

Summary of Consolidated Financial Statements for the Year Ended December 31, 2023 (Japanese GAAP)

February 14, 2024

Company name **HORIBA, Ltd.**
 Listing code 6856
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 Scheduled date of start of dividend payment: March 4, 2024

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

1. Consolidated Results for the Year Ended December 31, 2023 (January 1, 2023 - December 31, 2023)

(1) Consolidated Operating Results (Percentages represent changes from the previous year)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year Ended 12/31/23	290,558	7.6	47,296	3.2	48,251	3.0	40,302	18.3
Year Ended 12/31/22	270,133	20.4	45,843	43.1	46,860	46.3	34,072	59.9

(Note) Comprehensive income: FY2023 53,690 million yen (24.4%) FY2022 43,153 million yen (42.2%)

	Net Income Attributable to Owners of Parent per Share	Net Income Attributable to Owners of Parent per Share (Diluted)	Return on Equity	Ordinary Income to Total Assets	Operating Income to Net Sales
	Yen	Yen	%	%	%
Year Ended 12/31/23	953.71	948.83	15.4	11.1	16.3
Year Ended 12/31/22	807.06	802.89	15.4	11.9	17.0

(Reference) Equity in earnings of affiliates: FY2023 -million yen FY2022 -million yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of 12/31/23	449,030	283,732	63.0	6,695.30
As of 12/31/22	416,742	240,850	57.6	5,684.68

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

As of 12/31/23 283,008 million yen As of 12/31/22 240,065 million yen

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year Ended 12/31/23	16,652	(7,315)	(20,963)	130,550
Year Ended 12/31/22	33,966	(10,745)	(22,447)	138,760

2. Dividends

	Dividend per Share					Total Dividends (Annual)	Payout Ratio (Consolidated)	Dividends to Net Assets (Consolidated)
	First Quarter	Second Quarter	Third Quarter	Year End	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY 12/2022	-	65.00	-	180.00	245.00	10,346	30.4	4.7
FY 12/2023	-	80.00	-	210.00	290.00	12,258	30.4	4.7
FY 12/2024 (Forecast)	-	80.00	-	185.00	265.00		30.3	

3. Consolidated Forecasts for the Year Ending December 31, 2024 (January 1, 2024 - December 31, 2024)

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

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent		Net Income Attributable to Owners of Parent per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First Half	150,000	14.4	21,000	17.7	21,400	18.1	15,000	-21.1	354.86
Full Year	321,000	10.5	52,000	9.9	52,700	9.2	37,000	-8.2	875.33

Notes

(1) Changes in significant subsidiaries during the period

(Changes in specified subsidiaries that caused a change in the scope of consolidation): Yes

New One company (Company name: HII PE Corp.)

Excluded One company (Company name: HII PE Corp.)

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

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

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

③ Changes in accounting estimates: None

④ Retrospective restatement: None

(3) Number of shares outstanding (common stock)

① Shares issued (including treasury stock)	December 31, 2023	42,532,752	December 31, 2022	42,532,752
② Treasury stock	December 31, 2023	263,029	December 31, 2022	302,553
③ Average number of outstanding shares	December 31, 2023	42,258,835	December 31, 2022	42,218,533

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

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

The forecasts of dividend amount and business performance contained in this report have been made based on certain future assumptions, outlooks, and plans which are available at the HORIBA Group as of February 14, 2024. However, due to risks and various uncertain factors such as future business operation policies, changes in the economic environment in Japan and overseas, fluctuation of currency rates, it is possible that actual performance would vary considerably from the forecasts.

