

Group CEO Message



We Contribute to a Safe and Secure Society through Measurement

Anritsu was founded in 1895, the year of the world's first successful wireless communication experiment, and 2020 is the 125th year since its original foundation. Our long history has been continuous challenges as a pioneer in the field of information and communications technology. Various innovations in telecommunications infrastructure have dramatically revolutionized society and enriched our lives by "connecting" people moving the global society forward.

Under the company philosophy of "Sincerity, Harmony, and Enthusiasm" and "Original & High Level," Anritsu is leveraging its measurement technologies, honed to create visibility of products related to the information and communications field, into the fields of food and pharmaceuticals to contribute to a safe and secure society. We will continue to share the dreams with our customers, driving innovation to give the dreams tangible form that exceeds expectations.

"envision : ensure" Please look to Anritsu in the future.

Hirokazu Hamada

Representative Director, President of Anritsu
Group CEO

Regarding the Impact of the COVID-19 Pandemic

All of us in the Anritsu Group extend our deepest condolences and sympathies for the many lives that have been lost and the many people who have been affected by the COVID-19 pandemic.

Our Group established the COVID-19 response headquarters and responded to the WHO declaration of Public Health Emergency of International Concern in January 2020. We were quick to institute staggered working hours, working remotely, incentives for commuting by automobile, and other efforts to contain the spread of infection. We will continue to work from home, maintain social distancing in locations such as meeting rooms, elevators, and cafeterias, enforce disinfection in workplaces, instill non-contact ways of working, and enact other initiatives aimed at the new normal. While an uncertain outlook remains before us, we will continue striving to ensure the health of our employees and their families while minimizing the impact on our business.

