

**Summary of Consolidated Financial Statements for the Year Ended December 31, 2022
(Japanese GAAP)**

February 14, 2023

Company name **HORIBA, Ltd.**

Listed stock exchanges: Tokyo

Listing code 6856

URL: <https://www.horiba.com/int/>

Representative Atsushi Horiba, Chairman & Group CEO

TEL: (81)75-313-8121

Contact Yoshihiro Morita, Department Manager, Finance and Accounting Dept.

Scheduled date of start of dividend payment: March 6, 2023

(Figures have been rounded down to the nearest million yen)

1. Consolidated Results for the Year Ended December 31, 2022 (January 1, 2022 - December 31, 2022)

(1) Consolidated Operating Results

(Percentages represent changes from the previous year)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year Ended 12/31/22	270,133	20.4	45,843	43.1	46,860	46.3	34,072	59.9
Year Ended 12/31/21	224,314	19.9	32,046	62.7	32,038	65.1	21,311	61.6

(Note) Comprehensive income: FY2022 43,153 million yen (42.2%) FY2021 30,343 million yen (162.0%)

	Net Income Attributable to Owners of Parent per Share	Net Income Attributable to Owners of Parent per Share (Diluted)	Return on Equity	Ordinary Income to Total Assets	Operating Income to Net Sales
	Yen	Yen	%	%	%
Year Ended 12/31/22	807.06	802.89	15.4	11.9	17.0
Year Ended 12/31/21	505.05	502.46	11.2	9.2	14.3

(Reference) Equity in earnings of affiliates: FY2022 -million yen FY2021 -million yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of 12/31/22	416,742	240,850	57.6	5,684.68
As of 12/31/21	371,585	204,493	54.8	4,827.06

(Reference) Net assets excluding subscription rights to shares and non-controlling interests:

As of 12/31/22 240,065 million yen As of 12/31/21 203,688 million yen

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year Ended 12/31/22	33,966	(10,745)	(22,447)	138,760
Year Ended 12/31/21	35,268	(14,662)	(4,045)	133,938

2. Dividends

	Dividend per Share					Total Dividends (Annual)	Payout Ratio (Consolidated)	Dividends to Net Assets (Consolidated)
	First Quarter	Second Quarter	Third Quarter	Year End	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY 12/2021	-	50.00	-	100.00	150.00	6,329	29.7	3.3
FY 12/2022	-	65.00	-	180.00	245.00	10,346	30.4	4.7
FY 12/2023 (Forecast)	-	80.00	-	175.00	255.00		30.3	

3. Consolidated Forecasts for the Year Ending December 31, 2023 (January 1, 2023 - December 31, 2023)

(Percentages represent changes from the same period in the previous year)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent		Net Income Attributable to Owners of Parent per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First Half	128,000	11.3	19,000	16.8	18,800	12.0	17,000	51.2	402.56
Full Year	290,000	7.4	46,000	0.3	45,500	-2.9	35,500	4.2	840.63

Notes

(1) Changes in significant subsidiaries during the period

(Changes in specified subsidiaries that caused a change in the scope of consolidation): None

(2) Changes in accounting policies, accounting estimates and retrospective restatement

① Changes in accounting policies associated with revision of accounting standards: Yes

② Changes in accounting policies arising from other than the above: None

③ Changes in accounting estimates: None

④ Retrospective restatement: None

(3) Number of shares outstanding (common stock)

① Shares issued (including treasury stock)	December 31, 2022	42,532,752	December 31, 2021	42,532,752
② Treasury stock	December 31, 2022	302,553	December 31, 2021	335,502
③ Average number of outstanding shares	December 31, 2022	42,218,533	December 31, 2021	42,197,305

Note 1. This consolidated financial report is not subject to audit by certified public accountants or accounting firms.

Note 2. Appropriate use of business forecasts and other important information

The forecasts of dividend amount and business performance contained in this report have been made based on certain future assumptions, outlooks, and plans which are available at the HORIBA Group as of February 14, 2023. However, due to risks and various uncertain factors such as future business operation policies, changes in the economic environment in Japan and overseas, fluctuation of currency rates, it is possible that actual performance would vary considerably from the forecasts.

