

**CONSOLIDATED FINANCIAL SUMMARY
FOR THE FIRST QUARTER ENDED JUNE 30, 2017
(IFRS)**

July 27, 2017

Company Name: **ANRITSU CORPORATION**

Stock exchange listings: Tokyo

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

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Quarterly statement filing date (as planned): August 3, 2017

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 first quarter ended June 30, 2017

(From April 1, 2017 to June 30, 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	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the three months ended June, 2017	19,424	-4.2	(162)	-	(163)	-	(210)	-	(222)	-	248	-
June, 2016	20,283	-14.2	727	-52.4	7	-99.6	25	-97.8	6	-99.5	(2,785)	-

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
For the three months ended June, 2017	(1.62)	(1.62)
June, 2016	0.04	0.04

(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 three months ended June, 2017	125,729	75,715	75,617	60.1
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	—				
For the year ending March, 2018 (Forecast)		7.50	—	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)

Q1FY2017 (Jun. 30 2017)	138,115,294 shares	FY2016 (Mar. 31 2017)	138,115,294 shares
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2. Total number of treasury stock at the period end

Q1FY2017 (Jun. 30 2017)	777,195 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)

Q1FY2017 (Jun. 30 2017)	137,316,081 shares	Q1FY2016 (Jun. 30 2016)	137,284,761 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 5.

•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 July 28, 2017.

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1. Consolidated Financial Results

(1) Consolidated Operating Results

1) General Overview

	Three Months Ended June 30,		(Millions of yen)	
	2016	2017	Change	
Orders	20,945	20,159	(786)	-3.8%
Backlog	17,313	18,837	1,523	8.8%
Revenue	20,283	19,424	(858)	-4.2%
Operating profit (loss)	727	(162)	(890)	-
Profit (loss) before tax	7	(163)	(171)	-
Profit (loss)	25	(210)	(235)	-
Profit (loss) attributable to owners of parent	6	(222)	(228)	-

During the first-quarter of the fiscal year ending March 31, 2018, the U.S. and the Eurozone economy continued their gradual expansion, and Japan's economy showed a recovery buoyed by strong corporate profits and improvement in the employment situation. On the other hand, concerns about economic prospects have been mounting mainly due to increasing global risks such as difficult negotiations on the U.K.'s withdrawal from the EU, the decelerating economic growth in emerging markets, and increasingly tense situations in East Asia.

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 other hand, standardization has been moved ahead of expectations with respect 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, and accordingly, the commercialization of 5G is beginning to materialize, as major domestic and overseas operators are announcing plans for 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 investment plans toward new societal innovation which utilize IoT (Internet of Things) and these moves actualize new business opportunities such as demand for development of new wireless communications technology which are needed in most-advanced markets.

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.

During the first-quarter of the fiscal year ending March 31, 2018, in the Test and Measurement business, restrained investments by major players in the smartphone development and manufacturing market continued and there was a decline in demand for base station construction in the North American market. Consequently, revenue and profit in the Test and Measurement business decreased compared

with the same period of the previous fiscal year. Meanwhile, there was growth in revenue in the Products Quality Assurance business primarily in both Japan and overseas markets.

As a result, orders decreased 3.8 percent compared with the same period of the previous fiscal year to 20,159 million yen, and revenue decreased 4.2 percent to 19,424 million yen. Operating loss was 162 million yen, compared with operating profit of 727 million yen in the same period of the previous fiscal year, loss before tax was 163 million yen, compared with profit before tax of 7million yen in the same period of the previous fiscal year . Loss was 210 million yen, compared with profit of 25 million yen in the same period of the previous fiscal year, loss attributable to owners of parent was 222 million yen, compared with profit attribute to owners of parent of 6 million yen in the same period of the previous fiscal year .

