# Protect HORIBA

March 9, 2026

OASIS

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- d. Problematic Capital Allocation

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- b. Board Not Providing Sufficient Oversight

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## Executive Summary

- Oasis urges shareholders of HORIBA, Ltd. ("HORIBA" or the "Company") to vote **AGAINST** Agenda 1, Candidate No.1 – the reappointment of Chairman Atsushi Horiba – at the Annual General Meeting on March 21, 2026.
- HORIBA is a Semiconductor business, generating roughly 90% of its total profits primarily from its best-in-class Mass Flow Controllers ("MFCs") franchise holding 60% global market share, a critical component for cutting-edge etchers and deposition devices and well-positioned to benefit from the growing AI-driven wafer fab investments.
- Despite this reality, the Company continues to trade at a persistent valuation discount to global semiconductor equipment peers.
- Oasis believes that by prioritizing its world-class Semiconductor franchise and restructuring its loss-making businesses, HORIBA should command a materially higher valuation with **over 105% upside from current share price levels**.
- HORIBA's discounted valuation stems from four core issues:
  1) The Chairman has refused to apply disciplined portfolio scrutiny, allowing multiple structurally low-growth and/or low-return, loss-making businesses (ECT, Mechatronics, Hydrogen, Medical and Emission Measurement) to dilute the performance of HORIBA's Semiconductor business;
  2) Management has repeatedly missed its own targets in the non-Semiconductor businesses under the Mid-Long term Management Plan ("MLMAP") and subsequent plans, with limited post-mortem analysis or accountability for underperformance;
  3) All major historical M&A transactions led by Chairman Horiba have resulted in subsequent impairments or continues to generate losses, which reflect problematic management philosophies promoted by the Chairman; and
  4) HORIBA's capital allocation remains suboptimal, maintaining an excessive net cash position while continuing to allocate capital to its underperforming non-core businesses.
- These issues are rooted in **HORIBA's flawed governance**: cronyism and nepotism-driven appointments that have prioritized Horiba family's interest, insufficient board independence and expertise, limited accountability, and executive compensation misaligned with performance.
- During his 43-year tenure as Director of HORIBA, Chairman Horiba has spearheaded the decisions that have directly resulted in HORIBA's valuation discount and undermined its governance, yet the **Chairman continues to serve as the Chairperson of the Company's Board charged with holding management accountable**.

**It is time for accountability. Oasis calls for HORIBA's shareholders to vote against Chairman Horiba's reappointment.**

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## Oasis will vote AGAINST top management to Protect HORIBA



**Atsushi Horiba**
Chairman & Group CEO

Oasis calls on shareholders to **VOTE AGAINST** the reappointment of Atsushi Horiba

***The Seven Failures Under the Chairman's Leadership***

**01** **FAILURE** to fully realize the true potential of HORIBA's high-growth and high-return Semiconductor business

**02** **FAILURE** to eliminate the persistent conglomerate discount

**03** **FAILURE** to take decisive portfolio action, perpetuating the structural dilution of the Company's growth and profitability

**04** **FAILURE** to meet management targets in non-semiconductor businesses with little evidence that future outcomes would be any different

**05** **FAILURE** of all major strategic M&A transactions led by Chairman Horiba

**06** **FAILURE** to allocate capital effectively, retaining net cash while underinvesting in profit-driving semiconductor business

**07** **FAILURE** to establish an optimal governance structure that does not put the family's interests over other shareholders

# Oasis's history of engagements with HORIBA

| Meeting date | Event type | HORIBA Attendees |
|---|---|---|
| 20-Mar-2023 | IR Meeting | Group Strategy Division (IR) |
| 01-Mar-2024 | IR Meeting | Group Strategy Division (IR) |
| 11-Dec-2024 | IR Meeting | Group Strategy Division (IR) |
| 21-Mar-2025 | IR Meeting | Group Strategy Division (IR) |
| 25-Mar-2025 | Letter sent from Oasis | - |
| 11-Jun-2025 | Meeting | Group CFO Koyama |
| 18-Jun-2025 | IR Meeting | Group Strategy Division (IR) |
| 23-Jun-2025 | Letter sent from Oasis | - |
| 03-Sep-2025 | IR Meeting | Group Strategy Division (IR) |
| 04-Sep-2025 | Exhibition (JASIS2025) | Group Strategy Division (IR) |
| 11-Sep-2025 | Site Tour + Meeting | President Adachi |
| 23-Oct-2025 | Letter sent from Oasis | - |
| 10-Dec-2025 | IR Meeting | Group Strategy Division (IR) |
| 11-Dec-2025 | Meeting | Group CFO Koyama |
| 09-Jan-2026 | Letter sent from Oasis | - |
| 19-Jan-2026 | Meeting | President Adachi, Director Dan Horiba |
| 22-Jan-2026 | Letter sent from Oasis | - |
| 17-Feb-2026 | Letter received from HORIBA | - |
| 24-Feb-2026 | IR Meeting | Group Strategy Division (IR) |
| 25-Feb-2026 | Meeting | Outside Director Toyama |

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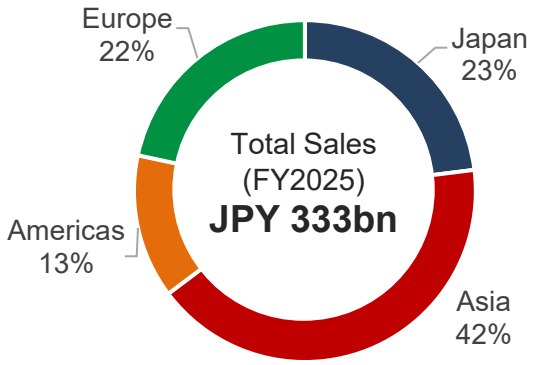
# About HORIBA

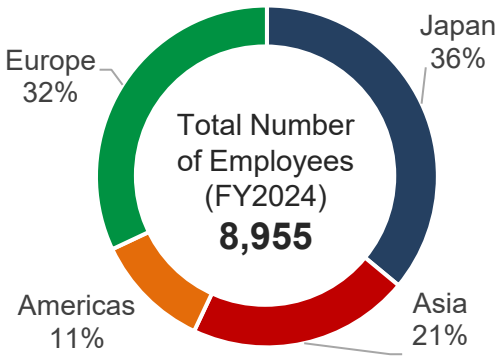
Source: Company disclosures

## Company Overview

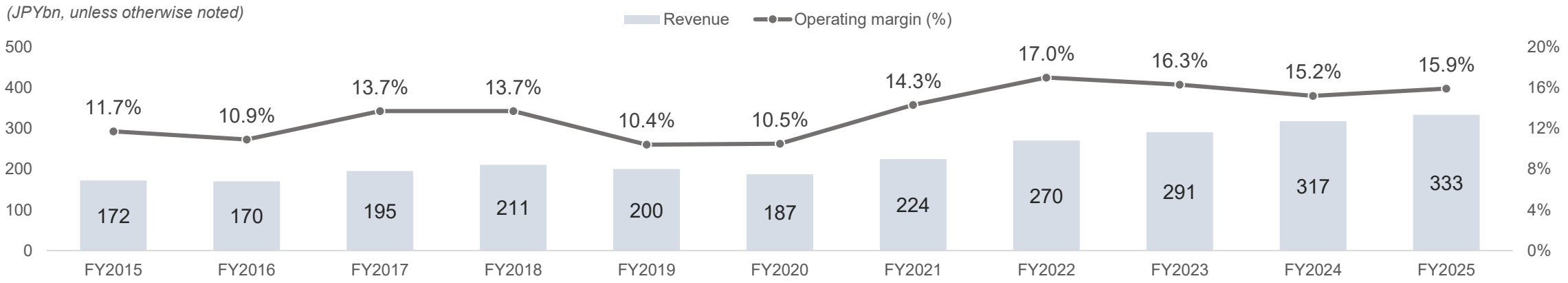
| | |
|---|---|
| **Company Name** | HORIBA, Ltd. (Securities code: 6856 JT) |
| **Head Office** | Kyoto, Japan |
| **Representative** | Atsushi Horiba (Chairman & Group CEO) |
| **Founded** | October 17, 1945 |
| **Founder** | Masao Horiba |
| **Line of Business** | Manufacture and sale of automotive, environmental, scientific, medical, semiconductor measuring equipment, and peripheral measuring and analysis devices |

## Breakdown by Region




## Historical Revenue and Margin Trends



## HORIBA by the numbers

Source: Bloomberg

**Market Cap**
**JPY 833 bn**
**US$ 5.3 bn**

**Revenue**
**JPY 333 bn**
**US$ 2.1 bn**

**Operating Income**
**JPY 53 bn**
**US$ 338 m**

**Number of Employees**
**8,955**

**EV/EBITDA (Forward 12M)**
**9.6x**

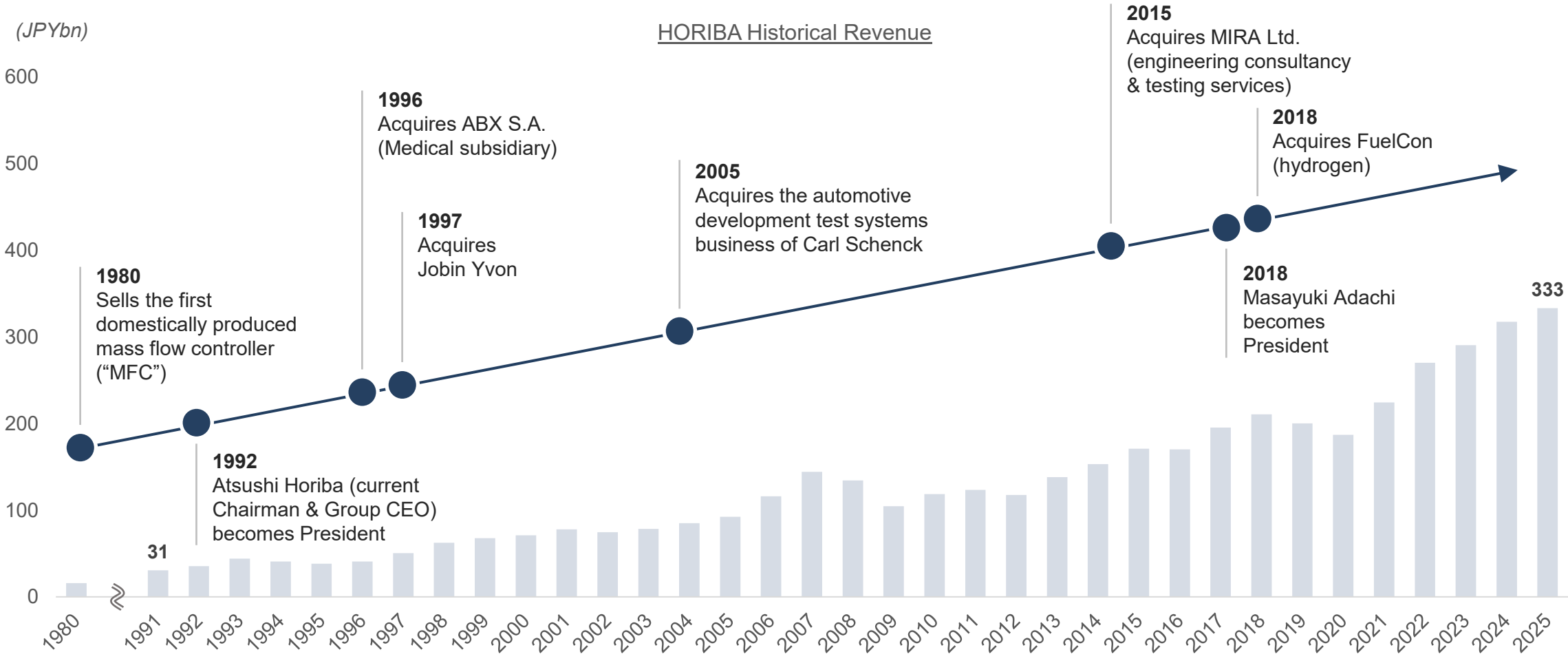
**Price-to-Book**
**2.4x**

**ROE**
**11.2%**

Note: Market data as of March 6, 2026

# Company History

Source: Bloomberg

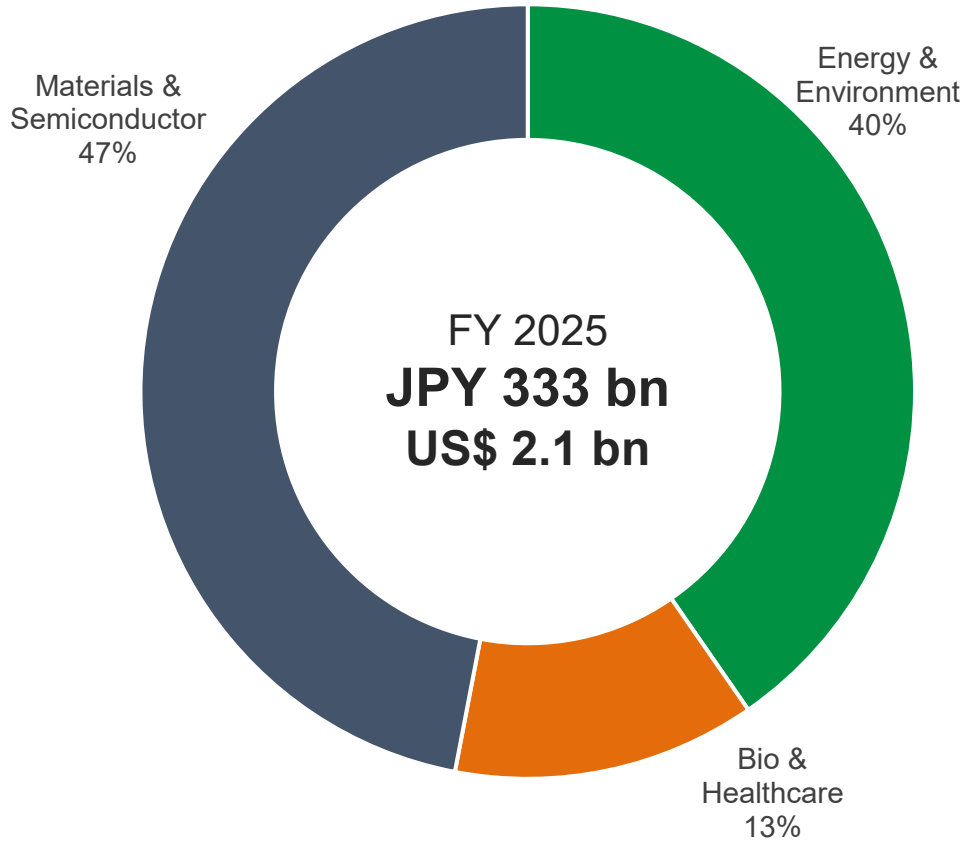



Note: Revenue figures for 1991-2005 for fiscal year ending March and 2005-2025 for fiscal year ending December

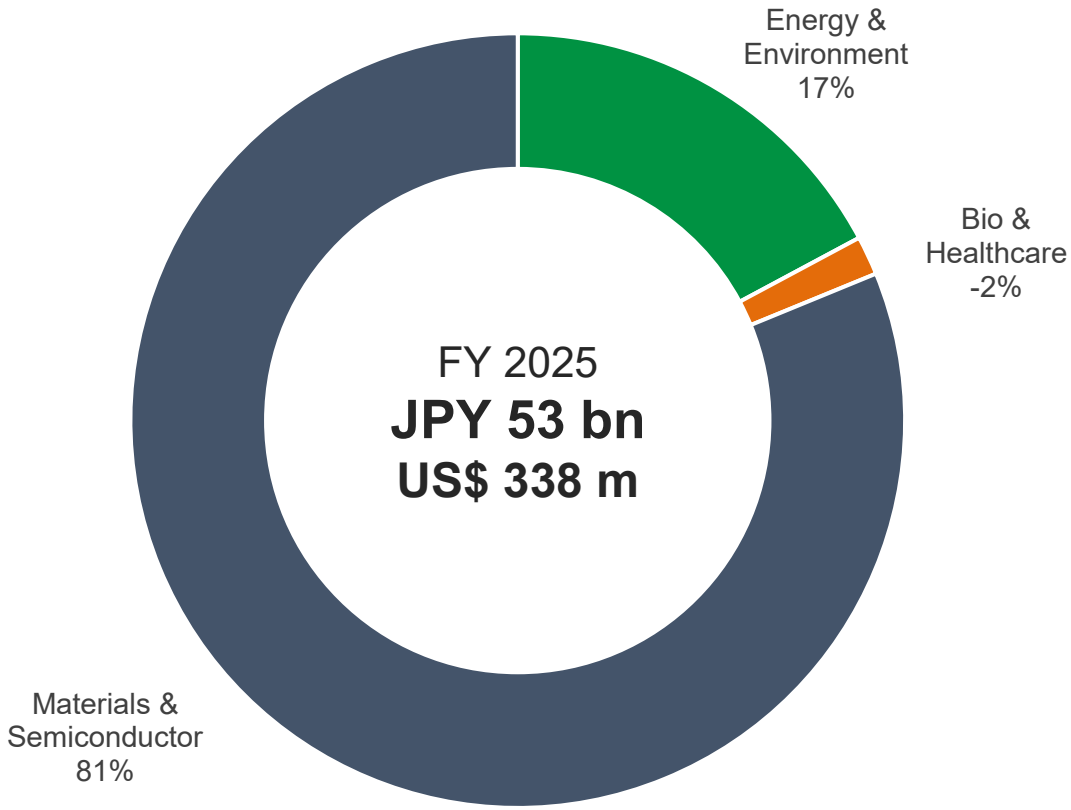
# Breakdown of HORIBA's revenue and operating profit

Source: Bloomberg

Revenue Breakdown




Operating Profit Breakdown



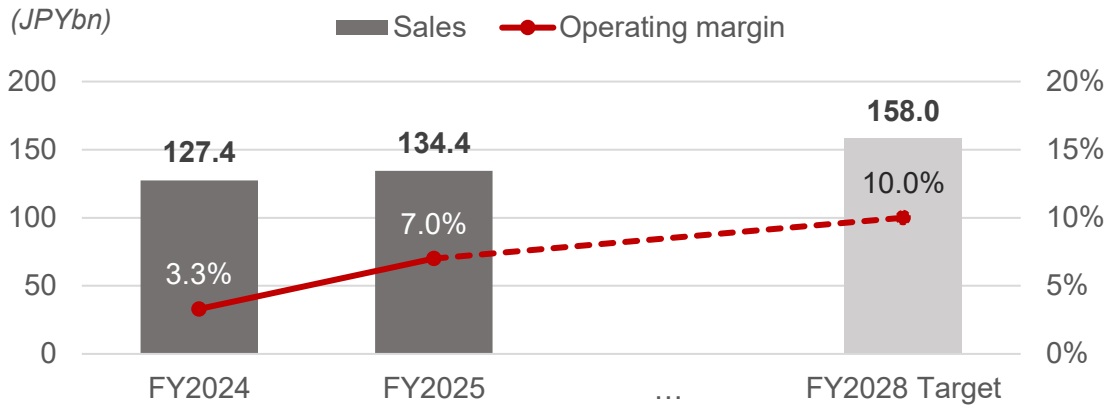
# Energy & Environment (E&E) segment

Source: Company disclosures

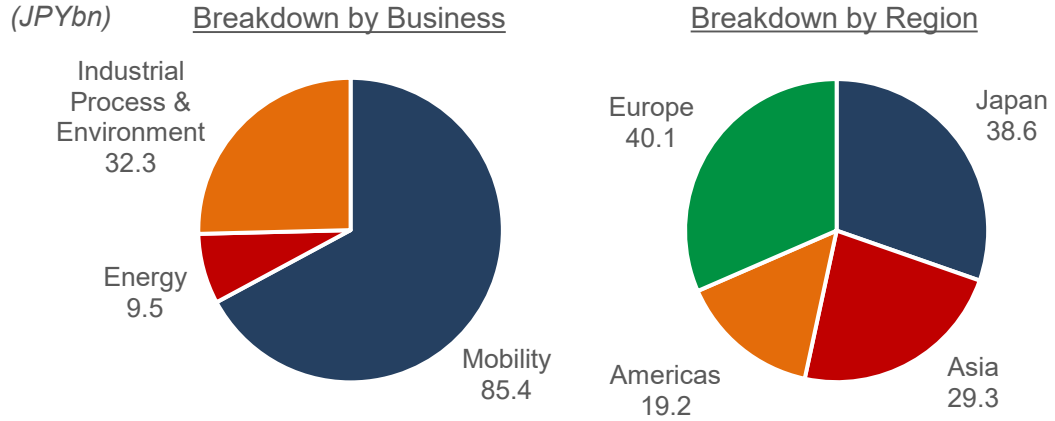
## Segment Overview

| | |
|---|---|
| **Products and Solutions** | • **Mobility**: Emission measurement systems, driveline test systems, vehicle development engineering, etc.<br>• **Energy**: Fuel cells / Electrolyzer evaluation system<br>• **Industrial Process & Environment**: Gas and water quality measurement equipment |
| **Main Customers** | • Automotive and automotive component manufacturers<br>• Electric power companies<br>• Research institutes, universities, and government agencies |
| **Competitive Positioning** | • Core product of this segment, emission measurement systems, holds **80% global market share**<br>• Driveline test systems hold 15% global market share<br>• Stack gas analyzers hold 50% and H-1 series of industrial water quality analyzers hold 20% market share in Japan |
| **Business Development** | • Started sale of emission measurement systems in 1965<br>• Acquired SCHENCK-Development Test Systems from Carl Schenck AG in 2005<br>• Acquired vehicle engineering consultancy and testing services company, MIRA Ltd., in 2015<br>• Acquired FuelCon AG, supplier of test and diagnostic systems for fuel cells and batteries, in 2018 |
| **Main locations** | • HORIBA Head Office (Japan)<br>• HORIBA eHUB (Germany), HORIBA MIRA (UK)<br>• HORIBA Instruments (US) |

## Historical Performance and Management Target




## FY2024 Net Sales Breakdown




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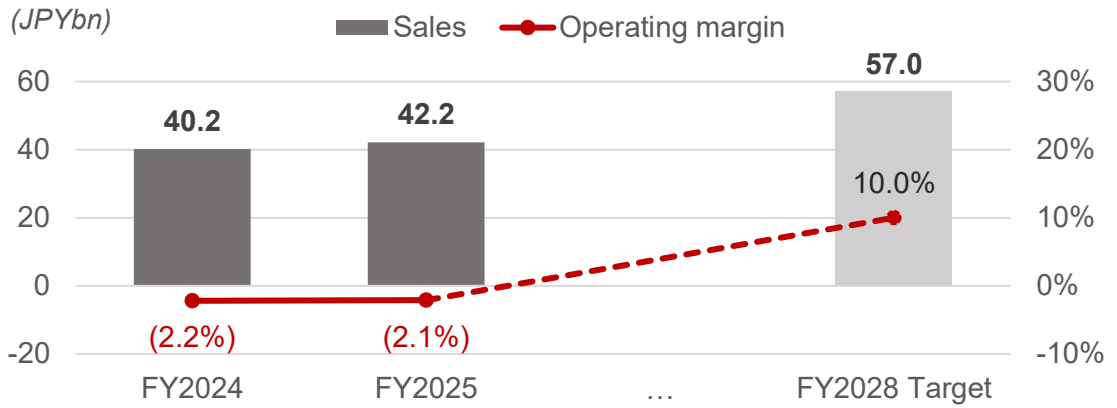
# Bio & Healthcare (B&H) segment

Source: Company disclosures

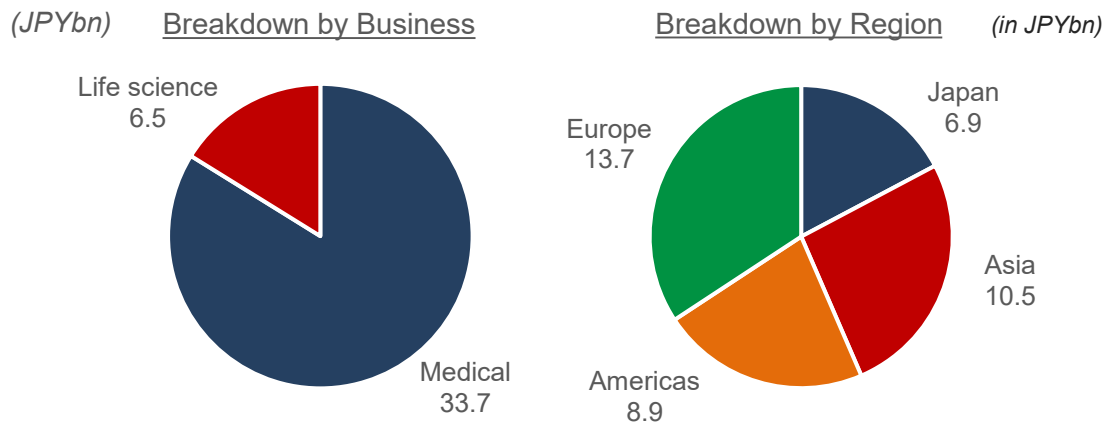
## Segment Overview

| | |
|---|---|
| **Products and Solutions** | • **Medical**: Automated CRP hematology analyzer, centrifugal blood analyzer, reagent chip, automatic hematology analyzer, etc.<br>• **Life Science**: A-TEEM BioPharma Analyzer, process Raman system |
| **Main Customers** | • Blood testing center<br>• Small and mid-sized hospitals and clinics<br>• Pharmaceutical / Biopharma companies<br>• Food & beverages and cosmetics companies |
| **Competitive Positioning** | • Automated CRP hematology analyzer holds approximately 90% market share in Japan<br>• Hematology analyzer holds **7% global market share** |
| **Business Development** | • Acquired the specialist blood cell counter maker, ABX SA from the Swiss pharmaceutical giant, F. Hoffmann-La Roche SA. in 1996<br>• Acquired Jobin Yvon with expertise in molecular and microanalysis in 1997<br>• Acquired micro-blood analysis system business from Rohm in 2018<br>• Opened medical equipment and hematology reagent manufacturing plant in Nagpur, India in 2024 |
| **Main locations** | • HORIBA ABX (France)<br>• HORIBA Head Office (Japan)<br>• HORIBA India Nagpur Factory (India)<br>• HORIBA Instruments (US) |

## Historical Performance and Management Target




## FY2024 Net Sales Breakdown




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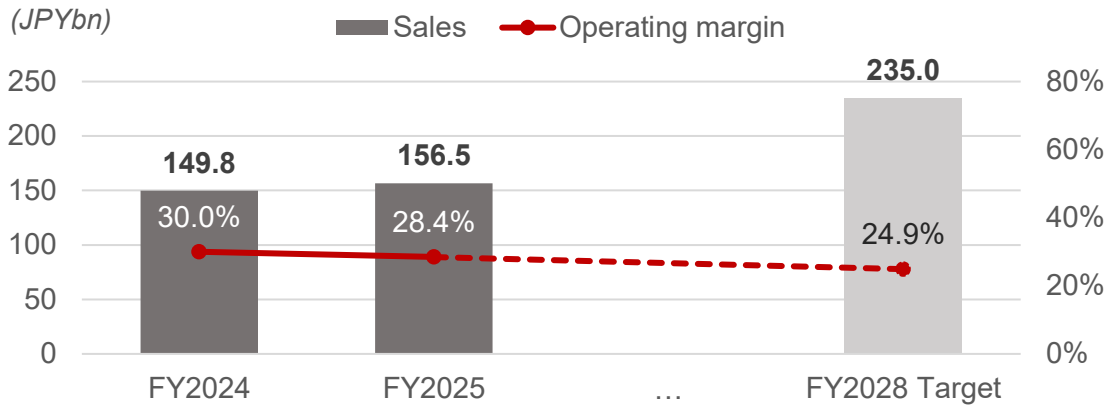
# Materials & Semiconductor (M&S) segment

Source: Company disclosures

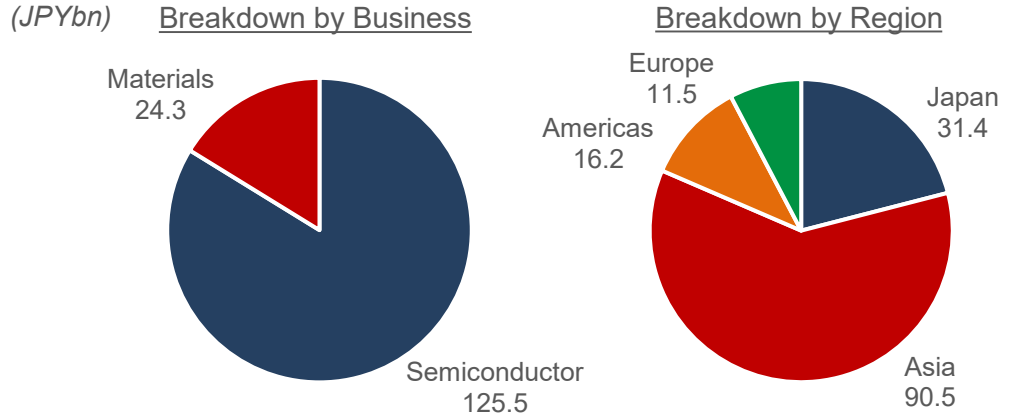
## Segment Overview

| | |
|---|---|
| **Products and Solutions** | • **Semiconductor**: Mass flow controller, chemical concentration monitors, reticle / mask particle detection systems<br>• **Materials**: Particle-size and shape analyzers, Raman spectrometers, X-ray analytical microscope |
| **Main Customers** | • Semiconductor manufacturing equipment makers (e.g. Etching, deposition, lithography)<br>• Semiconductor device manufacturers |
| **Competitive Positioning** | • Core product of this segment, mass flow controllers, hold **60% global market share**<br>• Chemical concentration monitors hold 80% global market share |
| **Business Development** | • In 1980, HORIBA STEC launched the first mass flow controller<br>• Made HORIBA STEC a wholly-owned subsidiary in 2005<br>• Completed HORIBA STEC's Aso Factory as the main mass production plant in 2005<br>• Opened Kyoto Fukuchiyama Technology Center in 2013<br>• HORIBA STEC's expanded facility at Kyoto Fukuchiyama Technology Center began full-scale operation in 2026 |
| **Main locations** | • HORIBA STEC (Japan)<br>• HORIBA Advanced Techno (Japan)<br>• Aso Factory (Japan)<br>• Kyoto Fukuchiyama Technology Center (Japan) |

## Historical Performance and Management Target




## FY2024 Net Sales Breakdown



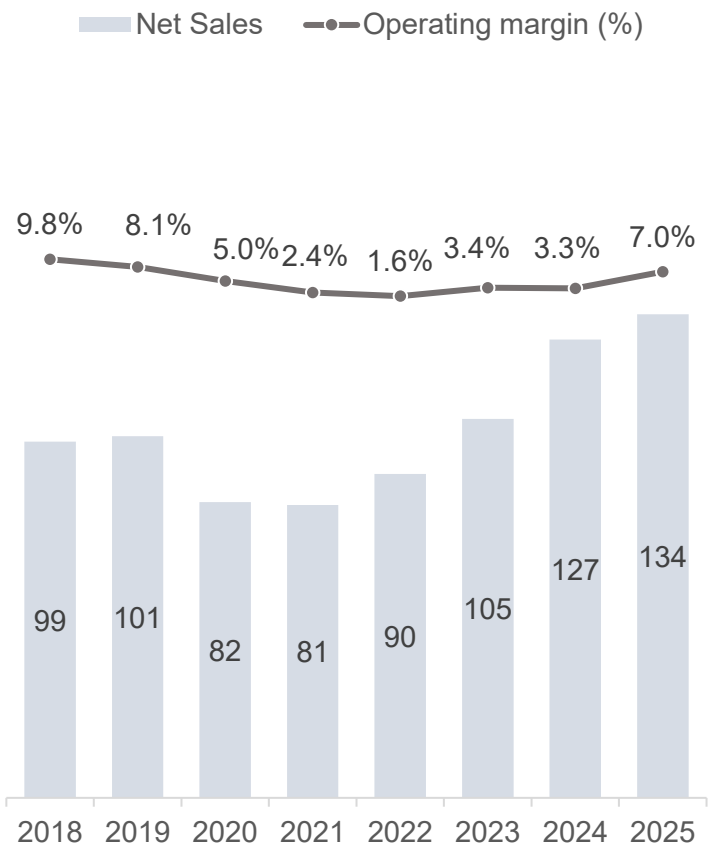

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# Performance by segments

Source: Company disclosures

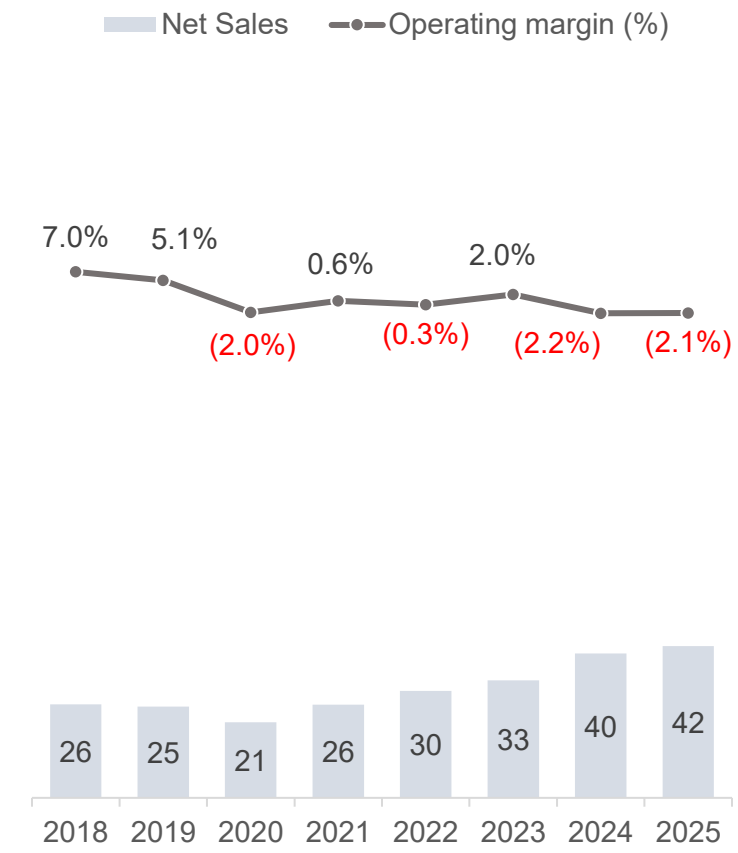
## Energy & Environment (E&E)

*(JPYbn, unless otherwise noted)*



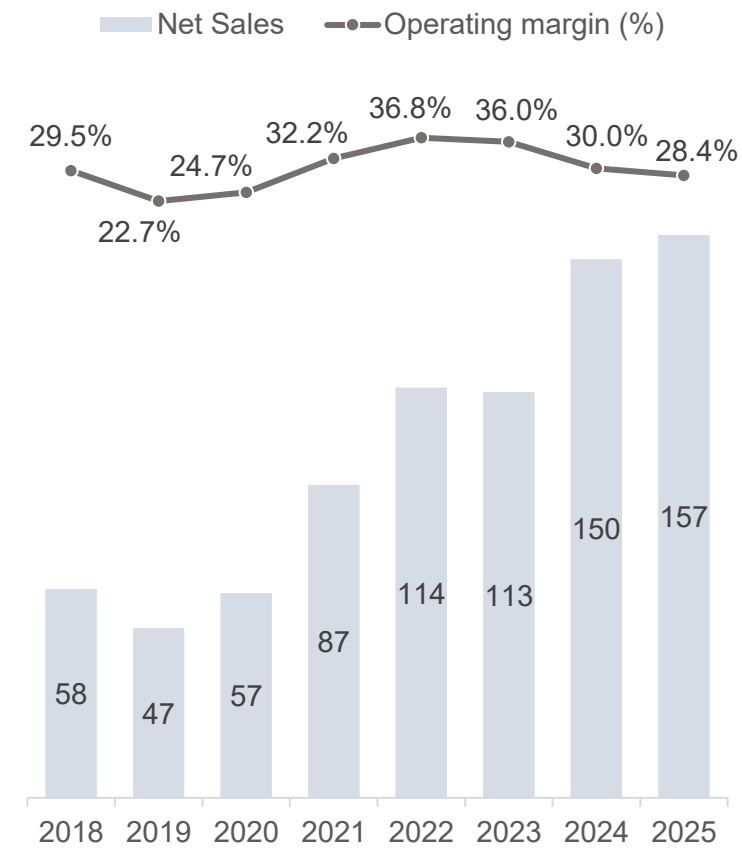

## Bio & Healthcare (B&H)

*(JPYbn, unless otherwise noted)*




## Materials & Semiconductor (M&S)

*(JPYbn, unless otherwise noted)*




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Note: 2018-2023 sales and profit for E&E calculated as sum of former Automotive and Process & Environment segments; B&H as of former Medical segment; M&S as of former Semiconductor segment; former Scientific segment is not included due to lack of detailed disclosure

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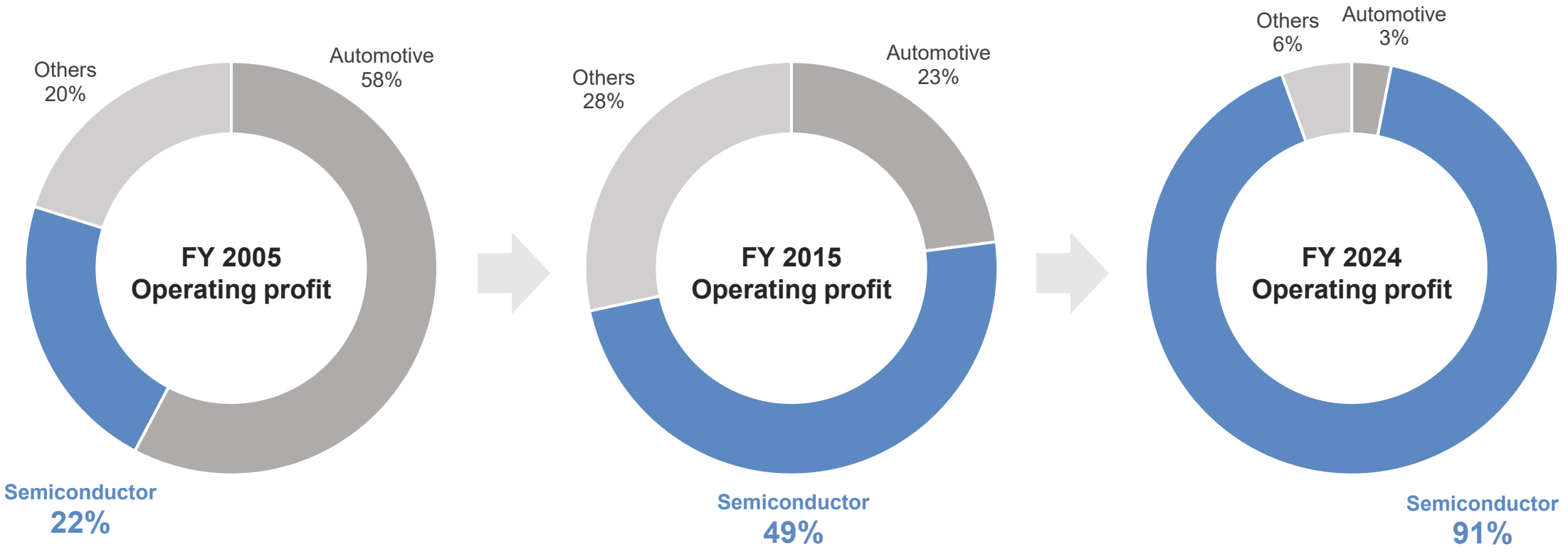
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# HORIBA is a Semiconductor business

Source: Company disclosure

- HORIBA currently generates approximately 90% of its total profits from its Semiconductor business
- Over the past two decades, HORIBA's operating profit composition has shifted from Automotive-focus toward Semiconductor-focus

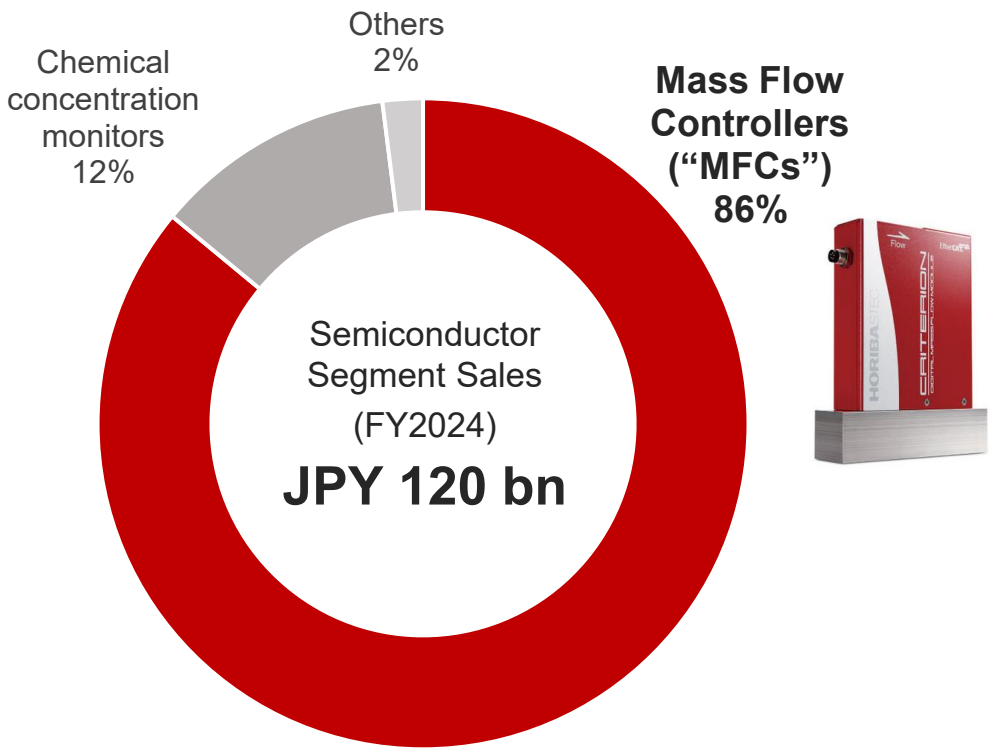



Note: FY2005 indicates fiscal year ending March 2006; FY2015 and FY2024 indicates fiscal year ending December; According to former segment reporting

# Mass Flow Controllers (“MFCs”) as HORIBA’s core product in Semiconductor segment

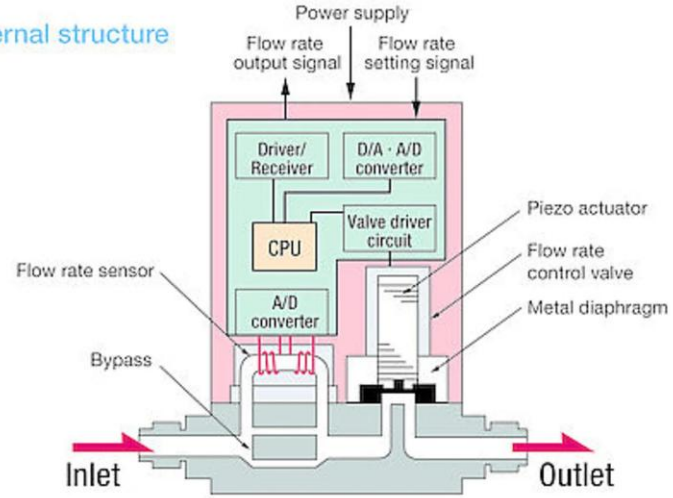
Source: Company website, expert interviews

Breakdown of Semiconductor Segment Sales




## *What is a Mass Flow Controller (“MFC”)?*

- A MFC **automatically controls the flow rate of a gas** according to a set flow rate sent as an electric signal, without being affected by use conditions or changes in gas pressure.
- Gas enters the MFC and is split to flow past the sensor. The sensor detects flow by measuring a temperature change and converts it into an electrical signal. The controller then compares this measured flow to the user’s setpoint and automatically adjusts a control valve until the difference is essentially zero, keeping the gas flow at the commanded rate continuously.




