

Financial Results for the 2nd quarter of the Fiscal Year ending March 31, 2021

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Director
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October 29th, 2020



MEMBERSHIP

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Anritsu
envision : ensure

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Factors which may affect the actual business results include but are not limited to the economic situation in the geographic areas in which Anritsu conducts business, including but not limited to, Japan, Americas, Asia, and Europe, changes in actual demand for Anritsu products and services, increases or decreases in the competitive nature of markets in which Anritsu sells products or buys supplies, changing aptitudes at providing services, and exchange rates.

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Agenda

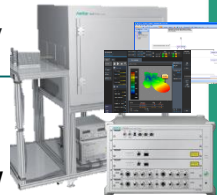
- I. Outline of our business segments
- II. Consolidated performance review of the 2nd quarter of the Fiscal Year ending March 31, 2021
- III. Outlook for full year of the Fiscal Year ending March 31, 2021(Consolidated)
- IV. 5G market trends and Anritsu initiatives

I . Outline of our business segments

T&M

Evolution and advances of networked society

- ▶ Mobile : 5G, LTE
- ▶ Network Infrastructure : Wired, Wireless NW
- ▶ Electronics : Electronics parts, Wireless Equipment



PQA

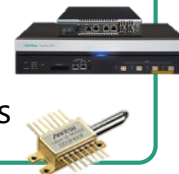
Food Safety and security

- ▶ X-ray inspection systems
- ▶ Metal Detector
- ▶ Checkweighers



Others

- ▶ IP network equipment
- ▶ Opt. devices



(Revenue by business segment)

107.0 Billion Yen consolidated revenue in FY2019

T&M 70%			PQA	Others
Mobile 56%	Network Infrastructure 25%	Electronics 19%	21%	9%

(Sales of T&M business by region in FY2019)

Japan 22%	Asia & Others 44%	Americas 22%	EMEA 12%
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T&M: Test & Measurement

PQA : Products Quality Assurance

Ⅱ -1. Consolidated performance - Financial results -

 Year-on-year growth in revenue and profit

Unit: Billion Yen

International Financial Reporting Standards (IFRS)	FY2019 (Apr. to Sep.)	FY2020 (Apr. to Sep.)	YoY	YoY (%)
Order Intake	53.6	54.0	0.4	1%
Revenue	49.8	52.2	2.4	5%
Operating profit (loss)	6.6	9.8	3.2	48%
Profit (loss) before tax	6.4	9.7	3.3	53%
Profit (loss)	4.7	7.1	2.4	51%
Comprehensive income	3.4	7.1	3.7	111%

Note : Numbers are rounded off to the first decimal place in each column.

Ⅱ -2. Consolidated performance - Results by business segment -

 T&M: Revenue and profit increased thanks to 5G commercialization and steady demand for data centers

