

CONSOLIDATED FINANCIAL SUMMARY FOR THE THIRD QUARTER ENDED DECEMBER 31, 2017 (IFRS)

January 30, 2018

Company Name: ANRITSU CORPORATION

Stock exchange listings: Tokyo

Securities code: 6754 URL: <https://www.anritsu.com>

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Quarterly statement filing date (as planned): February 13, 2018

Dividend payable date (as planned): -

Supplemental material of quarterly results: Yes

Convening briefing of quarterly results: Yes (for financial analysts and institutional investors)

(Millions of yen, round down)

1. Consolidated financial results of the third quarter ended December 31, 2017

(From April 1, 2017 to December 31, 2017)

(1) Consolidated Operating Results

(Note) Percentage figures indicate change from the same quarter a year ago.

	Revenue		Operating profit (loss)		Profit (loss) before tax		Profit (loss)		Profit (loss) attributable to owners of parent		Total comprehensive income (loss)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the nine months ended December, 2017	62,258	-0.0	2,666	59.8	2,638	117.2	1,476	106.8	1,464	109.8	2,991	251.8
December, 2016	62,264	-13.8	1,669	-67.8	1,214	-76.2	713	-81.8	698	-82.1	850	-79.8

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
For the nine months ended December, 2017	10.67	10.67
December, 2016	5.09	5.09

(2) Consolidated Financial Positions

	Total assets	Total equity	Equity attributable to owners of parent	Equity attributable to owners of parent to total assets ratio
	Millions of yen	Millions of yen	Millions of yen	%
For the nine months ended December, 2017	120,928	77,426	77,350	64.0
For the year ended March, 2017	125,054	76,485	76,398	61.1

2. Dividends

	Annual dividend				
	First quarter	Second quarter	Third quarter	Fiscal year end	Total
	Yen	Yen	Yen	Yen	Yen
For the year ended March, 2017	—	7.50	—	7.50	15.00
For the year ending March, 2018	—	7.50	—		
For the year ending March, 2018 (Forecast)				7.50	15.00

(Note) Correction of dividend forecast from the most recent dividend forecast: No

3. Consolidated Forecast for the year ending March 31, 2018 (From April 1, 2017 to March 31, 2018)

(Note) Percentage figures indicate change from the previous period.

	Revenue		Operating profit (loss)		Profit (loss) before tax		Profit (loss)		Profit (loss) attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Annual	91,000	3.8	4,400	3.9	4,200	15.7	3,000	9.7	3,000	11.2	21.85

(Note) Correction of financial forecast from the most recent financial forecast: No

※ Others

(1) Material changes in subsidiaries during this period

(Changes in scope of consolidations resulting from change in subsidiaries) : None

Number of subsidiaries newly consolidated : -

Number of subsidiaries excluded from consolidation : -

(2) Changes in accounting policies and accounting estimates

1. Changes in accounting policies required by IFRS : None

2. Changes in accounting policies other than IFRS requirements : None

3. Changes in accounting estimates : None

(3) The number of shares issued and outstanding

1. Number of issued and outstanding shares at the period end (including treasury stock)

Q3FY2017 (Dec. 31, 2017)	138,118,294	shares	FY2016 (Mar. 31, 2017)	138,115,294	shares
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2. Total number of treasury stock at the period end

Q3FY2017 (Dec. 31, 2017)	777,633	shares	FY2016 (Mar. 31, 2017)	806,552	shares
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3. Average number of shares issued and outstanding during the period (quarterly period-YTD)

Q3FY2017 (Dec. 31, 2017)	137,330,189	shares	Q3FY2016 (Dec. 31, 2016)	137,299,214	shares
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This quarterly financial summary is out of scope of quarterly review.

Notes for using forecasted information and others

•As the business forecast mentioned above are based on the recent information, actual results may vary substantially from projections above due to known or unknown risks, changes relating to uncertainties, and others. The reader should be aware that actual results may be materially different from any future results expressed herein due to various factors.

•With regard to notes for utilizing preconditions of outlook and business forecast, please refer to 1. Consolidated Financial Results (3) Outlook for the Fiscal Year Ending March 31, 2018 at page 6.

•Additional supplemental material related to the financial statements will be available at Anritsu's web site since the results briefing session to be held on January 31, 2018.

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1. Consolidated Financial Results

(1) Consolidated Operating Results

1) General Overview

	Nine Months Ended December 31,		(Millions of yen)	
	2016	2017	Change	
Orders	63,625	64,214	589	0.9%
Backlog	18,889	20,465	1,576	8.3%
Revenue	62,264	62,258	(5)	-0.0%
Operating profit (loss)	1,669	2,666	997	59.8%
Profit (loss) before tax	1,214	2,638	1,423	117.2%
Profit (loss)	713	1,476	762	106.8%
Profit (loss) attributable to owners of parent	698	1,464	766	109.8%

During the cumulative third-quarter of the fiscal year ending March 31, 2018, the global economy continued the gradual expansion primarily in advanced countries, and Japan's economy showed a recovery buoyed by strong corporate profits and improvement in the employment situation. On the other hand, concerns about global risks such as uncertainties of the U.K.'s withdrawal from the EU and increasingly tense situations in East Asia, have been mounting.

In the field of communication networks, as represented by smartphone applications that utilize the VR (Virtual Reality), various mobile broadband services are growing. In order to cope with rapid increase in the volume of mobile data transmission and also to solve the issues of network environment, LTE (Long-Term Evolution) and LTE-Advanced (a further expanded LTE), have been developed and they are going into full-scale use as the mobile communications system. However, the ownership of smartphones has reached to a saturated level in the market and as a result of that, the overall smartphone-related market has been shrinking. Consequently, investments planned by our customers have been altered, as well as the plans of restructurings. In addition, restrained investments by customers are continuing.

