

Mid-Term Business Plan

		2020VISION		
Medium-to Long-Term Vision		To be a global market leader <ul style="list-style-type: none"> •Creating the value that only Anritsu can deliver •Building a world-class, robust income structure 		To create new business through emerging business <ul style="list-style-type: none"> •Driving innovation in new business areas
		GLP2014 (FY2012-2014) <ul style="list-style-type: none"> ■ Becoming a cutting-edge, trusted global market leader Capture growth drivers without fail, and realize "continuous profitable growth"	GLP2017 (FY2015-2017) <ul style="list-style-type: none"> ■ On-going "Growth & Global" improvement and strengthening of Group management capabilities Capture growth drivers without fail, and realize "continuous profitable growth"	GLP2020 (FY2018-2020) <ul style="list-style-type: none"> ■ Prosecute the policy "Continuous profitable growth" ■ Make our best to accomplish 2020VISION Capture growth drivers without fail, and realize "continuous profitable growth"
Vision				
Outline of the Mid-Term Business Plan		FY2014 Consolidated revenue of ¥110.0 billion and operating profit of ¥19.0 billion Test and Measurement Business <ul style="list-style-type: none"> ■ Strive to boost competitiveness, focusing on the mobile broadband service market and the Asian market, while achieving a 7% or higher sales growth rate PQA Business <ul style="list-style-type: none"> ■ In the food and pharmaceuticals quality assurance field, focus on Asia and North America—areas expected to grow into large markets—and achieve a 7% or higher sales growth rate 	FY2017 Consolidated revenue of ¥120.0 billion and operating profit of ¥17.0 billion Test and Measurement Business <ul style="list-style-type: none"> ■ Capture global business opportunities through solutions with high added value and solidify our position as a global market leader ■ Customer-focus and business development through the strengthening of global management capabilities ■ Leverage Anritsu's strengths in technologies and customer base in integrated solutions for wireless, optics, and systems PQA Business <ul style="list-style-type: none"> ■ Expand overseas businesses ■ Develop markets in North America and Asia with X-ray inspection systems as a key solution 	FY2020 Consolidated revenue of ¥105.0 billion and operating profit of ¥14.5 billion Test and Measurement Business <ul style="list-style-type: none"> ■ Become the No. 1 Test and Measurement vendor ahead of competitors in 5G ■ Develop new profit bases in the IoT/automotive field, where growth is expected through the utilization of 5G ■ Create test solutions that support the expansion of cloud services PQA Business <ul style="list-style-type: none"> ■ Develop the advanced market in Europe and North America with X-ray inspection systems as a key solution ■ Accurately respond to market needs through localization and global business reform ■ Strengthen profitability through value-added solutions and expansion of global business
		Test and Measurement Business <ul style="list-style-type: none"> ■ As smartphones rapidly proliferate, they simultaneously rise in functions and spread as everyday devices; increasingly intense competition among smartphone players amid mergers and acquisitions, reorganization, and participant withdrawal. Japanese market contracts as other Asian players make gains. ■ Continuous evolution of mobile broadband. Anritsu seizes development demand by providing superior, cutting-edge solutions PQA Business <ul style="list-style-type: none"> ■ PQA Business reaches a 40% overseas sales ratio by strengthening local manufacturing and sales support 	Test and Measurement Business <ul style="list-style-type: none"> ■ Mobile test and measurement market sees a 40% slump (over the 2012 peak) amid structural changes in the smartphone market ■ Progress in standardization of 5G and concrete moves toward 5G commercialization with the release of new 5G products in February 2018 ■ Establishment of the Philippines Development Center and finalization of preparations for delivering high-cost-performance 5G support services PQA Business <ul style="list-style-type: none"> ■ Aggressive expansion in the PQA Business (launch of new X-ray inspection systems, strengthening of local manufacturing framework and sales support framework) leads to 1.4x revenue gain and 4.0x operating profit increase. 	