

Financial Results for the 3rd quarter of the Fiscal Year ending March 31, 2021

Akifumi Kubota

Director
Executive Vice President
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MEMBERSHIP

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Anritsu
envision : ensure

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.

Agenda

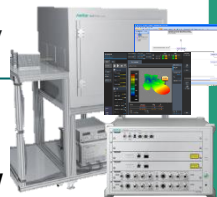
- I. Outline of our business segments
- II. Consolidated performance review of the 3rd quarter of the Fiscal Year ending March 31, 2021
- III. Outlook for full year of the Fiscal Year ending March 31, 2021(Consolidated)
- IV. Anritsu initiatives

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

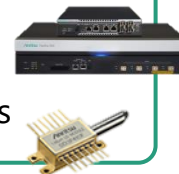
Food Safety and security

- ▶ 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 Dec.)	FY2020 (Apr. to Dec.)	YoY	YoY (%)
Order Intake	82.6	79.8	(2.8)	-3%
Revenue	76.4	76.6	0.2	0%
Operating profit (loss)	11.3	14.1	2.8	24%
Profit (loss) before tax	11.2	13.9	2.7	24%
Profit (loss)	8.3	10.5	2.2	26%
Comprehensive income	7.9	10.5	2.6	32%

Note : Numbers for FY2019 and FY2020 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

International Financial Reporting Standards (IFRS)		FY2019 (Apr. to Dec.)	FY2020 (Apr. to Dec.)	YoY	YoY (%)
T&M	Revenue	54.2	54.4	0.2	0%
	Op. profit (loss)	9.9	12.5	2.6	26%
PQA	Revenue	15.9	15.3	(0.6)	-3%
	Op. profit (loss)	0.7	1.0	0.3	45%
Others	Revenue	6.4	6.8	0.4	6%
	Op. profit (loss)	1.3	1.1	(0.2)	-15%
Adjustment	Op. profit (loss)	(0.6)	(0.6)	0.0	-
Total	Revenue	76.4	76.6	0.2	0%
	Op. profit (loss)	11.3	14.1	2.8	24%

Note1 : Numbers for FY2019 and FY2020 are rounded off to the first decimal place in each column.

