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For immediate release

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Notice Concerning Disposal of Treasury Stock as Restricted-share Compensation

Meeting on March 12, 2024, Hioki's Board of Directors authorized the disposal of treasury stock as restricted-share compensation as described below.

1. Overview

(1) Pay-in date	April 11, 2024
(2) Type and number of shares	Hioki common stock, 6,903 shares
(3) Valuation of disposed shares	¥6,690 per share
(4) Total value of disposed shares	¥46,181,070
(5) Anticipated recipients	Hioki directors*1: 5,827 shares to 4 directors Hioki auditors*2: 1,076 shares to 2 auditors *1 Excluding outside directors. *2 Excluding outside auditors.

2. Purpose and reason

Meeting on January 17, 2020, the Board of Directors resolved to transition from the share acquisition-type compensation system in use at that time, in which a certain portion of officers' fixed compensation was donated to a shareholders' association made up of directors and used to acquire shares of Hioki stock, to a restricted-share compensation program ("the Program"). The purpose of the change was to offer directors (excluding outside directors; "Eligible Directors") an incentive to facilitate ongoing improvement in Hioki's corporate value while fostering greater value-sharing with all shareholders, and to offer auditors (excluding outside auditors; "Eligible Auditors"; collectively with Eligible Directors, "Eligible Officers") an incentive to prevent damage to Hioki's corporate value and maintain trustworthiness through the sharing of value with all shareholders. Meeting on February 27, 2020, the 68th Annual General Meeting of Shareholders took two related steps: approving grants of monetary remuneration credits worth no more than ¥40,000,000 per year to Eligible Directors and worth no more than ¥10,000,000 per year to Eligible Auditors within the scope of the existing fixed-compensation framework as contributed assets related to grants of restricted-share compensation under the Program; and defining the duration of the restrictions imposed on allocated shares as lasting from the date of the restricted-share allocation to the date on which the Eligible Officer in question loses their status as a director or auditor of Hioki.

An overview of the Program follows.

Overview

Under the Program, Eligible Officers pay in (as contributed assets) all monetary remuneration credits they have been granted and receive an issuance or disposal of Hioki common shares.

The total number of common shares issued or disposed of to Eligible Officers under the Program is capped at 24,000 per year for Eligible Directors and at 6,000 per year for Eligible Auditors. The paid-in amount of each share is determined by the Board of Directors in a way that offers no special advantages for Eligible Officers, based fundamentally on the closing price of Hioki's common shares on the Tokyo Stock Exchange on the last business day prior to the day of the Board resolution concerning their issuance or disposal (if the transaction is not completed on the same day, the closing price on the most recent prior trading day).

Hioki enters into a restricted-share allocation agreement with each Eligible Officer concerning the issuance or disposal of Hioki common shares under the Program, and those agreements contain the following provisions:

(1) Eligible Officers may not transfer, use as a security interest, or otherwise dispose of Hioki common shares received under the allocation agreement during the predetermined term.
(2) Hioki may acquire the common shares in question without payment under certain circumstances.

As a result of discussions between the Board of Directors and auditors held today, it was decided to grant monetary remuneration credits totaling ¥46,181,070, consisting of ¥38,982,630 for four Eligible Directors and ¥7,198,440 for two Eligible Auditors ("the Monetary Remuneration Credits"). These grants take into consideration the goals of the Program, Hioki's business performance, the extent of recipients' performance, and other relevant factors. Meeting today, the Board of Directors authorized the disposal of treasury stock consisting of a total of 6,903 shares of Hioki common shares ("Allocated Shares") in response to the payment by the six allocation recipients of their Monetary Remuneration Credits vis-à-vis Hioki as contributed assets under the Program.

Overview of the restricted-share allocation agreement

Following is an overview of the restricted-share allocation agreement into which Hioki has entered with each of the recipients.

(1) Duration of restrictions

Eligible Officers may not transfer, use as a security interest, or otherwise dispose of Allocated Shares from the grant date to the date on which they lose their status as a Hioki director or auditor.

(2) Conditions under which restrictions will be removed

Restrictions on all Allocated Shares will be removed as of the end of the restriction term if the recipient in question remained a director or auditor of Hioki continuously from April 11, 2024, (the pay-in date) to April 1, 2025 ("the Period of Service, Etc.," where "period of service" refers to the time from the pay-in date to the end of the Annual General Meeting of Shareholders for the fiscal year ended December 31, 2024). In the event a recipient ceases to serve as a director or auditor of Hioki during the Period of Service, Etc., due to death or completion of term, or for another reason recognized as legitimate by the Board of Directors, restrictions on all Allocated Shares will be removed at the end of the restriction term.

(3) Acquisition of shares without payment by Hioki

Ownership of any Allocated Shares whose restrictions have not been removed will naturally revert to Hioki when the restriction term ends or when otherwise stipulated by the agreement.

(4) Management of shares

To ensure that recipients cannot transfer, use as a security interest, or otherwise dispose of Allocated Shares during the restriction term, Allocated Shares will be managed during that term in an account opened by the recipient at Daiwa Securities Co., Ltd., specifically for the restricted shares.

(4) Implications of reorganization and other changes

In the event measures related to a reorganization or other significant organizational changes, for example a merger agreement in which Hioki is absorbed by another company, a share-exchange agreement in which Hioki becomes a wholly owned subsidiary, or a share-transfer plan, are approved by Hioki's General Meeting of Shareholders (or if such changes do not require the approval of Hioki's General Meeting of Shareholders, by Hioki's Board of Directors), the Board of Directors will resolve to remove the restrictions on all Allocated Shares just before the business day prior to the date on which the reorganization or other changes take effect.

3. Basis of calculations of paid-in valuation and related specifics

This disposal of shares treated the monetary remuneration credits granted to officers to which the Company anticipated allocating shares under the Program as invested assets. The closing price (¥6,690) of Hioki common shares on the Tokyo Stock Exchange on March 11, 2024, (the business day prior to the date of the resolution by the Board of Directors) was used as the disposal value in order to obtain a price free of arbitrariness. That amount represents the market price immediately prior to the date of the resolution by the Board of Directors. In the absence of any circumstances that would preclude reliance on the most recent share price, Hioki considers that price to be reasonable and a fair reflection of the Company's corporate value and notes that it does not confer any special advantages to allocation recipients.