On the contrary, beginning in stages of specification development to the 5G mobile system, the next-generation communications system which is expected to provide the infrastructure to a wide range of mobile broadband services. As a result, the commercialization of 5G has been materialized, as major domestic and overseas operators have implemented verification tests of 5G. Furthermore, as the automated driving projects in the automotive industry are well known, a wide range of industries are making full-fledged effort to expand more defined investment plans toward new societal innovation which utilizes IoT (Internet of Things).

Amid such business environment, the Anritsu Group has worked to build up a platform for business expansion by carrying out strategic investments mainly in the areas of growing market and enhancing competitiveness in the offering of solutions.

As a result, orders increased 0.9 percent compared with the same period of the previous fiscal year to 64,214 million yen, and revenue decreased 0.0 percent to 62,258 million yen. Operating profit increased 59.8 percent compared with the same period of the previous fiscal year to 2,666 million yen, profit before tax increased 117.2 percent compared with the same period of the previous fiscal year to 2,638 million yen. Profit increased 106.8 percent, compared with the same period of the previous fiscal year to 1,476 million yen, and profit attributable to owners of parent increased 109.8 percent compared with the same period of the previous fiscal year to 1,464 million yen. Resulting from the US tax reform, some amount of deferred tax assets in the US subsidiary were reduced. As a result, an increase of 220 million yen in income tax expense was recognized.

2) Overview by Segment

1. Test and Measurement

	Nine Months Ended December 31,		(Millions of yen)	
	2016	2017	Change	
Revenue	42,646	40,115	(2,531)	-5.9%
Operating profit (loss)	747	690	(57)	-7.7%

This segment develops, manufactures and sells measuring instruments and systems for a variety of communications applications, and service assurance, to telecom operators, manufacturers of related equipment, and maintenance and installation companies around the world.

During the cumulative third-quarter of the fiscal year ending March 31, 2018, while demand for measuring instruments for optical/digital device was strong, in the mobile market, due to the transition period from LTE to 5G, customers' investment stances are becoming severer. On the other hand, in the LTE-Advanced Pro (Gigabit LTE) related R&D market, our customers have increased advancing CA (Carrier Aggregation) investment. Consequently, segment revenue decreased 5.9 percent compared with the same period of the previous fiscal year to 40,115 million yen and operating profit decreased 7.7 percent to 690 million yen and adjusted operating profit decreased 6.0 percent to 976 million yen.

(Note) Adjusted operating profit is Anritsu's original profit indicator to measure results of its recurring business by excluding profit and loss items with a transient nature from operating profit.

(Unaudited information)

Table of adjustment from operating profit (loss) to adjusted operating profit (loss)

	Nine Months Ended December 31,		(Millions of yen)	
	2016	2017	Change	
Operating profit (loss)	747	690	(57)	-7.7%
Adjustment items				
Business structure improvement expenses	152	285	133	
M&A related costs	138	—	(138)	
Adjusted operating profit (loss)	1,038	976	(62)	-6.0%

2. Products Quality Assurance

	Nine Months Ended December 31,		(Millions of yen)	
	2016	2017	Change	
Revenue	13,860	16,102	2,241	16.2%
Operating profit (loss)	632	1,336	704	111.5%

This segment develops, manufactures and sells production management and quality management systems, including precision, high-speed auto checkweighers, automatic combination weighers and metal detectors, for the food, pharmaceutical and cosmetics industries.

During the cumulative third-quarter of the fiscal year ending March 31, 2018, increasing demand on the safety and security of food and medicine, and shortage of workers are accelerating the development of automated inspection processes. Demand in both Japan and overseas markets increased for automated inspection systems incorporating X-ray screening. As a result, segment revenue increased 16.2 percent compared with the same period of the previous fiscal year to 16,102 million yen and operating profit increased 111.5 percent compared with the same period of the previous fiscal year to 1,336 million yen.

3. Others

	Nine Months Ended December 31,		(Millions of yen)	
	2016	2017	Change	
Revenue	5,756	6,040	283	4.9%
Operating profit (loss)	411	774	362	88.1%

This segment comprises Information and Communications, Devices, Logistics, Welfare services, Real estate leasing and other businesses.

During the cumulative third-quarter of the fiscal year ending on March 31, 2018, Device business and Information and Communications business improved compared with the same period of the previous fiscal year. As a result, segment revenue increased 4.9 percent compared with the same period of the previous fiscal year to 6,040 million yen, and operating profit increased 88.1 percent compared with the same period of the previous fiscal year to 774 million yen.

(2) Consolidated Financial Position

1) Assets, Liabilities and Equity

	(Millions of yen)		
	March 31, 2017	December 31, 2017	Change
Assets	125,054	120,928	(4,125)
Liabilities	48,568	43,502	(5,066)
Equity	76,485	77,426	940
<i>Interest-bearing debt</i>	22,026	16,041	(5,985)

Assets, liabilities and equity at the end of the third quarter were as follows.

1. *Asset*

Assets decreased 4,125 million yen compared with the end of the previous fiscal year to 120,928 million yen. This was mainly due to decrease of cash and cash equivalents, as well as property, plant and equipment, while increase of inventories.

2. *Liabilities*

Total liabilities decreased 5,066 million yen compared with the end of the previous fiscal year to 43,502 million yen. This was mainly due to decrease of bonds and borrowings due to redemption of bonds, while increase of other payables in current liabilities.

3. *Equity*

Equity increased 940 million yen compared with the end of the previous fiscal year to 77,426 million yen. This was mainly due to increase of other components of equity, while decrease of retained earnings due to payment of cash dividends.

As a result, the equity attributable to owners of parent to total assets ratio was 64.0 percent, compared with 61.1 percent at the end of the previous fiscal year.

Interest-bearing debt, excluding lease obligations, was 16,041 million yen, compared with 22,026 million yen at the end of the previous fiscal year. The debt-to-equity ratio was 0.21, compared with 0.29 at the end of the previous fiscal year.