Progress on GLP2020 as We Head into Its Final Year

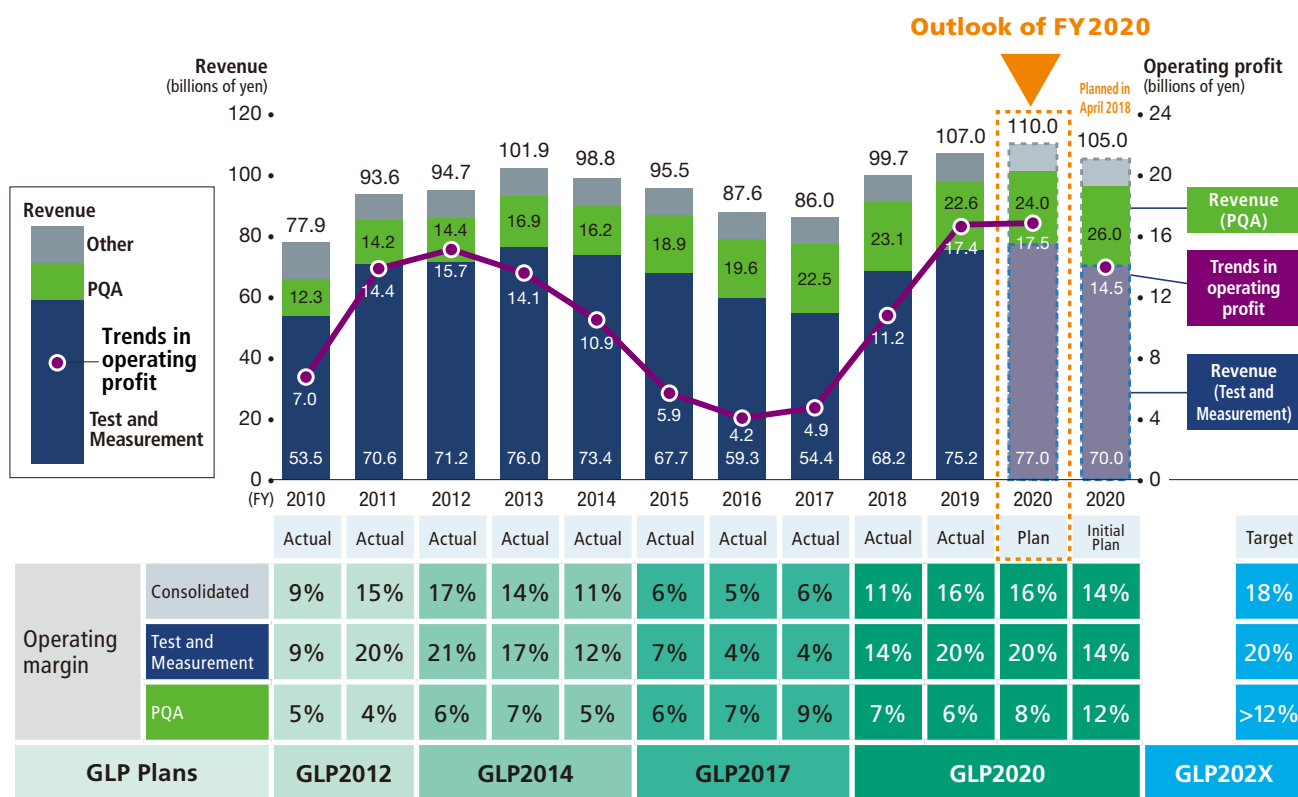
■ Progress on GLP2020

Test and Measurement Business: 5G services have been launched in the U.S., South Korea, Europe, and subsequently in China as telecommunications carriers in several countries steadily progressed their commercialization schedules. In Japan, too, 5G services were partially launched in March 2020 primarily in large urban areas.

In such backdrop, our business continued to benefit from robust demand for development of 5G chipsets and mobile devices. In Japan and other Asian regions in particular, demand for development aimed at 5G commercialization grew, driving our 5G business. In addition, in the second half of FY2019 we began providing 5G conformance test systems for test laboratories and telecommunications carriers around the world.

The impact of the COVID-19 pandemic on our financial results was negligible.

GLP2020: Planned sales and operating profit



*GLP20XX: The names of our Mid-term Business Plans

As a result, the business achieved revenue of ¥75.2 billion, operating profit of ¥15.1 billion, and an operating profit margin of 20%, exceeding GLP2020 second-year, FY2019 targets of ¥69.0 billion, ¥8.0 billion, and 12%, respectively.

PQA Business: Demand remained strong for capital investment in strengthening improvement of quality assurance processes, automation, labor-saving and workstyle reforms in the food market, and investment in X-ray-based contaminant detection and quality assurance for packaging was robust.

In line with this, the PQA Business Group strengthened the competitiveness of its X-ray-based solutions and enhanced and expanded its overseas sales structure. However, it failed to achieve its planned targets due to factors including the aforementioned prolongation of customers' product inspection periods.

As a result, the business achieved revenue of ¥22.6 billion, operating profit of ¥1.3 billion, and operating profit margin of 6%, against GLP2020 second-year targets of

¥24.5 billion, ¥2.0 billion, and 8%, respectively.

