Anritsu

CONSOLIDATED FINANCIAL SUMMARY
FOR THE YEAR ENDED MARCH 31, 2019
(IFRS)

April 25, 2019

Company Name: ANRITSU CORPORATION
Stock exchange listings: Tokyo

Securities code: 6754 URL: https://www.anritsu.com
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Date of general shareholders' meeting (as planned): June 26, 2019
Dividend payable date (as planned): June 27, 2019
Annual securities report filing date (as planned): June 26, 2019
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 year ended March 31, 2019
(April 1, 2018 to March 31, 2019)

(1) Consolidated Operating Results

(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		Total comprehensive income (loss)	
For the year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March, 2019	99,659	15.9	11,246	128.9	11,362	146.9	8,991	210.2	8,956	210.9	9,381	143.4
March, 2018	85,967	-1.9	4,912	16.0	4,602	26.8	2,898	6.0	2,880	6.8	3,854	17.7

	Basic earnings per share	Diluted earnings per share	Profit to equity attributable to owners of parent ratio	Profit before tax to total assets ratio	Operating profit to revenue ratio
For the year ended	Yen	Yen	%	%	%
March, 2019	65.20	65.16	10.9	9.0	11.3
March, 2018	20.97	20.97	3.7	3.7	5.7

(2) Consolidated Financial Positions

	Total assets	Total equity	Equity attributable to owners of parent	Equity attributable to owners of parent to total assets ratio	Equity attributable to owners of parent per share
For the year ended	Millions of yen	Millions of yen	Millions of yen	%	Yen
March, 2019	130,467	85,678	85,560	65.6	622.87
March, 2018	121,190	78,313	78,230	64.6	569.54

(3) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents, end of period
For the year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March, 2019	12,247	-616	-2,052	45,097
March, 2018	7,946	-3,932	-8,201	35,452

2. Dividends

	Annual dividend					Total Dividends	Payout ratio (Consolidated)	Ratio of total amount of dividends to equity attributable to owners of parent (Consolidated)
	First quarter	Second quarter	Third quarter	Fiscal year end	Total			
For the year ended	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
March, 2018	―	7.50	―	7.50	15.00	2,062	71.5	2.7
For the year ended March, 2019	―	8.50	―	13.50	22.00	3,025	33.7	3.7
For the year ending March, 2020 (Forecast)	―	11.00	―	11.00	22.00		40.3	

3. Consolidated Forecast for the year ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(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	102,000	2.3	10,000	-11.1	10,000	-12.0	7,500	-16.6	7,500	-16.3	54.60

※ 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 : Yes
2. Changes in accounting policies other than IFRS requirements : None
3. Changes in accounting estimates : None

(3) The number of issued shares

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

FY2018 (Mar. 31, 2019)	138,206,794 shares	FY2017 (Mar. 31, 2018)	138,134,794 shares

2. Total number of treasury stock at the period end

FY2018 (Mar. 31, 2019)	840,435 shares	FY2017 (Mar. 31, 2018)	777,659 shares

3. Average number of issued shares during the period

FY2018 (Mar. 31, 2019)	137,368,418 shares	FY2017 (Mar. 31, 2018)	137,335,071 shares

(Reference) Non-consolidated financial results

1. Financial results of the year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(1) Operating results

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

	Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss)	
For the year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March, 2019	46,866	21.1	7,379	138.1	8,151	116.0	6,970	133.5
March, 2018	38,710	-4.0	3,099	137.3	3,773	258.3	2,985	209.2

	Basic net income (loss) per share	Diluted net income (loss) per share
For the year ended	Yen	Yen
March, 2019	50.74	50.71
March, 2018	21.74	21.74

(2) Financial positions

	Total assets	Net assets	Ratio of equity capital	Net assets per share
For the year ended	Millions of yen	Millions of yen	%	Yen
March, 2019	126,327	80,516	63.7	585.68
March, 2018	117,090	76,474	65.2	556.09

(Reference) Equity capital

FY2018 (March 31, 2019) : 80,452million yen　　FY2017 (March 31, 2018) : 76,382million yen

This financial summary is not subject to audit by a certified public accountant or an audit corporation.

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. Overview of Operating Results, etc. (3) Business Forecast at page 8.

・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 April 26, 2019.

INDEX

1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year Ended March 31, 2019

1) General Overview

(Millions of yen)

	Fiscal Year 2017	Fiscal Year 2018	Change	
Orders	88,542	100,819	12,276	13.9%
Backlog	21,130	21,882	751	3.6%
Revenue	85,967	99,659	13,692	15.9%
Operating profit (loss)	4,912	11,246	6,334	128.9%
Profit (loss) before tax	4,602	11,362	6,760	146.9%
Profit (loss)	2,898	8,991	6,092	210.2%
Profit (loss) attributable to owners of parent	2,880	8,956	6,075	210.9%

During the fiscal year ended March 31, 2019, the global economy continued the expansion primarily in advanced countries, and Japan's economy showed a recovery buoyed by corporate profits and improvement in the employment situation. On the other hand, uncertainties increased due to confrontations of US-China trade friction and trade protectionism.

In the field of information and communication, mobile broadband services are growing both in terms of quality and quantity, and the volume of mobile data transmission is increasing rapidly, which is compelling the network infrastructure. In order to solve these issues, 4G mobile communications system is evolving continually to become LTE (Long-Term Evolution) and LTE-Advanced, and then LTE-Advanced Pro (Gigabit LTE). In addition, specification development of the next-generation 5G communications system is proceeding in 3GPP. The standardization of 5G NSA-NR (Non-Standalone New Radio) finished in December, 2017 and the one of 5G SA-NR (Standalone New Radio) finished in June, 2018. All specifications of 5G main functions that are related to ultrahigh speed communication are set. Continuously among 3GPP, specification development of ultralow latency communications and multiple simultaneous connections for expansion of use case is under consideration and the standardization will be expected to be finished in early 2020. As a result, major carriers worldwide have created a concrete roadmap for 5G commercialization and commercialization schedule is in progress steadily. Precursory 5G services using mobile routers were launched in North America and South Korea in December 2018. Furthermore, 5G smartphone services were launched from April 2019. Major device vendors in America and Asia developed devices that is used in 5G smartphone services and announced them at MWC (Mobile World Congress) 2019.

Amid such environment, the Test and Measurement Business Group has focused on solution development for the 5G investment demand as well as organizational infrastructure. Consequently this group acquired initial development demand for 5G chipsets and devices.

In the field of PQA (Product Quality Assurance), automation investment on processed foods production lines is underway, and demand is growing steadily for contaminant inspection using X-rays and quality guarantee toward packaging. Amid such environment, the PQA Group has worked to reinforce the competitiveness of its solutions focused on X-rays, as well as enhance and expand its global sales structure.

As a result, orders increased 13.9 percent compared with the previous fiscal year to 100,819 million yen, and revenue increased 15.9 percent compared with the previous fiscal year to 99,659 million yen. Operating profit increased 128.9 percent compared with the previous fiscal year to 11,246 million yen, profit before tax increased 146.9 percent compared with the previous fiscal year to 11,362 million yen. Profit increased 210.2 percent compared with the previous fiscal year to 8,991 million yen, and profit attributable to owners of parent increased 210.9 percent compared with the previous fiscal year to 8,956 million yen.

Also, due to revision of income tax payables related to the uncertainty of income taxes, income tax expense of our US subsidiaries decreased by approximately 500 million yen. As a result, income tax expense for the fiscal year ended March 31, 2019 increased 39.2 percent compared with the same period of the previous fiscal year to 2,371 million yen.

2) Overview by Segment

In order to evaluate each business segment more appropriately, headquarter administrative expenses that were included in general and administrative expenses for each business segment have been shifted to be included in company-wide expenses starting from the fiscal year ended March 31, 2019. These expenses from the previous fiscal year have been restated.

1. Test and Measurement

	Fiscal Year		(Millions of yen)	
	2017	2018	Change	
Revenue	54,433	68,168	13,735	25.2%
Operating profit (loss)	2,147	9,413	7,265	338.3%

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 fiscal year ended March 31, 2019, initial development demand for 5G chipsets and mobile devices exceeded expectations, primarily in the mobile market in North America and Asia. Furthermore, internal demand in the U.S. was strong in the network and infrastructure market. Consequently, segment revenue increased 25.2 percent compared with the previous fiscal year to 68,168 million yen, operating profit increased 338.3 percent to 9,413 million yen and adjusted operating profit increased 274.5 percent to 9,413 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.

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

	Fiscal Year		(Millions of yen)	
	2017	2018	Change	
Operating profit (loss)	2,147	9,413	7,265	338.3%
Adjustment items				
Business structure improvement expenses	366	－	(366)	
Adjusted operating profit (loss)	2,513	9,413	6,899	274.5%

2. Products Quality Assurance

	Fiscal Year		(Millions of yen)	
	2017	2018	Change	
Revenue	22,549	23,074	524	2.3%
Operating profit (loss)	1,969	1,609	(360)	-18.3%

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 fiscal year ended March 31, 2019, led by the heightened focus on food and pharmaceutical product safety and security, as well as against a backdrop of accelerating trends for automation due to the labor shortage, we have been steadily continuing capital investment with the purpose of automating and strengthening quality assurance processes in the food product market both in Japan and overseas. Also investment was made for strengthening sales force in overseas markets. As a result, segment revenue increased 2.3 percent compared with the previous fiscal year to 23,074 million yen and operating profit decreased 18.3 percent compared with the previous fiscal year to 1,609 million yen.

