

Group CEO Message



Hirokazu Hamada

Representative Director,
President of Anritsu
Group CEO

COVID-19 Measures

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

The Anritsu Group has taken thorough and various infection control measures with regard to COVID-19, including ventilating workplaces, installing acrylic panels to prevent the spread of infection, encouraging commuting by car, operating a company bus service between Hon-Atsugi Station and our office, distributing masks to all employees, and conducting workplace vaccinations. Through remote work, we have achieved a maximum reduction of 80% in the number of workers physically commuting. We have also worked to contribute to the local community through such means as providing masks made by Anritsu itself to area hospitals and clinics.

Institutionally, as well, we have engaged in the creation of an environment to enable employees to work in safety and security. Relevant measures include the establishment of a special COVID-19 paid leave system so that employees may take leaves without hesitation in case the symptoms of suspected infection is seen, a remote work allowance, and the creation of a counseling service to assist employees with mental and physical care.

The future remains uncertain, but the Anritsu Group will continue striving to keep the effects of COVID-19 on our business to a minimum. Future measures to this end include

optimizing the scope of remote work in accordance with risk levels; and servicing, expanding, and diversifying the sources of our IT infrastructure.

Market Conditions and Company Initiatives

In the field of information and communication, operators are progressing 5G commercialization schedules are proceeding smoothly so that 5G services have been launched in various countries. In Japan, as well, 5G services began being launched from March 2020 in certain, primarily urban areas. In July 2020, 3GPP completed the standardization of Release 16, establishing standards for ultra-low latencies and large numbers of simultaneous connections, items for which use cases are expected to expand. In turn, research and development into the utilization of 5G in the automotive field, as well as investigations and demonstration experiments with regard to the building of private 5G networks à la local 5G, have begun. Continuing on from this, 3GPP is considering Release 17, a new standard whose aim is to further improve the efficiency and performance of 5G in areas such as the expansion of high frequency bands, increased signal areas, low power consumption, and low-cost communications. Work is moving forward to complete the standardization of Release 17 in 2022.

In addition, due to the increases in data traffic resulting from the advancement of cloud services and the deployment of 5G services, more and more pressure is being

Taking Measurement to New Heights, and Building a Sustainable Future Together

The Anritsu Group was established in 1895, when radio communication experiments were being successfully carried out for the first time in the world. Since then, our history has been a story of challenges, as we have always been pioneers in the information and communications field. Regarding “testing” technology as a core competence, Anritsu has been supporting the information and communication field, as well as the food and pharmaceutical field.

Now we have renewed our company vision to step forward into a new field beyond conventional “testing”. We will proactively advance beyond Anritsu’s previous limits to create a sustainable and attractive future for the next generation, working in synergy with all of our stakeholders. The new brand statement “Advancing beyond” represents this dynamic concept in two words. Under this brand statement, we will grow the pillars of our next-generation business with a proactive stance to transcend Anritsu’s current boundaries. We will contribute to the development of a safe, secure, and prosperous global society together with our customers.

placed on network infrastructure. Service providers, working to make networks even faster, are fully moving forward with the introduction of 100 Gbps services, and network device manufacturers are also proceeding with the development of 400 Gbps network equipment. Within this context, the Test and Measurement Business Group has captured demand for development related to the commercialization of 5G as well as for research and development aimed at accelerating network speeds.

With regard to our Products Quality Assurance (PQA) business field, influenced by the COVID-19 pandemic, a portion of our customers remained cautious about capital expenditures. Against this backdrop, aiming to capture demand for automation in quality assurance processes, we worked to strengthen the competitiveness of solutions focusing on X-rays, and also enhanced our sales promotion strategies that alternate face-to-face sales.

Looking Back on GLP2020

The previous fiscal year marks the final fiscal year of the previous Mid-Term Business Plan GLP2020.

Targets for GLP2020 were revenue of ¥105.0 billion, operating profit of ¥14.5 billion, an operating profit margin of 14%, and ROE of 12%. In contrast to these, actual revenue was ¥105.9 billion, operating profit was ¥19.7 billion, operating profit margin was 19%, and ROE was 16%, meaning we achieved all of our targets.