1. Qualitative Information Concerning Consolidated Results

(1) Information Concerning Consolidated Operating Results

(For details, see page 16-18, “4. Supplemental Information - HORIBA, Ltd. Financial Highlights for the Year Ended December 31, 2022)

In FY2022, HORIBA, Ltd. (“the Company”) and its consolidated subsidiaries (together “the HORIBA Group” or “HORIBA” as a consolidated group) increased sales by 20.4% year-on-year to 270,133 million yen, mainly due to an increase in sales of the Semiconductor segment. Operating income increased by 43.1% to 45,843 million yen, ordinary income by 46.3% to 46,860 million yen and net income attributable to owners of parent (“net income”) by 59.9% to 34,072 million yen.

The annual average exchange rates for 2022 were 131.62 yen against the U.S. dollar and 138.14 yen against the euro, representing year-on-year depreciation of 19.8% against the U.S. dollar and 6.3% against the euro.

The operating results of each business segment are summarized as follows.

(Automotive Segment)

In the MCT (Mechatronics) business, sales of products for the hydrogen energy industry by HORIBA FuelCon GmbH (Germany), which was acquired in 2018, increased. Also, sales increased in the ECT (Engineering Consultancy & Testing) business, as demand for R&D engineering of new automotive technology such as electrification expanded. As a result, segment sales increased by 10.2% year-on-year to 67,524 million yen. On the profit side, operating loss of 667 million yen was recorded owing mainly to an increase in expenses due to expanded investments in growth area, as well as rising purchasing prices (compared to an operating loss of 13 million yen in the previous year).

(Process & Environmental Segment)

Mainly due to demand for industrial process measurement expanded, sales of stack gas analyzers in Americas and Japan as well as water quality system in Japan and Asia increased. As a result, segment sales increased by 11.5% year-on-year to 22,541 million yen and operating income increased by 7.9% to 2,101 million yen.

(Medical-Diagnostics Segment)

Mainly due to an increase in sales of hematology analyzers in Japan and Asia as well as clinical chemistry analyzers and reagents in Americas, segment sales increased by 15.0% year-on-year to 29,753 million yen. On the profit side, operating loss of 99 million yen was recorded owing mainly to an increase in rising purchasing prices, even though the sales of reagents, which are profitable products, increased (compared to an operating income of 148 million yen in the previous year).

(Semiconductor Segment)

Sales to semiconductor production equipment manufacturers increased significantly, in response to expansion of semiconductor manufacturers’ capital expenditures. As a result, segment sales increased by 31.1% year-on-year to 114,075 million yen and operating income increased by 50.0% to 42,005 million yen.

(Scientific Segment)

Mainly due to the expansion of demand for products targeted for the semiconductor and life-science markets, sales of Raman spectrometers and optical modules increased. As a result, segment sales increased by 21.0% year-on-year to 36,239 million yen and operating income increased by 27.9% to 2,503 million yen.

(2) Information Concerning Consolidated Earnings Forecasts for FY2023

The consolidated earnings forecasts are summarized as follows.

Our assumed foreign exchange rates for FY2023 are 130 yen against the U.S. dollar (vs. 131.62 yen in FY2022) and 140 yen against the euro (vs. 138.14 yen in FY2022).

Net sales of 290,000 million yen (up 7.4% year-on-year)

In the Automotive Segment, sales of products for the hydrogen energy industry by HORIBA FuelCon GmbH (Germany) is continuously expected to increase. The Segment also expects an increase in sales of emission measurement systems, due to anticipation of a recovery in demand in response to the new emission gas regulations announced in Europe.

In the Semiconductor Segment, although semiconductor manufacturers' capital expenditures will be in an adjustment phase until the first half of FY2023, sales for the full year are expected to increase, reflecting expectations for higher demand in the second half, along with a recovery of the semiconductor market.

In the Process & Environmental Segment, the Medical-Diagnostics Segment and the Scientific Segment, sales are expected to increase, due to an anticipated increase in demand.

As a result, net sales are expected to increase by 19,866 million yen from FY2022 to 290,000 million yen.

Operating income of 46,000 million yen (up 0.3% year-on-year)

In the Semiconductor Segment, a decline in operating income is expected, owing to a decrease in the positive impact from exchange rates driven by the depreciation of the yen in 2022. However, other segments are expected to increase operating income, contributed by sales increase and other factors.

As a result, total operating income is expected to increase by 156 million yen from FY2022 to 46,000 million yen.

Ordinary income of 45,500 million yen (down 2.9% year-on-year)

Ordinary income is expected to incorporate a net non-operating loss of 500 million yen (compared to a net non-operating gain of 1,016 million yen in FY2022), assuming interest expenses and some uncertain non-operating expenses.

As a result, ordinary income is expected to decrease by 1,360 million yen from FY2022 to 45,500 million yen.