3. Others

	Fiscal Year		(Millions of yen)	
	2017	2018	Change	
Revenue	8,984	8,416	(567)	-6.3%
Operating profit (loss)	1,458	1,145	(312)	-21.5%

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

During the fiscal year ended March 31, 2019, Device business performance was sluggish because of the influence of customer's intense price competition. As a result, segment revenue decreased 6.3 percent compared with the previous fiscal year to 8,416 million yen, and operating profit decreased 21.5 percent compared with the previous fiscal year to 1,145 million yen.

3) Analysis of Operating Results

1. Test and Measurement

The Test and Measurement business, which accounts for 68 percent of the Anritsu Group's revenue, is divided into the following 3 sub-segments.

(1) Mobile

The Mobile sub-segment includes measuring instruments for mobile phone acceptance testing by mobile phone service operators, and for design, production, function and performance verification, and maintenance of mobile phone handsets by manufacturers of mobile phones including smartphones, IC chipsets and relevant components.

Demand in this sub-segment tends to be influenced by factors including the technological innovations in mobile phone services, market penetration, number of new subscribers as well as new entries in and withdrawals from the market by mobile phone and chipset manufacturers, and the number of model changes and shipments of mobile phones and chipsets.

Currently, a variety of mobile broadband services offered through mobile phones that support LTE are deployed in various countries around the world. Leading mobile phone and chipset manufacturers and telecom operators have continued to develop their services from LTE-Advanced to LTE-Advanced Pro with the aim of providing more sophisticated high-quality services. However, the growth rate of the total shipment of smartphones has reached a saturated level in the market, and as a result, investment continued to be restrained in the mobile phone-related market.

On the other hand, as for next-generation 5G communications system continuing from LTE, in December 2017, the NSA-NR specification was formulated followed by SA-NR in June 2018, concluding the first phase of standardization. Development roadmap is now underway regarding the full-fledged introduction of 5G in 2020, and there is now apparent demand for 5G measurement. In addition, in the IoT field, which has high potential as 5G use cases, and the automated driving and in-vehicle telecom field in the automobile industry, the development of mobile communications technology to realize new services is also actualizing as a business opportunity.

Anritsu will continue to develop and launch competitive leading-edge measuring solutions, as well as accurately conduct development portfolio management, to strengthen the revenue base.

(2) Network Infrastructure

The Network Infrastructure sub-segment includes network construction maintenance, monitoring and service quality assurance solutions for wireline and wireless service providers, and solutions for communication equipment manufacturer in areas including design, production and testing.

In this sub-segment, data traffic is expanding rapidly due to sophisticated cloud computing services and the spread of mobile broadband services. Therefore, telecom operators and equipment manufacturers that are pursuing higher-speed networks are concentrating on the promotion of 100Gbps services and research and development in 400Gbps network equipment. Moreover, in order to improve mobile phone connectivity, progress is being made towards the efficient densification of base station networks by integrating wired and wireless network technologies. Along with the change of market trend, demand is growing for measuring solutions that optimize wireline and wireless technology depending on the intended use. Furthermore, mainly owing to the increase in data centers supporting cloud services, the market for high-speed data communication equipment is expanding. Along with this, research and development and manufacturing markets of high-speed optical communications modules are growing, and their competition has become severe.

Anritsu is working to expand business by providing comprehensive solutions from constructing and monitoring communications infrastructure to ensuring service quality in addition to research and development solutions for telecommunications equipment.

(3) Electronics

The Electronics sub-segment includes measuring instruments widely used in the electronics industry, particularly for design, production and evaluation of electronic devices used in telecommunications network-related communications equipment and other electronic equipment.

Demand in this sub-segment tends to be impacted by the scale of production of electronic components and products used in telecommunications equipment, intelligent home appliances and automobiles.

Expansion of IoT service using mobile broadband services and LPWA (Low Power Wide Area) devices is driving growth in demand for measuring solutions for development and manufacturing of wireless modules for a broad array of applications. Furthermore, various wireless systems have been digitalized for effective use of frequency resources. Demand for measuring solutions for manufacturing and maintenance of new systems is also steadily growing.

Anritsu will work to further expand the business in this sub-segment by offering a wider range of solutions for the electronics market.

2. Products Quality Assurance

The Products Quality Assurance business accounts for 23 percent of Anritsu Group's revenue. Since more than 80 percent of segment revenue is made of food manufacturers, this segment is substantially influenced by high conscious on food safety and security and changes in consumer spending which would affect results on food manufacturers' business.

Core products include highly precise checkweighers for high-speed food processing lines, as well as X -ray and other inspection systems that detect and remove metal fragments, stones and other alien materials in the food processing process with high precision. In the Japanese market, capital investment for automation and manpower reduction in food production lines has steadily increased, against a backdrop of the customer concerns regarding contamination and rising needs for automation due to the labor shortage. In particular, there is a strong demand for general quality control software solution in the food and pharmaceutical product manufacturing lines that can be used to monitor operating conditions, collect and analyze quality information, improve yield, and enhance quality management.

In the overseas markets, progress was made in the cultivation of royal customers' needs, and these customers are operating their businesses globally in regions such as the Americas, Europe, and China. The overseas sales ratio of this business is roughly 44 percent.

Demand for quality control inspection solutions is expected to remain firm in every region of the world, as interest among food manufacturers remains high. To meet this demand, Anritsu will develop and deliver new products and quality assurance solutions, and will optimize its supply chain including overseas production in order to expand the business and increase profitability.

(2) Overview of Financial Position for the Year Ended March 31, 2019

1) Assets, Liabilities and Equity

	Ended March 31,		(Millions of yen)
	2018	2019	Change
Assets	121,190	130,467	9,277
Liabilities	42,876	44,789	1,912
Equity	78,313	85,678	7,364
Interest-bearing debt	15,944	16,248	303

Assets, liabilities and equity as of March 31, 2019 were as follows.

1. Assets

Assets increased 9,277 million yen compared with the end of the previous fiscal year to 130,467 million yen. This was mainly due to increase of cash and cash equivalents, as well as trade and other receivables, while decrease of property, plant and equipment, as well as other financial assets.

2. Liabilities

Total liabilities increased 1,912 million yen compared with the end of the previous fiscal year to 44,789 million yen. This was mainly due to increase of Employee benefits, while decrease of trade and other payables.

3. Equity

Equity increased 7,364 million yen compared with the end of the previous fiscal year to 85,678 million yen. This was mainly due to increase of retained earnings.

As a result, the equity attributable to owners of parent to total assets ratio was 65.6 percent, compared with 64.6 percent at the end of the previous fiscal year.

Interest-bearing debt, excluding lease obligations, was 16,248 million yen, compared with 15,944 million yen at the end of the previous fiscal year. The debt-to-equity ratio was 0.19, compared with 0.20 at the end of the previous fiscal year.

2) Summarized Cash Flows

	Fiscal Year		(Millions of yen)
	2017	2018	Change
Cash flows from operating activities	7,946	12,247	4,301
Cash flows from investing activities	(3,932)	(616)	3,316
Cash flows from financing activities	(8,201)	(2,052)	6,149
Cash and cash equivalents at end of period	35,452	45,097	9,644
Free cash flow	4,014	11,631	7,617

In the fiscal year ended March 31, 2019, cash and cash equivalents (hereafter, “net cash”) increased 9,644 million yen compared with the end of the previous fiscal year to 45,097 million yen.

Free cash flow, the sum of cash flows from operating activities and cash flows from investing activities, was positive 11,631 million yen (compared with positive 4,014 million yen in the previous fiscal year).

Conditions and factors for each category of cash flow for the fiscal year were as follows.

1. Cash Flows from Operating Activities

Net cash provided by operating activities was 12,247 million yen (in the previous fiscal year, operating activities provided net cash of 7,946 million yen).

The cash increase was due to reporting of profit before tax and recording depreciation and amortization, on the other hand, the cash decrease was mainly due to increase in trade and other receivables. Depreciation and amortization was 4,386 million yen (increase of 101 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 616 million yen (in the previous fiscal year, investing activities used net cash of 3,932 million yen). The cash decrease was mainly due to acquisition of property, plant and equipment, on the other hand, the cash increase was due to proceeds from sale of other financial assets.

3. Cash Flows from Financing Activities

Net cash used in financing activities was 2,052 million yen (in the previous fiscal year, financing activities used net cash of 8,201 million yen). The primary reason was payment of cash dividends totaling 2,198 million yen (in the previous fiscal year, cash dividends was 2,059 million yen).