Many companies were impacted by the COVID-19 pandemic, and Anritsu was no exception. It was necessary for us to discern customer needs during a time when face-to-face meetings were not possible. And we were forced to develop complex products amid the communication difficulties posed by unfamiliar remote work systems.

Further, we were required to respond to sudden production demands when market movements were indiscernible. Working together with our customers, vendors, and numerous other stakeholders, our employees banded together to overcome these many difficulties. Thank you all.

Looking Back on GLP2020 Mid-Term Business Plan

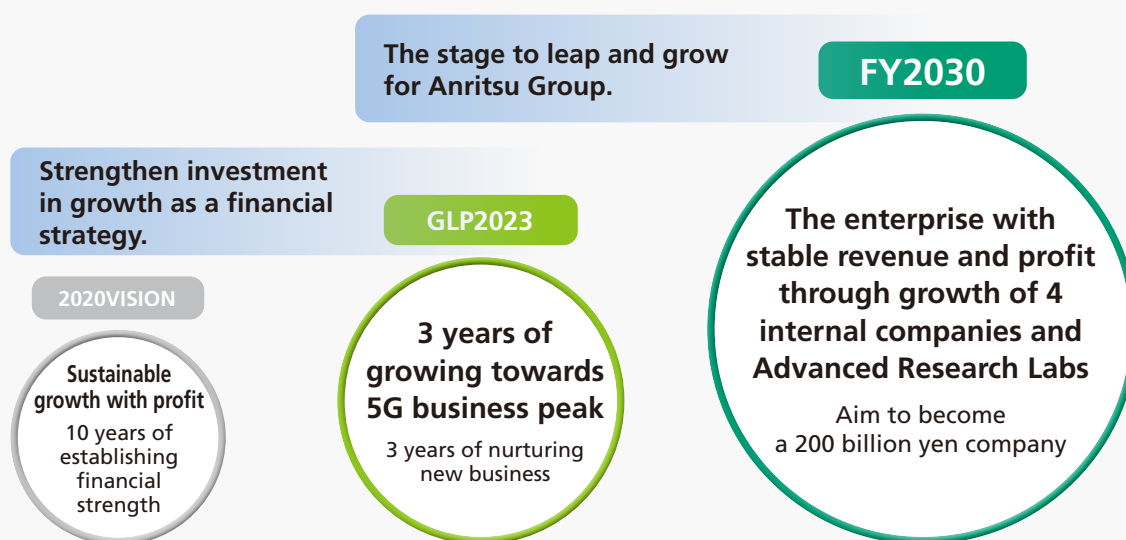
Indicators		GLP2020			
		FY2018	FY2019	FY2020	FY2020*
Revenue		¥99.7 billion	¥107.0 billion	¥105.9 billion	¥105.0 billion
Operating profit		¥11.2 billion	¥17.4 billion	¥19.7 billion	¥14.5 billion
Operating margin		11%	16%	19%	14%
Profit		¥9.0 billion	¥13.4 billion	¥16.1 billion	¥11.0 billion
ROE		11%	15%	16%	12%
T&M Business	Revenue	¥68.2 billion	¥75.2 billion	¥74.8 billion	¥70.0 billion
	Operating profit	¥9.4 billion	¥15.1 billion	¥17.7 billion	¥10.0 billion
	Operating margin	14%	20%	24%	14%
PQA Business	Revenue	¥23.1 billion	¥22.6 billion	¥21.4 billion	¥26.0 billion
	Operating profit	¥1.6 billion	¥1.2 billion	¥1.3 billion	3.0 billion
	Operating margin	7%	6%	6%	12%

* Planned in April 2018

(Reference) Expected exchange rates for GLP2020: 1 USD=105 yen, 1 euro=125 yen

The vision towards FY2030

Management vision: Beyond testing, beyond limits, for a sustainable future together



Commitment to a New Company Vision

FY2021 marks the start of our new Company Vision as well as our new three-year plan, GLP2023. Our new Company vision is as follows: **Beyond testing, beyond limits for a sustainable future together.**

This vision illustrates our intention to continue to cultivate and refine our core competencies of testing. It also embodies a strong commitment to engaging in the cross-fertilization of new ideas and technologies, both from within and outside the company, to pioneer new domains and value beyond conventional testing and in turn develop new pillars of business. To going on the offensive to transcend the existing limits of Anritsu, and to working together with all of our stakeholders to build a sustainable and hopeful future for new generations.