Net income of 35,500 million yen (up 4.2% year-on-year)

Approximately 6,200 million yen is expected to be recorded as an extraordinary gain in the first quarter of FY2023 due to a sale of a part of the shares of MIRA UGV Limited (U.K.) held by HORIBA MIRA Limited (U.K.), a consolidated subsidiary of HORIBA, to Iveco Defence Vehicles S.p.A. (Italy). In addition, assuming uncertain extraordinary losses to be incurred, net extraordinary gain of 5,200 million yen is expected (compared to net extraordinary gain of 411 million yen in FY2022).

As a result, net income is expected to increase by 1,427 million yen from FY2022 to 35,500 million yen.

(3) Basic Policy for Profit Distribution and Dividends for FY2022 and FY2023

The Company's shareholder return policy is to set the total returns to shareholders (the combined amount of dividend payments and share buybacks) at approximately 30% of consolidated net income.

With regard to the dividends for FY2022, we have decided to pay a year-end dividend of 180 yen per share. Combined with the interim dividend that has been paid out, the annual dividend will be 245 yen (compared to 150 yen in FY2021). As regards the dividend forecast for FY2023, we expect to pay an annual dividend of 255 yen per share (interim dividend is 80 yen).

The Company will continue to focus on improving corporate value through profit growth by investing internal reserves in growth areas in an effective manner, and it will make profit returns to shareholders that are linked to consolidated earnings.

Cautionary statement with respect to earnings forecasts

The forecasts of dividend amount and business performance contained in this report have been made based on certain future assumptions, outlooks, and plans which are available at the HORIBA Group as of February 14, 2023.

However, due to risks and various uncertain factors such as future business operation policies, changes in the economic environment in Japan and overseas, fluctuation of currency rates, it is possible that actual performance would vary considerably from the forecasts.

2. Basic policy on selection of accounting standard

The HORIBA Group prepares its consolidated financial statements in accordance with General Accepted Accounting Principles in Japan ("JGAAP"), as it allows comparison between different periods and companies. Concerning adoption of the International Financial Reporting Standards (IFRS), HORIBA intends to appropriately respond with due consideration for various circumstances in Japan and abroad and expected clerical costs.

3. Consolidated Financial Statements and Notes
(1) Consolidated Balance Sheets

Amount : Millions of yen

	FY2021 (As of December 31, 2021)	FY2022 (As of December 31, 2022)
Assets		
Current Assets:		
Cash and bank deposits	135,023	139,855
Trade notes and accounts receivable	59,877	-
Notes and accounts receivable - trade, and contract assets	-	69,818
Marketable securities	2,012	1,499
Merchandise and finished goods	17,864	26,447
Work in process	16,513	21,415
Raw materials and supplies	18,736	27,409
Other current assets	9,249	11,422
Allowance for doubtful accounts	(1,232)	(1,320)
Total Current Assets	258,044	296,547
Fixed Assets:		
Property, Plant and Equipment:		
Buildings and structures, net	45,648	54,226
Machinery, equipment and vehicles, net	12,986	13,894
Land	15,994	16,865
Construction in progress	9,231	6,379
Other property, plant and equipment, net	4,441	4,337
Total Property, Plant and Equipment	88,302	95,702
Intangibles:		
Goodwill	966	610
Software	1,968	1,559
Leasehold interests in land	607	616
Other intangibles	881	806
Total Intangibles	4,423	3,593
Investments and Other Non-Current Assets:		
Investment securities	12,487	10,475
Retirement benefit asset	387	690
Deferred tax assets	5,002	6,715
Other investments and other assets	2,979	3,063
Allowance for doubtful accounts	(43)	(46)
Total Investments and Other Non-Current Assets	20,814	20,898
Total Fixed Assets	113,540	120,195
Total Assets	371,585	416,742