PQA: Profit increased while revenue decreased due to the impact of COVID-19

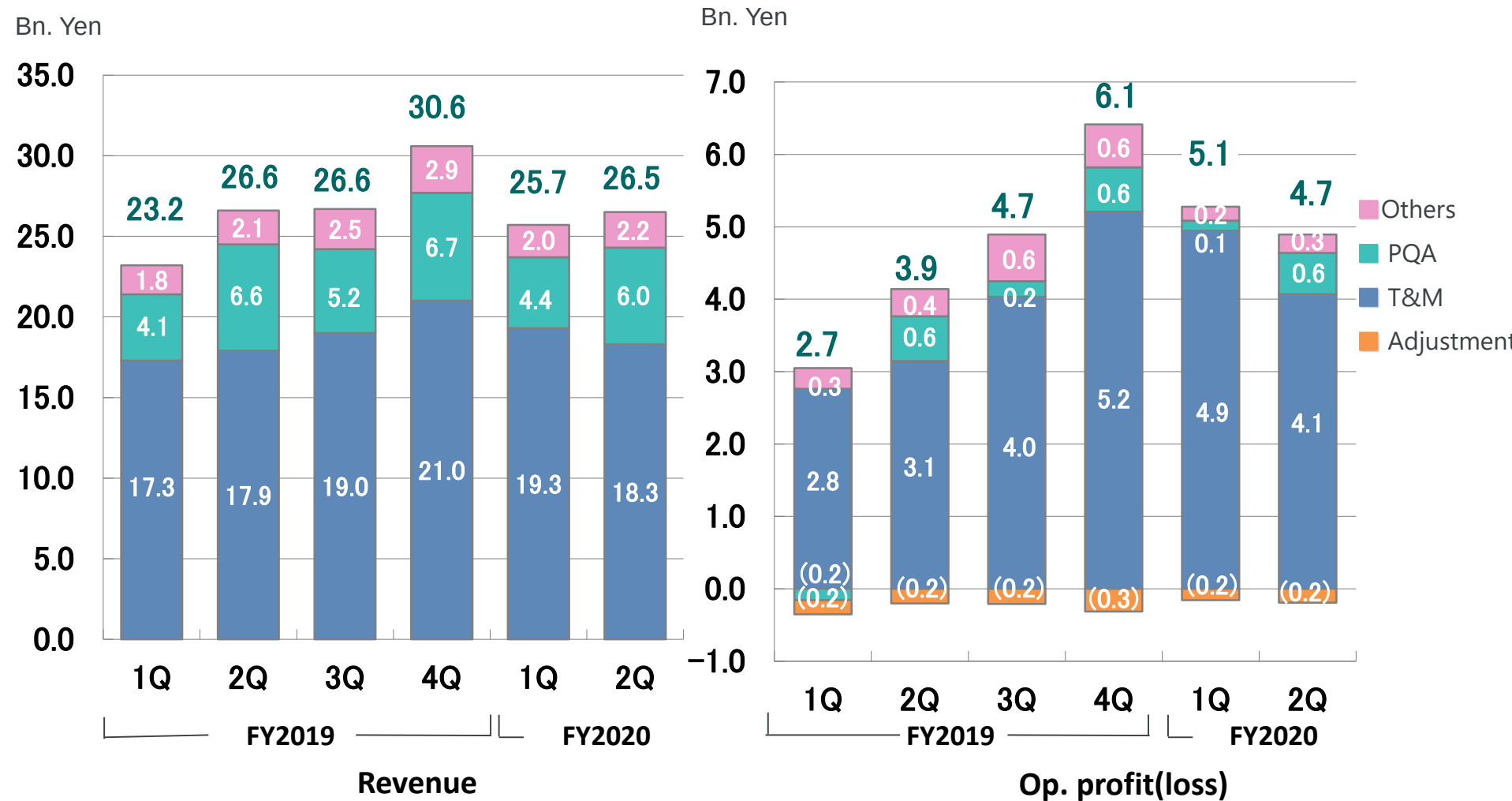
Unit: Billion Yen

		FY2019 (Apr. to Sep.)	FY2020 (Apr. to Sep.)	YoY	YoY (%)
T&M	Revenue	35.2	37.5	2.3	7%
	Op. profit (loss)	5.9	9.0	3.1	52%
PQA	Revenue	10.7	10.4	(0.3)	-3%
	Op. profit (loss)	0.5	0.7	0.2	53%
Others	Revenue	3.9	4.3	0.4	8%
	Op. profit (loss)	0.7	0.5	(0.2)	-21%
Adjustment	Op. profit (loss)	(0.4)	(0.4)	0.0	-
Total	Revenue	49.8	52.2	2.4	5%
	Op. profit (loss)	6.6	9.8	3.2	48%

Note1 : Numbers are rounded off to the first decimal place in each column. T&M: Test & Measurement PQA : Products Quality Assurance
 Note2 : Adjustment includes elimination of inter-segment transactions and non distributed company-wide expenses of each business segment.

Ⅱ -3. Consolidated performance - Revenue and Op. profit by quarters -

➡ 2Q(Jul.-Sep.) Operating margin : Consolidated 18%, T&M 22 % ,PQA 10%



Note : Numbers are rounded off to the first decimal place in each column.

II -4. Overview of operations by business segment

Segment FY2020 (April to September)

 **T&M:** Steady progress for both 5G commercialization schedule and development of high-speed data centers

Mobile	5G development demand remains steady
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Network Infrastructure	Increased investment in data centers, etc.
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Asia & Others/Japan	Expansion in investment aimed at 5G commercialization
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Americas	Greater focus on 5G service area expansion
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 **PQA:** In the food market, uncertainty about the future due to the spread of the COVID-19 caused some customers to take a cautious approach to capital expenditures.