3) Analysis of Financial Position

The Anritsu Group’s funding requirements are mainly for working capital to purchase materials and cover expenses incurred in the manufacturing, sales and marketing of products; for capital investments; and for research and development expenses. The Group secures sufficient funding to cover these requirements from retained earnings, bank borrowings, and capital market funding. To ensure stability in funding, the Anritsu Group arranged for a commitment line of 7.5 billion yen in March 2017, which is effective through March 2020. Looking forward, while preparing for unforeseen financial risks, both domestic and overseas, in a dramatically changing market environment, the Anritsu Group will swiftly and flexibly meet its capital requirements for working capital, regular repayment of long-term borrowings and business growth.

As of March 31, 2019, the balance of interest-bearing debt (excluding lease payable) was 16,248 million yen (compared with 15,944 million yen at the end of the previous fiscal year) and the debt-to-equity ratio was 0.19 (compared with 0.20 at the end of the previous fiscal year). And the net debt-to-equity ratio was negative 0.34 (compared with negative 0.25 at the end of the previous fiscal year). In addition, the average turnover ratio on the end-of-period balance of inventories to revenue was 5.4 times.

The Company will utilize increased cash flow generated by improvements in ACE (achievement of net operating profit after tax less an adjustment for the cost of capital) and CCC as well as enhanced capital efficiency resulting from measures including an internal group cash management system to make further reductions in interest-bearing debt, improve the debt-to-equity ratio, enhancing shareholders' equity and fortify its financial structure.

At the end of March 2019, Rating and Investment Information, Inc. (R&I) has rated Anritsu's short-term debt a-1, and its long-term debt A-. Anritsu will continue working to enhance its financial stability in order to improve its debt rating.

(Note)

ACE (Anritsu Capital-cost Evaluation): Net operating profit after tax – Cost of capital(5%)

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

Net debt-to-equity ratio: (Interest-bearing debt – Cash and cash equivalent) / Equity attributable to owners of parent

CCC: Cash Conversion Cycle

4) Indicator Trend of Cash Flows

	Year Ended March 31, 2017	Year Ended March 31, 2018	Year Ended March 31, 2019
Equity attributable to owners of parent / Total assets (%)	61.1	64.6	65.6
Market capitalization / Total assets (%)	92.5	148.9	215.8
Interest bearing debt / Operating cash flows (years)	2.4	2.0	1.3
Operating cash flows / Interest expense (times)	68.4	72.6	124.2

(Notes)

1. All indicators are calculated on a consolidated basis.

2. Market capitalization is calculated by multiplying the total number of shares outstanding at the end of the period (excluding treasury stock) by the closing share price at the end of the period.

3. Operating cash flows and Interest expense are as reported in the consolidated statement of cash flows.

(3) Business Forecast

1) General Outlook

Although the global economy has been on a recovery trend, there is emerging uncertainty regarding factors such as the U.K.'s withdrawal from the EU, increased trade friction between the U.S. and China, and the rise of trade protectionism.

In the field of information and communication, precursory 5G services have been launched in North America and South Korea in December 2018, and 5G smartphones would be launched in 2019. Going forward, preparations for the full-fledged commercialization of 5G are expected to accelerate around the world, including Japan.

The Anritsu Group aims to establish a position as a leading company in the 5G development market through the timely provision of solutions that accurately match the commercialization plans of operators in various countries.

Business forecasts for the year ending March 31, 2020 are as follows.

While an increase in revenue is anticipated, operating profit and profit are expected to decrease, due to the reinforcing of strategical investment.

(Millions of yen)

	FY2019
Revenue	102,000
Operating profit (loss)	10,000
Profit (loss) before tax	10,000
Profit (loss)	7,500
Profit (loss) attributable to owners of parent	7,500

Assumed annual exchange rate : 1US$=105Yen

2) Segment Outlook for the Year Ending March 31, 2020

1. Test and Measurement

While device development demand for the full-fledged commercialization of 5G grew, LTE-Advanced demand will fall continually, therefore revenue is expected to increase slightly compared with the previous fiscal year. With regard to operating profits, decreased profit is expected due to further reinforcement of the strategical R&D investment owing to strengthen 5G competitiveness.

2. Products Quality Assurance

Revenue is expected to increase in the PQA business, both in the Japanese and overseas markets. Operating profit is also expected to increase compared with the previous fiscal year.

3) Cash Flow Outlook for the Year Ending March 31, 2020

1. Cash Flows from Operating Activities

The Anritsu Group expects cash flows from operating activities to be positive, mainly due to reporting of profit before tax. The Anritsu Group will aim to improve its cash conversion cycle to make more effective use of operating assets such as trade receivables and inventories.

2. Cash Flows from Investing Activities

The Anritsu Group expects cash flows from investing activities to be negative due to capital expenditure. Capital expenditures will include regular investments to strengthen the foundation of its product development environment, as well as strategic investments in global information system.

3. Cash Flows from Financing Activities

The Anritsu Group expects cash flows from financing activities to be negative, mainly due to payment of dividends.

(Reference)

FORECAST OF SEGMENT INFORMATION

(Millions of yen)

	FY2017 From Apr. 1, 2017 To Mar. 31, 2018	FY2018 From Apr. 1, 2018 To Mar. 31, 2019		FY2019(Forecast) From Apr. 1, 2019 To Mar. 31, 2020	
			Change		Change
Revenue by Segment					
Revenue	85,967	99,659	15.9%	102,000	2.3%
Test and Measurement	54,433	68,168	25.2%	69,000	1.2%
PQA	22,549	23,074	2.3%	24,500	6.2%
Others	8,984	8,416	-6.3%	8,500	1.0%
Operating Profit by Segment					
Operating Profit	4,912	11,246	128.9%	10,000	-11.1%
Test and Measurement	2,147	9,413	338.3%	8,000	-15.0%
PQA	1,969	1,609	-18.3%	2,000	24.2%
Others	1,458	1,145	-21.5%	900	-21.4%
Adjustment	-663	-921	-	-900	-
Revenue by Markets					
Revenue	85,967	99,659	15.9%	102,000	2.3%
Japan	29,753	32,183	8.2%	33,500	4.1%
Overseas	56,213	67,475	20.0%	68,500	1.5%
Americas	17,419	26,429	51.7%	26,500	0.3%
EMEA	12,781	12,170	-4.8%	12,500	2.7%
Asia and Others	26,012	28,876	11.0%	29,500	2.2%

(Notes)

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.

(4) Profit Distribution Policy and Dividends for the Years Ended/Ending March 31, 2019 and March 31, 2020

The Company's basic policy for returning profits to its shareholders is to distribute profits in accordance with its consolidated performance and by taking into account the total return ratio.

With regard to dividends, while taking the basic approach of raising dividends on equity (DOE) in accordance with the increase in consolidated profits for the fiscal year, the Company aims at a consolidated dividend payout ratio of 30 percent or more. The Company's basic policy is to make distributions of dividends, twice a year, consisting of a fiscal year-end dividend and an interim dividend by resolution of the General Meeting of Shareholders and by approval of the Board of Directors.

The Company intends to carry out the purchase of treasury stock appropriately as necessary, by taking into account its financial situation, the trends in stock prices and other factors, in an effort to execute capital policies that respond flexibly to changes in the corporate environment.

The Company's basic policy is to apply retained earnings to research and development and capital investment in order to respond to rapid technological advances and changes in the market structure.

Anritsu plans to pay a year-end dividend of 13.5 yen per share, and total dividends for the fiscal year will be 22 yen per share for the fiscal year ended March 31, 2019.

For the fiscal year ending March 31, 2020, Anritsu plans to pay cash dividends of 22.0 yen per share (including an interim dividend of 11 yen per share), assuming achievement of the business forecast on page 8.

(5) Risk Information

1) Inherent Risks in the Anritsu Group's Technology and Marketing Strategies

The Anritsu Group works to deploy its well-developed technological capabilities to promptly provide cutting-edge products and services that offer value to customers. However, the rapid pace of technological innovation in the Anritsu Group's core information and communication markets and the Anritsu Group's ability to deliver products and services in a timely manner to meet the needs and wants of customers are factors that have the potential to exert a material impact on the Anritsu Group's financial condition and operating results.

2) Market Fluctuation Risk

External factors including changes in the economy or market conditions and technological innovation affect the profitability of product lines the Group develops and have the potential to exert a significant material impact on the Anritsu Group's financial condition and operating results.

Because a high percentage of Test and Measurement segment revenue is in the telecommunications market, capital investment trends among telecom operators, telecommunications equipment manufacturers and electronic component manufacturers have the potential to exert an effect on business results. Telecom operators make a cost-effective capital investment in order to adopt technologies to handle rapid increases in data traffic, and to build networks that meets the various needs of IoT service and cloud service. Moreover, business results for the mobile communications measuring instrument field, the cornerstone of earnings for the Anritsu Group, are affected by changes in technological innovation in mobile phone services, the number of subscribers and the replacement ratio for smartphones.

In the Products Quality Assurance business, sales to food manufacturers constitute more than 80 percent of revenue. Operating results and capital investment of food manufacturers may influence the performance of Products Quality Assurance business potentially.

