Mid-Long Term Management Plan - MLMAP2028

Dan Horiba
Senior Corporate Officer, HORIBA, Ltd.

February, 2024
Rapid changes in the global environment surrounding society

- Trend toward a sustainable society
- Increase in medical issues due to Pandemic
- Technological innovation (AI, IoT)

Secure emerging business opportunities in rapidly changing times
Our Future

Vision

Joy and Fun for All

Mission

Shape our future based on HONMAMON and diversity

Values

Sprit of Challenge  Reliability and Trust  Pursuit of Excellence

3 Fields which HORIBA focuses toward realizing Our Future

Energy & Environment  Bio & Healthcare  Materials & Semiconductor

Corporate Motto

Joy and Fun
Positioning of MLMAP2028

MLMAP2023 (2019-2023)
- Automotive
- Process & Environment
- Medical
- Semiconductor
- Scientific

MLMAP2028 (2024-2028)
- 「MAXIMIZE VALUE」
- HORIBARIANs
  - Energy & Environment
  - Bio & Healthcare
  - Materials & Semiconductor

Sustainability
- Business strategy to solve social issues in three focus fields (Field Operation)
- Group HR strategy to maximize HORIBARIANs’ potential
- Sustainability strategy to create social impact

Vision
- Joy and fun for All

Mission
- Shape our future based on HONMAMON and diversity

*HORIBARIAN: Naming of all employees in HORIBA Group. We call so regarding us as same family
Objective of Field Operation

3 Fields by HORIBA

Energy & Environment  Bio & Healthcare  Materials & Semiconductor

New combination

HORIBA Core Technologies

Gas & Fluid Analysis  Solid & Particle Analysis  Liquid & Bio Analysis

Data Science, AI, IoT

Functions (Service, Production, Distribution)

Customer

- Cultivate new business opportunities
- Create innovation by novel integration
- Foster core technology development
- Strengthen global management base
HORIBA's growth model

Customer needs
Core technology
Innovation

Energy & Environment

Maximize HORIBARIANs' potential

Bio & Healthcare

Materials & Semiconductor

Create social impact

3 Fields by HORIBA

Joy and Fun for All

Vision

Creating innovation and robust supply chain at global level
MLMAP2028 The team

MLMAP Leaders

Hiroshi Nakamura
Technology

Dan Horiba
MLMAP Leader

Maki Moriguchi
HR, Sustainability

Field Officers

George Gillespie
Energy & Environment

Masayuki Adachi
Bio & Healthcare

Hideyuki Koishi
Materials & Semiconductor
## MLMAP2028 Major management goals

### Financial Goals

<table>
<thead>
<tr>
<th></th>
<th>Sales</th>
<th>Operating Income</th>
<th>Net Income</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>450 B.JPY</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>(2023 Result: 290.5 B.JPY)</td>
<td></td>
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<tr>
<td><strong>Operating Income</strong></td>
<td>80 B.JPY</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>(2023 Result: 47.2 B.JPY)</td>
<td></td>
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<tr>
<td><strong>Net Income</strong></td>
<td>55 B.JPY</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>(2023 Result: 40.3 B.JPY)</td>
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</tr>
<tr>
<td>ROE</td>
<td>&gt; 12%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividend Payment ratio</td>
<td>30%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Timely and properly return to shareholders</td>
<td></td>
<td>Special dividend, Stock Buyback</td>
<td></td>
</tr>
</tbody>
</table>

### Non-Financial Goals

- Practicing values by all HORIBARIANs
- Creating values of HONMAMON
- Carbon neutrality in 2050
- 42% reduction of CO₂ emissions in 2032 (Scope 1, 2)
- Deeply foster core technologies - 60B.JPY sales from new business in 2028
Group HR strategy to maximize HORIBARIANs’ potential

Create a “Stage” together where every HORIBARIAN can maximize their potential through demonstrating their abilities with Joy and Fun.