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

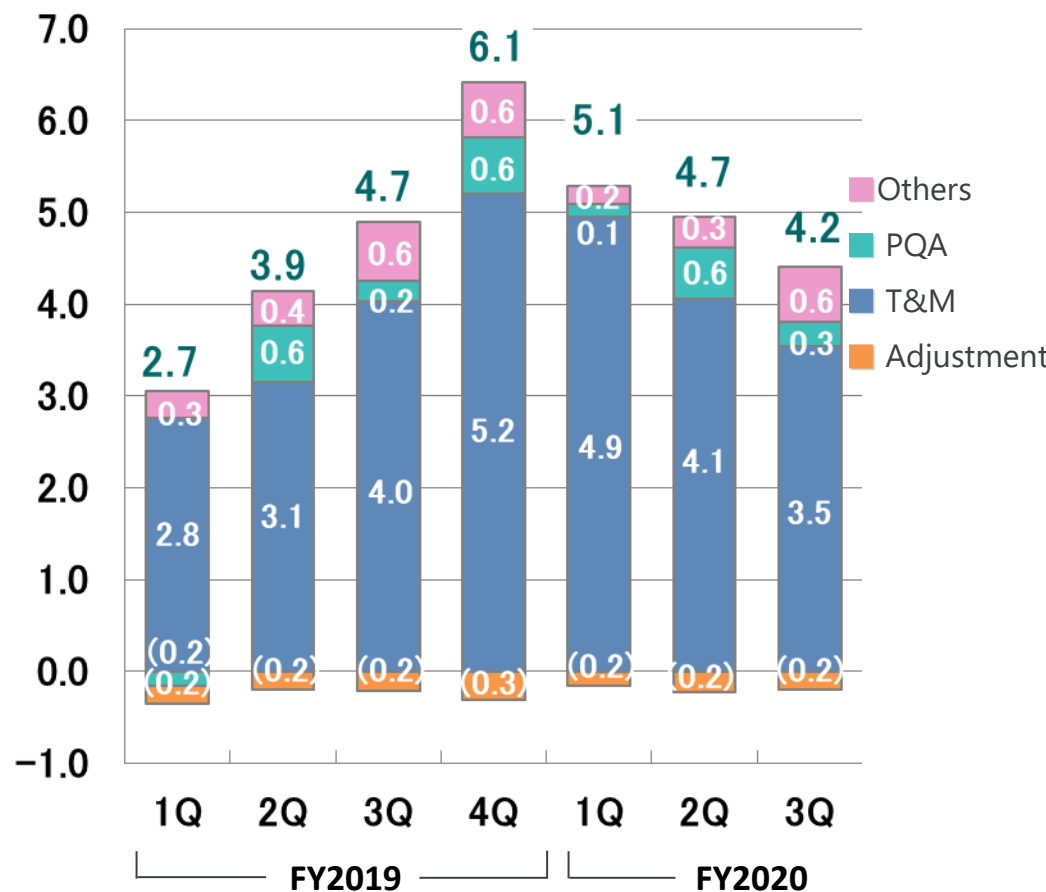
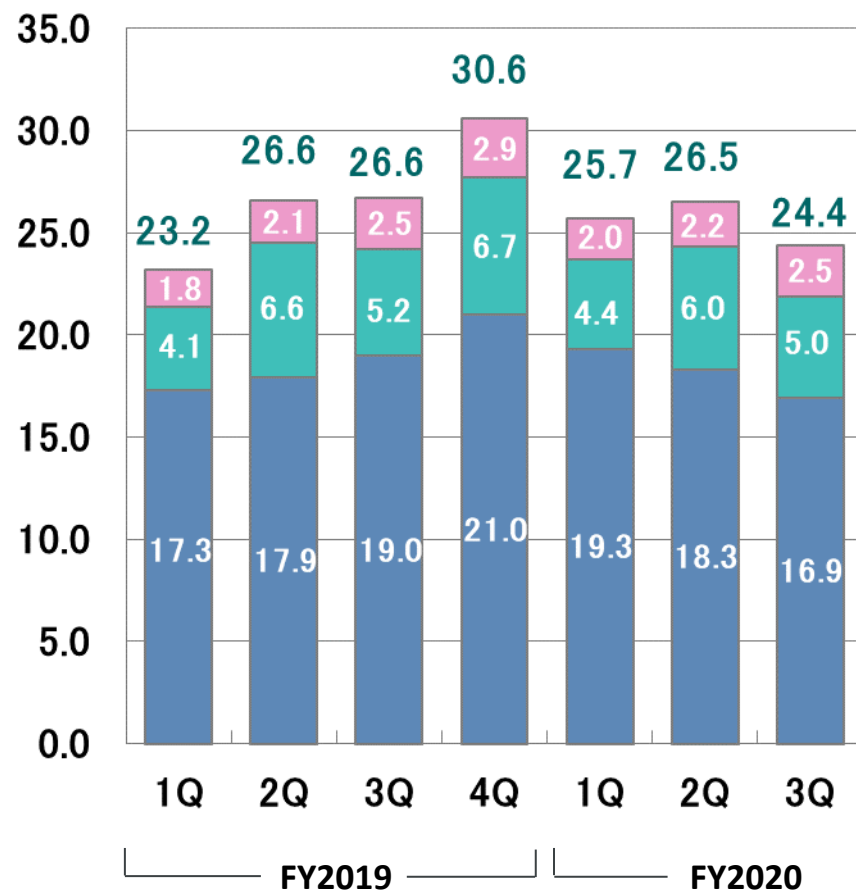
Note2 : Adjustment includes elimination of inter-segment transactions and non distributed company-wide expenses of each business segment.

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

➡ 3Q(Oct.-Dec.) Operating margin : Consolidated 17%, T&M 21%, PQA 5%

Bn. Yen



Bn. Yen



Op. profit(loss)

Note : Numbers in the graphs are rounded off to the first decimal Place.