3) Global Business Development Risk

The Anritsu Group markets its products globally, and conducts business in the Americas, Europe, Asia and elsewhere. In particular, the overseas sales ratio including both the Test and Measurement business and the Products Quality Assurance business is 68 percent, and many customers likewise operate on a global scale. As a result, economic trends in countries worldwide, changes in international conditions, compliance with required laws and regulations and progress in the Anritsu Group's global strategy have a potential to exert a material impact on the Group's financial position and results of operations. In addition, global-scale mergers, acquisitions and realignment in the telecommunications industry are changing the competitive landscape. Significant changes in capital investment trends that result have the potential to exert a material impact on the Anritsu Group's financial condition and operating results.

4) Foreign Exchange Risk

The Anritsu Group's sales outside Japan account for 68 percent of consolidated revenue. The Anritsu Group hedges foreign exchange risk using instruments including forward foreign exchange contracts for foreign exchange transactions that occur upon collection of accounts receivable and other events. However, rapid changes in foreign exchange rates have the potential to exert a material impact on the Anritsu Group's financial condition and operating results.

5) Long-term Inventory Obsolescence Risk

The Anritsu Group works to provide products and services that precisely meet customer needs and wants. However, particularly in the test and measuring instruments market, product lines are subject to rapid change in technology, which can easily result in obsolescence of products and parts, and cause inventory held for long periods to lose its value. These factors have the potential to exert a material impact on the Anritsu Group's financial condition and operating results.

6) Risk Related to Deferred Tax Assets

The Anritsu Group applies deferred tax accounting and recognizes deferred tax assets. Calculation of deferred tax assets is based on projections that include estimates of future taxable profit, and the actual benefit may differ from the projection. If the tax benefits based on the estimate of future taxable profit are judged to be unavailable, these deferred tax assets are written down, which has the potential to exert a material impact on the Anritsu Group's financial condition and operating results.

7) Risk related to Defined-Benefit Pension Plan

The amounts of retirement benefit payments and obligations incurred in connection with employee defined-benefit pension plans of the parent company and certain of its subsidiaries are calculated based on assumptions, including discount rates, made for actuarial calculations. If the discount rates and other assumptions, which were made for the actuarial calculations of the expected amount of obligations under these defined-benefit pension plans undergo change, this has the potential to exert a material impact on the Anritsu Group's financial condition and operating results.

8) Risk of Natural Disasters and Other Unexpected Events

The Anritsu Group operates production and sales activities globally. Consequently, the occurrence of major earthquakes or other natural disaster, fire, war, acts of terrorism or violence could exert a material impact on the Anritsu group's financial condition and operating results by disrupting the business activities of the Anritsu Group or its suppliers and customers due to damage to key facilities, or by causing political or economic instability.

2. Management Policies

(1) Basic Policy

The Anritsu Group places great emphasis on our responsibility and dialog between various stakeholders, and has formulated the Company Philosophy, Company Vision, and Company Policy as follows.

Company Philosophy

Contribute to the development of a safe, secure, and prosperous global society by offering Original & High Level products and services with sincerity, harmony, and enthusiasm

Company Vision

Achieve continuous growth with sustainable superior profits through innovation, using all knowledge of all parties and contribute to the sustainability of society

Company Policy

1. Make energetic organization synthesizing the knowledge of all employees
2. Capture growth drivers through innovation
3. Be a leader in the global market
4. Contribute to the creation of a society that is friendly to people and the Earth as a good corporate citizen

(2) Management Targets

Anritsu aims to maximize corporate value by managing its operations with a focus on cash flow. In addition, to evaluate the added value generated by capital invested, Anritsu uses an original metric, ACE (Anritsu Capital-cost Evaluation), for evaluating the results of each business. A target for ROE is also set as an indicator of the efficiency of capital invested.

To attain its management vision of “continuous growth with sustainable superior profits,” the Anritsu Group had prepared its 2020 VISION, which has a time horizon of 10 years, and established a medium term milestone plan entitled the Mid-term Business Plan GLP2020 (a three-year plan that ends in FY2020), which is based on the 2020 VISION. In order to implement GLP2020 without fail, the Anritsu Group is working to (1) reliably acquire growth drivers, (2) create a strong profit-generating platform, and (3) build pillars to support the next-generation business.

The following figures are the main financial management target for GLP2020. Improve corporate value KPI (ACE & ROE) through growth investment (including M&As) with a return of more than 7% of equity cost and capital efficiency improvements.

	Year Ended March 31, 2018 (Actual)	Year Ended March 31, 2019 (Actual)	Year Ending March 31, 2020 (Forecast)	Year Ending March 31, 2021 （Target）
Revenue (Billions of yen)	85.9	99.6	102.0	105.0
Operating Profit (Billions of yen)	4.9	11.2	10.0	14.5
Profit (Billions of yen)	2.8	8.9	7.5	11.0
ACE (Billions of yen)	(1.6)	3.9	2.5	5.0
ROE (%)	3.7	10.9	8	12

ACE (Anritsu Capital-cost Evaluation): Net operating profit after tax – Cost of capital(5%)

(Reference)

(Billions of yen)

<table>
<tr><th></th><th>Year Ended March 31, 2018 (Actual)</th><th>Year Ended March 31, 2019 (Actual)</th><th>Year Ending March 31, 2020 (Forecast)</th><th>Year Ending March 31, 2021 (Target)</th></tr>
<tr><td>Revenue by Segment</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Revenue</td><td>859</td><td>996</td><td>1,020</td><td>1,050</td></tr>
<tr><td>Test and Measurement</td><td>544</td><td>681</td><td>690</td><td>700</td></tr>
<tr><td>PQA</td><td>225</td><td>230</td><td>245</td><td>260</td></tr>
<tr><td>Others</td><td>89</td><td>84</td><td>85</td><td>90</td></tr>
<tr><td>Operating Profit by Segment</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Operating profit</td><td>49</td><td>112</td><td>100</td><td>145</td></tr>
<tr><td>Test and Measurement</td><td>21</td><td>94</td><td>80</td><td>100</td></tr>
<tr><td>PQA</td><td>19</td><td>16</td><td>20</td><td>30</td></tr>
<tr><td>Others</td><td>14</td><td>11</td><td>9</td><td rowspan="2">15</td></tr>
<tr><td>Adjustment</td><td>△6</td><td>△9</td><td>△9</td></tr>
</table>

(3) Medium- and Long-Term Management Strategy and Issues to be Dealt With

The core Test and Measurement business of the Anritsu Group involve information and communication technology (ICT) services. In the ICT field, global mobile broadband services and the creation of new social value by IoT are driving growth and innovation of communication system which aims to enhance user experience in the medium- to long-term will be platform for the growth driver. In order to enable this innovation, continuous development of mobile telecommunication technology from LTE and LTE-Advanced/Pro which support broadband, and beyond to 5G will be promoted, as well as the network reshaping through measures, as represented by increased density of the base station network, which is indispensable for enhancing connectivity. Standardization of NSA-NR and SA-NR was completed for the 5G mobile system, which is expected to provide the infrastructure to a wide range of mobile broadband services. In response to this, development for commercialization of 5G started in earnest worldwide. From basic social infrastructure to the creation of new value through IoT, safe and secure networks that are easy to connect to anytime and anywhere are vital to a sustainable society. As an advanced measurement company covering both wireline and wireless telecommunication areas, Anritsu provides network solutions for its customers and for society.

The growth driver for the Products Quality Assurance business is “expansion from contaminant inspection into the quality assurance market.” As a long-term goal, with the food product and pharmaceutical-related markets as our focus, the Anritsu Group will aim to expand its business by raising the overseas revenue ratio to 50 percent. The Anritsu Group will work to enhance overseas resources to accelerate business development mainly in North American and Asian markets.

Steady implementation of these strategies requires appropriately managing and reducing risks and transforming them from impediments into a source of competitive advantage. For this reason, Anritsu will improve the risk management system through further strengthening of established ties among the Group companies in Japan and overseas via upgrades to the internal control system. Anritsu also aims to realize better corporate governance within the Group by establishing the “Anritsu Corporation Basic Policy on Corporate Governance.” Anritsu has promoted the separation of decision-making and execution of operation by introducing an executive officer system, transmitted to a “Company with an

Audit Committee," established a nomination committee, a compensation committee, and an independent committee chaired by independent outside directors, and carries out performance assessments for the Board of Directors, in order to reinforce the audit and supervisory functions of the Board. The Anritsu Group will continue working to conduct business management with greater transparency from a global perspective.

The Anritsu Group has believed until now that contribution to solving social issues through honest business practices enhances corporate value, and has continued to actively conduct corporate social responsibility (CSR) activities. From April 2018, in order to clarify our contributions to a "sustainable society," the Group expanded our conventional vision for achieving CSR goals to develop a "Sustainability Policy." The Anritsu Group believes our business should increase our long term value through contribution to the sustainability of global society with sincerity, harmony, and enthusiasm.

Through the activities mentioned above, Anritsu will seek to achieve the goals "to be a global market leader" and "to create new businesses by emerging business" set out in "2020 VISION," which expresses what Anritsu hopes to achieve by 2020, as well as continue to enhance corporate value.