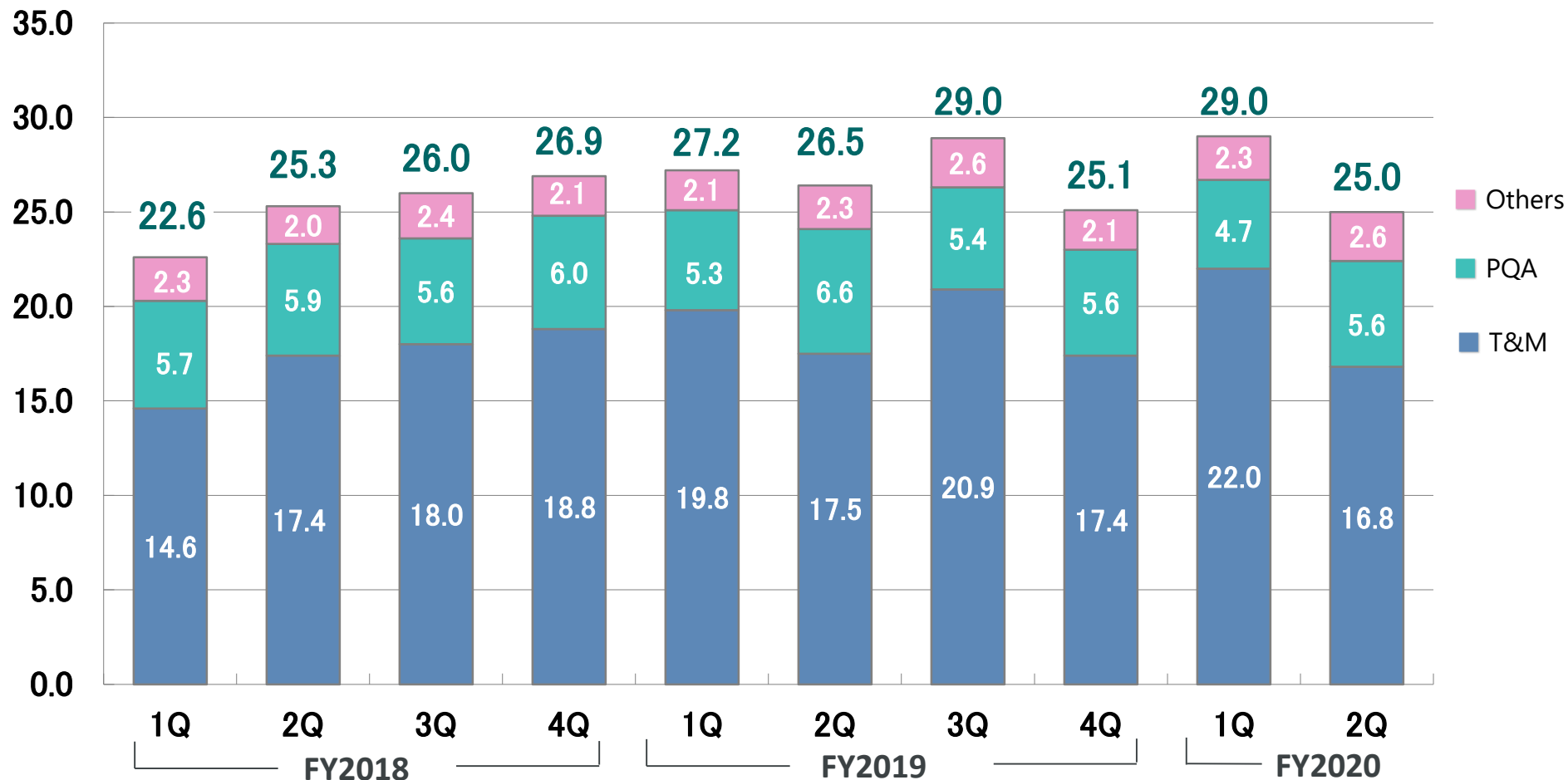
T&M: Test & Measurement PQA : Products Quality Assurance

