual securities reports would be disclosed before shareholders' meetings, with a view to further promoting dialogue with shareholders and investors. Accordingly, the relevant departments have been gathering information and considering future responses.

The Company has continued to hold its shareholders' meeting within two months of the fiscal year-end. Taking into account the intent of this request, the Company will continue to examine the schedule for holding shareholders' meetings and disclosing annual securities reports in a manner that supports shareholders' exercise of their voting rights.

The Company will continue working to disclose financial results as soon as possible.

(4) Proactive Response to the Revised Corporate Governance Code

The Financial Services Agency and the Tokyo Stock Exchange have revised the Corporate Governance Code. The Company believes that, by proactively advancing improvements toward the realization of the corporate governance structure that The Company should have, while taking into account the purpose and spirit of the Corporate Governance Code, The Company can further earn the trust of its shareholders and investors, which will ultimately lead to a reduction in The Company's cost of shareholders' equity.

The Company intends to respect, to the greatest extent possible, the purposes of the Basic Principles, Principles, and Supplementary Principles comprising the revised Corporate Governance Code and to proactively comply with them. Based on this policy, The Company will proceed with the necessary measures.

[Reference] Data on capital profitability, stock price, etc.

Capital profitability

	2021	2022	2023	2024	2025
ROE	16.3%	17.1%	18.1%	16.1%	13.0%

Stock price, etc.

	2021	2022	2023	2024	2025
Stock price (yen)	8,780	6,330	6,320	7,530	6,100
Market capitalization (100 million yen)	1,231	887	886	1,056	855
PBR (times)	4.07	2.64	2.33	2.55	1.88
PER (times)	26.50	16.21	13.64	16.55	15.13

* Data on stock price, etc. are calculated based on the closing price on the final trading day of each fiscal year.

End