1. Qualitative Information Concerning Consolidated Results

(1) Information Concerning Consolidated Operating Results

(For details, see page 16-18, "4. Supplemental Information - HORIBA, Ltd. Financial Highlights for the Year Ended December 31, 2023)

In FY2023, HORIBA, Ltd. (hereinafter the Company) and its consolidated subsidiaries (hereinafter together "the HORIBA Group" or "HORIBA" as a consolidated group) increased sales by 7.6% year-on-year to 290,558 million yen, mainly due to an increase in sales in the Automotive segment. Operating income increased by 3.2% to 47,296 million yen and ordinary income increased by 3.0% to 48,251 million yen. In addition, contributed mainly by extraordinary gain on the sale of shares of subsidiaries, net income attributable to owners of parent (hereinafter net income) increased by 18.3% to 40,302 million yen.

The annual average exchange rates for 2023 were 140.67 yen against the U.S. dollar and 152.11 yen against the euro, representing year-on-year depreciation of yen by 6.9% against the U.S. dollar and by 10.1% against the euro.

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

(Automotive Segment)

Sales of emission measurement systems in Asia and Americas, and sales in the MCT (Mechatronics) business in Europe increased. As a result, segment sales increased by 19.1% year-on-year to 80,406 million yen. The segment turned profitable and posted operating income of 1,209 million yen (compared to an operating loss of 667 million yen in the previous year).

(Process & Environmental Segment)

Sales of air pollution analyzers in Europe as well as sales in the process measurement equipment business and of water quality systems in Americas increased. As a result, segment sales increased by 10.7% year-on-year to 24,959 million yen and operating income increased by 14.8% to 2,412 million yen.

(Medical-Diagnostics Segment)

Segment sales increased due to an increase in sales of hematology analyzers. Sales of reagents increased due to a recovery in the number of medical examinations after settling down of the COVID-19 pandemic peaked. As a result, segment sales increased by 9.8% year-on-year to 32,678 million yen. and the segment turned profitable and posted operating income of 638 million yen (compared to an operating loss of 99 million yen in the previous year).

(Semiconductor Segment)

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 thanks to the increasing demand in Asia. As a result, segment sales decreased by 1.1% year-on-year to 112,872 million yen. On the profit side, operating income was limited to a decrease by 3.4% to 40,580 million yen as well.

(Scientific Segment)

Due to the sales expansion to new applications on a global basis and an increase in sales of Raman spectrometers in Asia, segment sales increased by 9.4% year-on-year to 39,641million yen. On the profit side, operating income decreased by 1.9% to 2,456 million yen mainly caused by a change in the product sales mix.

(2) Information Concerning Consolidated Earnings Forecasts for FY2024

The consolidated earnings forecasts are summarized as follows.

Our assumed foreign exchange rates for FY2024 are 140 yen against the U.S. dollar (vs. 140.67 yen in FY2023) and 155 yen against the euro (vs. 152.11 yen in FY2023).

Net sales of 321,000 million yen (up 10.5% year-on-year)

In the Automotive Segment, sales of products for the hydrogen energy industry by HORIBA FuelCon GmbH (Germany) is expected to increase continuously. This segment also expects an increase in sales of emission measurement systems, due to anticipated demand growth in response to the new emission regulations in Europe.

In the Semiconductor Segment, although semiconductor manufacturers' capital expenditures might be in an adjustment phase until the first half of FY2024, sales for the full year are expected to increase along with a recovery of the semiconductor market in the second half.

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

As a result, net sales are expected to increase by 30,441 million yen from FY2023 to 321,000 million yen.

Operating income of 52,000 million yen (up 9.9% year-on-year)

In the Automotive Segment, operating income is expected to increase due to an increase in sales in Europe as well as improvement in profitability.

In the Semiconductor Segment, operating income is also expected to increase in line with the increase in sales.

As a result, total operating income is expected to increase by 4,703 million yen from FY2023 to 52,000 million yen.

Ordinary income of 52,700 million yen (up 9.2% year-on-year)

Ordinary income is expected to incorporate a net non-operating gain of 700 million yen (compared to a net non-operating gain of 954 million yen in FY2023), mainly assuming interest income, considering the financial situation worldwide.

As a result, ordinary income is expected to increase by 4,448 million yen from FY2023 to 52,700 million yen.