Ⅱ -5. Transition of Order Intake

➡ T&M : 4% decrease year on year

PQA : 15% decrease year on year

Bn. Yen

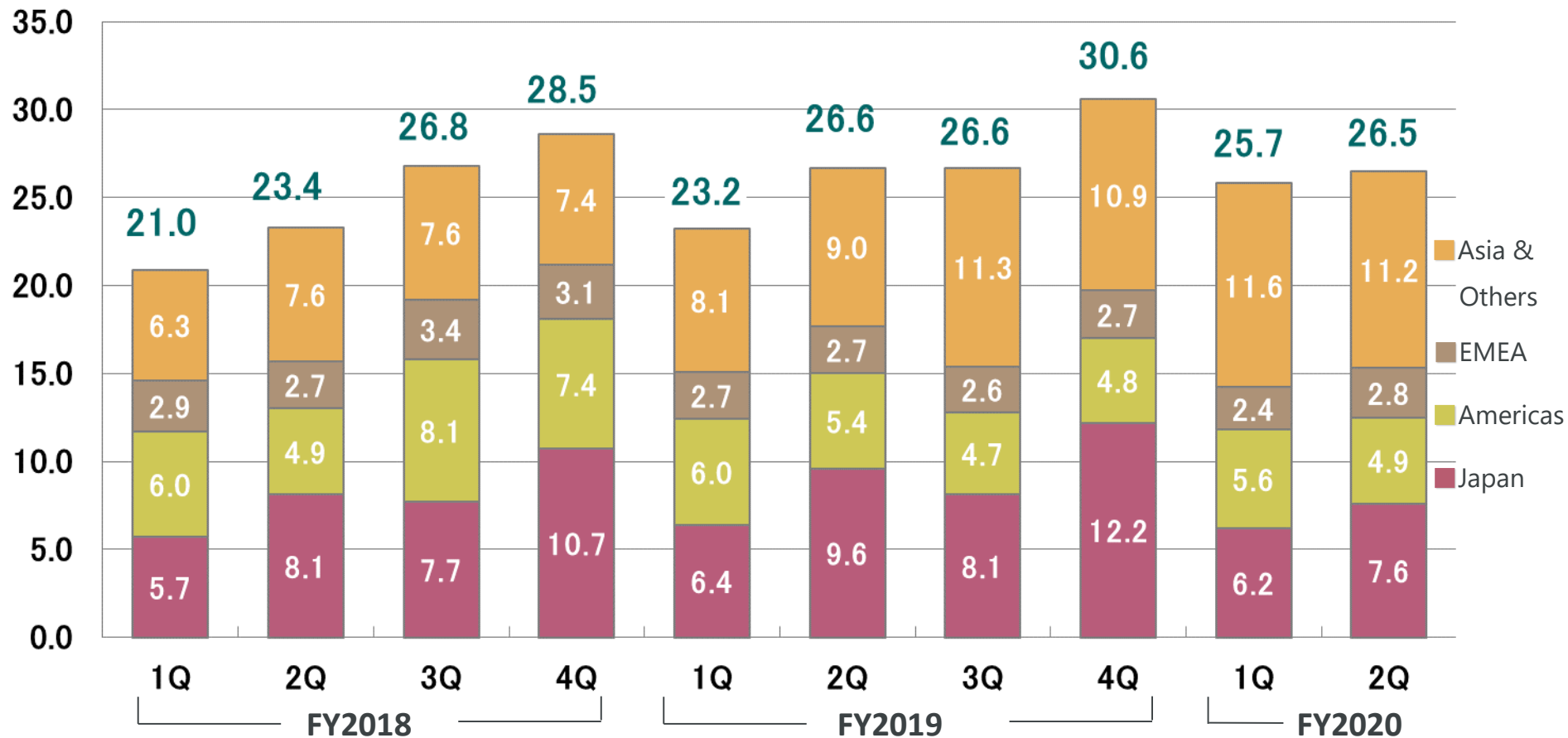


Note : Numbers are rounded off to the first decimal place in each column.