Amount : Millions of yen

	FY2021 (As of December 31, 2021)	FY2022 (As of December 31, 2022)
Liabilities		
Current Liabilities:		
Trade notes and accounts payable	29,546	36,945
Short-term loans payable	25,107	12,351
Accounts payable-other	16,407	19,443
Accrued income taxes	7,632	9,133
Advances received	14,308	-
Contract liabilities	-	24,632
Accrued bonuses to employees	1,137	2,003
Reserve for product warranty	2,630	2,799
Other current liabilities	5,368	4,920
Total Current Liabilities	102,139	112,229
Non-Current Liabilities:		
Corporate bonds	30,000	30,000
Long-term loans payable	25,077	24,854
Deferred tax liabilities	1,731	1,270
Retirement benefit liability	2,107	1,547
Other non-current liabilities	6,036	5,990
Total Non-Current Liabilities	64,953	63,663
Total Liabilities	167,092	175,892
Net Assets		
Shareholders' Equity		
Common stock	12,011	12,011
Capital surplus	18,624	18,684
Retained earnings	166,892	194,000
Treasury stock	(1,323)	(1,193)
Total Shareholders' Equity	196,204	223,502
Accumulated Other Comprehensive Income		
Net unrealized holding gains or losses on securities	5,664	4,257
Foreign currency translation adjustments	1,889	12,156
Remeasurements of defined benefit plans	(69)	148
Total Accumulated Other Comprehensive Income	7,484	16,562
Subscription Rights to Shares	791	769
Non-Controlling Interests	12	15
Total Net Assets	204,493	240,850
Total Liabilities and Net Assets	371,585	416,742

(2) Consolidated Statements of Income and Consolidated Comprehensive Income Statements

(Consolidated Statements of Income)

Amount : Millions of yen

	FY2021 (For the Year Ended December 31, 2021)	FY2022 (For the Year Ended December 31, 2022)
Net Sales	224,314	270,133
Cost of Sales	131,091	153,459
Gross Income	93,222	116,674
Selling, General and Administrative Expenses	61,175	70,830
Operating Income	32,046	45,843
Non-Operating Income		
Interest income	182	585
Dividend income	206	264
Foreign exchange gains	-	211
Subsidy income	96	277
Other	364	498
Total Non-Operating Income	850	1,836
Non-Operating Expenses		
Interest expenses	516	657
Foreign exchange losses	245	-
Other	97	162
Total Non-Operating Expenses	859	820
Ordinary Income	32,038	46,860
Extraordinary Gain		
Gain on sales of fixed assets	42	519
Gain on sales of investment securities	6	25
Gain on bargain purchase	148	-
Gain on reversal of share acquisition rights	-	1
Total Extraordinary Gain	196	546
Extraordinary Losses		
Loss on sales of fixed assets	16	1
Loss on disposal of fixed assets	205	132
Impairment losses	1,526	-
Loss on sale of investment securities	20	0
Business restructuring expenses	260	-
Total Extraordinary Losses	2,031	134
Income before Income Taxes	30,204	47,272
Income taxes (current)	9,171	14,652
Income taxes (deferred)	(280)	(1,452)
Total Income Taxes	8,891	13,199
Net Income	21,312	34,072
Profit (loss) attributable to non-controlling interests	0	(0)
Net Income Attributable to Owners of Parent	21,311	34,072

(Consolidated Statements of Comprehensive Income)

Amount : Millions of yen

	FY2021 (For the Year Ended December 31, 2021)	FY2022 (For the Year Ended December 31, 2022)
Net Income	21,312	34,072
Other Comprehensive Income		
Net unrealized holding gains or losses on securities	1,301	(1,407)
Deferred gains or losses on hedges	(6)	-
Foreign currency translation adjustments	7,730	10,269
Remeasurements of defined benefit plans	5	218
Total Other Comprehensive Income	9,031	9,081
Comprehensive Income	30,343	43,153
(Breakdown of comprehensive income)		
Comprehensive income attributable to owners of parent	30,341	43,151
Comprehensive income attributable to non-controlling interests	2	2

(3) Consolidated Statements of Changes in Net Assets

FY2021 (For the Year Ended December 31, 2021)

Amount : Millions of yen

	Shareholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Beginning Balance	12,011	18,599	150,222	(1,323)	179,509
Changes during the Period					
Dividend from Earnings			(4,641)		(4,641)
Net Income Attributable to Owners of Parent			21,311		21,311
Purchase of Treasury Stock				(1)	(1)
Disposal of Treasury Stock			(0)	0	0
Capital Increase of Consolidated Subsidiaries		25			25
Others					
Total Changes during the Period	-	25	16,670	(0)	16,694
Ending Balance	12,011	18,624	166,892	(1,323)	196,204

	Accumulated Other Comprehensive Income					Subscription Rights to Shares	Non-Controlling Interests	Total Net Assets
	Net Unrealized Holding Gains or Losses on Securities	Deferred Gains or Losses on Hedges	Foreign Currency Translation Adjustments	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income			
Beginning Balance	4,363	6	(5,839)	(75)	(1,545)	697	6	178,669
Changes during the Period								
Dividend from Earnings								(4,641)
Net Income Attributable to Owners of Parent								21,311
Purchase of Treasury Stock								(1)
Disposal of Treasury Stock								0
Capital Increase of Consolidated Subsidiaries								25
Others	1,301	(6)	7,728	5	9,029	93	6	9,129
Total Changes during the Period	1,301	(6)	7,728	5	9,029	93	6	25,823
Ending Balance	5,664	-	1,889	(69)	7,484	791	12	204,493

