Our Future

We want to build a guide like our own North Star which will lead the way home no matter where we are.

We have established the long-term vision “Our Future” (Vision, Mission, Values) in consultation with HORIBARIANs worldwide, as a guideline for all HORIBARIANs in advancing towards our 100th Anniversary, 30 years from now.

It defines how we want to HORIBA to be, how we should grow as HORIBARIANs, and what contributions we can make to society.

Vision

Joy and Fun for All

Mission

To Shape our Future Based on HONMAMON*2 and Diversity

Values

Reliability and Trust

Pursuit of Excellence

Corporate Motto

Joy and Fun

*1 HORIBARIAN: All HORIBA workers are regarded as family and called HORIBARIAN as a nickname.

*2 HONMAMON: Derived from the Japanese word “Honmono” (authentic), means the eternal pursuit of creating something from the heart that is one-of-a-kind.

1945 - HORIBA R&D Laboratory established

1953 - Foundation Day

1978 - Created corporate motto: “Joy and Fun”

2023 - Our Future

100th Anniversary

70th Anniversary

Energy & Environment

Bio & Healthcare

Materials & Semiconductor

1945

1953

1978

2023

2053

HORIBA Report 2023-2024
Discover “HONMAMON” and leverage HORIBA’s diversity and uniqueness to advance to the next stage

We are proud for the result that we could hit all new records in sales, operating income, ordinary income, and net income attributable to HORIBA Ltd.’s shareholders in 2023, which was the final fiscal year of our previous Mid-Long Term Management Plan, MLMAP2023. In December 2023, our share price exceeded 10,000 yen, and in January of the following year we broke through to a market capitalization of 500 billion yen. This is the result of finding “HONMAMON” solutions that meet our customer needs, something that only HORIBA can make possible. And I want to thank our owners (shareholders) for their understanding and support.

During the pandemic, not only demand fell due to a freeze on customer investment, but the movement towards decarbonization also accelerated gathered speed. Although we were impacted by large changes in the business environment, we emphasized making various decisions at the front line, even as we faced restrictions on movement. Against this backdrop, we quickly seized on trends related to hydrogen energy, which was booming in Europe, and expanded the capability of our German Group company HORIBA FuelCon in 2022. The business is still at the developing stage, but I feel it is a very important and forward-looking investment. Even amidst worldwide difficulties in procurement, we were able to achieve continue enhancing production thanks to the contributions of our global production and procurement team and their excellent network. This made it clear that competitiveness rests on supply capabilities. Our investment in a new manufacturing factory in Fukuchiyama City, Kyoto Prefecture Japan, which is planned to open in 2026, is the largest factory investment in HORIBA’s history. The plant will enable us to establish a long-term, stable supply capability. By combining HORIBA’s technical ability to create new products with strong supply capabilities, we will demonstrate an overwhelming competitive advantage.

Five years that have challenged HORIBA’s underlying strength
In February 2024, we formulated a new Mid-Long Term Management Plan, MLMAP2028 with 2028 as the target year. It contains an ambitious plan to achieve 450 billion yen in sales, 80 billion yen in operating income, and 12% ROE or more. While the COVID-19 pandemic may be subsiding, geopolitical risks are at an all-time high, and society is turning towards sustainability. Even under such circumstances, we see the business environment as an opportunity, and HORIBARIANs are highly motivated. We believe that now is the time to go for the win. To seize this opportunity, our entire Group will take on the challenge of reaching the next big stage of 500 billion yen in sales through MLMAP2028.

One of our guiding principles for achieving MLMAP2028 is a business strategy that aims to solve social issues in our three primary fields of Energy & Environment, Bio & Healthcare and Materials & Semiconductor.

In 2004, we declared that the “HORIBA Group is One Company,” and sought to demonstrate our comprehensive capabilities by uniting our global businesses. We also announced our “segment operation” at the same time, and proposed various solutions based on our technologies for target industries. It was very well suited to the changes in society and industry at the time and allowed HORIBA to grow significantly through our changes in society and industry at the time and geography. We have made numerous contributions to sustainability and have created large volumes of business. In addition to helping create new high-end technologies, HORIBA’s new challenge is to contribute to improving people’s lives.

I am convinced that the steady investments we have made up until now will bear fruit, and that HORIBA holds great potential to create new businesses one after another.

And in MLMAP2028, a major premise for achieving our business goals is the creation of a stage on which HORIBARIANs—the diverse human assets* who implement our strategies—can demonstrate their originality, strengths, and abilities more than ever on a global scale. We will create a new stage for the activities of HORIBARIANs around the world by putting together their wisdom, pursuing “HONMAMON” at the front line, and sharing our thoughts.

Moreover, we will device sustainability strategies and pursue unique activities that create social impact. Since HORIBA was founded, we have made numerous contributions to sustainability through our products and services. We feel that it is important to declare our commitment anew and share its significance in MLMAP2028. We aim to make an impact on society through various businesses and activities, such as providing services that help customers use energy more efficiently by utilizing the solutions that HORIBA offers, while at the same time growing HORIBA.

*Human assets: HORIBA considers employees to be valuable assets and refers to them as “human assets.”

For HORIBA to continue to be needed by society

In 2023, HORIBA celebrated its 70th anniversary. On January 26, the anniversary of our establishment, HORIBA laid down “Our Future” with a view including our Vision, Mission, and Values towards our 100th Anniversary, 30 years from now. In these uncertain times, it is impossible to foresee the future, let alone 30 years from now. The key is to have the desire to create our own future.

We are proud of the fact that members from our overseas Group companies also collaborated in the project with many discussion for formulating “Our Future”, and that it is the strength of HORIBARIANs which has allowed us to reach this point. I emphasized for passionate HORIBARIANs and the next generation of leaders the importance of the connections with the past.

My consideration is not to replace the history and the next generation of leaders the importance of the connections with the past.

I hope that all our stakeholders will eagerly anticipate it as well.

We look forward to your continuous understanding and support in 2024.

April 2024

Atsushi Horiba
Chairman & Group CEO

HORIBA Report 2023-2024
The corporate motto of HORIBA is Joy and Fun. We believe taking interest and pride in the work that occupies so much of our lives, and in the workplaces where many of us spend a large part of each day, will increase our satisfaction in life and allow us to enjoy our lives even more.

Editorial Policy

We create the HORIBA Report to gain the interest of institutional investors who take a long-term perspective, and to allow them to attain a better understanding of HORIBA. We also believe that HORIBA’s stakeholders can obtain benefits stemming from our growth, and that they take the same long-term perspective as institutional investors.

This integrated report is meant to help investors and various other stakeholders better understand HORIBA.

Regarding our use of the term “human assets” HORIBA considers employees to be valuable assets and refers to them as “human assets” in principle.

Regarding our use of the term “owners” (shareholders) HORIBA fully recognizes the importance of its shareholders and frequently refers to them as “owners.”

Regarding our use of HORIBA and HORIBA, Ltd. In this HORIBA Report, the HORIBA Group of companies is described as HORIBA and the parent company as HORIBA, Ltd.

Market share in the HORIBA Report Market shares stated in this report are HORIBA’s estimates as of fiscal 2023.

Change in revenue recognition standard HORIBA, Ltd. and its domestic consolidated subsidiaries had formerly recognized revenue mainly on a shipping-date basis. However, starting from fiscal 2016, HORIBA, Ltd. and its domestic consolidated subsidiaries changed their revenue recognition method to recognize revenue on a completion-date-of-installation or delivery-date basis under the terms and conditions of the relevant contracts. The amounts in or before fiscal 2015 are not retrospectively revised.

Disclaimer regarding future plans and forecasts This HORIBA Report contains certain statements describing future plans, strategies, and performance forecasts of HORIBA, Ltd. and its affiliated companies. These statements reflect forecasts estimated on management’s assumptions and beliefs based on the information available as of April 30, 2024. Actual performance may differ due to unforeseen circumstances in the operating environment and other factors.

Regarding the importance and comprehensiveness of information in the HORIBA Report 2023-2024 We have selected financial and non-financial information that we believe to be of high importance for inclusion in the HORIBA Report 2023-2024.

For more detailed information, please see our website. The PDF version of the HORIBA Report 2023-2024 is also available through our website.
HORIBA's Core Technologies

Every HORIBARIAN demonstrates their abilities with “Joy and Fun”.

HORIBA Value Creation Cycle

Creating value through the synergy between human assets and technology

HORIBA provides solutions through analysis and measurement technologies, which support resolution of social issues. Diverse human assets and technologies support our business. HORIBA will be a partner with customers to contribute to building a better society and generating greater social value.

HORIBA Value Creation Cycle

Joy and Fun for All

HORIBA's Core Technologies

Business strategy to solve social issues in three focus fields (Field Operation)

STRAATEGY 1

Group HR strategy to maximize HORIBARIANs’ potential

Every HORIBARIAN demonstrates their abilities with “Joy and Fun”.

STRAATEGY 2

A sustainability strategy for creating social impact

Contribute to achieve a sustainable society

STRAATEGY 3

HORIBA's Customers

Human Assets (HORIBARIANs)
HORIBA’s “HONMAMON” solutions

created by the organic combination of various customer needs and our technologies

HORIBA’s measurement technology began with electrochemical pH meters. Since then, we have expanded the analysis targets to include liquids, gases, and solids, while accumulating various analysis and measurement technologies using infrared rays, X-rays, and the like. We are also developing control technologies in addition to our analysis and measurement technologies. We utilize solutions created of our core technologies, as well as advanced sample handling and data science technologies that flexibly meet customer demands, to ascertain the changing needs of the market. HORIBA contributes to solve social issues by creating unique solutions through the organic combination of core technologies that we have cultivated around the world to meet customer needs in our Three Fields of focus.

HORIBA’s Core Technologies

- Infrared measurement
  - Analysis of components in gases in real time
  - Measurement of particles (diameter, number, weight, and components)
- Fluid control
  - Instant and accurate measurement and control of fluid flow rates
- Particle measurement
  - Materials analysis, using several wavelengths such as ultraviolet light, visible light, and near-infrared light
- Spectroscopic analysis
  - Measurement of liquid components and parameters of liquids, such as pH, sodium, acids, alcohols, and glucose
- Liquid analysis
  - Analysis of compositions in gases in real time
- Sample handling
  - Technology for handling samples subject to analysis and measurement
- Data science
  - Digitalization technology for analyzing the results of analysis and measurement

“HONMAMON” solutions

Creating original solutions by organically combining our core technologies and customer needs.

HORIBA’s Three Fields

Energy & Environment

- Focus field
  - Exhaust gas certification processes
  - Next-generation vehicle development
  - Fuel cell evaluation
  - Electrolyzer evaluation
  - Water quality monitoring
  - Air quality monitoring
  - Process measurement
  - Process monitoring

Bio & Healthcare

- Focus field
  - Hematology testing
  - Blood glucose testing
  - Immunoassay
  - Clinical chemistry testing
  - Hemostasis testing
  - Pharmaceutical development, manufacturing, and quality control
  - Food and beverage development, manufacturing, and quality control
  - Cosmetics and skin care product development, manufacturing, and quality control

Materials & Semiconductor

- Focus field
  - Semiconductor manufacturing process control and monitoring
  - Facility management and control
  - Advanced materials research and development
  - Advanced recycling of materials
  - Semiconductor-related materials research, development, and quality control
President’s Message

HORIBA's diverse possibilities will allow us to further expand our business area to provide the optimal solutions for each customer. Cross-segment operation developed into Three Fields

FY2023 was the final year of our previous Mid-Long Term Management Plan, MLMAP2023. Our profits greatly exceeded our goals, although our sales targets were not achieved. Operating income and net income targets were achieved a year ahead of schedule.