Note: According to former Semiconductor segment; Segment sales based on FY2024, breakdown based on FY2023 disclosures

# MFCs competitive landscape in Advanced Materials & Repeatedly Misses Mid-term Targets and Continues to Set Unrealistic Targets

Source: Industry research

- HORIBA leads in MFCs and is adopted in advanced equipment platforms, whereas competitors have strength across a broader range of non-MFC components

| | Position in MFCs | Notes |
|---|---|---|
| HORIBA | • **Global market share over 60%**<br>• Key supplier to leading equipment maker (Lam Research) and has businesses with AMAT / TEL<br>• Expertise in advanced processes including ALD / ALE | • Pioneer in semiconductor MFCs with strong gas / liquid control and application know-how<br>• Robust US-based support capabilities<br>• **Key supplier to three major equipment makers, especially for advanced-process MFCs**<br>• Weak product portfolio outside MFCs |
| mks | • Second largest market share of around 10%<br>• Strong relationship with AMAT | • Strong legacy in vacuum and plasma control, including **pressure measurement and RF power supplies** |
| Fujikin | • Second largest market share of around 10%<br>• Strong relationship with TEL | • Originally strong in fluid control (purity, sealing, reliability) and **particularly adept at valves (gas / liquid)** |
| BROOKS INSTRUMENT | • Third largest market share of 10% or less<br>• Strong relationship with AMAT | • Core strengths in liquid flow control, thermal mass flow |

# Solid customer base of leading Semiconductor Manufacturing Equipment companies

Source: Mizuho Equity Research, SEMI, Gartner

- MFCs are essential components for fluid control in semiconductor manufacturing, widely applied in gas-based etching and deposition tools
- HORIBA offers MFCs to global top-tier semiconductor manufacturing equipment makers including Lam Research, Tokyo Electron and Applied Materials

| Key Customers | HORIBA's Competitive Positioning |
|---|---|
| Lam RESEARCH | • HORIBA STEC's MFCs hold **near 100% market share** for Lam Research's Etchers<br>• Lam Research is the global **No.1 player** in Etchers holding approximately 42% market share in 2024<br>• Lam Research is the global No.2 player in Single-Wafer CVD Equipment with approximately 25% market share in 2024 |
| TEL TOKYO ELECTRON | • HORIBA STEC's MFCs hold strong position in **Deposition systems (CVD),** but Fujikin supplies MFCs for TEL's Etchers<br>• TEL is the global No.2 player in Etchers holding approximately 24% market share in 2024<br>• TEL holds approximately 5% market share in Single-Wafer CVD Equipment as of 2024 |
| APPLIED MATERIALS | • HORIBA STEC's MFCs increasingly adopted for **Deposition systems**, but Brooks supplies MFCs for AMAT's Etchers<br>• AMAT is the global No.3 player in Etchers holding approximately 17% market share in 2024<br>• AMAT is the global No.1 player in Single-Wafer CVD Equipment with approximately 38% market share in 2024 |
| NAURA 北方华创 / 拓荆科技 PIOTECH CO.,LTD / AMEC | • HORIBA STEC's MFCs hold strengths in **both Etchers and Deposition tools** for Chinese local manufacturers<br>• Driven by US export restrictions, Chinese local players have been aggressively expanding their market share in wafer processing with companies like NAURA and AMEC each securing 6% market share in Etchers as of 2024 |

# Key customers speak highly of HORIBA's Semiconductor business

Source: Expert interviews



*The two primary MFC suppliers we actually used at Lam Research were HORIBA and Brooks. HORIBA was looked upon as a very good supplier. We use them, their products were really good… In the end,* ***once a mass flow controller gets designed into the tool, customers are very reticent to make any changes due to the sensitive nature of the product and the impact it could have****. It's got multiple aspects that are designed in the tool as far as the timing and the safety features and response times and the precision. I will say, in my opinion, the two major suppliers we use were HORIBA and Brooks. We did some MKS obviously also, but we thought* ***very highly of HORIBA's quality****.*

*- Former employee of Lam Research*



*At Applied, the key MFC suppliers were MKS, Brooks and HORIBA. Deposition and etching equipment requires several MFCs to control the flow rate of the gas, and depending on the sensitivity of the process, more precise MFCs were required. Especially when handling toxic gases, high-end MFCs were required. I think HORIBA is the best-in-class for advanced products with strengths in accuracy, response time, leak efficiencies… Their main strength was* ***best-in-class MFCs for advanced nodes****… HORIBA was the premium supplier with* ***20-30% price premium*** *compared to other suppliers, but* ***no other company could offer similar quality product****.*

*- Former employee of Applied Materials*



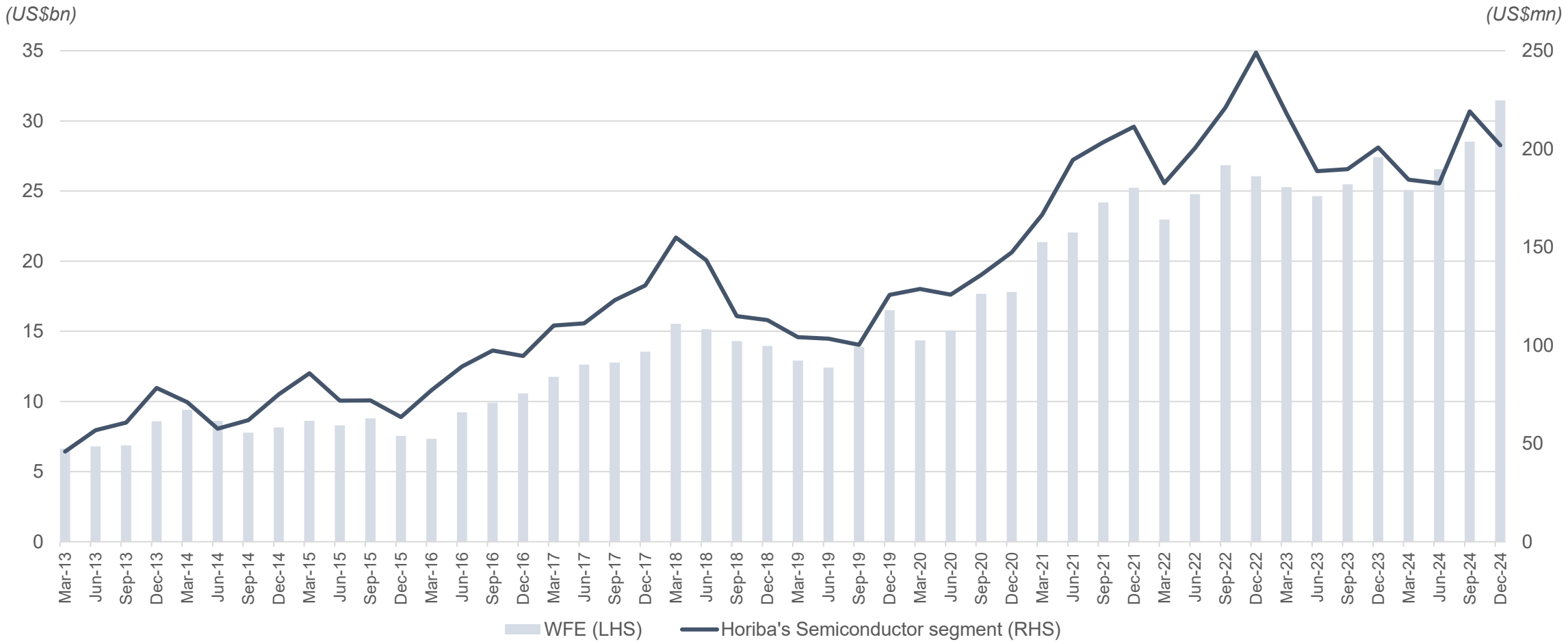
*I thought* ***HORIBA and Lam had an excellent relationship****. They were very responsive to Lam's requests. They were one of the few suppliers during COVID we had no issues working with… They have a really healthy relationship with Lam.*

*- Former employee of Lam Research*

# HORIBA's Semiconductor segment sales growth has historically tracked WFE market

Source: SEMI, Bloomberg

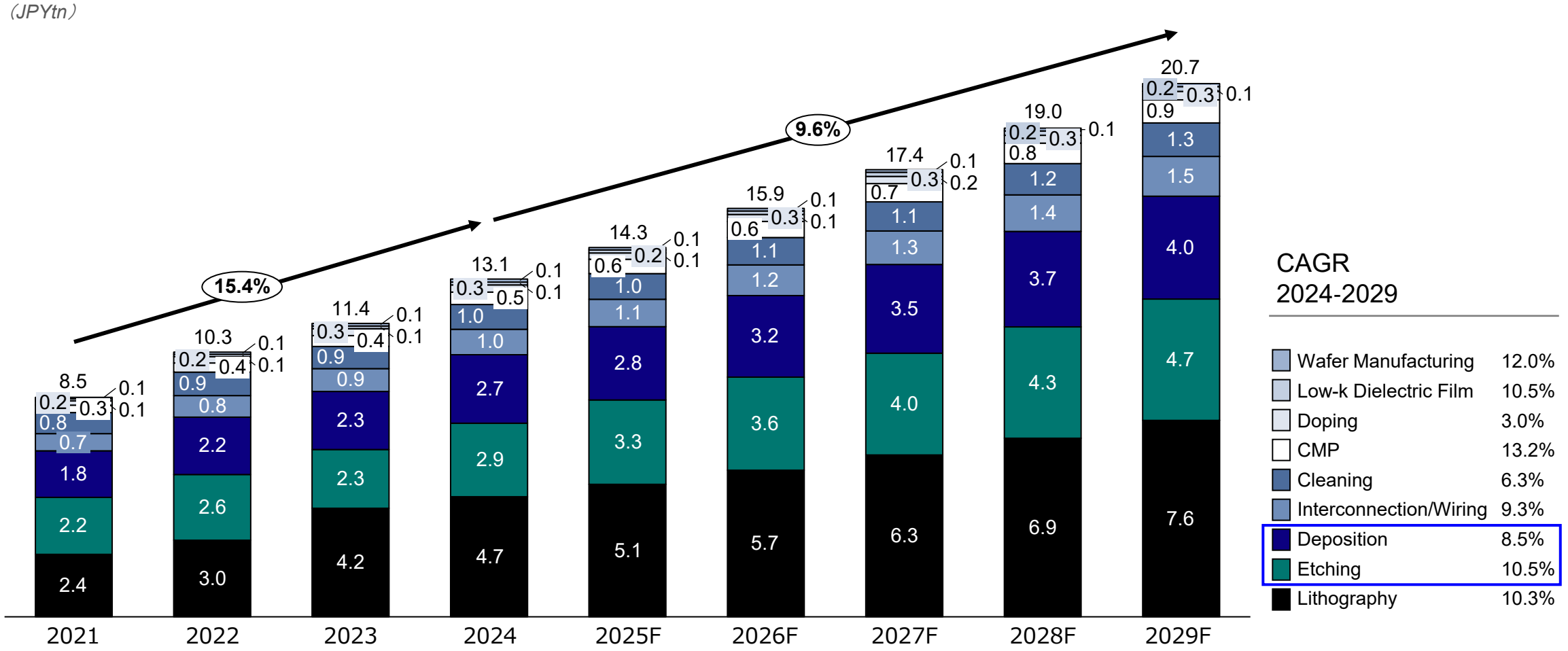
- Semiconductor-related sales at HORIBA, 80-90% of which consists of MFCs, has grown exponentially over the years
- The growth has been largely in line with the overall growth of the Wafer Fabrication Equipment ("WFE") market




OASIS

# Semiconductor front-end equipment market expecting growth at +10% CAGR until 2029

Source: GNC Semiconductor Equipment Test/Inspection Worldwide Annual 2026



# Tokyo Electron expecting strong WFE market outlook for 2026 and beyond

Source: Tokyo Electron

***Tokyo Electron: Q3 FY2026 Financial Announcement (February 6, 2026)***



## Market Environment (WFE Market Outlook as of February, 2026)

- CY2026: Expect 15%+ growth
  - Rapid expansion of chip demand for AI servers is driving significant increase in leading-edge logic and DRAM investment
  - Variables: Customer fab cleanroom space, lead times (parts/component supply, labor), exchange rates, etc.
- Over the mid- to long-term, investment in leading-edge semiconductors is expected to continue expanding, driven by strong demand for AI applications
  - DRAM: Investments in both general-purpose DRAM and HBM are surging, with strong demand to bring investment timelines forward
  - NAND: Rapid increase in demand for SSDs. Utilization rate rising, leading to momentum for new investments
  - Logic/foundry: Investment in leading-edge nodes accelerates, with progress in advanced packaging
  - Mature nodes: WFE spending is expected to remain at similar levels

Demand for high-value-added equipment expected to grow

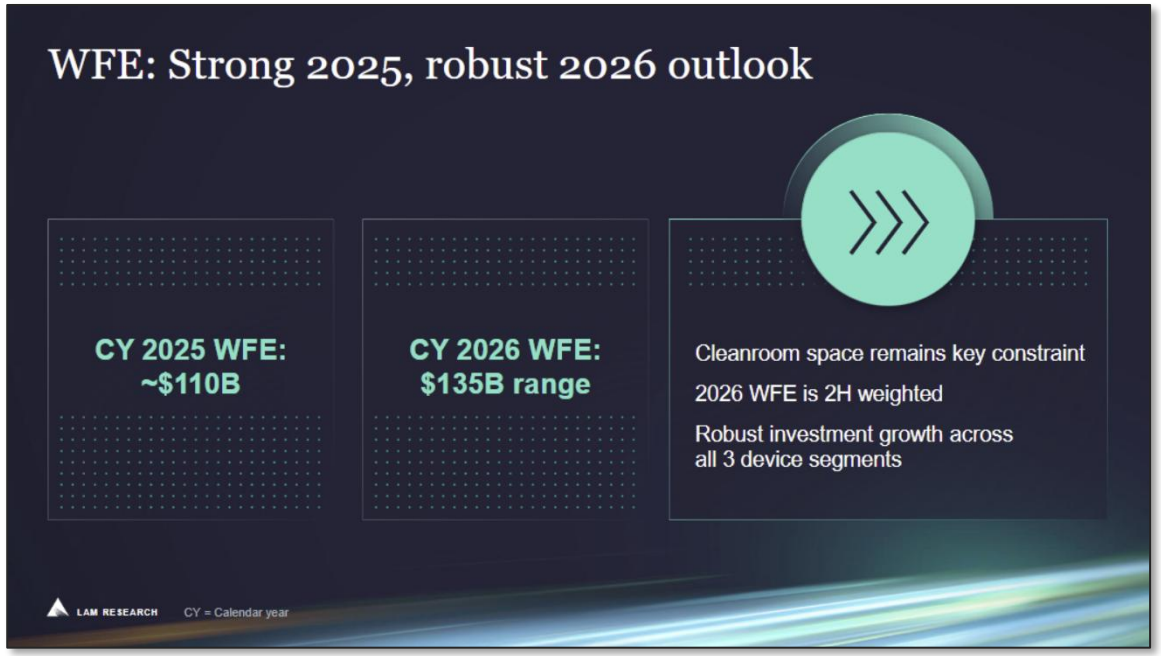
Investor Relations / February 6, 2026 TEL 12

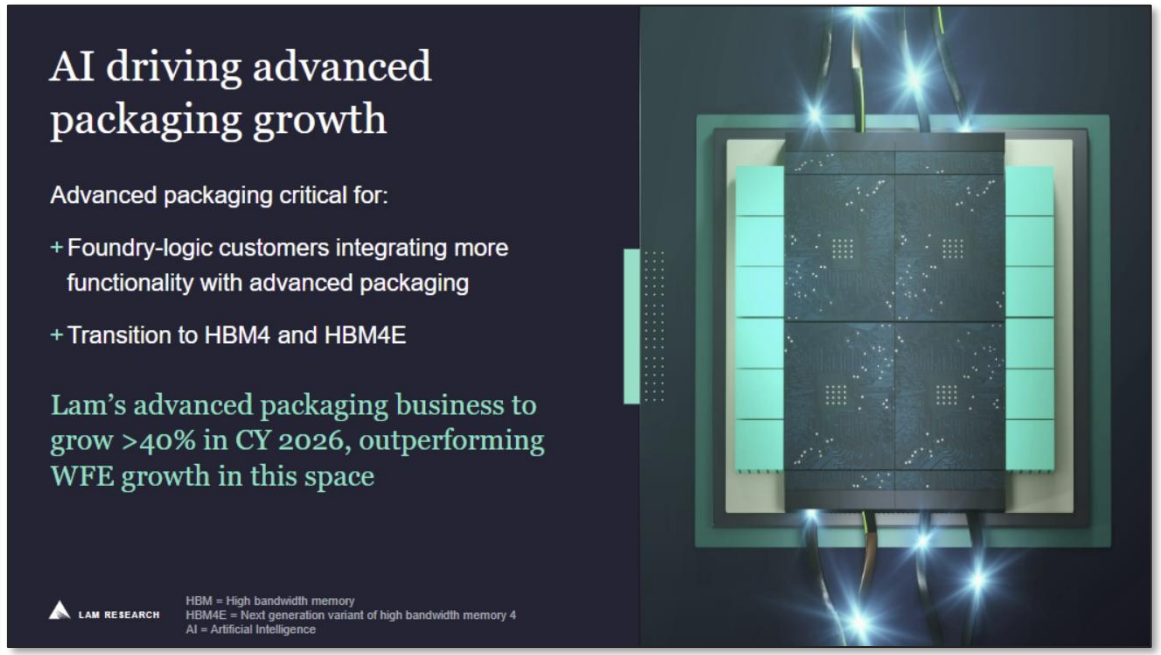
Note: Emphasis added by Oasis

# Lam Research also expecting robust growth led by AI-driven advanced packaging demand

Source: Lam Research

***Lam Research: December quarter 2025 financial results (January 28, 2026)***

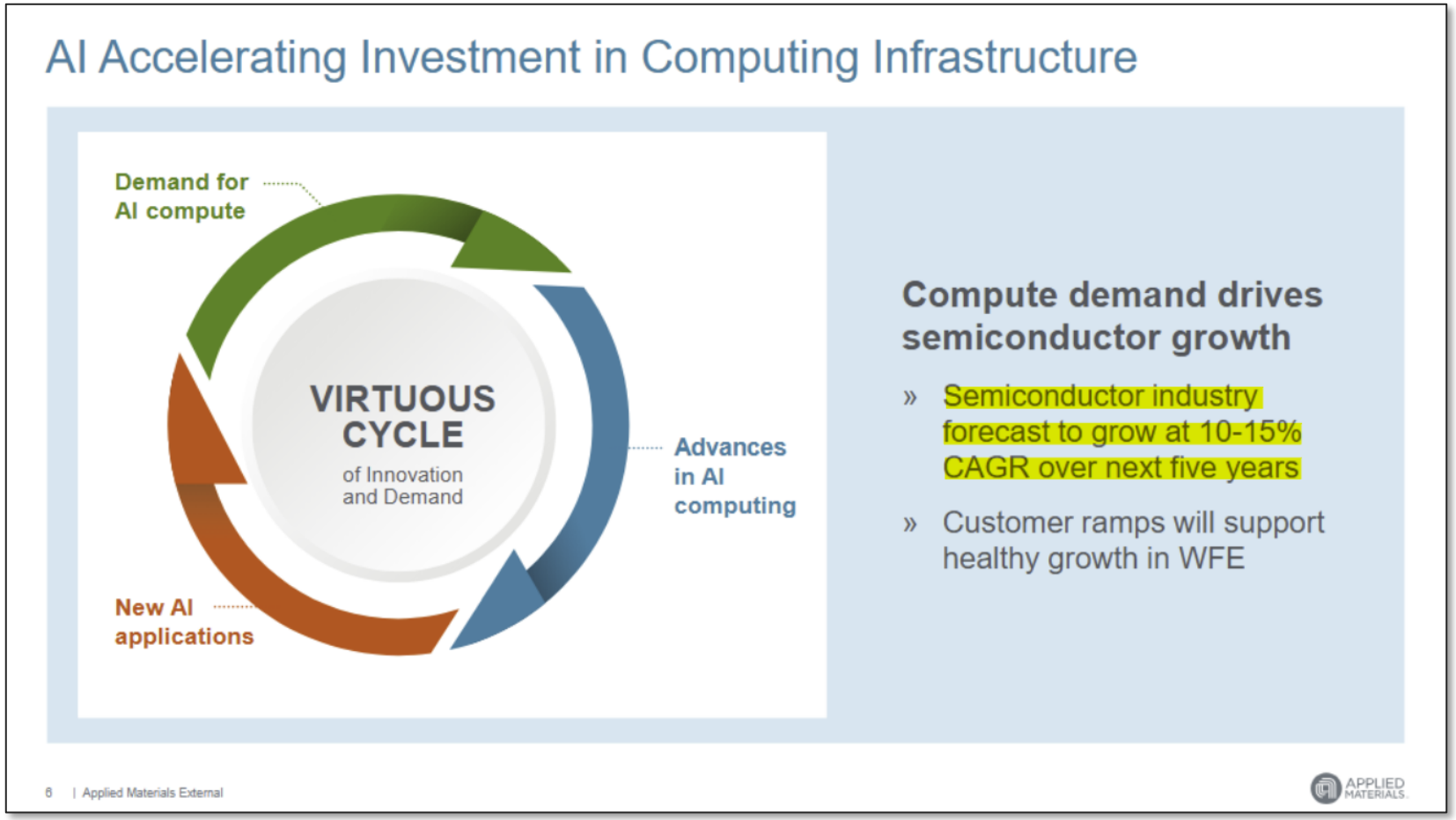


# Applied Materials forecasts industry growth at +10-15% CAGR over the next five years

Source: Applied Materials

***Applied Materials: Fourth Quarter Fiscal 2025 Earnings Presentation (November 18, 2025)***




Note: Emphasis added by Oasis

# The primary driver of HORIBA's corporate value is its high-growth, high-margin Semiconductor business, yet the management has failed to allocate sufficient resources to maximize its potential

***In reality, HORIBA is a Semiconductor business with a world-class MFC franchise:***

**91%**

*of HORIBA's total profits are **generated from its Semiconductor** business**

**86%**

*of HORIBA's Semiconductor revenue is generated from **Mass Flow Controllers (MFCs)***

**60%**



***Global market share** held by HORIBA's Mass Flow Controllers*

**37%**

***Operating margin*** realized in HORIBA's Semiconductor segment*

Lam RESEARCH
TEL TOKYO ELECTRON
APPLIED MATERIALS

***Deep and long-standing relationships** with the leading semiconductor equipment manufacturers as its key customers*

*HORIBA's mass flow controllers are critical components for **etching and deposition tools***

*At least*
**10-15%** *CAGR*
*expected in near-term driven by **AI-driven structural growth***

***Even though HORIBA owns a best-in-class Semiconductor business, the Company has failed to deploy adequate management attention and capital to fully unlock and realize the intrinsic value of this business.***

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Note: *Based on former Semiconductor segment financials in FY2024

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- a. Semiconductor Business is Hidden by Poor Performing Businesses
- b. Repeatedly Misses Mid-term Targets and Continues to Set Unrealistic Targets
- c. History of Failed M&A under Chairman Horiba
- d. Problematic Capital Allocation

Poor Governance at the Root of Key Issues

- a. Nepotism Undermines HORIBA's Governance
- b. Board Not Providing Sufficient Oversight

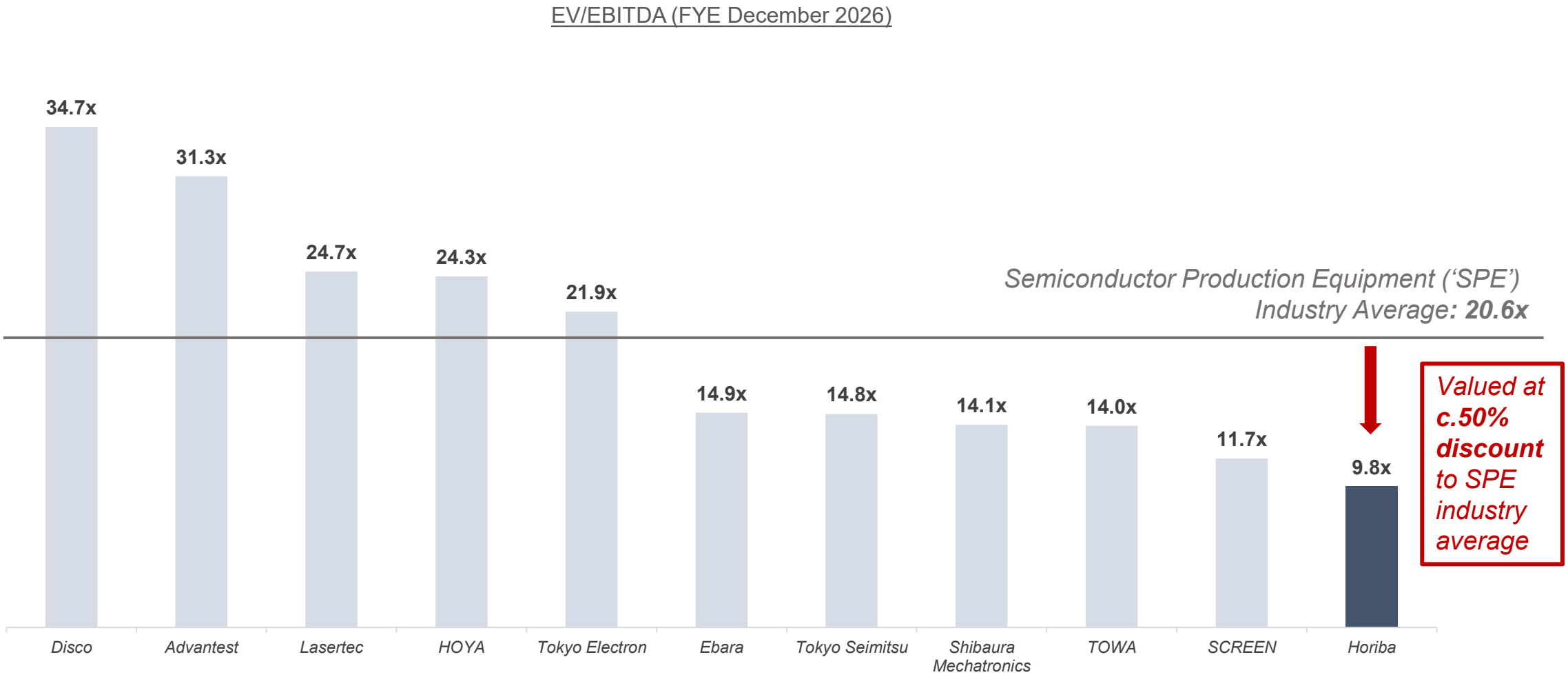
Why Shareholders Should Vote AGAINST the Chairman

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# Persistent valuation discount versus other companies in the Semiconductor industry

Source: Bloomberg

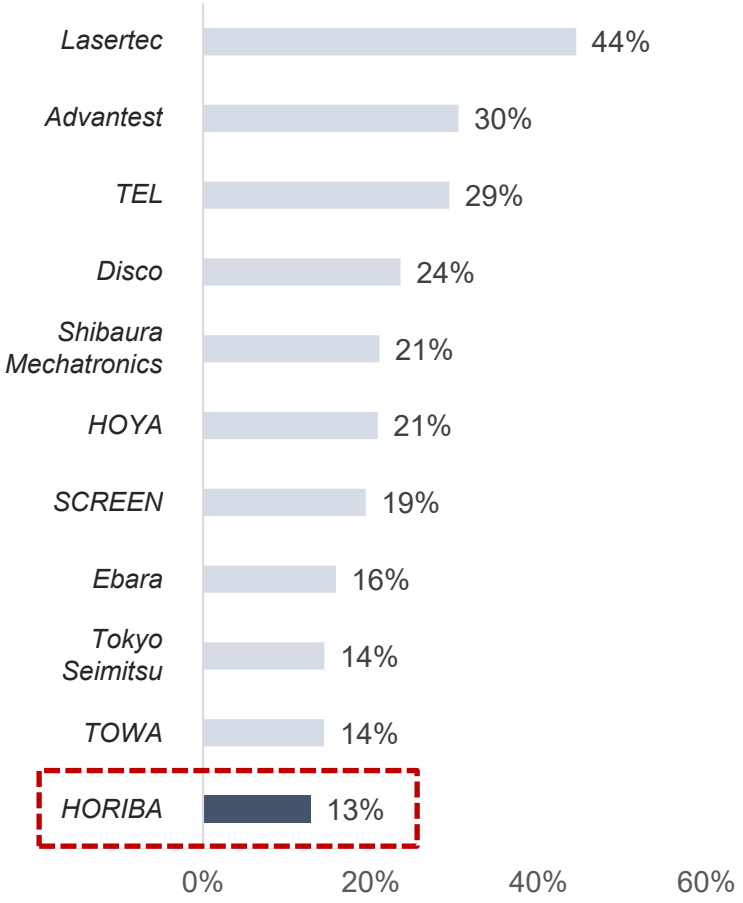



Note: Market data as of March 6, 2026

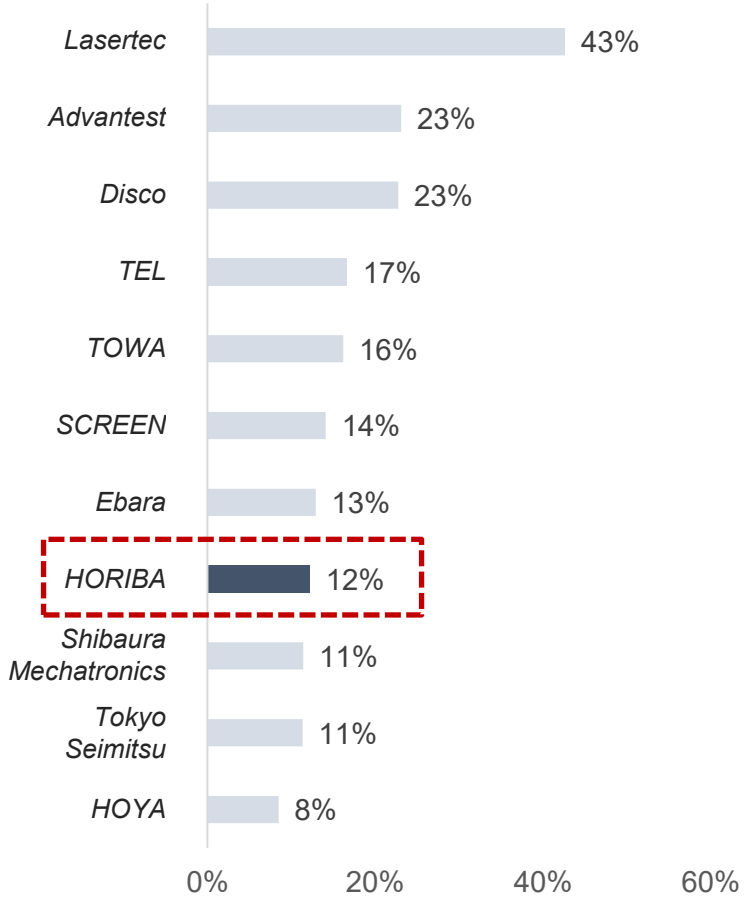
# HORIBA lags Semiconductor peers on operating metrics

Source: Bloomberg

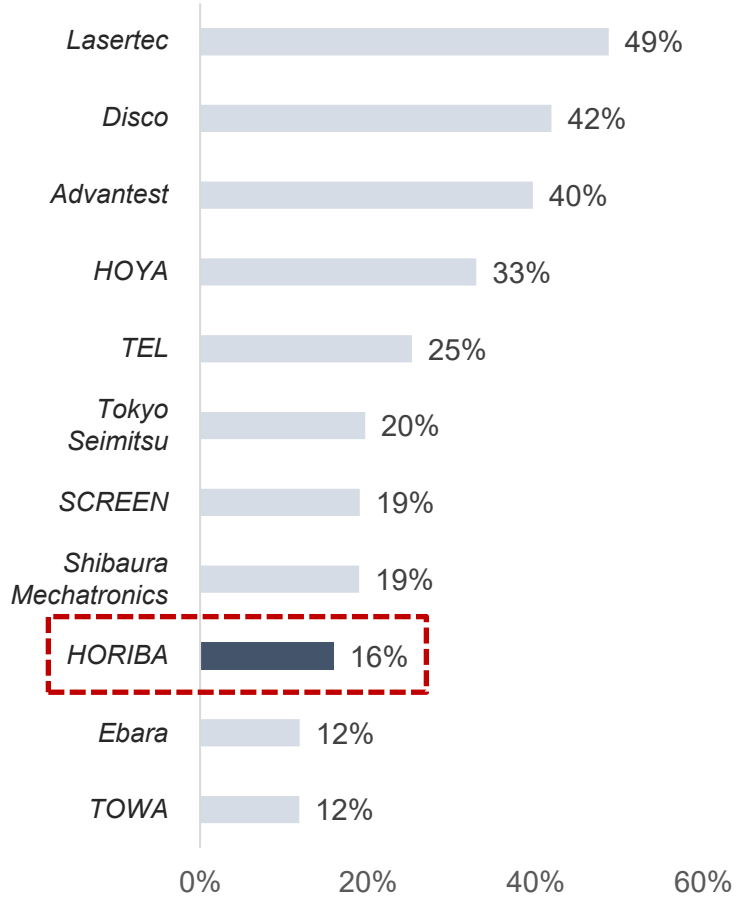
## ROE (5-year average)




## Sales CAGR (Last 5-years)



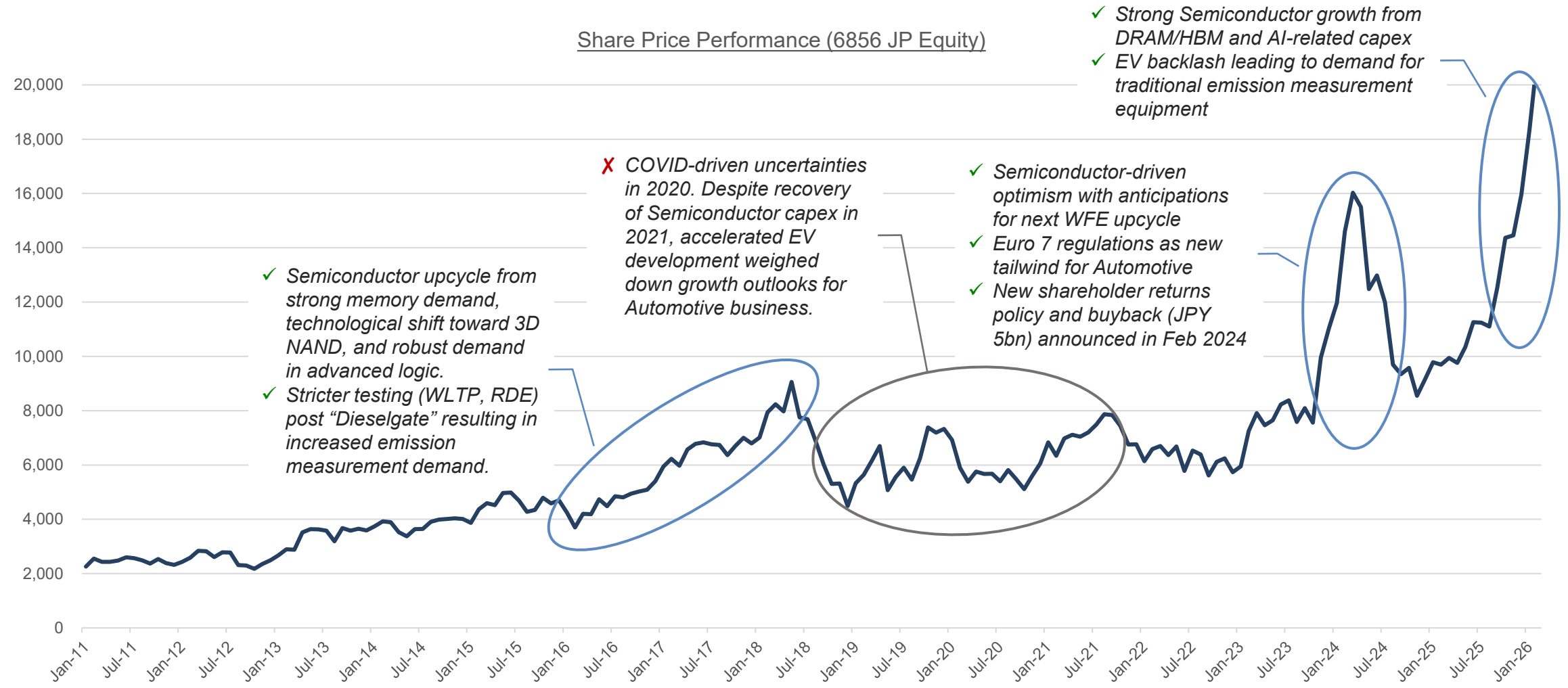

## Operating Margins (Trailing 12-months)




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# Share price performance

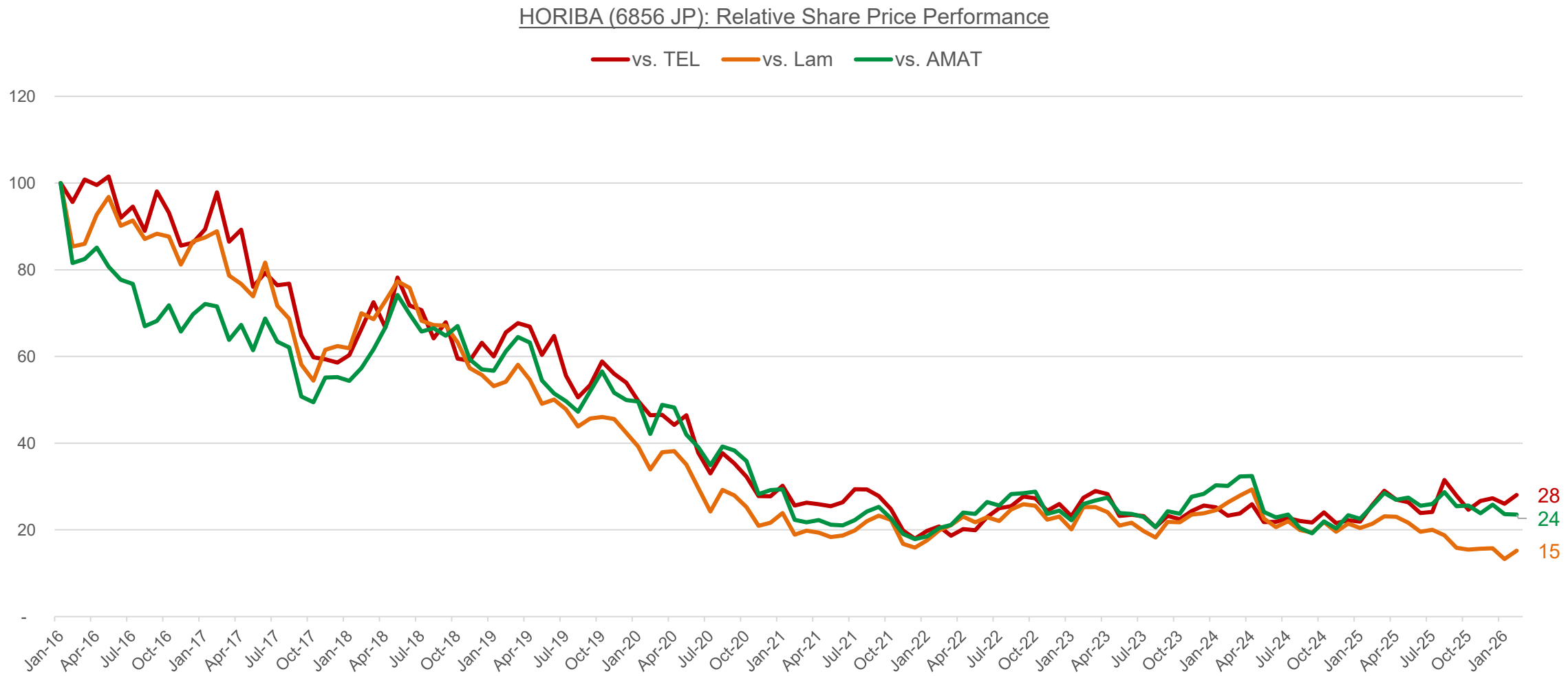
Source: Bloomberg, Mizuho Equity Research




Note: Market data as of March 6, 2026

# HORIBA's share price significantly underperformed SPE peers over the last 10 years

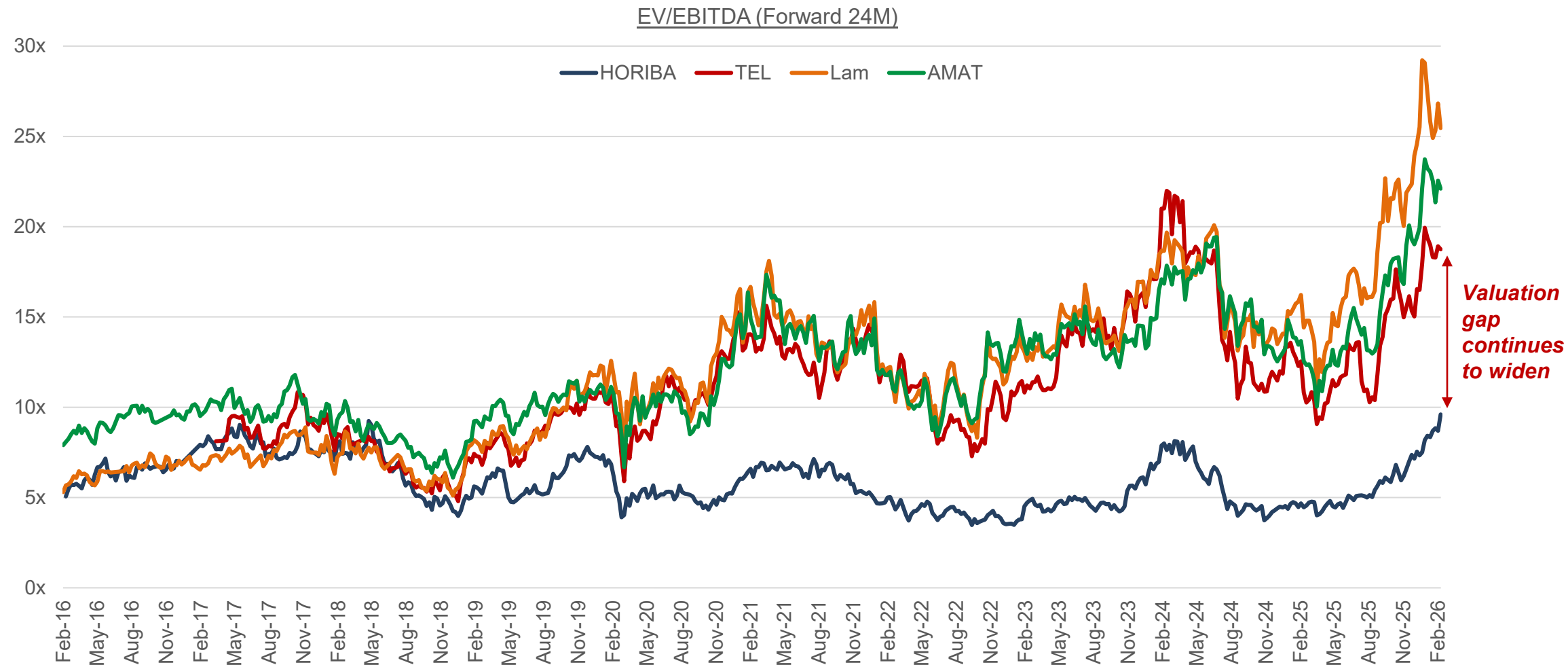
Source: Bloomberg




Note: Market data as of March 6, 2026

# While HORIBA used to trade at similar valuation multiples to key SPE names, the valuation gap has widened over the years, leaving HORIBA at a deep discount to peers