FY2022 (For the Year Ended December 31, 2022)

Amount : Millions of yen

	Shareholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Beginning Balance	12,011	18,624	166,892	(1,323)	196,204
Changes during the Period					
Dividend from Earnings			(6,964)		(6,964)
Net Income Attributable to Owners of Parent			34,072		34,072
Disposal of Treasury Stock		2		17	20
Restricted Stock Remuneration		57		112	170
Others					
Total Changes during the Period	-	60	27,108	130	27,298
Ending Balance	12,011	18,684	194,000	(1,193)	223,502

	Accumulated Other Comprehensive Income				Subscription Rights to Shares	Non-Controlling Interests	Total Net Assets
	Net Unrealized Holding Gains or Losses on Securities	Foreign Currency Translation Adjustments	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income			
Beginning Balance	5,664	1,889	(69)	7,484	791	12	204,493
Changes during the Period							
Dividend from Earnings							(6,964)
Net Income Attributable to Owners of Parent							34,072
Disposal of Treasury Stock							20
Restricted Stock Remuneration							170
Others	(1,407)	10,266	218	9,078	(21)	2	9,058
Total Changes during the Period	(1,407)	10,266	218	9,078	(21)	2	36,356
Ending Balance	4,257	12,156	148	16,562	769	15	240,850

(4) Consolidated Statements of Cash Flows

Amount : Millions of yen

	FY2021 (For the Year Ended December 31, 2021)	FY2022 (For the Year Ended December 31, 2022)
Cash Flows from Operating Activities:		
Income before income taxes	30,204	47,272
Depreciation expenses	10,063	10,911
Impairment losses	1,526	-
Amortization of goodwill	377	437
Increase (decrease) in allowance for doubtful accounts	93	26
Gain on bargain purchase	(148)	-
Increase (decrease) in net defined benefit liability	(186)	(711)
Interest and dividend income	(388)	(849)
Interest expenses	516	657
Foreign exchange losses (gains)	(80)	152
Loss (gain) on sales of fixed assets	(25)	(518)
Loss on disposal of fixed assets	205	132
Loss (gain) on sales of investment securities	14	(24)
Business restructuring expenses	260	-
Decrease (increase) in trade notes and accounts receivable	(6,139)	-
Decrease (increase) in notes and accounts receivable - trade, and contract assets	-	(6,159)
Decrease (increase) in inventories	(1,161)	(18,809)
Increase (decrease) in trade notes and accounts payable	7,976	5,867
Other, net	(1,439)	8,732
Subtotal	41,669	47,117
Interest and dividend received	408	769
Interest paid	(481)	(680)
Income taxes (paid) refund	(6,327)	(13,240)
Net Cash Provided by (Used in) Operating Activities	35,268	33,966

Amount : Millions of yen

	FY2021 (For the Year Ended December 31, 2021)	FY2022 (For the Year Ended December 31, 2022)
Cash Flows from Investing Activities:		
Increase in time deposits	(1,735)	(3,135)
Decrease in time deposits	1,225	3,261
Payments for purchase of marketable securities	(2,000)	(2,000)
Proceeds from sales or redemption of marketable securities	1,917	2,500
Payments for purchase of property, plant and equipment	(12,195)	(11,639)
Proceeds from sales of property, plant and equipment	129	797
Payments for purchase of intangibles	(377)	(444)
Payments for purchase of investment securities	(30)	(36)
Proceeds from sales or redemption of investment securities	11	52
Payments of loans receivable	(219)	(4)
Collection of loans receivable	166	78
Purchase of shares of subsidiaries and associates	(1,144)	-
Other, net	(408)	(173)
Net Cash Provided by (Used in) Investing Activities	(14,662)	(10,745)
Cash Flows from Financing Activities:		
Net increase (decrease) in short-term borrowings	(431)	1,869
Proceeds from long-term borrowings	2,666	83
Repayments of long-term debt	(388)	(15,958)
Repayments on finance lease obligations	(1,252)	(1,482)
Net decrease (increase) of treasury stock	(1)	0
Cash dividends paid	(4,637)	(6,959)
Net Cash Provided by (Used in) Financing Activities	(4,045)	(22,447)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	3,221	4,049
Net Increase (Decrease) in Cash and Cash Equivalents	19,782	4,822
Cash and Cash Equivalents at Beginning of Period	114,156	133,938
Cash and Cash Equivalents at End of Period	133,938	138,760

(5) Notes to Consolidated Financial Statements

Change in accounting policies

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter "Accounting Standard for Revenue Recognition"), etc. from the beginning of FY2022. Accordingly, revenue is recognized at the time of transfer of control over promised goods or services to the customer in the amount expected to be received in return for the goods or services.