(Notes)

Equity attributable to owners of parent to total assets ratio: Equity attributable to owners of parent / Total asset

Debt-to-equity ratio: Interest-bearing debt / Equity attributable to owners of parent

2) Summarized Cash Flows

	Nine Months Ended December 31,		(Millions of yen)
	2016	2017	Change
Cash flows from operating activities	6,351	4,158	(2,193)
Cash flows from investing activities	(2,887)	(2,206)	681
Cash flows from financing activities	(2,722)	(8,099)	(5,376)
Cash and cash equivalents at end of period	37,964	34,208	(3,756)
<i>Free cash flow</i>	3,464	1,952	(1,511)

In the third quarter of the fiscal year ending March 31, 2018, cash and cash equivalents (hereafter, "net cash") decreased 5,473 million yen compared with the end of the previous fiscal year to 34,208 million yen.

Free cash flow, the sum of cash flows from operating activities and cash flows from investing activities, was positive 1,952 million yen (compared with positive 3,464 million yen in the same period of the previous fiscal year).

Conditions and factors for each category of cash flow for the third quarter period were as follows.

1. *Cash Flows from Operating Activities*

Net cash provided by operating activities was 4,158 million yen (in the same period of the previous fiscal year, operating activities provided net cash of 6,351 million yen).

The cash increase was due to reporting of profit before tax and recording depreciation and amortizations, on the other hand, the cash decrease was mainly due to increase of inventories.

Depreciation and amortization was 3,190 million yen (increase of 111 million yen compared with the same period of the previous fiscal year).

2. *Cash Flows from Investing Activities*

Net cash used in investing activities was 2,206 million yen (in the same period of the previous fiscal year, investing activities used net cash of 2,887 million yen). This was primarily due to acquisition of property, plant and equipment.

3. *Cash Flows from Financing Activities*

Net cash used in financing activities was 8,099 million yen (in the same period of the previous fiscal year, financing activities provided net cash of 2,722 million yen). The primary reason was redemption on 6,000 million yen of bonds and payment of cash dividends totaling 2,059 million yen (in the same period of the previous fiscal year, cash dividends was 2,677 million yen).

(3) Outlook for the Fiscal Year Ending March 31, 2018

The Anritsu Group has not changed the performance forecasts announced on April 27, 2017.

BUSINESS FORECAST FOR THE FISCAL YEAR ENDING MARCH 31, 2018

	(Millions of yen)
	FY2017
Revenue	91,000
Operating profit (loss)	4,400
Profit (loss) before tax	4,200
Profit (loss)	3,000
Profit (loss) attributable to owners of parent	3,000

Assumed exchange rate for the 4th quarter: 1US\$=110Yen

(Reference)

FORECAST OF SEGMENT INFORMATION

(Millions of yen)

	FY2016 From Apr. 1, 2016 To Mar. 31, 2017	FY2017(Forecast) From Apr. 1, 2017 To Mar. 31, 2018	
			Change
Revenue by Segment			
Revenue	87,638	91,000	3.8%
Test and Measurement	59,333	61,000	2.8%
PQA	19,588	21,500	9.8%
Others	8,716	8,500	-2.5%
Operating Profit by Segment			
Operating Profit	4,234	4,400	3.9%
Test and Measurement	2,130	2,200	3.3%
PQA	1,302	1,500	15.2%
Others	801	700	-12.6%
Revenue by Markets			
Revenue	87,638	91,000	3.8%
Japan	29,338	30,000	2.3%
Overseas	58,299	61,000	4.6%
Americas	19,633	21,500	9.5%
EMEA	12,520	11,500	-8.1%
Asia and Others	26,145	28,000	7.1%

(Notes)

PQA: Products Quality Assurance

EMEA: Europe, Middle East and Africa

(Note)

Statements made in these materials with respect to Anritsu's current plans, strategies and beliefs that are not historical fact are forward-looking statements of future business results or other forward-looking projections pertinent to the business of Anritsu. These descriptions are based on assumptions and judgments made by Anritsu's management from information currently available, and include certain risks and uncertain factors. Actual business results are the outcome of a number of unknown variables, and may substantially differ from the figures projected herein. Furthermore, Anritsu disclaims any obligation, unless required by law, to update or revise any forward-looking statements as a result of new information, future events or otherwise.

Factors which may affect the actual business results include but are not limited to the economic situation in the geographic areas where Anritsu conducts business, including but not limited to Japan, Americas, Europe, and Asia, pressure on prices due to trends in demand for Anritsu's products and services or to increased competition, Anritsu's ability to continue supplying products and services that are accepted by customers in a highly competitive market environment, and currency exchange rates.

2. Condensed Quarterly Consolidated Financial Statements

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Millions of yen)

	End of FY2016 as of 3.31.17 (A)	Q3 FY2017 as of 12.31.17 (B)	Change (B) - (A)
Assets			
Current assets			
Cash and cash equivalents	39,682	34,208	(5,473)
Trade and other receivables	21,561	21,218	(343)
Other financial assets	1,152	1,248	96
Inventories	16,606	19,049	2,443
Income tax receivables	459	167	(292)
Other assets	2,960	3,028	68
Total current assets	82,421	78,920	(3,500)
Non-current assets			
Property, plant and equipment	26,441	25,498	(942)
Goodwill and intangible assets	3,721	3,954	233
Investment property	1,664	1,505	(158)
Trade and other receivables	330	327	(2)
Other financial assets	2,481	3,074	592
Deferred tax assets	7,979	7,634	(344)
Other assets	14	12	(2)
Total non-current assets	42,632	42,008	(624)
Total assets	125,054	120,928	(4,125)

