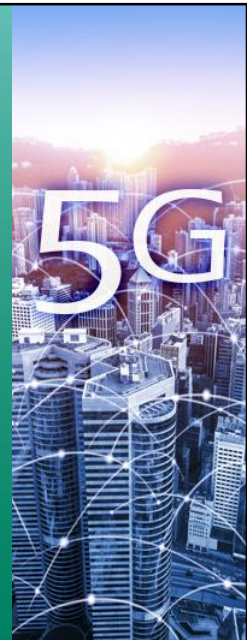


Financial Results for the 2nd quarter of the Fiscal Year ending March 31, 2021

Akifumi Kubota

Director
Executive Vice President
CFO
Anritsu Corporation

October 29th, 2020



MEMBERSHIP

TSE cord : 6754
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Anritsu
envision : ensure

(No notes here)

Cautionary Statement

All information contained in this release which pertains to the current plans, estimates, strategies and beliefs of Anritsu Corporation (hereafter "Anritsu") that is not historical fact shall be considered forward-looking statements of future business results or other forward-looking projections pertinent to the business of Anritsu. Implicit in reliance on these and all future projections is the unavoidable risk, caused by the existence of uncertainties about future events, that any and all suggested projections may not, come to pass. Forward-looking statements include but are not limited to those using words such as "believe", "expect", "plans", "strategy", "prospects", "forecast", "estimate", "project", "anticipate", "may" or "might" and words of similar meaning in connection with a discussion of future operations or financial performance.

Actual business results are the outcome of a number of unknown variables and may substantially differ from the figures projected herein.

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.

You also should not place reliance on any obligation of Anritsu to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Anritsu disclaims any such obligation.

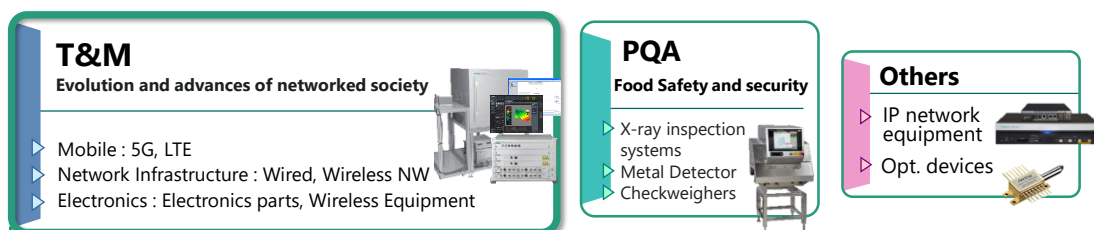
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Agenda

- 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

(No notes here)

I . Outline of our business segments



(Revenue by business segment)
107.0 Billion Yen consolidated revenue in FY2019

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

(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

(Revenue by business segment) FY2020 (Six Months Ended September 30, 2020)

T&M : 72%			PQA	Others
Mobile	Network Infrastructure	Electronics		
58%	27%	15%	20%	8%

(Sales of T&M business by region) FY2020 (Six Months Ended September 30, 2020)

Japan	Asia & Others	Americas	EMEA
15%	52%	21%	12%

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.

The Group's consolidated order intake increased by 1% year on year to 54.0 billion yen and revenue increased by 5% year on year to 52.2 billion yen. Operating profit increased by 48% year on year to 9.8 billion yen. Profit increased by 51% year on year to 7.1 billion yen. Comprehensive income is 7.1 billion yen.