Ⅱ -6. Transition of Revenue by Region

➡ 5G commercialization and steady demand for data centers in Asia

Bn. Yen



Note : Numbers are rounded off to the first decimal place in each column.

II -7. Cash Flow

 **Operating cash flow margin ratio was 25.6%**

FY2020 2Q

Operating CF : 13.4 Bn. Yen

Investing CF : (2.5) Bn. Yen

Financing CF : (11.2) Bn. Yen

Free Cash Flow

Op. CF + Inv. CF : 10.8 Bn. Yen

Cash at the end of period

47.2 Bn. Yen

Interest-bearing debt

6.6 Bn. Yen

Details

Unit : Billion Yen

Others 2.2*		
Accounts receivable 4.9		
	Depreciation and amortization 2.5	
Profit(loss) before tax 9.7		
Inventory (1.7)	Capex (1.4)	Redemption of corporate bonds (8.0)
Tax (3.0)	Others (1.1)	
Accounts payable (1.2)		Dividend (2.7)
		Others (0.5)

* Other main items: Advances received, etc.

Op. CF 13.4

Inv. CF (2.5)

Fin. CF (11.2)

Note : Numbers are rounded off to the first decimal place in each column.

Ⅲ. Forecast for full year of FY2020 (Consolidated)

 No Change since April 27th disclosure

Unit: Billion Yen

		FY2019	FY2020		
		Actual	Forecast	YoY	YoY(%)
Revenue		107.0	110.0	3.0	3%
Operating profit (loss)		17.4	17.5	0.1	0%
Profit (loss) before tax		17.2	17.5	0.3	2%
Profit (loss)		13.4	13.5	0.1	1%
T&M	Revenue	75.2	77.0	1.8	2%
	Op. profit (loss)	15.1	15.5	0.4	2%
PQA	Revenue	22.6	24.0	1.4	6%
	Op. profit (loss)	1.3	1.8	0.5	40%
Others	Revenue	9.3	9.0	(0.3)	-3%
	Op. profit (loss)	1.9	1.2	(0.7)	-37%
Adjustment	Op. profit (loss)	(0.9)	(1.0)	(0.1)	-

Note : Numbers are rounded off to the first decimal place in each column.

Reference : Exchange rate : FY2019 (Actual) 1USD=109yen, 1EURO=121 yen
FY2020 (Forecast) 1USD=105 yen, 1EURO=120yen