The application of the Accounting Standard for Revenue Recognition, etc. is subject to the transitional treatment provisions in Article 84, but there is no impact on the balance of retained earnings at the beginning of FY2022.

There is no impact on the operating results due to the application of Accounting Standard for Revenue Recognition, etc..

Due to the application of the Accounting Standard for Revenue Recognition, etc., "Trade notes and accounts receivable" presented under "Current Assets" in the consolidated balance sheets for the previous fiscal year, is included in "Notes and accounts receivable - trade, and contract assets" instead, and "Advances received" presented under "Current Liabilities" in the consolidated balance sheets for the previous fiscal year, is included in "Contract liabilities" instead, from FY2022. Furthermore, "Decrease (increase) in trade notes and accounts receivable" presented under "Cash Flows from Operating Activities" in the consolidated statements of cash flows for the previous fiscal year, is included in "Decrease (increase) in notes and accounts receivable – trade , and contract assets" instead, from FY2022.

In accordance with the transition provisions in Article 89-2 of the Accounting Standard for Revenue Recognition, the Company has not reclassified financial statements for the previous fiscal year by using the new presentation method.

(Application of "Accounting Standard for Fair Value Measurement," etc.)

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereinafter "Accounting Standard for Fair Value Measurement"), etc. from the beginning of FY2022.

The Company has prospectively applied new accounting policies based on the Accounting Standard for Fair Value Measurement, etc. in accordance with the transition provisions in Article 19 of Accounting Standard for Fair Value Measurement and Article 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No.10, July 4, 2019). There is no impact of these changes on the consolidated financial statements for FY2022.

Additional information

(Application of tax effect accounting for transition from consolidated taxation system to group tax sharing system)

The Company and its domestic consolidated subsidiaries will make the transition from the consolidated taxation system to the group tax sharing system from FY2023.

With regard to the transition to group tax sharing system established in the "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 8 of 2020) and items for which the non-consolidated taxation system has been reviewed in line with the transition to the group tax sharing system, the Company and its domestic consolidated subsidiaries calculated the amounts of deferred tax assets and deferred tax liabilities in accordance with the provisions of the tax act before the amendment based on the treatment of Paragraph 3 of the "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (ASBJ Practical Issues Tax Force No. 39, March 31, 2020), instead of applying the provision of Paragraph 44 of the "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018).

From the beginning of FY2023, the Company and its domestic consolidated subsidiaries will apply the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ Practical Issues Tax Force No. 42, August 12, 2021) specifying the handling of accounting and disclosure of corporate tax, local corporate tax and tax effect accounting when applying the group tax sharing system.

Material Subsequent Events

(Sale of partial subsidiary's shares)

On February 1, 2023, HORIBA MIRA Limited (U.K.) (hereinafter MIRA), a consolidated subsidiary of the Company, sold part of the shares of MIRA UGV Limited (U.K.) (hereinafter UGV) owned by MIRA to Iveco Defence Vehicles S.p.A. (Italy) (hereinafter IDV). As a result, UGV is no longer a consolidated subsidiary and has become an equity-method affiliate.

1. Outline of the share transfer

(1) Name of the acquiring entity

Iveco Defence Vehicles S.p.A (Italy)

(2) Reason for the share transfer

MIRA has provided Unmanned Ground Vehicle development engineering services for the defense industry. Taking a comprehensive view of the future prospects of the entire HORIBA Group, HORIBA decided to transfer part of the shares of UGV to IDV, in order to concentrate management resources of the Automotive Segment on field of consumer vehicles such as passenger cars and heavy-duty vehicles.

2. Date of the share transfer

February 1, 2023

3. Name, line of business, and scale of business of the subsidiary

Name: MIRA UGV Limited

Line of business: Unmanned Ground Vehicle (UGV) development engineering services for the defense industry

Scale of business: 1,327 million yen in sales for FY2022

4. Equity ownership before and after the transfer

(1) Equity ownership before the transfer: 100%

(2) Equity ownership after the transfer: 20%

5. Impact on profit and loss

Approximately 6,200 million yen of impact on profit and loss related to the share transfer such as the difference between the book value stated on the consolidated financial statement and the transferred amount is expected to be recorded as an extraordinary gain for the first quarter of FY2023.