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

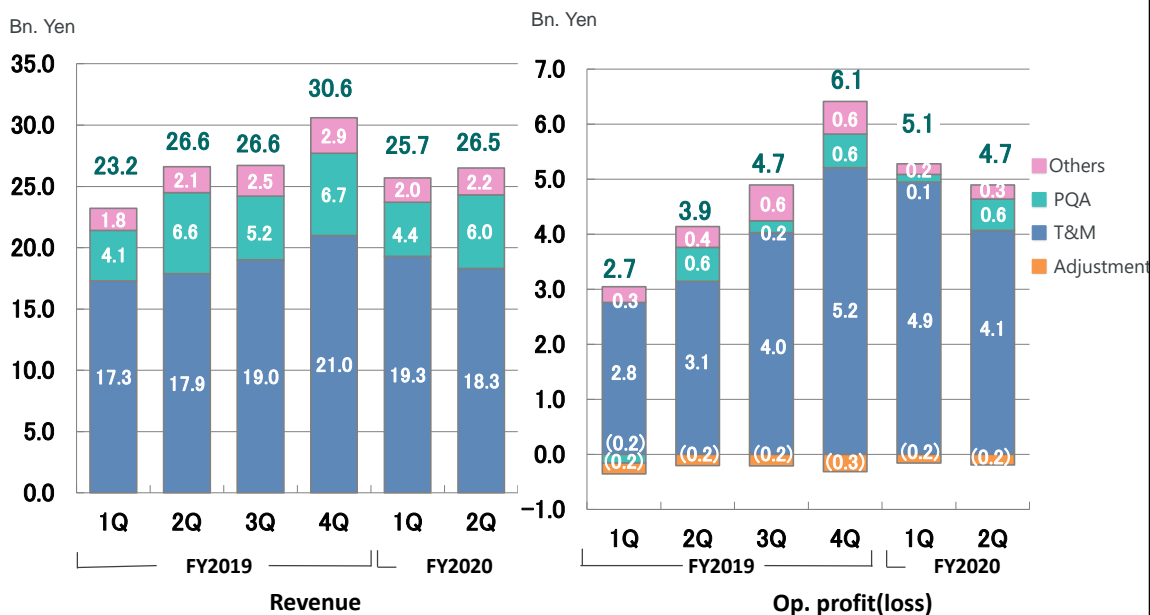
Note2 : Adjustment includes elimination of inter-segment transactions and non distributed company-wide expenses of each business segment.

In the T&M business, 5G commercialization and data center-related demand led to increases in both revenue and profit year on year, with revenue increasing by 7% to 37.5 billion yen and operating profit increasing by 52% to 9 billion yen (operating margin of 24.0%).

In the PQA business, during the second-quarter of the fiscal year ending March 31, 2021, uncertainty about the future due to the spread of the COVID-19 caused some customers to take a cautious approach to capital expenditures, revenue decreased by 3% to 10.4 billion yen. However, operating profit increased 53% year-on-year to 0.7 billion yen (operating margin of 6.8%), as a result of efforts to reduce selling, general and administrative expenses, such as promoting improvements in operational efficiency.

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



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



The operating profit and the operating margin for consolidated and each business segment for 2Q are as follows:

Consolidated	: 4.7 billion yen (Operating margin : 17.9%)
T&M	: 4.1 billion yen (Operating margin : 22.2%)
PQA	: 0.6 billion yen (Operating margin : 9.5%)


II -4. Overview of operations by business segment

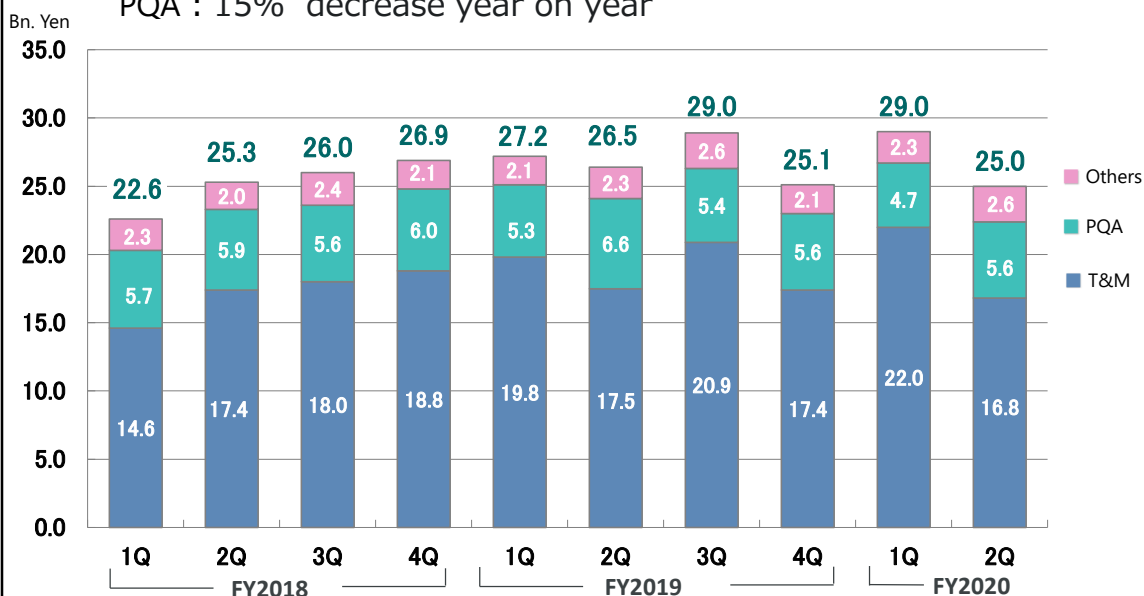
Segment FY2020 (April to September)	
 T&M: Steady progress for both 5G commercialization schedule and development of high-speed data centers	
Mobile	5G development demand remains steady
Network Infrastructure	Increased investment in data centers, etc.
Asia & Others/Japan	Expansion in investment aimed at 5G commercialization
Americas	Greater focus on 5G service area expansion
 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