	(Millions of yen)		
	End of FY2016 as of 3.31.17 (A)	Q3 FY2017 as of 12.31.17 (B)	Change (B) - (A)
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	7,060	7,336	276
Bonds and borrowings	7,565	4,566	(2,999)
Other financial liabilities	73	76	3
Income tax payables	1,608	1,961	352
Employee benefits	5,427	3,541	(1,886)
Provisions	273	322	49
Other liabilities	6,385	7,950	1,565
Total current liabilities	28,394	25,753	(2,640)
Non-current liabilities			
Trade and other payables	465	691	226
Bonds and borrowings	14,460	11,475	(2,985)
Other financial liabilities	142	169	27
Employee benefits	3,188	3,655	467
Provisions	106	108	1
Deferred tax liabilities	256	258	1
Other liabilities	1,554	1,390	(164)
Total non-current liabilities	20,174	17,748	(2,425)
Total liabilities	48,568	43,502	(5,066)
Equity			
Common stock	19,052	19,054	1
Additional paid-in capital	28,169	28,122	(46)
Retained earnings	24,394	23,850	(544)
Treasury stock	(1,012)	(987)	25
Other components of equity	5,794	7,309	1,515
Total equity attributable to owners of parent	76,398	77,350	951
Non-controlling interests	87	76	(11)
Total equity	76,485	77,426	940
Total liabilities and equity	125,054	120,928	(4,125)

(2) Condensed Quarterly Consolidated Statement of Profit or Loss and Other Comprehensive Income

Consolidated cumulative third quarter

(Millions of yen)

	FY2016 (9 months) From April 1, 2016 to December 31, 2016 (A)		FY2017 (9 months) From April 1, 2017 to December 31, 2017 (B)		Change (B) - (A)	
		%		%		%
Revenue	62,264	100.0	62,258	100.0	(5)	-0.0
Cost of sales	32,280	51.8	31,696	50.9	(583)	-1.8
Gross profit	29,983	48.2	30,561	49.1	578	1.9
Other revenue and expenses						
Selling, general and administrative expenses	20,092	32.3	19,961	32.1	(130)	-0.7
Research and development expense	8,168	13.1	7,654	12.3	(514)	-6.3
Other income	150	0.2	163	0.3	13	8.6
Other expenses	204	0.3	443	0.7	239	117.1
Operating profit (loss)	1,669	2.7	2,666	4.3	997	59.8
Finance income	155	0.3	194	0.3	39	25.2
Finance expenses	610	1.0	223	0.4	(386)	-63.4
Profit (loss) before tax	1,214	2.0	2,638	4.2	1,423	117.2
Income tax expense	500	0.8	1,161	1.9	661	132.1
Profit (loss)	713	1.1	1,476	2.4	762	106.8
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Change of financial assets measured at fair value	156		408		251	
Total	156		408		251	
Items that may be reclassified subsequently to profit or loss						
Exchange differences on translation	(20)		1,107		1,127	
Total	(20)		1,107		1,127	
Total of other comprehensive income	136	0.2	1,515	2.4	1,378	-
Comprehensive income	850	1.4	2,991	4.8	2,141	251.8
Profit (loss), attributable to :						
Owners of parent	698		1,464		766	
Non-controlling interests	15		11		(4)	
Total	713		1,476		762	
Comprehensive income attributable to :						
Owners of parent	834		2,980		2,145	
Non-controlling interests	15		11		(4)	
Total	850		2,991		2,141	
Earnings per share						
Basic earnings per share (Yen)	5.09		10.67		5.58	
Diluted earnings per share (Yen)	5.09		10.67		5.58	

Third quarter consolidated accounting period

(Millions of yen)

	FY2016 (3 months) From October 1, 2016 to December 31, 2016 (A)		FY2017 (3 months) From October 1, 2017 to December 31, 2017 (B)		Change (B) - (A)	
		%		%		%
Revenue	21,068	100.0	21,568	100.0	499	2.4
Cost of sales	10,744	51.0	10,465	48.5	(278)	-2.6
Gross profit	10,324	49.0	11,102	51.5	778	7.5
Other revenue and expenses						
Selling, general and administrative expenses	6,662	31.6	6,346	29.4	(316)	-4.7
Research and development expense	2,765	13.1	2,518	11.7	(246)	-8.9
Other income	43	0.2	18	0.1	(24)	-57.1
Other expenses	139	0.7	162	0.8	22	16.1
Operating profit (loss)	799	3.8	2,093	9.7	1,293	161.9
Finance income	440	2.1	127	0.6	(313)	-71.0
Finance expenses	81	0.4	61	0.3	(20)	-25.2
Profit (loss) before tax	1,158	5.5	2,159	10.0	1,001	86.5
Income tax expense	365	1.7	882	4.1	517	141.6
Profit (loss)	792	3.8	1,276	5.9	484	61.0
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Change of financial assets measured at fair value	101		132		31	
Total	101		132		31	
Items that may be reclassified subsequently to profit or loss						
Exchange differences on translation	3,162		379		(2,782)	
Total	3,162		379		(2,782)	
Total of other comprehensive income	3,263	15.5	512	2.4	(2,751)	-84.3
Comprehensive income	4,056	19.3	1,789	8.3	(2,267)	-55.9
Profit (loss), attributable to :						
Owners of parent	795		1,271		475	
Non-controlling interests	(3)		5		8	
Total	792		1,276		484	
Comprehensive income attributable to :						
Owners of parent	4,059		1,784		(2,275)	
Non-controlling interests	(3)		5		8	
Total	4,056		1,789		(2,267)	
Earnings per share						
Basic earnings per share (Yen)	5.80		9.26		3.46	
Diluted earnings per share (Yen)	5.80		9.26		3.46	

(3) Condensed Quarterly Consolidated Statements of Changes in Equity

Nine months ended December 31, 2016 (From April 1, 2016 to December 31, 2016)

(Millions of yen)