3. Basic Policy regarding Adoption of Accounting Standards

The Anritsu Group is involved in global business development, as approximately 70 percent of its consolidated revenues are generated outside of Japan and it has research and development bases in Japan, the U.S. and Europe. In light of these circumstances, the Anritsu Group has voluntarily applied the International Financial Reporting Standards (IFRS) from the fiscal year ended March 31, 2013 in an effort to reinforce its management base through improvement of its internal decision-making process, while at the same time diversifying its means of financing by enhancing the comparability of its financial information on a global basis.

4. Consolidated Financial Statements

(1) Consolidated Statement of Financial Position

(Millions of yen)

	End of FY2017 as of 3.31.18	End of FY2018 as of 3.31.19
Assets		
Current assets		
Cash and cash equivalents	35,452	45,097
Trade and other receivables	21,474	25,055
Other financial assets	1,164	537
Inventories	18,236	18,585
Income tax receivables	128	343
Other assets	3,120	3,375
Total current assets	79,576	92,994
Non-current assets		
Property, plant and equipment	25,947	24,221
Goodwill and intangible assets	3,993	3,586
Investment property	1,463	830
Trade and other receivables	326	305
Other financial assets	2,747	1,670
Deferred tax assets	7,125	6,814
Other assets	9	45
Total non-current assets	41,613	37,473
Total assets	121,190	130,467

(Millions of yen)

	End of FY2017 as of 3.31.18	End of FY2018 as of 3.31.19
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	7,998	7,599
Bonds and borrowings	4,467	5,270
Other financial liabilities	73	70
Income tax payables	2,352	3,053
Employee benefits	5,254	6,829
Provisions	323	424
Other liabilities	6,333	7,003
Total current liabilities	26,803	30,251
Non-current liabilities		
Trade and other payables	500	435
Bonds and borrowings	11,477	10,978
Other financial liabilities	153	124
Employee benefits	2,247	1,100
Provisions	108	111
Deferred tax liabilities	185	197
Other liabilities	1,400	1,590
Total non-current liabilities	16,073	14,538
Total liabilities	42,876	44,789
Equity		
Common stock	19,064	19,113
Additional paid-in capital	28,137	28,207
Retained earnings	26,254	33,442
Treasury stock	(987)	(1,133)
Other components of equity	5,761	5,930
Total equity attributable to owners of parent	78,230	85,560
Non-controlling interests	83	117
Total equity	78,313	85,678
Total liabilities and equity	121,190	130,467

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

(Millions of yen)

	FY2017 From April 1, 2017 to March 31, 2018	FY2018 From April 1, 2018 to March 31, 2019
Revenue	85,967	99,659
Cost of sales	44,023	48,807
Gross profit	41,943	50,852
Other revenue and expenses		
Selling, general and administrative expenses	26,563	27,944
Research and development expense	10,156	11,715
Other income	224	428
Other expenses	535	374
Operating profit (loss)	4,912	11,246
Finance income	332	387
Finance expenses	642	271
Profit (loss) before tax	4,602	11,362
Income tax expense	1,703	2,371
Profit (loss)	2,898	8,991
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Change of financial assets measured at fair value	181	69
Remeasurements of defined benefit plans	988	96
Total	1,169	165
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation	(213)	225
Total	(213)	225
Total of other comprehensive income	955	390
Comprehensive income (loss)	3,854	9,381
Profit (loss) attributable to :		
Owners of parent	2,880	8,956
Non-controlling interests	18	34
Total	2,898	8,991
Comprehensive income (loss) attributable to :		
Owners of parent	3,836	9,346
Non-controlling interests	18	34
Total	3,854	9,381
Earnings per share		
Basic earnings per share (Yen)	20.97	65.20
Diluted earnings per share (Yen)	20.97	65.16

(3) Consolidated Statements of Changes in Equity

Year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

(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)	—	—	2,880	—	—	2,880	18	2,898
Other comprehensive income	—	—	988	—	(32)	955	—	955
Total comprehensive income (loss)	—	—	3,868	—	(32)	3,836	18	3,854
Share-based payments	11	(32)	51	25	—	56	—	56
Dividends paid	—	—	(2,059)	—	—	(2,059)	—	(2,059)
Purchase of treasury stock	—	—	—	(0)	—	(0)	—	(0)
Disposal of treasury stock	—	0	—	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	11	(32)	(2,008)	25	—	(2,003)	(22)	(2,026)
Balance at March 31, 2018	19,064	28,137	26,254	(987)	5,761	78,230	83	78,313

Year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

(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, 2018	19,064	28,137	26,254	(987)	5,761	78,230	83	78,313
Adjustments due to changes in accounting policies	—	—	183	—	—	183	—	183
Balance at April 1, 2018 (restated)	19,064	28,137	26,438	(987)	5,761	78,414	83	78,497
Profit (loss)	—	—	8,956	—	—	8,956	34	8,991
Other comprehensive income	—	—	96	—	294	390	—	390
Total comprehensive income	—	—	9,052	—	294	9,346	34	9,381
Share-based payments	49	69	24	23	—	166	—	166
Dividends paid	—	—	(2,198)	—	—	(2,198)	—	(2,198)
Purchase of treasury stock	—	—	—	(168)	—	(168)	—	(168)
Dividends to non-controlling interests	—	—	—	—	—	—	(0)	(0)
Transfer from other components of equity to retained earnings	—	—	125	—	(125)	—	—	—
Total transactions with owners and other transactions	49	69	(2,047)	(145)	(125)	(2,200)	(0)	(2,201)
Balance at March 31, 2019	19,113	28,207	33,442	(1,133)	5,930	85,560	117	85,678

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2017 From April 1, 2017 to March 31, 2018	FY2018 From April 1, 2018 to March 31, 2019
Cash flows from (used in) operating activities		
Profit (Loss) before tax	4,602	11,362
Depreciation and amortization expense	4,285	4,386
Interest and dividends income	(238)	(335)
Interest expenses	128	103
Loss (Gain) on disposal of property, plant and equipment	9	(241)
Decrease (Increase) in trade and other receivables	(11)	(3,395)
Decrease (Increase) in inventories	(1,973)	(64)
Increase (Decrease) in trade and other payables	882	(452)
Increase (Decrease) in employee benefits	376	536
Other, net	(47)	1,761
Sub Total	8,014	13,661
Interest received	179	272
Dividends received	58	62
Interest paid	(109)	(98)
Income taxes paid	(484)	(1,960)
Income taxes refund	287	309
Net cash flows from (used in) operating activities	7,946	12,247
Cash flows from (used in) investing activities		
Payments into time deposits	(1,215)	(545)
Proceeds from withdrawal of time deposits	1,200	1,135
Purchase of property, plant and equipment	(2,444)	(2,114)
Proceeds from sale of property, plant and equipment	2	714
Purchase of other financial assets	(2)	(3)
Proceeds from sale of other financial assets	0	1,177
Other, net	(1,473)	(980)
Net cash flows from (used in) investing activities	(3,932)	(616)
Cash flows from (used in) financing activities		
Net increase (decrease) in short-term borrowings	(100)	300
Redemption of bonds	(6,000)	－
Dividends paid	(2,059)	(2,198)
Other, net	(42)	(154)
Net cash flows from (used in) financing activities	(8,201)	(2,052)
Effect of exchange rate change on cash and cash equivalents	(41)	65
Net increase (decrease) in cash and cash equivalents	(4,229)	9,644
Cash and cash equivalents at beginning of period	39,682	35,452
Cash and cash equivalents at end of period	35,452	45,097

(5) Notes to the Consolidated Financial Statements

(Notes regarding Going Concern)

None

(Changes in Accounting Policies)

Significant accounting policies that the Group adopted in the condensed quarterly consolidated financial statements under review are the same as those that were adopted in the consolidated financial statements for the fiscal year ended March 31, 2018 except the followings.

Income tax expenses for the third-quarter of the fiscal year ending March 31, 2019 were determined using the estimated average annual effective income tax rate.

The Anritsu Group has adopted the following IFRSs from the fiscal year ending March 31, 2019.

Standard	Title	Subject of new standards/amendment
IFRS 9 (July 2014 revision)	Financial Instruments	Limited changes of classification of financial assets and introduction of an expected credit loss impairment model
IFRS 15	Revenue from Contracts with Customers	Provision of principles and guidance along with the expansion of disclosure items in respect of revenues from contracts with customers as well as associated issues

In accordance with the application of IFRS 9 (July 2014 revision), the Anritsu Group has changed its method to recognizing allowance for doubtful accounts by the expected credit loss model for recognition of impairment of financial assets measured at amortized cost.

This change has no significant impact on Anritsu Group's performance and financial conditions.

In accordance with IFRS 15, except for revenue including interest and dividends income, etc. under IFRS9 "Financial Instruments," revenue is recognized based on the following five-step approach.

Step 1: Identify the contract with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when the entity satisfies a performance obligation

The Anritsu Group mainly sells products and software, and provides repair and support services incidental to those products and software in two businesses. In the Test and Measurement business, this includes measuring instruments and systems for communications applications, and service assurance. In the PQA business, this includes precision, high-speed auto checkweighers, automatic combination weighers and metal detectors, for the food, pharmaceutical and cosmetics industries.