Cultivate unique culture as our “Stage” to maximize our potential

- Share and practice of Vision / Mission / Values with all HORIBARIANs

Creating value of HONMAMON

- Pursuit of HONMAMON through practice of Values
- Establishment of HONMAMON Award

Learn and collaborate with diverse HORIBARIANs

- Network building with diversified HORIBARIANs
- Promote a culture of “Mutual Learning & Collaboration”.
Sustainability strategy for creating social impact

Contributing to the realization of a sustainable society through HORIBA's unique capabilities

Vision
Realization of sustainable society by HORIBA products and solutions
✓ Solving social issue through business in 3 Fields

Sustainable operation
✓ Carbon Neutrality in 2050
✓ 42% reduction of CO₂ emissions in 2032 (Scope 1, 2)

“Measurement × Education“ Inherit to next generation
✓ Social contribution in Science and Technology area
✓ More than 100 activity in 2028 with more than 4,500 participants (over 10 countries)

Goal
- 1.5°C

- CO₂ Emission
- CO₂ Removal

2022 2032 2050

55,599

32,247

- 42%
Energy & Environment

A Trusted Partner supporting our Customers on their challenges to deliver a Sustainable Environment

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

Business Strategy
- Provide diversified product and solutions
- New businesses by integrating capabilities in HORIBA Group
- Total solution with system integration and consulting

Energy conversion cycle for Carbon Neutral

Sales / Operating Profit

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (B.JPY)</th>
<th>CAGR 5%</th>
<th>OP (B.JPY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2024</td>
<td>130,000</td>
<td>2.1 times</td>
<td>7,500</td>
</tr>
<tr>
<td>2028</td>
<td>158,000</td>
<td></td>
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</table>

Vision

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Energy & Environment

Capturing business opportunities in the Hydrogen market
Establishment of global engineering structure

Strengthening our system proposal capability in Carbon Recycling

Maximize profitability in Mobility business
Total solution proposals leveraging our consulting capability

Establishment of global engineering structure

Germany
China
Japan
US

Energy & Environment

Field

Consulting

Product

Operation

Testing

Engineer

HORIBA eHUB

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Bio & Healthcare

Provide strong social value by transforming the “Healthcare Journey” with unique solutions

**Major business domain**
Contributing to transforming the Healthcare Journey with unique solution based on our IVD know-how, diversified core technologies, and global network. Key examples are solving clinical issue with POCT* solutions and optimizing Bio Pharma R&D, and production process.

*POCT : Point of Care Testing

**Business Strategy**
- Providing unique solution for emerging new niche markets.
- Localization in IVD testing business
- Implementing HORIBA’s measurement technology and engineering capability in the Bio-pharma industry

**Sales / Operating Profit**

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>OP</th>
</tr>
</thead>
<tbody>
<tr>
<td>2024</td>
<td>40B.JPY</td>
<td>1B.JPY</td>
</tr>
<tr>
<td>2028</td>
<td>57B.JPY</td>
<td>5.7B.JPY times</td>
</tr>
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</table>

CAGR 9%

**Vision**

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Developing new solutions by integrating HORIBA’s capabilities in emerging niche markets along the Healthcare Journey

Promoting new solutions to solve issues in IVD testing field by unique POCT

Proposing process monitoring solution for Bio-pharma market from the expertise of our automotive business segment

Field

Bio & Healthcare

Value creation for clinical sites

Shorten turnaround time

Strengthen primary care

Drug monitoring for chronic disease

by unique POCT

Transform Healthcare

Improving healthcare access

Pharma production process

Cultivation

Formulation

Release test

Filling

Filtration

Unique measurement technology

Market specific engineering ability
**Materials & Semiconductor**

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

### Major business domain

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

Provide cutting-edge solutions in advanced material area and supporting customer’s operations in all directions.

### Business strategy

- Sustain / Increase market share by increasing production capacity
- Strengthen process monitoring in Semiconductor market
- Applying advanced measurement technology in semiconductor material
- Allocate resources on material research, production and recycling

Support Semiconductor industry in all directions including emission from facility and wasted water monitoring

![Woven Value Chain](image_url)

- **Sales**
  - 2024: 151B.JPY
  - 2028: 235B.JPY
  - CAGR: 12%
- **Operating Profit**
  - 2024: 43.5B.JPY
  - 2028: 58.5B.JPY
  - 1.3 times
Contributing to cutting edge process in Semiconductor
Providing solutions with high-value component and module products