HORIBA's strategy of contributing to solving social issues with our technology resonated with HORIBARIANS mind set, and served to accelerate initiatives across business segments. We recognize that, alongside the major social changes that have taken place in these years, the internal changes in HORIBA itself brought about the results of MLMAP2023. The concept that the "HORIBA Group is One Company," permeates the entire group, and we are entering a new phase of acceleration from here out, but I believe that this is actually a return to our roots of business.

When I joined HORIBA, Ltd. in 1985, it was a much smaller company than it is today. The size of operation was so small that there was no segmentation of our business organization at the time. Accordingly, both engineers and sales representatives were eager to explore new opportunities without any internal boundaries. They thoroughly embraced opportunities to create something of new values, which they tackled with expectation and passion, avoiding being bound by the status quo.

It was truly a job full of "Joy and Fun", and the flexibility we had at the time was a great strength. In 2004, we began to operate under One Company Matrix management comprising five business segments and a regional matrix, and the company grew significantly. This was certainly the right decision. However, 5 business segment operation also had the unexpected side effect of creating invisible walls inside the company. In this context, I shared my belief that combinations of HORIBA technologies which transcend segments could create new value that had never existed before. So, when I was appointed as a president, I began to work on encouraging cross-segment collaboration. HORIBA possesses yet more unknown possibilities all around the world that will serve for future society. We are at the stage of returning to our roots, making possibilities into reality, and giving birth to "HONMAMON".

Looking Back Over Our Mid-Long Term Management Plan, MLMAP2023

Market Oriented Business
To developing analysis and measurement solutions, utilizing HORIBA's core technologies, in the three leading business fields of megatrend

Solution Provider Beyond Life Cycle Management
To support customer’s business from all aspects, from installation to replacement

HORIBA Core Values
“The Next Stage of the Super Dream Team”
To enhance the organizational structure that fosters resilient human assets, which are the driving force of all business operations

MLMAP2023 Targets and Actual Results for FY2023

<table>
<thead>
<tr>
<th>Measure</th>
<th>MLMAP2023 Targets</th>
<th>Actual Results for FY2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>300.0 billion yen</td>
<td>290.5 billion yen</td>
</tr>
<tr>
<td>Operating income</td>
<td>40.0 billion yen</td>
<td>47.2 billion yen</td>
</tr>
<tr>
<td>Net income</td>
<td>30.0 billion yen</td>
<td>40.3 billion yen</td>
</tr>
<tr>
<td>EPS (Earnings Per Share)</td>
<td>711 yen</td>
<td>953 yen</td>
</tr>
<tr>
<td>ROE</td>
<td>10% or more</td>
<td>15.4%</td>
</tr>
</tbody>
</table>

Things inherited from MLMAP2023, and things to change

We will aim for even greater heights under our new Mid-Long Term Management Plan, MLMAP2028. I have come to realize that, to achieve this, it is crucial that we must change our operational system from Five Segments to Three Fields in order to go back to our roots to refine our business operations. Whether this is the best choice or not for HORIBA’s business operations will be seen in the future. But the one thing I am certain about is that it would be a mistake not to change anything.

Although our organizational structure will change, our commitment to providing high added value to our customers will remain unchanged. HORIBA is not in the business of manufacturing commodity products, but of providing each customer with the optimal solution. We have striven to improve our products by combining HORIBA technologies to meet customer demands. Such activities have provided new value that can make 1 + 1 brings 3 or even 4.

HORIBA has broadened our range of solutions by creating customized applications for each customer, and this has ended up making us very competitive. We have taken on some challenges that did not bear fruit, but I have no doubt that the stance of not fearing making mistakes has led to the growth of our automotive and semiconductor businesses.

HORIBARIANS understand that if we continue to provide the best solutions, then profits will follow. From now on, we will provide optimal high added value solutions to the three focus fields.
HORIBA’s contribution to solving social issues

For more than half a century, HORIBA has continued to provide technologies that allow engines to operate in high efficiency (low CO2) and low emission. The fact that we contributed to make efficient, low-emissions vehicles is the same whether they are internal combustion engine vehicles or EVs.

Today hydrogen is gaining attention for its role as an energy medium, which stands in clear contrast to initial expectations that it would be used only in fuel cells. If the first pillar of our business is Materials & Semiconductor, which has shown remarkable growth in recent years, then our hydrogen-related business within Energy & Environment could become the second pillar. We look forward to continuing to take on further challenges in these fields.

In the Materials & Semiconductor field, there is already an awareness within the company that hydrogen cannot be constrained to the Automotive Segment, but is the new business opportunities that generates profit. Against this backdrop, we have begun to see changes in the expectations that it would be used only in fuel cells.

This kind of social contribution is contained in MLMAP2028 as one of the strategies. We will not just respond to demands from society reactively, but contribute to bring about a sustainable society strategically through HORIBA’s unique solutions. Against this backdrop, we have begun to see changes in the inquiries we get from customers and suppliers. This is exemplified in our hydrogen-related business.

Establishing our Three Fields of business, and changing the name of the business to the more market-conscious Energy & Environment, has made it easier to understand the concept of HORIBA initiatives across to people outside of the company. Today hydrogen is gaining attention for its role as an energy medium, which stands in clear contrast to initial expectations that it would be used only in fuel cells.

HORIBA, as a company that grows by focusing on front line realities rather than a top-down organization, Individual HORIBARIANs come up with ideas, discuss them together, and come to agreement on the way forward. This translates into a powerful motive force. It can take time to get moving, but the momentum built contains a great deal of inertia. When we first came up with the concept of cross-segment business, HORIBARIANs were all groping about to figure out what it meant. But through challenging HORIBARIANs to continue thinking about what course of action suits HORIBA in the midst of social changes, an idea emerged from people on the front lines to change our organization into one centered around Three Fields of endeavor. MLMAP2028 sets challenging numerical targets for us to reach.

I believe that, for the company to grow, it is essential for each employee to develop the ability to think for themselves and take action towards reaching big goals. HORIBARIANs are full of passion and energy, and I expect them to exhibit these qualities. In the Materials & Semiconductor field as well, we believe that the semiconductor market will expand over the long term future. So, we view the semiconductor industry as a total value chain, capture demands from both upstream and downstream, and are striving to further enhance HORIBA’s brand in the semiconductor industry.

Global management that translates the power of each individual into group momentum

HORIBA is a company that grows by focusing on front line realities rather than a top-down organization. When we first came up with the concept of cross-segment business, HORIBARIANs were all groping about to figure out what it meant. But through challenging HORIBARIANs to continue thinking about what course of action suits HORIBA in the midst of social changes, an idea emerged from people on the front lines to change our organization into one centered around Three Fields of endeavor. MLMAP2028 sets challenging numerical targets for us to reach.

I believe that, for the company to grow, it is essential for each employee to develop the ability to think for themselves and take action towards reaching big goals. HORIBARIANs are full of passion and energy, and I expect them to exhibit these qualities. Modern society is in the process of reforming work practices, and attitudes towards work are becoming more diverse. But through this process, we must not lose our passion and energy.

I want HORIBARIANs to engage in spirited discussion that gets to the root of issues, and build a global team-spirit in which it is possible to say things that are difficult to say. This is because, as HORIBA has continued to expand globally, this spirit is what has allowed us to continue to grow with a sense of unity.

Our global management meeting, which brings together the senior management of each of our overseas affiliates, takes place in a matrix of regional and business axes. Even when the considerations of each region face a complicated situation intricately entwined, we also discuss proactively to make the optimal decisions for HORIBA as one company. Before participating in the Global Management Meeting, each group company, each function, and each business field make intensive discussion, and bring their own conclusions to adjust for entire group optimization. Therefore, the conclusions at this global meeting are extremely important, and senior management is well aware that it is a major motive force in implementing our strategies. MLMAP2028 lays out many businesses that transcend individual fields, countries, and regions. This will make global management even more challenging than it has been to date. But HORIBARIANs will bring passion and energy to this challenge, apply their strengths in their respective positions, and we accelerate HORIBA’s unique global operations over the course of the next five years.

April 2024
HORIBA has formulated a Mid-Long Term Management Plan, MLMAP2028 to achieve by 2028. We aim to achieve our vision of Joy and Fun for All by implementing these three strategies based on our slogan: "MAXIMIZE VALUE".

**Financial goals**

- **Sales**: 450 billion yen (2023 results: 290.5 billion yen)
- **Operating income**: 80 billion yen (2023 results: 47.2 billion yen)
- **Net income**: 55 billion yen (2023 results: 40.3 billion yen)
- **ROE**: 12% or more

**Dividend payout ratio**: 30% Timely and properly return to shareholders Special dividend and share buybacks

**NON-FINANCIAL GOALS**

- Practicing Values by all HORIBARIANs
- Creating value of “HONMAMON”

**Group HR Strategy**

Maximize HORIBARIANs’ potential

**Create social impact**

- Carbon neutrality in 2050
- 42% reduction in CO2 emissions in 2032 (compared to 2022) (Scope 1, 2)

**Foster core technology development**

- 60 billion yen in net sales from new businesses (2028)

**A business strategy to solve social issues in three focus fields (Field operations)**

- **Bio & Healthcare**
- **Energy & Environment**
- **Materials & Semiconductor**

**About our MLMAP2028 Symbol**

A butterfly transforms from humble beginnings to a beautiful creature dancing on the wind and spreading new life to each flower it touches. Each tiny flap of its wings may result in massive impact elsewhere. HORIBA’s cutting edge analytical and measurement solutions maximize the value to society, to enable a sustainable future for all living things.
Leader’s Message

Maximizing HORIBA’s technologies and human assets to challenge next growth

MLMAP Leader
Dan Horiba
Senior Corporate Officer

HORIBA draws on the strength of HORIBARIANs around the world as a force for growth

In our Mid-Long Term Management Plan, MLMAP2028, we express our aim to fully utilize all the value that HORIBA holds with the slogan “MAXIMIZE VALUE.” HORIBA technologies have unlimited potential to be utilized in a variety of industries. This slogan expresses our goal of contributing to society by maximizing the value of our technologies and human assets at each of the points, where HORIBARIANs all over the world intersect with HORIBA’s various business activities. In line with changes in society and the market, I believe that we can contribute to a better society by offering the solutions that HORIBA has.

And to achieve that, I want to promote the global activities of outstanding HORIBARIANs not just in Japan but also in our overseas group companies as well. We plan to actively cultivate human assets, and are now preparing a Global Leadership Program with the goal of strengthening the management skills of current global leadership candidates for the future.