6. Reportable segment that includes the consolidated subsidiary to be transferred

Automotive Segment

4. Supplemental Information

HORIBA, Ltd. Financial Highlights for the Year Ended December 31, 2022

1. Consolidated Financial Results

Amount : Millions of yen

	12/2021 Results		12/2022 Results		Changes		12/2023 Forecasts		Changes		12/2023 Forecasts		Changes	
	Full Year		Full Year		Amount	Ratio	Full Year		Amount		1st Half		Amount	
Net Sales	224,314	270,133	+45,819	+20.4%			290,000	+19,866			128,000	+13,034		
Operating Income	32,046	45,843	+13,796	+43.1%			46,000	+156			19,000	+2,739		
<i>Operating Income Ratio</i>	14.3%	17.0%	+2.7P				15.9%	-1.1P			14.8%	+0.7P		
Ordinary Income	32,038	46,860	+14,822	+46.3%			45,500	-1,360			18,800	+2,015		
<i>Ordinary Income Ratio</i>	14.3%	17.3%	+3.0P				15.7%	-1.6P			14.7%	+0.1P		
Net Income Attributable to Owners of Parent	21,311	34,072	+12,760	+59.9%			35,500	+1,427			17,000	+5,759		
<i>Net Income Ratio</i>	9.5%	12.6%	+3.1P				12.2%	-0.4P			13.3%	+3.5P		
US\$	109.90	131.62	+21.72				130.00	-1.62			130.00	+6.86		
Euro	129.91	138.14	+8.23				140.00	+1.86			140.00	+5.61		

2. Consolidated Segment Results

Amount : Millions of yen

	12/2021 Results		12/2022 Results		Changes		12/2023 Forecasts		Changes		12/2023 Forecasts		Changes	
	Full Year		Full Year		Amount	Ratio	Full Year		Amount		1st Half		Amount	
Net Sales	61,249	67,524	+6,274	+10.2%			79,000	+11,475			30,000	+4,311		
Automotive	61,249	67,524	+6,274	+10.2%			79,000	+11,475			30,000	+4,311		
Process&Environmental	20,217	22,541	+2,324	+11.5%			25,000	+2,458			11,000	+808		
Medical-Diagnostics	25,882	29,753	+3,870	+15.0%			31,000	+1,246			15,000	+1,326		
Semiconductor	87,004	114,075	+27,070	+31.1%			115,000	+924			54,000	+4,578		
Scientific	29,958	36,239	+6,280	+21.0%			40,000	+3,760			18,000	+2,010		
Total	224,314	270,133	+45,819	+20.4%			290,000	+19,866			128,000	+13,034		
Operating Income	(13)	(667)	-654	-			500	+1,167			(1,500)	+262		
Automotive	(13)	(667)	-654	-			500	+1,167			(1,500)	+262		
Process&Environmental	1,947	2,101	+153	+7.9%			2,500	+398			1,000	+361		
Medical-Diagnostics	148	(99)	-248	-			500	+599			-	+162		
Semiconductor	28,006	42,005	+13,999	+50.0%			38,500	-3,505			18,000	+1,219		
Scientific	1,957	2,503	+546	+27.9%			4,000	+1,496			1,500	+734		
Total	32,046	45,843	+13,796	+43.1%			46,000	+156			19,000	+2,739		