Developing all-round solution by thin film measurement technology such as semiconductor process monitoring and facility monitoring

Contributing to process of material development and production
Providing solution through consolidating measurement technologies of HORIBA Group

Semiconductor process control domain which HORIBA covers
• Liquid monitoring / control
• Liquid vaporization
• Pressure control
• Vacuum monitoring
• Chemical concentration
• Plasma monitoring
• Thermal monitoring

Yield improvement
Reduce energy consumption
Improve efficiency
New business in MLMAP2028

Sales of New business in 2028

- **Energy & Environment**: Business for new energy (i.e. Hydrogen) - 31 B.JPY
- **Bio & Healthcare**: Business for Life Science - 14 B.JPY
- **Materials & Semiconductor**: New business for Semiconductor industry - 15 B.JPY

New business:

- **Semiconductor Process Control**: 450 B.JPY
- **Energy & Environment**: 321 B.JPY
- **Bio & Healthcare**: 179 B.JPY
- **Materials & Semiconductor**: 117 B.JPY

Total sales in 2028: 60 B.JPY
Cultivating HONMAMON technology by connecting technology and talents organically

**Product development closely to the customer**
Customer demand $\times$ Core technology = Innovation

**Business transformation from product sales to solution business**
Develop businesses across fields

**Pursuit of HONMAMON technology**
Pursuit of applications, Accelerating open innovation

**Sales in new business**
60B.JPY (in 2028)

**Sales in Solution business incl. Automation / Data management business**
25B.JPY (in 2028)

**Advanced R&D**
More than 10% of total R&D expense (in 2028)
Strengthening business foundation to support global operation

**Service**
- Establish unique service model with high-quality services and analytical solutions
  - Continuous investment in HR
  - Provide solutions for facility optimization

**Production**
- Stably provide high-quality products by using a sustainable value chain
  - Optimization of global resources
  - Passing on skills to the next generation
  - Pursuit of production automation

**Distribution**
- Expand solutions and build distribution channels that maximize customer value
  - Channel optimization based on field operation

- Approx. 18 Factories
- Approx. 45 Offices
- Approx. 3 Fields
- Approx. 5,400 Oversea HORIBARIANs
- Approx. 650 Distributors
- Approx. 650 Offices
- Approx. 5,400 Distributors

Overseas

Overseas

Overseas
Cash allocation during MLMAP2028

2024 - 2028
Operating CF before R&D investment
400 Billion JPY (232.3 Billion JPY)

Growth strategy, Generation of Operating CF
Investment for future growth
Timely and properly return to shareholders

Growth Investment
R&D Investment
130 Billion JPY (87.5 Billion JPY)
Approx. 7% vs Sales

Facility, Strategic Investment
140 Billion JPY (59.1 Billion JPY)

Dividend (Approx. 30%)
68 Billion JPY (33.3 Billion JPY)

Internal fund + Timely and properly return to Shareholders etc.

Detail

<table>
<thead>
<tr>
<th>Items</th>
<th>Total</th>
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<tbody>
<tr>
<td>Regular Investment</td>
<td>Approx. 60 Billion JPY</td>
</tr>
<tr>
<td>Fukuchiyama Factory and</td>
<td>Approx. 20 Billion JPY</td>
</tr>
<tr>
<td>Technology Center (Semiconductor)</td>
<td></td>
</tr>
<tr>
<td>Strategic Investment</td>
<td>Approx. 60 Billion JPY</td>
</tr>
<tr>
<td>Total</td>
<td>Approx. 140 Billion JPY</td>
</tr>
</tbody>
</table>

Cash reserves

(B. JPY) : MLMAP2023 (2019~23) Result
Realizing the Growth Potential Ahead 500B.JPY sales (1.5 times vs 2023)

MLMAP2028

Exchange Rate
1 USD = 140 JPY
1 EUR = 155 JPY

CAGR*: Compound Annual Growth Rate

2023 → 2028
9.1%

Sales
Operating Income
Net Income Attributable to owners of parent

2006-2010
2011-2015
2016-2020
2019-2023
2024-2028

*CAGR: Compound Annual Growth Rate
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.
THANK YOU