2) Overview by Segment

1. Test and Measurement

	Three Months Ended June 30,		(Millions of yen)	
	2016	2017	Change	
Revenue	14,632	13,050	(1,582)	-10.8%
Operating profit (loss)	733	(554)	(1,288)	-

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 first-quarter of the fiscal year ending March 31, 2018, while demand for measuring instruments for optical/digital device was strong, in the mobile market, restrained investment by customers continued, because of the transition period from LTE to 5G. Consequently, segment revenue decreased 10.8 percent compared with the same period of the previous fiscal year to 13,050 million yen and operating loss was 554 million yen, compared with operating profit of 733 million yen in the same period of the previous fiscal year.

2. Products Quality Assurance

	Three Months Ended June 30,		(Millions of yen)	
	2016	2017	Change	
Revenue	4,106	4,678	572	13.9%
Operating profit (loss)	133	316	182	137.0%

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 first-quarter of the fiscal year ending March 31, 2018, Anritsu's main customers such as food manufacturers have strong investment appetite in both Japan and overseas markets, accompanying healthy growth in demand for X-ray inspection equipment. As a result, segment revenue increased 13.9 percent compared with the same period of the previous fiscal year to 4,678 million yen and operating profit increased 137.0 percent compared with the same period of the previous fiscal year to 316 million yen.

3. Others

	Three Months Ended June 30,		(Millions of yen)	
	2016	2017	Change	
Revenue	1,544	1,696	151	9.8%
Operating profit (loss)	(109)	105	214	-

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

During the first-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 9.8 percent compared with the same period of the previous fiscal year to 1,696 million yen, and operating profit was 105 million yen, compared with operating loss of 109 million yen in the same period of the previous fiscal year.

(2) Consolidated Financial Position

1) Assets, Liabilities and Equity

			(Millions of yen)
	March 31, 2017	June 30, 2017	Change
Assets	125,054	125,729	675
Liabilities	48,568	50,014	1,445
Equity	76,485	75,715	(770)
<i>Interest-bearing debt</i>	22,026	22,032	5

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

1. Asset

Assets increased 675 million yen compared with the end of the previous fiscal year to 125,729 million yen. This was mainly due to increase of cash and cash equivalents, while decrease of trade and other receivables .

2. Liabilities

Total liabilities increased 1,445 million yen compared with the end of the previous fiscal year to 50,014 million yen. This was mainly due to increase of other payables in current liabilities, while decrease of employee benefits in current liabilities.

3. Equity

Equity decreased 770 million yen compared with the end of the previous fiscal year to 75,715 million yen. This was mainly due to 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 60.1 percent, compared with 61.1 percent at the end of the previous fiscal year.

Interest-bearing debt, excluding lease obligations, was 22,032 million yen, compared with 22,026 million yen at the end of the previous fiscal year. The debt-to-equity ratio was 0.29, 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

	Three Months Ended June 30,		(Millions of yen)
	2016	2017	Change
Cash flows from operating activities	4,787	5,006	218
Cash flows from investing activities	(963)	(779)	183
Cash flows from financing activities	(1,663)	(1,045)	618
Cash and cash equivalents at end of period	37,781	43,051	5,269
<i>Free cash flow</i>	3,824	4,226	401

In the first quarter of the fiscal year ending March 31, 2018, cash and cash equivalents (hereafter, "net cash") increased 3,368 million yen compared with the end of the previous fiscal year to 43,051 million yen.

Free cash flow, the sum of cash flows from operating activities and cash flows from investing activities, was positive 4,226 million yen (compared with positive 3,824 million yen in the same period of the previous fiscal year).

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

1. *Cash Flows from Operating Activities*

Net cash provided by operating activities was 5,006 million yen (in the same period of the previous fiscal year, operating activities provided net cash of 4,787 million yen).

The cash increase was mainly due to recording depreciation and amortization and decrease of trade and other receivables.