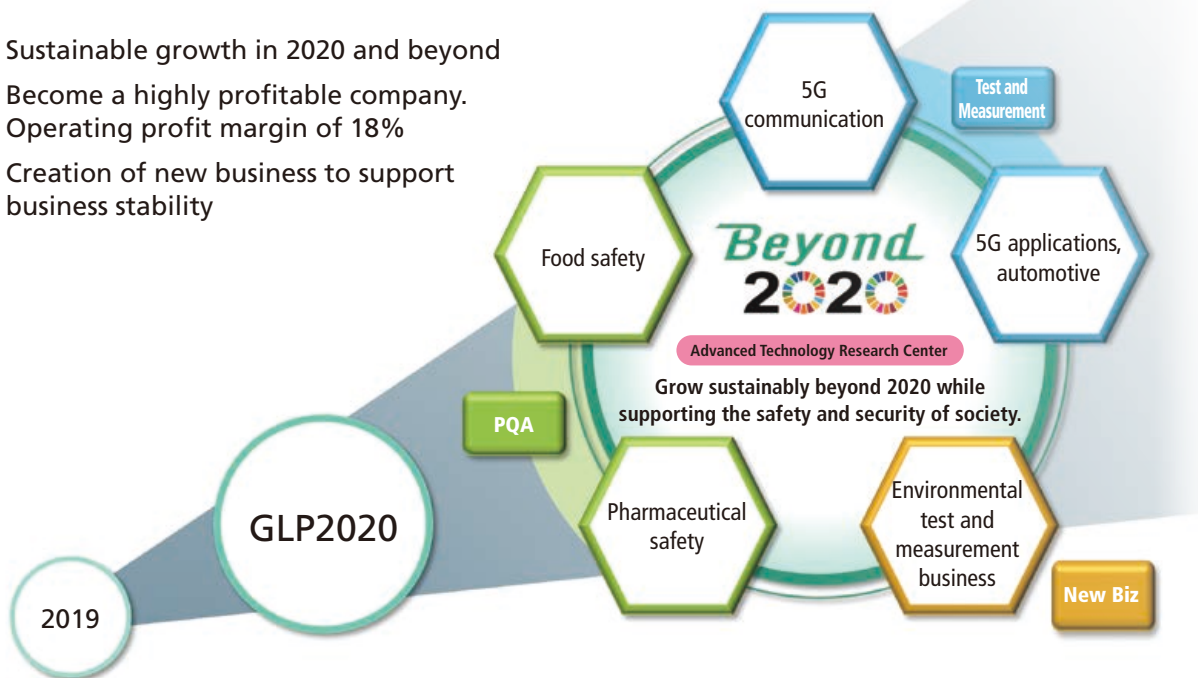
■ Toward the Final Year of GLP2020

Test and Measurement Business: We forecast three major changes in the status of the Test and Measurement Business due to COVID-19. The first change is in the 5G market, which has expanded steadily until now, while we now forecast stagnation through the first half of FY2020. While it is difficult to predict the end of the pandemic, we expect economic activity to regain a degree of normalcy from the second half of the fiscal year. The second change is a pandemic-related delay in research and development investment for 3GPP Release 16. With Release 16, use cases which employ full-fledged 5G multiple simultaneous connections and ultra-low latency are possible. Due to COVID-19, the standardization originally planned for the end of March was delayed and commenced in early July. Due to the delay we expect the development demand for Release 16 commence after our fiscal year 2021. The third change is the increase in high-speed compatible network

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Set out for Beyond 2020

- Sustainable growth in 2020 and beyond
- Become a highly profitable company. Operating profit margin of 18%
- Creation of new business to support business stability



Resolve social issues by realizing Beyond 2020

demand due to work from home. There is an increase in measurement demand related to servers, routers, and other equipment used in data centers and networks, and for optical devices used with them. Given these movements in the communications test and measurement market, we intend to place 5G at the center of our business, and additionally, capture increasing demand in higher-speed networks and in fields of 5G applications, to meet the final-year targets of GLP2020.

PQA Business: Taking the expansion of quality assurance needs for the food and pharmaceuticals markets as its growth driver, the PQA Business aims to focus on related markets to expand its business by growing its overseas sales ratio to 50% in the long term.

However, the impact of COVID-19 has prevented initiatives in overseas markets from progressing as expected. Going forward, along with an expected resumption in economic activity, the PQA Business will accelerate its overseas business expansion particularly in Asia and North America, and will work to draw closer to the final-year targets of GLP2020.