In recent years, companies, which are contributing to sustainability through its business, are recognized as one of the attractive companies. Many younger members in HORIBA are particularly motivated to know that their efforts are directly connected to environmental conservation and CO2 reduction. Our work leads not only to personal growth and the growth of our company, but contributes to society as well. I believe that we can turn this positive cycle into the energy that will allow us to achieve the various numerical targets set forth in MLMAP2028.

MLMAP2028 operation is promoted by three promotion leaders, including myself, and the officers of Three Fields. It is also very important to have opportunities to penetrate the concept of MLMAP2028 within the company, as well as the motivation behind it, and how we established this policy. As the implementation responsible, I have already spoken about these on various occasions, and I want to create the conditions for HORIBARIANs who have heard about it to exchange opinions and then further deepen their understanding of MLMAP2028.

If this leads to actual action, it will also accelerate our business strategy. Moreover, I believe if every HORIBARIAN around the world thinks about what they themselves can do, then the possibility of taking on new challenges will expand globally.

The Intention Behind our Slogan

MAXIMIZE VALUE

- Mission Vision Value
- HORIBARIAN’s Value
- Social Value
- Customer Value
- Technological Value

Creating corporate “Value”

Linking MLMAP2028 to a new signpost: “Our Future”

On January 26, 2023, the anniversary of our establishment, HORIBA announced “Our Future” (Vision, Mission, Values). Actually, “Our Future” is the starting point for MLMAP2028. As HORIBA celebrated our 70th anniversary, we had launched a project to define the guiding principles for our future 100th anniversary. Members from our overseas group companies joined the discussion as well, and we exchanged a variety of opinions from a long-term perspective about how we want HORIBA to be, as well as how we should grow as the HORIBARIANs. The discussion also touched on challenges of the unique structure of HORIBA’s group operations from a global perspective.

Considering the cross-segment business expansion that President Adachi set forth in the previous Mid-Long Term Management Plan, MLMAP2023 everyone agreed that it would take significant energy to organize and summarize the direction of the company and the growth potential of the Group. Personally, I found the will and determination to fulfill the expectations of those around me, and take the lead in implementing our plan. This project clearly stated our Vision, Mission, and Values, and the proposals about the Group’s growth potential were incorporated into MLMAP2028.

Every word described in “Our Future” verbalized HORIBA’s uniqueness in language befitting HORIBA. In addition, the corporate philosophy that had been passed down for a long time was organized through discussion by all present, and finalized as the wording announced this time.

Our vision, “Joy and Fun for All” expresses HORIBA’s desire to spread the spirit that we have embraced, not only throughout the company, but throughout society as well. The Corporate Motto of “Joy and Fun”, which everyone within the company has long embraced, was the desire of our founder Dr. Masao Horiba for everyone to have a healthy and fruitful life.

The future we aspire for is to create a better world for the global environment and all living things through HORIBA’s technologies and businesses. How will we engage with society in the future? We have revised this in the form of a vision based on our company motto.

It can be said that HORIBA has stepped into a new phase. We use the word “HONMAMON” in our mission statement. It expresses “The eternal pursuit of creating something from the heart that is one-of-a-kind.” This was the favorite word of Dr. Masao Horiba and we follow it as our mission.

The “Spirit of Challenge” is a driving force for HORIBARIANs, and a value that has been passed down from the venture spirit which founded HORIBA, Ltd., to HORIBA which had grown into a global enterprise. In order to remain a sustainable company, we must clearly define what we need to do from a long-term perspective. Through “Our Future” we were able to link HORIBA’s present to its future.

If we ever get lost or lose sight of something in our day-to-day work, we feel we have a beacon, like the North Star to show us to where to turn back which we can follow to find the way home. I want to walk together with all HORIBARIANs around the world, as well as our many stakeholders, and follow “Our Future” as we move forward.

April 2024
Energy & Environment

Contributing to Carbon Neutrality. Promoting best solution for customer requirement in R&D / regulation process with utilizing technology and experience which HORIBA has fostered.

The social issue that HORIBA aims to solve in Energy & Environment Field is the realization of carbon neutrality, which requires efforts primarily in the energy field. We promote best in class solutions for customer requirement in R&D, regulation, and other processes by combining our technology and expertise.

We provide suitable solutions for each value chain in R&D, Regulation, In-service compliance, and Production for our focus areas of energy, mobility, water, and atmosphere.

As the energy conversion cycle for achieving carbon neutrality indicates, we contribute to processes that store and utilize renewable energy, processes that reuse the exhaust gas from factories to create things like synthetic fuels, and processes that use renewable energy and wastewater to create hydrogen energy.

HORIBA offers unique solutions to a wide range of markets like hydrogen and CCUS* which contribute towards carbon neutrality. We actively provide services for equipment update, life extension, and disposal. Up to now these have focused primarily on the emission measurement business. Now, we are expanding this business through maximum utilization of Service Lifecycle Management know-how that extensively supports the utilization of existing equipment. We also utilize our System Integration and consulting capabilities alongside the core analysis technologies we have developed in our Scientific Segment. This allows us to pursue the creation of new solutions combined product sales with engineering, commissioned tests, consulting and data solutions.

In our Energy & Environment business field, HORIBA offers solutions towards achieving carbon neutrality for various customer businesses. We combine the technologies, products, and sales networks that we have cultivated in our Automotive, Process & Environmental, and Scientific Segments.

Our emission measurement systems contribute to improve vehicle fuel economy, and has allowed us to roll out water quality and gas measurement solutions in the Process & Environmental Segment for meeting environmental regulations around the world.

Going forward, we aim to contribute to bring about a sustainable society by providing solutions needed to build a hydrogen energy society supporting the development of processes for capturing, utilizing, and storing CO₂.

Business Strategy for Achieving MLMAP2028

- Provide diversified products and solutions
- New businesses by integrating capabilities in HORIBA
- Total solution with system integration and consulting

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Contributing towards a sustainable society through our business activities

Solutions towards achieving carbon neutrality

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Our emission measurement systems contribute to improve vehicle fuel economy, and has allowed us to roll out water quality and gas measurement solutions in the Process & Environmental Segment for meeting environmental regulations around the world. Going forward, we aim to contribute to bring about a sustainable society by providing solutions needed to build a Hydrogen energy society supporting the development of processes for capturing, utilizing, and storing CO₂.

A trusted partner supporting our customers on their challenges to deliver a sustainable environment

The social issue that HORIBA aims to solve in Energy & Environment Field is the realization of carbon neutrality, which requires efforts primarily in the energy field. We promote best in class solutions for customer requirement in R&D, regulation, and other processes by combining our technology and expertise.

We provide suitable solutions for each value chain in R&D, Regulation, In-service compliance, and Production for our focus areas of energy, mobility, water, and atmosphere.

As the energy conversion cycle for achieving carbon neutrality indicates, we contribute to processes that store and utilize renewable energy, processes that reuse the exhaust gas from factories to create things like synthetic fuels, and processes that use renewable energy and wastewater to create hydrogen energy.
For the hydrogen market, which is vital to achieving carbon neutrality, we are developing our business primarily from HORIBA FuelCon GmbH in Germany. However, by quickly identifying business opportunities around the world and expanding our operations, we are building a global engineering structure that can respond locally to the needs and demands of each country.

1. Capturing business opportunities in the hydrogen market

For the hydrogen market, we are developing our business primarily from HORIBA FuelCon GmbH in Germany. HORIBA welcomed German company, FuelCon GmbH into the Group in 2018 and opened a new facility, named HORIBA eHUB, with a production area of 7,000 m² in 2022, five times larger than the previous facility. Orders for Fuel cell and Electrolyzer evaluation systems have increased and the company’s production lines are operating at full capacity.

We have expanded assessment and production equipment for production lines in addition to fuel cell / electrolyzer development applications.

- Inspection equipment for fuel cell production lines
- Evaluating fuel cell stack performance and inspecting hydrogen leaks
- Mass production equipment for electrolyzer production lines
- Simultaneous performance evaluation of four solid oxide water electrolysis stacks

We have expanded the machines for development applications.

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2. Strengthening our system proposal capability in carbon recycling

Processes such as ammonia production and energy storage are being commercialized in the field of carbon recycling. This has created needs for process monitoring and measurement to further increase efficiency in each of these processes. We will provide various products and solutions and enhance system proposals are led by the technologies we have cultivated in the Process & Environmental Segment.

HORIBA offers a wide range of water quality analyzers, from bench-top models for laboratories to in-line and on-line models for process monitoring. Ease of use and simplicity of maintenance also support the systematization expertise of two companies we have acquired in Europe (TOCA/GERO in Germany, and Telyth Instruments in France), which is at the cutting-edge of environmental measures. Thus we can meet the need to measure dust and other particles generated by brakes and tires which is being consider for inclusion in the next emissions regulations in Europe.

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3. Total solutions leveraging our consulting capabilities

We combine the consulting capabilities that are one of HORIBA MIRA’s strengths, with our STARS Series test automation software and our STARS Enterprise integrated data management system, to develop total solutions for product sales, testing, and facility operation, and deploy them in the carbon neutrality market.

4. Core businesses supporting growth in the Energy & Environment Field

As countries adopt new emissions regulations, measurement needs are diversifying into areas such as measurement equipment upgrades.

HORIBA continues to expand our evaluation equipment business for internal combustion engines which is led primarily by our MEXA Motor Exhaust Gas Analyzer. Meanwhile, we are also strengthening sales in the field of electrification with products and services required by electric vehicles, including brake dust measurement and high performance E-Motor evaluation equipment.

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Bio & Healthcare

Vision

Provide strong social value by transforming the healthcare journey with unique solutions

Major business domain

Focus field

• Hematology testing
• Blood-glucose testing
• Immunos assay
• Clinical chemistry testing
• Hemostasis testing
• Pharmaceutical development, manufacturing, and quality control
• Food and beverage development, manufacturing, and quality control
• Cosmetics and skin care product development, manufacturing, and quality control

Relation to the HORIBA’s Five measurement business

Medical-Diagnostic Segment

Process & Environmental Segment

Scientific Segment

HORIBA’s unique solutions

1. Hematology testing
2. Blood-glucose testing
3. Immunos assay
4. Clinical chemistry testing
5. Hemostasis testing
6. Pharmaceutical development, manufacturing, and quality control
7. Food and beverage development, manufacturing, and quality control
8. Cosmetics and skin care product development, manufacturing, and quality control

Fields in which HORIBA provides solutions for each healthcare journey

1. Vaccine development
2. Food and cosmetics
3. Unique POCT blood testing
4. Pharmacolog icals and drug discovery
5. Hematology and clinical chemistry testing
6. Screenings
7. Liquid biopsy

Business strategy for achieving MLMAP2028

• Providing unique solutions for emerging new niche markets
• Localization in IVD testing business
• Implementing HORIBA's measurement technology and engineering capabilities in the bio pharma industry

We leverage HORIBA’s unique analysis technology and blood testing processes know-how to create distinctive solutions with high added value for new niche markets in the healthcare journey.

We will accelerate localization of our testing business and improve profitability at our global development and production sites.

Also, in the area of pharmaceutical development, production, and quality management processes, we will strengthen partnerships with customers and provide unique customized solutions.