Net income of 37,000 million yen (down 8.2% year-on-year)

Preparing for unexpected extraordinary losses to be incurred, net extraordinary loss of 1,000 million yen has been provisionally set aside (compared to net extraordinary gain of 5,452 million yen in FY2023).

As a result, net income is expected to decrease by 3,302 million yen from FY2023 to 37,000 million yen.

In addition, the Company expects the transactions of share-based remuneration as follows in the fiscal year ending December 31, 2024.

Based on the restricted stock remuneration plan for directors and executive officers of domestic group companies which has been introduced since 2022, it is planned to issue new shares or dispose treasury stock as the share-based remuneration in the fiscal year ending December 31, 2024. The total amount is expected to be 180 million yen. The board of directors of the Company will resolve the details, which will be held on March 23, 2024, and the Company will disclose them.

(3) Basic Policy for Profit Distribution and Dividends for FY2023 and FY2024

We refer to our shareholders as "owners" and have continued to pay dividends to shareholders based on a payout ratio since 1974, the earliest among listed companies in Japan.

At the board of directors meeting held on February 14, 2024, the Company's board of directors resolved to change the shareholder return policy from "targeting a total shareholder return ratio (total of dividends and share buybacks) at 30% of net income" to "targeting a dividend payout ratio at 30% of net income, while special dividend and share buybacks will be executed timely and properly, taking into account investment opportunities, cash flow situation and other factors". The Company will actively invest for business growth (human resources, technologies, facilities, M&As, sustainability, etc.) as defined in MLMAP2028, the new med-long term management plan announced on the same day. Internal funds will be used for such investments and also to maintain sound financial conditions. Additionally, as part of the capital policy, the Company will plan out to implement special dividends and share buybacks considering the necessity.

The Company has decided to pay a year-end dividend of 210 yen per share for the fiscal year ended December 31, 2023. Combined with the interim dividend already paid, this will bring the annual dividend to 290 yen per share (245 yen per share in the previous year).

For the fiscal year ending December 31, 2024, we forecast an annual dividend of 265 yen (including an interim dividend of 80 yen).

In addition, the Company made an announcement of share buybacks up to 530 thousand shares or 5,000 million yen. The repurchased shares will be cancelled except for those to be used for stock-based remunerations to the Group's directors, executive officers, and others.

Cautionary statement with respect to earnings forecasts

The forecasts of dividend amount and business performance contained in this report have been made based on certain future assumptions, outlooks, and plans which are available at the HORIBA Group as of February 14, 2024.

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

2. Basic policy on selection of accounting standard

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

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

Amount : Millions of yen

	FY2022 (As of December 31, 2022)	FY2023 (As of December 31, 2023)
Assets		
Current Assets:		
Cash and bank deposits	139,855	132,775
Notes and accounts receivable - trade, and contract assets	69,818	71,541
Marketable securities	1,499	2,000
Merchandise and finished goods	26,447	35,145
Work in process	21,415	24,696
Raw materials and supplies	27,409	39,632
Other current assets	11,422	14,102
Allowance for doubtful accounts	(1,320)	(1,317)
Total Current Assets	296,547	318,577
Fixed Assets:		
Property, Plant and Equipment:		
Buildings and structures, net	54,226	55,454
Machinery, equipment and vehicles, net	13,894	17,652
Land	16,865	20,311
Construction in progress	6,379	2,530
Other property, plant and equipment, net	4,337	4,853
Total Property, Plant and Equipment	95,702	100,801
Intangibles:		
Goodwill	610	1,343
Software	1,559	1,258
Leasehold interests in land	616	629
Other intangibles	806	1,733
Total Intangibles	3,593	4,965
Investments and Other Non-Current Assets:		
Investment securities	10,475	15,666
Retirement benefit asset	690	1,212
Deferred tax assets	6,715	6,244
Other investments and other assets	3,063	2,778
Allowance for doubtful accounts	(46)	(1,214)
Total Investments and Other Non-Current Assets	20,898	24,686
Total Fixed Assets	120,195	130,453
Total Assets	416,742	449,030