We deem our performance obligations to be satisfied and recognize revenue from the sale of these products and software when the significant risks and economic value associated with the possession of goods have been transferred to the customer, because in the absence of ongoing involvement in the management of the goods, the customer acquires control over the goods.

The timing of the transfer of the risks and rewards of ownership of the goods varies according to the terms of individual sales agreements, and revenue is normally recognized at the time of delivery to the customer or on the shipment date.

We recognize revenue of repair and support service that came with the sales of products and software at the time or when the service is rendered over a period of time to customer.

For multiple element transactions in which we provide multiple deliverables such as products, software, or support services, if the respective components are identified as having separate performance obligations, we allocate the transaction price proportionally based on the standalone selling price, and recognize revenue for each performance obligation.

Because we allocated multiple element transactions according to the residual method in the previous accounting standards, there are differences in the recognition of revenue for some transactions.

Anritsu Group recognizes the cumulative effect of applying the new standard at the date of initial application, with no restatement of the comparative periods presented. It records the cumulative effect, the amount of 183 million yen as an adjustment to the opening balance of retained earnings at the date of initial application.

Except for this adjustment, there is no material impact on the Group's performance from the application of this standard.

(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.

In order to evaluate each business segment more appropriately, headquarter administrative expenses that were included in general and administrative expenses for each business segment have been shifted to be included in company-wide expenses starting from the fiscal year ending March 31, 2019. These expenses from previous fiscal year have been restated.

Year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

(Millions of yen)

	Reportable segment			Others (Notes 1)	Total	Adjustment (Notes 2,3)	Consolidated
	Test and Measurement	PQA	Subtotal				
Revenue :							
External customers	54,433	22,549	76,982	8,984	85,967	—	85,967
Inter segment	75	3	78	4,484	4,562	(4,562)	—
Total	54,508	22,553	77,061	13,468	90,530	(4,562)	85,967
Cost of sales, Other revenue and expenses	(52,361)	(20,583)	(72,944)	(12,010)	(84,954)	3,899	(81,055)
Operating profit (loss)	2,147	1,969	4,117	1,458	5,575	(663)	4,912
Finance income	—	—	—	—	—	—	332
Finance expenses	—	—	—	—	—	—	642
Profit (loss) before tax	—	—	—	—	—	—	4,602
Income tax expense	—	—	—	—	—	—	1,703
Profit (loss)	—	—	—	—	—	—	2,898
Assets	84,456	17,117	101,573	9,813	111,387	9,803	121,190
Capital expenditures	3,287	385	3,672	324	3,997	(5)	3,992
Depreciation and amortization	3,484	271	3,756	539	4,296	(10)	4,285

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

(Notes 2) : Adjustment of operating profit includes elimination of inter-segment transactions (5 million yen) and company-wide expenses not allocated to business segments (-668 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.

(Notes 3) : Adjustment of segment assets includes excess investment capital not attributable to business segments (cash and cash equivalents), long-term investment capital (other financial assets (non-current assets)), and assets related to basic research.

Year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

(Millions of yen)

	Reportable segment			Others (Notes 1)	Total	Adjustment (Notes 2,3)	Consolidated
	Test and Measurement	PQA	Subtotal				
Revenue :							
External customers	68,168	23,074	91,242	8,416	99,659	—	99,659
Inter segment	90	3	94	4,146	4,240	(4,240)	—
Total	68,259	23,077	91,336	12,563	103,900	(4,240)	99,659
Cost of sales, Other revenue and expenses	(58,846)	(21,467)	(80,314)	(11,418)	(91,732)	3,319	(88,413)
Operating profit (loss)	9,413	1,609	11,022	1,145	12,168	(921)	11,246
Finance income	—	—	—	—	—	—	387
Finance expenses	—	—	—	—	—	—	271
Profit (loss) before tax	—	—	—	—	—	—	11,362
Income tax expense	—	—	—	—	—	—	2,371
Profit (loss)	—	—	—	—	—	—	8,991
Assets	93,058	17,561	110,619	9,598	120,218	10,249	130,467
Capital expenditures	1,962	506	2,468	353	2,822	(14)	2,807
Depreciation and amortization	3,548	285	3,834	562	4,397	(10)	4,386

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

(Notes 2) : Adjustment of operating profit includes elimination of inter-segment transactions (-2 million yen) and company-wide expenses not allocated to business segments (-919 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.

(Notes 3) : Adjustment of segment assets includes excess investment capital not attributable to business segments (cash and cash equivalents), long-term investment capital (other financial assets (non-current assets)), and assets related to basic research.

3. Revenue by Region

(Millions of yen)

	FY2017 From April 1, 2017 to March 31, 2018	FY2018 From April 1, 2018 to March 31, 2019
Japan	29,753	32,183
Americas	17,419	26,429
EMEA	12,781	12,170
Asia and Others	26,012	28,876
Total	85,967	99,659

(Notes) : Sales information is based on the geographical location of the customers, and it is classified by country or region.

(Earnings Per Share)

Earnings per share (attributable to owners of parent)

	FY2017 From April 1, 2017 to March 31, 2018	FY2018 From April 1, 2018 to March 31, 2019
Profit attributable to owners of parent	2,880 Million yen	8,956 Million yen
Adjusted profit used for diluted earnings per share	－ Million yen	－ Million yen
Profit used in calculation of diluted earnings per share	2,880 Million yen	8,956 Million yen
Weighted average number of issued and outstanding shares	137,335,071 shares	137,368,418 shares
Increased number of shares used in the calculation of diluted earnings per share		
Increase by stock options	11,893 shares	80,562 shares
Weighted average number of issued and outstanding shares used in the calculation of diluted earnings per share	137,346,964 shares	137,448,980 shares
Basic earnings per share	20.97 yen	65.20 yen
Diluted earnings per share	20.97 yen	65.16 yen

(Significant Subsequent Events)

None

5. Others

(1) Executive Personnel Changes Expected on June 26, 2019

1) Change of Representative Director

・Retiring Representative Director

Name	Current Title
Hirokazu Hashimoto	Representative Director, Chairman of the Board

(Note) Mr. Hirokazu Hashimoto will retire from Representative Director and Director at the conclusion of the 93rd Ordinary General Meeting of Shareholders scheduled for June 26, 2019.

2) Other Changes

1. New Appointing Directors

Name (Current Title / Former Title)	New Title
Takeshi Shima (Current Title: Vice President, General Manager of Global Sales Center, General Manager of Global Business Development Dept. of the Company / President of Anritsu Americas Sales Company(U.S.A.))	Director
Takaya Seki (Current Title: Director(Audit & Supervisory Committee Member) (Outside Director) of the Company / Director of CORPORATE PRACTICE PARTNERS, INC. / Professor of RISSHO University, Faculty of Business Administration)	Director(Outside Director)
Kazuyoshi Aoki (Former Title: Vice President, Accounting and Finance,Global of Kao Corporation)	Director(Outside Director)

2 New Appointing Directors elected as Audit & Supervisory Committee Member

Name (Current Title)	New Title
Keiko Shimizu (Certified Public Accountant / Professor of TEIKYO University , Faculty of Economics (Department of Business Administration))	Director (Audit & Supervisory Committee Member) (Outside Director)
Toshisumi Taniai (Director, Senior Executive Officer in charge of Corporate Governance Dept. and Management Audit Dept. of the Company)	Director (Full-time Audit & Supervisory Committee Member)

3. Retiring Director

Name	Current Title
Toshisumi Taniai	Director
Takashi Sano	Director (Outside Director)
Yuji Inoue	Director (Outside Director)
Takaya Seki	Director (Audit & Supervisory Committee Member) (Outside Director)
Osamu Nagata	Director (Full-time Audit & Supervisory Committee Member)

3) Expected New Order of Executive Personnel after Shareholder's Meeting:

1. Directors and Audit & Supervisory Committee Members

Representative Director	Hirokazu Hamada
Director	Akifumi Kubota
Director	Masumi Niimi
Director	Takeshi Shima
Director(Outside Director)	Takaya Seki
Director(Outside Director)	Kazuyoshi Aoki
Director(Audit & Supervisory Committee Member) (Outside Director)	Norio Igarashi
Director(Audit & Supervisory Committee Member) (Outside Director)	Keiko Shimizu
Director(Full-time Audit & Supervisory Committee Member)	Toshisumi Taniai