Mid-Long Term Management Plan

Plan for 2028

- Net sales: 57.0 billion yen
- Operating income: 5.7 billion yen

2024

- Forecast

2025

- CAGR 9%

2026

- 5.7 times

2027

- 5.7 times

2028

- Plan

Reducing pharmaceutical production costs

Increasing efficiency of pharmaceutical development and production

Contributing to increase efficiency of medical care through testing

Contributing to everyone's health

In our Bio & Healthcare business field, we contribute to maintain health for all living beings by delivering rapid and trustworthy sample testing at medical sites.

Our aim is also to ensure the quality and safety of medicines and vaccines, and its effective development and manufacturing by deploying HORIBA’s diverse technologies and solutions in the pharmaceutical market.
**Initiatives to focus on**

1. **Expanding into the new area of the healthcare journey.**
   - Integrating HORIBA’s capabilities and developing new solutions—
   
   We believe that new niche markets will be created with the transformation of the healthcare journey. We will develop unique and innovative solutions in the healthcare field utilizing all of our capabilities and assets, which includes partnership with key stakeholders and market leaders, open innovation, HORIBA’s core technologies such as optical analysis technology, software, reagent development, and fluid control technology, and our network with the academia.

2. **Solving medical challenges with POCT**
   - Utilizing the network and know-how cultivated through our IVD testing business—
   
   In the field of POCT (Point of Care Testing), we provide distinctive solutions with high added value which utilize technologies HORIBA has nurtured over the years such as HORIBA MEDISIDE LINKAGE and uTAS.

3. **Proposing process monitoring solutions for the bio-pharma market**
   
   We propose new process monitoring solutions for the bio-pharma market that utilize our core technologies related to analysis, and our engineering capabilities cultivated in fields such as mobility.

4. **Core businesses supporting growth in the Bio & Healthcare Field**
   
   In the hematology discipline, we will expand our new product lineup in Japan, considering the importance of clinical diagnosis by primary care doctors.

   In growing markets such as India and Indonesia, we aim to accelerate the localization of analyzers and reagents production, and expand sales.

   In Europe, we will expand sales by supplying hematology analyzers through Siemens sales channel, and providing blood testing systems for large hospitals and testing centers.

   In clinical chemistry, we will strengthen reagent sales from HORIBA POINTE and expand our supply of reagent from the Americas to the rest of the world.
**Materials & Semiconductor**

The social issue that HORIBA aims to solve in Materials & Semiconductor Field is to innovate technologies in the matrix of the value chain that we call “Woven Value Chain”, which inter-relates semiconductor production processes, related advanced materials, and their facilities. Semiconductors progress will continue and technological improvement or innovation will accelerate.

We support customer operations from all directions, with a focus of control and monitoring in the semiconductor production process. This includes everything from providing cutting-edge solutions for research and development of advanced materials and their facilities to facilities management covering exhaust gas and wastewater monitoring on the downstream side. By providing cutting-edge innovative solutions across the entire Woven Value Chain, we will contribute to bring about a society that continues to develop sustainably.

**Contributing towards a sustainable society through our business activities**

In the field of Materials & Semiconductor, and in light of the increased demand for semiconductors fueled by data centers and Generative AI, we contribute to promote research and development of semiconductor devices, improve yields, control production processes, support R&D and quality control for semiconductor related materials, and recycle rare raw materials.

In addition, we contribute to sustainability activities in the general production of semiconductors by combining solutions such as environmental monitoring which cover the entire semiconductor facility.

*“Woven” evokes the image of textiles. At HORIBA, we refer to our entire value chain, including facilities, as the “Woven Value Chain,” where the horizontal threads represent semiconductor manufacturing processes and the vertical threads represent the materials markets related to those processes.*

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**Relation to the HORIBA’s Five measurement business**

**Focus field**
- Semiconductor manufacturing process control and monitoring
- Facility management and control
- Advanced materials research and development
- Advanced recycling of materials
- Semiconductor related materials research, development, and quality control

**Vision**

**Major business domain**

**Shape the market with innovative solutions in the advanced materials and semiconductor field toward achieving sustainable society**

Contributing to technology innovation in “Woven Value Chain” which is value chain matrix where semiconductor production process, advanced materials and facilities are inter-connected.

Supporting customers’ operations by providing the most advanced analytical and measurement solutions with HORIBA all around.

The idea of "Woven Value Chain"
**Materials & Semiconductor**

### Initiatives to focus on

1. **Contributing to advanced semiconductor process control**
   - Providing solutions with high-value components and module products

   Measuring various semiconductor process monitoring items in real time. We aim to expand our solutions business for module products and high-value component products installed in semiconductor manufacturing equipment, while also growing our existing solutions businesses (mass flow controllers and chemical concentration monitors).

   - **Semiconductor process control domain which HORIBA covers**
     - Fluid measurement / monitoring
     - Liquid vaporization
     - Pressure control
     - Vacuum monitoring
     - Chemical concentration monitoring
     - Plasma monitoring
     - Thermal monitoring

   One machine handles detection and removal of impurities, contributing to improve yield and make the semiconductor production process more efficient.

   Achieves safe and stable concentration monitoring through non-contact measurement of chemical solutions used in semiconductor production processes like cleaning and etching.

2. **Providing all-around solutions such as semiconductor process monitoring through thin-film measurement technology and facility monitoring**

   In the semiconductor market, where development of advanced materials is accelerating, we are using automation and modularization to apply thin-film measurement technology developed for lab use to semiconductor processes. We also provide solutions that contribute to improve energy efficiency and reduce GHG* emissions to achieve carbon neutrality in facilities.

   - **Airborne molecular contamination monitoring**
   - **Wastewater treatment monitoring**
   - **Exhaust gas emission monitoring**
   - **High-concentration silica monitor**
   - **laser gas analyzer for semiconductor processes**

   - CRITERION Series Mass flow module
   - PD Xpadiom EX Series Retro-Mesh particle concentration detection system
   - CS-900 Chemical concentration monitor

3. **Contributing to process of advanced material development and production**
   - Providing solutions based on HORIBA’s integrated analysis technologies

   We will integrate HORIBA analysis technologies with a focus on materials such as advanced semiconductor materials, polymers, carbon, and power semiconductor materials (SiC, GaN), which are set to increase in importance.

   We utilize our knowledge of upstream process research and development to provide process monitoring solutions for downstream mass production processes, contributing to our customers’ stable manufacturing.

   - **Semiconductor materials**
   - **Polymers**
   - **Carbon**

   - Research and Development
   - Manufacturing
   - Recycling

   - Nanoparticle-size control for CMP slurries and advanced nano materials
   - Wafer Micro-structure/ Stress Analysis
   - XploRA Nano AFM Raman
   - Hyperspectral Imaging Spectrometer

4. **Core businesses supporting growth in the Materials & Semiconductor Field**

   Following on our Aso and Kyoto factories HORIBA will construct a new factory in Fukuchiyama, Kyoto to secure large production volumes.

   We also plan to increase production in the U.S., China, and South Korea, expand our BCP measures against natural disasters and other disruptions, and enlarge our network of second source suppliers.

   Moreover, we will leverage our global network to enhance our supply and procurement capabilities.

   Primary production bases for mass flow controllers

   **Construction of new factory in Fukuchiyama, Kyoto**

   - HORIBA STEC Kyoto Fukuchiyama Factory (tentative name)
   - Scheduled for completion in January 2026

   Will introduce the latest automation technology to triple mass flow controller production capacity. At 17 billion yen, it is the biggest investment in our history.

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*GHG: Green House Gas

*AMC: Airborne Molecular Contaminant
In our Mid-Long Term Management Plan, MLMAP2028, we have set 3 growth strategies as R&D direction and target, since R&D must be a source and driver of growth. The first one is to help expand new applications and businesses through product development by new combination of technology in all HORIBA Group. The second is to help expand our solutions business, including automation and data management, by promoting the transformation of our business from product sales to solution provider. And the third is to pursue “HONMAMON” technologies. We will accelerate open innovation and the exploration of applications, and steadily invest in areas of advanced development from a long-term perspective.

In the past Segment structure, there were few opportunities to combine core technologies and customer networks, but as part of “Market Oriented Business,” one of the key initiatives of MLMAP2023, so-called “cross-segment” activities that transverse segment boundaries have been promoted, new combinations across segments have led to a succession of “new combinations: innovations.”

Looking at cases where technology has led to discontinuous business development, some are based on “technological invention,” but many have achieved great success through the combination of some kind of value with “new combination: innovation.”

Looking at HORIBA’s history, we can say that our automotive measurement business was born when we applied the technology of medical measuring devices that measure human breath to exhaust gas measuring devices, and that our semiconductor business made great strides when we applied the technology we developed for standard gas generators to semiconductor manufacturing equipment. These were major innovations that combined previously unrelated core technologies and sales networks. The great significance of performing field operations, is to utilize our “HONMAMON” technologies in all business fields. All fields can access all of HORIBA’s technologies and explore their possibilities in every field. I am confident that this will create opportunities for new innovations through unprecedented combinations, and enable us to maximize their value as “HONMAMON” solutions.

To achieve this, we will follow the development strategy, foster our core technologies, too.

April 2024
Special Feature

Group HR Strategy and Sustainability Strategy

SPECIAL DIALOGUE

Working with the entire Group to create an arena for pursuing “HONMAMON”

To achieve our vision of “Joy and Fun for All”, we included the Group HR Strategy to maximize HORIBARIANs potential, and a Sustainability Strategy to create social impact in our Mid-Long Term Management Plan, MLMAP2028 Group COO Juichi Saito and MLMAP Leader Maki Moriguchi discuss HORIBA’s history to date, and the human assets and sustainability strategies we are pursuing through MLMAP2028.

HORIBARIANs who have unique characters work in HORIBA

Moriguchi: When customers visit HORIBA, or when I meet people outside of the company, I often hear them comment that “HORIBARIANs are so all unique.” People notice our uniqueness, even we are not usually aware of it. I am proud that this HORIBA identity seems to have been cultivated naturally by HORIBA’s corporate culture.

Saito: I feel that the BlackJack Project (HORIBA’s own an improvement activity started in 1997) has achieved great results and continues to generate strong enthusiasm from frontline HORIBARIANs. It is also impressive how the Stained Glass Project that we launched in 2014 has become a driving force for growth and change in HORIBA.

Moriguchi: The Stained Glass Project, which has been active for about 10 years, has given birth to a variety of activities. HORIBA respects diversity and aims to create a place where people demonstrate their strengths, originality, and talents, just like a stained glass picture. The project has achieved a certain level of success, encouraging everyone at group companies primarily in Japan to learn about diversity, discovering diverse next-generation leaders, and working to increase flexibility of work-styles. Going forward, we plan to promote initiatives as part of MLMAP2028’s Group HR Strategy on an even more global scale than ever before. We also intend to ensure these efforts are properly passed on.

Saito: In other words, as we pass on HORIBA’s unique approach to diversity, we aim for diversity to be woven into all the business activities and daily communications of HORIBARIANs, and then to move from there to the next stage. I would like to incorporate the foundation laid by the Stained Glass Project into the Group HR Strategy of MLMAP2028, and aim for even greater heights.

