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

Akifumi Kubota

Director
Executive Vice President
CFO
Anritsu Corporation

January 28th , 2021











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.

2



Financial Results FY2020 3Q Copyright© ANRITSU

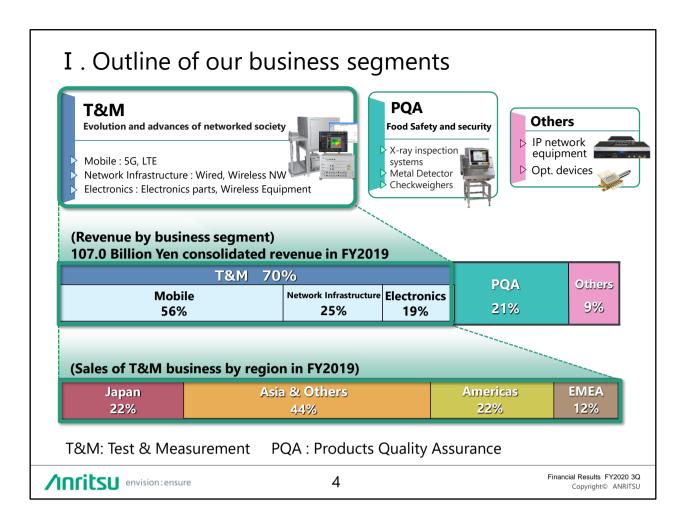
Agenda

- 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



3

Financial Results FY2020 3Q Copyright© ANRITSU



(Revenue by business segment) FY2020 (Nine Months Ended December 31, 2020)

(1.616.1.616.2) 24.61.1.61.1.61.1.61.1.61.1.61.1.61.1.61							
	T&M: 71%						
Mobile	Network Infrastructure	Electronics	PQA	Others			
58%	26%	16%	20%	9%			

(Sales of T&M business by region) FY2020 (Nine Months Ended December 31, 2020)

Japan	Asia & Others	Americas	EMEA
16%	50%	22%	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 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.



5

Financial Results FY2020 3Q Copyright© ANRITSU

The Group's consolidated order intake decreased by 3% year on year to 79.8 billion yen and revenue increased by 0.2 billion yen year on year to 76.6 billion yen. Operating profit increased by 24% year on year to 14.1 billion yen.

Profit increased by 26% year on year to 10.5 billion yen. Comprehensive income is 10.5 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

International Financial Reporting Standards (IFRS)		FY2019 (Apr. to Dec.)	FY2020 (Apr. to Dec.)	YoY	YoY (%)
TOINA	Revenue	54.2	54.4	0.2	0%
T&M	Op. profit (loss)	9.9	12.5	2.6	26%
DO A	Revenue	15.9	15.3	(0.6)	-3%
PQA	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%

 $Note 1: Numbers \ \ for \ FY2019 \ and \ FY2020 \ are \ rounded \ off \ to \ the \ first \ decimal \ place \ in \ each \ column.$

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

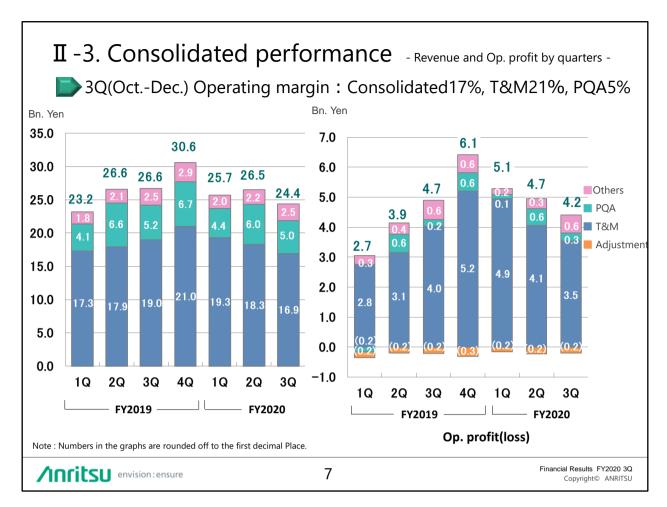
Note2: Adjustment includes elimination of inter-segment transactions and non distributed company-wide expenses of each business segment.



6

Financial Results FY2020 3Q Copyright© ANRITSU

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 0.2 billion yen to 54.4 billion yen and operating profit increasing by 26% to 12.5 billion yen (operating margin of 23.0%). In the PQA business, during the third-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 6% to 15.3 billion yen. However, operating profit increased 45% year-on-year to 1.0 billion yen (operating margin of 6.4%), as a result of efforts to reduce selling, general and administrative expenses, such as promoting improvements in operational efficiency.