2. Officers

① Officers

President	Hirokazu Hamada (*)	Group CEO, Measurement Business Group President, Measurement Business Management Division, Growth Strategy Center.
Senior Vice President	Akifumi Kubota (*)	Chief Financial Officer, Chief corporate Officer, Global Audit Dept., Legal Dept., Investor Relations Dept., Corporate Communication Dept.
Senior Vice President	Masumi Niimi (*)	PQA Group President / Representative Director, President of Anritsu Infivis Co.,Ltd.
Vice President	Takeshi Shima (*)	Chief Global Sales Office, General Manager of Global Sales Center, General Manager of Global Business Development Dept. / President, Anritsu Americas Sales Company(U.S.A.).
Vice President	Yasunobu Hashimoto	Chief Device Business Officer, General Manager of Device Development Center, General Manager of Device Sales Dept. / Representative Director, President of Anritsu Devices Co.,Ltd.
Vice President	Toru Wakinaga	Chief Americas Business Officer / President of Anritsu U.S. Holding, Inc. (U.S.A.)
Vice President	Ichiro Takeuchi	Chief Human Resource and Administration Officer,Director of Human Resource and Administration Dept. Real Estate Administration / Representative Director, President of Anritsu Real Estate Co.,Ltd.
Vice President	Hiroyuki Fujikake	Chief SCM Officer, General Manager of SCM Div., General Manager of Koriyama Business Office, Global Procurement and Logistics Div..
Vice President	Noboru Uchida	Vice Chief Corporate Officer, Director of Accounting and Control Dept., Management Information System Dept., Trade Control Dept.
Vice President	Yoshiyuki Amano	Chief APAC Sales Officer, General Manager of APAC Sales Center
Vice President	Masahiko Kadowaki	Chief Corporate Strategy Officer, General Manager of Management Strategy Center, General Manager of Appliance Business Dept., Infrastructure Business Dept.
Vice President	Tsutomu Tokuke	Chief Measurement Business Officer, General Manager of Measurement Business Div.

(Note) Names marked as (*): Board Member

② Other Officers

Senior Executive Officer	Tetsuo Kawabe	Management Audit Dept.
Senior Executive Officer	Yukihiro Takahashi	Measurement Business Group Vice President, Chief M4 Business Officer / Chairman of Anritsu A/S (Denmark)
Senior Executive Officer	Akio Takagi	Chief Environment and Quality Officer, General Manager of Sustainability Promotion Center, PDT Business Dept.
Executive Officer	Olaf Sieler	CBDO(Chief Business Development Officer), Director of Global Account and Market Technology Dept., GAM
Executive Officer	Hanako Noda	Chief Technical Officer, General Manager of Technical Headquarters.
Executive Officer	Akihiro Harimoto	Chief Japan Sales Officer, General Manager of Measurement Solution Sales Div.

(2) Reference Information
Consolidated Quarterly Financial Highlights

Year ended March 31, 2018

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
				(Millions of yen)
Revenue	19,424	21,265	21,568	23,709
Gross profit	9,121	10,337	11,102	11,382
Operating profit (loss)	(162)	736	2,093	2,245
Quarterly profit (loss) before tax	(163)	641	2,159	1,964
Quarterly profit (loss)	(210)	410	1,276	1,422
Quarterly profit (loss) attributable to owners of parent	(222)	415	1,271	1,415
Quarterly comprehensive income	248	954	1,789	862
				(Yen)
Quarterly basic earnings per share	(1.62)	3.03	9.26	10.31
Quarterly diluted earnings per share	(1.62)	3.03	9.26	10.30
				(Millions of yen)
Total assets	125,729	121,036	120,928	121,190
Total equity	75,715	76,675	77,426	78,313
				(Yen)
Equity attributable to owners of parent per share	550.59	557.62	563.20	569.54
				(Millions of yen)
Cash flows from operating activities	5,006	970	(1,817)	3,787
Cash flows from investing activities	(779)	(718)	(707)	(1,726)
Cash flows from financing activities	(1,045)	(6,014)	(1,038)	(102)
Net increase (decrease) in cash and cash equivalents	3,368	(5,525)	(3,317)	1,244
Cash and cash equivalents at end of period	43,051	37,525	34,208	35,452

Year ended March 31, 2019

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
				(Millions of yen)
Revenue	20,964	23,370	26,785	28,538
Gross profit	10,793	11,353	14,429	14,276
Operating profit (loss)	1,630	1,851	4,233	3,530
Quarterly profit (loss) before tax	1,752	1,926	4,171	3,512
Quarterly profit (loss)	1,699	1,441	3,141	2,708
Quarterly profit (loss) attributable to owners of parent	1,690	1,434	3,132	2,698
Quarterly comprehensive income	2,097	2,282	2,131	2,870
				(Yen)
Quarterly basic earnings per share	12.31	10.44	22.80	19.65
Quarterly diluted earnings per share	12.30	10.43	22.79	19.63
				(Millions of yen)
Total assets	122,871	126,289	126,559	130,467
Total equity	79,574	81,912	82,730	85,678
				(Yen)
Equity attributable to owners of parent per share	578.54	595.40	601.63	622.87
				(Millions of yen)
Cash flows from operating activities	5,046	3,049	1,271	2,881
Cash flows from investing activities	(634)	98	(578)	497
Cash flows from financing activities	(523)	632	(1,791)	(369)
Net increase (decrease) in cash and cash equivalents	3,955	4,175	(1,529)	3,042
Cash and cash equivalents at end of period	39,408	43,584	42,054	45,097

Consolidated Quarterly Financial Position

Year ended March 31, 2018

(Millions of yen)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Assets	**125,729**	**121,036**	**120,928**	**121,190**
Current assets	83,033	78,406	78,920	79,576
Non-current assets	42,695	42,630	42,008	41,613
Property, plant and equipment	26,221	25,958	25,498	25,947
Goodwill and intangible assets	3,814	3,953	3,954	3,993
Investment property	1,622	1,547	1,505	1,463
Other non-current assets	11,036	11,170	11,048	10,208
Liabilities	**50,014**	**44,361**	**43,502**	**42,876**
Current liabilities	29,687	26,965	25,753	26,803
Non-current liabilities	20,326	17,395	17,748	16,073
Equity	**75,715**	**76,675**	**77,426**	**78,313**
Common stock	19,052	19,053	19,054	19,064
Additional paid-in capital	28,153	28,110	28,122	28,137
Retained earnings	23,144	23,608	23,850	26,254
Treasury stock	(986)	(986)	(987)	(987)
Other component of equity	6,253	6,797	7,309	5,761
Non-controlling interests	97	92	76	83
Supplemental information: Interest-bearing debt	**22,032**	**16,037**	**16,041**	**15,944**

Year ended March 31, 2019

(Millions of yen)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Assets	**122,871**	**126,289**	**126,559**	**130,467**
Current assets	81,680	85,609	86,831	92,994
Non-current assets	41,191	40,679	39,727	37,473
Property, plant and equipment	25,710	25,668	25,160	24,221
Goodwill and intangible assets	3,888	3,803	3,717	3,586
Investment property	1,422	913	871	830
Other non-current assets	10,169	10,294	9,977	8,835
Liabilities	**43,296**	**44,377**	**43,828**	**44,789**
Current liabilities	27,271	28,629	27,766	30,251
Non-current liabilities	16,025	15,748	16,061	14,538
Equity	**79,574**	**81,912**	**82,730**	**85,678**
Common stock	19,065	19,081	19,091	19,113
Additional paid-in capital	28,104	28,138	28,151	28,207
Retained earnings	27,118	28,557	30,522	33,442
Treasury stock	(964)	(964)	(1,132)	(1,133)
Other component of equity	6,159	7,000	5,990	5,930
Non-controlling interests	91	98	107	117
Supplemental information: Interest-bearing debt	**16,460**	**17,099**	**16,625**	**16,248**

Consolidated Quarterly Segment Information

Year ended March 31, 2018

(Millions of yen)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Orders by Segment	**20,159**	**22,542**	**21,512**	**24,328**
Test and Measurement	12,400	14,175	13,416	16,647
PQA	5,397	6,146	5,621	5,590
Others	2,361	2,220	2,474	2,090
Backlog by Segment	**18,837**	**20,198**	**20,465**	**21,130**
Test and Measurement	12,477	13,398	13,423	15,931
PQA	4,842	4,966	5,198	4,270
Others	1,518	1,834	1,843	928
Revenue by Segment	**19,424**	**21,265**	**21,568**	**23,709**
Test and Measurement	13,050	13,329	13,736	14,317
PQA	4,678	6,030	5,393	6,447
Others	1,696	1,906	2,438	2,943
Operating profit (loss) by Segment	**(162)**	**736**	**2,093**	**2,245**
Test and Measurement	(487)	48	1,330	1,256
PQA	316	595	425	632
Others	142	227	518	569
Adjustment	(134)	(134)	(181)	(213)
Revenue by Region	**19,424**	**21,265**	**21,568**	**23,709**
Japan	5,495	7,778	6,341	10,139
Americas	4,382	4,025	5,085	3,925
EMEA	3,127	3,168	3,244	3,241
Asia and Others	6,420	6,291	6,897	6,403

Year ended March 31, 2019

(Millions of yen)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Orders by Segment	**22,595**	**25,314**	**25,994**	**26,915**
Test and Measurement	14,579	17,420	17,989	18,813
PQA	5,726	5,908	5,638	6,043
Others	2,289	1,984	2,365	2,059
Backlog by Segment	**22,689**	**24,289**	**23,383**	**21,882**
Test and Measurement	15,964	18,210	16,660	15,988
PQA	5,147	4,560	4,988	4,582
Others	1,577	1,519	1,733	1,311
Revenue by Segment	**20,964**	**23,370**	**26,785**	**28,538**
Test and Measurement	14,388	14,767	19,446	19,565
PQA	4,898	6,541	5,176	6,457
Others	1,676	2,061	2,162	2,515
Operating profit (loss) by Segment	**1,630**	**1,851**	**4,233**	**3,530**
Test and Measurement	1,516	1,026	3,969	2,899
PQA	150	701	179	578
Others	103	331	285	423
Adjustment	(140)	(208)	(201)	(371)
Revenue by Region	**20,964**	**23,370**	**26,785**	**28,538**
Japan	5,685	8,115	7,667	10,715
Americas	6,046	4,893	8,095	7,393
EMEA	2,920	2,732	3,448	3,069
Asia and Others	6,312	7,629	7,573	7,360

(*) Way to allot headquarter administrative expenses to each business segment changed from the year ending March 31, 2019 and figures of operating profit for the year ended March 31, 2018 are restated.