Amount : Millions of yen

	FY2022 (As of December 31, 2022)	FY2023 (As of December 31, 2023)
Liabilities		
Current Liabilities:		
Trade notes and accounts payable	36,945	30,518
Short-term loans payable	12,351	5,695
Accounts payable-other	19,443	22,184
Accrued income taxes	9,133	5,783
Contract liabilities	24,632	24,713
Accrued bonuses to employees	2,003	2,312
Reserve for product warranty	2,799	3,570
Other current liabilities	4,920	6,272
Total Current Liabilities	112,229	101,051
Non-Current Liabilities:		
Corporate bonds	30,000	30,000
Long-term loans payable	24,854	24,699
Deferred tax liabilities	1,270	645
Retirement benefit liability	1,547	1,873
Other non-current liabilities	5,990	7,027
Total Non-Current Liabilities	63,663	64,246
Total Liabilities	175,892	165,298
Net Assets		
Shareholders' Equity		
Common stock	12,011	12,011
Capital surplus	18,684	18,766
Retained earnings	194,000	223,320
Treasury stock	(1,193)	(1,037)
Total Shareholders' Equity	223,502	253,060
Accumulated Other Comprehensive Income		
Net unrealized holding gains or losses on securities	4,257	6,850
Foreign currency translation adjustments	12,156	22,785
Remeasurements of defined benefit plans	148	312
Total Accumulated Other Comprehensive Income	16,562	29,947
Subscription Rights to Shares	769	706
Non-Controlling Interests	15	17
Total Net Assets	240,850	283,732
Total Liabilities and Net Assets	416,742	449,030

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

(Consolidated Statements of Income)

Amount : Millions of yen

	FY2022 (For the Year Ended December 31, 2022)	FY2023 (For the Year Ended December 31, 2023)
Net Sales	270,133	290,558
Cost of Sales	153,459	163,174
Gross Income	116,674	127,383
Selling, General and Administrative Expenses	70,830	80,086
Operating Income	45,843	47,296
Non-Operating Income		
Interest income	585	1,892
Dividend income	264	307
Foreign exchange gains	211	-
Subsidy income	277	143
Other	498	380
Total Non-Operating Income	1,836	2,723
Non-Operating Expenses		
Interest expenses	657	722
Foreign exchange losses	-	948
Other	162	98
Total Non-Operating Expenses	820	1,769
Ordinary Income	46,860	48,251
Extraordinary Gain		
Gain on sales of fixed assets	519	38
Gain on sales of investment securities	25	-
Gain on sale of shares of subsidiaries	-	6,615
Gain on reversal of share acquisition rights	1	-
Total Extraordinary Gain	546	6,653
Extraordinary Losses		
Loss on sales of fixed assets	1	0
Loss on disposal of fixed assets	132	59
Loss on sale of investment securities	0	0
Loss on valuation of investment securities	-	21
Provision of allowance for doubtful accounts	-	1,120
Total Extraordinary Losses	134	1,201
Income before Income Taxes	47,272	53,703
Income taxes (current)	14,652	14,730
Income taxes (deferred)	(1,452)	(1,329)
Total Income Taxes	13,199	13,400
Net Income	34,072	40,302
Profit (loss) attributable to non-controlling interests	(0)	0
Net Income Attributable to Owners of Parent	34,072	40,302

(Consolidated Statements of Comprehensive Income)

Amount : Millions of yen

	FY2022 (For the Year Ended December 31, 2022)	FY2023 (For the Year Ended December 31, 2023)
Net Income	34,072	40,302
Other Comprehensive Income		
Net unrealized holding gains or losses on securities	(1,407)	2,592
Foreign currency translation adjustments	10,269	10,467
Remeasurements of defined benefit plans	218	163
Share of other comprehensive income of entities accounted for using equity method	-	163
Total Other Comprehensive Income	9,081	13,388
Comprehensive Income	43,153	53,690
(Breakdown of comprehensive income)		
Comprehensive income attributable to owners of parent	43,151	53,688
Comprehensive income attributable to non-controlling interests	2	2