(No notes here)

II -5. Transition of Order Intake

 T&M : 4% decrease year on year
 PQA : 15% decrease year on year



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

In the second quarter, order intake for the T&M business decreased year-on-year by 0.7 billion yen (4%) and remained at 16.8 billion yen, even amid the economic environment during the spread of COVID-19.

In the second quarter, order intake for the PQA business decreased year-on-year by 1.0 billion yen (15%) to 5.6 billion yen, as uncertainty about the future due to the spread of the COVID-19 caused some customers to take a cautious approach to capital expenditures.

The order backlog for the entire Group was 23.6 billion yen (7% year-on-year decrease) and 16.5 billion yen (6% year-on-year decrease) for the T&M business and 4.9 billion yen (16% year-on-year decrease) for the PQA business.

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.

(No notes here)

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)	
		Dividend (2.7)
↑Accounts payable (1.2)		↑Others (0.5)


* Other main items: Advances received, etc.

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

Op. CF 13.4 Inv. CF (2.5) Fin. CF (11.2)

The operating cash flow was inflow of 13.4 billion yen.
The investing cash flow was outflow of 2.5 billion yen.
As a result, the free cash flow amounted to an inflow of 10.8 billion yen.
The financial cash flow was outflow of 11.2 billion yen.
The main outflows were redemption of corporate bonds of 8 billion yen and dividends paid of 2.7 billion yen (Dividend per share: Fiscal year end dividend: 20 yen).
Consequently, the balance of cash equivalents at the end of the period decreased by 0.4 billion yen from the beginning of the fiscal year to 47.2 billion yen.

Ⅲ. Forecast for full year of FY2021 (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

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Financial Results FY2020Q2
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Anritsu Group has not changed the performance forecasts announced on April 27, 2020.