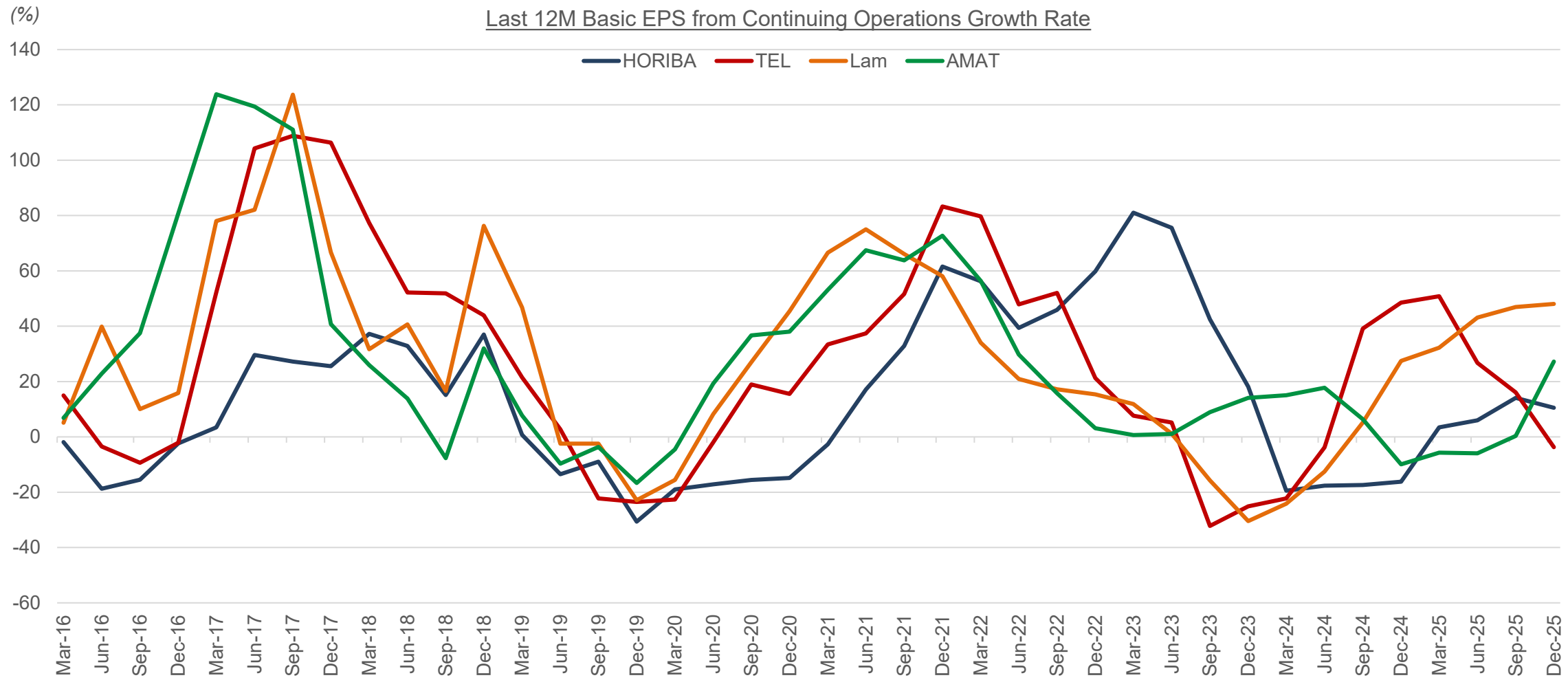
Source: Bloomberg




Note: Market data as of March 6, 2026

# Meanwhile, HORIBA's earnings growth has been comparable to its SPE peers

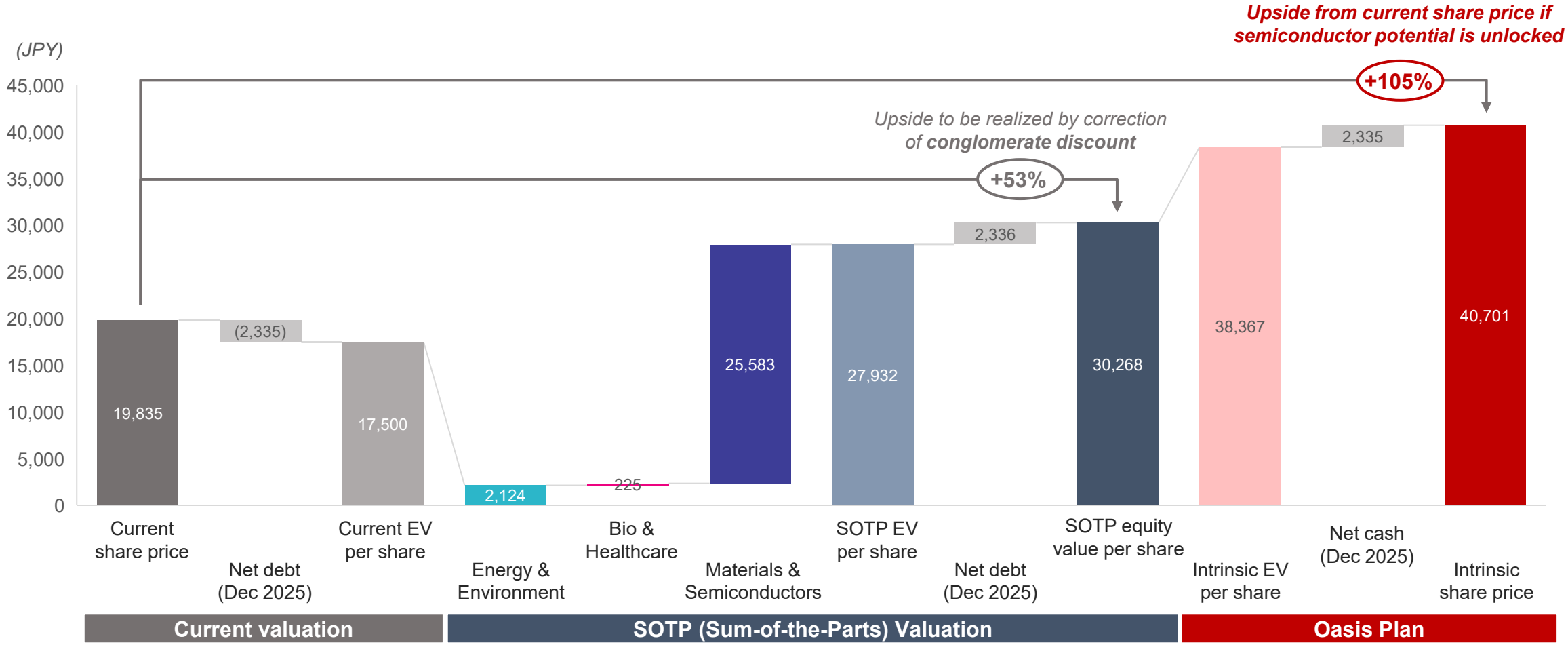
Source: Bloomberg




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# By eliminating the conglomerate discount and fully unlocking the semiconductor business's potential, HORIBA can realize its intrinsic equity value, which is 105% above the current share price

Source: Bloomberg




Note: Market data as of March 6, 2026

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## *Why Does HORIBA Trade at a Discount?*

### 01 Semiconductor Business is Hidden by Poor Performing Businesses

- Chairman Horiba rejects “selection and concentration,” resulting in an overdiversified business portfolio
- Poor performing businesses (ECT, MCT, Hydrogen, Medical and Emission Measurement) weaken overall growth and margin profile

### 02 Repeatedly Missed Mid-term Targets and Continues to be Unrealistic

- Non-semiconductor segment targets not achieved in the previous management plans, yet no postmortem provided
- Current management plan repeats unrealistic targets, and management uses revision to evade accountability

### 03 Track Record of Failed M&A under Chairman Horiba’s Leadership

- All major acquisitions have turned into chronically loss-making businesses, and continues to destroy significant shareholder value
- M&A failures seem to reflect Chairman Horiba’s flawed acquisition strategies, yet no accountability has been assumed

### 04 Problematic Capital Allocation

- HORIBA holds disproportionate cash reserves, which materially erodes the Company’s capital efficiency
- High-quality semiconductor business is underfunded, while growth investments prioritize structurally unprofitable businesses

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### 04 Problematic Capital Allocation

- HORIBA holds disproportionate cash reserves, which materially erodes the Company’s capital efficiency
- High-quality semiconductor business is underfunded, while growth investments prioritize structurally unprofitable non-core businesses

# Under Chairman Horiba – HORIBA has failed to prioritize its businesses and focus on the high-growth and high-margin segment

Source: Nikkei Business

> ***In business school, they teach "selection and concentration." But I don't think this is correct.*** *Even without deliberately selecting or concentrating, businesses that don't work will naturally drop off as operations repeat day by day.* ***You can draw up overly intellectual business plans, but it won't happen that way****… The shape of our business today was not the result of a prepared scenario… it just became this way 'as a result.' (Oasis translation)*
>
> *- HORIBA Chairman Atsushi Horiba*

***Chairman Horiba not only appears unwilling to pursue active "selection and concentration," but also seems disinclined to manage the company based on a credible, well-developed business plan.***



#4

堀場製作所・堀場会長「『選択と集中』は正しいとは限らない」

By 中沢 康彦 日経ビジネス シニアエディター　Read time:4min

2024.10.9

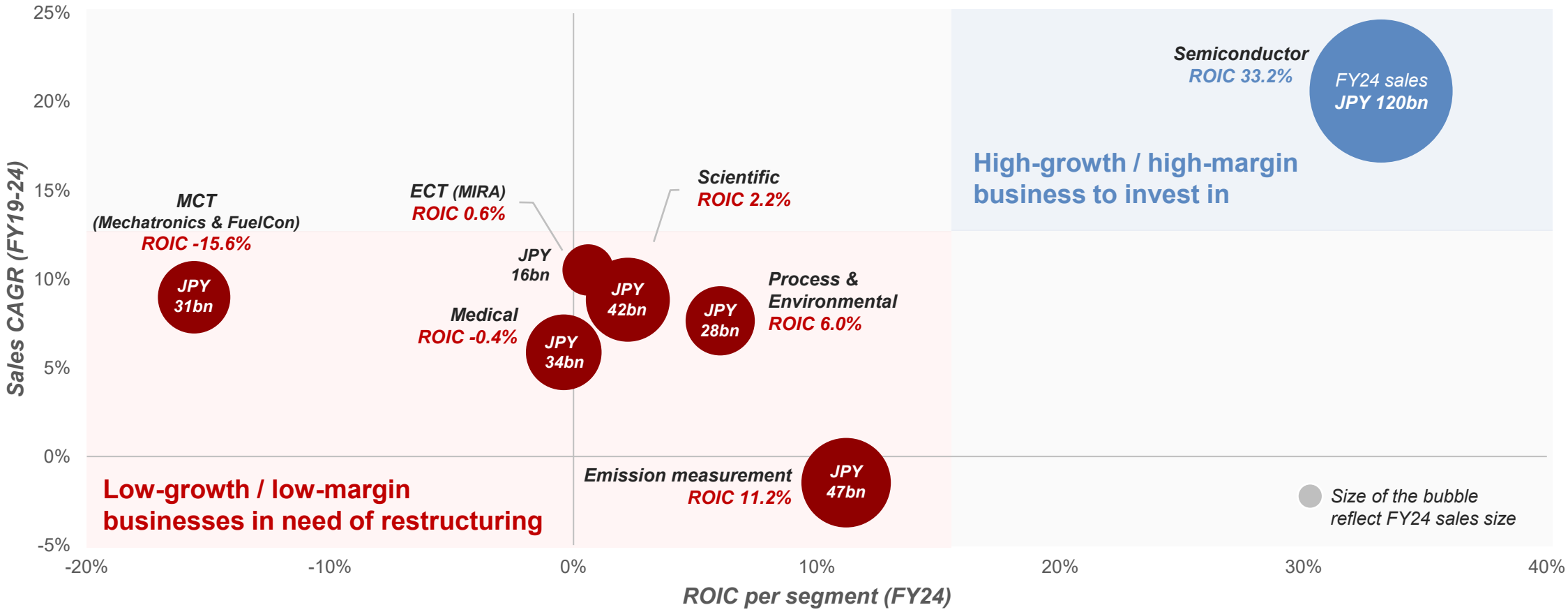
印刷　後で読む

この記事の3つのポイント

1. 堀場製作所が成長を続けられた理由を、堀場会長が語った
2. 事業は規模よりも「質」。技術は「世界トップ」を目指す
3. 「一番弱いところがその会社の実力」。総合力で飛躍を狙う

# While the Semiconductor segment continues to deliver strong growth and profitability, all other businesses lag on scale, growth, and margins, dragging down overall performance

Source: Company disclosures, UK Companies House, Oasis estimates




Note: FY2024 financials based on former reported segments; Invested capital (working capital, PP&E, intangibles) per segment estimated according to total asset per segment; Goodwill for Automotive segment allocated to MCT; Total assets of MIRA according to standalone MIRA accounts in 2024; Emission measurement and MCT assets allocated proportionately according to sales size

OASIS

# Despite some restructuring announced in recent quarters, the restructuring decision criteria are not quantified, and investors cannot assess whether sufficient restructuring will be executed

Source: IR interview

***Q&A Session during FY2025 Q4 Earnings Call on February 13, 2026***



***Equity Research Analyst***

*What criteria are you using to determine which businesses are targets for restructuring? Is it only limited to loss-making operations, or are you drawing lines based on metrics such as operating margins or ROIC even for the profitable business units? Are you also considering the long-term prospects and whether HORIBA is the "best owner" for the business? (Oasis translation)*

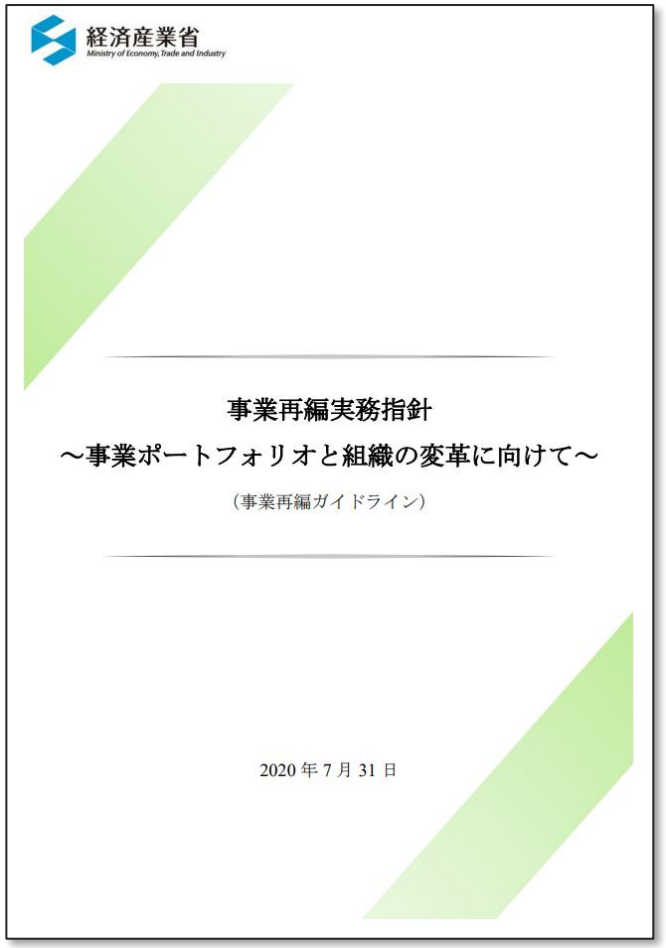


HORIBA

*On restructuring, there is no major additional decision beyond what we have previously communicated. While we may adjust the detailed strategy and approach in real time, the overall story has not changed. As for the background and criteria, profitability is the most important point for us. In addition, as we have indicated, changes in the broader social environment are also a key factor. For example, when we launched this mid- to long-term plan, Europe had very aggressive public subsidies and plans for implementing a hydrogen-based society, but that environment has changed significantly, and we need to adjust accordingly. In that sense,* ***we do not have specific quantitative criteria****; rather, please understand that we make these decisions based on a combination of the social backdrop and our profit structure. (Oasis translation)*

# Periodical review of business portfolio taking into the cost of capital and medium to long-term enhancement of corporate value is encouraged by METI

Source: Ministry of Economy, Trade and Industry




***2.2.2 Fundamental Principles of Business Portfolio Management***

*Management is expected to play a leading role as the primary party responsible for business portfolio management, including formulating the basic policy on the business portfolio (and submitting it to the Board of Directors for deliberation), executing such policy, and proposing revisions and reviews, as necessary.*

*The fundamentals of business portfolio management are to: (i) ground decisions in the company's corporate philosophy and value criteria; (ii) clarify the business model and formulate the management strategy; and (iii) establish and appropriately operate a mechanism to periodically review the business portfolio…*

*Because the optimal configuration of a business portfolio can change continually in light of business life cycles and shifts in the operating environment, it is necessary, based on (i) and (ii) above, to conduct periodic reviews that take the cost of capital into account, from the perspective of enhancing corporate value over the medium to long term and achieving sustainable growth. Where transformation (reconfiguration) is required to optimize the portfolio, the company should establish, and steadily operate, a framework that enables timely decisions and execution of business restructuring. (Oasis translation)*

Note: Emphasis added by Oasis

**Semiconductor Business is Hidden by Poor Performing Businesses**

01 **Engineering, Consultancy & Testing (ECT)**

02 Mechatronics (MCT)

03 Hydrogen

04 Medical

05 Emission Measurement Systems

# ECT Business – A Bad Acquisition, An Even Worse Business

Source: Company disclosures, UK Companies House, Company website

## HORIBA MIRA Overview

| | |
|---|---|
| **Company Name** | HORIBA MIRA Ltd.<br>(formerly named "Motor Industry Research Association") |
| **Head Office** | Nuneaton, United Kingdom |
| **Founded** | 1946 (Originally founded as an industry research association for the UK automotive sector) |
| **Acquired** | Acquired by HORIBA in July 2015 |
| **Line of Business** | Vehicle engineering consultancy, test services and consultancy, and leasing of R&D facility |

## HORIBA MIRA by the numbers

**Revenue (FY2024)**
**£67.5m**
**JPY13bn**

**Operating profit (FY2024)**
**£2.1m**
**JPY413m**

**Net loss (FY2024)**
**£1.5m**
**JPY299m**

**Return on Invested Capital ('ROIC')**
**0.6%**

**Number of Employees (FY2024)**
**511**

## MIRA Technology Park

- MIRA headquarters located at MIRA Technology Park at Nuneaton, UK
- Integrated with HORIBA MIRA's historic proving ground, the Tech Park offers over 100km of test tracks and 40 major testing facilities for vehicles and mobility systems
- Designated as a UK Enterprise Zone, the 850-acre site attracted over 35 global companies to establish R&D facilities including Bosch, Lockheed Martin, Jaguar Land Rover, Toyota, Aston Martin, GKN, etc.

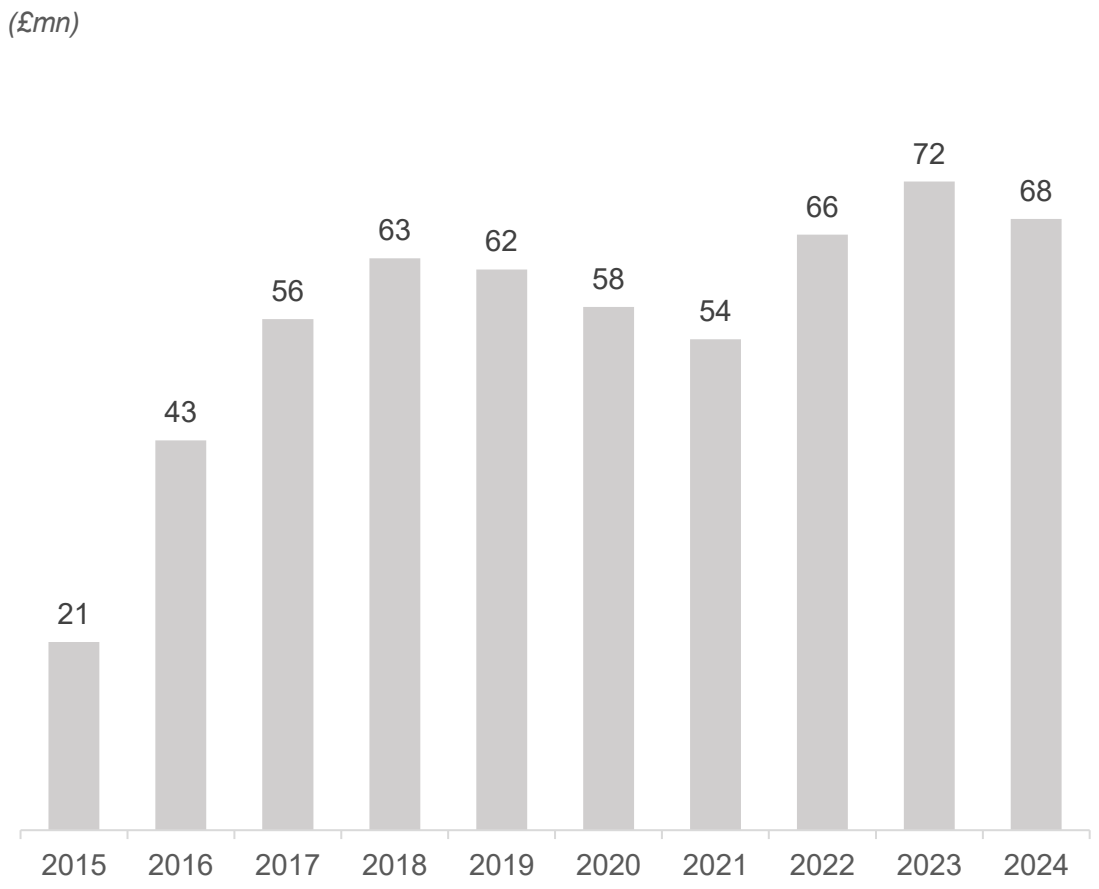



Note: Average FX rate in 2024 referenced, GBP/JPY = 193.55

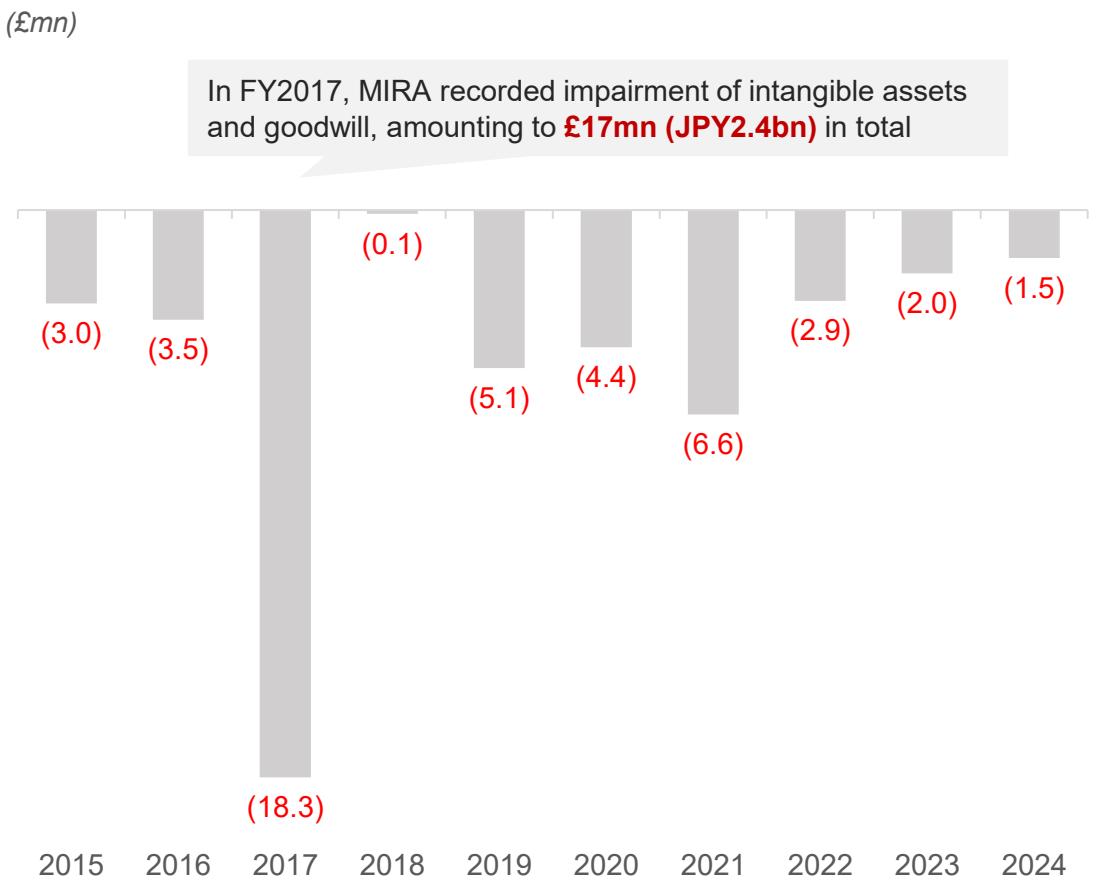
# Since its acquisition in 2015, HORIBA MIRA has never recorded a single year of profits

Sources: UK Companies House

## HORIBA MIRA: Net Sales




## HORIBA MIRA: Profit (Loss) from Continuing Operations




Note: Under the new business segment, HORIBA MIRA is housed within Energy & Environment segment, Mobility subsegment

# HORIBA paid an extremely expensive price for a business that was barely profitable

Source: Company disclosures, UK Companies House

*Company Presentation on July 14, 2015*



HORIBA

## 買収の概要

買収対象： MIRA Ltd.（マイラ社）
買収方法： 当社英国子会社による事業譲受
買収資金： 現金
買収金額： 83 [MGBP]（約155億円）
買収フロー：

1. 買収母体となる英国子会社の設立
   - HRA International Ltd.を6月5日に設立済み
2. 当社よりHRA International Ltd.に対して増資を実施
3. HRA International Ltd.がMIRA Ltd.より事業買収
4. HRA International Ltd.をHORIBA MIRA Ltd.に社名等の変更

収益認識： 自動車計測システム機器事業

《円換算は、1ポンド＝186.96円（2015年7月10日付レート）で計算》

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4
Explore the future | Automotive Test Systems | Process & Environmental | Medical | Semiconductor | Scientific | HORIBA



HORIBA

## MIRA Ltd.の概要

| | |
|---|---|
| 事業分野 | ①車両開発エンジニアリング<br>②試験エンジニアリング<br>③研究開発棟のリース・運営 |
| 業　績 | 売上高：46.1 [MGBP]（2014年度：約86億円）<br>営業利益：1.1 [MGBP]（2014年度：約2億円） |
| 従業員数 | 518名（2014年12月31日現在） |
| 設　立 | 1946年 |
| 会社形態 | 保証有限責任会社（Company limited by guarantee：CLG） |
| 本　社 | Nuneaton（ナニートン）, Warwickshire（ウォリックシャー）, UK（次ページ地図参照） |
| 主要拠点 | 英国、米国、中国、インド、ブラジル、モーリシャス |

《円換算は、1ポンド＝186.96円（2015年7月10日付レート）で計算》

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5
Explore the future | Automotive Test Systems | Process & Environmental | Medical | Semiconductor | Scientific | HORIBA

***In 2015, HORIBA acquired MIRA for £83mn (JPY 15.5bn)***
***This represents an acquisition multiple of EV/EBIT 75x and EV/EBITDA 30x***

Note: EBITDA calculated as sum of FY2014 operating income and FY2015 D&A £2.765mn (FY2014 D&A undisclosed)

# HORIBA CFO described the MIRA deal as a "reasonable acquisition," but compared to the Company's valuation and acquisition multiples at the time, it doesn't look reasonable at all

Source: IR interview, Bloomberg

HORIBA

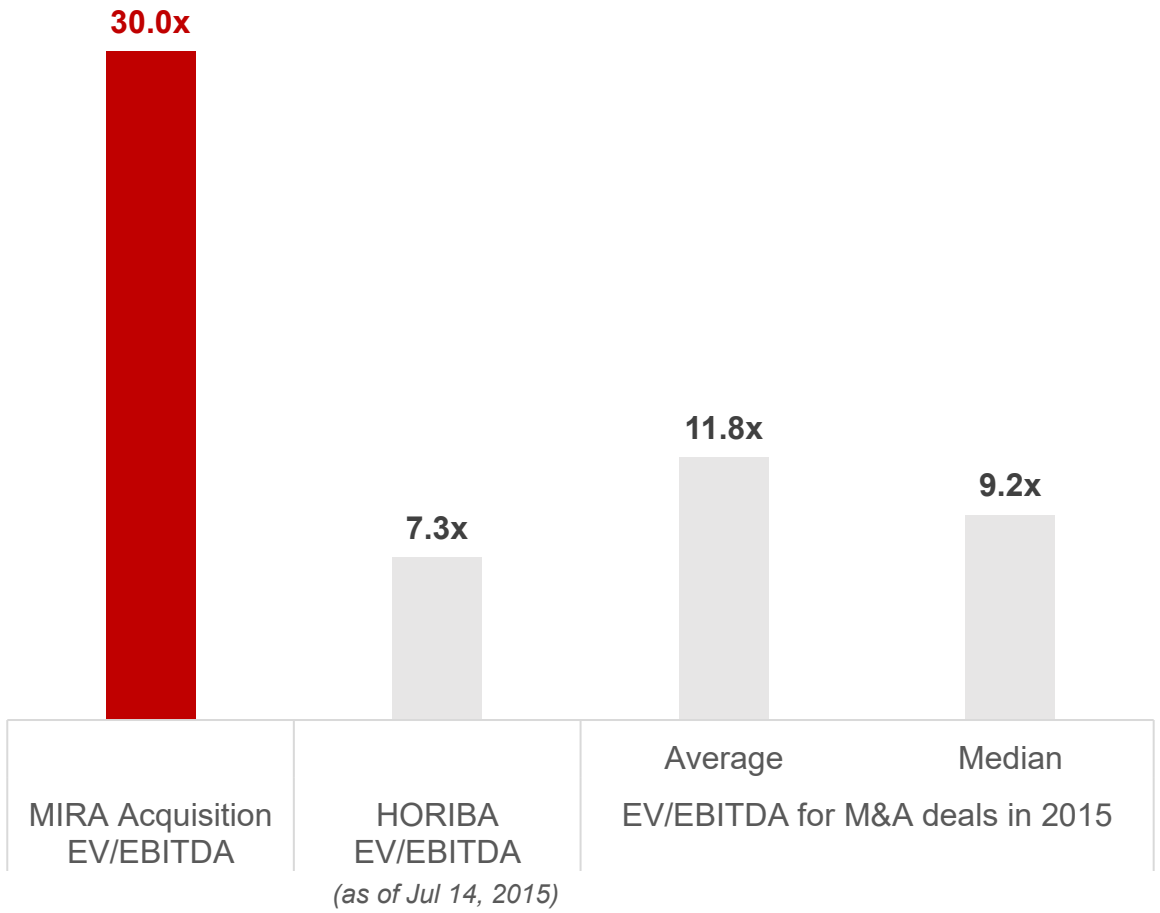
***Group CFO***
***Koji Koyama***

*In the case of MIRA, the top executive of the company (at the time of acquisition) was a former HORIBA employee, ultimately resulting in our decision to welcome MIRA as part of the HORIBA Group…*

*As for the valuation,* ***our purchase price was not too high, and we were able to make a reasonable acquisition****, because it was a bilateral deal.*

*(Oasis translation)*

*- HORIBA Senior Corporate Officer & Group CFO, Koji Koyama*




Note: "HORIBA EV/EBITDA" references forward 12-months EV/EBITDA as of July 14, 2015; "M&A deals in 2015" include either "M&A" or "Investment" transactions involving a Japanese target, seller or acquiror, announced between Jan 1 to Dec 31, 2015, and identified as either "Company Takeover" or "Majority Purchase"

# HORIBA's acquisition of MIRA in 2015 has been a clear value-destroying transaction for shareholders, generating a deeply negative IRR of -21%

Source: Company disclosures, UK Companies House

| | | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Initial acquisition price | *JPYbn* | (15.5) | - | - | - | - | - | - | - | - | - |
| Operating profit | *JPYbn* | (0.6) | (0.8) | (2.8) | 0.1 | (0.6) | (0.5) | (0.9) | (0.2) | 0.3 | 0.4 |
| NOPAT | *JPYbn* | (0.5) | (0.4) | (2.6) | 0.1 | (0.6) | (0.5) | (0.9) | (0.2) | 0.3 | 0.4 |
| Depreciation & Amortization | *JPYbn* | 0.3 | 0.6 | 1.0 | 0.9 | 1.0 | 1.1 | 1.4 | 1.4 | 1.6 | 1.7 |
| Capex | *JPYbn* | (0.5) | (0.7) | (0.5) | (0.5) | (0.7) | (0.8) | (0.7) | (0.9) | (0.7) | (0.7) |
| Free cashflow | *JPYbn* | (16.2) | (0.6) | (2.0) | 0.5 | (0.2) | (0.3) | (0.2) | 0.3 | 1.2 | 1.4 |
| Internal rate of return (IRR) | *%* | (21%) | | | | | | | | | |

*Note: Operating profit, tax expense, depreciation, and amortization according to accounts disclosed by UK Companies House, currency adjusted using average GBP/JPY rate for the calendar year; capex amount estimated using Automotive segment capex % to sales multiplied by revenue size of MIRA*

***Since its acquisition, investments into MIRA have generated negative returns, yielding -21% IRR. In other words, the investment has been nothing but value-destructive for HORIBA's shareholders and suggests a serious capital misallocation that has weighed on HORIBA's overall returns.***

# MIRA faces a structural issue, a business model requiring large scale assets and ample human resources resulting in chronically low profitability, located in an unfavorable geography

Source: Expert interview



HORIBA

***Former employee***

*First of all, MIRA has never reached its target to become profitable. The company was originally the motor industry research association in the UK founded during the post-war era in the 1940s. Back then, British automotive companies would build R&D departments at MIRA to share engineering power and knowledge. Nowadays, there are no powerful automotive companies in the UK, maybe Jaguar and Rolls Royce, but overall automotive industry in the UK is quite weak. Other foreign carmakers, even if they had some operations in the UK, would have their core R&D centers close to their parent companies and their headquarters so the only business for MIRA is to take the residual testing, which is low-margin. Still, this is an asset heavy business that requires 300 to 400 people to operate the site.* ***The low profitability and asset heavy nature drove the business to near bankruptcy*** *when they were unable to pay their pension funds.* ***HORIBA acquired the company when it was going bankrupt****. Although they acquired the company for 80 million pounds but* ***20 million was written off shortly after the acquisition****. The issue is clear. They have too many engineers and a huge property with racetracks but just does not make enough profits.* ***The business has never been too profitable, and I don't think it will ever become profitable.***

*- Former HORIBA employee*

# MIRA operates in a structurally low-margin testing and engineering segment, where OEMs capture most value and its historical UK-based customer base has narrowed

Source: Expert interview



HORIBA

*Former employee*

*This is structurally a tough industry to make large profits in. If you look at how OEMs are making money, their model is development, testing, and then mass production – the real profit is in mass production. MIRA, on the other hand, is essentially a testing and engineering services business, so it doesn't have that mass production upside. In that sense,* ***the best part of the value chain is always captured by the carmakers, and what's left (for MIRA) is inherently harder to monetize****. Historically, MIRA was created in the UK as a shared testing location, where UK automakers could collaborate and run tests. Over time, most of those relationships have faded, and the ones that remain are mainly legacy ties like Jaguar Land Rover and Aston Martin.* ***That also means the customer base tends to skew toward smaller OEMs who outsource testing and engineering****. In terms of what MIRA actually sells, it's mostly testing and engineering execution. In some cases, a player like Bosch might bundle engineering support with component sales—"if you buy our parts, we'll co-develop with you."* ***MIRA doesn't have that product-led leverage****, which makes competitor analysis tricky: it depends on which slice of the value chain you compare… Historically, brands like Nissan, Toyota, and Honda used their UK bases as a springboard to sell into Europe, so they kept European-market development resources there. But that trend has clearly weakened. Honda, for example, wasn't selling meaningful volume anymore and has effectively pulled back from that footprint in recent years.* ***And looking forward, I don't think they'll become aggressive about expanding into Europe again****.*

*- Former HORIBA employee*

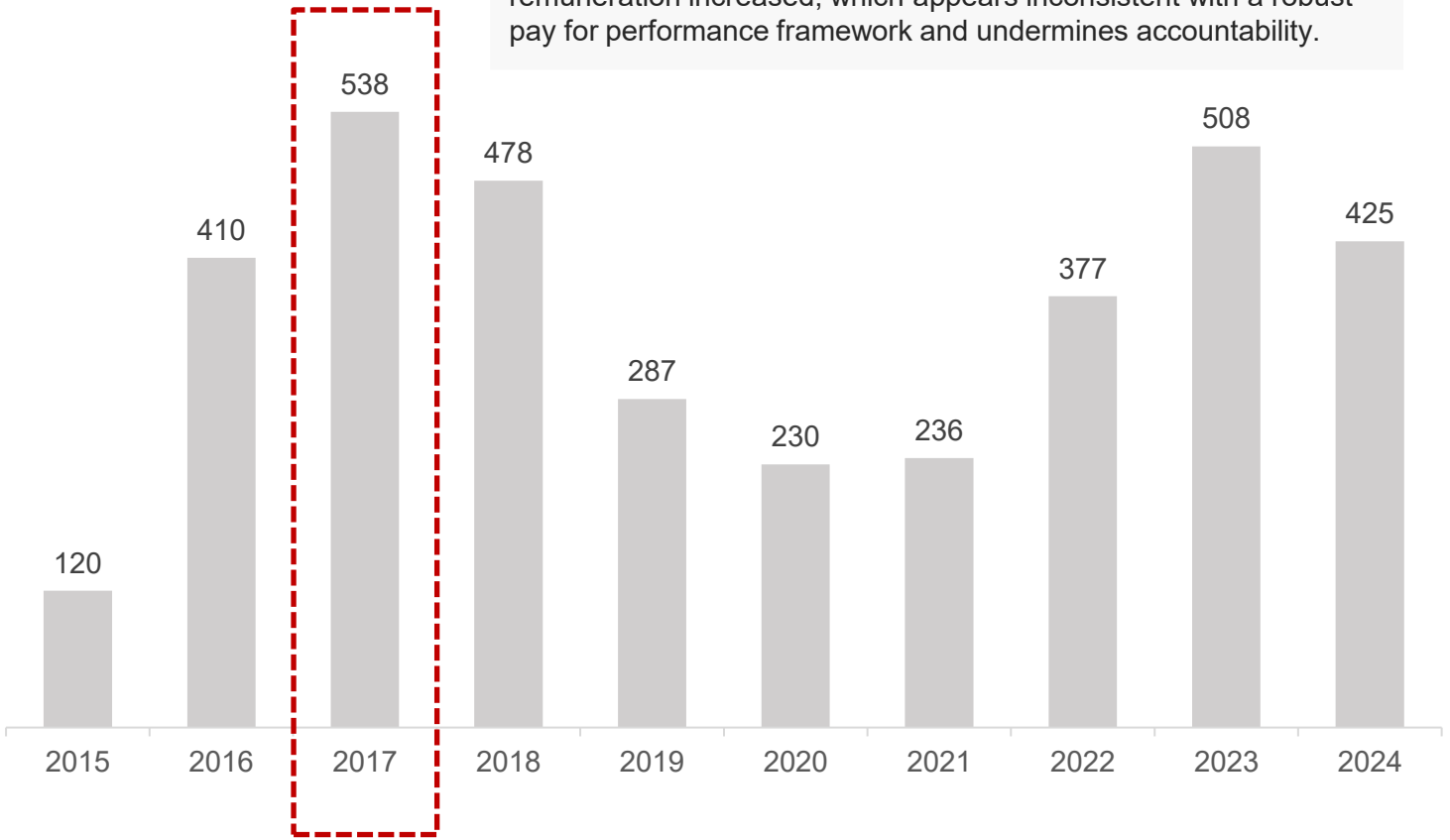
# Despite its record of consecutive losses, MIRA Directors are being rewarded for its performance

Sources: UK Companies House

## HORIBA MIRA: Total Remuneration per Director

*(£ '000)*

Even after booking a material impairment in 2017, MIRA directors' remuneration increased, which appears inconsistent with a robust pay for performance framework and undermines accountability.