(3) Consolidated Statements of Changes in Net Assets

FY2022 (For the Year Ended December 31, 2022)

Amount: Millions of yen

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

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

FY2023 (For the Year Ended December 31, 2023)

Amount: Millions of yen

	Shareholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Beginning Balance	12,011	18,684	194,000	(1,193)	223,502
Changes during the Period					
Dividend from Earnings			(10,983)		(10,983)
Net Income Attributable to Owners of Parent			40,302		40,302
Purchase of Treasury Stock				(0)	(0)
Disposal of Treasury Stock		(2)		65	63
Restricted Stock Remuneration		83		91	175
Others					
Total Changes during the Period	-	81	29,319	156	29,557
Ending Balance	12,011	18,766	223,320	(1,037)	253,060

	Accumulated Other Comprehensive Income				Subscription Rights to Shares	Non-Controlling Interests	Total Net Assets
	Net Unrealized Holding Gains or Losses on Securities	Foreign Currency Translation Adjustments	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income			
Beginning Balance	4,257	12,156	148	16,562	769	15	240,850
Changes during the Period							
Dividend from Earnings							(10,983)
Net Income Attributable to Owners of Parent							40,302
Purchase of Treasury Stock							(0)
Disposal of Treasury Stock							63
Restricted Stock Remuneration							175
Others	2,592	10,629	163	13,385	(63)	2	13,324
Total Changes during the Period	2,592	10,629	163	13,385	(63)	2	42,882
Ending Balance	6,850	22,785	312	29,947	706	17	283,732

(4) Consolidated Statements of Cash Flows

Amount : Millions of yen

	FY2022 (For the Year Ended December 31, 2022)	FY2023 (For the Year Ended December 31, 2023)
Cash Flows from Operating Activities:		
Income before income taxes	47,272	53,703
Depreciation expenses	10,911	12,097
Amortization of goodwill	437	505
Increase (decrease) in allowance for doubtful accounts	26	1,001
Increase (decrease) in retirement benefit liability	(711)	159
Interest and dividend income	(849)	(2,199)
Interest expenses	657	722
Foreign exchange losses (gains)	152	132
Loss (gain) on sales of fixed assets	(518)	(38)
Loss on disposal of fixed assets	132	59
Loss (gain) on valuation of investment securities	-	21
Loss (gain) on sales of investment securities	(24)	0
Loss (gain) on sale of shares of subsidiaries	-	(6,615)
Decrease (increase) in notes and accounts receivable - trade, and contract assets	(6,159)	2,878
Decrease (increase) in inventories	(18,809)	(20,091)
Increase (decrease) in trade notes and accounts payable	5,867	(8,290)
Other, net	8,732	(595)
Subtotal	47,117	33,448
Interest and dividend received	769	2,101
Interest paid	(680)	(721)
Income taxes (paid) refund	(13,240)	(18,176)
Net Cash Provided by (Used in) Operating Activities	33,966	16,652