Depreciation and amortization was 1,059 million yen (increase of 42 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 779 million yen (in the same period of the previous fiscal year, investing activities used net cash of 963 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 1,045 million yen (in the same period of the previous fiscal year, financing activities provided net cash of 1,663 million yen). The primary reason was payment of cash dividends totaling 1,029 million yen (in the same period of the previous fiscal year, cash dividends was 1,647 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 2nd, 3rd and 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)	Q1 FY2017 as of 6.30.17 (B)	Change (B) - (A)
Assets			
Current assets			
Cash and cash equivalents	39,682	43,051	3,368
Trade and other receivables	21,561	18,599	(2,961)
Other financial assets	1,152	1,142	(10)
Inventories	16,606	17,769	1,163
Income tax receivables	459	407	(52)
Other assets	2,960	2,064	(895)
Total current assets	82,421	83,033	612
Non-current assets			
Property, plant and equipment	26,441	26,221	(219)
Goodwill and intangible assets	3,721	3,814	92
Investment property	1,664	1,622	(41)
Trade and other receivables	330	313	(16)
Other financial assets	2,481	2,736	254
Deferred tax assets	7,979	7,974	(4)
Other assets	14	11	(2)
Total non-current assets	42,632	42,695	62
Total assets	125,054	125,729	675

	(Millions of yen)		
	End of FY2016 as of 3.31.17 (A)	Q1 FY2017 as of 6.30.17 (B)	Change (B) - (A)
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	7,060	7,586	526
Bonds and borrowings	7,565	7,567	2
Other financial liabilities	73	76	3
Income tax payables	1,608	1,508	(100)
Employee benefits	5,427	3,361	(2,066)
Provisions	273	313	40
Other liabilities	6,385	9,273	2,888
Total current liabilities	28,394	29,687	1,293
Non-current liabilities			
Trade and other payables	465	467	1
Bonds and borrowings	14,460	14,464	3
Other financial liabilities	142	139	(2)
Employee benefits	3,188	3,358	169
Provisions	106	104	(2)
Deferred tax liabilities	256	255	(0)
Other liabilities	1,554	1,536	(18)
Total non-current liabilities	20,174	20,326	151
Total liabilities	48,568	50,014	1,445
Equity			
Common stock	19,052	19,052	—
Additional paid-in capital	28,169	28,153	(15)
Retained earnings	24,394	23,144	(1,249)
Treasury stock	(1,012)	(986)	25
Other components of equity	5,794	6,253	458
Total equity attributable to owners of parent	76,398	75,617	(780)
Non-controlling interests	87	97	10
Total equity	76,485	75,715	(770)
Total liabilities and equity	125,054	125,729	675

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

(Millions of yen)

	FY2016 (3 months) From April 1, 2016 to June 30, 2016 (B)		FY2017 (3 months) From April 1, 2017 to June 30, 2017 (B)		Change (B) - (A)	
		%		%		%
Revenue	20,283	100.0	19,424	100.0	(858)	-4.2
Cost of sales	10,068	49.6	10,303	53.0	234	2.3
Gross profit	10,214	50.4	9,121	47.0	(1,092)	-10.7
Other revenue and expenses						
Selling, general and administrative expenses	6,785	33.5	6,810	35.1	25	0.4
Research and development expense	2,764	13.6	2,554	13.2	(209)	-7.6
Other income	85	0.4	93	0.5	7	8.7
Other expenses	23	0.1	13	0.1	(10)	-44.2
Operating profit (loss)	727	3.6	(162)	-0.8	(890)	-
Finance income	135	0.7	95	0.5	(40)	-29.7
Finance expenses	855	4.2	96	0.5	(759)	-88.8
Profit (loss) before tax	7	0.0	(163)	-0.8	(171)	-
Income tax expense	(17)	-0.1	47	0.2	64	-
Profit (loss)	25	0.1	(210)	-1.1	(235)	-
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Change of financial assets measured at fair value	(31)		176		207	
Total	(31)		176		207	
Items that may be reclassified subsequently to profit or loss						
Exchange differences on translation	(2,778)		282		3,061	
Total	(2,778)		282		3,061	
Total of other comprehensive income	(2,810)	-13.9	458	2.4	3,269	-
Comprehensive income	(2,785)	-13.7	248	1.3	3,033	-
Profit (loss), attributable to :						
Owners of parent	6		(222)		(228)	
Non-controlling interests	19		11		(7)	
Total	25		(210)		(235)	
Comprehensive income attributable to :						
Owners of parent	(2,804)		236		3,041	
Non-controlling interests	19		11		(7)	
Total	(2,785)		248		3,033	
Earnings per share						
Basic earnings per share (Yen)	0.04		(1.62)		(1.66)	
Diluted earnings per share (Yen)	0.04		(1.62)		(1.66)	