	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other components of equity	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at April 1, 2016	19,052	28,220	23,193	(1,040)	6,385	75,811	51	75,862
Profit (loss)	—	—	698	—	—	698	15	713
Other comprehensive income	—	—	—	—	136	136	—	136
Total comprehensive income	—	—	698	—	136	834	15	850
Share-based payments	—	(57)	45	28	—	16	—	16
Dividends paid	—	—	(2,677)	—	—	(2,677)	—	(2,677)
Purchase of treasury stock	—	—	—	(0)	—	(0)	—	(0)
Dividends to non-controlling interests	—	—	—	—	—	—	(0)	(0)
Transfer from other components of equity to retained earnings	—	—	1	—	(1)	—	—	—
Total transactions with owners and other transactions	—	(57)	(2,629)	28	(1)	(2,660)	(0)	(2,660)
Balance at December 31, 2016	19,052	28,163	21,262	(1,012)	6,520	73,986	66	74,052

Nine months ended December 31, 2017 (From April 1, 2017 to December 31, 2017)

(Millions of yen)

	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other components of equity	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at April 1, 2017	19,052	28,169	24,394	(1,012)	5,794	76,398	87	76,485
Profit (loss)	—	—	1,464	—	—	1,464	11	1,476
Other comprehensive income	—	—	—	—	1,515	1,515	—	1,515
Total comprehensive income	—	—	1,464	—	1,515	2,980	11	2,991
Share-based payments	1	(46)	50	25	—	31	—	31
Dividends paid	—	—	(2,059)	—	—	(2,059)	—	(2,059)
Purchase of treasury stock	—	—	—	(0)	—	(0)	—	(0)
Dividends to non-controlling interests	—	—	—	—	—	—	(0)	(0)
Changes in ownership interests in subsidiaries that result in a loss of control	—	—	—	—	—	—	(21)	(21)
Total transactions with owners and other transactions	1	(46)	(2,008)	25	—	(2,028)	(22)	(2,051)
Balance at December 31, 2017	19,054	28,122	23,850	(987)	7,309	77,350	76	77,426

(4) Condensed Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	FY2016 (9 months) From April 1, 2016 to December 31, 2016 (A)	FY2017 (9 months) From April 1, 2017 to December 31, 2017 (B)	Change (B) - (A)
Cash flows from (used in) operating activities			
Profit (Loss) before tax	1,214	2,638	1,423
Depreciation and amortization expense	3,078	3,190	111
Interest and dividends income	(142)	(180)	(37)
Interest expenses	114	98	(15)
Loss (Gain) on disposal of property, plant and equipment	1	5	3
Decrease (Increase) in trade and other receivables	56	732	675
Decrease (Increase) in inventories	856	(2,281)	(3,138)
Increase (Decrease) in trade and other payables	40	119	78
Increase (Decrease) in employee benefits	(1,273)	(1,462)	(188)
Other, net	3,283	1,558	(1,724)
Sub Total	7,231	4,419	(2,811)
Interest received	91	121	30
Dividends received	52	58	6
Interest paid	(87)	(86)	1
Income taxes paid	(1,060)	(572)	488
Income taxes refund	126	217	91
Net cash flows from (used in) operating activities	6,351	4,158	(2,193)
Cash flows from (used in) investing activities			
Payments into time deposits	(942)	(1,126)	(183)
Proceeds from withdrawal of time deposits	950	1,093	142
Purchase of property, plant and equipment	(1,604)	(1,084)	519
Proceeds from sale of property, plant and equipment	24	2	(21)
Purchase of other financial assets	(2)	(2)	(0)
Proceeds from sale of other financial assets	7	0	(7)
Other, net	(1,319)	(1,088)	230
Net cash flows from (used in) investing activities	(2,887)	(2,206)	681
Cash flows from (used in) financing activities			
Redemption of bonds	—	(6,000)	(6,000)
Dividends paid	(2,677)	(2,059)	617
Other, net	(45)	(39)	6
Net cash flows from (used in) financing activities	(2,722)	(8,099)	(5,376)
Effect of exchange rate change on cash and cash equivalents	(168)	672	841
Net increase (decrease) in cash and cash equivalents	572	(5,473)	(6,046)
Cash and cash equivalents at beginning of period	37,391	39,682	2,290
Cash and cash equivalents at end of period	37,964	34,208	(3,756)

(5) Notes to the Condensed Quarterly Consolidated Financial Statements

(Notes regarding Going Concern)

None

(Segment Information)**1. Outline of reportable segment**

The reportable segments of the Anritsu group are business segments which are classified based on products and services.

Each business segment operates its business activities with a comprehensive strategic business plans for domestic and overseas.

The board of directors meeting periodically makes decision of allocation of operating resources and evaluates business performance based on segment financial information.

The Anritsu group's reportable segments are composed of "Test and Measurement" and "PQA (Products Quality Assurance)".

Main products and services by segment are as follows;

Test and Measurement	Measuring instruments for Digital communications and IP network, Optical communications equipment, Mobile communications equipment, RF / microwave and millimeter wave communications equipment / systems, Service assurance
PQA	Checkweighers, Automatic combination weighers, Inspection equipment, Comprehensive production management system

2. Revenue and profit (loss) by reportable segment

Reportable segment information of the Anritsu Group is included below.

Inter segment revenue is measured based on market price.