## Questionable Leadership



***Unjustifiable compensations and promotion for MIRA Executive Chairman despite persistent losses***

### George Gillespie

Director

- Joined HORIBA in 2005, when HORIBA acquired Carl Schenck DTS business
- Worked at HORIBA Europe from 2005-2008, left HORIBA to **join MIRA as CEO**
- **Approached and persuaded HORIBA to acquire near-bankrupt MIRA in 2015**
- Serves as the **Executive Chairman of MIRA**, HORIBA Europe, and FuelCon
- **Serves as Director of HORIBA**

OASIS

Note: Total remuneration per director calculated by the total of remuneration and contributions to defined contribution pension schemes divided by number of directors that were members of defined contribution pension schemes for the year

# ECT Business – A Bad Acquisition, An Even Worse Business

***The ECT business operated by HORIBA MIRA has destroyed substantial shareholder value***



### *No Value Created Despite Expensive Acquisition*

*HORIBA acquired MIRA at a premium valuation that cannot be rationally justified*



### *Losses and Impairment Recorded*

*Since the acquisition in 2015, failed to generate profits and recorded a large impairment.*



### *Business Model Structurally Challenged*

*Asset heavy and labor-intensive business, positioned in a low margin part of the value chain*



### *Limited Room for Improvement*

*Limited levers to improve returns, as its UK-based customer base has narrowed*



### *Distraction for Management*

*Continuing to operate and invest in this business consumes capital and management attention*

***HORIBA MIRA, the key subsidiary operating HORIBA's ECT business in the UK, has destroyed shareholder value through series of impairments and losses since its acquisition in 2015.***

***The business continues to suffer from structural challenges, making it unrealistic to assume any meaningful profit contributions from HORIBA MIRA.***

**Semiconductor Business is Hidden by Poor Performing Businesses**

01 Engineering, Consultancy & Testing (ECT)

➤ 02 **Mechatronics (MCT)**

03 Hydrogen

04 Medical

05 Emission Measurement Systems

# Mechatronics ("MCT") Business – Another Loss-Making Business

Source: Company disclosures

## MCT Business Overview

- HORIBA's automotive mechatronics business builds and supplies the heavy hardware used to test engines, powertrains, brakes, and whole vehicles in R&D test labs of OEMs and suppliers, such as dynamometers and complete test benches
- Key products include engine and driveline dynamometers, brake test rigs, chassis dynamometers, and related mechanical fixtures, cooling systems, and control/automation equipment
- The business largely originates from HORIBA's 2005 acquisition of the mechatronics (MCT) division of German company Carl Schenck, bringing in its established test-stand technology and European manufacturing bases
- The acquisition aimed to complement HORIBA's existing emission measurement technology to offer an integrated automotive testing system
- The business serves global automakers, tier-1 suppliers, and engine/machinery manufacturers requiring repeatable, high-precision tests for performance, durability, emissions, safety, and comfort

***Engine Dynamometers***



***Brake Dynamometers***



***Chassis Dynamometers***



## Product Line

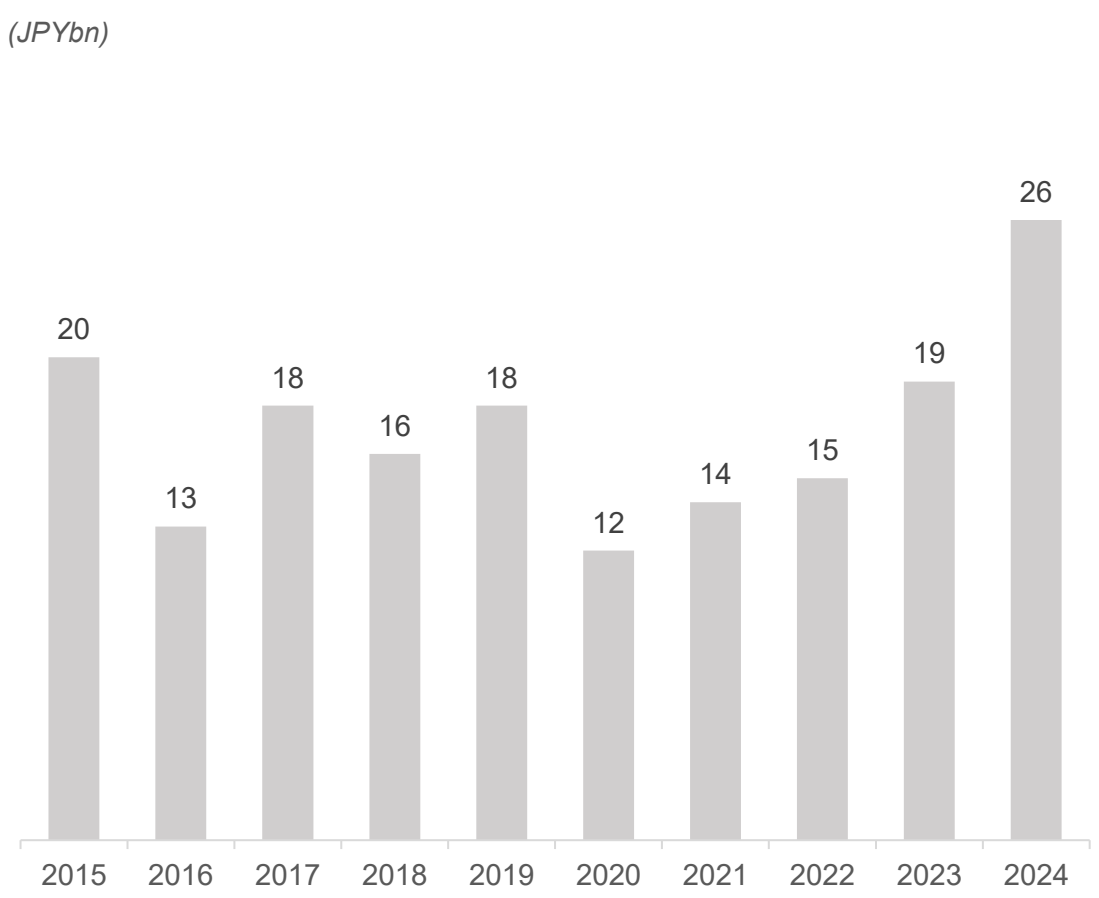
| | |
|---|---|
| **Driveline Testing** | • Ease of gearshift, gear change, synchronization<br>• Efficiency, performance, service life<br>• Noise testing and vibration analysis<br>• Lubrication test |
| **Engine Testing** | • Performance, power, service life<br>• Optimization of exhaust emissions and fuel consumption<br>• Noise and climatic testing<br>• Fuel and lubricant tests |
| **Brake Testing** | • Braking power, performance<br>• Wear and tear, service life<br>• Noise testing and vibration analysis |
| **Wind Tunnel Balances** | • Measuring of aerodynamic components<br>• Testing with rolling road<br>• Testing with rotating wheels |
| **Vehicle and Emission Testing** | • Performance, power, service life<br>• Emissions and endurance tests<br>• Testing in climatic chambers and wind tunnels<br>• Noise and EMC (electro-magnetic compatibility) tests |

Note: Under the new business segment, MCT business is housed within Energy & Environment segment, Mobility subsegment

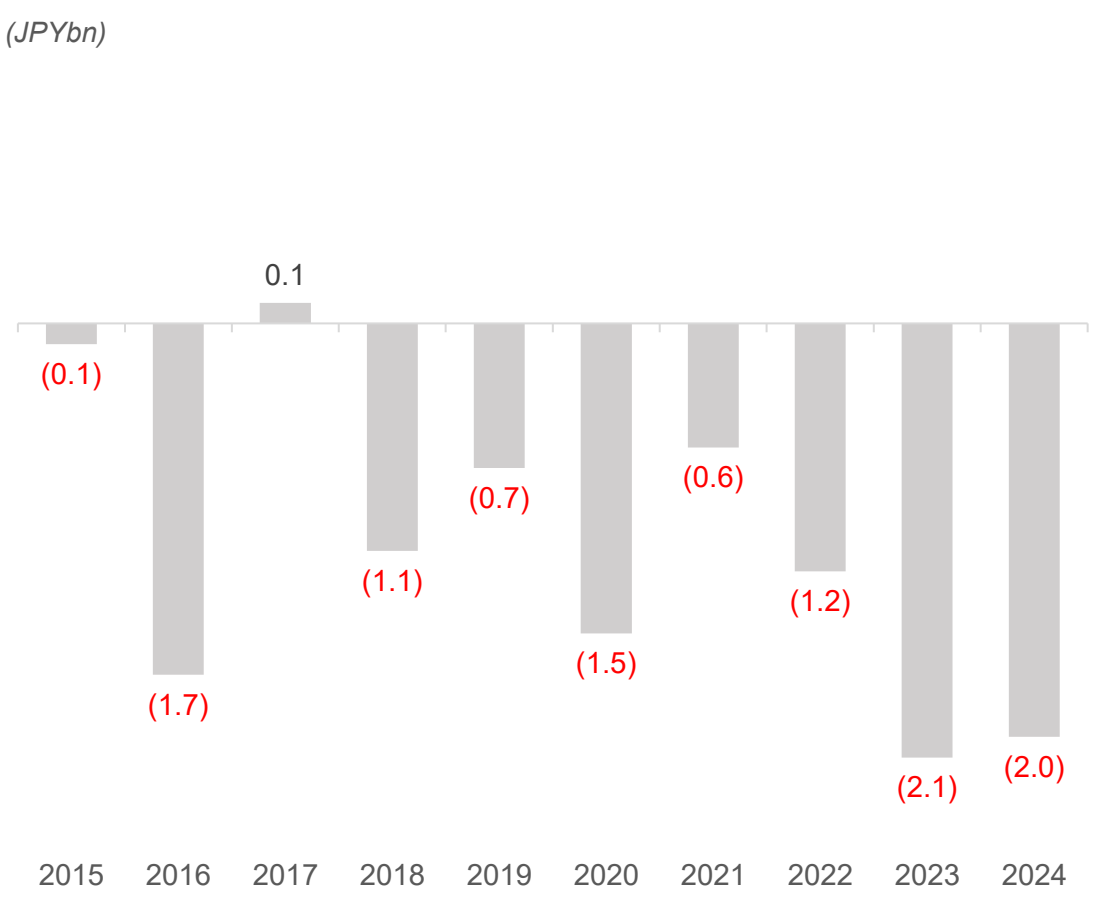
# Mechatronics business with stagnant sales growth and chronically loss-making performance

Source: Company disclosure, Germany Company Register

## MCT business (excl. HORIBA FuelCon): Net Sales




## MCT business (excl. HORIBA FuelCon): Segment Profit (Loss)




Note: MCT business financials in FY2018-2024 calculated by deducting FuelCon results from former MCT subsegment in the Automotive segment

# The sales growth target announced at the time of acquisition 20 years ago have yet to materialize

Source: Company disclosures

***Company Press Release on May 18, 2005***

**HORIBA completes acquisition of SCHENCK-Development Test Systems**

**18 May 2005**

This is a part of HORIBA's management plan to become the world leading "Total System Supplier" and to double the sales of their engine measurement business within the next 5 years.

Kyoto, Japan-August 17th 2005: HORIBA, Ltd. basically agreed on the acquisition of SCHENCK-Development Test Systems (DTS) in Germany from Carl Schenck AG (Darmstadt, Germany, CEO: Ralf W Dieter, Founded in 1881). SCHENCK-DTS is a world leading manufacturer of test equipment for the automotive industry and its supplier base, supplying products such as Powertrain Research Equipment, Wind Tunnel Balances, Brake Testing and others.

HORIBA, Ltd. takes over DTS branches and resources in 12 countries as a part of the HORIBA Engine Measurement Division (HORIBA EMD), resulting in a rapid extension of their emission measurement and powertrain research and development business activities as a total system supplier to the automotive industry.

In next 5 years, HORIBA EMD plans to double its business to 50 billion Yen, and aims to grow in North America and Asia.

HORIBA, Ltd. plans to invest 5 billion yen in this new business over the next 3 years.

*Did HORIBA achieve its initial target to <u>double</u> the revenue size of the acquired business to JPY 50bn within 5 years?*

✗ ***NO**, the Mechatronics business only generated JPY 26bn sales even two decades after the acquisition was completed*

✗ *In fact, the business has experienced little to no growth over the years with its revenue scale seeing limited change*

***Despite not achieving its original growth target, the Company has yet to provide sufficient explanations about the underperformance, raising questions over the management team's sense of accountability.***

# No concrete profitability improvement initiatives despite structural low profitability

Source: Company disclosures

## Business model as structural driver of low profitability

- HORIBA's MCT business has a **high outsourcing ratio**
- Given its heavy reliance on buying major components / modules, subcontracted work, or externally manufactured items rather than producing most of the value-added in-house, the business is subject to structurally low profitability

**Lower gross margin due to less in-house value-add**

- Can only capture small manufacturing margin as more economics sits with the suppliers rather than HORIBA

**Supplier cost inflation passes straight into COGS**

- Cost inflation may exceed what was assumed at contract signing, and it is difficult to pass through the cost inflation after signing

**Difficult to promptly address margin deterioration**

- Price increase, redesign or supplier negotiations are possible, but cannot drive manufacturing productivity on outsourced components

**Long lead times amplify the problem**

- Under procurement inflation, long lead time results in locking in prices early and input cost rising before delivery / acceptance

## No clear path for profitability improvement

HORIBA

*(What is the plan to improve profitability in the MCT business?)*

*As for the mechatronics business, we have so far expanded the business through trial and error with sales growth as the primary objective. Going forward, we will work to improve profitability by **shifting to a profit-focused, high value-added strategy**.*

*- HORIBA Investor Relations*
*FY2023 Q2 Earnings Call Q&A*

***Despite years of low profitability, the Company has not presented concrete measures to improve profitability***

# HORIBA announced Mechatronics restructuring during its latest earnings, yet there is still no accountability, concrete profitability targets, or timeline for achieving any goals

Source: Company disclosures

*FY2025 Q4 Earnings Presentation published February 2026*

Energy & Environment

## Responding to Business Challenges

**Mobility business**

- Maintain strong backlog supported by the recovery of investment in ICEs by customers.
- The Mechatronics business carries out restructuring.



**[Measures to enhance capital efficiency and profitability]**

- Mechatronics-related core facilities
  - Downsizing the operation of HORIBA Europe GmbH (Germany)
  - Closure of the Czech factory

**Transforming the business to provide value added testing solution beyond combustion measurement**

**Energy business (Hydrogen)**

- Project profitability improved thanks tor the project management capability.
- In response to lower order intake, restructuring are being implemented to temporarily scale down the business.

**[Measures to enhance capital efficiency and profitability]**

- Scale down the operation of HORIBA FuelCon GmbH.
- Profitability improvement for other facilities related to energy business.



**Build the organizational structure needed to capture future returns of hydrogen-related investments that support carbon neutrality**

HORIBA 15

✗ ***No specific profit targets, milestones, or timeline*** *for turning the business profitable*

✗ *No analysis of the root causes of chronic low profitability*

✗ *No quantitative detail on restructuring scale, expected cost savings or one-time charges*

✗ *Not enough details to evaluate whether this is a substantive turnaround plan*

✗ *The stated ambition to shift toward higher value-add testing solution* ***repeats the same narrative*** *presented at the time of Carl Schenck acquisition in 2005*

# Mechatronics (“MCT”) Business – Another Loss-Making Business

***The Mechatronics business has destroyed substantial shareholder value***



### *Stagnant Sales & Chronic Losses*

*No meaningful revenue growth and recorded consistent losses over the past decade.*



### *Original Targets Unachieved*

*Growth ambitions at the time of the acquisition have not been achieved, with limited explanations of what had failed.*



### *Structurally Low Margin Business*

*Business model relies on heavy outsourcing and cost inflation is difficult to pass through under a long project lead time.*



### *No Credible Turnaround Plans*

*No analysis of root cause, quantified profitability targets, or timeline and restructuring commentary lacks actionable detail.*



### *Distraction for Management*

*Continuing to operate and invest in this business consumes capital and management attention*

***HORIBA’s Mechatronics (MCT) business, a business acquired in 2005, has failed to achieve its initial target and continues to generate losses, driven by its structurally low-margin business model.***

**Semiconductor Business is Hidden by Poor Performing Businesses**

01 Engineering, Consultancy & Testing (ECT)

02 Mechatronics (MCT)

➤ 03 **Hydrogen**

04 Medical

05 Emission Measurement Systems

# Hydrogen Business – A Failed Gamble

Source: Company disclosures, Germany Company Register

## HORIBA FuelCon Overview

| | |
|---|---|
| **Company Name** | HORIBA FuelCon GmbH |
| **Head Office** | Barleben, Germany |
| **Founded** | 2001 by Ingo Benecke and Mathias Bode |
| **Acquired** | Acquired by HORIBA in September 2018<br>Operates as a subsidiary of HORIBA Europe |
| **Line of Business** | Develops, manufactures and sells test benches particularly for the e-mobility sector in the field of battery and fuel cell technology, along with associated software and accessories |

## HORIBA FuelCon by the numbers

| Revenue (FY2024) | Operating loss (FY2024) | Loss after tax (FY2024) |
|---|---|---|
| **EUR 32m**<br>**JPY5.3bn** | **EUR 22m**<br>**JPY3.7bn** | **EUR 25m**<br>**JPY4.2bn** |

| Return on Invested Capital ('ROIC') | Number of Employees (FY2024) |
|---|---|
| **-64.9%** | **249** |

## HORIBA eHUB

- HORIBA eHUB is HORIBA FuelCon's new production and development site for fuel cell and Electrolyzer evaluation systems at Barleben, Germany
- Completed in 2022, the site offers production area of 7,000m$^2$, five times larger than the previous facility, as well as 3,000m$^2$ of office space
- HORIBA eHUB was built with an investment of EUR 30mn, supported by around EUR 3mn in funding from the state of Saxony-Anhalt




Note: Invested capital (working capital, PP&E, intangibles) estimated according to % of total asset; Goodwill for Automotive segment allocated to FuelCon; Total assets of FuelCon according to standalone FuelCon accounts in 2024

# Main product lines for HORIBA FuelCon / Hydrogen business

Source: Company disclosures

## Fuel Cell Evaluation

*Equipment to test hydrogen fuel cells for vehicle validation*

**Key Customers**

- Automotive OEMs (Toyota, Honda, Hyundai, BMW, etc.)
- Component suppliers & research institutes

**Market Drivers**

R&D investment in fuel cell vehicles, zero-emission regulations, hydrogen refueling infrastructure, component cost reductions




## Electrolyzer Evaluation

*Equipment to test hydrogen production systems*

**Key Customers**

- Energy companies (e.g., Siemens Energy)
- Electrolyzer manufacturers

**Market Drivers**

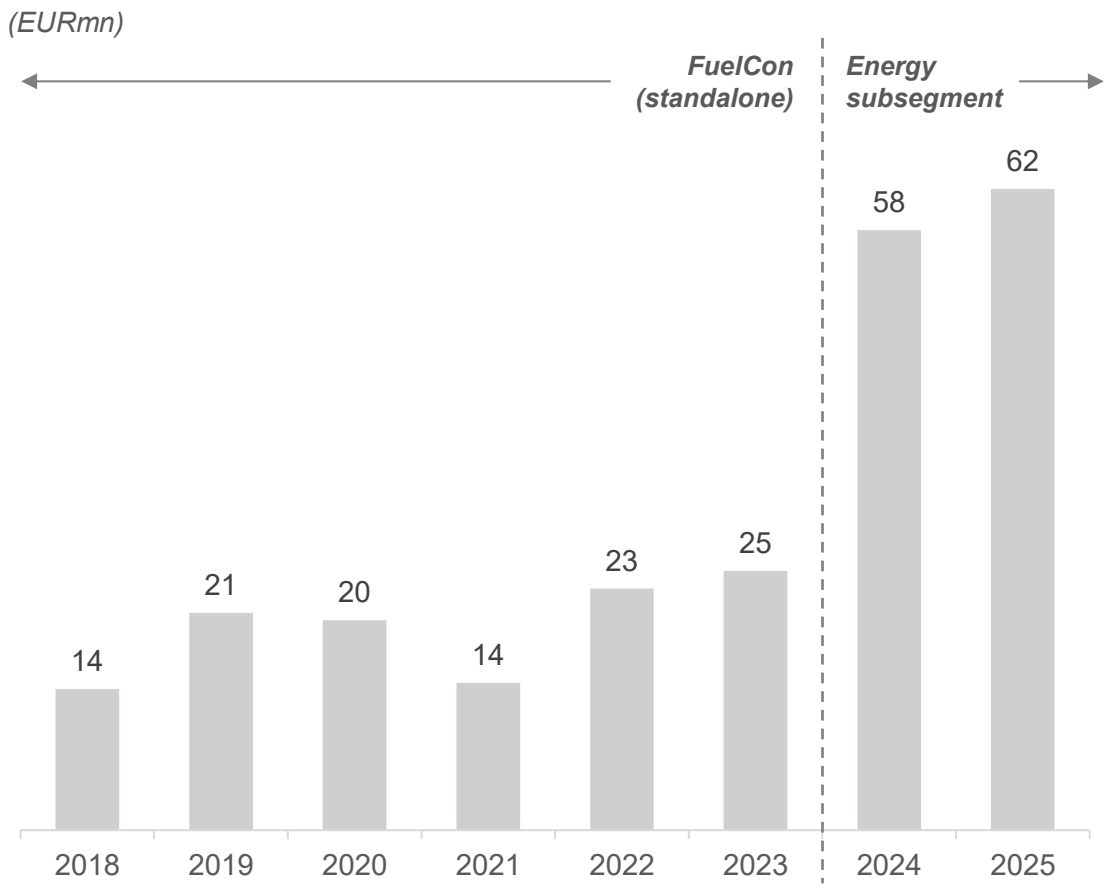
Government green hydrogen project, industrial decarbonization efforts, EU hydrogen infrastructure funding



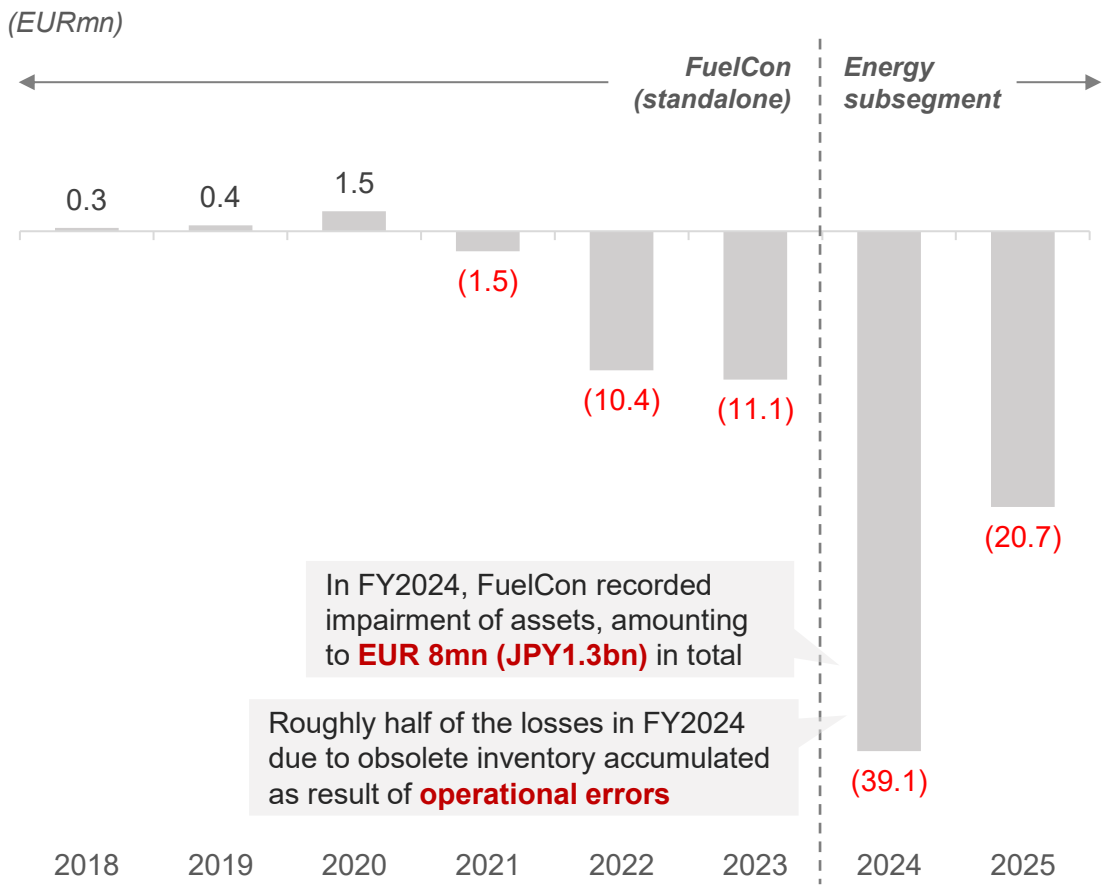
# FuelCon with stagnant sales growth and chronically loss-making performance

Sources: Germany Company Register

## HORIBA FuelCon: Net Sales



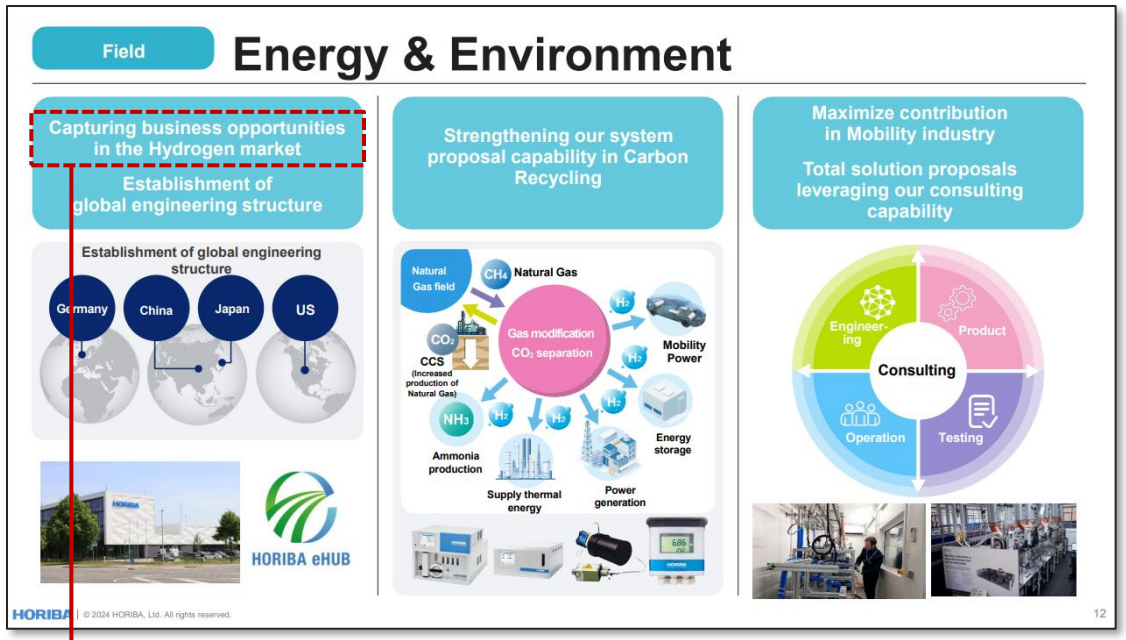

## HORIBA FuelCon: EBIT



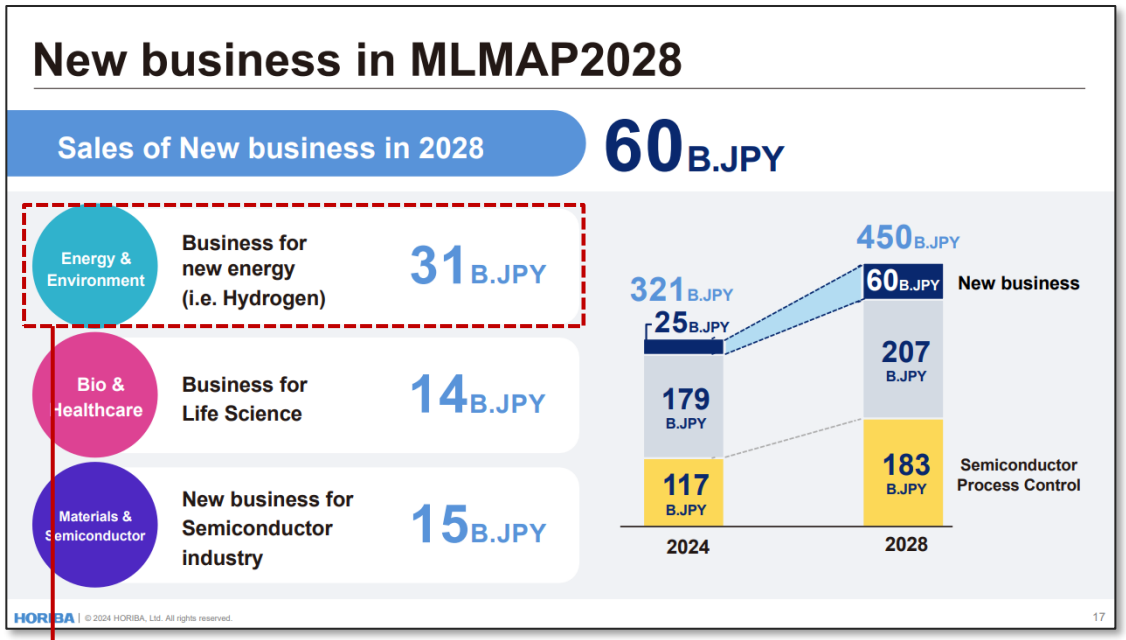

Note: FY2018-2023 according to FuelCon's accounts disclosed in Germany Company Register; FY2024-25 based on new Energy subsegment in Energy & Environment segment

# Hydrogen identified as one of the main pillars of growth and a promising new business within the Energy & Environment segment during the MLMAP 2028 period

Source: Company disclosures



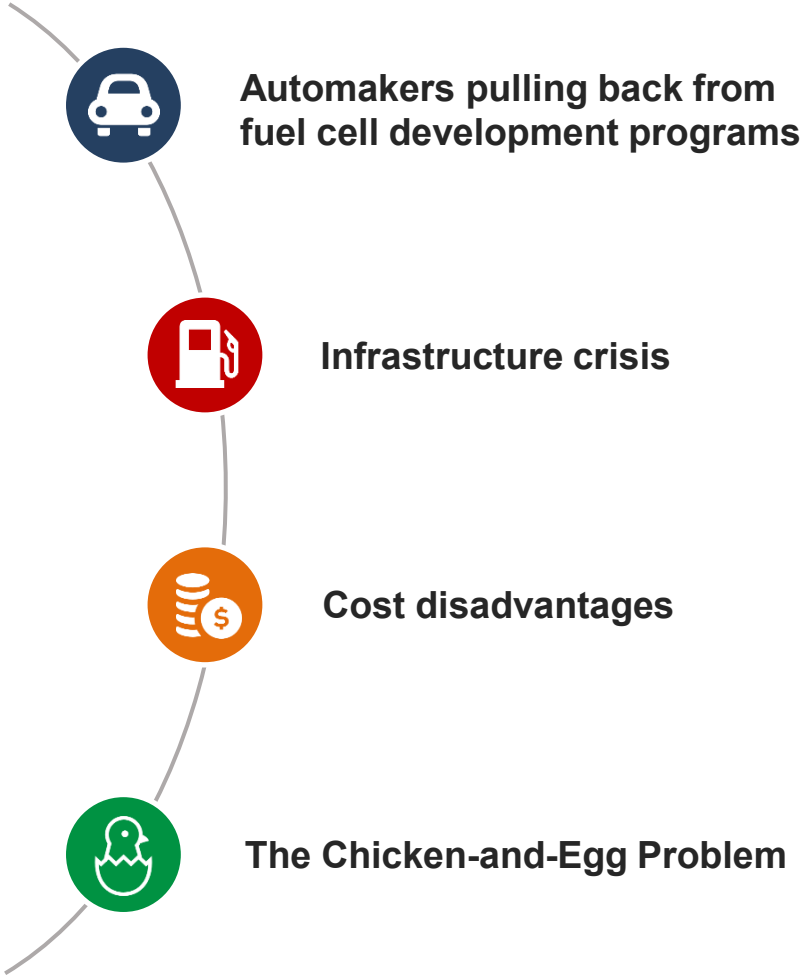

*Hydrogen business identified as one of the **main growth opportunities** within the E&E segment.*




*Targeting to generate JPY 60bn sales through new businesses, out of which JPY 31bn would be generated from E&E segment, **mainly through the Hydrogen business***

# Significant challenges remain for widespread adoption of fuel cell vehicles, and it is highly questionable whether this should be prioritized as HORIBA's new business focus

Source: Stellantis, General Motors, Interact Analysis, International Energy Agency, WJARR, Bacancy, IDTechEx



## Automakers pulling back from fuel cell development programs

- Stellantis discontinued hydrogen fuel cell technology development program in July 2025
- GM ended next-generation hydrogen fuel cell development program in Oct 2025
- In the press release announcing its exit from hydrogen, GM stated that **"the path to reaching a sustainable business in fuel cells is long and uncertain"**

## Infrastructure crisis

- **Only ~1,400 hydrogen fueling stations** compared to 5mn EV charging stations in the world
- The cost of building a single hydrogen station range between US$1-2mn and stations require consistent volume to cover fixed costs to maintain compressors, chillers, and safety systems
- Hydrogen requires either high-pressure compression or liquefaction at extremely low temperatures for efficient storage and distribution, demanding high energy input and specialized containment systems

## Cost disadvantages

- **Fuel cell vehicles cost 120-130% to purchase** compared to similar battery EV models
- Fuel cell systems tend to be expensive, largely driven by materials such as platinum used in catalysts and carbon-fiber used in hydrogen storage tanks
- **Car fuel cost per mile remains significantly higher for fuel cell vehicles** compared to battery EV or internal combustion vehicles (FCEV $0.21 per mile vs. BEV $0.04per mile)

## The Chicken-and-Egg Problem

- Considering the initial investment and fixed costs for maintaining the stations, construction of hydrogen refueling stations would be limited while fuel cell vehicle demand is weak
- Consumers reluctant to purchase fuel cell vehicles without sufficient refueling infrastructure

# More and more hydrogen projects are being cancelled or postponed, offering limited visibility into the industry's trajectory and growth outlook

Source: ING Bank, Offshore Energy, Reuters

ING

Energy | Sustainability

Articles | 22 January 2026 | 8 min read

## Hydrogen stuck in the pilot phase

Hydrogen's advancement has stalled, with numerous project cancellations, high costs and sluggish demand. China may lead the way for global adoption in 2026, but scaling remains a complex, multi-stage process. Current efforts should focus on pilot projects reaching final investment decision (FID), which requires solid demand



Establishing hydrogen as a mainstream commodity is a complex, multi-stage process that will unfold over several decades.

OFFSHORE ENERGY

## Westwood: Over a fifth of all European hydrogen projects stalled or cancelled

MARKET OUTLOOKS

December 18, 2024, by Aida Čučuk

**Westwood Global Energy, an energy market research and consultancy firm, has identified 23 projects in the European pipeline that have been classed as cancelled or stalled across 11 major European countries that make up the majority of the hydrogen opportunity.**

The total capacity impacted by these projects is 29.2 GW (LHV) – the equivalent of 20.3% of the pipeline when considering all project statuses (current, cancelled and stalled), Westwood reported, adding that across these countries, the amount of capacity *"lost"* varies greatly, with the Netherlands unaffected through to Norway, which has lost more capacity than it has remaining in its pipeline, 11.8 GW (LHV) and 6.7 GW (LHV) respectively.

Reuters

## Cancelled and postponed green hydrogen projects

By **Reuters**

July 24, 2025 2:50 AM GMT+8 · Updated July 24, 2025

MADRID, July 23 (Reuters) - Developers of green hydrogen have scaled back investments and scrapped projects globally as elevated production costs and weak demand for the low-carbon fuel have made many ventures unviable.

Here are some projects that have been cancelled, postponed or scaled back.

**EUROPE**

** Energy company LEAG's plans to build one of Europe's largest green energy hubs on the site of disused coal-fired power plant units in eastern Germany have been postponed indefinitely, it said in June.

** Steelmaker ArcelorMittal (MT.LU) had planned to convert two plants in Germany to green hydrogen, but it shelved the 2.5 billion euro ($2.9 billion) plan in June despite the offer of 1.3 billion euros in public subsidies.

** Iberdrola (IBE.MC), Europe's largest utility, scaled back its green hydrogen ambitions by almost two thirds in March 2024 after funding delays for some projects. Its 2030 production target fell to about 120,000 tons of green hydrogen a year, compared with a previous goal of 350,000 tons.

** Spain's Repsol (REP.MC) cut its 2030 target for green hydrogen production by up to 63% in February to between 0.7 gigawatts (GW) and 1.2 GW of electrolyser capacity by the end of the decade, with Chief Executive Josu Jon Imaz highlighting the challenges of a high-cost industry heavily reliant on subsidies.

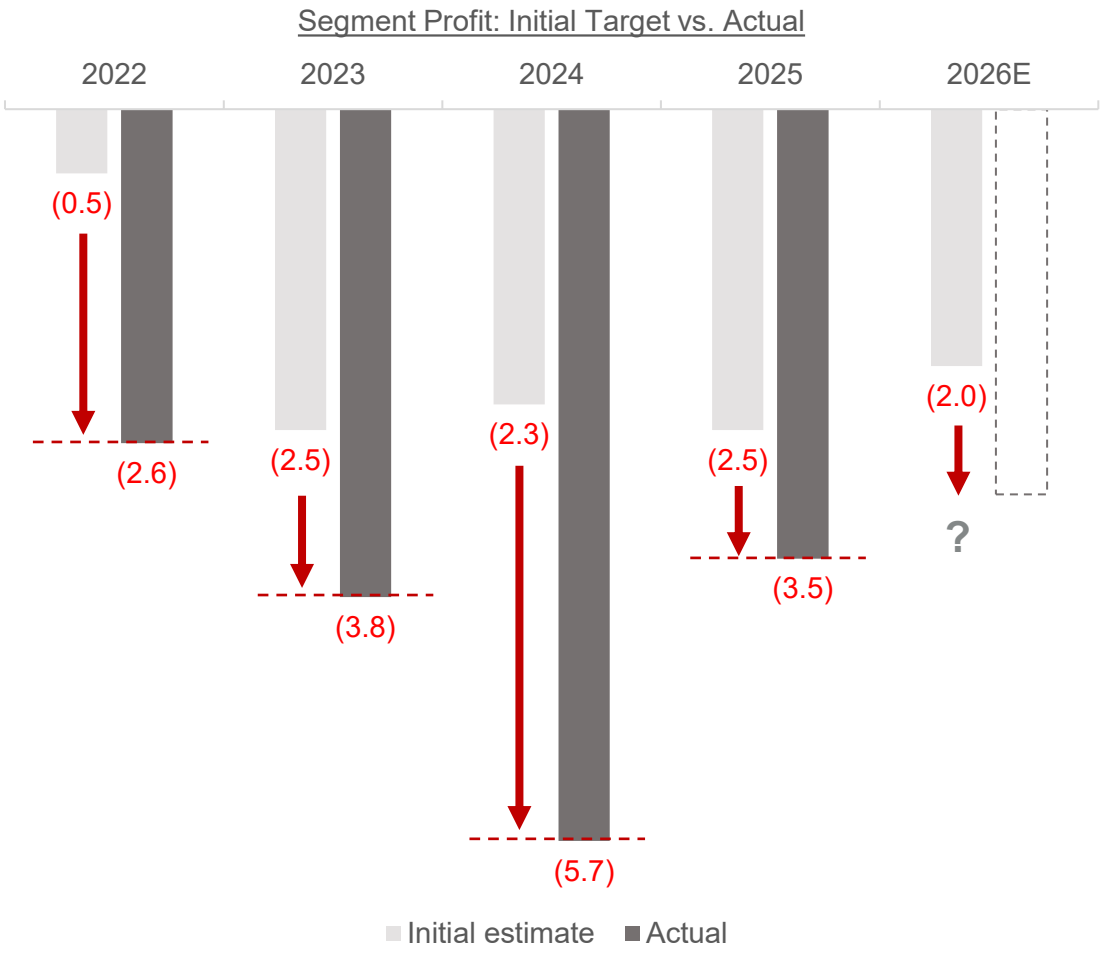
** BP (BP.L) said in April that it was shutting its team looking into hydrogen and liquefied natural gas (LNG) for transport.

** Shell (SHEL.L) scrapped plans for a low-carbon hydrogen plant on Norway's west coast owing to lack of demand, it said in September, days after Equinor (EQNR.OL) cancelled a similar project planned for Norway.

** Oil refiner and biofuel maker Neste (NESTE.HE) withdrew in October from an investment into renewable hydrogen production at its plant in Porvoo, Finland, citing challenging market conditions.

# Despite ongoing assurances to shareholders regarding profitability improvements, the Hydrogen business has consistently generated losses well beyond the Company's initial projections

Source: Company disclosures




HORIBA

*In FY2024 Q4, we also **began to see signs of improvement** (in profitability of the Hydrogen business). For issues in procurement and inventory management, experienced members gathered from Japan and other countries are engaging directly in on-site operations, and **we are increasingly seeing a path to improvement**. In 2025, we plan to improve quotation accuracy and leverage global experience/know-how to improve profitability even for complex-spec projects.*

*- HORIBA Investor Relations*
*FY2024 Q4 Earnings Call Q&A*

Note: FY2022-2024 according to former MCT subsegment in the Automotive segment (including Mechatronics); FY2025 according to Energy subsegment within E&E segment

# Again, HORIBA announced Hydrogen restructuring, but continues to provide no timeline or detailed roadmap for achieving profitability, avoiding accountability for the underperformance

Source: Company disclosures

***FY2025 Q4 Earnings Presentation published February 2026***

Energy & Environment

## Responding to Business Challenges

**Mobility business**

- Maintain strong backlog supported by the recovery of investment in ICEs by customers.
- The Mechatronics business carries out restructuring.



**[Measures to enhance capital efficiency and profitability]**

- Mechatronics-related core facilities
  - Downsizing the operation of HORIBA Europe GmbH (Germany)
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- Scale down the operation of HORIBA FuelCon GmbH.
- Profitability improvement for other facilities related to energy business.