II -4. Overview of operations by business segment

Segment FY2020 (April to December)	
 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

Ⅱ -5. Transition of Order Intake

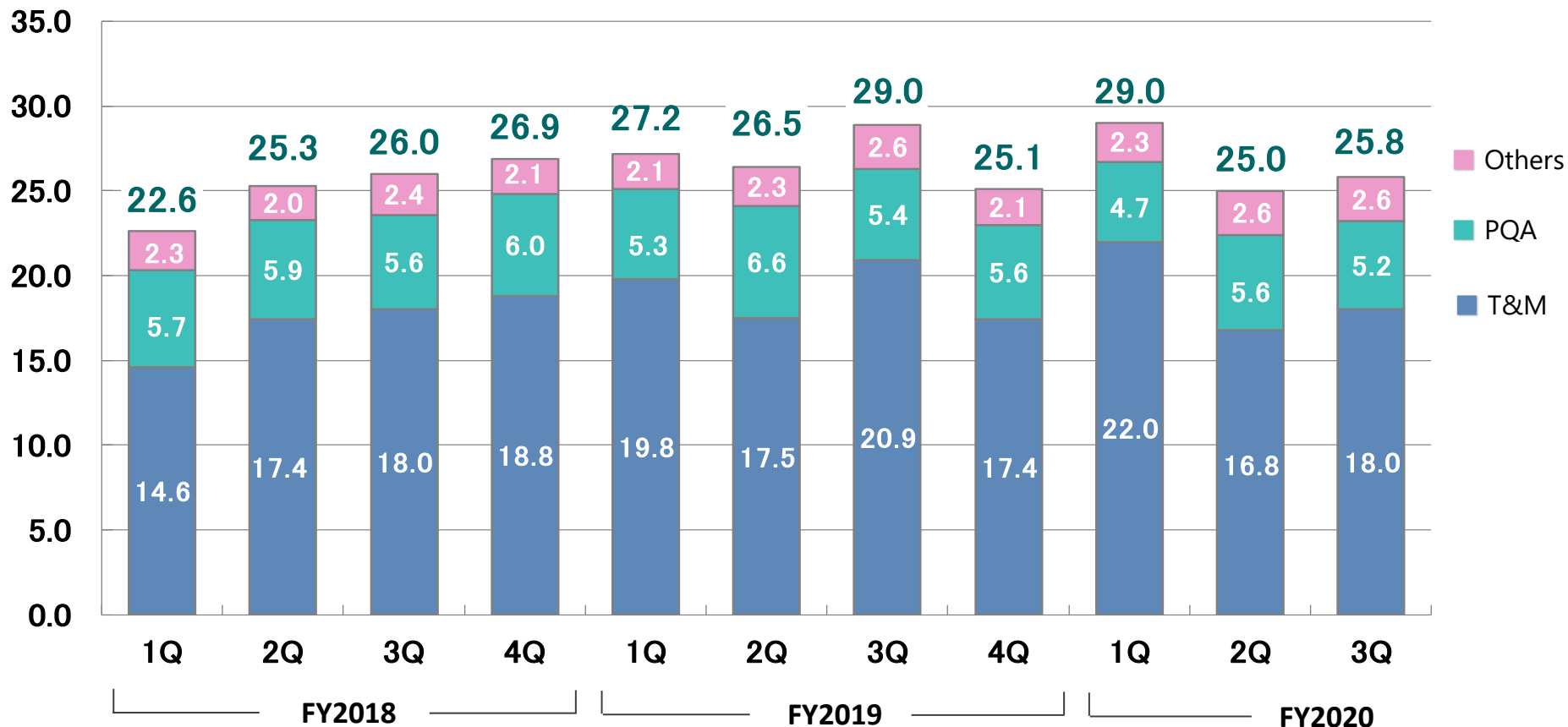


T&M : 14% decrease year on year,

7% increase quarter on quarter

PQA : 4% decrease year on year

Bn. Yen

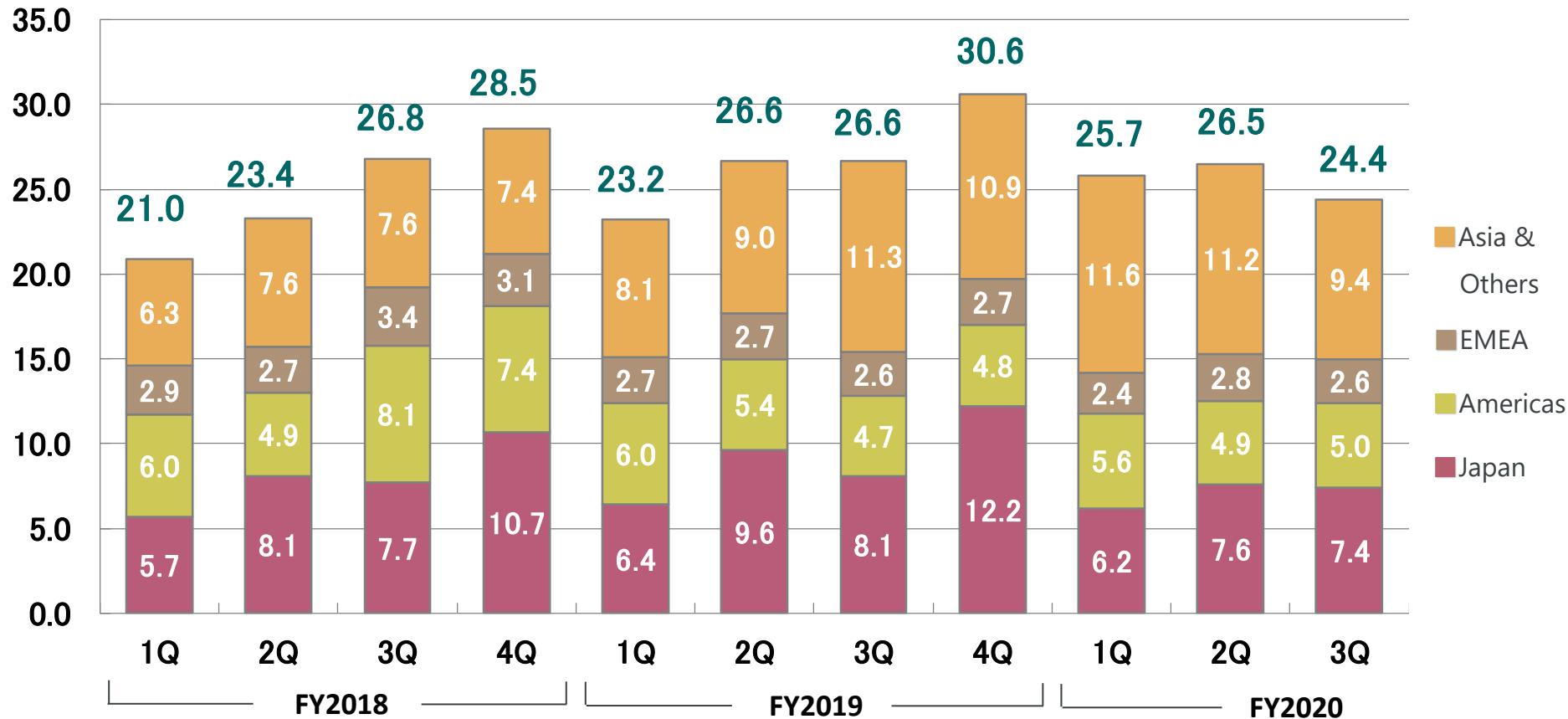


Note : Numbers in the graph are rounded off to the first decimal place.

Ⅱ -6. Transition of Revenue by Region


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

Bn. Yen



Note : Numbers In the graph are rounded off to the first decimal place.

II -7. Cash Flow

 **Operating cash flow margin ratio was 19.0%**

FY2020 3Q (YTD)

Operating CF : 14.6 Bn. Yen

Investing CF : (3.8) Bn. Yen

Financing CF : (13.7) Bn. Yen

Free Cash Flow

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

Cash at the end of period

45 Bn. Yen

Interest-bearing debt

6.4 Bn. Yen

Details

Unit : Billion Yen

↓ Others 0.5*		
Accounts receivable 4.1		
Profit(loss) before tax 13.9		
Inventory (1.7)	Capex (2.1)	Redemption of corporate bonds (8.0)
Tax (4.9)	Others (1.7)	
↑ Accounts payable (1.1)		Dividend (4.9)
		↑ Others (0.8)

* Other main items: Advances received, etc.

