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To whom it may concern:

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HORIBA Updates Mid-Long Term Management Plan (MLMAP2028*[1])

HORIBA improves the allocation of management resources to achieve sustainable growth and to enhance corporate value, upward revising its targets for net sales, profit, and ROE

(Targets net sales of 460 billion yen, Operating income of 90 billion yen, Net income of 62 billion yen, and ROE of 14%)

HORIBA has updated its Mid-Long Term Management Plan, “MLMAP2028,” which targets fiscal 2028, and will continue working to improve profitability through investment in growth areas and structural reforms, thereby further enhancing corporate value.

Key Updates

1. Focused investment in growth areas and profitability enhancement through disciplined business operations
   - Active investment in the semiconductor business and decisive structural reforms in businesses requiring value rebuilding
2. Capital allocation to enhance capital efficiency and strengthen shareholder returns
   - Increased target dividend payout ratio from 30% to 40%, with flexible shareholder returns
3. Governance structure enhancement for strategy execution
   - Considering transition to a company with an Audit and Supervisory Committee and a board with a majority of directors (non-executive)

Financial Targets for 2028 (Billion yen)

	Initial plan	Updated plan
Net sales	450.0	460.0
Operating income	80.0	90.0
Net income	55.0	62.0
ROE (Return on Equity)	12.0% or higher	14.0%

1. Background to the update of MLMAP2028

HORIBA believes that its purpose is to solve customer challenges in the field through its core analytical, measurement and control technologies, and to contribute to the sustainable growth of society, the environment, and humanity alongside business growth.

By focusing on three growth fields - “Materials & Semiconductors,” “Energy & Environment,” and

“Bio & Healthcare” - we have enhanced our competitive advantage and improved corporate value by connecting with customers who lead each industry and solving challenges together.
Since the announcement of MLMAP2028 in February 2024, there has been a significant shift in investment trends in new energy-related businesses, especially hydrogen, which had been a priority area for new business development. In mobility as well, the trend has shifted away from a focus on electric-vehicle development and back toward vehicle development across a broader range of areas, including hybrid vehicles and other internal combustion-engine platforms. In semiconductors, investment in data centers and other areas driven by AI demand has continued to accelerate. In response to these changes, we have decided to update MLMAP2028 at its midpoint.

2. Improving profitability through focused investment in growth areas and structural reforms

[HORIBA’s approach to the group’s business portfolio]
From the dual perspectives of technology utilization and market growth, we evaluate our portfolio across two dimensions: future growth potential and “economic value added” that takes the cost of capital into account. Based on these dimensions, we analyze opportunities and challenges making investment decisions with resolve and discipline. We will also flexibly review resource allocation and business strategies in response to future changes in the business environment. For areas expected to drive next generation growth and that require time to commercialize, we will make investment decisions from a long-term perspective based on the maturity of the technology and business. For businesses that form our earnings base, we will seek returns that exceed the cost of capital.
For assessing economic value added, we will continue to promote management that is conscious of the cost of capital by leveraging HORIBA Premium Value*2, introduced in 2017. In areas that require value rebuilding, we will carry out structural reforms, such as strengthening profitability through optimization of fixed costs, and advance their transformation into next-generation businesses and core earnings businesses.
In the three growth fields essential to the new society - Materials & Semiconductors, Energy & Environment, and Bio & Healthcare - we will organically combine HORIBA’s globally cultivated core technologies, production capacity, customer network, and service/maintenance capabilities to create unique solutions and contribute to solving social issues.

Materials & Semiconductors
[Meeting increasingly sophisticated needs in the expanding semiconductor market]
In response to the expansion of semiconductor demand driven by advances in AI technology and rapidly growing data center investment, we will provide a wide range of solutions leveraging HORIBA’s technological and supply capabilities.
Ahead of the start of MLMAP2028, a semiconductor-related factory in Fukuchiyama, Kyoto Prefecture, the investment for which was decided in 2023, has begun full-scale operations. Production capacity for mass flow controllers, a key product for the semiconductor business, will expand to up to three times its current level. We will strengthen supply capacity at a global level and meet customer expectations.
The “Kyoto Fukuchiyama Technology Center,” a development site in Fukuchiyama, is also now in operation. Together with stronger collaboration with key global customers in the U.S. and Asia,

we will accelerate development of new products and applications of both core and next-generation technologies.
By deploying products that leverage HORIBA's core technologies to address various analytical and measurement needs in semiconductor manufacturing processes, we will contribute to yield improvement and efficient production.