**Build the organizational structure needed to capture future returns of hydrogen-related investments that support carbon neutrality**

HORIBA 15

✗ ***No specific profit targets, milestones, or timeline*** *for turning the business profitable*

✗ *No details on the scale or scope of operational downsizing, preventing investors from evaluating the adequacy of these reforms*

✗ *Despite a sharp contraction in hydrogen-related markets, no market outlook or key assumptions supporting continued investment in FCEVs and electrolyzers have been articulated*

✗ ***No visibility into when such recovery of hydrogen-related investments might materialize***

# Hydrogen Business – A Failed Gamble

***The Hydrogen business operated by HORIBA FuelCon has destroyed substantial shareholder value***



### *Chronic Value Destruction*

*FuelCon has remained structurally loss-making with poor return on capital despite years of "turnaround" messaging*



### *Execution Failures, Not Only Market Timing*

*Losses have been amplified by operational errors, culminating in asset impairments and underperformance*



### *Industry Backdrop Deteriorating*

*Hydrogen adoption is slower and more uncertain than expected, undermining the investment case and timing of any recovery*



### *No Credible Turnaround Roadmap*

*Current restructuring plan provides no clear milestones, quantified targets or timeline*



### *Distraction for Management*

*Continuing to operate and invest in this business consumes capital and management attention*

***While HORIBA took a large bet on Hydrogen when the Company acquired FuelCon in 2018, the acquisition has resulted in large impairments and losses reflecting not only the drastic changes in Hydrogen-related market conditions, but also its own operational failures.***

**Semiconductor Business is Hidden by Poor Performing Businesses**

01 Engineering, Consultancy & Testing (ECT)

02 Mechatronics (MCT)

03 Hydrogen

➤ 04 **Medical**

05 Emission Measurement Systems

# Medical Business – A Subscale Operator in a Highly Competitive Market

Source: Company disclosures

## Bio & Healthcare Business Overview

- HORIBA's current Bio & Healthcare (Medical) business centers on in-vitro diagnostic ('IVD') systems for hematology, clinical chemistry, and emerging life-science production tools
- Medical business designs, develops, and distributes IVD analyzers, reagents, and consumables for routine clinical labs, clinics, and hospitals
- Today, HORIBA's IVD analyzers are used in over 30,000 laboratories globally
- The business has five production sites (Japan, China, France, Brazil, India) and two R&D centers (Japan, France) with over 1,230 employees
- Leveraging its analytical know-how from automotive, semiconductor, and scientific instruments, HORIBA is currently developing new bio and life science solutions, including bioprocess and gene-therapy related systems

## Product Line

***Hematology Analyzers***





***Clinical Chemistry Analyzer***



***Reagents***



***Raman and bioprocess instruments***





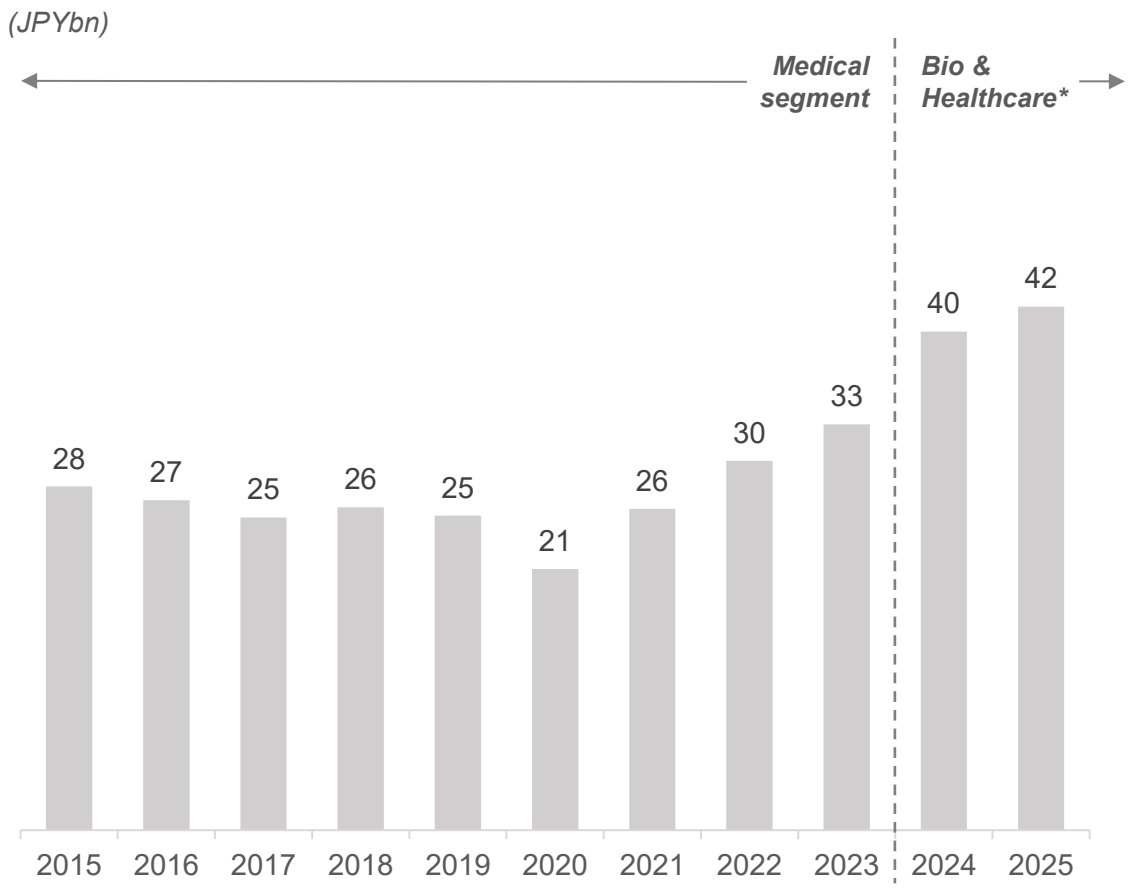

## History

- **1987** Entered agreement for distribution and manufacturing of French blood cell counter maker ABX's hematology analyzers in Japan
- **1996** Acquired ABX S.A., (now HORIBA ABX)
- **1997** Acquired a French spectrometer maker, Jobin Yvon S.A.
- **1999** ABX acquired the hematology business unit of BioChem Immunosystems Inc. (US) to strengthen N. American footprint
- **2003** ABX acquired a French reagent venture BioPep expanding into coagulation (hemostasis) reagents development and production
- **2011** Completed construction of reagent plant in China
- **2012** Completed construction of reagent plant within Aso Factory (Japan)
- **2014** Completed construction of reagent plant in India
- **2014** Completed construction of reagent plant in Brazil
- **2018** Acquired ROHM's micro-blood analysis system business
- **2021** Acquired MedTest Holdings, Inc. (US) to expand biochemistry offerings
- **2024** Opened medical equipment and hematology reagent manufacturing plant in Nagpur, India in 2024
- **2025** Entered co-development agreement with FUJIFILM for a novel gene-delivery system for manufacturing gene-therapy products
- **2025** Announced closure of reagent plant in China

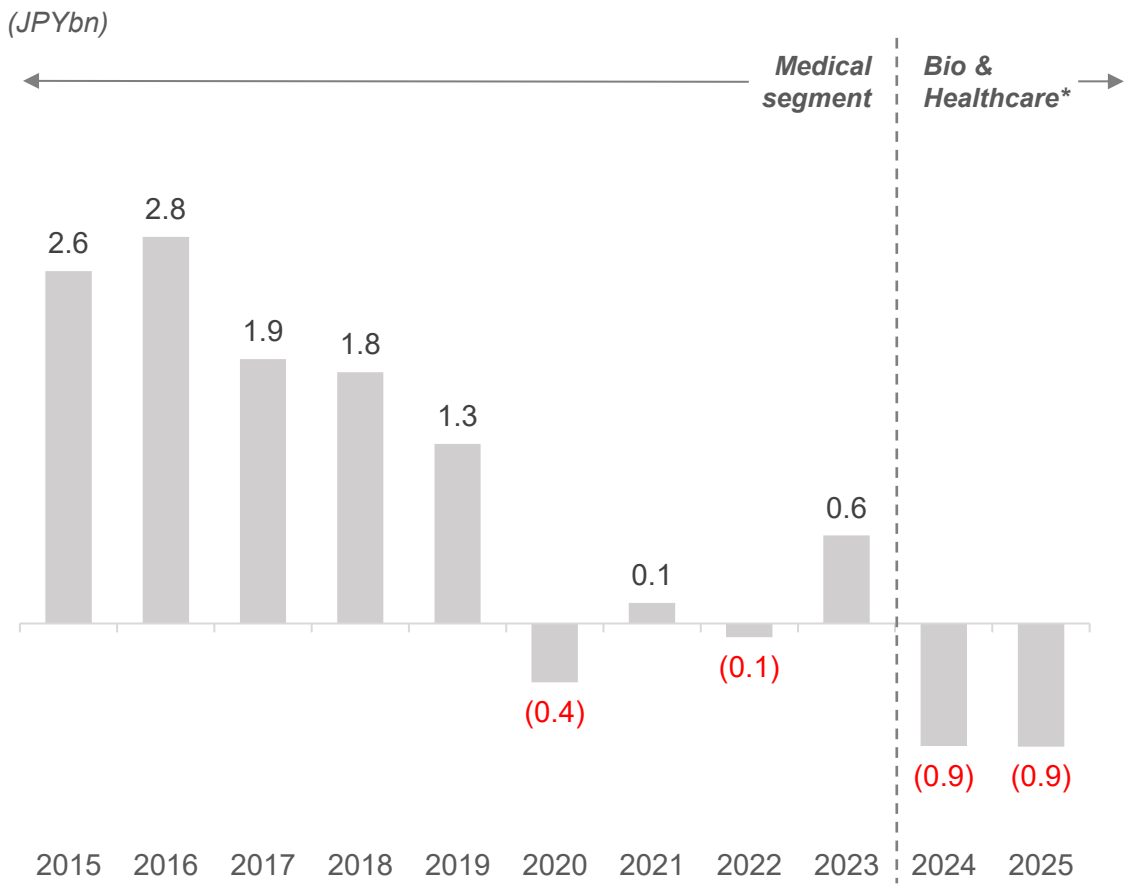
# Medical business has observed limited sales growth and deteriorating profitability over the years

Source: Company disclosures

## Bio & Healthcare (Medical) business: Net Sales




## Bio & Healthcare(Medical) business: Segment Profit (Loss)




Note: *Bio & Healthcare segment includes former Medical segment and parts of former Scientific and Process segments

# While competition in the global hematology market continues to intensify, HORIBA lacks a clear competitive advantage against Tier-1 players

Source: Sysmex, Goldman Sachs, Company disclosures

| | *Market Outlook* | *Competitive Landscape* | *HORIBA's Positioning* |
|---|---|---|---|
| **Japan** | ▪ Aging population drives chronic disease testing demand<br>▪ Hospital management under pressure, leading to a slowdown in capex | ▪ No.1 player (Sysmex) holds c.50% market share | ▪ Estimated to hold **c.10% market share**<br>▪ HORIBA focuses on small- to mid-sized hospitals and clinics as key customers |
| **China** | ▪ Intense price competition from local manufacturers<br>▪ Government-led healthcare cost control policies resulting in test volume decline and inventory adjustment<br>▪ Geopolitical tensions may impede hospitals buying Japanese products | ▪ Local player (Mindray) holds No.1 position with 53% market share<br>▪ Sysmex is No.2 player with 40-45% market share | ▪ Operates mainly in **low-end market where local players are highly competitive in**<br>▪ In Nov 2025, announced closure of Shanghai hematology reagent factory, but **no decisions reached to completely exit from China** |
| **Europe** | ▪ Aging population drives chronic disease testing demand<br>▪ Developed countries shifting toward high-end hematology models | ▪ No.1 player (Sysmex) holds c.50% market share | ▪ HORIBA ABX HQ located in Montpellier, France<br>▪ Estimated to hold **c.5% market share** |
| **U.S.** | ▪ Largest market for hematology analyzers<br>▪ Shifting toward more advanced, automated and AI-enabled hematology analyzers | ▪ No.1 player (Sysmex) holds c.50% market share | ▪ Estimated to hold **c.2% market share**<br>▪ Received FDA clearance in May 2024 for Yumizen H2500 hematology analyzer<br>▪ **Offers comparable product to mid-tier competitor products**, not cutting-edge |
| **Global** | ▪ Estimated to grow at **+3% CAGR** (excl. China)<br>▪ Market consolidation trend favoring players with comprehensive diagnostic menu | ▪ Sysmex is global No.1 holding over 50% market share<br>▪ Major players include Mindray, Danaher (Beckman Coulter), Siemens Healthineers, Abbott<br>▪ Since 2021, competition intensifying amidst the rise of Chinese players (e.g. Mindray) | ▪ HORIBA supplies hematology analyzers to Siemens Healthineers as OEM<br>▪ **HORIBA brand lacks credibility and presence in the global healthcare industry** |

Note: HORIBA's market share estimated by calculating hematology sales per region according to FY2023 breakdown of Medical segment sales by product and by region

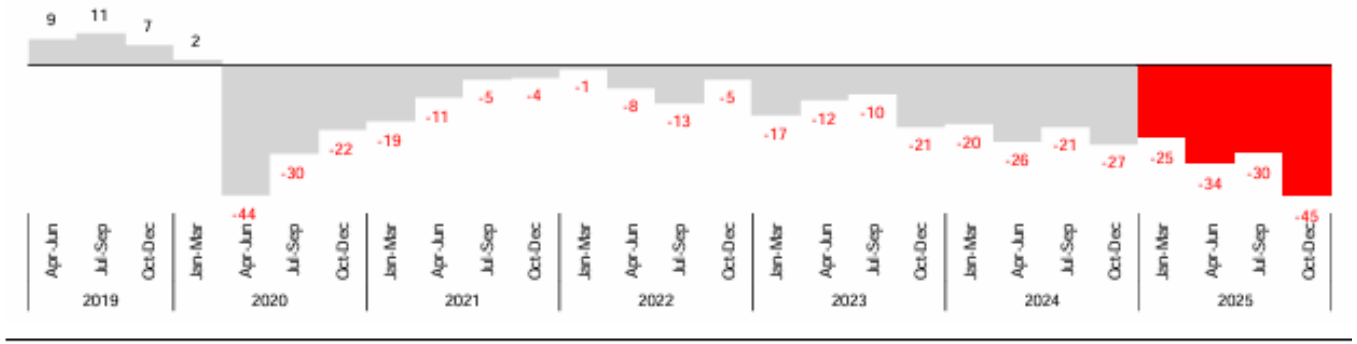
# Growing financial pressure on HORIBA's key customers in Japan results in reluctance for instrument replacement and limits volume and margin growth

Source: Company disclosures, SMBC Nikko, Yomiuri Shimbun

- HORIBA's Japan medical business targets routine IVD at small/mid providers using compact analyzers and reagents, with profits driven mainly by recurring reagent usage tied to steady outpatient volumes
- While aging supports test demand, rising healthcare costs are forcing cost containment, and **smaller hospitals/clinics face mounting financial strain** from a shrinking workforce, flat reimbursement, and growing chronic-care needs.

> *In the medical business, medical institutions are cautious to update their facilities due to a **surge in personnel costs and other expenses in Japan**…*
>
> *- HORIBA Investor Relations, FY2025 Q3 Earnings Call Q&A*

**Figure 6. Japanese hospital and medical business conditions**




*Notes: DI = increase – decrease; present as of date of response, forecast for 3 months ahead*
*Sources: Interviews/materials regarding Japan hospitals; SMBC NIKKO*

THE JAPAN NEWS
BY THE YOMIURI SHIMBUN

## High Prices Squeeze Hospitals, 60% in the Red; Deficit Leading to Department Shuttering, Reduced Services

Post Share Post




The Yomiuri Shimbun
A hospital official shows the signs for three medical departments that were discontinued in April at the Ojiya General Hospital in Ojiya, Niigata Prefecture, on April 7. (Part of this image has been obscured.)

By Kiyohiko Yoneyama and Keisuke Suzuki / Yomiuri Shimbun Staff Writers

20:08 JST, June 15, 2025

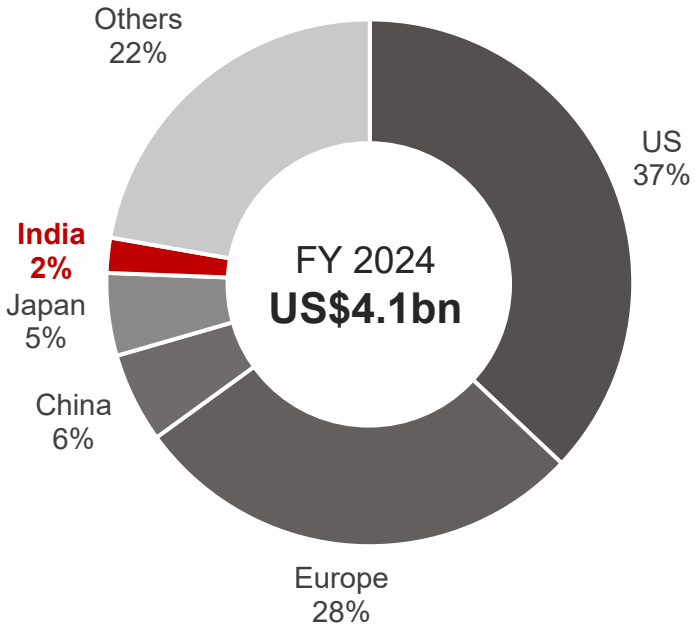
Rising prices and labor costs are causing hospitals nationwide to suffer financial difficulties. The effects are becoming apparent as some hospitals are reducing medical services or not replacing aging medical equipment.

While medical organizations are calling for the government to review medical fees in accordance with rising prices and labor costs, experts have pointed out the need for improving hospital management by making medical service systems more efficient.

# HORIBA aims for growth in India, but India market is still very small and experiencing intensifying competition from global and local players, making it a challenging market for HORIBA to win in

Source: Grand View Research, Sysmex, J.P. Morgan

Hematology Diagnostics Market Size




- Total addressable market size of India hematology diagnostics is around **US$88mn** in 2024, which accounts for **only 2%** of the global hematology market

Competitive Landscape in India Hematology Market

HORIBA mainly operates in **mid- to high-end market**, offering compact and mid-sized devices with focus on offering high quality equipment

| | |
|---|---|
| **High-end** | • Top-tier hospitals are primarily private hospitals, expecting growth over growing middle-income population<br>• Foreign companies (Sysmex, Beckman Coulter, HORIBA, and Mindray) account for majority of sales to top hospitals<br>• Sysmex holds 65% market share in India's high-end hematology market<br>• **High-end segment is crowded with specialized IVD players offering superior service and broader product portfolios**, leaving little competitive opportunity for non-specialized player like HORIBA |
| **Mid-range** | • Main products include entry model for five-item analytical equipment<br>• Other than the well-funded private hospitals, the Indian market is largely price-driven, and cost-competitive players are favored<br>• **Competition is intensifying** as both global and local competitors are expanding into this range from high- and low-end markets<br>• While the market clearly favors cost competitive products, **HORIBA cannot compete against local and Chinese competitors on price** |
| **Low-end** | • Main products include compact three-part analyzers<br>• Indian manufacturers (Transasia Bio-Medical, Agappe) and cost-competitive Chinese players are active in this area<br>• Public hospitals are main targets, which tend to prioritize domestic production (Make in India) |

# The Company's announced restructuring plan not only lacks sufficient disclosure and fails to meet basic standards of accountability, but is also fundamentally inadequate in substance

Source: Company disclosures

***FY2025 Q4 Earnings Presentation published February 2026***

Bio & Healthcare

## Responding to Business Challenges

### Medical business

- Enhancing product differentiation and sales capabilities in Japanese and Indian markets.
- Initiated structural reforms in regions where profitability has declined due to intensifying competition.
- Began evaluating a potential partnership with Medconn, a China IVD company, aiming at optimizing operations in China and alliances outside China.




Signed an MoU toward a potential alliance with Medconn

**[Measures to enhance capital efficiency and profitability]**

- Promoting structural reform of China Medical business, including a closure of the factory.

### Life-science business

Market environment

- Impact of the reduced R&D budget for academia (U.S.).
- Progress of collaborations with pharmaceutical companies.

HORIBA's business

- Increase in sales by expanded sales of new products.
- Continuous investment to develop products preparing for the growth after 2027.

**Presented the research using Raman / fluorescence spectroscopy analyzers (The 4th conference of The Antibody Society of Japan)**

【Opportunity】

- Continuous monitoring in cell culture processes for antibody drug production.

【HORIBA's solution】

- Presented that process analysis technology can contribute to improving biopharmaceutical production efficiency.



Fluorescence spectroscopy rapid bio analyzer



Process Raman system

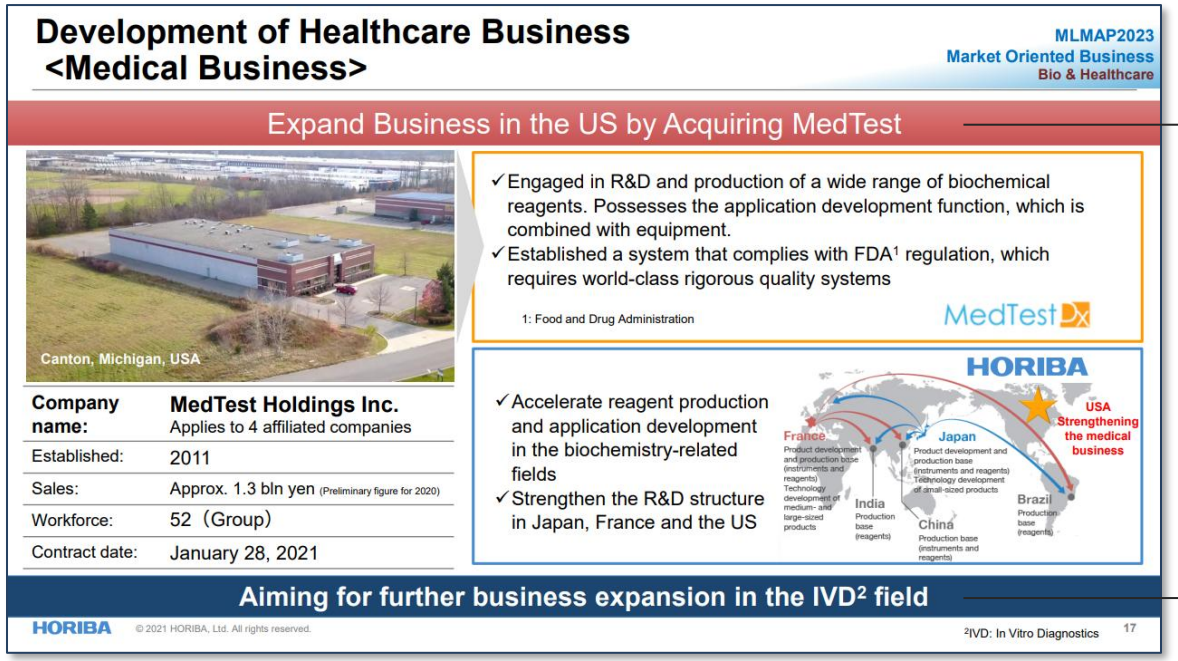
HORIBA 17

- ✗ ***No specific profit targets, milestones, or timeline*** *for turning the business profitable*
- ✗ *No details on the specific restructuring measures being undertaken in each region (Japan, China, U.S., Europe)*
- ✗ *Announcement of reagent factory closure in China, but* ***no intention to completely exit from China*** *despite structural challenges*
- ✗ ***Current restructuring plans for the hematology business in China is insufficient*** *to fundamentally resolve the chronic underperformance recorded in this business segment*

# Five years ago, HORIBA presented growth initiatives to strengthen U.S. business and the expand IVD offerings through acquisitions, but this strategy has since been completely abandoned

Source: Company disclosures

***FY2021 Q1 Earnings Presentation published May 2021***



**Development of Healthcare Business <Medical Business>**

MLMAP2023
Market Oriented Business
Bio & Healthcare

Expand Business in the US by Acquiring MedTest




| Company name: | MedTest Holdings Inc. Applies to 4 affiliated companies |
|---|---|
| Established: | 2011 |
| Sales: | Approx. 1.3 bln yen (Preliminary figure for 2020) |
| Workforce: | 52 (Group) |
| Contract date: | January 28, 2021 |

✓Engaged in R&D and production of a wide range of biochemical reagents. Possesses the application development function, which is combined with equipment.
✓Established a system that complies with FDA[1] regulation, which requires world-class rigorous quality systems

1: Food and Drug Administration

MedTest DX

✓Accelerate reagent production and application development in the biochemistry-related fields
✓Strengthen the R&D structure in Japan, France and the US




Aiming for further business expansion in the IVD[2] field

HORIBA © 2021 HORIBA, Ltd. All rights reserved.

[2]IVD: In Vitro Diagnostics 17

- In 2021, HORIBA acquired MedTest Holdings to expand its offerings in the Medical business, capturing additional biochemistry reagent development and production capabilities in the U.S.

*Has HORIBA realized any meaningful contributions or sales growth from its Medical business in the US?*

✗ ***NO**, the IVD market in the US is the largest market and a region of strategic focus for many global competitors (Roche, Abbott, Danaher, etc.) with significantly greater presence in the industry.*

*Did HORIBA succeed in expanding its IVD offerings into immunology and clinical chemistry?*

✗ ***NO**, incumbent specialized IVD competitors already offer broad menus spanning across immunoassay, chemistry, hematology, and urinalysis.*

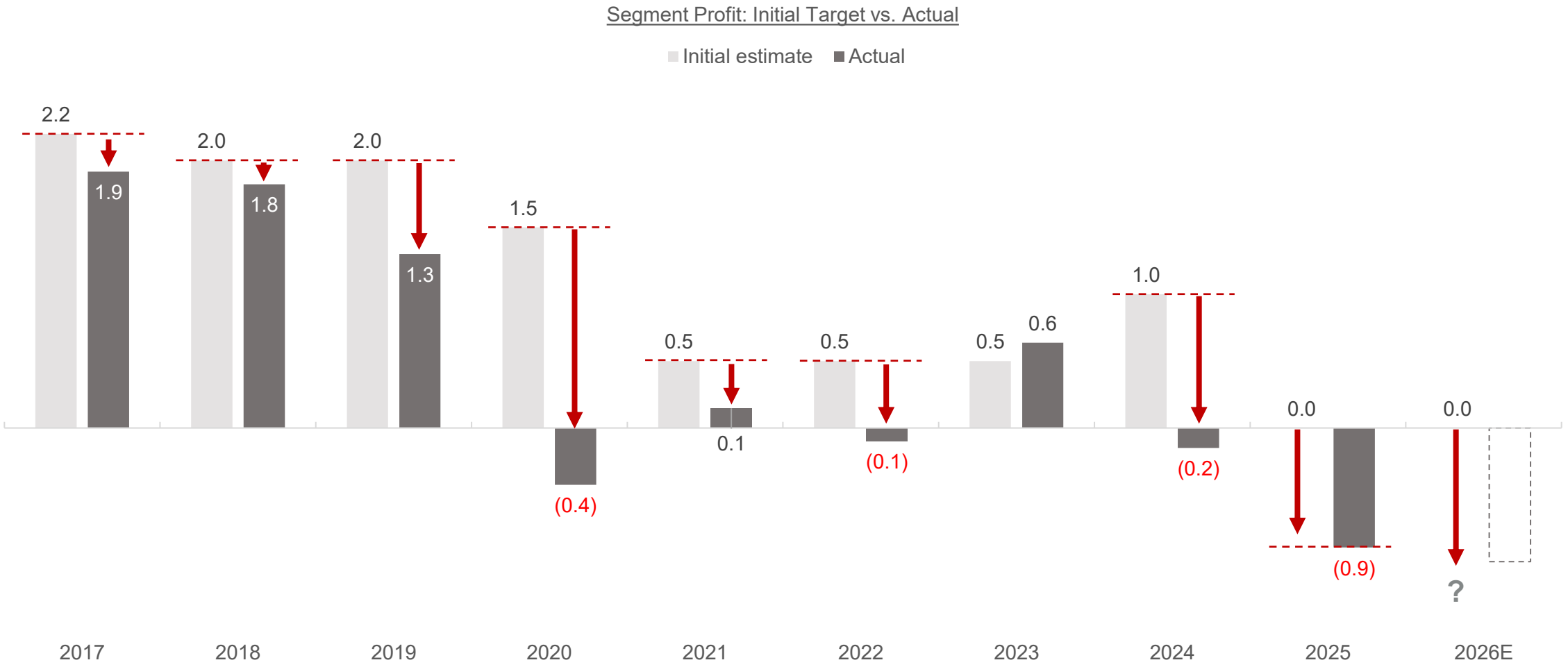
✗ *Although this was presented as a key growth initiative until mid-2024, HORIBA has since ceased all references to it*

***The strategies presented by HORIBA management five years ago have been completely abandoned.***

OASIS

# HORIBA has rarely met its initial profit targets for B&H business, yet consistently presents an overly optimistic picture of its actual performance

Source: Company disclosures




Note: FY2017-2024 reference former Medical segment; FY2025-2026E reference Bio & Healthcare segment

# Medical Business – A Subscale Operator in a Highly Competitive Market

***The Medical business has destroyed substantial shareholder value***



### *Stagnant Sales & Deteriorating Profitability*

*While sales growth has been limited, the profitability has continued to worsen*



### *Competition Intensifying*

*Hematology market is crowded with international players actively competing with a much larger franchise*



### *Lacking Competitive Edge*

*HORIBA's hematology operation is small and lacks competitive advantages*



### *Key Customers Struggling Financially*

*In Japan, HORIBA's core customers are struggling financially amidst cost inflation*



### *No Credible Turnaround Plan*

*Current restructuring plan have no clear milestones, quantified targets or timeline*



### *Distraction for Management*

*Continuing to operate and invest in this business consumes capital and management attention*

***HORIBA's hematology franchise lacks scale compared to global competitors, which are specialized medical equipment providers in a highly-competitive market***

**Semiconductor Business is Hidden by Poor Performing Businesses**

01 Engineering, Consultancy & Testing (ECT)

02 Mechatronics (MCT)

03 Hydrogen

04 Medical

➤ 05 **Emission Measurement Systems**

# About the Emission Measurement Business

Source: Company disclosures

## Emission Measurement Overview

- HORIBA's automotive emission measurement systems ("EMS") are estimated to hold about **80% global market share** in the engine-testing and emissions-measurement segment
- In 1964, the company first released its emission measuring equipment in Japan, triggered by the Clean Air Act coming into effect in the U.S.
- Automotive OEMs and tier-1 suppliers are key customers – major global car, motorcycle and engine manufacturers use HORIBA systems for R&D, homologation, and production-line emission testing.
- The business is positively impacted by tightened global regulations on exhaust emissions. Meanwhile, the business has high exposure to ICE vehicles, and accelerated EV shift negatively impacts the business sales.

## Product Lines

***MEXA-ONE***
*Motor Exhaust Gas Analyzer*



***MEXAcube***
*Compact EMS*



***OBS-ONE GS Unit***
*On-board EMS*



***CVS-ONE***
*Constant Volume Sampler*



## BIWAKO E-HARBOR

- BIWAKO E-HARBOR is the largest domestic development and production base for gas- and emission-measurement systems, located in Shiga Prefecture
- The plant is the main Japanese production base for exhaust-gas analyzers, stack-gas analyzers, and air-pollution monitoring systems, sold globally to automotive OEMs, power plants, and industrial-process customers
- Completed in 2015, the facility sits on about 59,700 m² of land, with a 10-story steel-frame building and 27,500 m² of total floor area





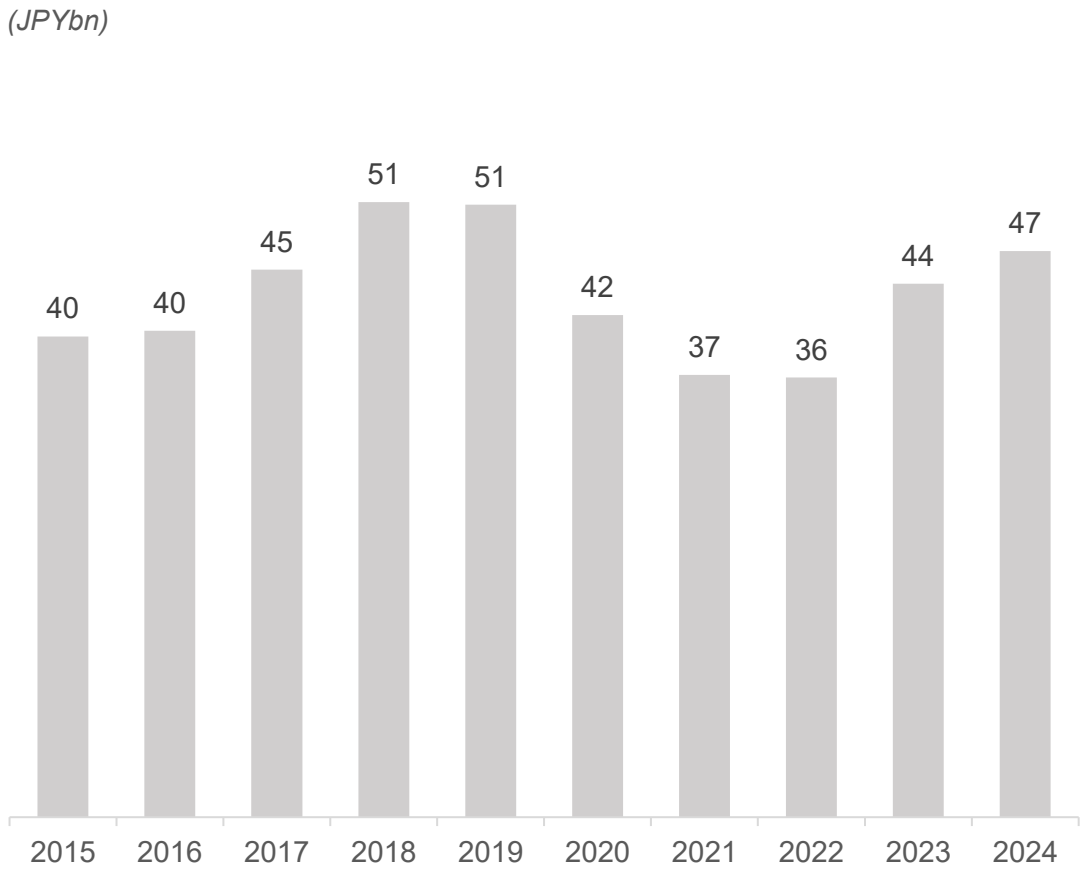




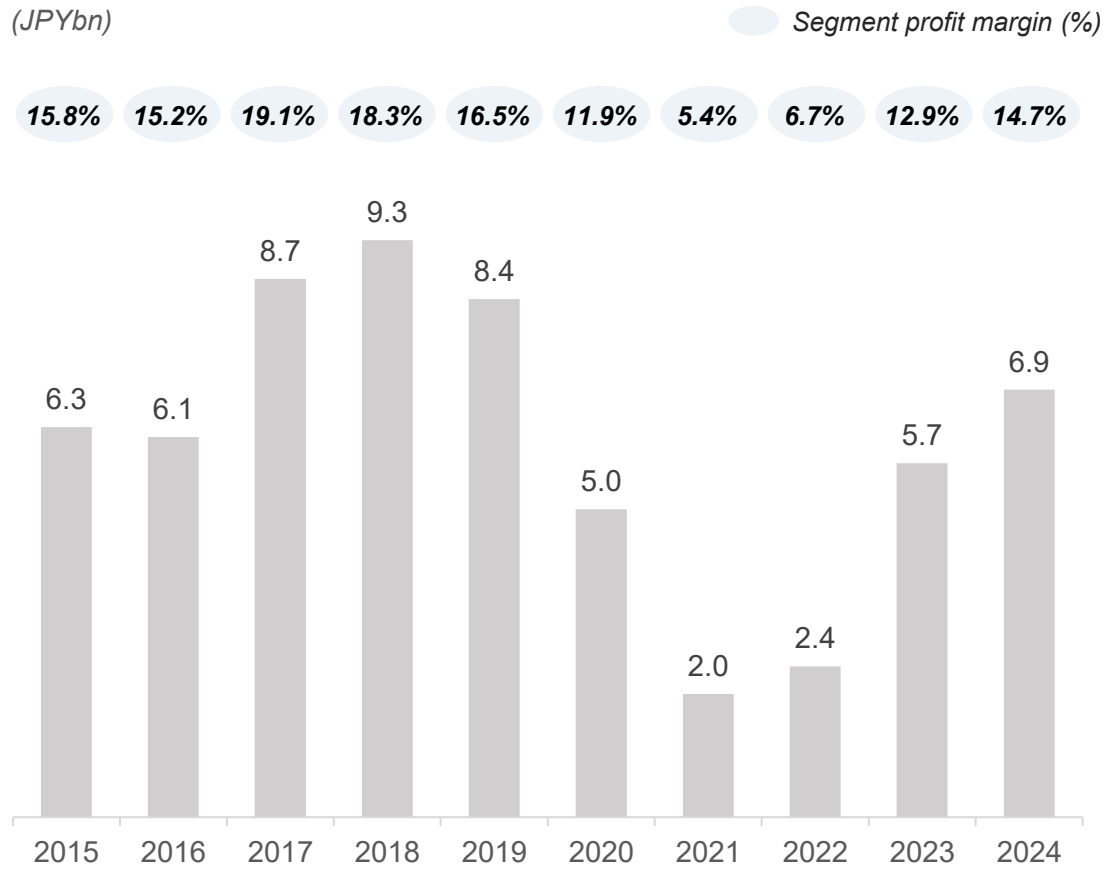
# Sales growth has been stagnant over the years, but this is a cash-cow business with high profitability generating approximately 14% operating margin on average

Sources: Company disclosures

## Emission Measurement business: Net Sales




## Emission Measurement business: Segment Profit (Loss)




Note: Financials according to former Exhaust Gas subsegment in the Automotive segment

# Emission measurement business enjoying momentary tailwinds from global scale-back of EV development and return to internal combustion engines (“ICE”)

Source: Bloomberg, Reuters, EY

Bloomberg

## The Electric Car Transition Unravels Slowly, Then All at Once




Electric vehicles at a charging station in Atlanta. *Photographer: Megan Varner/Bloomberg*

By Craig Trudell
December 17, 2025 at 12:42 AM GMT+8

Save Translate

**Takeaways** by Bloomberg AI

The global transition to electric vehicles is beginning to unravel the way major changeovers often do: slowly at first, then all at once.

This week brought a cascade of signals that the EV era is entering a more uncertain, more contested phase. The European Commission backed away from what had been the world’s most aggressive timeline for phasing out internal-combustion engines, granting manufacturers and consumers more time to move off gasoline. A day earlier, Ford Motor Co. announced $19.5 billion in charges tied to the retreat from an electric strategy it vowed to go all in on eight years ago.

Reuters

## Global carmakers book $55 billion hit from EV rollback

By **Alessandro Parodi**

February 6, 2026 6:45 PM GMT+8 · Updated February 6, 2026




[1/2] Stellantis premium brand Alfa Romeo reveals the Milano, its first fully electric car (EV), during an event in Milan, Italy April 10, 2024. REUTERS/Daniele Mascolo/File Photo Purchase Licensing Rights

Feb 6 (Reuters) - Global carmakers have booked some $55 billion in writedowns in the past year as they scale back electric vehicle ambitions on a tough U.S. market under President Donald Trump, price wars in China and a more complex mix of vehicle types in Europe.

The latest to join the growing pile is Jeep-to-Fiat owner Stellantis (STLAM.MI), which revealed charges of around 22.2 billion euros ($26.5 billion) in the second half of 2025, dragging its shares down over 20% to six year lows.

Press release
09 Dec 2025 | London, United Kingdom

EY

## Global consumers driven back to ICE vehicles as EV enthusiasm cools: EY research

- **Half of global car buyers plan to choose internal combustion engines, a 13-point jump as electric vehicle demand softens**
- **Range anxiety, charging gaps and geopolitics fuel growing hesitation towards battery electric vehicles (BEV)**
- **Consumers prioritize essential connected features, with nearly four in ten citing high service costs as a barrier**

Global car buyers are putting the brakes on adoption of electric vehicles, with many shifting back to internal combustion engines (ICEs) and reassessing electric vehicle ownership, according to the new EY Mobility Consumer Index (MCI), a global survey examining sentiment and buying intent across major automotive markets.

Constantin M. Gall, EY Global Aerospace, Defense and Mobility Leader, says:

“Consumers are weighing the realities of policy shifts, cost pressures and uneven charging infrastructure. The long-term trend appears to be a shift away from a purely electric (‘E-only’) approach toward a more diversified future for vehicle powertrains, with different vehicle technologies serving different customer needs.

