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To whom it may concern:

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Notice Regarding Recognition of Extraordinary Loss (Impairment Loss) and Revision of Fiscal 2017 Earnings Forecasts

HORIBA, Ltd. (“the Company”) and its consolidated subsidiaries (together “HORIBA” as a consolidated group) is expected to recognize an extraordinary loss (impairment loss) in fiscal 2017, ending December 31, 2017. Accordingly, and in light of the recent earnings trend and other factors, HORIBA has revised its earnings forecasts for fiscal 2017 that were previously announced on November 7, 2017.

1. Recognition of extraordinary loss (impairment loss)

The Company acquired HORIBA MIRA Ltd. (“HORIBA MIRA”), a consolidated subsidiary in the U.K., in 2015. As the business environment surrounding HORIBA MIRA has changed mainly due to the U.K.’s Brexit decision, its operating results have been weaker than the business plan initially formulated at the time of the acquisition. After reviewing business plan, HORIBA is expected to recognize an impairment loss of approximately 2.3 billion yen on the goodwill and intangible fixed assets.

2. Revision of Consolidated Financial Results Forecasts

	Net Sales	Operating Income	Ordinary Income	Net income attributable to Owners of Parent	Net Income Per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous Forecasts (A) (As of November 7, 2017)	190,000	23,000	22,000	15,000	355.88
Revised Forecasts (B)	192,000	24,500	23,500	15,000	355.88
Change (B–A)	2,000	1,500	1,500	–	–
Change (%)	1.1	6.5	6.8	–	–
Actual results for fiscal 2016	170,093	18,499	18,279	12,962	307.74

3. Revision of Forecast net sales and operating income by segment

Net sales (Amount: millions of yen)				Operating income (Amount: millions of yen)			
	Previous Forecasts (As of Nov.7)	Revised Forecasts (As of Dec.19)	Change		Previous Forecasts (As of Nov.7)	Revised Forecasts (As of Dec.19)	Change
Automotive	71,000	72,000	+1,000	Automotive	5,700	6,700	+1,000
Process & Environmental	17,000	17,000	-	Process & Environmental	600	600	-
Medical	25,000	25,000	-	Medical	1,700	1,700	-
Semiconductor	51,000	52,000	+1,000	Semiconductor	14,500	15,000	+500
Scientific	26,000	26,000	-	Scientific	500	500	-
Total	190,000	192,000	+2,000	Total	23,000	24,500	+1,500

4. Reasons for the revisions

Owing mainly to enhanced emission regulation and growth in investment in the semiconductor industry, sales has continued to be robust in the Automotive Test Systems segment and the Semiconductor Instruments & Systems segment. Therefore, HORIBA's forecasts for sales, operating income, and ordinary income have been revised upward from the previously announced forecasts. However, due to the expected recognition of the extraordinary loss (impairment loss) mentioned above, net income attributable to owners of parent will remain unchanged from the previously announced forecasts.

5. Dividend forecasts

The annual dividend forecasts of 95 yen (40 yen for the interim and 55 yen for the year-end), previously announced on November 7, 2017, remains unchanged.

6. Future strategy of the Automotive Test Systems segment

The development of electric and autonomous driving vehicles has led to the automotive industry facing a major turning point. Under such an environment, the business of HORIBA MIRA is indispensable. It is also becoming more important for HORIBA to innovate its business model, which is centered around emission systems, a traditional area of strength, and to expand into new areas. HORIBA MIRA's technology concerning electrification and autonomous driving vehicles will therefore be combined with HORIBA's global business base and customer network to help grow HORIBA's business in the area of the development of next-generation vehicles.

Note: The financial forecasts are based on the information available at this point in time, and actual results may differ from the forecasts due to a variety of factors.