Nine months ended December 31, 2016 (From April 1, 2016 to December 31, 2016)

(Millions of yen)

	Reportable segment			Others (Notes 1)	Total	Adjustment (Notes 2)	Consolidated
	Test and Measurement	PQA	Subtotal				
Revenue :							
External customers	42,646	13,860	56,507	5,756	62,264	—	62,264
Inter segment	70	2	72	3,150	3,223	(3,223)	—
Total	42,716	13,862	56,579	8,907	65,487	(3,223)	62,264
Cost of sales, Other revenue and expenses	(41,969)	(13,230)	(55,200)	(8,495)	(63,695)	3,101	(60,594)
Operating profit (loss)	747	632	1,379	411	1,791	(122)	1,669
Finance income	—	—	—	—	—	—	155
Finance expenses	—	—	—	—	—	—	610
Profit (loss) before tax	—	—	—	—	—	—	1,214
Income tax expense	—	—	—	—	—	—	500
Profit (loss)	—	—	—	—	—	—	713

(Notes 1) : OthersInformation and Communications, Devices, Logistics, Welfare related service,
Lease on real estate, Corporate administration, Parts manufacturing and others

(Notes 2) : Adjustment of operating profit (-122 million yen) includes elimination of inter-segment transactions (11 million yen) and company-wide expenses not allocated to business segments (-133 million yen). Company-wide expenses are mainly composed of basic research expense as well as selling, general and administrative expenses not attributable to business segments.

Nine months ended December 31, 2017 (From April 1, 2017 to December 31, 2017)

(Millions of yen)

	Reportable segment			Others (Notes 1)	Total	Adjustment (Notes 2)	Consolidated
	Test and Measurement	PQA	Subtotal				
Revenue :							
External customers	40,115	16,102	56,217	6,040	62,258	—	62,258
Inter segment	54	2	56	3,314	3,371	(3,371)	—
Total	40,169	16,104	56,274	9,355	65,630	(3,371)	62,258
Cost of sales, Other revenue and expenses	(39,479)	(14,767)	(54,247)	(8,580)	(62,828)	3,236	(59,591)
Operating profit (loss)	690	1,336	2,026	774	2,801	(135)	2,666
Finance income	—	—	—	—	—	—	194
Finance expenses	—	—	—	—	—	—	223
Profit (loss) before tax	—	—	—	—	—	—	2,638
Income tax expense	—	—	—	—	—	—	1,161
Profit (loss)	—	—	—	—	—	—	1,476

(Notes 1) : OthersInformation and Communications, Devices, Logistics, Welfare related service,
Lease on real estate, Corporate administration, Parts manufacturing and others

(Notes 2) : Adjustment of operating profit (-135 million yen) includes elimination of inter-segment transactions (2 million yen) and company-wide expenses not allocated to business segments (-137 million yen). Company-wide expenses are mainly composed of basic research expense as well as selling, general and administrative expenses not attributable to business segments.

3. Reference Information

Consolidated Quarterly Financial Highlights

Year ended March 31, 2017

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
				(Millions of yen)
Revenue	20,283	20,911	21,068	25,374
Gross profit	10,214	9,444	10,324	12,486
Operating profit (loss)	727	141	799	2,564
Quarterly profit (loss) before tax	7	48	1,158	2,414
Quarterly profit (loss)	25	(104)	792	2,021
Quarterly profit (loss) attributable to owners of parent	6	(103)	795	1,999
Quarterly comprehensive income	(2,785)	(421)	4,056	2,423
				(Yen)
Quarterly basic earnings per share	0.04	(0.75)	5.80	14.56
Quarterly diluted earnings per share	0.04	(0.75)	5.80	14.56
				(Millions of yen)
Total assets	120,819	120,097	124,098	125,054
Total equity	71,438	71,020	74,052	76,485
				(Yen)
Equity attributable to owners of parent per share	519.77	516.73	538.83	556.40
				(Millions of yen)
Cash flows from operating activities	4,787	1,877	(313)	2,894
Cash flows from investing activities	(963)	(1,375)	(548)	(778)
Cash flows from financing activities	(1,663)	(14)	(1,044)	(35)
Net increase (decrease) in cash and cash equivalents	389	226	(43)	1,717
Cash and cash equivalents at end of period	37,781	38,008	37,964	39,682

Year ending March 31, 2018

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
				(Millions of yen)
Revenue	19,424	21,265	21,568	—
Gross profit	9,121	10,337	11,102	—
Operating profit (loss)	(162)	736	2,093	—
Quarterly profit (loss) before tax	(163)	641	2,159	—
Quarterly profit (loss)	(210)	410	1,276	—
Quarterly profit (loss) attributable to owners of parent	(222)	415	1,271	—
Quarterly comprehensive income	248	954	1,789	—
				(Yen)
Quarterly basic earnings per share	(1.62)	3.03	9.26	—
Quarterly diluted earnings per share	(1.62)	3.03	9.26	—
				(Millions of yen)
Total assets	125,729	121,036	120,928	—
Total equity	75,715	76,675	77,426	—
				(Yen)
Equity attributable to owners of parent per share	550.59	557.62	563.20	—
				(Millions of yen)
Cash flows from operating activities	5,006	970	(1,817)	—
Cash flows from investing activities	(779)	(718)	(707)	—
Cash flows from financing activities	(1,045)	(6,014)	(1,038)	—
Net increase (decrease) in cash and cash equivalents	3,368	(5,525)	(3,317)	—
Cash and cash equivalents at end of period	43,051	37,525	34,208	—

Consolidated Quarterly Financial Position

Year ended March 31, 2017

(Millions of yen)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Assets	120,819	120,097	124,098	125,054
Current assets	77,478	76,301	80,108	82,421
Non-current assets	43,341	43,795	43,989	42,632
Property, plant and equipment	27,261	27,108	27,063	26,441
Goodwill and intangible assets	3,161	3,710	3,832	3,721
Investment property	1,789	1,747	1,705	1,664
Other non-current assets	11,129	11,229	11,387	10,805
Liabilities	49,380	49,076	50,045	48,568
Current liabilities	21,958	27,521	28,148	28,394
Non-current liabilities	27,422	21,554	21,897	20,174
Equity	71,438	71,020	74,052	76,485
Common stock	19,052	19,052	19,052	19,052
Additional paid-in capital	28,210	28,158	28,163	28,169
Retained earnings	21,544	21,495	21,262	24,394
Treasury stock	(1,012)	(1,012)	(1,012)	(1,012)
Other component of equity	3,574	3,256	6,520	5,794
Non-controlling interests	69	69	66	87
Supplemental information: Interest-bearing debt	22,030	22,035	22,041	22,026