Test and Measurement Business <ul style="list-style-type: none"> ■ And 2018, immediately after 3GPP established 5G standards, there was a sharp rise in demand for 5G chipset and smartphone development ■ In 2019, Intel's discontinuation of its 5G modems saw a slowing of the European market. However, development demand picked up in Asia when Chinese smartphone vendors overall shifted to developing smartphones in-house for the global market. ■ In 2020, the 5G development market lost steam once again due to the effects of COVID-19. The expansion of millimeter wave services in the U.S. was pushed back because of technical issues PQA Business <ul style="list-style-type: none"> ■ There has been a global trend towards investing in safety and security as well as improving productivity and reducing food waste, which are social issues (SDGs). However, such investing slowed in 2020 as certain customers grew more cautious about capital investment due to the effects of COVID-19.
Looking Back				
Results & Challenges		Plan FY2012: revenue of ¥94.5 billion, operating profit of ¥15.5 billion, operating profit margin of 16% FY2014: revenue of ¥110.0 billion, operating profit of ¥19.0 billion, operating profit margin of 17% Result FY2012: revenue of ¥94.7 billion, operating profit of ¥15.7 billion, operating profit margin of 17% FY2014: revenue of ¥98.8 billion, operating profit of ¥10.9 billion, operating profit margin of 11% Challenges <ul style="list-style-type: none"> ■ On-going "Growth & Global" improvements for the Anritsu Group ■ Optimal utilization of overseas business resources within the Group ■ Further improve our leading position in the mobile market ■ Setting Japan and North America Test and Measurement Business back on a growth trajectory ■ Developing new markets in China and India ■ Enhancement of management resources for achieving North American PQA market strategies ■ Profit improvement scenarios for the PQA Business 	Plan FY2015: revenue of ¥103.0 billion, operating profit of ¥11.0 billion, operating profit margin of 11% FY2017: revenue of ¥120.0 billion, operating profit of ¥17.0 billion, operating profit margin of 14% Result FY2015: revenue of ¥95.5 billion, operating profit of ¥5.9 billion, operating profit margin of 6% FY2017: revenue of ¥86.0 billion, operating profit of ¥4.9 billion, operating profit margin of 6% Challenges <ul style="list-style-type: none"> ■ Test and Measurement Business <ul style="list-style-type: none"> ■ Thorough implementation of the management restructuring program ■ Investment in 5G business ■ Establishment of a division focusing on the IoT business ■ Introduction of new optical and digital products in TTM ■ PQA Business <ul style="list-style-type: none"> ■ Active investments in cutting-edge technologies to overcome quality assurance issues ■ Development of new products that contribute to quality assurance ■ Strengthening relationships with global companies 	Plan FY2018: revenue of ¥92.0 billion, operating profit of ¥6.6 billion, operating profit margin of 7% FY2020: revenue of ¥105.0 billion, operating profit of ¥14.5 billion, operating profit margin of 14% Result FY2018: revenue of ¥99.7 billion, operating profit of ¥11.2 billion, operating profit margin of 11% FY2020: revenue of ¥105.9 billion, operating profit of ¥19.7 billion, operating profit margin of 19% Challenges <ul style="list-style-type: none"> ■ Test and Measurement Business <ul style="list-style-type: none"> ■ Business expansion in the 5G utilization field and in network infrastructure ■ Concentration on 5G and withdrawal from the wholesale/retail business ■ Expansion of investment in growth areas ■ PQA Business <ul style="list-style-type: none"> ■ Identification of changes in customer needs and provision of best solutions ■ Expansion of investment to acquire advanced technologies ■ Transformation into a global company ■ Entry into the pharmaceuticals market as a new business field