(3) Condensed Quarterly Consolidated Statements of Changes in Equity

Three months ended June 30, 2016 (From April 1, 2016 to June 30, 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)	—	—	6	—	—	6	19	25
Other comprehensive income	—	—	—	—	(2,810)	(2,810)	—	(2,810)
Total comprehensive income	—	—	6	—	(2,810)	(2,804)	19	(2,785)
Share-based payments	—	(10)	(9)	28	—	8	—	8
Dividends paid	—	—	(1,647)	—	—	(1,647)	—	(1,647)
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	—	(10)	(1,654)	28	(1)	(1,638)	(0)	(1,639)
Balance at June 30, 2016	19,052	28,210	21,544	(1,012)	3,574	71,368	69	71,438

Three months ended June 30, 2017 (From April 1, 2017 to June 30, 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)	—	—	(222)	—	—	(222)	11	(210)
Other comprehensive income	—	—	—	—	458	458	—	458
Total comprehensive income	—	—	(222)	—	458	236	11	248
Share-based payments	—	(15)	2	25	—	12	—	12
Dividends paid	—	—	(1,029)	—	—	(1,029)	—	(1,029)
Purchase of treasury stock	—	—	—	(0)	—	(0)	—	(0)
Dividends to non-controlling interests	—	—	—	—	—	—	(0)	(0)
Total transactions with owners and other transactions	—	(15)	(1,027)	25	—	(1,017)	(0)	(1,018)
Balance at June 30, 2017	19,052	28,153	23,144	(986)	6,253	75,617	97	75,715

(4) Condensed Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	FY2016 (3 months) From April 1, 2016 to June 30, 2016 (B)	FY2017 (3 months) From April 1, 2017 to June 30, 2017 (B)	Change (B) - (A)
Cash flows from (used in) operating activities			
Profit (Loss) before tax	7	(163)	(171)
Depreciation and amortization expense	1,016	1,059	42
Interest and dividends income	(63)	(81)	(18)
Interest expenses	37	38	1
Loss (Gain) on disposal of property, plant and equipment	(8)	6	14
Decrease (Increase) in trade and other receivables	934	3,183	2,248
Decrease (Increase) in inventories	(346)	(1,139)	(792)
Increase (Decrease) in trade and other payables	274	311	36
Increase (Decrease) in employee benefits	(1,696)	(1,929)	(233)
Other, net	4,854	3,867	(986)
Sub Total	5,012	5,152	140
Interest received	24	37	12
Dividends received	39	43	4
Interest paid	(23)	(23)	(0)
Income taxes paid	(364)	(206)	157
Income taxes refund	100	2	(97)
Net cash flows from (used in) operating activities	4,787	5,006	218
Cash flows from (used in) investing activities			
Payments into time deposits	(37)	(37)	(0)
Proceeds from withdrawal of time deposits	35	37	1
Purchase of property, plant and equipment	(692)	(477)	215
Proceeds from sale of property, plant and equipment	11	0	(11)
Purchase of other financial assets	(0)	(0)	(0)
Proceeds from sale of other financial assets	7	0	(7)
Other, net	(287)	(302)	(15)
Net cash flows from (used in) investing activities	(963)	(779)	183
Cash flows from (used in) financing activities			
Dividends paid	(1,647)	(1,029)	617
Other, net	(16)	(15)	1
Net cash flows from (used in) financing activities	(1,663)	(1,045)	618
Effect of exchange rate change on cash and cash equivalents	(1,771)	187	1,959
Net increase (decrease) in cash and cash equivalents	389	3,368	2,979
Cash and cash equivalents at beginning of period	37,391	39,682	2,290
Cash and cash equivalents at end of period	37,781	43,051	5,269

(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.