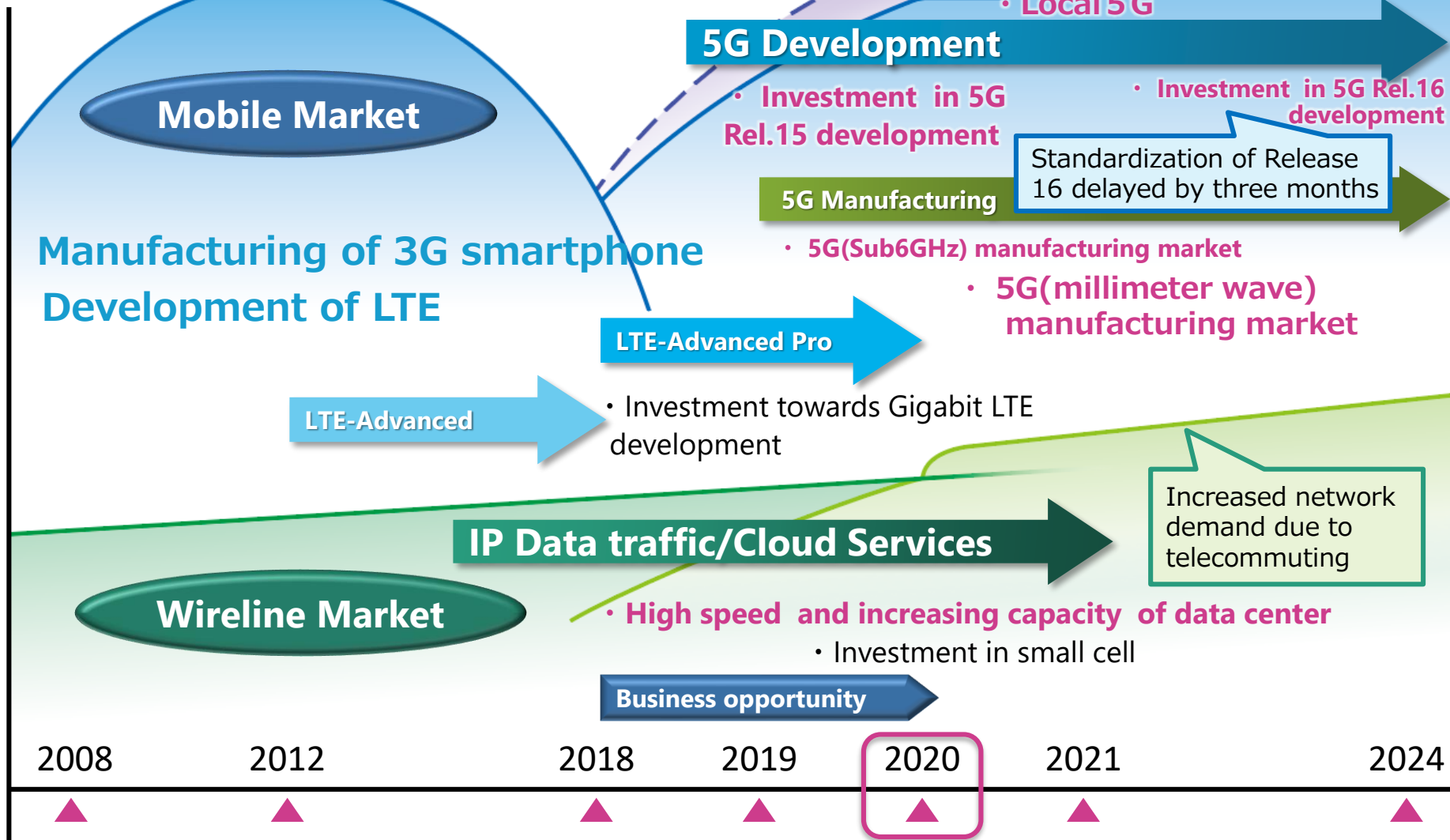
IV. 5G market trends and Anritsu initiatives

Hirokazu Hamada

Representative Director, President,
Group CEO,
Anritsu Corporation

IV-1. T&M market trends and business opportunity

Market size



IV-2. Current Worldwide 5G Situations

*Source: Prepared by the Company based on publicly available information

- China's lead has become clear
- 5G in European market has the possibility of decelerating due to influence of US-China trade conflict
- 5G in Korea has the possibility of stalling due to technical hurdles of millimeter wave applications
- US is catching up by changing policy to pursue sub-6GHz

As of October 2020



Europe

- ➖ Concern for deceleration of 5G introduction for increased burden on operators due to the movements to remove Huawei by countries such as UK and France.
- Europe Committee is encouraging early introduction of 5G services



Korea

- ➖ Despite the large number of 5G subscribers of 6.8 million, customers are dissatisfied due to poor connectivity and low price-effective services
- ➖ Planned introduction of millimeter wave services within 2020 has been postponed



China

- ➕ 5G subscribers already exceed 100 million.
- ➕ 410 thousand 5G base stations
- ➕ 62% of new terminal devices sold in July were 5G capable
- ➕ 75% of 5G Smartphones worldwide today are made by Chinese manufacturers



US

- ➖ Slow subscriber growth for 5G millimeter services of VzW
- ➕ TMO is leaping forward with rapid increase of 5G sub-6GHz subscribers ⇒ VzW and AT&T are changing policies to focus on sub-6GHz
- ➕ US Government is releasing 3.4-3.5GHz following 3.5-3.6G
- ➕ iPhone 12 released



India/South East Asia/Oceania

- 5G services have been started in Australia, Thailand, Philippines
- ➖ India has determined to remove of Huawei and ZTE
- Full-scale spread of 5G is predicted to be after 2022



Japan

- 330 thousand of 5G subscribers (as of end of June)
- MIC* has moved 5G base station installation plan forward
- NTT Docomo aims to have 2.5 million subscribers by March 2021 (SoftBank aims 1.8 million by 2023)
- Each operator plan on introduction of SA** services in 2021
- NTT announced to make NTT DoCoMo its wholly owned subsidiary