Over the past 10 years of 2020VISION, we have realized sustainable, profitable growth, building a robust financial structure. We will make effective use of this robust financial structure and, going forward, strengthen investment in growth. Further, we have positioned FY2030 as a stage for the Anritsu Group's growth to make a great leap. Through the growth of four companies and our Advanced Technology Research Center, we are aiming to be a stable revenue-earning ¥200.0 billion enterprise.

Beyond testing

Anritsu welcomes new ideas and technologies to go beyond conventional testing and add increased value and innovation.

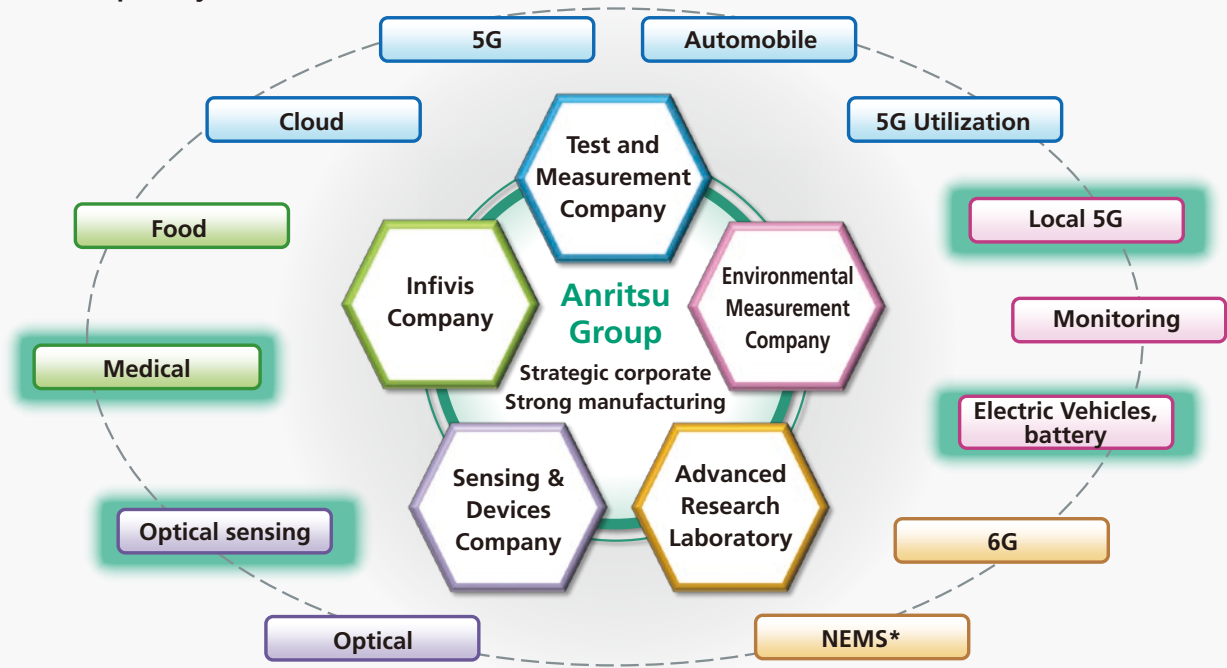
Beyond limits

Anritsu goes above existing business boundaries by valuing every employee's enthusiasm and supporting their challenges to shift the paradigm and achieve breakthroughs not only in technology but in every business aspect.

For a sustainable future together

Anritsu employees together with customers and stakeholders will devote their business to solving social issues to build a sustainable and hopeful future for new generations.

GLP2023 priority area



*Infvis Company Promotes PQA business

Focus on developing four new areas

*NEMS: Nano Electro Mechanical Systems

GLP2023

Three Years of Growth Aimed at the Peak of 5G

The targets for GLP2023 for FY2023 are consolidated revenue of ¥140.0 billion, operating profit of ¥27.0 billion, consolidated operating profit margin of 19%, profit of ¥20.0 billion, and ROE of 15%.