Management vision

Beyond testing, beyond limits, for a sustainable future together

Through further growth of four internal companies and Advanced Research Laboratory, we aim to become a ¥200 billion company achieving consistent profits by FY2030

GLP2023 (FY2021-2023)

- "3 years of growing towards 5G business peak" and "3 years of nurturing new business"
 - Make consistent earnings in the 5G measurement market
 - Increase growth investment and shareholder return as financial strategies
 - Focus on four priority areas: "EVs and battery measurement," "local 5G," "optical sensing," and "medical care and pharmaceuticals"

FY2023

Consolidated revenue of ¥140 billion, operating profit of ¥27 billion

Test and Measurement Business

Become a leading company supporting communications society built on 5G

- Increase the ratio of revenue from 5G utilization and network infrastructure markets
- Shift from simply providing products to providing solutions that give value
- Increase investment in growth areas (5G Advanced, self-driving vehicles, ORAN/IOWN)

PQA Business

Become our customers' most trusted, "First-to-Call" company for quality assurance with a view to achieving a sustainable future

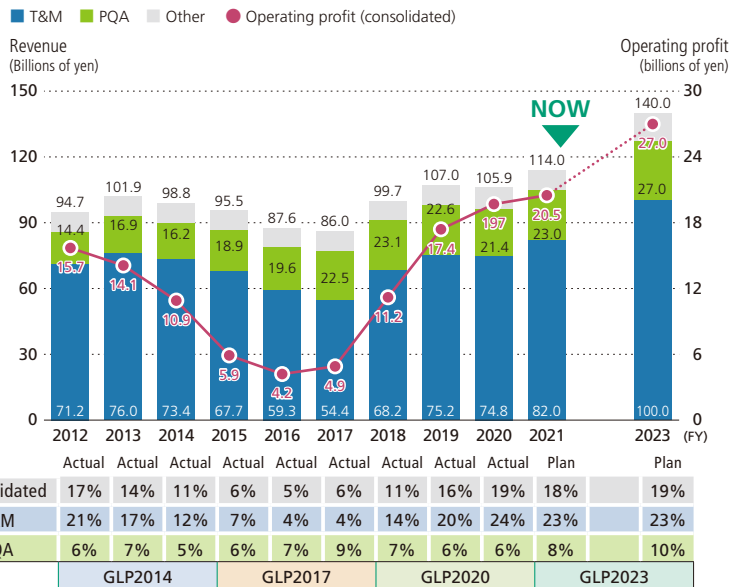
- Create solutions that eliminate our customers' key issues
- Accurately and promptly address local needs worldwide through localization
- Enhance X-ray inspection systems and expand investment for product development in the pharmaceuticals market

Planned Sales and Operating Profit

Indicator		FY2020	GLP2023	
			FY2021	FY2023
Revenue		¥105,9billion	¥114,0billion	¥140,0billion
Operating profit		¥19,7billion	¥20,5billion	¥27,0billion
Operating margin		19%	18%	19%
Profit		¥16,1billion	¥16,2billion	¥20,0billion
ROE		16%	14%	15%
T&M Business	Revenue	¥74,8billion	¥82,0billion	¥100,0billion
	Operating profit	¥17,7billion	¥18,5billion	¥23,0billion
	Operating margin	24%	23%	23%
PQA Business	Revenue	¥21,4billion	¥23,0billion	¥27,0billion
	Operating profit	¥1,3billion	¥1,8billion	¥2,7billion
	Operating margin	6%	8%	10%

(Reference) Expected exchange rates for GLP2023: 1 USD=105 yen, 1 euro=125 yen

Changes in Sales and Operating Profit



Operating margin	Actual											
	Consolidated	17%	14%	11%	6%	5%	6%	11%	16%	19%	18%	19%
	T&M	21%	17%	12%	7%	4%	4%	14%	20%	24%	23%	23%
	PQA	6%	7%	5%	6%	7%	9%	7%	6%	6%	8%	10%
	GLP Plans	GLP2014			GLP2017			GLP2020			GLP2023	

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

Goals and Initiatives

	Goals and initiatives	GLP2023: KPI
E Environment	Long-term plans and initiatives to reduce greenhouse gas emissions	<ul style="list-style-type: none"> Greenhouse gases (Scope 1+2): 23% reduction compared to FY2015 Greenhouse gases (Scope 3): 13% reduction compared to FY2018 ...30% reduction by FY2030
	Increase in the share of in-house power generation (PGRE 30)	<ul style="list-style-type: none"> In house power generation ratio: 13% or more (compared to FY2018 power consumption) ... To be increased to around 30% by 2030
S Social	Promoting diversity management	<ul style="list-style-type: none"> Advancement of women: A proportion of women in managerial positions of 15% or more Advancement of the elderly: Employment until the age of 70 and the establishment of a new compensation package Promote employment of physically challenged people: Achieve the legally mandated employment rate of 2.3% through job development
	Promoting global CSR procurement	<ul style="list-style-type: none"> Strengthening of supply chain due diligence: A cumulative total of 10 or more companies, over 3 years Developing awareness on CSR procurement to suppliers at least twice per year, and provide training at least once each year
G Governance	Improving global governance	<ul style="list-style-type: none"> Promoting the diversity of the Board of Directors, outside director ratio 50% or more
	Promoting the establishment of an internal control system at overseas subsidiaries	<ul style="list-style-type: none"> All overseas subsidiaries meet the criteria of Control Self Assessment (CSA)

*PGRE stands for Private Generation of Renewable Energy, and "30" refers to the 2030 PGRE target of approximately 30%.