### Consumers shift gears back to ICE as EV buzz fades

The 2025 MCI shows a clear change in consumer intentions:

- 50% of global car buyers intend to purchase an ICE vehicle in the next 24 months, an increase of 13 points from 2024
- BEV preference has fallen to 14%, a drop of 10 percentage points, and hybrid preference has declined to 16%, down five percentage points
- 51% of prospective EV buyers say their plans remain unchanged, but 36% are reconsidering or delaying purchases due to geopolitical developments

# In addition, the emission measurement business enjoys short-term regulatory tailwind from the adoption of Euro 7 resulting in additional emission testing demand

Source: Official Journal of the European Union, Carwow

***Adoption of "Euro 7" regulation in Apr 2024***



Official Journal of the European Union

EN
L series

2024/1257

8.5.2024

REGULATION (EU) 2024/1257 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of 24 April 2024

*Euro 7 tightens and broadens EU vehicle rules starting July 1, 2025 for mass-produced cars.*

- ***Same NOx limit for petrol & diesel**: 60 mg/km*
- ***More realistic testing**: includes short trips and temperatures up to 45°C*
- ***New focus on non-exhaust pollution**: first-time limits for tire and brake particle emissions*
- ***Longer durability requirement**: compliance for 10 years / 200,000 km (up from 5 years / 100,000 km). More monitoring: new onboard sensors to detect issues that raise emissions*
- *Adds battery durability/capacity retention requirements for EVs and PHEVs*
- *European Commission estimates about £264 cost added per new car*

***Euro 7 increases both the technical complexity of emission testing and the volume and duration of required tests, directly boosting demand for HORIBA's Emission Measurement business.***

# Emission Measurement business – Best of a Bad Bunch but No Growth

***The Emission Measurement business is a legacy cash-cow business for HORIBA…***



*HORIBA's emission measurement system holds **c. 80% global market share***



*Recently benefiting from slow-down of EV and the return of automaker investments into ICE vehicles*



*Tightened regulations in Europe have also been a tailwind with more complicated testing required*

***… which continues to be exposed to mid-term risks amidst shift toward lower carbon transport***



*Over time, the direction of travel remains toward lower carbon transport.*
*As policy support strengthens and EV economics improve, **electrification can re-accelerate quickly**.*
*Carmakers can shift strategy rapidly once regulatory clarity increases and competitive pressure rises.*

***The Emission Measurement business is currently profitable with short-term tailwinds, but faces growth constraints in the mid- to long-term backed by electrification***

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- **b. Repeatedly Misses Mid-term Targets and Continues to Set Unrealistic Targets**
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- d. Problematic Capital Allocation

Poor Governance at the Root of Key Issues

- a. Nepotism Undermines HORIBA's Governance
- b. Board Not Providing Sufficient Oversight

Why Shareholders Should Vote AGAINST the Chairman

Conclusion

## *Why Does HORIBA Trade at a Discount?*

### 01 Semiconductor Business is Hidden by Poor Performing Businesses

- Chairman Horiba rejects “selection and concentration,” resulting in an overdiversified business portfolio
- Poor performing businesses (ECT, MCT, Hydrogen, Medical and Emission Measurement) weaken overall growth and margin profile

### 02 Repeatedly Missed Mid-term Targets and Continues to be Unrealistic

- Non-semiconductor segment targets not achieved in the previous management plans, yet no postmortem provided
- Current management plan repeats unrealistic targets, and management uses revision to evade accountability

### 03 Track Record of Failed M&A under Chairman Horiba’s Leadership

- All major acquisitions have turned into chronically loss-making businesses, and continues to destroy significant shareholder value
- M&A failures seem to reflect Chairman Horiba’s flawed acquisition strategies, yet no accountability has been assumed

### 04 Problematic Capital Allocation

- HORIBA holds disproportionate cash reserves, which materially erodes the Company’s capital efficiency
- High-quality semiconductor business is underfunded, while growth investments prioritize structurally unprofitable non-core businesses

# MLMAP 2020: All segments except Semiconductors underachieving Management Targets

Source: Company disclosures

- In February 2016, HORIBA announced its mid-term management plan "MLMAP 2020," which targeted to achieve JPY 250bn in sales, JPY 30bn in operating income (12% operating margin), and ROE of 10% or higher by FY2020

**In FY2018, HORIBA concluded that it successfully achieved most of its targets. However, the growth in its Semiconductor segment was the sole driver of such achievement.**




*MLMAP 2020 Performance Tracker:*

| *(JPYbn)* | *Sales* | | | *Operating income* | | |
|---|---|---|---|---|---|---|
| | *Target* | *Actual (FY18)* | *Achievement* | *Target* | *Actual (FY18)* | *Achievement* |
| Automotive segment | 100.0 | 79.7 | ✗ | 10.0 | 7.7 | ✗ |
| Semiconductor segment | 50.0 | 57.8 | ✓ | 10.0 | 17.1 | ✓ |
| Medical segment | 40.0 | 26.0 | ✗ | 4.0 | 1.8 | ✗ |
| Scientific segment | 35.0 | 27.8 | ✗ | 3.5 | 0.2 | ✗ |
| Process & Environmental segment | 25.0 | 19.4 | ✗ | 2.5 | 2.0 | ✗ |
| **Total** | **250.0** | **210.6** | ✗ | **30.0** | **28.8** | ✗ |

# MLMAP 2023: Failed delivery of Management Targets except in Semiconductors

Source: Company disclosures

- In August 2019, HORIBA released its next mid-term management plan "MLMAP 2023," which targeted to achieve JPY 300bn in sales, JPY 40bn in operating income (13.3% operating margin), and ROE of 10% or higher by FY2023

**Again, HORIBA claimed that it achieved most of its targets, but this was solely due to the exponential growth in the Semiconductor segment, while all other businesses fell short of its targets.**

*MLMAP 2023 Performance Tracker:*

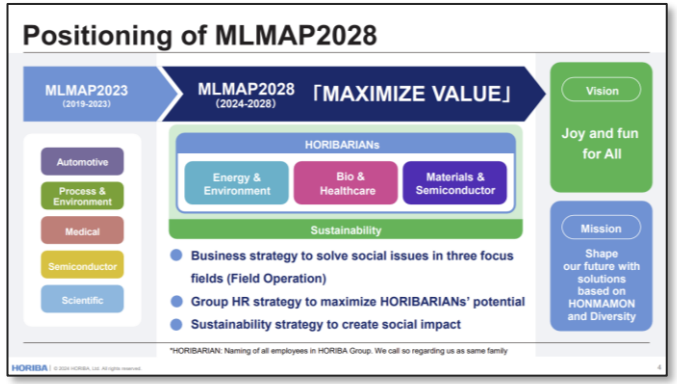
| *(JPYbn)* | *Sales* | | | *Operating income* | | |
|---|---|---|---|---|---|---|
| | *Target* | *Actual (FY23)* | *Achievement* | *Target* | *Actual (FY23)* | *Achievement* |
| Automotive segment | 120.0 | 80.4 | ✗ | 12.0 | 1.2 | ✗ |
| Semiconductor segment | 77.0 | 112.9 | ✓ | 17.7 | 40.6 | ✓ |
| Medical segment | 40.0 | 32.7 | ✗ | 4.0 | 0.6 | ✗ |
| Scientific segment | 35.0 | 39.6 | ✓ | 3.5 | 2.5 | ✗ |
| Process & Environmental segment | 28.0 | 25.0 | ✗ | 2.8 | 2.4 | ✗ |
| **Total** | **300.0** | **290.6** | ✗ | **40.0** | **47.3** | ✓ |

# MLMAP 2028: Management Plan announced in February 2024

Source: Company disclosures

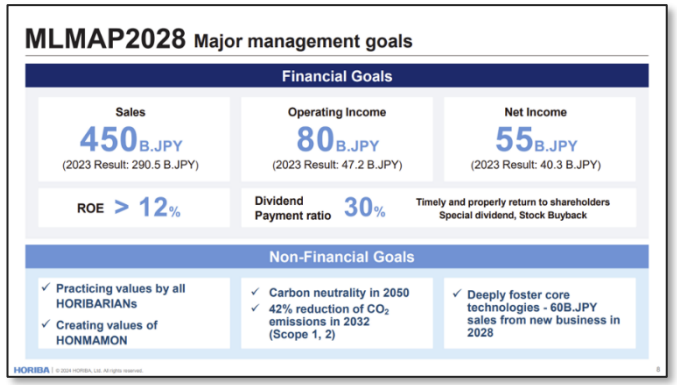
- In February 2024, HORIBA announced its new management plan, “MLMAP 2028,” which targets to achieve JPY 450bn in sales, JPY 80bn in operating income (18% operating margin), and ROE of 12% or higher by FY2028







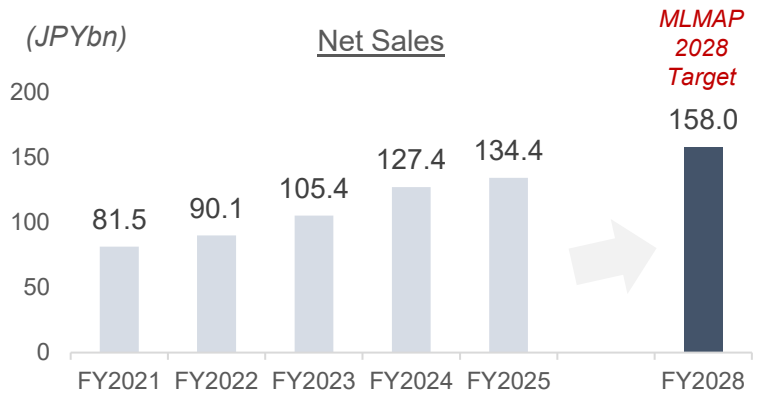


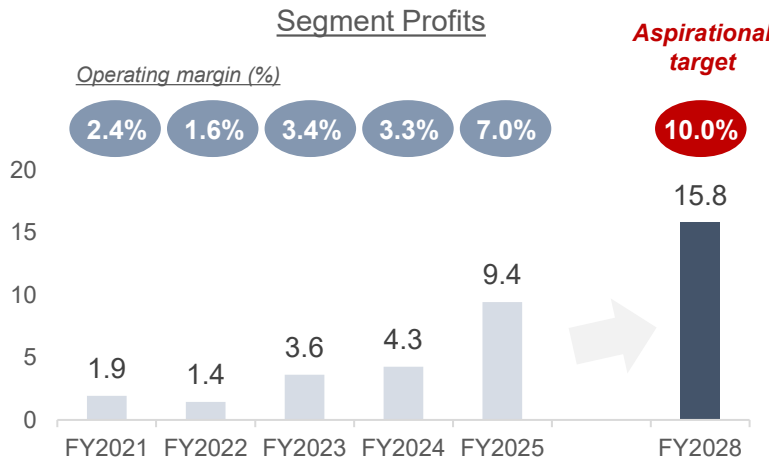

**Two years after unveiling the plan, management announced in February 2026 that it is now “under review.”**

# Aspirational targets in non-semiconductor businesses, while keeping Semiconductor targets overly conservative to leave room for outperformance to offset shortfalls elsewhere

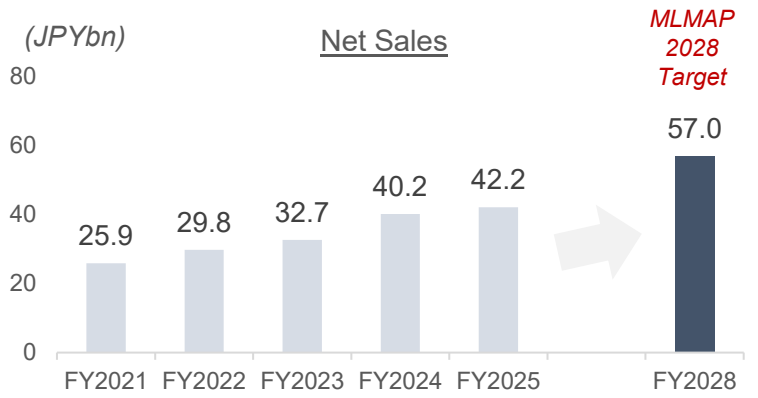
Source: Company disclosures

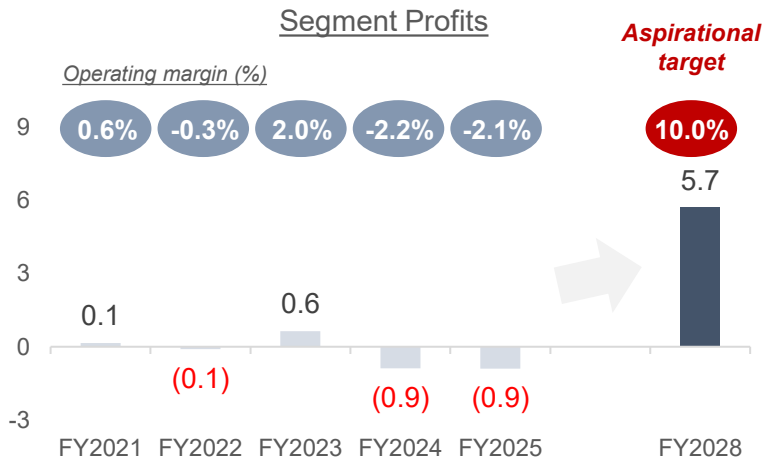
## Energy & Environment



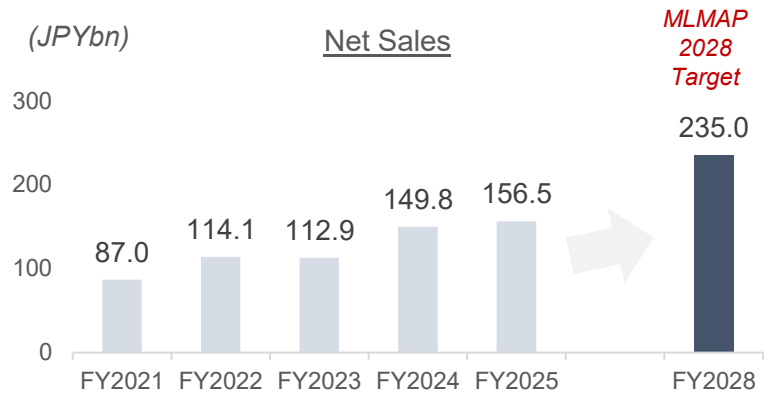



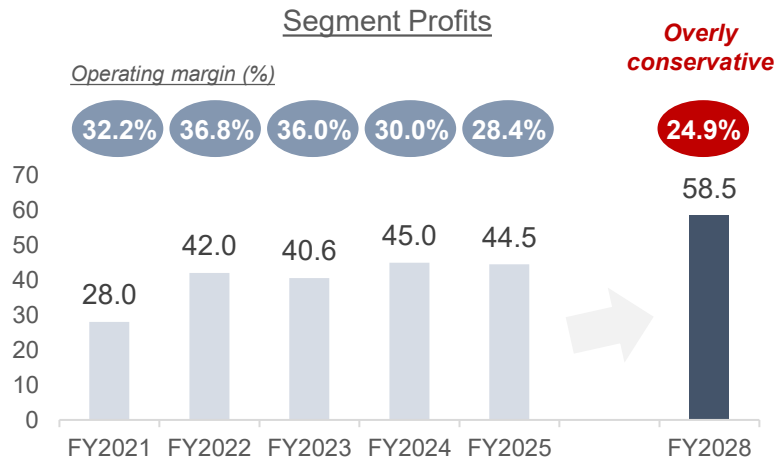

## Bio & Healthcare




## Materials & Semiconductors

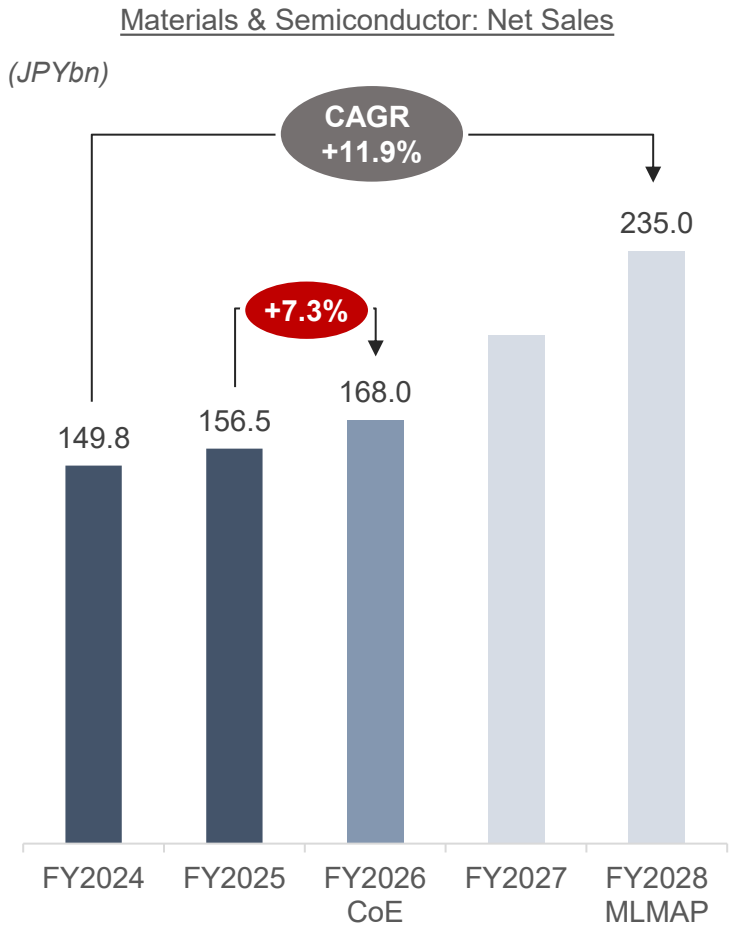



Note: FY2021-FY2023 sales and profit for E&E calculated as sum of former Automotive and Process & Environment segments; B&H as of former Medical segment; M&S as of former Semioconductor segment; former Scientific segment not included

# HORIBA's growth targets for its Semiconductor business seems overly conservative compared to growth expectations of other industry peers

Source: Company disclosures, Lam Research, Tokyo Electron, Applied Materials, Bloomberg, Goldman Sachs




| Growth Assumptions by SPE Companies | |
|---|---|
| Lam Research | ▪ Forecast CY2026 WFE growth **+22.7%** (YoY)<br>▪ Lam targets **>40%** YoY growth in advanced packaging business |
| TEL Tokyo Electron | ▪ Forecast CY2026 WFE growth **+15%** (YoY)<br>▪ Driven by strong semiconductor demand for AI applications |
| Applied Materials | ▪ Forecast semiconductor industry to grow at **+10-15%** CAGR over next 5 years<br>▪ Healthy WFE growth driven by AI-related demand |
| NAURA 北方华创 | ▪ Bloomberg consensus estimates **+25-30%** YoY sales growth for 2026<br>▪ Management expect continued growth in Chinese semiconductor industry capacity investment, expecting **double-digit** growth in the number of additional wafers capacities in 2026 vs. 2025 |
| AMEC | ▪ Bloomberg consensus estimates **+30-35%** YoY sales growth for 2026 |

***Industry peers are expecting robust growth (+10~30%) of their semiconductor business in 2026, driven by growing AI-related demand***

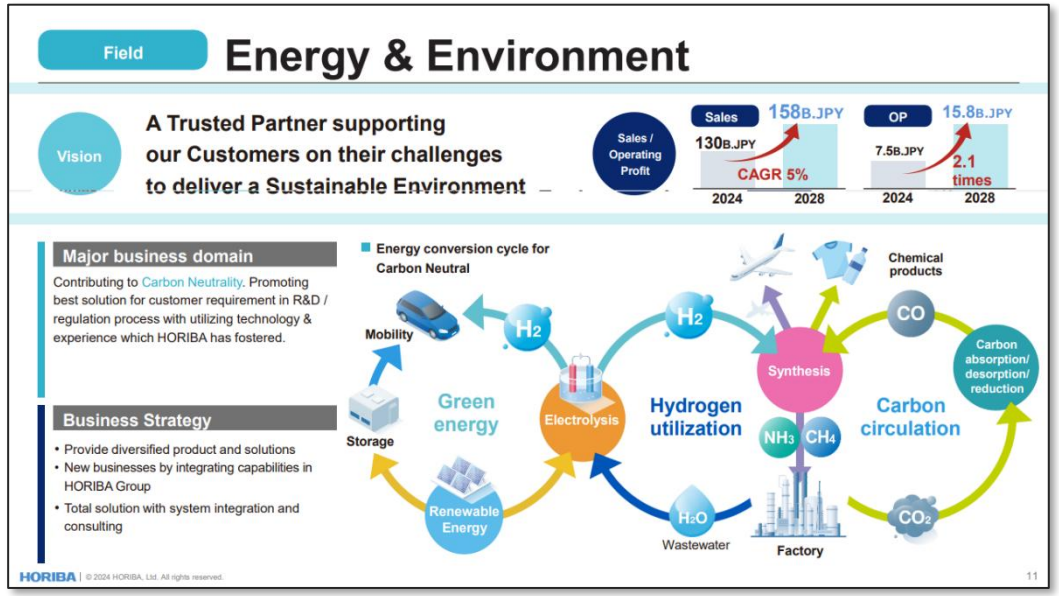
# Blindly repeating the same operating margin target of 10% in non-Semiconductor segments suggests a lazy management approach across structurally low margin businesses

Source: Company disclosures

***MLMAP 2023: Automotive segment targets***




***MLMAP 2028: Energy & Environment segment targets***




- Targeted to achieve JPY 12bn operating income, but the actual Automotive segment operating income was **only 10% of the original target** at JPY 1.2bn in 2023
- While the target represented 10% operating margin, the **actual operating margin was 1.5%** in 2023

- Targeting to achieve JPY 15.8bn operating income, representing a **10% operating margin target again**
- As of the latest FY2025, Energy & Environment recorded JPY 9.4bn operating income and **7.0% operating margin**

# Blindly repeating the same operating margin target of 10% in non-Semiconductor segments suggests a lazy management approach across structurally low margin businesses

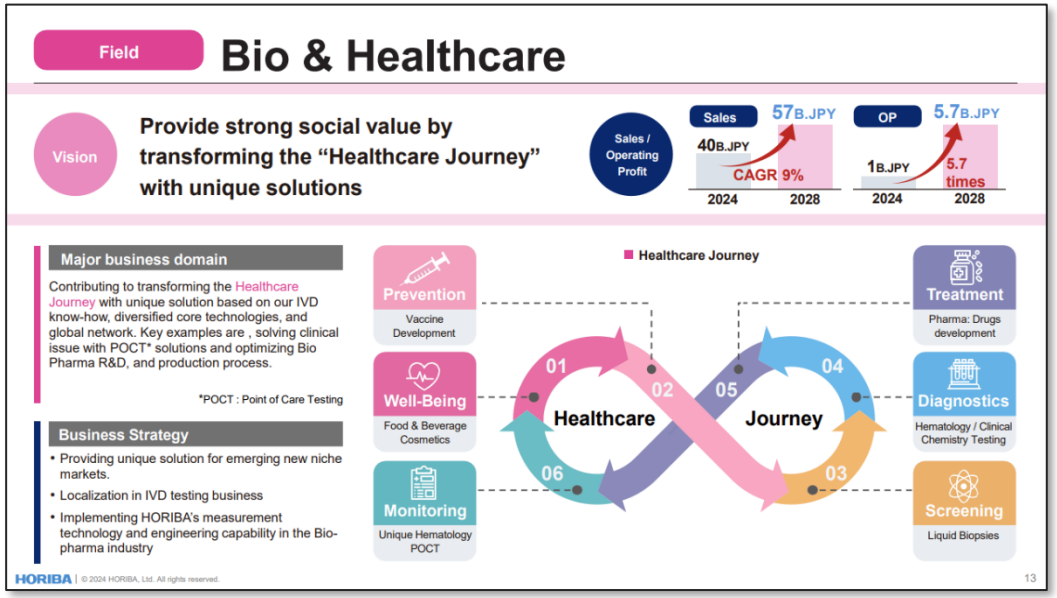
Source: Company disclosures

### *MLMAP 2023: Medical segment targets*




- Targeted to achieve JPY 4bn operating income, but the actual Medical segment operating income was **only 15% of the stated target** at JPY 0.6bn in 2023
- While the target represented 10% operating margin, the **actual operating margin was 2%** in 2023

### *MLMAP 2028: Bio & Healthcare segment targets*



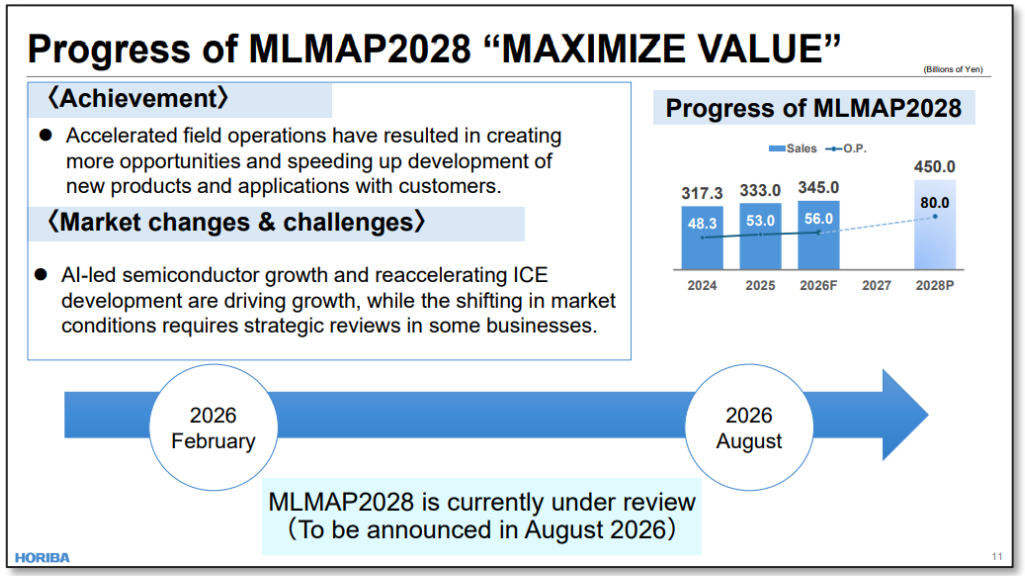

- Targeting to achieve JPY 5.7bn operating income, representing a **10% operating margin target again**
- As of the latest FY2025, Bio & Healthcare recorded **JPY 0.9bn operating loss** and -2.1% operating margin

# Avoiding Responsibility – Review of MLMAP2028 lacks details, effectively allowing management to avoid accountability ahead of the AGM

Source: Company disclosures

- In its latest full-year results, HORIBA stated that it is currently reviewing MLMAP2028 and is planning to disclose the revised plan in August 2026, citing that the pace of change in certain end-markets has been faster than anticipated and that parts of its strategy therefore require reassessment.
- Yet the Company has not meaningfully disclosed the scope of the review, the principles that will guide it, or the intended direction of the revision, undermining transparency and accountability ahead of the 2026 AGM.

***FY2025 Q4 Earnings Presentation published February 2026***







*At the FY2025 Earnings Call, HORIBA announced MLMAP2028 is “under review” citing change in business environment.*

***2026 AGM***

*Shareholders are expected to assess performance and governance without evaluating the revised plan.*

*Company plans to publish the revised MLMAP*

***The Company appears to be using the MLMAP2028 review to deflect attention from the plan’s lack of rigor and to avoid being held accountable at the 2026 AGM.***

# Mid-term management plan should be a commitment to shareholders, but HORIBA provides no postmortem and repeats the same targets

Source: Tokyo Stock Exchange

***Japan's Corporate Governance Code***

*Revised on June 11, 2021*

4.1.2 Recognizing that a mid-term business plan (*chuuki keiei keikaku*) is a commitment to shareholders, the board and the senior management should do their best to achieve the plan. Should the company fail to deliver on its mid-term business plan, the reasons underlying the failure of achievement as well as the company's actions should be fully analyzed, an appropriate explanation should be given to shareholders, and analytic findings should be reflected in a plan for the ensuing years.

*Did HORIBA fully analyze the reasons underlying the failure of achievement as well as the Company's actions?*

✗ *No, despite missing its targets in all segments other than Semiconductors, HORIBA only states overall financial targets were largely achieved and **does not provide any analysis of the underperformance**.*

*Did HORIBA provide an appropriate explanation to shareholders?*

✗ *No, the Company has **not provided any explanation to shareholders** on why non-Semiconductor segments missed targets and how it plans to tackle these issues.*

*Has HORIBA learnt from its past failures and reflected its findings in the plan for the ensuing years?*

✗ *No, **HORIBA keeps repeating the same targets** (10% operating margin) for non-Semiconductor segments, which has remained the same throughout MLMAP 2020 & 2023, but has never been achieved.*

# Number of reportable segments reduced from five to three, resulting in weak transparency and lack of consistency in disclosure for shareholders

Source: Company disclosures

***MLMAP 2028 (FY2024~)***

**Energy & Environment**



**Bio & Healthcare**



**Materials & Semiconductor**



***Before (~FY2023)***

- **Automotive**
- **Environmental**
- **Medical**
- **Semiconductor**
- **Process**
- **Scientific**

**HORIBA has significantly reduced the number of reportable segments, resulting in weaker transparency and lack of consistency in disclosure.**

# Number of reportable segments reduced from five to three, resulting in weak transparency and lack of consistency in disclosure for shareholders (cont'd)

Source: Codrington Japan



Codrington JAPAN

***Equity Research Analyst***

*The rationale proffered by Horiba for cutting the number of reportable segments from five to three in 2024, is that by amalgamating the operating units it will be able to find synergies between formerly siloed product lines, and allow it to focus more on customers, who might have interests in more than one area of business.*

***We think another reason is that management, fed up of hearing complaints from investors about the perennial discount vis à vis its semiconductor-related cohort, simply decided to muddy the water, so as to hide the weak businesses…***

*In essence the new formulations are an exercise in obscurantism. By shoving together the P&E (Process & Environmental) and automotive segments, adding a dollop from scientific segment, and renaming the new entity energy & environment, it makes it seem cohesive, and perhaps catchy for ESG investors. By renaming the medical segment bio & healthcare it makes it seem more attractive than it really is: a low growth and profitability business line in blood counters for clinics with a few bits attached from the old scientific segment. Horiba claims it will start to sell its RAMAN spectrometers and imaging devices to CDMOs (clinical development and manufacturing organizations) for new drug discovery; thus it can claim it is in the 'bio' business now. We are not holding our breath. In the semiconductor & materials segment, it is taking in the lion's share of the former scientific segment (instruments related to materials science and others), and adding it to a business line largely composed of MFCs. One example is instruments for analysing silicon carbide (SiC) chips, which does seem to make sense, but looking at the range contained even in materials science, there is a lot there that has little to do with semiconductors.*

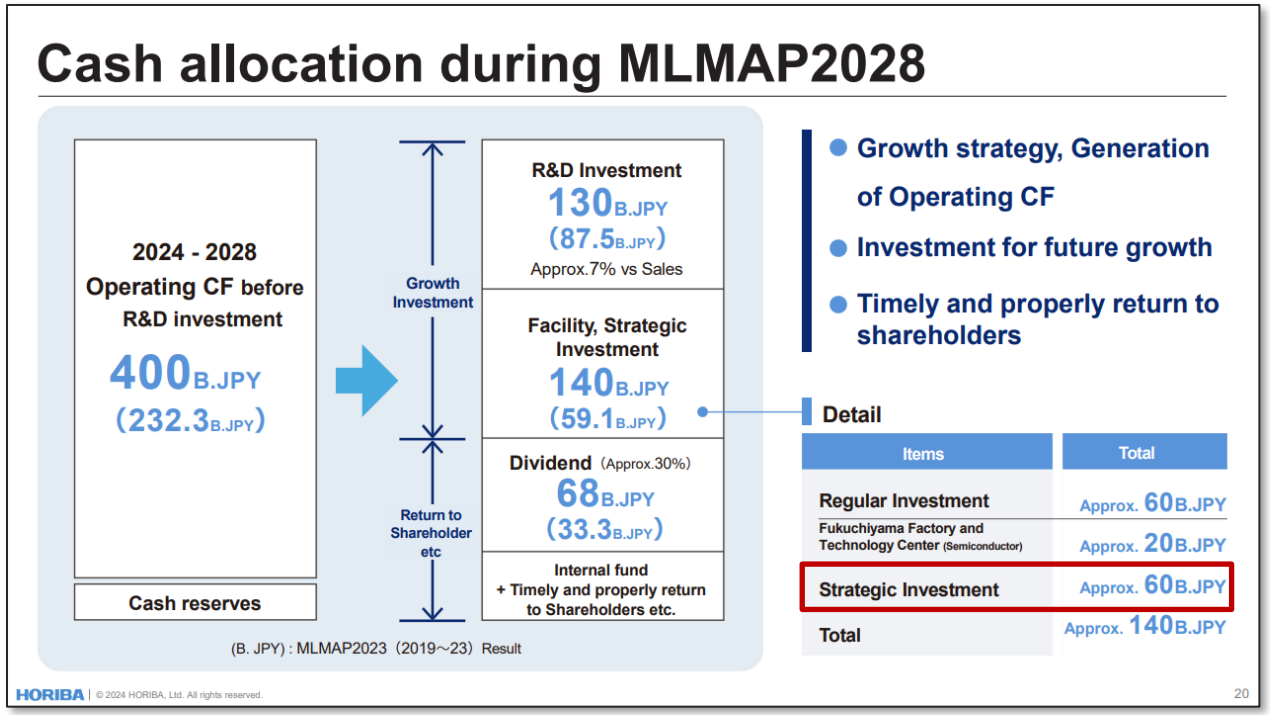
*- Codrington Japan research published December 9, 2025*

# Poor Capital Allocation - large investments into low return businesses

Source: Company disclosure, IR interview

- HORIBA plans to spend JPY 140bn in Capex over the four-year mid-term plan period, including JPY 60bn earmarked for “Strategic Investments.”
- These “Strategic Investments” are expected to be directed primarily toward hydrogen and life sciences

***MLMAP 2028 published February 2024***







*We believe that **M&As would make up a large portion of the “Strategic Investment” budget**… There are possibility of M&As across all segments, but **hydrogen and life sciences would be our key growth areas**.*

*- HORIBA Investor Relations*

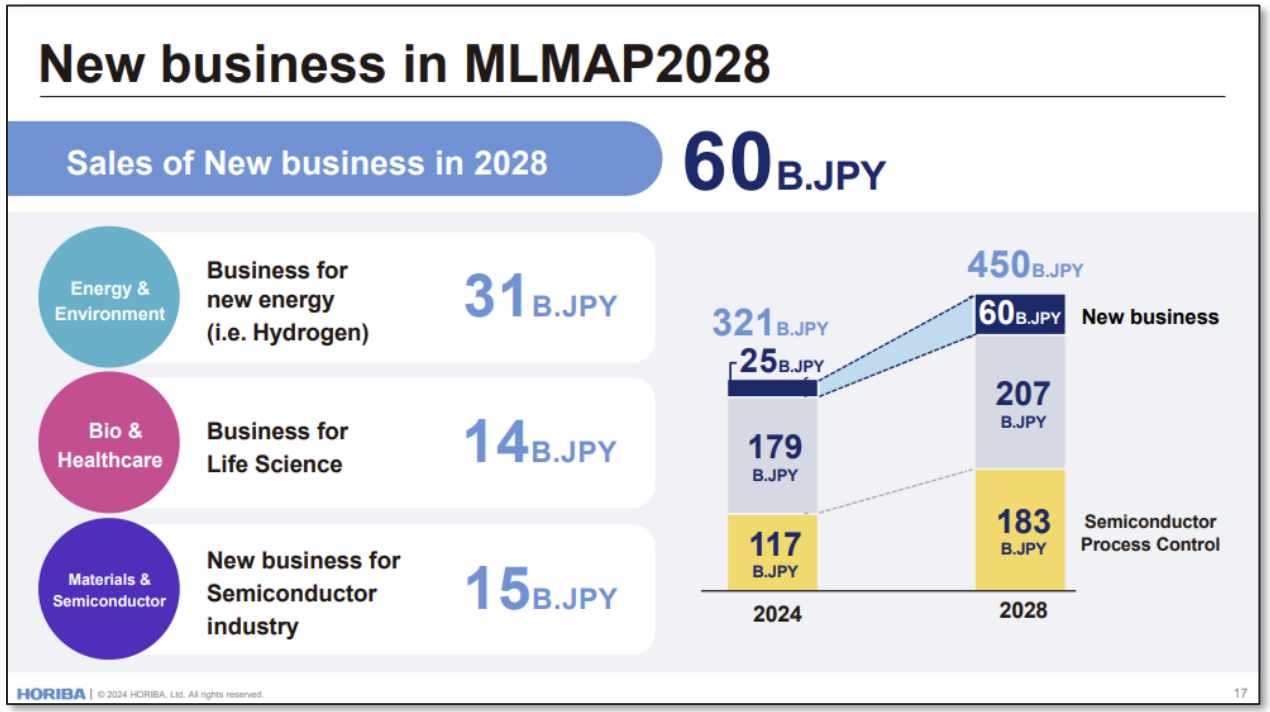
***Hydrogen and Life Sciences are premature businesses with high uncertainty and limited visibility on returns or sustainable growth***

# New business expansion strategy that shows little commitment to execution

Source: Company disclosure, IR interview

- In the current management plan, HORIBA targets to achieve JPY 60bn sales from new businesses.
- However, during the latest FY2025 Q4 Earnings Call, when asked to share progress of its new business initiatives, the Company admitted that it does not have quantitative explanation of its progress of such initiatives, raising serious doubts about its level of commitment for achieving such goals.

***MLMAP 2028 published February 2024***




HORIBA

> ***We don't have prepared figures that isolate (revenue) growth generated by the new businesses.*** *What we can say is that new materials and applications of technology have emerged across segments and fields, expanding our business opportunities.* ***However, we unfortunately do not have quantitative data on 'how much is new' at this point.*** *(Oasis translation)*
>
> *- HORIBA President Adachi*
> *FY2025 Q4 Earnings Call Q&A*

# Despite the Company's weak strategic planning capabilities, HORIBA refuses to engage external expertise and continues to rely on internal resources

Source: IR interview

***Meeting with HORIBA IR team and Oasis (February 24, 2026)***

OASIS

*Have you appointed any external consultants to support the revision of the MLMAP? (Oasis translation)*

HORIBA

*We plan to announce the revised mid-term management plan (MLMAP) at the FY2026 first-half earnings release. We have revised our mid-term plan in the past, so this update is being made in the ordinary course of business.* ***We have not engaged any external consultants, and the revision work will be carried out primarily in-house****. (Oasis translation)*

*Despite repeated failures to meet targets and the need to revise the new mid-term plan only two years after its announcement, it is evident that* ***HORIBA's strategic planning capabilities have significant deficiencies.***

*Nevertheless, HORIBA has declined to engage external expertise and continues to rely exclusively on internal resources.*

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OASIS

## *Why Does HORIBA Trade at a Discount?*

### 01 Semiconductor Business is Hidden by Poor Performing Businesses

- Chairman Horiba rejects “selection and concentration,” resulting in an overdiversified business portfolio
- Poor performing businesses (ECT, MCT, Hydrogen, Medical and Emission Measurement) weaken overall growth and margin profile

### 02 Repeatedly Missed Mid-term Targets and Continues to be Unrealistic

- Non-semiconductor segment targets not achieved in the previous management plans, yet no postmortem provided
- Current management plan repeats unrealistic targets, and management uses revision to evade accountability

### 03 Track Record of Failed M&A under Chairman Horiba’s Leadership

- All major acquisitions have turned into chronically loss-making businesses, and continues to destroy significant shareholder value
- M&A failures seem to reflect Chairman Horiba’s flawed acquisition strategies, yet no accountability has been assumed

### 04 Problematic Capital Allocation

- HORIBA holds disproportionate cash reserves, which materially erodes the Company’s capital efficiency
- High-quality semiconductor business is underfunded, while growth investments prioritize structurally unprofitable non-core businesses

# HORIBA favors the narrative that its revenue growth has been driven by M&As…

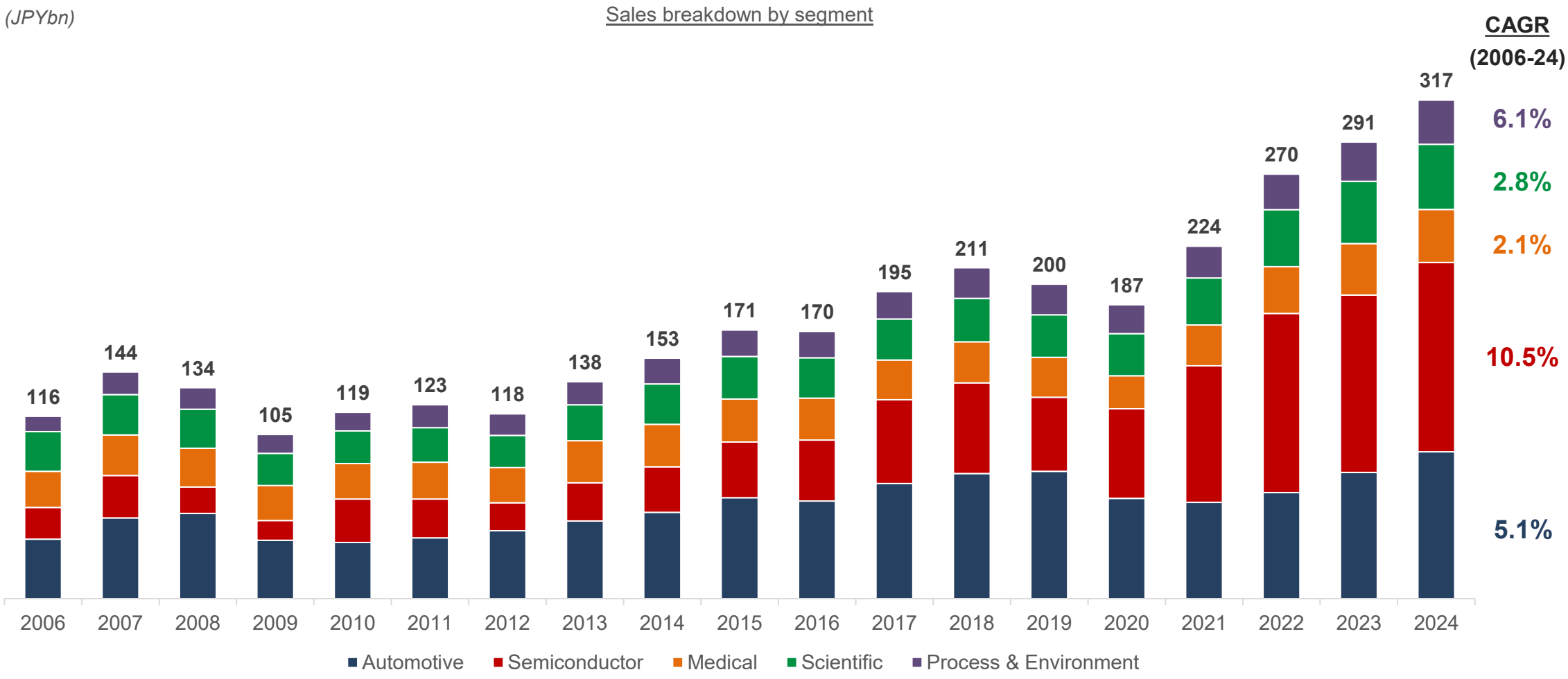
Source: Company disclosures

***FY2022 Q4 Earnings Presentation published February 2023***



# … However, the reality is that majority of the increase in sales stemmed from the structural growth of its Semiconductor business

Source: Company disclosures



# HORIBA's major M&A transactions have consistently failed to generate any value

Source: Company disclosures




## ABX (France)

***Hematology analyzer***

*First large-scale overseas acquisition by HORIBA*

*Core subsidiary of current Medical operations, which is currently loss-making*

***Acquisition price**: N/A*

**1996**




## Carl Schenck DTS (Germany)

***Mechatronics (MCT)***

*Expand business as testing system integrator*

*Since acquisition, the MCT business has cumulatively recorded **over JPY16bn** losses*

***Acquisition price**: JPY 1.1bn*

**2005**




## MIRA (UK)

***Engineering, Consultancy & Testing (ECT)***

*First acquisition JPY10bn+*

*ECT cumulatively lost **JPY6bn** since acquisition*

*Series of impairments recorded in 2017 and 2024*

***Acquisition price**: JPY15.5bn*

**2015**




## FuelCon (Germany)

***Hydrogen***

*Targeted transition from old energy to new energy*

*Since acquisition, the Hydrogen business has cumulatively recorded **over JPY12bn** losses*

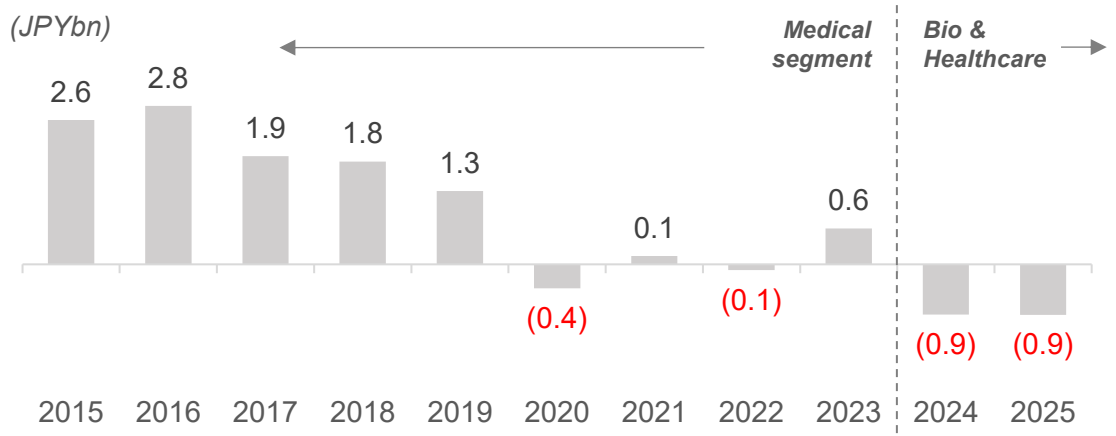
***Acquisition price**: N/A*

**2018**

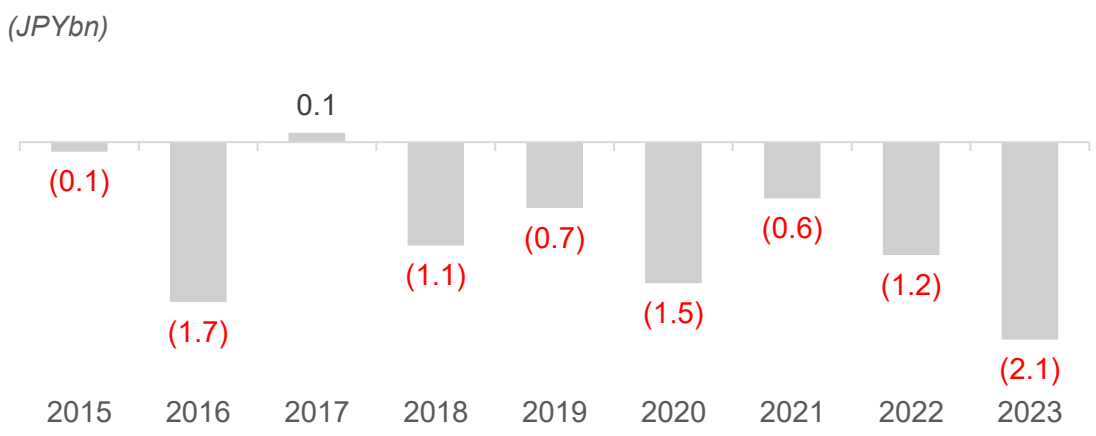
# Each of HORIBA's flagship acquisitions have turned into chronically loss-making businesses