Year ending March 31, 2018

(Millions of yen)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Assets	125,729	121,036	120,928	—
Current assets	83,033	78,406	78,920	—
Non-current assets	42,695	42,630	42,008	—
Property, plant and equipment	26,221	25,958	25,498	—
Goodwill and intangible assets	3,814	3,953	3,954	—
Investment property	1,622	1,547	1,505	—
Other non-current assets	11,036	11,170	11,048	—
Liabilities	50,014	44,361	43,502	—
Current liabilities	29,687	26,965	25,753	—
Non-current liabilities	20,326	17,395	17,748	—
Equity	75,715	76,675	77,426	—
Common stock	19,052	19,053	19,054	—
Additional paid-in capital	28,153	28,110	28,122	—
Retained earnings	23,144	23,608	23,850	—
Treasury stock	(986)	(986)	(987)	—
Other component of equity	6,253	6,797	7,309	—
Non-controlling interests	97	92	76	—
Supplemental information: Interest-bearing debt	22,032	16,037	16,041	—

Consolidated Quarterly Segment Information

Year ended March 31, 2017

(Millions of yen)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Orders by segment	20,945	20,722	21,957	25,309
Test and Measurement	14,504	12,755	14,927	17,253
PQA	4,502	5,245	4,765	6,108
Others	1,938	2,721	2,264	1,946
Backlog by segment	17,313	17,212	18,889	18,216
Test and Measurement	12,547	11,335	13,044	13,216
PQA	3,555	3,862	3,820	4,095
Others	1,211	2,014	2,024	904
Revenue by segment	20,283	20,911	21,068	25,374
Test and Measurement	14,632	13,836	14,177	16,686
PQA	4,106	5,129	4,624	5,727
Others	1,544	1,945	2,266	2,959
Operating profit (loss) by segment	727	141	799	2,564
Test and Measurement	733	(263)	278	1,382
PQA	133	385	113	670
Others	(109)	64	456	580
Adjustment	(29)	(44)	(48)	(68)
Revenue by market	20,283	20,911	21,068	25,374
Japan	5,272	7,439	6,720	9,906
Americas	5,113	4,596	5,045	4,877
EMEA	3,177	2,750	3,164	3,428
Asia and Others	6,719	6,125	6,138	7,162

Year ending March 31, 2018

(Millions of yen)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Orders by segment	20,159	22,542	21,512	—
Test and Measurement	12,400	14,175	13,416	—
PQA	5,397	6,146	5,621	—
Others	2,361	2,220	2,474	—
Backlog by segment	18,837	20,198	20,465	—
Test and Measurement	12,477	13,398	13,423	—
PQA	4,842	4,966	5,198	—
Others	1,518	1,834	1,843	—
Revenue by segment	19,424	21,265	21,568	—
Test and Measurement	13,050	13,329	13,736	—
PQA	4,678	6,030	5,393	—
Others	1,696	1,906	2,438	—
Operating profit (loss) by segment	(162)	736	2,093	—
Test and Measurement	(554)	2	1,241	—
PQA	316	595	425	—
Others	104	188	481	—
Adjustment	(28)	(50)	(55)	—
Revenue by market	19,424	21,265	21,568	—
Japan	5,495	7,778	6,341	—
Americas	4,382	4,025	5,085	—
EMEA	3,127	3,168	3,244	—
Asia and Others	6,420	6,291	6,897	—

(*1) PQA : Products Quality Assurance

(*2) EMEA : Europe, Middle East and Africa

Anritsu Corporation Supplement

1. Supplement of Trend of Results

(Millions of yen)

	Actual					Forecast
	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3
Revenue	94,685	101,853	98,839	95,532	87,638	91,000
Change %	1.1%	7.6%	-3.0%	-3.3%	-8.3%	3.8%
Operating Profit (loss)	15,714	14,123	10,882	5,897	4,234	4,400
Change %	12.2%	-10.1%	-22.9%	-45.8%	-28.2%	3.9%
as % of Revenue	16.6%	13.9%	11.0%	6.2%	4.8%	4.8%
Profit (loss) before Taxes	16,139	14,239	11,591	5,434	3,628	4,200
Change %	23.3%	-11.8%	-18.6%	-53.1%	-33.2%	15.7%
as % of Revenue	17.0%	14.0%	11.7%	5.7%	4.1%	4.6%
Profit (loss)	13,888	9,318	7,874	3,767	2,734	3,000
Change %	74.2%	-32.9%	-15.5%	-52.2%	-27.4%	9.7%
as % of Revenue	14.7%	9.1%	8.0%	3.9%	3.1%	3.3%
Basic earnings per share	¥98.41	¥64.93	¥55.72	¥27.38	¥19.65	¥21.85
Orders	96,037	103,864	101,084	94,589	88,934	91,000
Change %	6.3%	8.2%	-2.7%	-6.4%	-6.0%	2.3%
Cash Flows from Operating Activities	11,771	13,792	7,582	10,195	9,246	9,500
Change %	-27.1%	17.2%	-45.0%	34.5%	-9.3%	2.7%
Free Cash Flows	6,740	8,480	1,533	1,153	5,581	6,000
Change %	-51.7%	25.8%	-81.9%	-24.8%	384.0%	7.5%
Capital Expenditures (* 1)	4,562	5,355	9,612	5,399	2,588	3,200
Change %	42.5%	17.4%	79.5%	-43.8%	-52.1%	23.6%
Depreciation (* 2)	2,562	2,863	3,186	3,736	3,935	4,200
Change %	3.8%	11.8%	11.3%	17.3%	5.3%	6.7%
R&D Expenses (* 3)	10,323	12,488	13,366	13,089	11,212	12,000
Change %	4.9%	21.0%	7.0%	-2.1%	-14.3%	7.0%
as % of Revenue	10.9%	12.3%	13.5%	13.7%	12.8%	13.2%
Number of Employees	3,771	3,880	3,926	3,846	3,788	-

(* 1) Capitalized development cost booked as intangible asset for the fiscal year is not included.