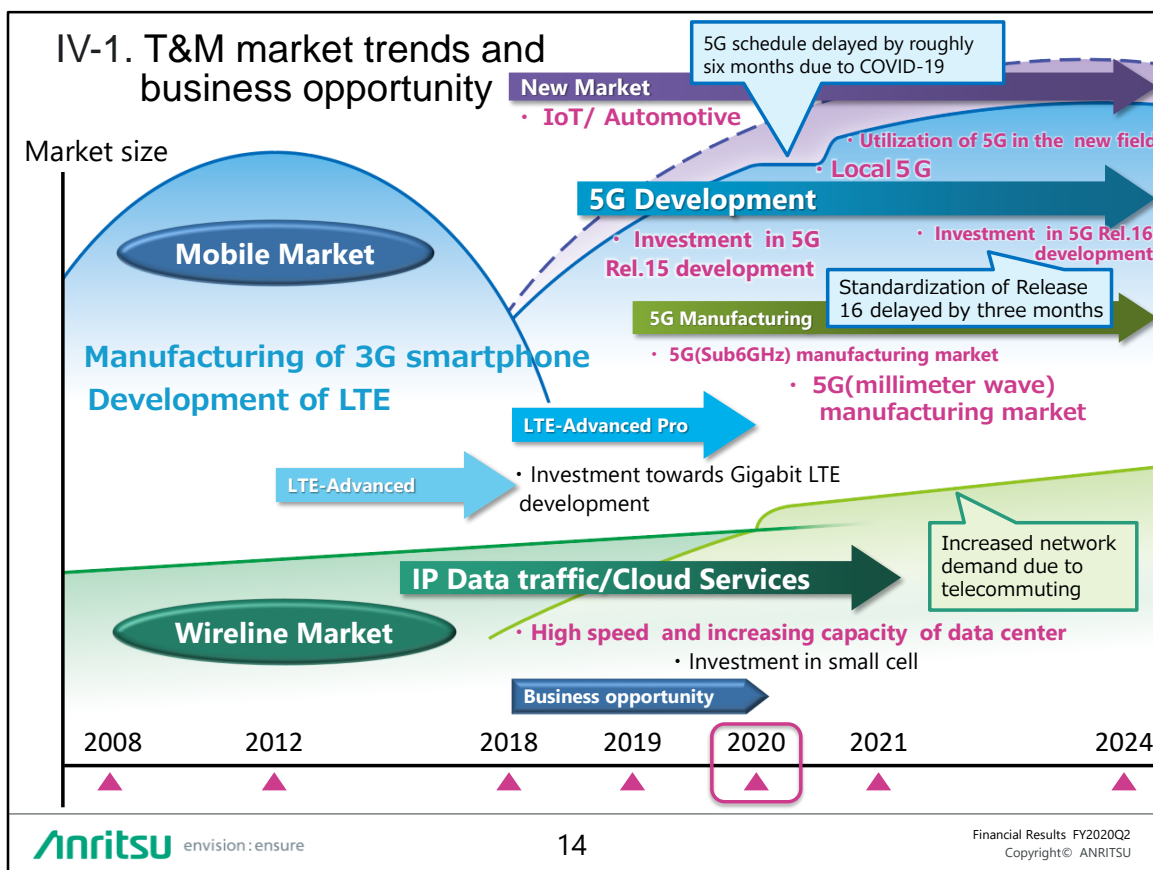
With the timing of the end of COVID-19 pandemic still unclear, various efforts are being made to prevent the spread of the virus and to balance social and economic activities. Anritsu Group will continue striving to minimize the impact on its business by implementing measures to prevent infections and addressing the new normal.

The forecast about the second half of the fiscal year assumes that spread of COVID-19 will slow down. The situation of the spread of COVID-19 infection and the time of convergence could have additional impact on Anritsu Group's performance, including a further prolongation of the slump in economic activity. The Company will swiftly publish information when it is expected material impacts that should be disclosed.

IV. 5G market trends and Anritsu initiatives

Hirokazu Hamada
Representative Director, President,
Group CEO,
Anritsu Corporation

(No notes here)



The impact of COVID-19 has led to a slowdown in economic activity in many countries.

The mobile measurement market is no exception: the rollout of 5G service is slowing down in many regions.

We expect that even in these regions, as the spread of COVID-19 levels off, the rollout of 5G service and network expansion will resume and then accelerate to make up for the slowdown.