Moriguchi: I totally agree with your thought. With MLMAP2028, we have once again hammered out the message of maximizing the power of HORIBARIANs. In addition to addressing immediate issues for the people or HORIBA that we have so treasured, such as team retention and work-style reforms, I would like to work out concrete strategies for making our vision of “Joy and Fun for All” a reality. Then we can link these more strongly to our business activities and strengthen our collaboration on them. I expect to see more and more synergies develop through connections across companies, locations, and businesses.

To pass on the essence of the culture HORIBA has long cultivated on to the next generation

Saito: In recent years the idea of human capital has been focused, but at HORIBA, we have fostered a culture that views employees as valuable assets. Our effort go beyond the unique design of our HR and diverse training systems. We have developed a wide array of business activities that incorporate our desire to give HORIBARIANs rich and healthy lives. These include nurturing people through various programs and face-to face communication, as well as facilities like our employee cafeteria, our HORIBA Blueberry Farm, and our Fun House training center run by the HORIBA Community Corporation and solely responsible for HORIBA’s employee welfare programs. However, I feel that it will be difficult to reach our goals if we stay satisfied with the current state of affairs. Amidst rapid changes in society and in people’s attitudes towards work, we need to continue to prioritize creating an arena that values diversity, in which each individual can fully demonstrate their abilities. We are also keenly aware that the value of our corporate activities lies less in taking the lead in helping to make society sustainable.

Moriguchi: When we reached the milestone of our 70th Anniversary, we formally defined our Vision, Mission, and Values in our new “Our Future” declaration. Through this, we shared the company spirit of Joy and Fun that we have long cherished. And we declared our intention to contribute to the global environment, the health of all living things, and the progress of science and technology, through HORIBA’s variety of “HONMAMON” solutions. HORIBA will provide various solutions to help create a world in which all living things can live in harmony and fully unfold their energy. This is the intention behind our mission to, “shape our future with solutions based on “HONMAMON” and diversity.” We want to continue discussing “Our Future”, HORIBARIANS, and sustainability with all of our stakeholders, and so expand the circle of resonance. In this way, we aim for HORIBA to continue to be a company needed by society.

Saito: From this perspective, one of the things that we made sure to include in MLMAP2028 as the first step towards realizing “Our Future”, was to make committing to people and sustainability a key theme to spearhead our business strategy. As we work to bring about a sustainable society, HORIBA will continue to be indispensable in developing new technologies that enrich society. The driving force that will allow us to achieve this will come from HORIBARIANS all around the world who share our vision, mission, and values, as well as future HORIBARIANs who want to become our partners and walk hand-in-hand with us into the future.

Moriguchi: Yes, HORIBARIANs all over the world are telling a story called “Our Future” from a long-term point of view to impart the essence of the culture we have cultivated at HORIBA over the years to the next generation. Right now, we are connecting and conversing to write the first chapter. From there I hope the story continues to unfold with HORIBA creating new solutions.

Saito: Our sustainability strategy is, of course, committed to reaching net zero. Our new challenges are providing new solutions through our business, and expressing our intention to contribute to training the next generation in cooperation with our Group companies around the world. The experience and expertise possessed by HORIBARIANs—our human assets—allow us to directly contribute to technologies that solve new social problems. We have also taken the first step on our mission of sharing our dreams and conveying the fun of science and technology with the younger generation to whom we will entrust the future. I hope that all stakeholders will watch our efforts and cheer us on as we confront the big upheavals and changes that lie before us.

Moriguchi: “Joy and Fun for All” is a grand vision, but the fact that diverse HORIBARIANS share the same goal and are taking this new step together is a significant advantage. It is important that HORIBARIANs around the world collaborate to steadily implement the strategy build in MLMAP2028, and by communicating, bring about a sense that we are really drawing people closer to our dreams.

In this sense, we have a grave responsibility and challenging role as leaders. But I believe that our team power will overcome any obstacles, and that we will boldly take on this challenge.

April 2024

By creating dialogue about HORIBARIAN and sustainability, HORIBA will continue to make a valuable impact on society.

MLMAP Leader
HR, Sustainability
Maki Moriguchi
Junior Corporate Officer
Deputy General Manager of General Administration Division Principal, HORIBA COLLEGE*

Our new challenges are providing new solutions through our business, and contribute to training the next generation in cooperation with our Group companies around the world.

Juichi Saito
Executive Vice Chairman & Group COO

* HORIBA COLLEGE: An internal university which allows HORIBARIANs to determine what programs they need, become lecturers themselves, and share their skills and experiences.
Group HR Strategy

Create the “Arena” together where every HORIBARIAN can maximize their potential through demonstrating their abilities with Joy and Fun in pursuit of “HONMAMON”

The driving force behind HORIBA’s creation of social value through our business is producing diverse HORIBARIANs independently expressing their individuality, strengths, and abilities. Based on the Stained Glass Project in our previous Mid-Long Term Management Plan, MLMAP2023 we promoted efforts to continually create value by leveraging our diversity in attributes like gender, age, nationality, and disability. We will develop HORIBARIANs and improve the company’s internal environment base on our Group HR Strategy.

**Vision**

**Group HR Strategy**

1. Cultivate unique culture as our “Arena” to maximize our potential
   - Share and practice of Vision, Mission, Values with all HORIBARIANs
     - Instilling our unique corporate culture fostered by our corporate motto of Joy and Fun, together with our new charter “Our Future” (Vision, Mission, Values).
     - Fostering the growth and activities of each and every HORIBARIAN and enhancing HORIBA’s Value by continuously holding workshops and training aimed at practicing our three values: a Spirit of Challenge, Pursuit of Excellence, and Reliability and Trust.

2. Creating Value of “HONMAMON”
   - Pursuit of “HONMAMON” through practice of Values
     - Continue to promote the Blackjack Project and HORIBA COLLEGE as the starting point for HORIBARIANs development, and cultivate HORIBARIANs who can play an active global role in management through leadership training.
     - Utilize new systems for grade and evaluation which create dialogue with each individual HORIBARIANs, support them in taking on challenges, and help them to demonstrate their diverse strengths.

3. Learn and Collaborate with diverse HORIBARIANs
   - Network building with diversified HORIBARIANs
     - Promote diversity, equity and inclusion, health, safety, human rights, and maintenance of work management systems, so that diverse HORIBARIANs can feel greater pride and joy (engagement) about working at HORIBA.
     - Creation of diverse career development and challenge opportunities on a global basis, including overseas training program.
     - Sustain a virtuous cycle of increasing added value and employee compensation.

**STRATEGY 2** Group HR strategy to maximize HORIBARIANs’ potential

**Various measures to support the activities of HORIBARIANs**

**Open and fair**

- We ensure that important information and rules are shared openly so that there is free communication within the company. We provide fair opportunities for uniquely individual and diverse HORIBARIANs to challenge themselves.

**Point-added policy**

- HORIBA’s point-added policy doesn’t confer any points unless an employee takes on challenges, even if the employee has not made any mistakes. Points are confirmed for taking on challenges. If successful, further points are confirmed. The system supports and recognizes ambitious HORIBARIANs, while valuing the startup mindset.

**Two-way communication**

- Information is not conveyed, it is shared. We employ various mechanisms including global gatherings where ideas are directly voiced to management and birthday gatherings for employees, to remove the barriers of position and job, and to directly communicate with management.

**HORIBA’s five pillars of “Omoi”**

- We firmly hold and implement the five pillars of Omoi, to ensure each and every employee can personally attain our company motto of Joy and Fun.
  - To be a part of a collaborative community, at the forefront of new ideas and creations.
  - To achieve goals and make life memorable by fostering the highest intellectual potential.
  - To reach across the globe to expand learning that captures key business developments, wherever they occur.
  - To be proud of sharing what I do and what HORIBA delivers.
  - To contribute to the world and its people.

“Omoi: The Japanese word “omoi” is used in English as well, to engender shared values among global employees.
Sustainability strategy

HORIBA’s mission is to contribute a sustainable society through providing unique products and solutions. In addition, HORIBA works on a global level to strengthen activities that contribute to society throughout our entire supply chain.

Corporate philosophy and sustainability

Approach to Sustainability

HORIBA Sustainability organization chart

Board of Directors
• Place to report to directors
  Consultation/ Reporting
  Supervision/ Direction

Sustainability Committee
A place for discussion among responsible parties
• Lead initiatives related to sustainability
• Deliberate on matters discussed in forums such as ESG workshops
• Hold once a quarter, in principle

ESG Workshops
Place for discussion working-level members
• Place to learn about trends in sustainability
• Share information within the company, conduct learning opportunities, and take practical action
• Hold once a month, in principle

HORIBA Group Sustainability System
A place for global consultation and information sharing
• Representatives from Group companies around the world participate
• Sustainability initiatives discussed

Progress/Reporting

HORIBA has set forth the HORIBA Corporate Philosophy under our corporate motto Joy and Fun. It expresses our basic position on improving corporate value in four areas: business operations, customer responsiveness, responsibility to shareholders and investors, and HORIBARIANs. The HORIBA Corporate Philosophy is the foundation of our sustainability policy. Our basic philosophy is to contribute to the realization of a sustainable society including the preservation of the global environment and resources, ensuring good health for people, improving the safety and convenience of society, and the progress of science and technology. As a analytical and measurement solution provider, we aim to achieve this through business activities focused on analytical and measurement technologies for global markets in a variety of industries.

Our Code of Ethics outlines eight guiding principles for doing business. These include respect for human rights and environmental issues. It provides our guidelines for sustainable development as a global company, and for recognizing the missions and roles that all HORIBARIANs should play in conducting open and fair corporate activities. It serves as the foundation for HORIBA’s global approach to sustainability.

President

The HORIBA has supported the initiatives of the United Nations Global Compact since we became a signatory in 2011 through the agreement of senior management.

We disclose detailed information related to sustainability on the HORIBA web site.

https://www.horiba.com/int/company/social-responsibility/home/
### Financial strategy

**Looking back over our previous Mid-Long Term Management Plan, MLMAP2023**

We achieved sales of 290.5 billion yen, operating income of 47.2 billion yen, and net income attributable to HORIBA Ltd.’s shareholders of 40.3 billion yen for the period of December 2023, which was the final fiscal year of our MLMAP2023. All set new records, and ROE reached 15.4%.

The background for these results was that, although capital investments by semiconductor manufacturers were in an adjustment phase, the Semiconductor Segment maintained high sales, and an upswing in the Automotive and Medical-Diagnosis Segments returned them profitable. Moreover, net income attributable to HORIBA Ltd.’s shareholders increased significantly due to extraordinary profits from sales of business.

MLMAP2023 as a whole was heavily affected by the global COVID-19 pandemic, which broke out in 2020, the second year of the plan. And the stagnation in business activities caused a temporary decline in business performance. However, we continued to actively invest in future growth, with capital investments such as the construction of new sites to enhance local functions in China, a new office building for HORIBA Techno Service Co., Ltd., and a new plant for HORIBA FuelCon GmbH in Germany. We also acquired Tethys Instruments SAS in France and Process Instruments Inc. in the USA.