Op. CF 14.6

Inv. CF (3.8)

Fin. CF (13.7)

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

Ⅲ-1. Forecast for full year of FY2020 (Consolidated)

 Consolidated results forecast Operating profit was revised upwards

Unit: Billion Yen

			FY2019	FY2020			
			Actual	Full Year		YoY	YoY(%)
				Previous Forecast (as of Apr. 27 2020)	Revised Forecast (as of Jan. 28 2021)		
Revenue			107.0	110.0	110.0	3.0	3%
Operating profit (loss)			17.4	17.5	19.0	1.6	9%
Profit (loss) before tax			17.2	17.5	19.0	1.8	11%
Profit (loss)			13.4	13.5	14.5	1.1	8%
	T&M	Revenue	75.2	77.0	78.0	2.8	4%
		Op. profit (loss)	15.1	15.5	17.0	1.9	12%
	PQA	Revenue	22.6	24.0	23.0	0.4	2%
		Op. profit (loss)	1.3	1.8	1.5	0.2	17%
	Others	Revenue	9.3	9.0	9.0	(0.3)	-3%
		Op. profit (loss)	1.9	1.2	1.5	(0.4)	-21%
	Adjustment	Op. profit (loss)	(0.9)	(1.0)	(1.0)	(0.1)	-

Note : Numbers for 2019 Actual and FY2020 Forecast 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

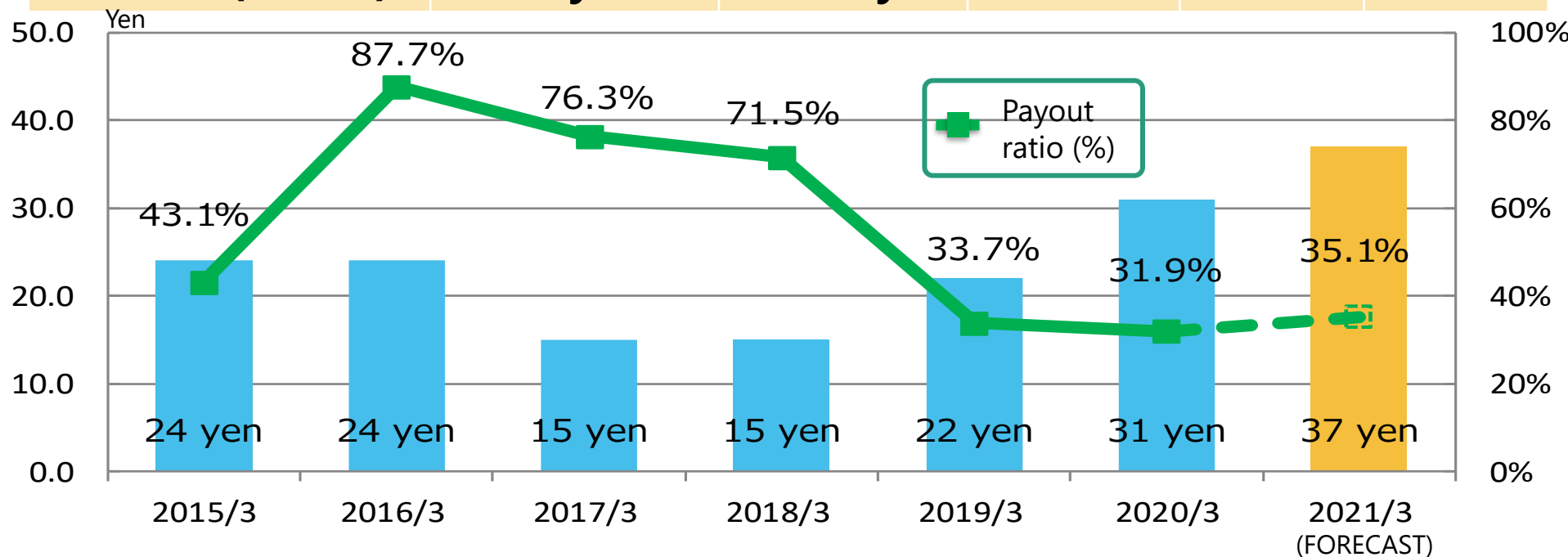
Ⅲ-2. Dividend forecast

Annual Dividend
Increase
in dividend

31yen → 37 yen

(Interim dividend 15.5 yen, Year-end dividend 21.5 yen)

	Dividend per share	Profit	Payout ratio	DOE	ROE
FY2020 (Forecast)	37 yen	14.5 B yen	35.1%	5.2%	14.7%
FY2019 (Actual)	31 yen	13.4 B yen	31.9%	4.7%	14.9%