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

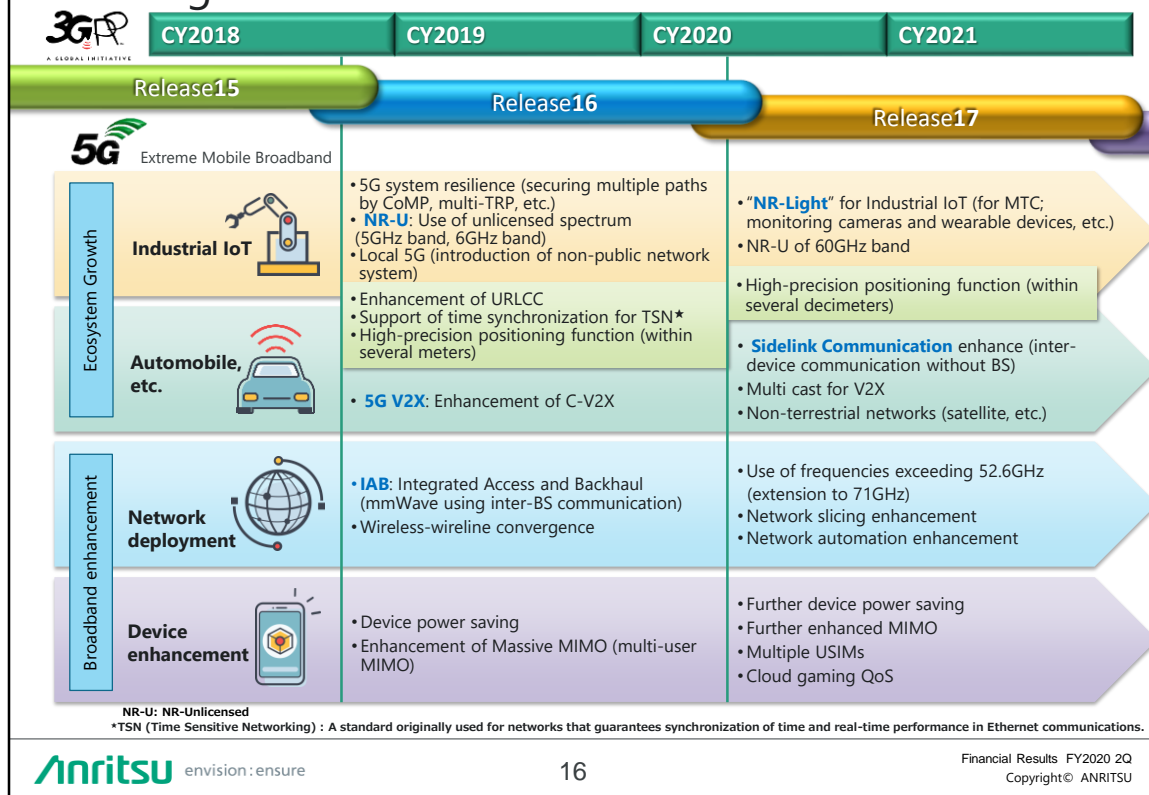
- 330 thousand of 5G subscribers (as of end of June)
- MIC* has moved 5G base station installation plan forward
- NTT Docomo aims to have 2.5 million subscribers by March 2021 (SoftBank aims 1.8 million by 2023)
- Each operator plan on introduction of SA** services in 2021
- NTT announced to make NTT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

*MIC: Ministry of Internal Affairs and Communications
**SA: 5G Stand Alone

(No notes here)

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

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



This section describes the features of Release 16 and Release 17.