The three years of GLP2023 will be three years of growth aimed at the peak of the 5G testing and measurement market. By focusing on 5G business and providing timely solutions appropriately matched to the further expansion of the fields in which 5G is utilized as well as the growth in demand for increased network speeds, we aim to establish a competitive advantage and become a leading company supporting the 5G/IoT society.

Investment Strategy and Shareholder Returns

Our business is heavily reliant on communications test and measurement, and each time mobile telephone technology has changed, we have been heavily impacted by the market. In order to become a company which is less affected by such changes and which generates stable revenue, we will be focusing on conducting M&A investment and growth investment in new areas. Further, we will be enhancing shareholder returns, including increasing our payout ratio and acquiring treasury stock. We ask for your understanding going forward.

Focus on Developing Four New Areas

Further, the three years of GLP2023 will also be three years of nurturing new businesses for the future. Under the organization consisting of four companies and our Advanced Technology Research Center, we will focus on capturing four new fields for growth: EV and battery testing, local 5G, optical sensing, and medical and pharmaceuticals. By engaging in outside collaboration and M&As in these fields, we will accelerate our growth.

We have also set our eye on the future beyond this point, and have already started basic research into 6G and so-called NEMS devices. We will go beyond organizational silos, surpass company boundaries, and, unfettered by preconceived notions, move forward into the future.

Local 5G

Establishment of Joint Venture Company AK Radio Design

In June 2021, Anritsu established AK Radio Design Co., Ltd. as a joint venture with Kozo Keikaku Engineering Inc. AK Radio Design will provide assistance with applying for and obtaining the licences needed to implement local 5G, as well as with post-introduction operational processes.

Establishment of the Anritsu 5G Lab

In June 2021, Anritsu established the Anritsu 5G Lab, a facility which enables visitors to experience for themselves the test solutions needed for quality assurance in the various aspects of local 5G implementation, operation, and



The AK Radio Design Inc. incorporation signing ceremony

Hirokazu Hamada, President, Anritsu Corporation (left)
Shota Hattori, Representative Executive Officer
and Chairman, Kozo Keikaku Engineering Inc. (right)



Anritsu 5G LAB

maintenance. Base stations and communications terminals actually used for local 5G applications are set up in the Anritsu 5G LAB, making it possible to conduct an array of demonstration experiments using a variety of measuring and test instruments to evaluate local 5G signal strength, data speeds, and latency.

EVs and Battery Testing and Measurement

On July 30, 2021, Anritsu Corporation made the decision to acquire Takasago, Ltd. as a subsidiary company. (The subsidiary acquisition is scheduled to be completed in January 2022.) Takasago possesses industry-leading high voltage, high current, high capacity electrical energy control technologies; as well as business relationships with customers who are driving the industry. Takasago will be welcomed into the Anritsu Group and positioned as the core of our efforts to develop the field of electric vehicles and battery testing and measurement.