Accounting policies for each reportable segment are same as the accounting policies for the Anritsu group.

Three months ended June 30, 2016 (From April 1, 2016 to June 30, 2016)

(Millions of yen)

	Reportable segment			Others (Notes 1)	Total	Adjustment (Notes 3)	Consolidated
	Test and Measurement	PQA	Subtotal				
Revenue :							
External customers	14,632	4,106	18,738	1,544	20,283	—	20,283
Inter segment (Notes 2)	62	0	63	1,103	1,167	(1,167)	—
Total	14,694	4,107	18,802	2,648	21,450	(1,167)	20,283
Cost of sales, Other revenue and expenses	(13,961)	(3,973)	(17,935)	(2,758)	(20,693)	1,138	(19,555)
Operating profit (loss)	733	133	866	(109)	757	(29)	727
Finance income	—	—	—	—	—	—	135
Finance expenses	—	—	—	—	—	—	855
Profit (loss) before tax	—	—	—	—	—	—	7
Income tax expense	—	—	—	—	—	—	(17)
Profit (loss)	—	—	—	—	—	—	25

(Notes 1) : OthersInformation and Communications, Devices, Logistics, Welfare related service,

Lease on real estate, Corporate administration, Parts manufacturing and others

(Notes 2) : Inter segment revenue is measured based on market price.

(Notes 3) : Adjustment of operating profit (-29 million yen) includes elimination of inter-segment transactions (14 million yen) and company-wide expenses not allocated to business segments (-43 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.

Three months ended June 30, 2017 (From April 1, 2017 to June 30, 2017)

(Millions of yen)

	Reportable segment			Others (Notes 1)	Total	Adjustment (Notes 3)	Consolidated
	Test and Measurement	PQA	Subtotal				
Revenue :							
External customers	13,050	4,678	17,728	1,696	19,424	—	19,424
Inter segment (Notes 2)	16	0	17	1,145	1,162	(1,162)	—
Total	13,066	4,679	17,746	2,841	20,587	(1,162)	19,424
Cost of sales, Other revenue and expenses	(13,621)	(4,363)	(17,984)	(2,736)	(20,721)	1,133	(19,587)
Operating profit (loss)	(554)	316	(238)	105	(133)	(29)	(162)
Finance income	—	—	—	—	—	—	95
Finance expenses	—	—	—	—	—	—	96
Profit (loss) before tax	—	—	—	—	—	—	(163)
Income tax expense	—	—	—	—	—	—	47
Profit (loss)	—	—	—	—	—	—	(210)

(Notes 1) : OthersInformation and Communications, Devices, Logistics, Welfare related service,

Lease on real estate, Corporate administration, Parts manufacturing and others

(Notes 2) : Inter segment revenue is measured based on market price.

(Notes 3) : Adjustment of operating profit (-29 million yen) includes elimination of inter-segment transactions (9 million yen) and company-wide expenses not allocated to business segments (-38 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	—	—	—
Gross profit	9,121	—	—	—
Operating profit (loss)	(162)	—	—	—
Quarterly profit (loss) before tax	(163)	—	—	—
Quarterly profit (loss)	(210)	—	—	—
Quarterly profit (loss) attributable to owners of parent	(222)	—	—	—
Quarterly comprehensive income	248	—	—	—
				(Yen)
Quarterly basic earnings per share	(1.62)	—	—	—
Quarterly diluted earnings per share	(1.62)	—	—	—
				(Millions of yen)
Total assets	125,729	—	—	—
Total equity	75,715	—	—	—
				(Yen)
Equity attributable to owners of parent per share	550.59	—	—	—
				(Millions of yen)
Cash flows from operating activities	5,006	—	—	—
Cash flows from investing activities	(779)	—	—	—
Cash flows from financing activities	(1,045)	—	—	—
Net increase (decrease) in cash and cash equivalents	3,368	—	—	—
Cash and cash equivalents at end of period	43,051	—	—	—