Financial Targets for 2028 (Billion yen)

	Initial plan	Updated plan
Net sales	235.0	262.0
Operating income	58.5	77.0

Energy & Environment
<Measures to enhance profitability in mobility and structural reform in energy (hydrogen) businesses>
We will capture medium-term vehicle development demand, including hybrid and other internal-combustion-engine vehicles, and maintain high profitability.
At the same time, we will implement structural reforms in our mechatronics*3 businesses, where profitability issues remain, mainly overseas, to improve profitability.
For energy (hydrogen) related markets, where demand remains sluggish, we will maintain our core technologies while implementing structural reforms, recognizing hydrogen's future potential as an important element in achieving carbon neutrality. We will build a structure that can contribute to earnings once market conditions recover.

2028 financial targets (Billion yen)

	Initial plan	Updated plan
Net sales	158.0	146.0
Operating income	15.8	12.5

Bio & Healthcare
[Structural reform in hematology*4 and investment in future growth in life science]
In the medical business, we will carry out structural reforms in our hematology area by strengthening our regional strategy and restructuring low-profitability locations. We will advance the enhancement of our earnings base at an early stage and transfer know-how such as regulatory approval acquisition to our life science business.
In the life science business, we will leverage our core spectroscopy technology to propose inline solutions for biopharmaceutical quality inspection and work toward standardizing new methods in drug discovery and pharmaceutical processes. By improving the efficiency of quality inspection processes, we will contribute to reducing future healthcare costs.

Financial Targets for 2028 (Billion yen)

	Initial plan	Updated plan
Net sales	57.0	52.0
Operating income	5.7	0.5

3. Capital allocation to improve capital efficiency and strengthen shareholder returns

[Change dividend payout ratio from 30% to 40%; implement special dividends and share buybacks flexibly]

HORIBA's shareholder return policy has been to pay dividends with a payout ratio of 30% of consolidated net income attributable to HORIBA, Ltd.'s shareholders, while special dividends and share buybacks will be executed timely and properly, taking into account investment opportunities, cash flow situation and other factors.
Effective from 2027, the profit-linked payout ratio will be raised to 40%: dividends with a payout ratio of 40% of consolidated net income attributable to HORIBA, Ltd.'s shareholders, while special dividends and share buybacks will be executed timely and properly, taking into account investment opportunities, cash flow situation and other factors.
In addition, for the year-end dividend for fiscal 2026, we have decided to pay a commemorative dividend for reaching a market capitalization of 1 trillion yen (total amount of commemorative dividend: approximately 10 billion yen). Combined with this, over the five years from 2024 through 2028, we expect to return a total of 105.0 billion yen to shareholders, an increase of 37.0 billion yen from the initial plan.
Through a disciplined financial strategy from a medium- to long-term perspective, we will enhance financial soundness and shareholder returns while fostering high value-added businesses.

4. Strengthening the governance structure to execute the strategy

[Considering transition to a company with an Audit and Supervisory Committee and a board with a majority of directors (non-executive)]
Since its establishment in 1953, HORIBA has appointed directors (non-executive) and audit & supervisory board member (outside) operating as a company with a Board of Corporate Auditors. To further strengthen the board's oversight function and accelerate its growth strategy and profitability improvements through the structural reforms set out in MLMAP2028 Update, HORIBA is considering transition to a company with an Audit and Supervisory Committee and a board with a majority of directors (non-executive).
(Subject to approval at the Annual Shareholders' Meeting in March 2027)

HORIBA's purpose is to contribute to the realization of a sustainable society through the provision of products and solutions based on highly original analytical, measurement and control technologies. By strengthening disciplined business operations and governance, we will achieve improved profitability and establish a foundation for growth, thereby enhancing corporate value from a medium- to long-term perspective.

[Notes]
*1 MLMAP: It stands for Mid-Long Term Management Plan and is a term that is well-known and understood within HORIBA.
*2 HORIBA Premium Value: A unique management indicator introduced in HORIBA when it launched the previous Mid-Long Term Management Plan "MLMAP2023" aimed at maximizing capital efficiency.
*3. Mechatronics: An automotive test system used to evaluate engine and powertrain performance and emissions.
*4. Hematology: A blood cell count test that measures the number, type, and size of red blood cells, white blood cells, platelets, and others to assess the condition of the body.

End