Amount : Millions of yen

	FY2022 (For the Year Ended December 31, 2022)	FY2023 (For the Year Ended December 31, 2023)
Cash Flows from Investing Activities:		
Increase in time deposits	(3,135)	(4,096)
Decrease in time deposits	3,261	3,129
Payments for purchase of marketable securities	(2,000)	(1,503)
Proceeds from sales or redemption of marketable securities	2,500	1,000
Payments for purchase of property, plant and equipment	(11,639)	(8,849)
Proceeds from sales of property, plant and equipment	797	75
Payments for purchase of intangibles	(444)	(322)
Payments for purchase of investment securities	(36)	(48)
Proceeds from sales or redemption of investment securities	52	1
Payments of loans receivable	(4)	(23)
Collection of loans receivable	78	34
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(2,421)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	-	4,446
Other, net	(173)	1,262
Net Cash Provided by (Used in) Investing Activities	(10,745)	(7,315)
Cash Flows from Financing Activities:		
Net increase (decrease) in short-term borrowings	1,869	(7,908)
Increase in long-term debt	83	-
Repayments of long-term debt	(15,958)	(318)
Repayments on finance lease obligations	(1,482)	(1,762)
Net decrease (increase) of treasury stock	0	(0)
Cash dividends paid	(6,959)	(10,973)
Net Cash Provided by (Used in) Financing Activities	(22,447)	(20,963)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	4,049	3,415
Net Increase (Decrease) in Cash and Cash Equivalents	4,822	(8,209)
Cash and Cash Equivalents at Beginning of Period	133,938	138,760
Cash and Cash Equivalents at End of Period	138,760	130,550

(5) Notes to Consolidated Financial Statements

Significant Items That Form the Basis for Preparation of Consolidated Financial Statements

(Significant Change in Scope of Consolidation)

In FY2023, HII PE Corp. (U.S.) was newly established and merged with Process Instruments, Inc. (U.S.). As a result, HII PE Corp. (U.S.) was excluded from the scope of consolidation.

Change in accounting policy

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

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) from the beginning of FY 2023.

And the Company will prospectively apply new accounting policies based on the transitional measures in paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement.

There is no impact of these changes on the consolidated financial statements.

Additional information

(Application of the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System)

The Company and its domestic consolidated subsidiaries have transitioned from the consolidated taxation system to the group tax sharing system from the beginning of FY2023. Accordingly, the accounting procedures and disclosure of corporate and local income taxes and tax effect accounting are accounted for and disclosed in accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System"(ASBJ Practical Issues Task Force No. 42, August 12, 2021; hereinafter, "Practical Solution No. 42"). Pursuant to the provision of Paragraph 32 (1) of Practical Solution No. 42, the Company has assumed that there is no impact of the change in accounting policy due to the application of Practical Solution No. 42.

Business divestiture

In FY2023, HORIBA MIRA Limited (U.K.) (hereinafter MIRA), a consolidated subsidiary of the Company, sold part of the shares of MIRA UGV Limited (now IDV Robotics Limited) (U.K.) (hereinafter UGV) owned by MIRA to Iveco Defence Vehicles S.p.A. (Italy) (hereinafter IDV). As a result, UGV is no longer a consolidated subsidiary and has become an equity-method affiliate.

1. Outline of business divestiture

(1) Name of the acquiring entity

Iveco Defence Vehicles S.p.A (Italy)

(2) Content of divestiture business

Unmanned Ground Vehicle development engineering services for the defense industry

(3) Main reasons for business divestiture

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

(4) Date of divestiture

February 1, 2023

(5) Overviews of transaction including legal form

Share transfer which the consideration received is cash.

2. Outline of accounting treatment

Amount of gain or loss on transfer

Gain on sale of shares of subsidiaries: 6,615 million yen

The difference between the book value of the transferred shares on the consolidated basis and the transferred amount is recorded as gain on sale of shares of subsidiaries. It includes 1,382 million yen as gain on valuation of shares of associates.

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

Automotive segment

4. Approximate amount of profit or loss related to the divested business recorded in the consolidated statements of income for the year ended December 31, 2023