Meanwhile, supported by stable business earnings, especially Semiconductor Segment, we generated operating cash flows of 144.7 billion yen over a five-year period, resulting in free cash flows of 85.6 billion yen for the period covered by MLMAP2023.

### Actions to improve asset efficiency

Part of our actions during MLMAP2023 focused on improving asset efficiency using an unique index we call HORIBA Premium Value, which combines the concept of Operating Income and Weighted Average Cost of Capital (WACC). Since introducing it in 2017, we have actively incorporated it into our process KPIs for organizational management, such as budgeting, monitoring, and performance evaluations. We have also worked to raise awareness of capital costs within the company by actively introducing these concepts in our employees through human asset training.

On the other hand, we believe we have still room to improve asset efficiency, as inventory levels have been rising recently, partly due to the semiconductor market.

In our Mid-Long Term Management Plan, MLMAP2023, we set a target of at least 12% ROE. We maintained investments even during recessions, which has allowed us to increase market share when demand has recovered.

### Improving corporate value

<table>
<thead>
<tr>
<th>ROE (Return On Equity)</th>
<th>PER (Price Earnings Ratio)</th>
<th>PBR (Price Book-value Ratio)</th>
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<tbody>
<tr>
<td>Management conscious of capital cost</td>
<td>Cash generation by implementing business strategy</td>
<td></td>
</tr>
</tbody>
</table>

### HORIBA’s basic financial strategy

**Point 01 Improve capital efficiency to maximize corporate value**

We conduct proactive investment, which we expect to lead to future corporate value. Additionally, such group companies and business fields are given autonomy and manages its own capital efficiency targets to maximize HORIBA’s corporate value.

**Point 02 Maintain high ROE**

As stated in MLMAP2023, HORIBA aims to achieve an ROE of 12% or more. ROE is one of our most important management KPI.

**Point 03 Shareholder return linked to earnings growth**

Approximately 30% of consolidated net income is returned to shareholders through dividends, while ensuring management stability and return capital for aggressive business development. In addition, we perform timely and proper returns to shareholders through special dividends and share buybacks, while taking into account investment opportunities and financial conditions.

### Approach to continual investment

**Investment in R&D**

We believe that continual R&D investment is the source of our competitiveness. So we aim to invest about 10% of our sales in R&D.

**Capital expenditure**

We invest for the future from a medium- to long-term perspective, without regard to the short-term state of asset efficiency. In recent years, we have continued to actively invest so as to respond to changes in the market environment.

**Approach to M&A**

Based on our long-term vision, we acquire entities with unique technologies. We then use these technologies to complement, or create potential synergies with HORIBA’s technology portfolio.

### Asset efficiency index tree

**Formula**

\[ \text{HORIBA Premium Value} = \frac{\text{Operating income}}{\text{Cost of capital}^{*}} \]

**Value Driver**

<table>
<thead>
<tr>
<th>Working capital</th>
<th>Fixed assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>Cost of sales</td>
</tr>
<tr>
<td>New sales channel development</td>
<td>Examples of activity targets</td>
</tr>
</tbody>
</table>

*² Cost of capital: Invested capital × In-house rate of cost of capital.

*SGA: Selling, general and administrative expenses
Financial strategy

Cash allocation
By achieving the growth to which we have committed ourselves in MLMAP2028, we plan to generate an operating cash flow of 400 billion yen over a five-year period, before deductions for R&D investments.

To accelerate business development (including new businesses) in the Three Fields identified in MLMAP2028, we will promptly execute R&D investments, capital investments, and strategic investments that contribute to growth, at the most appropriate time.

Meanwhile, we will implement timely and proper returns to shareholders based on a dividend payout ratio of 30% through a combination of share buybacks and other measures.

To achieve this, we will continue striving to build a robust financial structure.

Global management respecting local operation
HORIBA’s global operations respect the independence of local business operations.

Therefore, it is important for local management to understand HORIBA’s philosophy, policies, and culture as they carry out operations.

HORIBA actively promotes communication between headquarters and the management of our overseas locations primarily through global meetings (Global Strategy Meeting/Global Budget Meeting) held twice a year.

In 2023, we continued to hold meetings in a hybrid format that blended real-world and online interactions, while increasing opportunities for face-to-face dialogue.

In preparation for conducting operations in the Three Fields set forth in MLMAP2028, HORIBA’s next generation of leaders, and core members in each field business, gathered with senior management from Japan and overseas to take part in discussions about MLMAP2028.

Moreover, in the finance department, all CFOs at overseas locations are people from that country or region. And we hold a global conference, known as the International Controllers’ Meeting, which brings together the CFOs of each company.

These meetings strengthen the network of global leaders from our Three Fields and each function who share HORIBA’s philosophy, and support our global operations.

Global cash management
Approximately 70% of HORIBA’s sales, and several of our development and production facilities, are located outside of Japan. We have established regional headquarters in the Americas, Europe, the United Kingdom, and China with funds management functions for each currency.

By promoting cash pooling, they also help to reduce risks like those related to currency exchange, and efficiently utilize surplus funds.

For the past few years, the interest rates have risen while loan has increased due to active investment in overseas group companies.

So, to save outflows of interest payments, we have promoted the reduction of external loan through the internal financing utilizing regional headquarters.

Under MLMAP2028, we plan to aggressively invest in growing our businesses in our Three Fields. As we implement these initiatives, we will continue to utilize our regional headquarters to further improve capital efficiency.

Shareholder return policy
Starting from FY2024, we changed our shareholder return policy to “targeting a dividend payout ratio at 30% of net income attributable to HORIBA, Ltd.’s shareholders, while special dividend and share buybacks will be executed timely and properly, taking into account investment opportunities, cash flow situation, and other factors.”

At the same time, we announced that we would complete a share buyback of up to 5 billion yen by the end of April 2024. This was completed as planned.

Our previous policy called for “targeting a total shareholder return ratio (total of dividends and share buybacks) at 30% of net income attributable to HORIBA, Ltd.’s shareholders.” The revision to our Shareholder Return Policy changes this to make it possible to provide a timely and proper return to shareholders.

For the next five years leading up to 2028, we plan to return Approx. 68 billion yen in regular cash dividends.

Based on the new shareholder return policy, we will also consider implementing special dividends and share buybacks, and implement it when this is determined to be necessary.

Shareholder return policy

- Dividend payment = 30% of net income attributable to HORIBA, Ltd.’s shareholders
- Share buyback = 30% of Consolidated net income attributable to HORIBA, Ltd.’s shareholders

- Dividend payment = 30% of net income attributable to HORIBA, Ltd.’s shareholders
- Share buyback = 30% of Consolidated net income attributable to HORIBA, Ltd.’s shareholders
- Execute special dividend and share buybacks timely and properly, considering investment opportunities and the cash flow situation.

Figures in parenthesis are results for MLMAP2023 (2019–2023)

Global cash management system

HORIBA’s Global Matrix Management
- Functional management
  - R&D
  - Production and services
- Strategic Investment
  - Bio & Healthcare
- Distribution
  - Energy & Environment
- Regional control
  - Americas
  - Europe
  - Asia
  - Japan
  - China
- Maintenance & Service

HORIBA Report 2023-2024
**Corporate governance**

### Basic policy on corporate governance

Based on “Open and Fair”, which has been one of the important spirits for HORIBA, HORIBA has pledged to (1) establish an organizational structure that promptly responds to changes in the business environment, (2) strengthen its management oversight functions, and (3) enhance compliance-related arrangements. These objectives have the aim of establishing a world-class governance structure. At the same time, HORIBA will be committed to establishing good relationships with all stakeholders, including owners (shareholders), customers, employees, and local communities. In addition to proper information disclosure, we seek to promote constructive dialogue with our owners (shareholders), contributing to our sustainable growth and medium-to-long-term improvement in corporate value.

### Initiatives to strengthen corporate governance

Since its founding in 1953, HORIBA, Ltd. has appointed Directors (Non-executive) and Outside Audit & Supervisory Board Members from the time the company was established. To avoid management with an inward-looking bias. Through such efforts, HORIBA, Ltd. has worked to strengthen our framework for transparent, fair, prompt, and decisive decision-making for sound corporate management.

#### Corporate governance structure diagram

**Overview and Composition of Board of Directors, Audit & Supervisory Board, and Nomination and Remuneration Committee**

(After Ordinary General Meeting of Shareholders on March 23, 2024)

<table>
<thead>
<tr>
<th>Board of Directors</th>
<th>FY 2023-Held 12 times</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Directors consists of a small group of people to make decisions in important matters, and supervise the execution of business. It engages in action-directing and risk decision-making.</td>
<td></td>
</tr>
</tbody>
</table>

- **Main items on agenda**
  - Investment projects
  - Sustainability reports
  - Resolutions on appointment and remuneration of directors etc.
  - Resolutions on dividends
  - Financing
  - Report of state of group company management

<table>
<thead>
<tr>
<th>Audit &amp; Supervisory Board</th>
<th>FY 2023-Held 14 times</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cooperates with independent auditors, Internal Audit department, and Directors (Non-executive) to audit and monitor business execution in an objective and appropriate manner.</td>
<td></td>
</tr>
</tbody>
</table>

- **Main items on agenda**
  - Auditing policies and plans
  - Results of internal audits
  - Nomination of candidates for the Audit & Supervisory Board Member
  - Reports on cooperation with Independent auditor
  - Reports on adoption of resolutions of Board of Directors
  - Reports on audits of locations inside/outside Japan

<table>
<thead>
<tr>
<th>Nomination and Remuneration Committee</th>
<th>FY 2023-Held 7 times</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nomination and Remuneration Committee strives to ensure transparency and effectiveness in decision-making procedures related to nomination of candidates for Director and remuneration of directors.</td>
<td></td>
</tr>
</tbody>
</table>

- **Main items on agenda**
  - Nomination of candidates for director
  - Director remuneration system
  - Individual remuneration

---

**Global Management Meeting** A meeting which brings together executives and business managers from Group companies in Japan and overseas to Formulate and discuss our Mid-Long Term Management Plan and annual budget.
Efforts to enhance the functions of the Board of Directors

In 2016 HORIBA, Ltd. introduced evaluations of the effectiveness of the Board of Directors. At present, we conduct surveys of the Directors and Audit & Supervisory Board Members, concerning the effectiveness of the Board of Directors with respect to our Corporate Governance Code and other policies. We then compile, analyze, and evaluate the results, and report them to the Board of Directors. The Board of Directors then uses this report as a basis for discussion and discourse about future initiatives.

Here is the summary of the results of the evaluation of the effectiveness of the Board of Directors in FY2023.