Anritsu Corporation Supplement

1. Supplement of Trend of Results

(Millions of yen)

	Actual					Forecast
	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3
Revenue	98,839	95,532	87,638	85,967	99,659	102,000
Change %	-3.0%	-3.3%	-8.3%	-1.9%	15.9%	2.3%
Operating profit (loss)	10,882	5,897	4,234	4,912	11,246	10,000
Change %	-22.9%	-45.8%	-28.2%	16.0%	128.9%	-11.1%
as % of Revenue	11.0%	6.2%	4.8%	5.7%	11.3%	9.8%
Profit (loss) before taxes	11,591	5,434	3,628	4,602	11,362	10,000
Change %	-18.6%	-53.1%	-33.2%	26.8%	146.9%	-12.0%
as % of Revenue	11.7%	5.7%	4.1%	5.4%	11.4%	9.8%
Profit (loss)	7,874	3,767	2,734	2,898	8,991	7,500
Change %	-15.5%	-52.2%	-27.4%	6.0%	210.2%	-16.6%
as % of Revenue	8.0%	3.9%	3.1%	3.4%	9.0%	7.4%
Basic earnings per share	¥55.72	¥27.38	¥19.65	¥20.97	¥65.20	¥54.60
Orders	101,084	94,589	88,934	88,542	100,819	102,000
Change %	-2.7%	-6.4%	-6.0%	-0.4%	13.9%	1.2%
Cash flows from operating activities	7,582	10,195	9,246	7,946	12,247	12,000
Change %	-45.0%	34.5%	-9.3%	-14.1%	54.1%	-2.0%
Free cash flows	1,533	1,153	5,581	4,014	11,631	7,000
Change %	-81.9%	-24.8%	384.0%	-28.1%	189.7%	-39.8%
Capital expenditures (* 1,4)	9,612	5,399	2,588	3,430	2,436	4,400
Change %	79.5%	-43.8%	-52.1%	32.5%	-29.0%	80.6%
Depreciation (* 2,4)	3,186	3,736	3,935	3,964	4,031	4,100
Change %	11.3%	17.3%	5.3%	0.7%	1.7%	1.7%
R&D expenses (* 3)	13,366	13,089	11,212	10,556	12,008	13,300
Change %	7.0%	-2.1%	-14.3%	-5.9%	13.8%	10.8%
as % of Revenue	13.5%	13.7%	12.8%	12.3%	12.0%	13.0%
Number of Employees	3,926	3,846	3,788	3,717	3,778	-

(* 1) Capitalized development cost booked as intangible asset is not included.
(* 2) Amortization of capitalized development cost booked as intangible asset 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) Capital expenditures and Depreciation for the year ending March 31, 2020 do not include the impact of the application of IFRS 16.

2. Supplement of Quarterly Results

(Millions of yen)

	2017/Q1	2017/Q2	2017/Q3	2017/Q4	2018/Q1	2018/Q2	2018/Q3	2018/Q4
Revenue	19,424	21,265	21,568	23,709	20,964	23,370	26,785	28,538
Y o Y	-4.2%	1.7%	2.4%	-6.6%	7.9%	9.9%	24.2%	20.4%
Operating profit	(162)	736	2,093	2,245	1,630	1,851	4,233	3,530
Y o Y	-	418.6%	161.9%	-12.4%	-	151.5%	102.3%	57.2%
as % of Revenue	-0.8%	3.5%	9.7%	9.5%	7.8%	7.9%	15.8%	12.4%
Profit before tax	(163)	641	2,159	1,964	1,752	1,926	4,171	3,512
Y o Y	-	-	86.5%	-18.7%	-	200.1%	93.1%	78.8%
as % of Revenue	-0.8%	3.0%	10.0%	8.3%	8.4%	8.2%	15.6%	12.3%
Profit	(210)	410	1,276	1,422	1,699	1,441	3,141	2,708
Y o Y	-	-	61.0%	-29.6%	-	251.5%	146.0%	90.4%
as % of Revenue	-1.1%	1.9%	5.9%	6.0%	8.1%	6.2%	11.7%	9.5%

(Millions of yen)

Upper : Revenue Lower : Operating profit	2017/Q1	2017/Q2	2017/Q3	2017/Q4	2018/Q1	2018/Q2	2018/Q3	2018/Q4
Test and Measurement	13,050	13,329	13,736	14,317	14,388	14,767	19,446	19,565
	(487)	48	1,330	1,256	1,516	1,026	3,969	2,899
PQA	4,678	6,030	5,393	6,447	4,898	6,541	5,176	6,457
	316	595	425	632	150	701	179	578
Others	1,696	1,906	2,438	2,943	1,676	2,061	2,162	2,515
	142	227	518	569	103	331	285	423
Adjustment	—	—	—	—	—	—	—	—
	(134)	(134)	(181)	(213)	(140)	(208)	(201)	(371)
Total revenue	19,424	21,265	21,568	23,709	20,964	23,370	26,785	28,538
Total operating profit	(162)	736	2,093	2,245	1,630	1,851	4,233	3,530

(*) Way to allot headquarter administrative expenses to each business segment changed from the year ending March 31, 2019 and figures of operating profit for the year ended March 31, 2018 are restated.

3. Supplement of Segment Information

(1) Revenue by Segment

(Millions of yen)

	Actual					Forecast
	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3
Test and Measurement	73,443	67,729	59,333	54,433	68,168	69,000
YoY	-3.3%	-7.8%	-12.4%	-8.3%	25.2%	1.2%
PQA	16,198	18,891	19,588	22,549	23,074	24,500
YoY	-4.3%	16.6%	3.7%	15.1%	2.3%	6.2%
Others	9,198	8,910	8,716	8,984	8,416	8,500
YoY	2.5%	-3.1%	-2.2%	3.1%	-6.3%	1.0%
Total	98,839	95,532	87,638	85,967	99,659	102,000
YoY	-3.0%	-3.3%	-8.3%	-1.9%	15.9%	2.3%

(*) 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
	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3
Test and Measurement	8,943	4,706	2,130	2,147	9,413	8,000
YoY	-31.3%	-47.4%	-54.7%	0.8%	338.3%	-15.0%
PQA	824	1,194	1,302	1,969	1,609	2,000
YoY	-31.8%	45.0%	9.0%	51.2%	-18.3%	24.2%
Others	1,963	575	992	1,458	1,145	900
YoY	108.5%	-70.7%	72.5%	47.0%	-21.5%	-21.4%
Adjustment	(848)	(578)	(190)	(663)	(921)	(900)
YoY	-	-	-	-	-	-
Total	10,882	5,897	4,234	4,912	11,246	10,000
YoY	-22.9%	-45.8%	-28.2%	16.0%	128.9%	-11.1%

(*) Way to allot headquarter administrative expenses to each business segment changed from the year ending March 31, 2019 and figures of operating profit for the year ended March 31, 2018 are restated. However, the above figures from the year ended March 31, 2015 to March 31, 2017 are not subjective to the adjustment.

(3) Revenue by Region

(Millions of yen)

	Actual					Forecast
	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3
Japan	27,116	28,565	29,338	29,753	32,183	33,500
YoY	-10.0%	5.3%	2.7%	1.4%	8.2%	4.1%
Overseas	71,723	66,966	58,299	56,213	67,475	68,500
YoY	0.0%	-6.6%	-12.9%	-3.6%	20.0%	1.5%
Americas	24,367	23,246	19,633	17,419	26,429	26,500
YoY	-15.6%	-4.6%	-15.5%	-11.3%	51.7%	0.3%
EMEA	15,885	13,537	12,520	12,781	12,170	12,500
YoY	8.8%	-14.8%	-7.5%	2.1%	-4.8%	2.7%
Asia and Others	31,470	30,182	26,145	26,012	28,876	29,500
YoY	11.4%	-4.1%	-13.4%	-0.5%	11.0%	2.2%
Total	98,839	95,532	87,638	85,967	99,659	102,000
YoY	-3.0%	-3.3%	-8.3%	-1.9%	15.9%	2.3%

Assumed exchange rate : FY2019 (Forecast) 1US$=105 Yen