Sales: 22 million yen

Operating loss: 27 million yen

4. Supplemental Information

HORIBA, Ltd. Financial Highlights for the Year Ended December 31, 2023

1. Consolidated Financial Results

Amount : Millions of yen

	12/2022 Results		12/2023 Results		Changes		12/2024 Forecasts		Changes		12/2024 Forecasts		Changes	
	Full Year		Full Year		Amount	Ratio	Full Year		Amount		1st Half		Amount	
Net Sales	270,133	290,558	+20,424	+7.6%			321,000	+30,441			150,000	+18,894		
Operating Income	45,843	47,296	+1,453	+3.2%			52,000	+4,703			21,000	+3,161		
Operating Income Ratio	17.0%	16.3%	-0.7P				16.2%	-0.1P			14.0%	+0.4P		
Ordinary Income	46,860	48,251	+1,391	+3.0%			52,700	+4,448			21,400	+3,275		
Ordinary Income Ratio	17.3%	16.6%	-0.7P				16.4%	-0.2P			14.3%	+0.5P		
Net Income Attributable to Owners of Parent	34,072	40,302	+6,229	+18.3%			37,000	-3,302			15,000	-4,006		
Net Income Ratio	12.6%	13.9%	+1.3P				11.5%	-2.4P			10.0%	-4.5P		
US\$	131.62	140.67	+9.05				140.00	-0.67			140.00	+5.00		
Euro	138.14	152.11	+13.97				155.00	+2.89			155.00	+9.07		

2. Consolidated Segment Results

Amount : Millions of yen

	12/2022 Results		12/2023 Results		Changes		12/2024 Forecasts		Changes		12/2024 Forecasts		Changes	
	Full Year		Full Year		Amount	Ratio	Full Year		Amount		1st Half		Amount	
Net Sales	67,524	80,406	+12,881	+19.1%			94,000	+13,593			46,000	+15,454		
Automotive	67,524	80,406	+12,881	+19.1%			94,000	+13,593			46,000	+15,454		
Process&Environmental	22,541	24,959	+2,417	+10.7%			31,500	+6,540			15,000	+3,663		
Medical-Diagnostics	29,753	32,678	+2,925	+9.8%			34,500	+1,821			17,000	+1,407		
Semiconductor	114,075	112,872	-1,203	-1.1%			119,000	+6,127			53,000	-3,225		
Scientific	36,239	39,641	+3,402	+9.4%			42,000	+2,358			19,000	+1,595		
Total	270,133	290,558	+20,424	+7.6%			321,000	+30,441			150,000	+18,894		
Operating Income	(667)	1,209	+1,876	-			3,000	+1,790			500	+2,659		
Automotive	(667)	1,209	+1,876	-			3,000	+1,790			500	+2,659		
Process&Environmental	2,101	2,412	+311	+14.8%			3,000	+587			1,000	+83		
Medical-Diagnostics	(99)	638	+738	-			1,000	+361			-	-178		
Semiconductor	42,005	40,580	-1,425	-3.4%			42,000	+1,419			19,000	+310		
Scientific	2,503	2,456	-47	-1.9%			3,000	+543			500	+286		
Total	45,843	47,296	+1,453	+3.2%			52,000	+4,703			21,000	+3,161		