Source: Company disclosures, UK Companies House, Germany Company Register

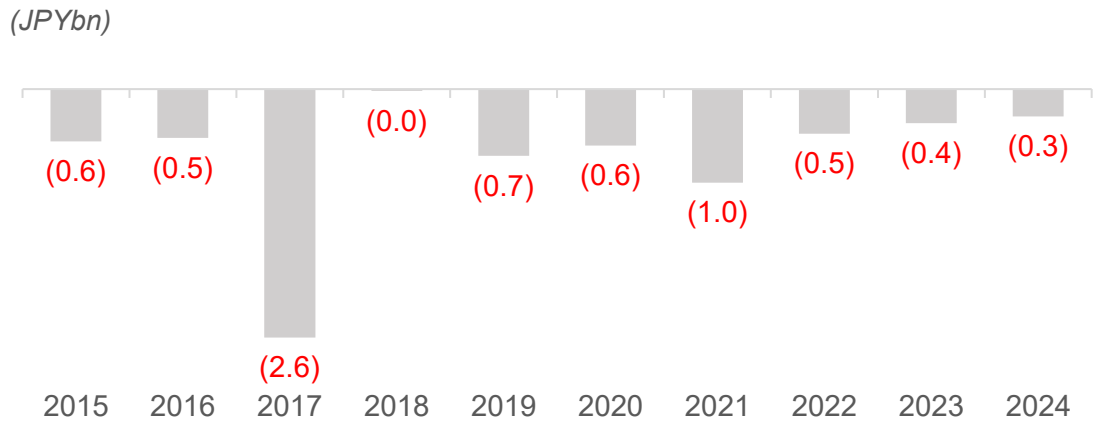
## ABX



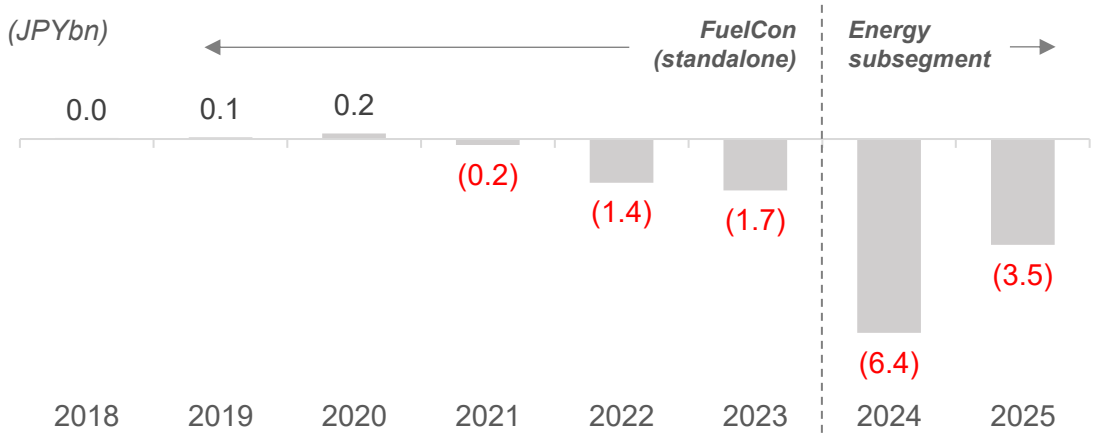

## Carl Schenck DTS




## MIRA




## FuelCon




Note: Bio & Healthcare segment includes former Medical segment and parts of former Scientific and Process segments; Carl Schenck DTS financials in FY2018-2023 calculated by deducting FuelCon results from former MCT subsegment in the Automotive segment

# The M&A initiatives spearheaded by Chairman Horiba stem from a questionable acquisition strategy

### Acquisitions as a "quid pro quo" for elevating Chairman Horiba's personal prestige

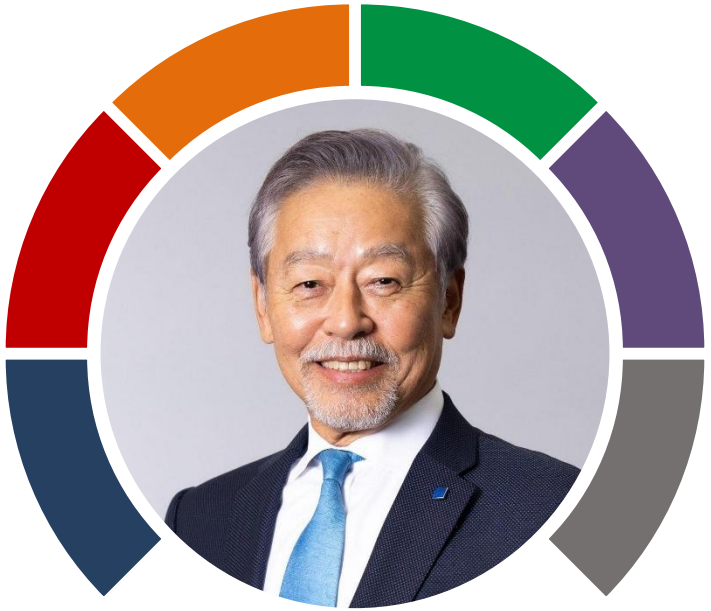
*HORIBA's largest acquisitions in France and the UK were followed by prestigious national honors personally for Chairman Atsushi Horiba.*

### All equity / cash funded acquisitions with continuous follow-on investments

*Chairman insists on doing acquisitions without leverage while committing substantial follow-on investments into the acquired business.*

### Culture to "Never Give Up," concealing losses behind cash-cow businesses

*Once acquired, businesses are retained regardless of long-term underperformance. Chronic losses are effectively subsidized cash-cow businesses.*



### Lack of post-acquisition accountability despite series of M&A failures

*HORIBA's management continues to portray M&A track record as a success, disseminating a misleading narrative while evading accountability.*

### Opportunistic seller-driven M&A that lacks clear strategic rationale

*Acquisitions appear reactive rather than strategy-led, often targeting companies that approached HORIBA.*

### Responsibility of losses stemming from acquisitions are deflected onto others

*Even when major acquisitions led by Chairman Horiba made significant losses, the blame is redirected to other senior executives.*

***Chairman Horiba's failed & misguided acquisition strategies***

OASIS

# Opportunistic seller-driven M&A that lacks clear strategic rationale

Source: Kenja no Sentaku

| | |
|---|---|
| *Interviewer* | *(When HORIBA acquired ABX) You had already had a relationship with them for some time?* |
| *Horiba* | *Yes, they were a company under Roche, the large Swiss pharmaceutical manufacturer, but **they (ABX) approached us saying they wanted to join our group**, which left us wondering what to do.* |
| *Interviewer* | *So the company on their side was, as a business, struggling at that point?* |
| *Horiba* | *Not exactly struggling, but they felt they could not grow any further…* |
| *Interviewer* | *And now you've also acquired a German company called Carl Schenck?* |
| *Horiba* | *That's right. It's a prestigious company where Mr. Daimler of Daimler-Benz once worked, and as we were working together with them, we went through the experience of acquiring the company. **They said they wanted to come under the Horiba Group umbrella, so we went ahead and acquired them…*** |
| *Interviewer* | *So that deal went quite smoothly as well?* |
| *Horiba* | *Yes. Before the acquisition, I went over there to talk with the executives. I had lunch with about twenty of them, and even though the acquisition had not yet taken place, they all started talking as if they were already working at Horiba. Normally, it takes five to ten years to get to that stage. This company is in brake testers—equipment for testing brakes—and wind tunnel testing machines, a business where you compete on "heaviness," whereas we compete on "lightness." Our values are completely different. At first, I kept my distance, **but seeing how strongly they felt about joining us, I thought it would be a waste not to turn that into an asset**. That's how I decided to go ahead with the acquisition—and we've been struggling with it as well (laughs).* |

*- Chairman Atsushi Horiba, interview for a television program "Kenja no Sentaku" (February 21, 2009) (Oasis translation, emphasis added by Oasis)*



# Opportunistic seller-driven M&A that lacks clear strategic rationale (cont'd)

Source: Diamond Online



*There is an interesting story regarding MIRA in the UK, a vehicle development and testing engineering company with its own proving ground, which we acquired recently in 2015 (now HORIBA MIRA). The truth is that MIRA's CEO had previously been an executive in charge of the automotive measurement business at Carl Schenck in Germany, and after HORIBA acquired that business he ran it locally for us for five or six years…*

*Some time later he came to see us again,* ***this time as CEO of MIRA, and said, "We would like to come under HORIBA's umbrella and work together."*** *I turned him down at first. The acquisition price was large, and I felt that a company owning an automotive proving ground was quite different from our line of business…*

***German company FuelCon****, which we acquired this year, had also been closely observing HORIBA's management after the MIRA acquisition, and* ***decided to join the HORIBA Group*** *only after confirming that we place great importance on technology.* ***In the case of large acquisitions, it is almost always the other side that approaches us, rather than us making the first move.***

*The most important factor in M&A is how well the other party can fit into HORIBA's corporate culture. I believe many failed acquisitions stem from mismatches in corporate culture, whereas in our case, the other side falls in love with our culture and chooses to come under our umbrella. This is probably why HORIBA's M&A success rate is so high.*

*- Chairman Atsushi Horiba, interview for DIAMOND Online (Dec 21, 2018)*
*(Oasis translation, emphasis added by Oasis)*

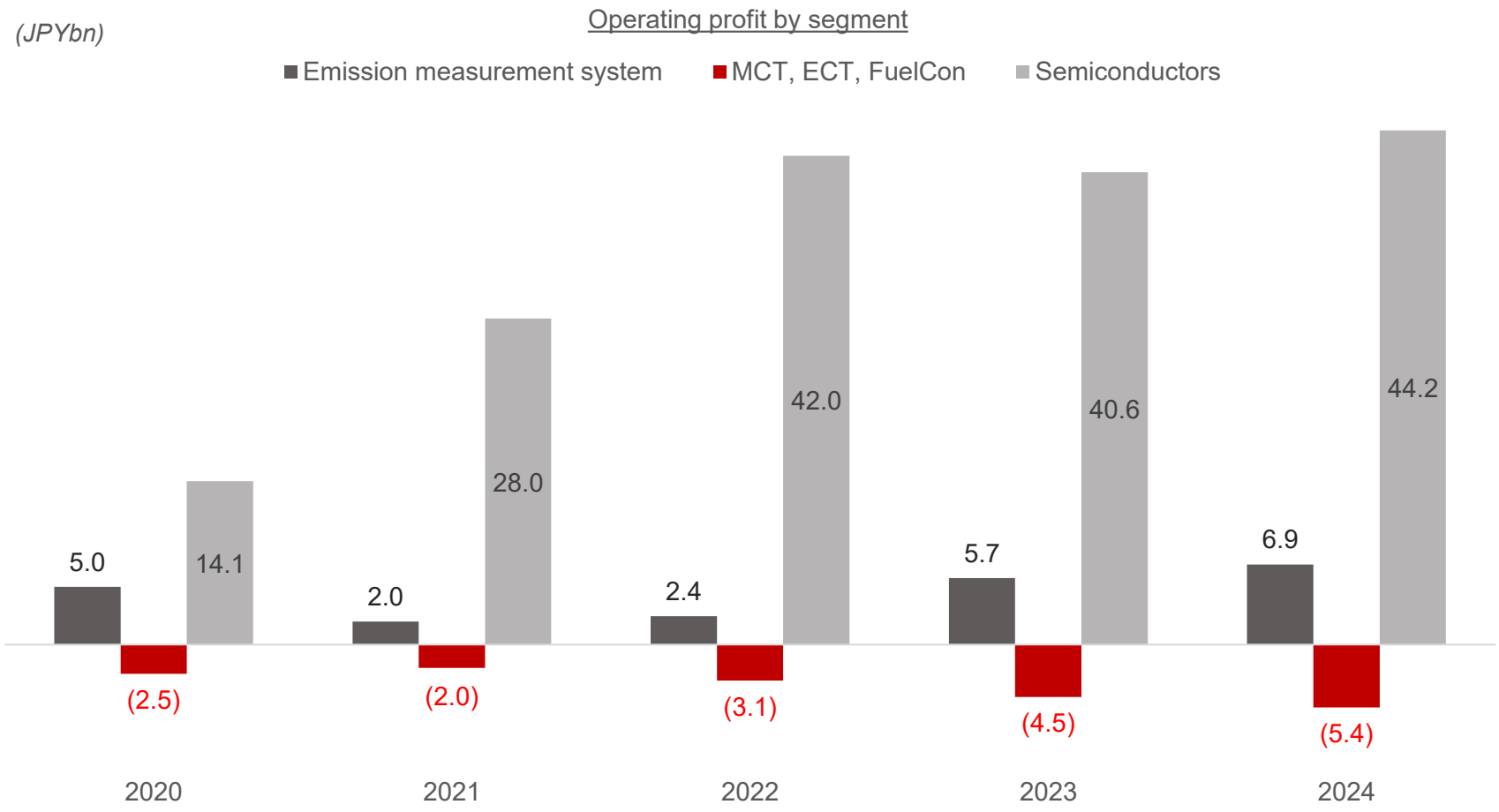
***Chairman Horiba admits that its large acquisitions have been seller-driven, only acquired after being approached, which suggest insufficient articulation of strategic fit and economic logic at the time of acquisition.***

# “Never give up” on historically loss-making businesses and continuing to conceal its losses behind profits generated in other cash-cow businesses

Source: Expert interviews

*The key issue with HORIBA’s acquisitions is* ***the management’s mood to “never give up once acquired”*** *even when the business has a long history of recording losses. Within the group, HORIBA would simply* ***transfer money from cash-cow exhaust gas measurement system and semiconductors into loss-making businesses to keep them alive.***

*- Former HORIBA employee*



# Acquisitions as a “quid pro quo” for elevating Chairman Horiba’s personal prestige

Source: Company disclosures, British Embassy Tokyo and Department for Business and Trade Japan

## FRANCE

**1996** HORIBA acquires **ABX (France)**
**ABX was introduced by the French Embassy**

**1997** HORIBA acquires **Jobin Yvon (France)**, a French manufacturer of analytical and spectroscopic systems

**1998** Chairman Atsushi Horiba decorated **L'Ordre National du Merite, Officier**

**2010** Chairman Atsushi Horiba decorated **L’Ordre National de la Legion d’honneur, Chevalier**. The award recognizes Mr. Horiba’s accomplishments in globally promoting French brands, conducting management that integrate technologies and human resources of France and Japan and creating stable jobs through reagent production facility expansion in France.




## UNITED KINGDOM

**2015** HORIBA acquires **MIRA (UK)**
Founded in 1946, MIRA was a **government funded** Motor Industry Research Association

**2025** Chairman Atsushi Horiba awarded the **Honorary Officer of the Most Excellent Order of the British Empire (OBE) by His Majesty King Charles III.**

> *In his role, **Mr. Horiba oversaw significant investments into HORIBA’s subsidiary HORIBA MIRA**, in Nuneaton, West Midlands, enhancing its research and development facilities, delivering for its customers and partners… In addition to nurturing young engineers at the MIRA Technology Institute established in HORIBA MIRA…, the company provides funding to University College London to support researchers in obtaining doctoral degrees.*
>
> *- British Embassy Tokyo and Department for Business and Trade Japan*

# All equity / cash funded acquisitions with continuous follow-on investments

Source: Diamond Online



*For example, decisions such as whether to proceed with an acquisition ultimately have to be made by the top management… **By creating an environment in which I bear that responsibility**, a variety of challenging and drastic proposals emerge, and in the end they can simply leave the final decision to me.*

*(So what do you look at when you make that final decision?)*

*As I mentioned in the MIRA case, the first point is human resources, and the second is the price. On the latter, we have clear rules: no matter how attractive the opportunity, we do not touch anything whose price exceeds HORIBA's own market capitalization. **This is my conviction, but as a rule we basically "finance acquisitions with our own funds."***

***There is another rule: "we will reinvest up to the same amount as the purchase price."** For example, if we acquire a company for 5 billion yen, we are prepared to invest up to an additional 5 billion yen… Despite issues such as Brexit, one of the reasons the MIRA acquisition has been successful is that we made about 6 billion yen of additional investment in R&D facilities and the proving ground.*

*- Chairman Atsushi Horiba, interview for DIAMOND Online (Dec 21, 2018)*
*(Oasis translation, emphasis added by Oasis)*

***HORIBA's acquisitions are fully funded by equity, leaving the company's balance sheet under-levered and its cost of capital unnecessarily high. In addition, self-funded transaction results in less external scrutiny from banks and other financiers, resulting in soft internal hurdle rate and under-analyzed post-merger performance.***

# Lack of post-acquisition accountability despite series of M&A failures

Source: Company disclosures



## Atsushi Horiba
Chairman & Group CEO

- *Serves as a Director of HORIBA since 1982*
- *Appointed Representative Director & President of HORIBA in 1992*
- ***Key decision maker for all major acquisitions**: ABX, Carl Schenck, MIRA, and FuelCon*



## Juichi Saito
Executive Vice Chairman & Group COO

- *Serves as a Director of HORIBA since 2005*
- *Executive Vice President since 2013, right-hand person to Chairman Atsushi Horiba*
- *AGM Notice cites Saito's experience in **promoting corporate acquisitions***



## Masayuki Adachi
President

- *Serves as a Director of HORIBA since 2014*
- *Appointed President in 2018*
- ***FuelCon acquisition made during his tenure as President of HORIBA***
- *Currently serves as the Chairman of Supervisory Board of HORIBA ABX and Field Officer for Bio & Healthcare*



## George Gillespie
Director

- *Serves as a Director of HORIBA since 2025*
- *Worked at Carl Schenck post-HORIBA acquisition*
- ***CEO of MIRA at the time of HORIBA acquisition***
- *Serves as the Executive Chairman for MIRA, HORIBA Europe, and FuelCon*

***Key decision-makers for HORIBA's failed M&As have not assumed accountability.***

# Accountability of failed acquisitions are deflected onto other senior executives

Source: Expert interview



HORIBA

*Former employee*

*When HORIBA was considering to acquire the Mechatronics (Carl Schenck DTS) business, which was later merged with HORIBA Europe, some members (at HORIBA Europe) had voiced their opposition regarding the acquisition.* ***Some senior executives even told the company not to acquire the business, but the company went ahead with the acquisition****. Later when the Mechatronics business started to underperform,* ***the senior management who had opposed to the acquisition were later fired for poor performance.***

*- Former HORIBA employee*

***While certain HORIBA senior executives have retained their positions for an extremely extended tenure, employees and management teams at divisional / regional level have been penalized for poor performance.***

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- ➤ **d. Problematic Capital Allocation**

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## *Why Does HORIBA Trade at a Discount?*

### 01 Semiconductor Business is Hidden by Poor Performing Businesses

- Chairman Horiba rejects “selection and concentration,” resulting in an overdiversified business portfolio
- Poor performing businesses (ECT, MCT, Hydrogen, Medical and Emission Measurement) weaken overall growth and margin profile

### 02 Repeatedly Missed Mid-term Targets and Continues to be Unrealistic

- Non-semiconductor segment targets not achieved in the previous management plans, yet no postmortem provided
- Current management plan repeats unrealistic targets, and management uses revision to evade accountability

### 03 Track Record of Failed M&A under Chairman Horiba’s Leadership

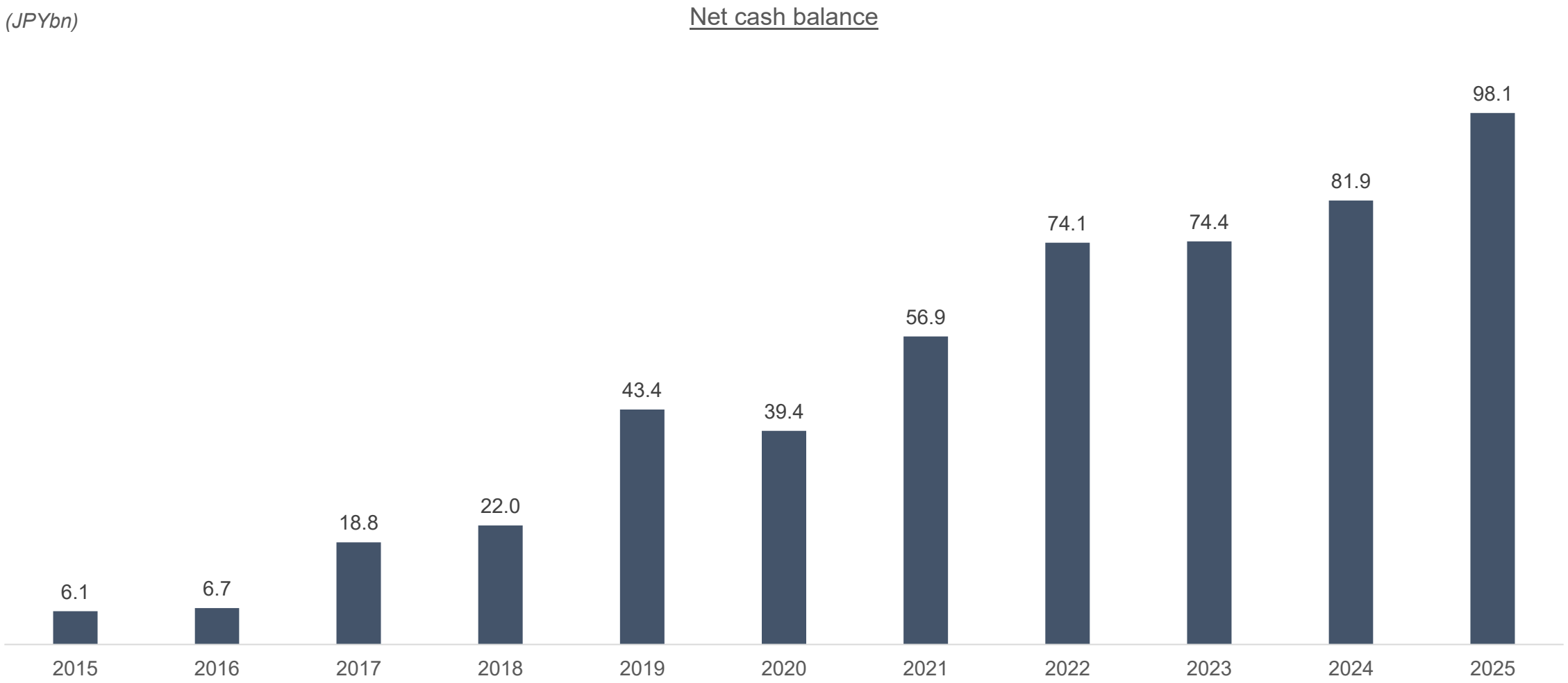
- All major acquisitions have turned into chronically loss-making businesses, and continues to destroy significant shareholder value
- M&A failures seem to reflect Chairman Horiba’s flawed acquisition strategies, yet no accountability has been assumed

### 04 Problematic Capital Allocation

- HORIBA holds disproportionate cash reserves, which materially erodes the Company’s capital efficiency
- High-quality semiconductor business is underfunded, while growth investments prioritize structurally unprofitable non-core businesses

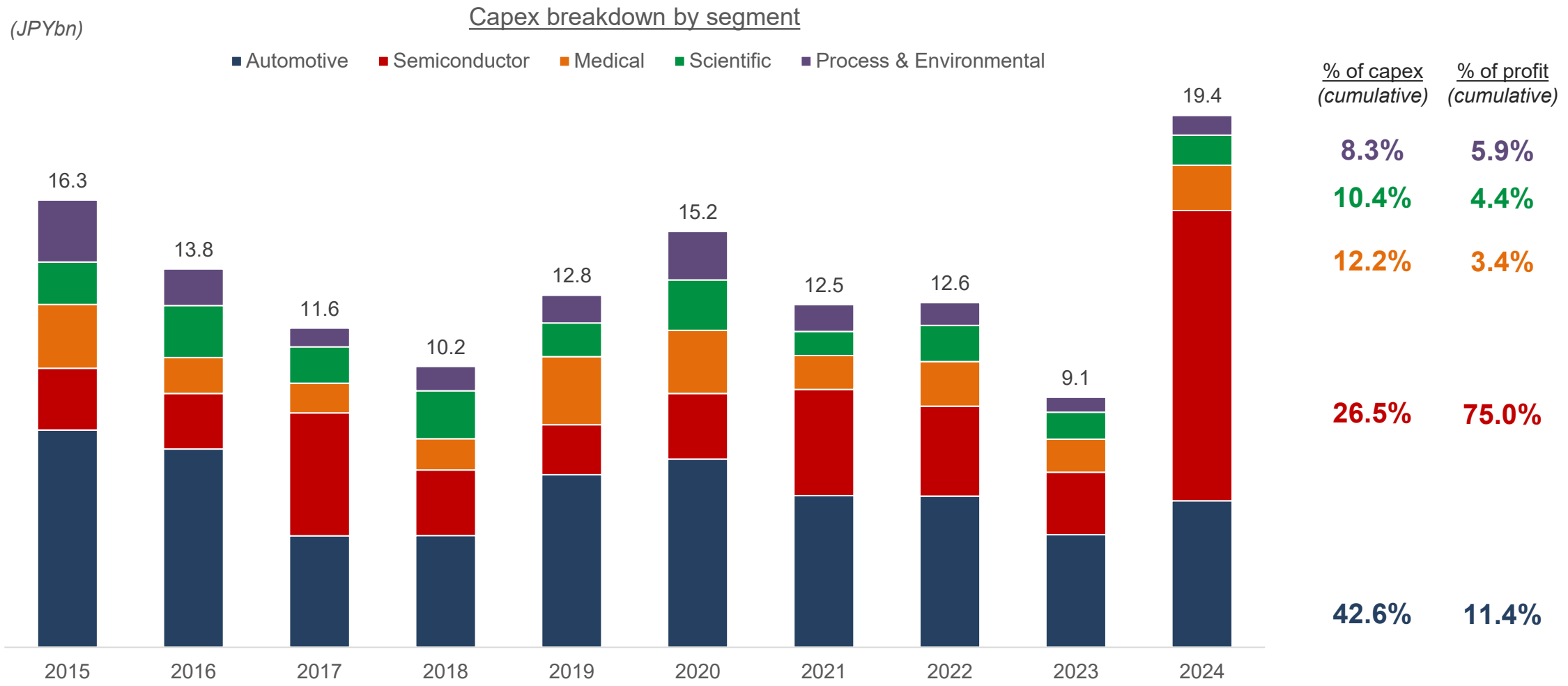
# Backed by the strong performance of its semiconductor business, HORIBA's net cash balance has grown exponentially over the years, totaling near JPY 100bn today

Source: Company disclosures



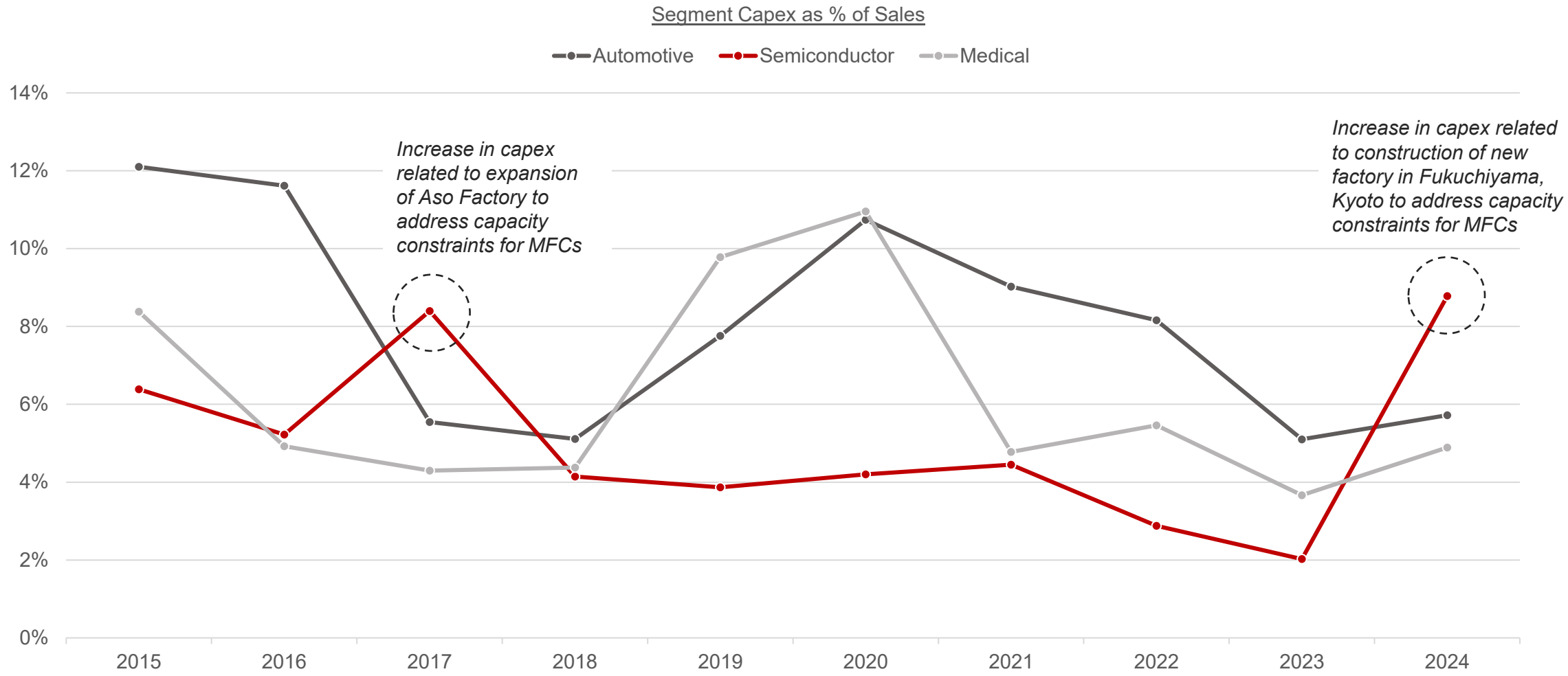
# Although Semiconductor business made up 75% of the total profit generated over the past decade, only 27% of capital was invested to this business

Source: Company disclosures



# Except for responsive capacity expansions, the Semiconductor segment has not received the level of investment proportionate to its profit contribution and growth opportunities

Source: Company disclosures

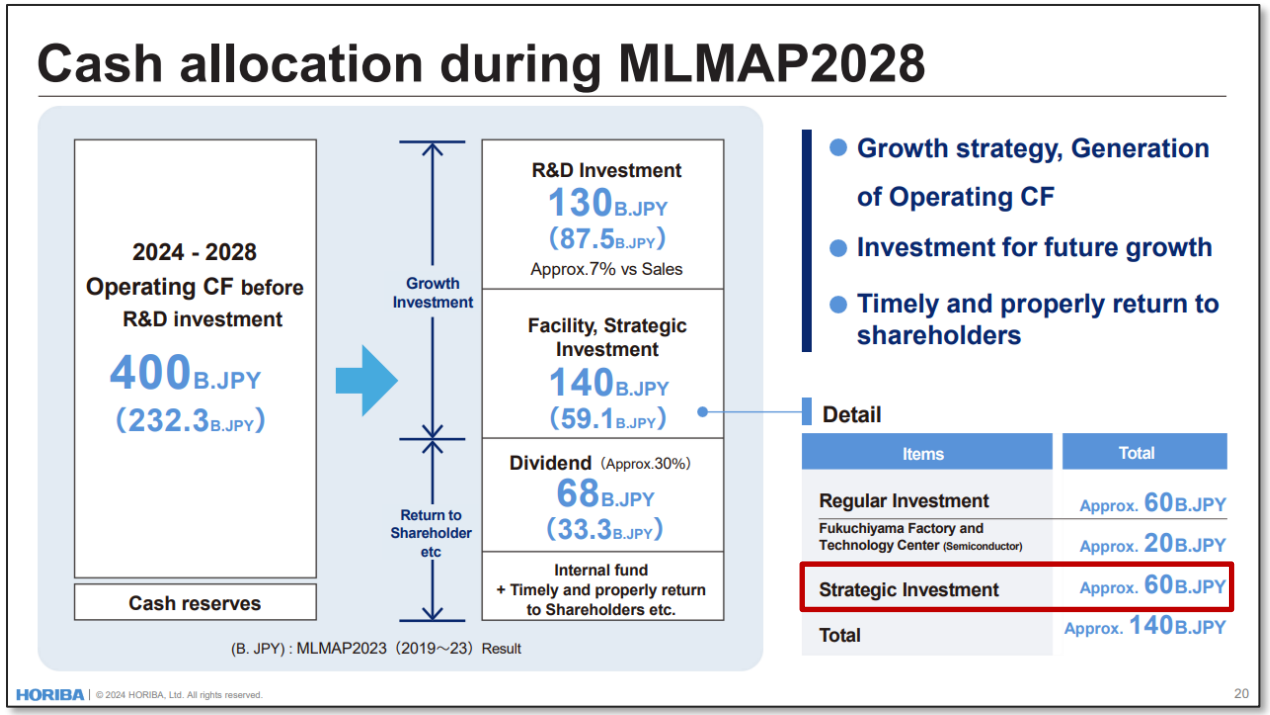


# (Recap) Poor capital allocation policies with large investments into low return businesses

Source: Company disclosure, IR interview

- HORIBA plans to spend JPY 140bn in Capex over the four-year mid-term plan period, including JPY 60bn earmarked for “Strategic Investments.”
- These “Strategic Investments” are expected to be directed primarily toward hydrogen and life sciences

***MLMAP 2028 published February 2024***







*We believe that **M&As would make up a large portion of the “Strategic Investment” budget**… There are possibility of M&As across all segments, but **hydrogen and life sciences would be our key growth areas**.*

*- HORIBA Investor Relations*

***Hydrogen and Life Sciences are premature businesses with high uncertainty and limited visibility on returns or sustainable growth***

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# Although the Horiba family owns only 4.2% of the Company's shares, the top executive position has been passed down from the Founder's son to his grandson across generations

Source: Company disclosures, Bloomberg

| # | Shareholder Name | Ownership |
|---|---|---|
| 1 | Oasis Management | 10.0% |
| 2 | GPIF | 6.4% |
| 3 | Sumitomo Mitsui Trust Group | 5.2% |
| 4 | JA Kyosai | 4.0% |
| 5 | Vanguard Group | 3.6% |
| 6 | Nomura Holdings | 3.2% |
| 7 | State Street | 2.9% |
| 8 | Atsushi Horiba | 2.6% |
| 9 | PFZW | 2.5% |
| 10 | HORIBA RAKUGAKUKAI TOUSHIBUUKAI | 2.0% |
| 11 | Kyoto Financial Group | 2.0% |
| 12 | Mitsubishi UFJ Financial Group | 1.9% |
| 13 | Blackrock | 1.8% |
| 14 | Kyoto Chuo Shinkin Bank | 1.7% |
| 15 | HORIBA Employee Shareholding Association | 1.7% |
| 16 | Daiwa Securities | 1.6% |
| 17 | Dan Horiba | 1.5% |
| 18 | Norges Bank | 1.2% |
| 19 | T Rowe Price Group | 1.2% |
| 20 | Hartford Insurance Group | 1.0% |

***Horiba family collectively only owns less than 4.2% stake; however, the family continues to assume top executive roles at the Company***



***Masao Horiba (1924-2015)***

*Founder of HORIBA*

*Son*



***Atsushi Horiba (1948-)***

*3rd President of HORIBA (1992-2017)*

*Chairman (2005-Present)*

*Director (1982-Present)*

*Son*



***Dan Horiba (1980-)***

*Director (2025-Present)*

*MLMAP2028 Leader*

OASIS

# Chairman Atsushi Horiba's long-lasting leadership despite numerous management failures without any accountability raises serious governance concerns

Source: Company disclosures



**Atsushi Horiba**
Chairman & Group CEO

- Joined HORIBA in 1972
- Serves as Director of HORIBA since 1982
- Served as President of HORIBA (1992-2018)
- Became Chairman & Group CEO of HORIBA in 2018
- Son of the Founder, Masao Horiba
- Concurrently serves as the outside director at SoftBank Corp. (2018-) and Sumitomo Electric Industries (2021-)

**01** **Inability to maximize corporate value**

A lack of strategic focus on the semiconductor growth engine, combined with the continued burden of loss-making non-core businesses, has led to ongoing opportunity costs for shareholders

**02** **No decisive portfolio actions despite continued losses**

While most non-semiconductor operations remain structurally unprofitable, the Chairman's proprietary management doctrine has been used to resist "selection and concentration"

**03** **Repeated failures to meet the management targets under Chairman's leadership**

Despite repeated underperformance of non-semiconductor segments in the last two mid-term plans, there was no meaningful explanation or corrective action, and even the current plan is now under review

**04** **M&A track record has destroyed shareholder value**

All major acquisitions led by the Chairman have resulted in impairments or ongoing losses, yet despite years of underperformance, no meaningful corrective action has been taken

**05** **Suboptimal capital allocation policy**

Large cash reserves have eroded capital efficiency, and growth investments have been disproportionately allocated to non-core segments rather than the core earnings engine

**06** **Nepotism as the only justification for the Chairman's persistent leadership**

Given the pattern of repeated failures, the persistence of an excessively long 43-year board tenure can reasonably be viewed as a product of nepotism rather than merit

# Director Dan Horiba's appointment in key leadership roles at the Company undermines HORIBA's governance framework and merit-based nomination process

Source: Company disclosures



## Dan Horiba

Director

- Joined HORIBA in 2004
- Serves as Director of HORIBA since 2025
- Worked at HORIBA Instruments (USA) from 2012-2017
- Served as President of HORIBA Advanced Techno (2018-2022) and HORIBA STEC (2023-Present)
- Grandson of the Founder, Masao Horiba

**01**

### Rapid promotion suggests a compromised nomination process

Dan Horiba's advancement has been unusually rapid: he became president of a subsidiary within 14 years of joining, was appointed head of the core profit-generating subsidiary around year 20 and was soon thereafter elevated to a director-level role. Absent a clear, merit-based explanation from the Board, this appears to be preferential treatment and raises serious questions about the independence of the nomination process.

**02**

### Accountability for MLMAP2028: Leadership without deliverability

Dan Horiba is presented as the leader of MLMAP2028. The plan sets ambitious targets but provides limited clarity on how they will be achieved. Management has already signaled the need to "review" the plan, which suggests the original assumptions may not have been sufficiently grounded. As the plan's leader, he should be held accountable for its credibility and for any failure to meet stated targets.

**03**

### Questionable independence of academic credentials

In the directors' skill matrix, HORIBA highlights Dan Horiba's Executive MBA. However, his MBA is from UC Irvine, an institution with long-standing ties to HORIBA, including significant corporate donations. This relationship reasonably invites scrutiny over how the credential is being presented and reinforces broader concerns about merit-based governance.

**04**

### Founding family control without ownership is nepotism

Despite the founding family holding only about a 4% stake, Dan Horiba has been repeatedly placed in key leadership roles, including MLMAP2028 leader, president of the core profit-driving semiconductor subsidiary (HORIBA STEC), and director. The pattern is difficult to reconcile with a fully merit-based process and is consistent with nepotism. This undermines confidence in HORIBA's governance and board oversight.

# HORIBA's long-standing and financially significant relationship with UC Irvine raises legitimate questions about the independence of Dan Horiba's academic credentials

Source: Company disclosures, UC Irvine




*At the signing ceremony to launch HORIBA Institute for Mobility and Connectivity at UC Irvine campus in Aug 2018*




UC Irvine

**1973 - 1977**

- **Chairman Atsushi Horiba studies engineering at UC Irvine.** Atsushi studied as an undergraduate student in thermodynamics course by Prof. Scott Samuelsen

**1988**

- UC Irvine Advanced Power and Energy Program (APEP) starts hosting **employees from HORIBA for 1-year research appointments.** Prof. Samuelsen is a founding Director of APEP. President Adachi also studied at UC Irvine in the late 1980s.

**1992**

- HORIBA becomes founding member of UC Irvine-led Pacific Rim Consortium on Energy, Combustion, and the Environment, another initiative led by Prof. Samuelsen

**2012-2014**

- **Dan Horiba attends Executive MBA program at UC Irvine**

**2018**

- **HORIBA donates US$ 9mn (c.JPY1bn) to APEP at UC Irvine** to establish HORIBA Institute for Mobility and Connectivity, commemorating HORIBA's longstanding relationship with APEP and UC Irvine

**2021**

- Grand opening of HORIBA Institute for Mobility and Connectivity[2]

# Parent's bias arising from nepotism distorting fair and objective performance evaluation

Source: Nikkei



*There's a story about one subsidiary. All the employees were capable and working hard, but morale just wasn't picking up. So we put our founding product, the pH meter, under its control and* ***appointed my son, Dan Horiba (Senior Managing Executive Officer), as president, and the company's performance shot up at once****. Even if you don't change the employees, if you change the structure, both results and your luck will start to change. (Oasis translation, emphasis added by Oasis)*

*- Chairman Atsushi Horiba, interview for NIKKEI Business Daily (Jan 25, 2024)*

**The Inconvenient Reality**

- Dan Horiba became President of HORIBA Advanced Techno (100% owned subsidiary) in January 2018
- Global semiconductor memory cycle peaked around 2017-2019 due to strong DRAM investments
- HORIBA Advanced Techno manufactures **chemical concentration monitors** for semiconductor wet processes (holds 80% global market share), which benefitted from a surge in fab equipment investment and chemical monitor demand
- The turnaround seems merely a result of cyclical recovery, not a result of Dan Horiba's appointment as President

***HORIBA's management seem to be confusing favorable market conditions with individual management capability. Chairman's statements regarding the turnaround of HORIBA Advanced Techno performance suggests subjective and unfair nomination process for key leadership roles at HORIBA.***

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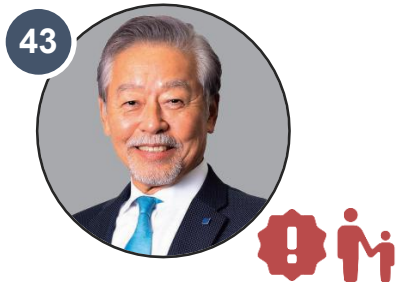
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# The 9 director nominees for the 2026 AGM include individuals accountable for past M&A failures and with questionable independence due to Kyoto business ties

Source: Company disclosures




**Atsushi Horiba**
(Chairman & Group CEO)
Son of the Founder



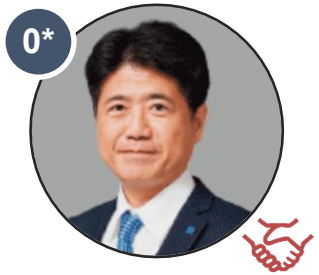

**Juichi Saito**
(Executive Vice Chairman & Group COO)




**Masayuki Adachi**
(President)




**George Gillespie**
(Director)
*Executive Chairman of HORIBA MIRA / FuelCon*

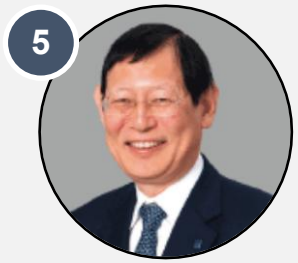



**Koji Koyama**
(Group CFO)
*Former General Manager at BOJ Kyoto Branch*




**Dan Horiba**
(Director)
Grandson of the Founder

***Outside Directors***




**Haruyuki Toyama**
(Outside Director)
*Former BOJ, Chair of Nomination and Remuneration Committee*




**Fumihiko Matsuda**
(Outside Director)
*Professor at Kyoto University (Genomic Medicine)*




**Tomoko Tanabe**
(Outside Director)
*Physician, President of KYOTO MEDICAL CLUB*

*Accountable for past M&A failures*

*Nepotism concerns*

*Kyoto-based relationship*

*Tenure as HORIBA Director*
** New nomination in 2026*

OASIS

# An internal director, George Gillespie's board appointment warrants scrutiny given the persistent underperformance of the businesses under his oversight and unclear nomination rationale

Source: Company disclosures



## George Gillespie

Director

- Joined HORIBA in 2005, when HORIBA acquired Carl Schenck DTS business
- Worked at HORIBA Europe from 2005-2008, left HORIBA to join MIRA as CEO
- Approached HORIBA to acquire MIRA in 2015
- Serves as the Executive Chairman of MIRA, HORIBA Europe, and FuelCon
- Serves as Director of HORIBA since 2025

**01**

### Persistent underperformance of all businesses under his oversight

Gillespie had direct operational responsibility for HORIBA's automotive-related businesses: MIRA, FuelCon, and the Mechatronics division. All of these businesses have been severely value-destructive for HORIBA's shareholders and have failed to contribute to meaningful profitability, years after the acquisition.