Results of the effectiveness of the Board of Directors
(The roles and responsibilities of the Board of Directors as described in General Principles No. 4 of the Japan’s Corporate Governance Code)

<table>
<thead>
<tr>
<th>Question</th>
<th>Rating</th>
<th>Director</th>
<th>Rating</th>
<th>Director</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does the Board of Directors appropriately engage in setting the broad direction of corporate strategy?</td>
<td>Good</td>
<td>7</td>
<td>Excellent</td>
<td>5</td>
</tr>
<tr>
<td>Does the Board of Directors establish an environment where it supports the risk-taking by the senior management?</td>
<td>Good</td>
<td>6</td>
<td>Excellent</td>
<td>6</td>
</tr>
<tr>
<td>Does the Board of Directors use the information provided to them independently and objectively?</td>
<td>Good</td>
<td>7</td>
<td>Excellent</td>
<td>4</td>
</tr>
</tbody>
</table>

Dialogue with investors (shareholders) and investors

HORIBA, Ltd. seeks to promote constructive dialogue with all shareholders towards the goal of sustainable growth and medium-to-long-term improvement in corporate value. We make efforts to clearly explain our management policy, financial condition, and corporate culture to our shareholders and ask for their understanding and continued support as fans of HORIBA. We also strive to disclose information based on the perspective of "fair disclosure," so that various shareholders have access to the same quality of information. Moreover, we share the opinions obtained through dialogue with stakeholders and shareholders as feedback to the representative directors, directors, and managerial staff when appropriate. And these are used to improve our management.

Dialogue with investors (shareholders) and investors in FY2023

<table>
<thead>
<tr>
<th>Meeting</th>
<th>Target audience</th>
<th>Times held</th>
<th>Primary overseers</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>General meeting of shareholders</td>
<td>Shareholders</td>
<td>1</td>
<td>President, etc.</td>
<td></td>
</tr>
<tr>
<td>Financial results briefing</td>
<td>Institutional investors in Japan</td>
<td>4</td>
<td>President, etc.</td>
<td>HORIBA holds a financial result briefing every quarter, and publishes the information on our website. When we formulate our Mid-Term Management Plan Management, we also try to explain our management strategies and plans in ways that are easy to understand.</td>
</tr>
<tr>
<td>Interviews with investors</td>
<td>Institutional investors within Japan (overseas) (Analysts within Japan (overseas)) (Individual investors)</td>
<td>Visits and individual interviews: Approx. 300 times</td>
<td>IIR Dept., etc.</td>
<td>We proactively visit institutional investors to explain our management policies and business performance. We also participate in investor forums hosted by securities companies, and briefings for individual investors.</td>
</tr>
</tbody>
</table>

Philosophy behind cross-shareholdings

HORIBA believes that collaboration with other companies is necessary for us to grow sustainably. To that end, we decide what steps to take based on comprehensive consideration of matters including business strategy, the strengthening of relationships with business partners, and the maintenance of relationships with local communities.

Every year, the Board of Directors discusses whether the amount of cross-shareholdings is appropriate. The Board of Directors also consider whether individual shares are appropriate to hold, by confirming whether they are fit for purpose, and whether the benefits and risks associated with them are commensurate with the cost of capital.

When HORIBA recognizes that shares are inappropriate for retention, we consider taking measures such as share curtailment.
**Corporate governance**

**Risk management**

**Risk management system**

HORIBA has created a risk management structure known as the Three Lines Model. The first line is HORIBA’s five segments (field departments), which provides active risk management. The second line is our management departments, such as the Corporate Control Dept., Accounting Dept., Legal Affairs Dept., which provide risk monitoring capabilities. The third line is Group Internal Audit department, which provides independent verification capabilities.

Our field departments and management departments are aware of the individual business risks both inside and outside Japan through its operations. When appropriate, they report important matters at the Board of Directors, Operations meeting, Management meeting, and the Global Management Meeting which brings together the management members of Group companies inside/outside Japan. This ensures that senior management can get information and make management decisions in a timely manner.

In addition, the Internal Audit department periodically monitors the effectiveness of the risk management system, and the way the field departments and management departments are handling risks, from an independent standpoint. When necessary, it reports its findings to the Board of Directors and Audit and Supervisory Board.

HORIBA has also formulated rules for group risk management to strengthen our risk management system. These rules classify risks into the following categories: risks for each segment, risks related to business, risks related to development and manufacturing, and risks related to finance. They also establish the management system for these risks, and the system of responsibility in the event of a crisis.

HORIBA has also established our HORIBA Group Risk Control Committee, which includes our major group companies in Japan.

**Business and other risks**

To identify critical risks, our field and management departments selected individual risks centered around the risk items specified in the Group risk management regulations. They scored each risk on a three-point scale according to its likelihood of occurrence and impact on operations. Then, they created a risk map for HORIBA by organizing the risk items they had scored. Countermeasures were subsequently implemented following discussion and approval by the HORIBA Group Risk Management Committee. The areas of the risk map shown in blue (Ⅷ) indicate the risk items that have been identified as critical risks. These critical risks are broadly divided into “risks for each segment” and “risks for the entire company.” The critical risks facing HORIBA are listed in the table below. HORIBA, Ltd. has also disclosed the details of these risks in our Securities Report.

**List of Management Members**

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Masayuki Adachi</td>
<td>President &amp; COO</td>
<td>MALAYAKI, HORIBA Ltd. (U.S.A), President &amp; COO since 2015.</td>
</tr>
<tr>
<td>Juichi Saito</td>
<td>Executive Vice Chairman &amp; Group COO</td>
<td>President of HORIBA Europe Holding SASU (France) since 2016.</td>
</tr>
<tr>
<td>Atsushi Horiba</td>
<td>Chairman &amp; Group CEO</td>
<td>President of HORIBA MIRA Limited (U.K), President &amp; COO since 2013.</td>
</tr>
<tr>
<td>George Gillespie</td>
<td>Executive Chairman of HORIBA MIRA Limited (U.K.)</td>
<td>President of HORIBA Europe Holding SASU (France) since 2016.</td>
</tr>
<tr>
<td>Takashi Nagano</td>
<td>Chairman of Management Supervisory Committee, HORIBA Europe Holding SASU (France)</td>
<td>President of HORIBA Europe Holding SASU (France) since 2016.</td>
</tr>
<tr>
<td>Dan Horiba</td>
<td>Senior Corporate Officer</td>
<td>President of HORIBA STEC Co., Ltd., Japan (U.S.).</td>
</tr>
<tr>
<td>Hiroo Chihara</td>
<td>President of HORIBA Techno Service Co., Ltd., Japan (U.S.)</td>
<td>President of HORIBA Techno Service Co., Ltd., Japan (U.S.).</td>
</tr>
</tbody>
</table>

**Board of Directors**

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Notes</th>
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</thead>
<tbody>
<tr>
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</tr>
</tbody>
</table>

**Risk Map**

- **Critical risk**
  - Risks related to climate change
  - Risks related to business and human rights
  - Risks related to information security
  - Risks related to currency exchange
  - Risks related to the international situation
  - Risk of damage to facility and equipment due to natural disasters, and subsequent delays in delivery
  - Risks related to pandemics
  - Risks posed by changes in performance and financial position due to acquisitions and alliances
  - Risk of impairment loss for fixed assets

**Degree of impact on operations**

- 0: Minimal impact
- 1: Minor impact
- 2: Moderate impact
- 3: Critical impact
Audit & Supervisory Board members

Jail Hakuh
Director

Hideyuki Koishi
Director

Haruyuki Toyama
Director (Executive), Independent Director

Fumihiko Matsuda
Director (Non-executive), Independent Director

Tomoko Tanabe
Audit & Supervisory Board Member (Standing Auditor)

Hitoshi Motokawa
Audit & Supervisory Board Member (Outside) and Independent Auditor

Keiji Yamada
Audit & Supervisory Board Member (Outside) and Independent Auditor

Sayoko Kawamoto
Audit & Supervisory Board Member (Outside) and Independent Auditor

List of Management Members

HORIBA Report 2023-2024
HORIBA's **Five measurement businesses**

<table>
<thead>
<tr>
<th>Five measurement businesses</th>
<th>Automotive Segment</th>
<th>Process &amp; Environmental Segment</th>
<th>Medical-Diagnostic Segment</th>
<th>Semiconductor Segment</th>
<th>Scientific Segment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Emission measurement systems</strong>&lt;br&gt;Global market share Sales composition ratio</td>
<td>80% 39%</td>
<td><strong>Stack gas analyzers</strong>&lt;br&gt;Market share in Japan Sales composition ratio</td>
<td>50% 33%</td>
<td><strong>Hematology analyzers</strong>&lt;br&gt;Global market share Sales composition ratio</td>
<td>7% 68%</td>
</tr>
<tr>
<td><strong>Driveline test systems</strong>&lt;br&gt;Global market share Sales composition ratio</td>
<td>15% 4%</td>
<td><strong>H-1 series of industrial water quality analyzers</strong>&lt;br&gt;Market share Share of segment sales Sales composition ratio</td>
<td>40% 37%</td>
<td><strong>Chemical concentration monitors</strong>&lt;br&gt;Global market share Sales composition ratio</td>
<td></td>
</tr>
<tr>
<td>Major products and market share of each&lt;br&gt;(Note: Market share for each product is HORIBA’s estimate.)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Major customers</strong>&lt;br&gt;Automotive and automotive component manufacturers Research institutes Universities/Government agencies</td>
<td>Electric power companies Government agencies Manufacturers</td>
<td>Medical testing centers Small-to medium-sized hospitals Physicians in private practice</td>
<td>Semiconductor production equipment manufacturers Semiconductor device manufacturers Manufacturers/Research institutions Universities/Government agencies Electric power companies</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Product applications</strong>&lt;br&gt;Development of new gasoline, diesel, alternative fuel, and electrified powertrains Certification and quality control of completed and in-use vehicles Development engineering</td>
<td>Measurement of drinking water, wastewater, and gaseous emissions Monitoring of production process Research and development</td>
<td>Diagnostic testing Medical checkups</td>
<td>Controlling flow of gases and liquids, monitoring clearing fluid concentrations in semiconductor manufacturing processes Semiconductor quality control inspections</td>
<td>Research and development Product quality testing Criminal forensics</td>
<td></td>
</tr>
<tr>
<td><strong>Major risks and opportunities</strong>&lt;br&gt;Changes in emission regulations Capital spending and R&amp;D investments by the automotive industry</td>
<td>Changes in environmental regulations by government agencies Developments in energy efficiency improvement at factories and power generation plants</td>
<td>Changes in total healthcare expenditures caused by changes in population and other factors Changes in medical insurance systems in different countries</td>
<td>Capital spending of semiconductor manufacturers and others in association with fluctuating demand for semiconductor's Production trends of manufacturers of semiconductor production equipment</td>
<td>Changes in R&amp;D budgets at government agencies, universities, and research institutions Changes in R&amp;D investment and capital investment for production in the private sector</td>
<td></td>
</tr>
</tbody>
</table>

HORIBA’s **Three Fields**

- **Energy & Environment**
- **Bio & Healthcare**
- **Materials & Semiconductor**
HORIBA’s Five measurement businesses

**Automotive Segment**

Providing powerful support for the optimization of vehicle testing and acceleration of automotive development

HORIBA’s automotive Emission Measurement Systems (EMS) hold a global market share of 80%*1. HORIBA provides manufacturer FBD and quality control testing, and 100% compliance with all applicable regulations. HORIBA’s U.S. subsidiary 3 Engineering Consultancy & Testing business, which supports development of next-generation mobility technologies for applications such as electric vehicles, autonomous driving, functional safety, and cybersecurity.