3. Consolidated Segment Sales by Destination

	Amount : Millions of yen					
	12/2021 Results	12/2022 Results	Changes		12/2023 Forecasts	Changes
	Full Year	Full Year	Amount	Ratio	Full Year	Amount
Automotive	61,249	67,524	+6,274	+10.2%	79,000	+11,475
Japan	17,365	16,555	-809	-4.7%	16,500	-55
Asia	15,842	14,339	-1,502	-9.5%	20,700	+6,360
Americas	6,475	8,110	+1,634	+25.2%	10,400	+2,289
Europe	21,566	28,518	+6,951	+32.2%	31,400	+2,881
Process&Environmental	20,217	22,541	+2,324	+11.5%	25,000	+2,458
Japan	10,286	10,861	+574	+5.6%	11,800	+938
Asia	5,046	5,585	+538	+10.7%	6,300	+714
Americas	2,281	3,002	+721	+31.6%	3,000	-2
Europe	2,603	3,092	+489	+18.8%	3,900	+807
Medical-Diagnostics	25,882	29,753	+3,870	+15.0%	31,000	+1,246
Japan	5,243	6,363	+1,120	+21.4%	6,700	+336
Asia	5,714	7,102	+1,388	+24.3%	7,500	+397
Americas	5,816	6,517	+701	+12.1%	8,100	+1,582
Europe	9,108	9,769	+660	+7.3%	8,700	-1,069
Semiconductor	87,004	114,075	+27,070	+31.1%	115,000	+924
Japan	26,833	32,469	+5,635	+21.0%	35,000	+2,530
Asia	44,857	59,509	+14,651	+32.7%	61,000	+1,490
Americas	9,813	15,269	+5,456	+55.6%	13,000	-2,269
Europe	5,500	6,827	+1,327	+24.1%	6,000	-827
Scientific	29,958	36,239	+6,280	+21.0%	40,000	+3,760
Japan	6,686	7,117	+431	+6.5%	9,000	+1,882
Asia	8,057	11,935	+3,878	+48.1%	13,900	+1,964
Americas	8,992	10,460	+1,468	+16.3%	9,700	-760
Europe	6,223	6,725	+501	+8.1%	7,400	+674
Total	224,314	270,133	+45,819	+20.4%	290,000	+19,866
Japan	66,414	73,367	+6,953	+10.5%	79,000	+5,632
Asia	79,517	98,472	+18,954	+23.8%	109,400	+10,927
Americas	33,379	43,360	+9,981	+29.9%	44,200	+839
Europe	45,002	54,933	+9,930	+22.1%	57,400	+2,466

4. Capital Expenditures, Depreciation and R&D Expenses

	Amount : Millions of yen		
	12/2021	12/2022	12/2023
	Results	Results	Forecasts
Capital Expenditures (*1)	12,496	12,565	14,000
Depreciation (*2)	10,440	11,349	12,000
R&D Expenses	16,710	18,585	22,000

(*1) Capital Expenditures are investments in tangible and intangible fixed assets.

(*2) Amortization of goodwill is included in depreciation.

5. Consolidated Financial Results (Quarterly Comparison)

Amount : Millions of yen

	12/2021 Results				12/2022 Results			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net Sales	48,582	52,734	52,639	70,356	55,510	59,454	70,156	85,012
Operating Income	5,936	7,133	6,789	12,187	8,605	7,654	12,311	17,271
<i>Operating Income Ratio</i>	12.2%	13.5%	12.9%	17.3%	15.5%	12.9%	17.5%	20.3%
Ordinary Income	5,885	7,161	6,820	12,169	8,743	8,041	12,723	17,351
<i>Ordinary Income Ratio</i>	12.1%	13.6%	13.0%	17.3%	15.8%	13.5%	18.1%	20.4%
Net Income Attributable to Owners of Parent	3,900	4,844	4,976	7,590	5,721	5,518	9,461	13,370
<i>Net Income Ratio</i>	8.0%	9.2%	9.5%	10.8%	10.3%	9.3%	13.5%	15.7%

6. Consolidated Segment Results (Quarterly Comparison)

Amount : Millions of yen

	12/2021 Results				12/2022 Results			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net Sales								
Automotive	12,153	12,770	12,388	23,937	13,675	12,013	15,632	26,203
Process&Environmental	5,224	4,816	4,527	5,649	4,788	5,403	5,233	7,116
Medical-Diagnostics	6,302	6,593	6,226	6,759	6,650	7,022	7,914	8,165
Semiconductor	18,441	21,602	22,640	24,321	22,225	27,195	31,994	32,659
Scientific	6,461	6,951	6,857	9,688	8,169	7,819	9,380	10,868
Total	48,582	52,734	52,639	70,356	55,510	59,454	70,156	85,012
Operating Income								
Automotive	(424)	(763)	(747)	1,921	133	(1,895)	(1,530)	2,624
Process&Environmental	699	414	180	652	453	184	343	1,119
Medical-Diagnostics	164	162	(242)	63	154	(316)	140	(77)
Semiconductor	5,257	7,093	7,370	8,284	7,180	9,600	12,468	12,757
Scientific	239	224	228	1,265	683	82	890	848
Total	5,936	7,133	6,789	12,187	8,605	7,654	12,311	17,271

Contact

IR · ESG, Corporate Planning Office, Finance and Legal Division, HORIBA, Ltd.
 2, Miyanohigashi-cho, Kisshoin, Minami-ku, Kyoto 601-8510, Japan
 E-mail: ir-info@horiba.com