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	—	—	—
Current assets	83,033	—	—	—
Non-current assets	42,695	—	—	—
Property, plant and equipment	26,221	—	—	—
Goodwill and intangible assets	3,814	—	—	—
Investment property	1,622	—	—	—
Other non-current assets	11,036	—	—	—
Liabilities	50,014	—	—	—
Current liabilities	29,687	—	—	—
Non-current liabilities	20,326	—	—	—
Equity	75,715	—	—	—
Common stock	19,052	—	—	—
Additional paid-in capital	28,153	—	—	—
Retained earnings	23,144	—	—	—
Treasury stock	(986)	—	—	—
Other component of equity	6,253	—	—	—
Non-controlling interests	97	—	—	—
Supplemental information: Interest-bearing debt	22,032	—	—	—

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	—	—	—
Test and Measurement	12,400	—	—	—
PQA	5,397	—	—	—
Others	2,361	—	—	—
Backlog by segment	18,837	—	—	—
Test and Measurement	12,477	—	—	—
PQA	4,842	—	—	—
Others	1,518	—	—	—
Revenue by segment	19,424	—	—	—
Test and Measurement	13,050	—	—	—
PQA	4,678	—	—	—
Others	1,696	—	—	—
Operating profit (loss) by segment	(162)	—	—	—
Test and Measurement	(554)	—	—	—
PQA	316	—	—	—
Others	104	—	—	—
Adjustment	(28)	—	—	—
Revenue by market	19,424	—	—	—
Japan	5,495	—	—	—
Americas	4,382	—	—	—
EMEA	3,127	—	—	—
Asia and Others	6,420	—	—	—

(*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					Estimate
	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) Motization 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/Q1	2016/Q3	2016/Q4	2017/Q1	2017/Q2	2017/Q3	2017/Q4
Revenue	20,283	20,911	21,068	25,374	19,424	—	—	—
Y o Y	-14.2%	-17.6%	-9.1%	8.7%	-4.2%	-	-	-
Operating Profit	727	141	799	2,564	(162)	—	—	—
Y o Y	-52.4%	-91.7%	-58.8%	255.5%	-	-	-	-
as % of Revenue	3.6%	0.7%	3.8%	10.1%	-0.8%	-	-	-
Profit before Tax	7	48	1,158	2,414	(163)	—	—	—
Y o Y	-99.6%	-96.8%	-39.1%	649.2%	-	-	-	-
as % of Revenue	0.0%	0.2%	5.5%	9.5%	-0.8%	-	-	-
Profit	25	(104)	792	2,021	(210)	—	—	—
Y o Y	-97.8%	-	-49.1%	-	-	-	-	-
as % of Revenue	0.1%	-0.5%	3.8%	8.0%	-1.1%	-	-	-

(Millions of yen)

	2016/Q1	2016/Q1	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	—	—	—
	733	(263)	278	1,382	(554)	—	—	—
PQA	4,106	5,129	4,624	5,727	4,678	—	—	—
	133	385	113	670	316	—	—	—
Others	1,544	1,945	2,266	2,959	1,696	—	—	—
	(138)	20	408	511	76	—	—	—
Total Revenue	20,283	20,911	21,068	25,374	19,424	—	—	—
Total Operating Profit	727	141	799	2,564	(162)	—	—	—

(* 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					Estimate
	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					Estimate
	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%

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

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

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

Assumed exchange rate for the 2nd, 3rd and 4th quarter : 1US\$=110 Yen

(3) Revenue by Markets

(Millions of yen)

	Actual					Estimate
	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