IV. Anritsu initiatives

Hirokazu Hamada

Representative Director, President,
Anritsu Corporation

IV-1. Anritsu initiatives related to COVID-19

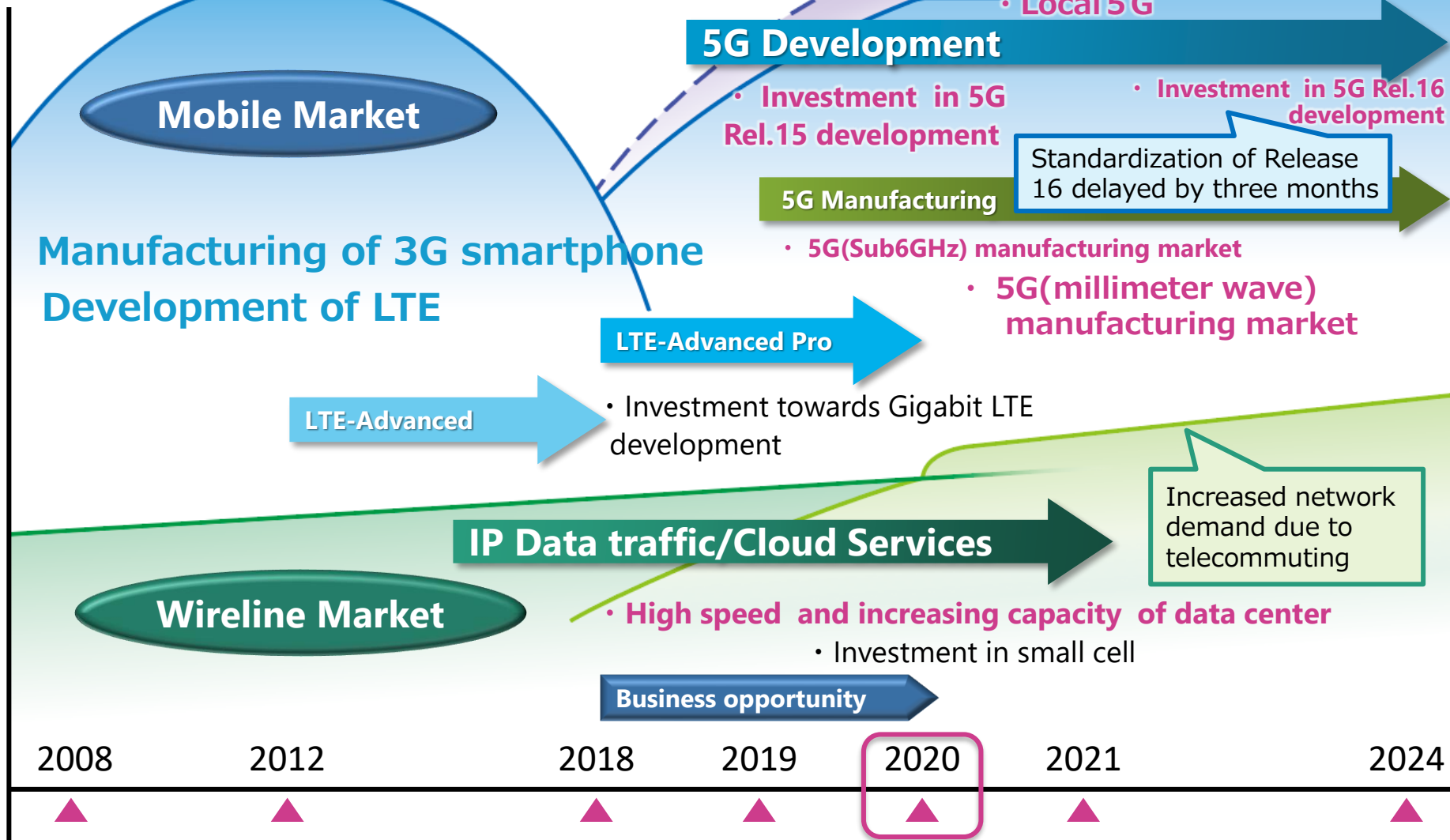
We would like to express our sympathy for all those who have been infected with COVID-19, as well as their family members and people close to them, and our sincere condolences for all those who have lost their lives to this virus.

Anritsu Group is making the following efforts in response to the state of emergency declared on January 7, 2021.