For Beyond 2020, and Next 10-Year Vision

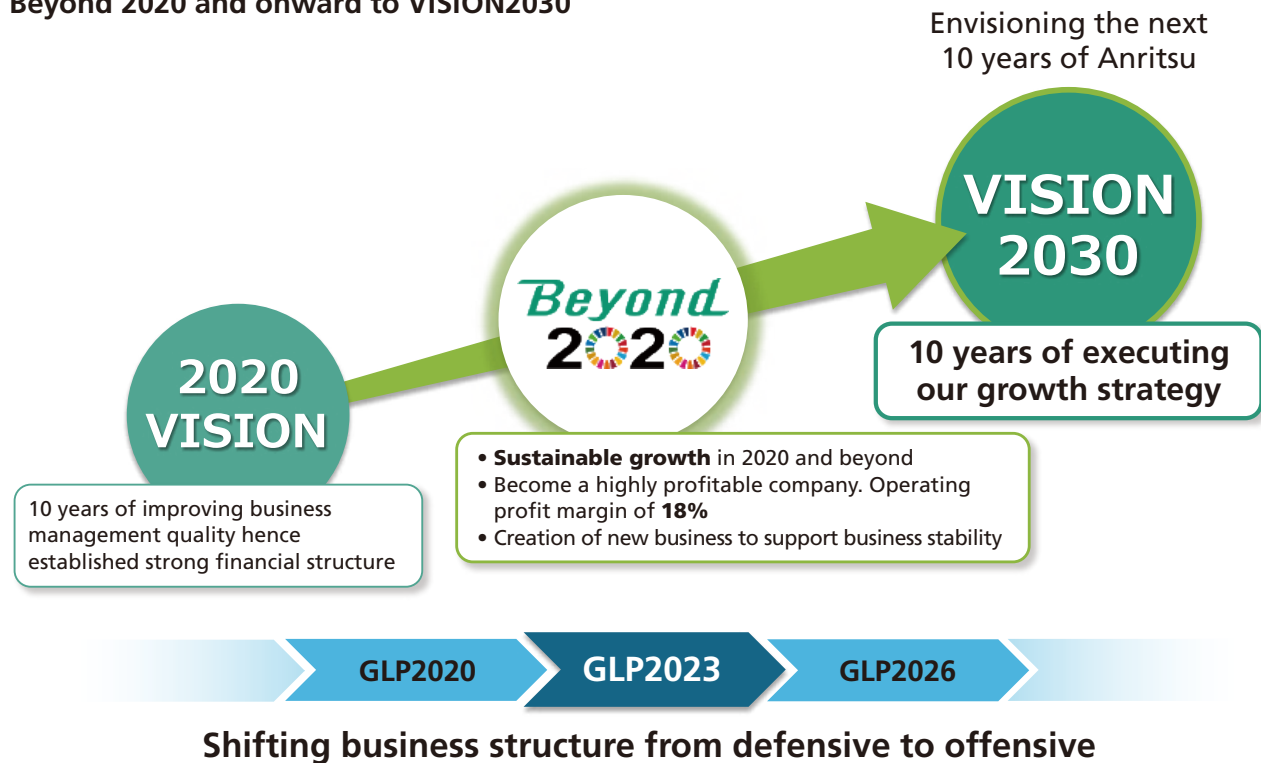
■ Initiatives for Beyond 2020

Anritsu has launched Beyond 2020 with the aim of achieving sustainable growth from 2020 onward. At present, the cornerstones of our business are 5G communications in the Test and Measurement Business and food safety in the PQA Business. To further expand and stabilize our business, we are tackling 5G applications and the automobile sector in the Test and Measurement Business, pharmaceutical safety in the PQA Business, and the environmental test and measurement business as new sectors to develop. We also established the Advanced Technology Research Center, a new basic technology laboratory that draws on the power of test and measurement to resolve the societal issues of a decade in the future. While conducting research into 6G and next-generation NEMS technology, the Center will actively accept researchers from outside to create a source of technological capability for Anritsu and to strengthen our philosophy of "Original & High Level."

■ Toward Our Next 10-Year Vision

FY2020 is the last year of 2020VISION. Under 2020VISION, we have been working to strengthen our management structure and end the year with a capital adequacy ratio of

Beyond 2020 and onward to VISION2030



68% and interest-bearing debt of ¥14.6 billion. Our negative net debt is ¥34.7 billion, and we maintain effectively zero interest-bearing debt. We will leverage this management foundation in executing our growth strategies for the next 10 years, as we shift our internal structure from defensive one to offensive one and incorporate an aggressive stance into VISION2030.

About Sustainability Management

About Our Initiatives Toward the SDGs

In April 2018, our Group established a Sustainability Policy that aims to improve our corporate value through contributions to the sustainability of global society, in the spirit of “Sincerity, Harmony, and Enthusiasm.”

Under this policy, we set targets related to the SDGs, with the entire Group working to provide technologies, products, and solutions that support the development of safe and secure infrastructure as a foundation for industrial and technological innovation, and that promote innovation and the creation of industries related to the construction of a sustainable society. With respect to ESG, we have upheld key issues to address on themes such as “promotion of the global environment protection”, “harmony with the

global economic society”, and “strengthening governance”.

Appropriately disclosing these activities, and connecting the understanding and expectations of stakeholders to the improvement of corporate value, are the key issues for our management.

As a unique initiative aimed at the reduction of greenhouse gases, a key issue among the SDGs, we formulated “Anritsu Climate Change Action PGRE 30*”. Under this initiative, we aim to boost our ratio of in-house generated renewable energy from 0.8% of internal electrical consumption in FY2018 to about 30% by around 2030.

Our company engages in activities that promote recognition of the SDGs as issues of our own. PGRE 30 is one such initiative that will contribute to achieving the targets of the SDGs. The Anritsu Group will improve its corporate value through contribution to the SDGs and to the sustainability of global society, in a spirit of “Sincerity, Harmony, and Enthusiasm.”

* PGRE 30: “PGRE” refers to Private Generation of Renewable Energy and “30” refers to the target of 30% Private Generation of Renewable Energy by around 2030.