**02**

### Personal relationship has prevailed performance

The trajectory of Gillespie's career within HORIBA – from the CEO of a near-bankrupt entity (MIRA) he sold to HORIBA, to Executive Chairman of multiple loss-making subsidiaries, to Director of the company – appears driven more by personal relationships with the Horiba family than by demonstrated value creation.

**03**

### Non-Japanese status is cosmetic diversity without substance

Gillespie is the sole non-Japanese executive director on the HORIBA board. While his appointment may superficially enhance the optics of board diversity and international representation, the substance of this appointment is questionable and lacks genuine independent oversight or operational value.

**04**

### Nomination rationale has been vague

Reasons provided by the company for Gillespie's Director appointment is conspicuously vague and avoids any mentions of profitability, return on investment, or concrete financial outcomes. The stated "record of accomplishment" are unclear provided the poor performance of all businesses Gillespie has overseen.

# The lack of sufficient focus on the core semiconductor business is evident even from the directors' skill matrix presented for the 2026 AGM

Source: Company disclosures

***Directors Skills Matrix in 2026 AGM Convocation Notice published February 2026***

| Director Name | Corporate Management | Technology / R&D | Expertise in Three fields | | | Finance | Legal / Compliance | Global experience |
|---|---|---|---|---|---|---|---|---|
| | | | Energy & Environment | Bio & Healthcare | Materials & Semiconductor | | | |
| Atsushi Horiba | ✓ | | | | | ✓ | | ✓ |
| Juichi Saito | ✓ | | ✓ | | ✓ | | ✓ | ✓ |
| Masayuki Adachi | ✓ | ✓ | ✓ | ✓ | | | | ✓ |
| Koji Koyama* | ✓ | | | | | ✓ | ✓ | |
| George Gillespie | ✓ | ✓ | ✓ | | | | | ✓ |
| Dan Horiba | ✓ | | ✓ | | ✓ | | | ✓ |
| Haruyuki Toyama | | | | | | ✓ | ✓ | ✓ |
| Fumihiko Matsuda | ✓ | ✓ | | ✓ | | | | ✓ |
| Tomoko Tanabe | ✓ | ✓ | | ✓ | | | | ✓ |

*Note: Koji Koyama has been newly nominated as Director in 2026 AGM*

***Despite the Semiconductor segment accounting for roughly 90% of HORIBA's profits, the current board composition clearly indicates that sufficient managerial focus and resource allocation are not being directed toward this core business***

# The rejection of highly-qualified director candidate proposed by Oasis further demonstrates that the current HORIBA management shows little willingness to improve corporate governance

**Jan-9 2026**

*Oasis introduced a highly qualified board candidate to HORIBA*



***Profile of Director Candidate proposed by Oasis:***

- ✓ ***Extensive global leadership experience*** *spanning semiconductor-related industries and analytical / precision measurement*
- ✓ *Former CEO of a publicly listed industrial technology business*
- ✓ *Served in senior executive and board roles across Asia, Europe, and North America*
- ✓ ***Strong familiarity with semiconductor equipment ecosystems***
- ✓ *Holds professional experience in Japan with professional-level fluency in Japanese*

**Feb-11 2026**

*Interview of board candidate by HORIBA Nomination Committee*

- ✗ ***Only three*** *out of the total five nomination committee members participated in the interview*
- ✗ ***No questions*** *asked regarding the candidate's views* ***on semiconductor industry outlook***
- ✗ ***No questions*** *asked about the candidate's understanding of* ***HORIBA's business***

**Feb-17 2026**

*HORIBA notifies Oasis that it would not nominate the candidate as Company's director candidate in the upcoming AGM 2026*

*Main reasons raised by HORIBA:*

a) *Concerns over the candidate's independence due to relationships with HORIBA's business partners*

b) *Potential future conflicts could expand if the candidate assumes another role with HORIBA's potential business partner*

c) *Insufficient time to diligence properly*

OASIS

# HORIBA rejected to nominate a highly-qualified Semiconductor expert on the Board, citing alleged conflict-of-interest concerns, yet no reasonable basis for such concerns can be identified

***Response received from HORIBA:***

*The Board's views regarding this decision are as follows.*

*First, the Board determined that the candidate's relationship with one of the Company's important business partners requires careful consideration from the standpoint of the independence required of outside directors. In addition to formal independence criteria, the Company considers it important to strictly ensure the independence of outside directors, including how such independence is perceived by shareholders and the market.*

*Second, while the Board understands the candidate's knowledge gained through his managerial involvement with a Company customer in the semiconductor industry, the Company was also informed that he is scheduled to assume an outside directorship at a European company from April 2026. During the meeting, the Company also learned that this European company could potentially become a business partner of the Company. In light of these circumstances, the Board concluded that it could not dispel concerns regarding conflicts of interest, and that the Candidate's industry relationships could give rise to unnecessary concerns in connection with the Company's business operations and relationships with business partners. The Company also recognizes the need to carefully consider the potential tension that could arise between the role expected of an outside director and his position within the industry… (Oasis translation)*

*Do the Candidate's current roles raise any conflict-of-interest concerns?*

✗ *No, while the Candidate has spent decades in the semiconductor industry and hold positions in key industry organizations – giving him an exceptionally strong industry network – none of his current roles compete in any way with HORIBA's core MFC business.*
*Accordingly, there is* ***no basis for any conflict-of-interest concerns****.*

*Does the Candidate's upcoming board appointment raise any conflict-of-interest concerns with HORIBA?*

✗ *No, the company he is expected to join as director could be a customer of HORIBA but* ***cannot reasonably be viewed as a competitor****. In the SPE ecosystem, bringing customer perspectives to the board should be highly valuable and can be a meaningful advantage for HORIBA, not a risk.*

*Is HORIBA applying this "conflict-of-interest" standard consistently to its existing directors?*

✗ *HORIBA's Corporate Governance Report indicates that even their current outside directors have affiliations with organizations that maintain business relationships with HORIBA or receive donations from the Company. If HORIBA claims that a potential business relationship, despite no competitive overlap, is enough to disqualify the Candidate, then the independence of certain incumbent directors should also be questioned under the same logic.*
***HORIBA applied a double standard to reject the Candidate.***

# HORIBA's executives receive compensation that is disproportionately high relative to the average annual salary of its employees, and the pay disparity ranks among the highest in Japan

Source: Toyo Keizai, Company disclosures

**1位は71倍！ 社員と役員の「年収格差」が大きい会社ランキングTOP500　役員の平均報酬1億円超は152社に増加**

東洋経済 ONLINE 130th

1～ | 481 | 482 | 483 | 最新

田中 久貴：東洋経済データ事業局　2026/01/04 5:00

■社員と役員の「年収格差」が大きいトップ500社

| 順位 | 社名 | 年収格差（倍率） | 役員平均報酬（万円） | 従業員平均給与（万円） |
|---|---|---|---|---|
| 1 | トヨタ自動車 | 71.87 | 7億0650 | 983 |
| 2 | ダイキン工業 | 70.41 | 6億0200 | 855 |
| 3 | パルグループホールディングス | 68.99 | 5億9817 | 867 |
| 4 | 東京エレクトロン | 60.22 | 8億1533 | 1354 |
| 5 | ソニーグループ | 58.72 | 6億5650 | 1118 |
| 6 | 武田薬品工業 | 48.51 | 5億3550 | 1104 |
| 7 | 楽天グループ | 48.31 | 3億9660 | 821 |
| 8 | リクルートホールディングス | 45.17 | 5億1725 | 1145 |
| 9 | 伊藤忠商事 | 44.05 | 7億9514 | 1805 |
| 10 | ＬＩＮＥヤフー | 43.44 | 3億8400 | 884 |
| 11 | ソフトバンク | 39.79 | 3億3780 | 849 |
| 12 | 日本通信 | 34.97 | 2億7800 | 795 |
| 13 | デクセリアルズ | 34.52 | 2億6200 | 759 |
| 14 | 東建コーポレーション | 32.96 | 2億0767 | 630 |
| 15 | Ｓｐｅｅｅ | 31.66 | 1億8360 | 580 |
| 16 | 日産自動車 | 30.19 | 2億7050 | 896 |
| 17 | ベイカレント | 30.12 | 4億0667 | 1350 |
| 18 | 三菱重工業 | 29.60 | 3億0129 | 1018 |
| 19 | アドバンテスト | 29.43 | 3億0875 | 1049 |
| 20 | キヤノン | 28.79 | 2億4933 | 866 |
| 21 | ノエビアホールディングス | 28.16 | 2億1150 | 751 |
| 22 | イワキ | 27.79 | 1億8900 | 680 |
| 23 | アステラス製薬 | 27.27 | 2億8520 | 1046 |
| 24 | 富士通 | 27.23 | 2億5300 | 929 |
| 25 | 日清食品ホールディングス | 27.13 | 2億3900 | 881 |

（出所）2024年8月期～2025年7月期の有価証券報告書の従業員の概況及びコーポレート・ガバナンスの状況より取得

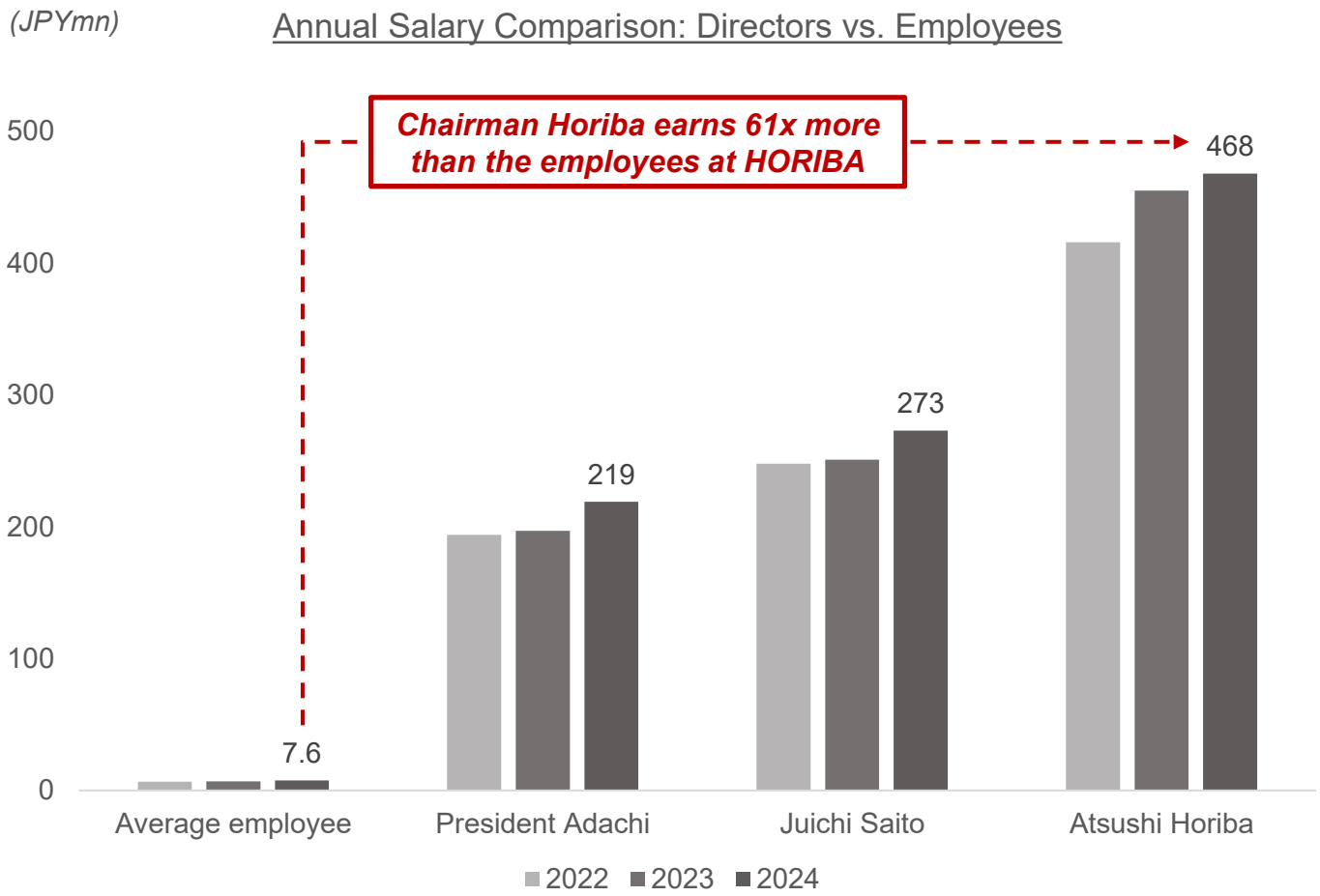
TOYO KEIZAI ONLINE

■社員と役員の「年収格差」が大きいトップ500社

| 順位 | 社名 | 年収格差（倍率） | 役員平均報酬（万円） | 従業員平均給与（万円） |
|---|---|---|---|---|
| 26 | 加賀電子 | 26.56 | 2億2633 | 852 |
| 27 | ネクソン | 26.24 | 1億9050 | 726 |
| 28 | オープンハウスグループ | 26.18 | 2億4400 | 932 |
| 29 | 堀場製作所 | 25.35 | 1億9367 | 764 |
| 30 | コマツ | 23.81 | 2億0450 | 859 |
| 31 | ミラタップ | 23.80 | 1億1950 | 502 |
| 32 | ユニバーサルエンターテインメント | 23.70 | 1億6640 | 702 |
| 33 | ディップ | 23.18 | 1億2167 | 525 |
| 34 | 大和ハウス工業 | 23.01 | 2億2825 | 992 |
| 35 | ＦＯＯＤ ＆ ＬＩＦＥ ＣＯＭＰＡＮＩＥＳ | 22.94 | 1億8650 | 813 |
| 36 | ＬＩＸＩＬ | 22.66 | 1億6067 | 709 |
| 37 | ＪＴ | 21.92 | 2億0867 | 952 |
| 38 | ロック・フィールド | 21.40 | 1億0700 | 500 |
| 39 | 塩野義製薬 | 21.29 | 2億1350 | 1003 |
| 40 | クオールホールディングス | 21.26 | 1億5288 | 719 |
| 41 | ＴＤＫ | 21.11 | 1億7525 | 830 |
| 42 | 日立製作所 | 20.80 | 1億9987 | 961 |
| 43 | ツカダ・グローバルホールディング | 20.66 | 1億0867 | 526 |
| 44 | 日東電工 | 20.54 | 1億7133 | 834 |
| 45 | ミスミグループ本社 | 20.09 | 1億6633 | 828 |
| 46 | ＺＯＺＯ | 20.07 | 1億3167 | 656 |
| 47 | リゾートトラスト | 20.03 | 1億2658 | 632 |
| 48 | 山九 | 19.92 | 1億2767 | 641 |
| 49 | ＤＭＧ森精機 | 19.69 | 1億7780 | 903 |
| 50 | ペプチドリーム | 19.67 | 2億3000 | 1169 |

（出所）2024年8月期～2025年7月期の有価証券報告書の従業員の概況及びコーポレート・ガバナンスの状況より取得

TOYO KEIZAI ONLINE



# It’s no surprise that HORIBA’s employees view the Company’s lavish executive pay with skepticism and mistrust against the top management

Source: OpenWork



*The gap between executive compensation and the salaries of ordinary employees is far too large. If employees’ pay were at or above the global market average, such a disparity might be understandable.* ***However, while the Company ranks within the Top 50 among listed companies in terms of executive compensation, average employee income is below the market average.*** *It is embarrassing to even discuss salary levels with friends or relatives. If the Company aspires to be a first-class “Honmamon” company, they need to improve. It is too convenient to ask employees to be first-class only in mindset. I would like to believe that if they offered first-class salaries, they have the potential to become an extremely excellent company in name and reality.*

*Employee review (September 15, 2025)*

*I would like to ask management whether they are not ashamed of the disparity in* ***executive compensation, which is not proportionate to the size of the Company****, and the income gap between executives and other employees.*

*Employee review (February 23, 2024)*



# HORIBA's corporate motto "Joy and Fun"
# "Joy and Fun" must not come at the expense of shareholder value

Source: Company disclosures

***HORIBA's Corporate Motto***

Omoshiro-okashiku
Joy and Fun



> *Joy and Fun is all about "challenge." That is the most interesting. If you attempt something, it often doesn't work. However, sometimes it works. The more things fail, the greater the feeling of fulfillment from success.* ***Failing is no problem.*** *I think it is better to experience various failures when you are young, as long as you don't lose your life.*
>
> *- HORIBA Chairman Atsushi Horiba*
> *HORIBA Report 2019-2020*

**HORIBA's "Joy and Fun" motto has become a convenient cover for the Company's culture of weak accountability, allowing chronic underperformance in non-core businesses to persist and the conglomerate discount to go unchallenged for years.**
**"Joy and Fun" must not come at the expense of shareholder value.**

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## Oasis will vote AGAINST top management to Protect HORIBA



**Atsushi Horiba**
Chairman & Group CEO

Oasis calls on shareholders to **VOTE AGAINST** the reappointment of Atsushi Horiba

***The Seven Failures Under the Chairman's Leadership***

**01** **FAILURE** to maximize corporate value by realizing the potential of HORIBA's high-growth and high-return Semiconductor business

**02** **FAILURE** to eliminate the persistent conglomerate discount

**03** **FAILURE** to take decisive portfolio action, perpetuating the structural dilution of the Company's growth and profitability

**04** **FAILURE** to meet management targets in non-semiconductor businesses with little evidence that future outcomes would be any different

**05** **FAILURE** of all major strategic M&A transactions led by Chairman Horiba

**06** **FAILURE** to allocate capital effectively, retaining net cash while underinvesting in profit-driving semiconductor business

**07** **FAILURE** to establish an optimal governance structure that does not put the family's interests over other shareholders

# 01 FAILURE to fully realize the true potential of HORIBA's high-growth and high-return Semiconductor business

***HORIBA has a best-in-class, global semiconductor equipment component franchise…***



*HORIBA's mass flow controllers hold approximately **60% global market share***

Lam RESEARCH · TEL TOKYO ELECTRON · APPLIED MATERIALS

***Strong position with Tier-1 customers,** building deep, long-standing relationships with leading semiconductor equipment manufacturers*

*HORIBA's mass flow controllers are critical components for etching and deposition tools, benefiting from **AI-driven structural growth***

| Semiconductor Revenue (FY2025) | Sales CAGR (FY2019-2024) | Semiconductor Operating profit (FY2025) | Operating margin (FY2025) | Return on Invested Capital ('ROIC') |
|---|---|---|---|---|
| **JPY 157bn** US$ 999m | **20.6%** | **JPY 45bn** US$ 284m | **28.4%** | **33.2%** |

***… however, the management has not treated its semiconductor segment as top priority***

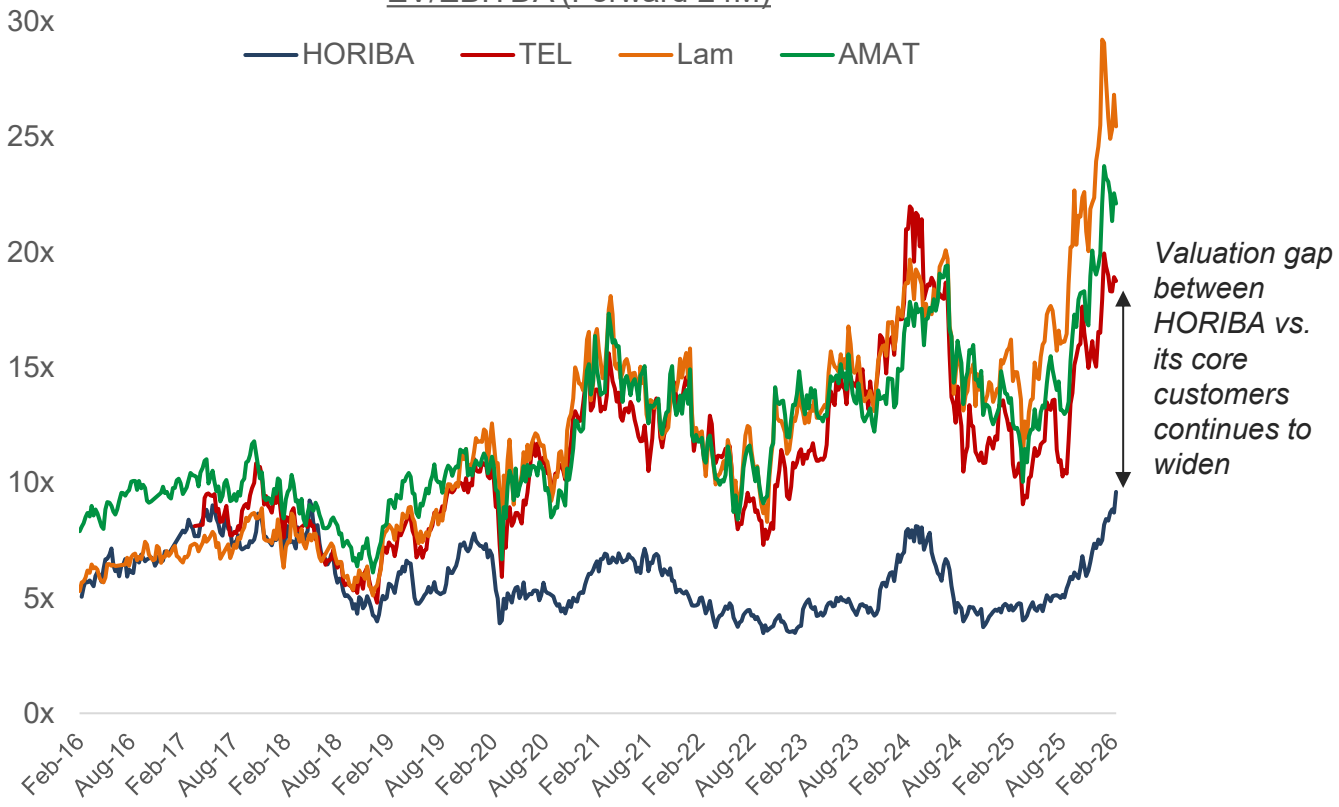
- *Targets have consistently been overly conservative*
- *Insufficient growth investments compared to its profit contribution*
- *Board composition / skills matrix suggest lack of focus*
- *Missed expansion opportunities within the value chain*

# 02 FAILURE to eliminate the persistent conglomerate discount

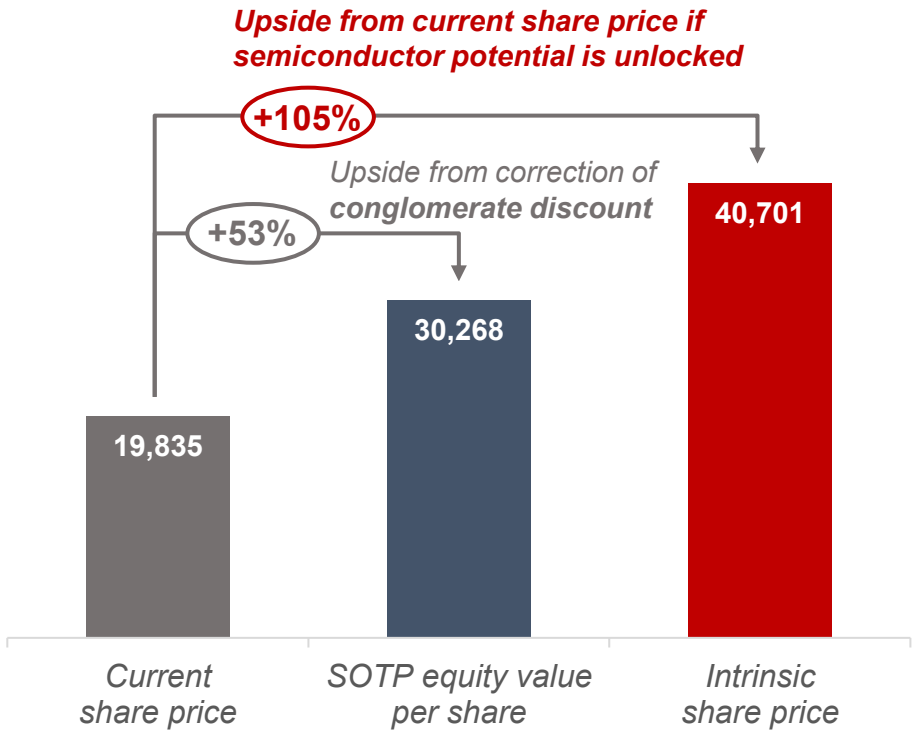
Source: Bloomberg

***Due to lack of strategic focus and discipline, HORIBA's shares have persistently traded at a substantial discount to the valuation multiples of its key customers, leaving significant intrinsic value unrealized***

EV/EBITDA (Forward 24M)




Value per share (JPY)



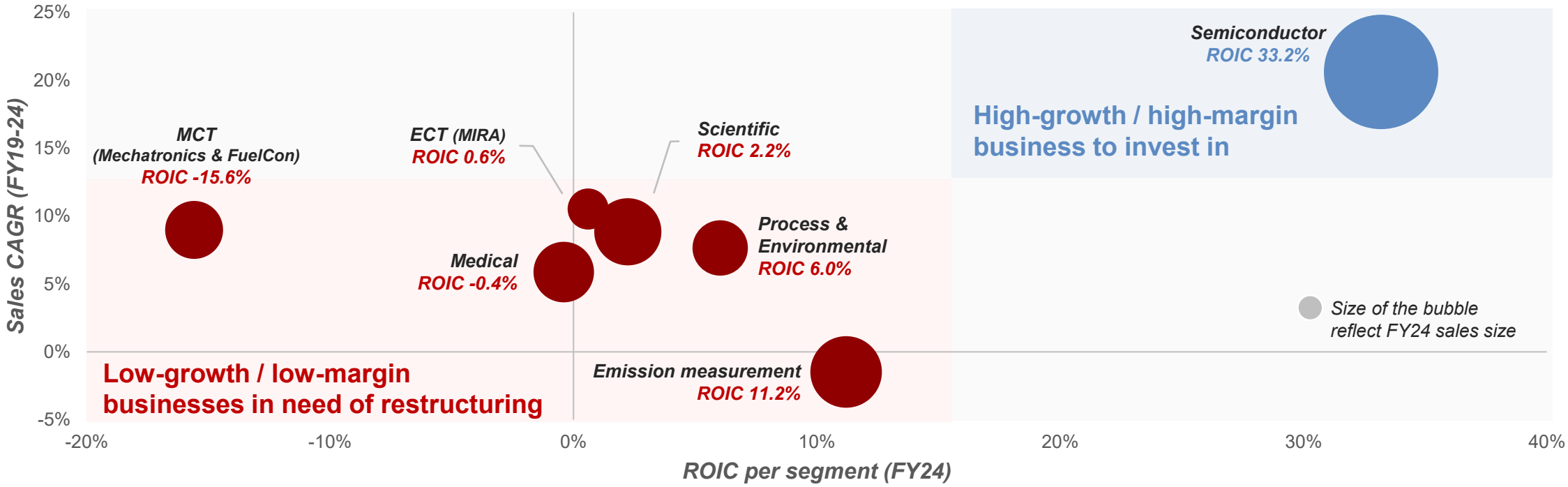

Note: Market data as of March 6, 2026

# 03 FAILURE to take decisive portfolio action, perpetuating the structural dilution of the Company's growth and profitability

Source: Company disclosures, Oasis estimates

## *HORIBA's non-semiconductor businesses continue to dilute the growth profile and capital efficiency*

- *Multiple businesses urgently require review of best-owner*
- *No quantifiable criteria to identify restructuring target*
- *Contradictory to regulatory policy directions*
- *Chairman denies "selection and concentration"*




Note: FY2024 financials based on former reported segments; Invested capital (working capital, PP&E, intangibles) per segment estimated according to total asset per segment; Goodwill for Automotive segment allocated to MCT; Total assets of MIRA according to standalone MIRA accounts in 2024; Emission measurement and MCT assets allocated proportionately according to sales size

# 04 FAILURE to meet management targets in non-semiconductor businesses with little evidence that future outcomes would be any different

Source: Company disclosures

***Within the previous mid-term management plans, HORIBA failed to achieve most of its management targets, except for their semiconductor segment, which experienced strong industry tailwinds…***

*MLMAP 2020 Performance Tracker:*

| (JPYbn) | Sales | | | Operating income | | |
|---|---|---|---|---|---|---|
| | Target | Actual | Achieve-ment | Target | Actual | Achieve-ment |
| Automotive | 100.0 | 79.7 | ✗ | 10.0 | 7.7 | ✗ |
| Semiconductor | 50.0 | 57.8 | ✓ | 10.0 | 17.1 | ✓ |
| Medical | 40.0 | 26.0 | ✗ | 4.0 | 1.8 | ✗ |
| Scientific | 35.0 | 27.8 | ✗ | 3.5 | 0.2 | ✗ |
| Process & Environmental | 25.0 | 19.4 | ✗ | 2.5 | 2.0 | ✗ |
| **Total** | **250.0** | **210.6** | ✗ | **30.0** | **28.8** | ✗ |

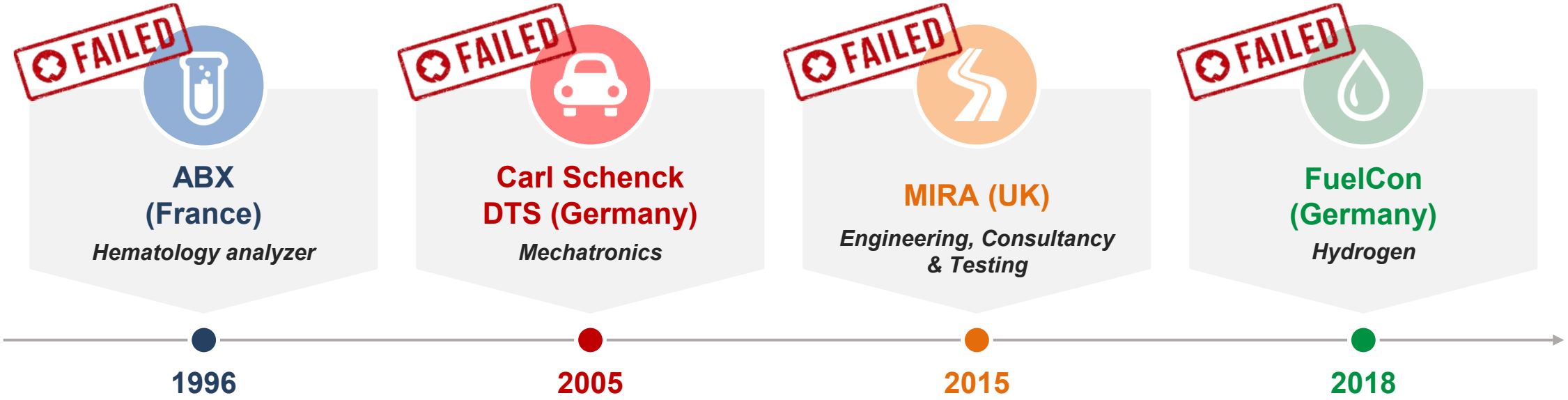
*MLMAP 2023 Performance Tracker:*

| (JPYbn) | Sales | | | Operating income | | |
|---|---|---|---|---|---|---|
| | Target | Actual | Achieve-ment | Target | Actual | Achieve-ment |
| Automotive | 120.0 | 80.4 | ✗ | 12.0 | 1.2 | ✗ |
| Semiconductor | 77.0 | 112.9 | ✓ | 17.7 | 40.6 | ✓ |
| Medical | 40.0 | 32.7 | ✗ | 4.0 | 0.6 | ✗ |
| Scientific | 35.0 | 39.6 | ✓ | 3.5 | 2.5 | ✗ |
| Process & Environmental | 28.0 | 25.0 | ✗ | 2.8 | 2.4 | ✗ |
| **Total** | **300.0** | **290.6** | ✗ | **40.0** | **47.3** | ✓ |

***… nevertheless, rather than taking accountability, management appears poised to repeat the same mistakes***

- *Blindly repeating the same targets in the new mid-term plan*
- *No analysis / explanation provided on the under-performance*
- *Segment changes resulting in lack of transparency and consistency*
- *Low-return businesses continue to be growth pillars in the new mid-term plan*
- *Revision of current mid-term plan to avoid accountability*

# 05 FAILURE of all major strategic M&A transactions led by Chairman Horiba




***All large-scale M&A transactions executed under Chairman Horiba's leadership have ultimately failed to deliver***

- *All seller-driven transactions with unclear strategic rationale*
- *History of concealing losses behind cash-cow businesses*
- *Acquisitions used to elevate Chairman's prestige internationally*
- *No leverage used for acquisition and follow-on investments*
- *No management accountability despite clear failure in M&A*

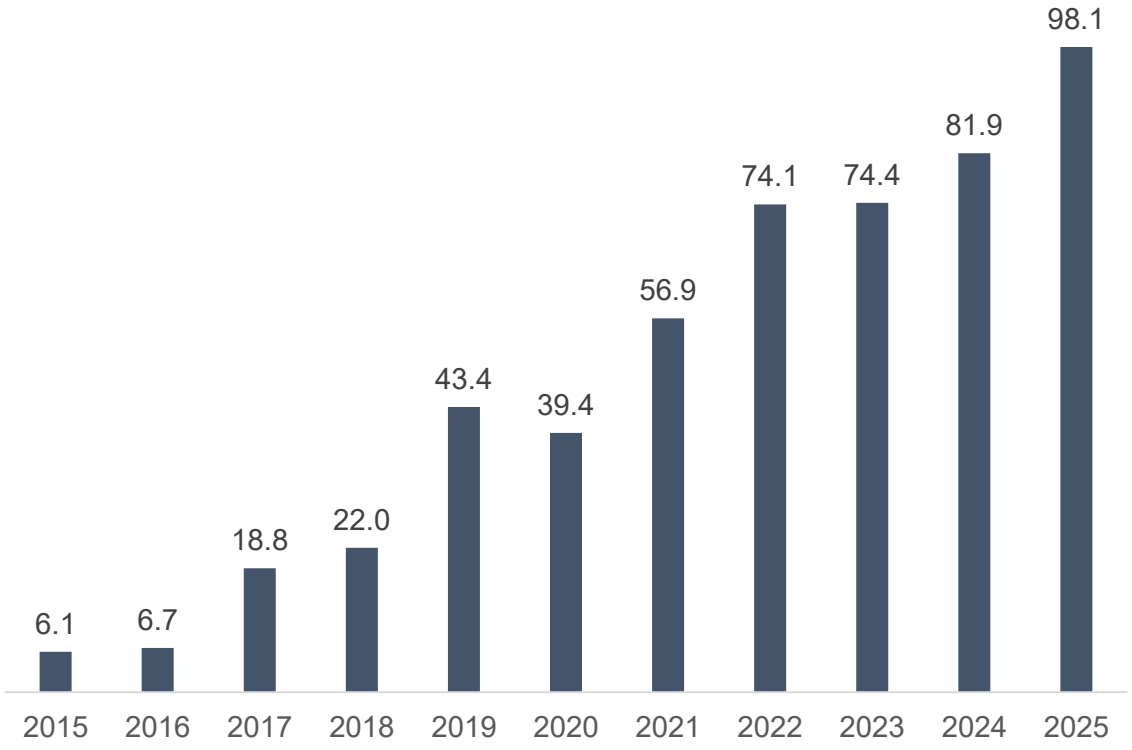
# 06 FAILURE to allocate capital effectively, retaining net cash while underinvesting in profit-driving semiconductor business

Source: Company disclosures

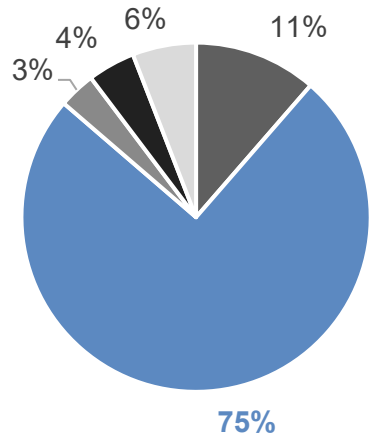
***Despite semiconductors being the Company's profit engine, HORIBA has hoarded cash and starved the segment of proportionate investment, materially weakening overall capital efficiency***

*(JPYbn)*

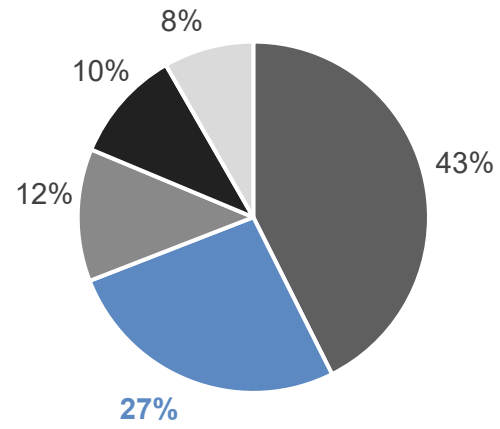
Net cash balance




Breakdown of profit
*(2015-2024, cumulative)*




Breakdown of capex
*(2015-2024, cumulative)*




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# 07 FAILURE to establish an optimal governance structure that does not put Horiba family's interests over other shareholders

## *Horiba family interests prioritized over other shareholders' interests*



***Atsushi Horiba***
*Son of the Founder*

- ✗ *Excessively long board tenure of 43+ years*
- ✗ *Lack of accountability for poor M&A leadership*
- ✗ *Reputation building at shareholders' expense*



***Dan Horiba***
*Grandson of the Founder*

- ✗ *Exceptionally rapid promotion through unfair nomination process*
- ✗ *MLMAP leadership without deliverability*
- ✗ ***Family control with <5% ownership is nepotism***

## *Current board lacks accountability, independence and expertise in Semiconductors*



***Accountable for M&A failures***



***Kyoto-based Relationships***

***Number of Directors with Expertise:***

| 4 | 3 | 2 |
|---|---|---|
| Energy & Environment | Bio & Healthcare | Materials & Semiconductors |

## *Rejection to nominate a highly-qualified Semiconductor expert*

***January 9, 2026***

*Oasis introduced a highly qualified semiconductor expert board candidate to HORIBA*

- ✓ *Candidate holding global leadership experience spanning **semiconductor and analytical equipment industries***

***February 17, 2026***

*HORIBA rejects to nominate the candidate as its director at the upcoming AGM*

- ✗ ***HORIBA applies a double standard to reject**, citing conflict-of-interest concerns that has no ground*

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Why Shareholders Should Vote AGAINST the Chairman

➤ **Conclusion**


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## Conclusion

- Oasis urges shareholders of HORIBA, Ltd. ("HORIBA" or the "Company") to vote **AGAINST** Agenda 1, Candidate No.1 – the reappointment of Chairman Atsushi Horiba – at the Annual General Meeting on March 21, 2026.
- HORIBA is a Semiconductor business, generating roughly 90% of its total profits primarily from its best-in-class Mass Flow Controllers ("MFCs") franchise holding 60% global market share, a critical component for cutting-edge etchers and deposition devices and well-positioned to benefit from the growing AI-driven wafer fab investments.
- Despite this reality, the Company continues to trade at a persistent valuation discount to global semiconductor equipment peers.
- Oasis believes that by prioritizing its world-class Semiconductor franchise and restructuring its loss-making businesses, HORIBA should command a materially higher valuation with **over 105% upside from current share price levels**.
- HORIBA's discounted valuation stems from four core issues:
  1) The Chairman has refused to apply disciplined portfolio scrutiny, allowing multiple structurally low-growth and/or low-return, loss-making businesses (ECT, Mechatronics, Hydrogen, Medical and Emission Measurement) to dilute the performance of HORIBA's Semiconductor business;
  2) Management has repeatedly missed its own targets in the non-Semiconductor businesses under the Mid-Long term Management Plan ("MLMAP") and subsequent plans, with limited post-mortem analysis or accountability for underperformance;
  3) All major historical M&A transactions led by Chairman Horiba have resulted in subsequent impairments or continues to generate losses, which reflect problematic management philosophies promoted by the Chairman; and
  4) HORIBA's capital allocation remains suboptimal, maintaining an excessive net cash position while continuing to allocate capital to its underperforming non-core businesses.
- These issues are rooted in **HORIBA's flawed governance**: cronyism and nepotism-driven appointments that have prioritized Horiba family's interest, insufficient board independence and expertise, limited accountability, and executive compensation misaligned with performance.
- During his 43-year tenure as Director of HORIBA, Chairman Horiba has spearheaded the decisions that have directly resulted in HORIBA's valuation discount and undermined its governance, yet the **Chairman continues to serve as the Chairperson of the Company's Board charged with holding management accountable**.

**It is time for accountability. Oasis calls for HORIBA's shareholders to vote against Chairman Horiba's reappointment.**

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## Contact Us

HORIBA

# *Help us protect HORIBA through accountability NOW*

For more information, please visit:
www.protectHORIBA.com

We welcome all stakeholders to contact Oasis at info@protectHORIBA.com to help protect HORIBA.

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