- **2023 result**
  - Net sales of 80.4 billion yen in 2023
  - Sales by segment: Scientific Segment 14%, Semiconductor Segment 14%, Process & Environmental Segment 15%, and Automotive Segment 56%

- **2023 forecast**
  - Sales by region: Americas 13%, Japan 21%

**Process & Environmental Segment**

HORIBA contributes monitor global environmental preservation, as well as production and quality management processes

We supply a broad range of analytical and measurement instruments for analyzing air, water, soil, and materials in the automotive, semiconductor, medical, and environmental sectors. We also actively develop our Engineering Consulting business, which supports NEMS that are critical to this process.

- **2023 result**
  - Net sales of 24.9 billion yen in 2023
  - Sales by segment: Scientific Segment 55%, Semiconductor Segment 41%, and Process & Environmental Segment 4%

- **2023 forecast**
  - Sales by region: Americas 15%, Europe 16%, and Asia 25%

**Medical-Diagnostic Segment**

Contributing to healthy lives through in-vitro diagnostic systems

HORIBA provides instruments and reagents (consumables) used primarily for blood sample testing to the global market for in-vitro diagnostic (IVD) systems. Our business model for this segment is based on recurring revenue generated from sales of testing reagents. We aim to ensure stable earnings by expanding our installed bases of medical diagnostic instruments.

- **2023 result**
  - Net sales of 32.6 billion yen in 2023

**Business overview**

HORIBA’s business development is centered around five measurement businesses: Automotive, Process & Environmental, Medical-Diagnostic, Semiconductor, and Scientific. In FY2023, although sales to semiconductor production equipment manufacturers decreased as the adjustment phase of capital expenditures continued in the semiconductor market, the decrease of segment sales was limited. Meanwhile, sales increased primarily in the Automotive segment. And company-wide revenue increased for the third year in a row.

We expect revenue to increase for all segments in FY2024.
HORIBA's Five measurement businesses

Semiconductor Segment
Contributing to yield enhancement and technology innovation in semiconductor manufacturing processes with HORIBA's flow control and measurement technologies.

Scientific Segment
Supporting HORIBA's core technologies and pioneering cutting-edge fields.

Net sales of 112.8 billion yen in 2023

* Despite the fact that capital investment by semiconductor manufacturers were in an adjustment phase, a high order backlog ensured we maintained a high level of sales.
* Expanded capital investment by semiconductor production equipment manufacturers in China led to increased sales.

In 2023, capital investment by semiconductor manufacturers was in an adjustment phase, a high order backlog ensured we maintained a high level of sales. Expanded capital investment by semiconductor production equipment manufacturers in China led to increased sales.

Supporting HORIBA's core technologies and pioneering cutting-edge fields.

HORIBA's flow control and measurement technologies.

Achievements in 2023:
- Fabricated monocrystalline silicon substrate wafer production equipment.
- Launched high-performance, in-line semiconductor wafer inspection system.
- Launched semiconductor wafer inspection system with world's first in-line wafer inspection.

2023 results

Sales by business

Gas analyzers: 1%
Particle detection systems etc.: 1%
Europe: 7%
Americas: 8%
Japan: 24%

Net sales: 112.8 billion yen

Sales by region

Chemical concentration monitors: 12%
Mass flow controllers: 86%
Asia: 61%

2023 results

Sales by business

Photonics: 23%
Electrical: 16%
Water quality: 7%
Other: 2%
Molecular chromatography: 40%

Net sales: 39.6 billion yen in 2023

Supporting HORIBA's core technologies and pioneering cutting-edge fields.

HORIBA's analytical technology began with research and development that led to Japan's first glass electrode pH meter, and has expanded to include gas analysis using infrared light, elemental analysis using X-rays, and Raman spectroscopy and chemical sensors using optical technology.

These contribute to R&D activities at the forefront of scientific technology and help expand the unknown frontiers of science.

HORIBA's analytical technologies can be applied in semiconductors, life science, food, and environmental fields.

In addition, we provide solutions for responding to technological advances in semiconductor manufacturing processes, while supplying measurement equipment such as chemical sensors, optical technology, and semiconductor wafer inspection systems.

For the first time, we are also developing products that apply them to industrial processes, including the semiconductor industry.

Corporate Data (as of December 31, 2023)

Corporate Data

Major shareholders (Top 10)

Name of shareholder

The Master Trust Bank of Japan, Ltd.: 5494 shares
Custody Bank of Japan, Ltd.: 3207 shares
National Mutual Insurance Federation of Agricultural Cooperatives: 1682 shares
Atsushi Horiba: 1089 shares
The Kyoto Chuo Shinkin Bank: 835 shares
HORIBA Raku-Roku Kai: 833 shares
The Bank of Kyoto, Ltd.: 828 shares
HORIBA Employee Shareholding Association: 759 shares
Dan Horiba: 644 shares
BB (I) for Pidelity Funds: 643 shares

Stock price trend (Closing price each day)

TSR Index

* Total Shareholder Return: Total return on investment that combines capital gains and dividends

HORIBA - Total Shareholder Return: 166% 140% 159% 141% 266%
TOP5 - Total Shareholder Return: 115% 121% 133% 127% 158%

The TSR in this table is calculated based on the stock price at the end of the fiscal year.
### Financial Data

#### Profit and Loss

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales (million yen)</td>
<td>138,136</td>
<td>153,065</td>
<td>170,898</td>
<td>170,093</td>
</tr>
<tr>
<td>Operating costs and expenses (million yen)</td>
<td>124,402</td>
<td>135,651</td>
<td>151,526</td>
<td>151,593</td>
</tr>
<tr>
<td>Operating income (million yen)</td>
<td>13,733</td>
<td>17,214</td>
<td>19,372</td>
<td>18,499</td>
</tr>
<tr>
<td>Ratio of operating income to net sales (%)</td>
<td>9.9</td>
<td>11.2</td>
<td>11.3</td>
<td>10.9</td>
</tr>
<tr>
<td>Net income attributable to owners of parent (million yen)</td>
<td>8,999</td>
<td>10,589</td>
<td>12,882</td>
<td>12,962</td>
</tr>
<tr>
<td>Ratio of net income attributable to owners of parent (%)</td>
<td>6.5</td>
<td>6.9</td>
<td>7.6</td>
<td>7.6</td>
</tr>
</tbody>
</table>

#### Financial Position

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Total assets (million yen)</td>
<td>189,269</td>
<td>207,335</td>
<td>231,032</td>
<td>239,657</td>
</tr>
<tr>
<td>Liabilities with interest (million yen)</td>
<td>24,577</td>
<td>26,412</td>
<td>45,227</td>
<td>47,153</td>
</tr>
<tr>
<td>Shareholders' equity (million yen)</td>
<td>114,209</td>
<td>123,924</td>
<td>129,581</td>
<td>132,654</td>
</tr>
<tr>
<td>Shareholders' equity ratio (%)</td>
<td>60.3</td>
<td>59.8</td>
<td>56.1</td>
<td>55.4</td>
</tr>
</tbody>
</table>

#### Cash Flows

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<tr>
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</thead>
<tbody>
<tr>
<td>Cash flows from operating activities (million yen)</td>
<td>15,076</td>
<td>11,455</td>
<td>14,770</td>
<td>15,871</td>
</tr>
<tr>
<td>Cash flows from investing activities (million yen)</td>
<td>-8,111</td>
<td>-9,875</td>
<td>-30,642</td>
<td>-10,427</td>
</tr>
<tr>
<td>Free cash flow (million yen)</td>
<td>6,965</td>
<td>1,580</td>
<td>-15,872</td>
<td>5,444</td>
</tr>
<tr>
<td>Cash flows from financing activities (million yen)</td>
<td>2,324</td>
<td>-273</td>
<td>-12,843</td>
<td>-451</td>
</tr>
</tbody>
</table>

#### Investments, etc.

<table>
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</thead>
<tbody>
<tr>
<td>Capital expenditures (million yen)</td>
<td>7,680</td>
<td>11,001</td>
<td>16,309</td>
<td>13,796</td>
</tr>
<tr>
<td>Depreciation and amortization (million yen)</td>
<td>4,279</td>
<td>4,905</td>
<td>6,110</td>
<td>6,816</td>
</tr>
<tr>
<td>R&amp;D expenses (million yen)</td>
<td>10,774</td>
<td>11,986</td>
<td>12,341</td>
<td>12,933</td>
</tr>
<tr>
<td>R&amp;D expenses to net sales (%)</td>
<td>7.8</td>
<td>7.8</td>
<td>7.2</td>
<td>7.6</td>
</tr>
</tbody>
</table>

#### Per Share Data

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<tr>
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</thead>
<tbody>
<tr>
<td>Net income (yen)</td>
<td>212,763</td>
<td>250,287</td>
<td>305,737</td>
<td>307,74</td>
</tr>
<tr>
<td>Net assets (yen)</td>
<td>2,699,886</td>
<td>2,928,892</td>
<td>3,078,401</td>
<td>3,148,701</td>
</tr>
<tr>
<td>Dividends (yen)</td>
<td>60,000</td>
<td>67,000</td>
<td>70,000</td>
<td>85,000</td>
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</tbody>
</table>

#### Other Indicators

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<tr>
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</thead>
<tbody>
<tr>
<td>Return on equity (ROE) (%)</td>
<td>8.4</td>
<td>8.9</td>
<td>10.2</td>
<td>10.0</td>
</tr>
<tr>
<td>Return on assets (ROA) (%)</td>
<td>5.2</td>
<td>5.3</td>
<td>5.9</td>
<td>5.5</td>
</tr>
<tr>
<td>Consolidated dividend payout ratio (%)</td>
<td>28.2</td>
<td>26.8</td>
<td>22.9</td>
<td>27.6</td>
</tr>
<tr>
<td>Non-consolidated dividend payout ratio (%)</td>
<td>48.9</td>
<td>38.5</td>
<td>35.1</td>
<td>48.7</td>
</tr>
<tr>
<td>Overseas sales ratio (%)</td>
<td>64.9</td>
<td>69.0</td>
<td>69.3</td>
<td>66.8</td>
</tr>
</tbody>
</table>

#### Human Assets

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Number of employees (Employees)</td>
<td>5,787</td>
<td>5,965</td>
<td>6,831</td>
<td>7,149</td>
</tr>
<tr>
<td>Ratio of employees outside of Japan (%)</td>
<td>57.9</td>
<td>58.4</td>
<td>62.3</td>
<td>62.0</td>
</tr>
</tbody>
</table>

Notes:
1. HORIBA, Ltd. and its domestic consolidated subsidiaries had formerly recognized revenue mainly on a shipping basis. However, starting from FY 2015, HORIBA, Ltd. and its domestic consolidated subsidiaries changed their revenue recognition method to recognize revenue on a completion-date-of-installation or delivery-date basis under the terms and conditions of the relevant contracts. The amounts in or before FY 2015 are not retrospectively revised.

2. As of the beginning of FY 2019, HORIBA, Ltd. and its consolidated subsidiaries apply the Partial Amendments to Accounting Standards for Tax Effect Accounting (ASB Statement No. 28, February 16, 2019). The amounts in or before FY 2017 are not retrospectively revised.
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