3. Consolidated Segment Sales by Destination

Amount : Millions of yen

	12/2022	12/2023	Changes		12/2024	Changes
	Results	Results			Forecasts	
	Full Year	Full Year	Amount	Ratio	Full Year	Amount
Automotive	67,524	80,406	+12,881	+19.1%	94,000	+13,593
Japan	16,555	16,868	+312	+1.9%	20,800	+3,931
Asia	14,339	19,761	+5,421	+37.8%	20,500	+738
Americas	8,110	10,637	+2,527	+31.2%	12,400	+1,762
Europe	28,518	33,138	+4,619	+16.2%	40,300	+7,161
Process&Environmental	22,541	24,959	+2,417	+10.7%	31,500	+6,540
Japan	10,861	11,446	+585	+5.4%	13,100	+1,653
Asia	5,585	5,863	+278	+5.0%	9,300	+3,436
Americas	3,002	3,689	+686	+22.9%	4,000	+310
Europe	3,092	3,960	+867	+28.1%	5,100	+1,139
Medical-Diagnostics	29,753	32,678	+2,925	+9.8%	34,500	+1,821
Japan	6,363	6,906	+542	+8.5%	7,100	+193
Asia	7,102	7,812	+709	+10.0%	8,700	+887
Americas	6,517	7,069	+551	+8.5%	7,700	+630
Europe	9,769	10,889	+1,120	+11.5%	11,000	+110
Semiconductor	114,075	112,872	-1,203	-1.1%	119,000	+6,127
Japan	32,469	27,343	-5,125	-15.8%	31,000	+3,656
Asia	59,509	69,052	+9,543	+16.0%	67,200	-1,852
Americas	15,269	9,266	-6,002	-39.3%	15,000	+5,733
Europe	6,827	7,209	+381	+5.6%	5,800	-1,409
Scientific	36,239	39,641	+3,402	+9.4%	42,000	+2,358
Japan	7,117	7,579	+461	+6.5%	9,300	+1,720
Asia	11,935	14,777	+2,841	+23.8%	15,300	+522
Americas	10,460	10,024	-435	-4.2%	9,400	-624
Europe	6,725	7,261	+535	+8.0%	8,000	+738
Total	270,133	290,558	+20,424	+7.6%	321,000	+30,441
Japan	73,367	70,144	-3,222	-4.4%	81,300	+11,155
Asia	98,472	117,266	+18,794	+19.1%	121,000	+3,733
Americas	43,360	40,687	-2,672	-6.2%	48,500	+7,812
Europe	54,933	62,458	+7,525	+13.7%	70,200	+7,741

4. Capital Expenditures, Depreciation and R&D Expenses

Amount : Millions of yen

	12/2022	12/2023	12/2024
	Results	Results	Forecasts
Capital Expenditures (*1)	12,565	9,122	23,000
Depreciation (*2)	11,349	12,602	14,000
R&D Expenses	18,585	20,436	22,600

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

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

5. Consolidated Financial Results (Quarterly Comparison)

Amount : Millions of yen

	12/2022 Results				12/2023 Results			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net Sales	55,510	59,454	70,156	85,012	65,854	65,251	69,574	89,878
Operating Income	8,605	7,654	12,311	17,271	10,450	7,387	10,660	18,797
<i>Operating Income Ratio</i>	15.5%	12.9%	17.5%	20.3%	15.9%	11.3%	15.3%	20.9%
Ordinary Income	8,743	8,041	12,723	17,351	10,320	7,803	10,964	19,162
<i>Ordinary Income Ratio</i>	15.8%	13.5%	18.1%	20.4%	15.7%	12.0%	15.8%	21.3%
Net Income Attributable to Owners of Parent	5,721	5,518	9,461	13,370	13,556	5,449	7,966	13,330
<i>Net Income Ratio</i>	10.3%	9.3%	13.5%	15.7%	20.6%	8.4%	11.4%	14.8%

6. Consolidated Segment Results (Quarterly Comparison)

Amount : Millions of yen

	12/2022 Results				12/2023 Results			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net Sales								
Automotive	13,675	12,013	15,632	26,203	15,943	14,602	17,621	32,238
Process&Environmental	4,788	5,403	5,233	7,116	5,404	5,931	5,921	7,701
Medical-Diagnostics	6,650	7,022	7,914	8,165	7,351	8,241	7,815	9,270
Semiconductor	22,225	27,195	31,994	32,659	28,988	27,237	28,330	28,315
Scientific	8,169	7,819	9,380	10,868	8,166	9,238	9,884	12,352
Total	55,510	59,454	70,156	85,012	65,854	65,251	69,574	89,878
Operating Income								
Automotive	133	(1,895)	(1,530)	2,624	330	(2,490)	(577)	3,946
Process&Environmental	453	184	343	1,119	529	387	505	990
Medical-Diagnostics	154	(316)	140	(77)	(43)	221	51	408
Semiconductor	7,180	9,600	12,468	12,757	9,707	8,981	10,132	11,757
Scientific	683	82	890	848	(73)	286	549	1,693
Total	8,605	7,654	12,311	17,271	10,450	7,387	10,660	18,797

Contact

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