- Enhancing telecommuting + prohibiting onsite work in principle at all departments other than manufacturing.
We are reducing the number of people commuting to work by 70%.
- When commuting to work is unavoidable, the utmost care is taken to prevent the further spread of the disease. This includes the thorough implementation of temperature measurement, sterilization, handwashing, and mask use.
- We are continuing to carry out operations related to product and service provision.

IV-2. T&M market trends and business opportunity

Market size



IV-3. "The mobile communications that will shape the future and hopes for Anritsu"

5G has made headway in China and Asia, while Japan appears to have been late out of the gates. What direction should 5G in Japan take?



In 5G, the market will not be limited to smartphones. The vertical sector (5G usage field) will be an important market. We believe that Japan, as a country facing advanced social issues, can take the lead in this new market.

Anritsu has been receiving a growing number of inquiries regarding local 5G. In what areas do you expect it to be used?



For example, local 5G is expected to be used to automate mentally taxing and tiring work. Local 5G business operators will be non-specialists in many cases, so vendor support will be especially important.

Anritsu has provided support for mobile in terms of measurement technologies. What position is it expected to take in the future?



In the future, mobile platform will serve not as a telecommunication infrastructure but as local infrastructure. Open, global forums are being used to discuss use cases for achieving the SDGs for 2030, and we hope that Anritsu will play an important role in visible area.

December 2020 Anritsu Technology Show: Discussion between Professor Seiichi Sampei from Osaka University and Anritsu President Hirokazu Hamada

IV-4. Anritsu initiatives toward 6G

■ Exploring High frequency measurement technologies

Acquisition of measurement technologies that identify and visualize radio waves emitted from multiple handsets. It measures the quality of wireless signals in millimeter and terahertz bands.

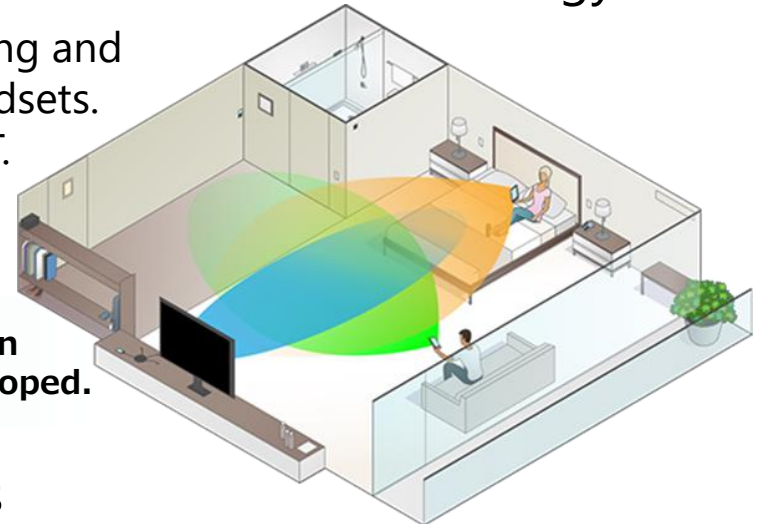


300GHz Spectrum Analyzer(Prototype)

■ Development of radio wave interference measurement technology

Acquisition of measurement technology by identifying and visualizing radio wave emitted from multiple handsets. Collaborative project with Kyoto University and NICT.

Radio wave visualization technology. To be developed.



■ Participation in Next Generation Forums

- IOWN Global Forum
- O-RAN ALLIANCE



IV-5. Progress of PGRE 30

PGRE 30: Continue to introduce solar power generation, one of the renewable energies, and increase the in-house solar power generation rate from roughly 1% to 30% by approximately 2030.
(Anritsu Group's unique initiative)

FY2020: Solar power generation facility was put into operation at the California plant in the U.S. from October

FY2021: Currently planning to begin the expansion of Koriyama 2nd Factory's solar power generation facilities



In-house power generation rate

	FY2018		FY2020 (estimate)		FY2021 (estimate)
Atsugi	0.2%	→	0.7%	→	0.7%
Koriyama	4.4%	→	4.4%	→	4.4%
U.S.	0.0%	→	9.7%	→	23.3%
Total	0.8%	→	4.3%	→	7 to 8%

* The "PGRE" in "PGRE 30," Anritsu's climate change mitigation initiative, stands for "Private Generation of Renewable Energy," and the "30" represents the achievement period of around 2030 and the target ratio of an in-house power generation roughly 30%.