*MIC: Ministry of Internal Affairs and Communications

**SA: 5G Stand Alone

IV-3. Digest of Rel-16 & Rel-17

*Source: Prepared by the Company based on publicly available information



CY2018

CY2019

CY2020

CY2021

Release15

Release16

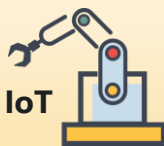
Release17



Extreme Mobile Broadband

Ecosystem Growth

Industrial IoT



- 5G system resilience (securing multiple paths by CoMP, multi-TRP, etc.)
- **NR-U**: Use of unlicensed spectrum (5GHz band, 6GHz band)
- Local 5G (introduction of non-public network system)

Automobile, etc.



- Enhancement of URLLC
- Support of time synchronization for TSN★
- High-precision positioning function (within several meters)

- **5G V2X**: Enhancement of C-V2X

- **"NR-Light"** for Industrial IoT (for MTC; monitoring cameras and wearable devices, etc.)
- NR-U of 60GHz band

- High-precision positioning function (within several decimeters)

- **Sidelink Communication** enhance (inter-device communication without BS)
- Multi cast for V2X
- Non-terrestrial networks (satellite, etc.)

Broadband enhancement

Network deployment



- **IAB**: Integrated Access and Backhaul (mmWave using inter-BS communication)
- Wireless-wireline convergence

- Use of frequencies exceeding 52.6GHz (extension to 71GHz)
- Network slicing enhancement
- Network automation enhancement

Device enhancement



- Device power saving
- Enhancement of Massive MIMO (multi-user MIMO)

- Further device power saving
- Further enhanced MIMO
- Multiple USIMs
- Cloud gaming QoS

NR-U: NR-Unlicensed

★TSN (Time Sensitive Networking) : A standard originally used for networks that guarantees synchronization of time and real-time performance in Ethernet communications.

IV-4. Local 5G

Local 5G has been newly introduced in Japan and is expected to be introduced overseas as an advanced form of private LTE.



AGV: Automatic (Automated) guided Vehicle

Source: Local 5G Review Working Group Report Draft, Land Mobile Communications Division, Telecommunications Bureau, Radio Department, Ministry of Internal Affairs and Communications

IV-5. Application of Local 5G in Anritsu Products

Latency measurements in remote operations

Measurement of **latency** in remote operation of robots



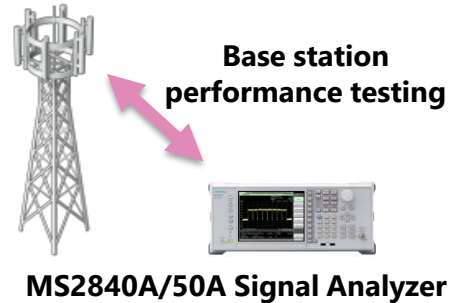
MT1000A Network Master Pro

Base station performance testing and communication area measurements

Measurement of electric field strength in the communication area



ML8780A/81A Area Tester



MS2840A/50A Signal Analyzer

Measurement of cellular interference

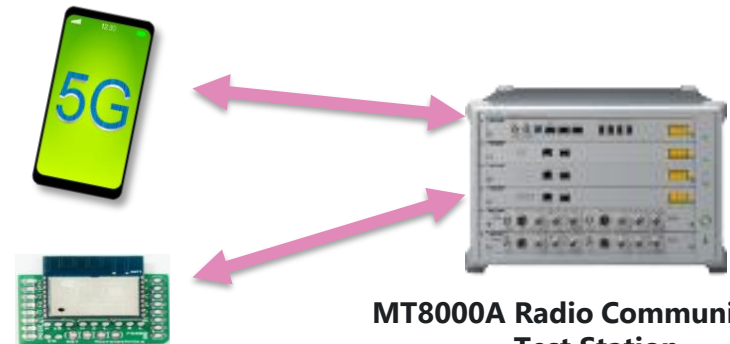
Measurement of cellular interference due to overlapping local 5G areas



MS2090A Field Master Pro

Device and sensor module performance testing

Testing of device and sensor module radio characteristics and protocol



MT8000A Radio Communication Test Station