An Agile Organization Which Will Realize Our Growth Strategy

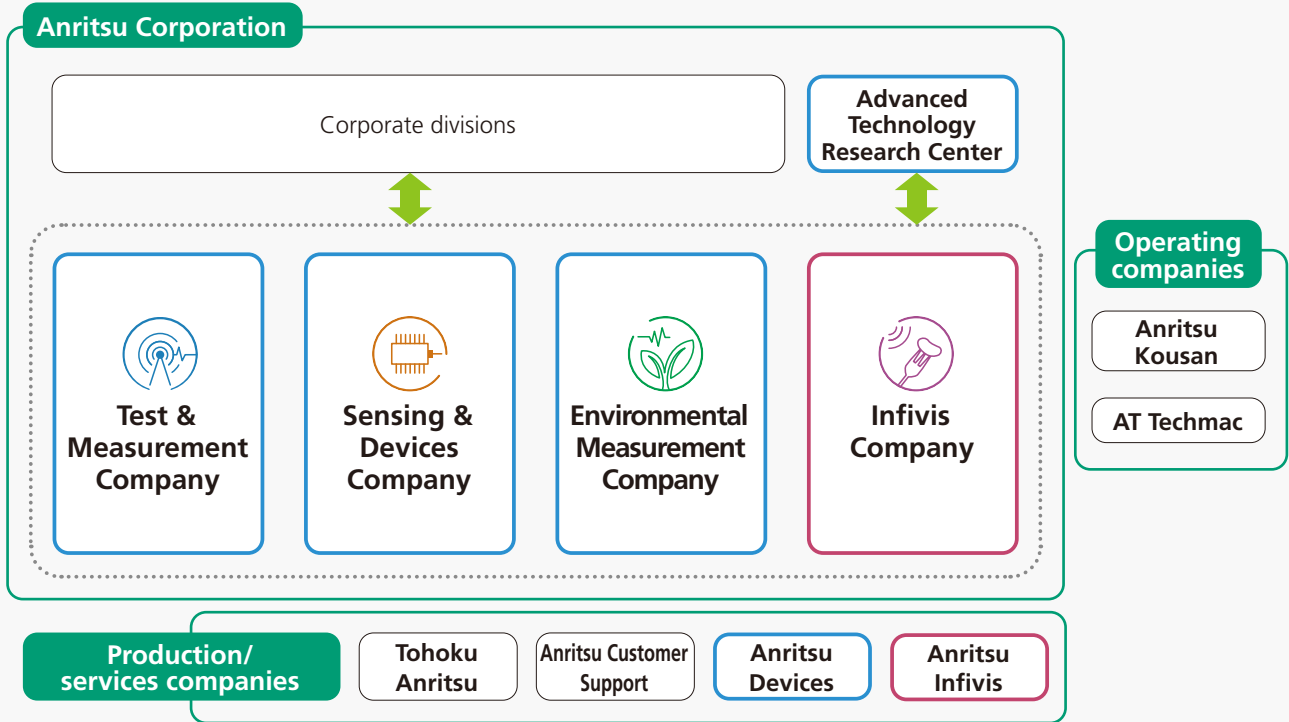
Innovation to create our new pillars of business is essential to Anritsu's growth strategy. In order to build an agile organization which enables innovation through the efficient flow of human resources and capital, as well as the

fusion of a variety of businesses, we have consolidated all Group companies under our Corporate Headquarters and established an organization consisting of four companies and the Advanced Technology Research Center.

A Company Committed to Manufacturing

Further, we are a company committed to manufacturing. Even when software is used to give products added value, and even when entering new markets, these are supported by the foundation that is manufacturing. The environment encompassing manufacturing, however, has become difficult.

Due to declining birthrates, we are facing an imminent threat of labor shortages. While the number of veteran workers continues to decline, societal demand for quality is growing stronger, and defects and improper inspections have the potential to instantly throw a company into crisis. Aiming to be a strong manufacturing company which produces high added value products while maintaining high quality, Tohoku Anritsu, Anritsu Infivis, Anritsu Devices, and Anritsu Customer Support will work together, pool their strengths, and propel robotization and the utilization of AI and the IoT.



Sustainability Propelled by Recognition of Its Issues as Our Own

The Anritsu Group believes that responding to the demands of global society through business activities conducted in good faith and contributing to the resolution of social issues is the best way to achieve improved corporate value. In turn, in our GLP2023 plan, we have established initiatives and targets with regard to sustainability issues. In the category of environmental issues, Anritsu recognizes that reducing greenhouse gases is a serious issue, and we established the Anritsu Climate Change Action PGRE 30, raising our target for the percentage of our electricity usage which comes from renewable energy, which stood at around 1% in FY2018, to approximately 30% by around 2030. In order to achieve this goal, we are, among other things, installing solar power generation facilities at principal business sites.

In addition, we are promoting diversity management through means such as increasing the ratio of female managers and establishing new compensation packages aimed at enabling elderly employees to flourish. Along with them, we are also implementing an initiative to enhance management supervisory functions, including securing an outside director ratio of at least 50%.

At Anritsu, we are promoting activities which encourage the recognition of the SDGs as issues of our own in order to contribute to the achievement of these globally-shared goals. In the spirit of Sincerity, Harmony, and Enthusiasm, the Anritsu Group is aiming to increase corporate value through contribution to the SDGs and to the sustainability of global society.