(* 2) Amortization of capitalized development cost is not included.

(* 3) R&D expenses are amounts of R&D investment including capitalized development cost.

Thus, these amounts do not agree the R&D expense booked on the consolidated statement of profit or loss and other comprehensive income.

(* 4) With an amendment of IAS19, FY2012 actual has been restated based on the revised accounting policies retrospectively.

2. Supplement of Quarterly Results

(Millions of yen)

	2016/Q1	2016/Q2	2016/Q3	2016/Q4	2017/Q1	2017/Q2	2017/Q3	2017/Q4
Revenue	20,283	20,911	21,068	25,374	19,424	21,265	21,568	—
Y o Y	-14.2%	-17.6%	-9.1%	8.7%	-4.2%	1.7%	2.4%	-
Operating Profit	727	141	799	2,564	(162)	736	2,093	—
Y o Y	-52.4%	-91.7%	-58.8%	255.5%	-	418.6%	161.9%	-
as % of Revenue	3.6%	0.7%	3.8%	10.1%	-0.8%	3.5%	9.7%	-
Profit before Tax	7	48	1,158	2,414	(163)	641	2,159	—
Y o Y	-99.6%	-96.8%	-39.1%	649.2%	-	-	86.5%	-
as % of Revenue	0.0%	0.2%	5.5%	9.5%	-0.8%	3.0%	10.0%	-
Profit	25	(104)	792	2,021	(210)	410	1,276	—
Y o Y	-97.8%	-	-49.1%	-	-	-	61.0%	-
as % of Revenue	0.1%	-0.5%	3.8%	8.0%	-1.1%	1.9%	5.9%	-

(Millions of yen)

	2016/Q1	2016/Q2	2016/Q3	2016/Q4	2017/Q1	2017/Q2	2017/Q3	2017/Q4
Upper : Revenue								
Lower : Operating Profit								
Test and Measurement	14,632	13,836	14,177	16,686	13,050	13,329	13,736	—
	733	(263)	278	1,382	(554)	2	1,241	—
PQA	4,106	5,129	4,624	5,727	4,678	6,030	5,393	—
	133	385	113	670	316	595	425	—
Others	1,544	1,945	2,266	2,959	1,696	1,906	2,438	—
	(138)	20	408	511	76	137	425	—
Total Revenue	20,283	20,911	21,068	25,374	19,424	21,265	21,568	—
Total Operating Profit	727	141	799	2,564	(162)	736	2,093	—

(* 1) PQA : Products Quality Assurance

(* 2) "Others" contains "Others" and "Adjustment" of segment information.

3. Supplement of Segment Information

(1) Revenue by Segment

(Millions of yen)

	Actual					Forecast
	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3
Test and Measurement	71,232	75,962	73,443	67,729	59,333	61,000
Y o Y	1.0%	6.6%	-3.3%	-7.8%	-12.4%	2.8%
PQA	14,439	16,919	16,198	18,891	19,588	21,500
Y o Y	1.7%	17.2%	-4.3%	16.6%	3.7%	9.8%
Others	9,014	8,970	9,198	8,910	8,716	8,500
Y o Y	1.7%	-0.5%	2.5%	-3.1%	-2.2%	-2.5%
Total	94,685	101,853	98,839	95,532	87,638	91,000
Y o Y	1.1%	7.6%	-3.0%	-3.3%	-8.3%	3.8%

(*) The name "PQA" has been changed from "Industrial Automation" since April 1, 2015 and it is also restated for the past fiscal years.

(2) Operating Profit by Segment

(Millions of yen)

	Actual					Forecast
	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3
Test and Measurement	14,985	13,011	8,943	4,706	2,130	2,200
Y o Y	8.3%	-13.2%	-31.3%	-47.4%	-54.7%	3.3%
PQA	814	1,208	824	1,194	1,302	1,500
Y o Y	42.9%	48.3%	-31.8%	45.0%	9.0%	15.2%
Others	(86)	(96)	1,115	(3)	801	700
Y o Y	-	-	-	-	-	-12.6%
Total	15,714	14,123	10,882	5,897	4,234	4,400
Y o Y	12.2%	-10.1%	-22.9%	-45.8%	-28.2%	3.9%

Assumed exchange rate for the 4th quarter : 1US\$=110 Yen

(3) Revenue by Markets

(Millions of yen)

	Actual					Forecast
	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3
Japan	35,293	30,133	27,116	28,565	29,338	30,000
Y o Y	-4.4%	-14.6%	-10.0%	5.3%	2.7%	2.3%
Overseas	59,391	71,720	71,723	66,966	58,299	61,000
Y o Y	4.8%	20.8%	0.0%	-6.6%	-12.9%	4.6%
Americas	22,667	28,858	24,367	23,246	19,633	21,500
Y o Y	14.0%	27.3%	-15.6%	-4.6%	-15.5%	9.5%
EMEA	12,615	14,601	15,885	13,537	12,520	11,500
Y o Y	0.5%	15.7%	8.8%	-14.8%	-7.5%	-8.1%
Asia and others	24,107	28,260	31,470	30,182	26,145	28,000
Y o Y	-0.6%	17.2%	11.4%	-4.1%	-13.4%	7.1%
Total	94,685	101,853	98,839	95,532	87,638	91,000
Y o Y	1.1%	7.6%	-3.0%	-3.3%	-8.3%	3.8%

(*) EMEA : Europe, Middle East and Africa