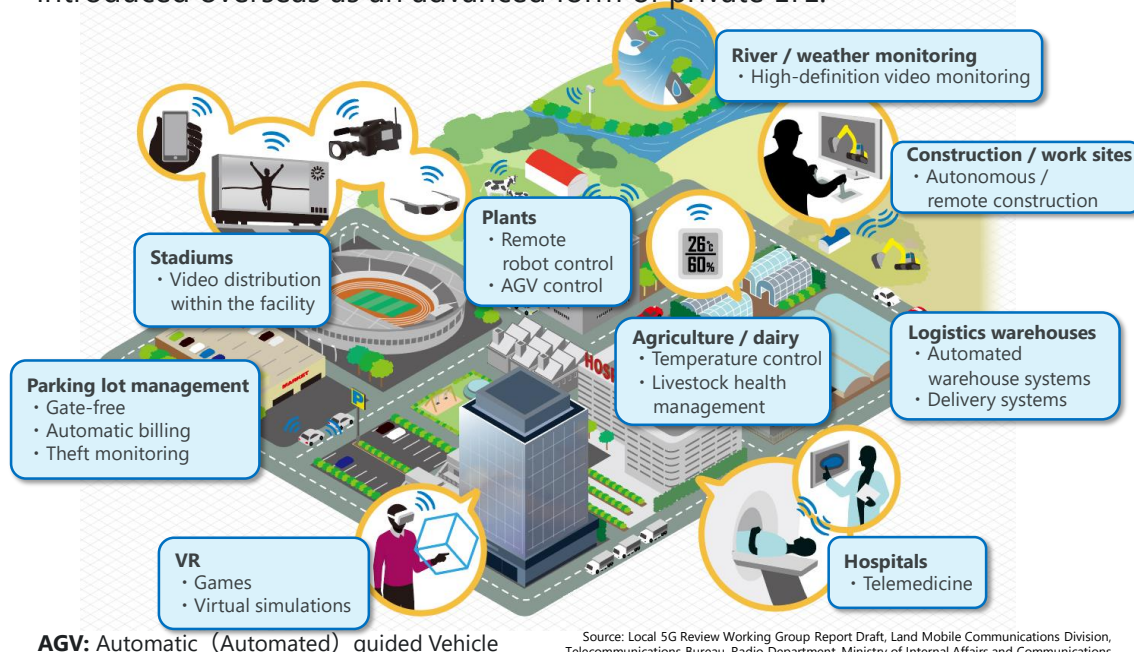
In Release 15, which is currently in service, the use of sub-6 GHz and millimeter wave bands were specified as the base frequency band, and specifications were formulated for high-speed communication.

In Release 16, features and systems were incorporated to encourage usage in industrial IoT (IIoT). In addition to public networks that cover a wide range of regions, the release includes specifications for the creation of closed, non-public networks (NPNs) for specific facilities or areas, such as factories or warehouses, specifications for operating in unlicensed frequency bands, as well as specifications for time synchronization and high-precision positioning for real-time control of objects in such areas, and specifications for low-latency to enable these functions. In addition, the release includes specifications for the Integrated Access and Backhaul to support the network structure and the convergence of wireless and wireline networks, and incorporates features for saving power on devices.

Release 17, which is scheduled to be standardized in 2022, aims to include “NR-Light” specifications for small-scale industrial IoT applications as well as accompanying features such as further enhancement of high-precision positioning functions, strengthened sidelink communications and multicasting functions for V2X. In addition, enhancements of network slicing and network automation will be deployed as part of the network structure, and an enhancement of power conservation for devices is being studied.

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.



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

Local 5G is the system established by Ministry of Internal Affairs and Communications (MIC) of Japan that build communication environment utilizing the non-public networks (NPN) introduced in 3GPP Release 16. Similar communication environments were seen overseas in the 4G era as private LTE, and those are now expected to evolve to be private 5G as Release 16 is introduced. With the Release 16, the features such as low latency, time synchronization, high-precision positioning, as well as functions that enable low power consumption are added as functional requirements of industrial IoT (IIoT) so that it is expected to be used as a framework in a wide range of fields, such as factories.

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

Latency measurements in remote operations

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



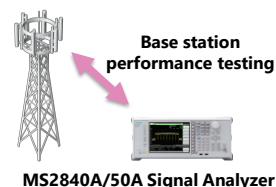
MT1000A Network Master Pro

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

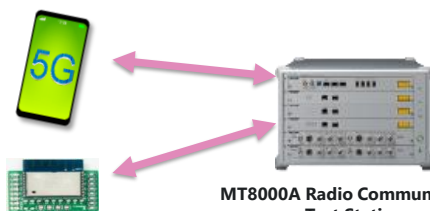
Measurement of cellular interference due to overlapping local 5G areas



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

Anritsu will contribute to local 5G verification, introduction, and dissemination through measurement.

- Network latency measurement: Measurement of latency between a remotely operated device such as a robot, drone, car, or heavy machinery, and the control terminal
- Measurement of the electric field intensity of radio waves from base stations: Measurement of the electric field intensity of radio waves from base stations to verify the communication area
- Measurement of cellular interference: Measurement of cellular interference between base stations and interference due to terrain, for base station layout optimization and area design
- Performance testing for base stations and devices: Wireless performance and protocol testing of IoT devices such as local 5G devices and sensor modules, and wireless performance testing of base stations



(No notes here)