The operating profit and the operating margin for consolidated and each business segment for 3Q are as follows:

Consolidated : 4.2 billion yen (Operating margin : 17.3%) T&M : 3.5 billion yen (Operating margin : 21.0%) PQA : 0.3 billion yen (Operating margin : 5.4%)

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

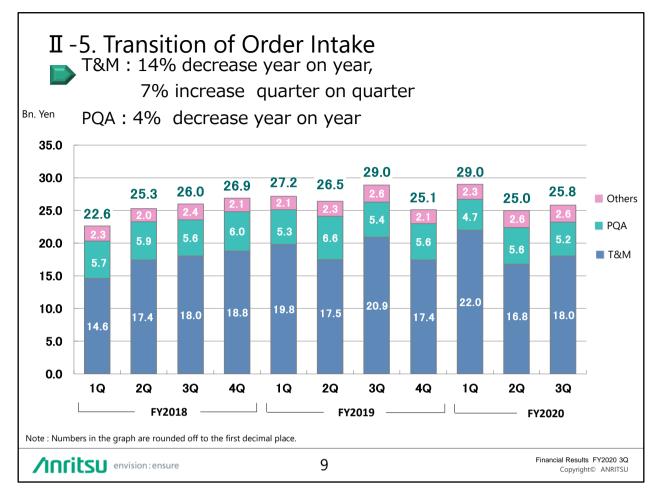
PQA: In the food market, uncertainty about the future due to the spread of the COVID-19 caused some customers to take a cautious approach to capital expenditures.

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



8

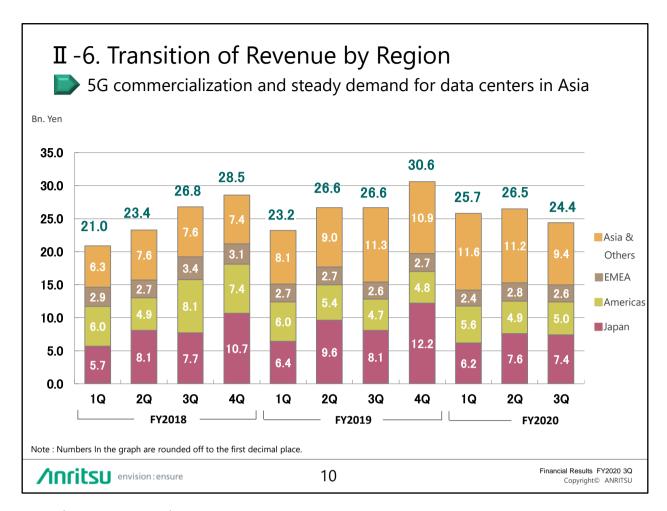
Financial Results FY2020 3Q Copyright© ANRITSU

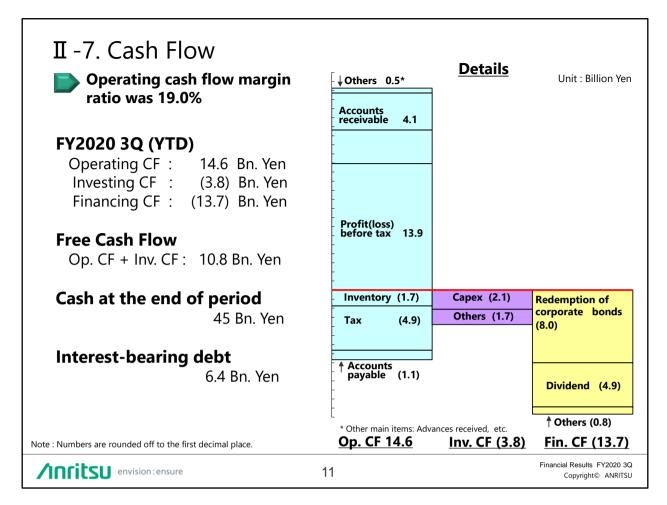


Order intake for the T&M business in the third quarter increased to 18.0 billion yen from 16.8 billion yen in the second quarter.

In the third quarter, order intake for the PQA business decreased year-on-year by 0.2 billion yen (4%) to 5.2 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 24.3 billion yen (15% year-on-year decrease) and 17.1 billion yen (16% year-on-year decrease) for the T&M business and 5.1 billion yen (17% year-on-year decrease) for the PQA business.





The operating cash flow was inflow of 14.6 billion yen.

The investing cash flow was outflow of 3.8 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 13.7billion yen.

The main outflows were redemption of corporate bonds of 8 billion yen and dividends paid of 4.9 billion yen (Dividend per share: Fiscal year end dividend: 20 yen, Interim dividend: 15.5 yen).

Consequently, the balance of cash equivalents at the end of the period decreased by 2.7 billion yen from the beginning of the fiscal year to 45.0 billion yen.

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

		FY2019		FY20	20	
		Actual	Previous	Year Revised	YoY	YoY(%)
			Forecast (as of Apr. 27 2020)	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	119
Profit (loss)		13.4	13.5	14.5	1.1	8%
T0.14	Revenue	75.2	77.0	78.0	2.8	4%
T&M	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)	•

The forecast for the full year results and dividend per share of FY2020 has been revised from April 27th as previously announced.

12

Inritsu envision:ensure

In the mainstay Test and Measurement Business, we revise up the forecast of revenue and operating profit for the fiscal year ending March 31, 2021. We estimate that revenue exceed our previous plan especially in Asia. This is because the growing development demand for chipsets and mobile devices for 5G commercialization. Also, based on the past 9 months' performance, we estimate that Operating profit exceed our previous plan because of the increase in revenue and decrease in expenses due to improved operational efficiency.

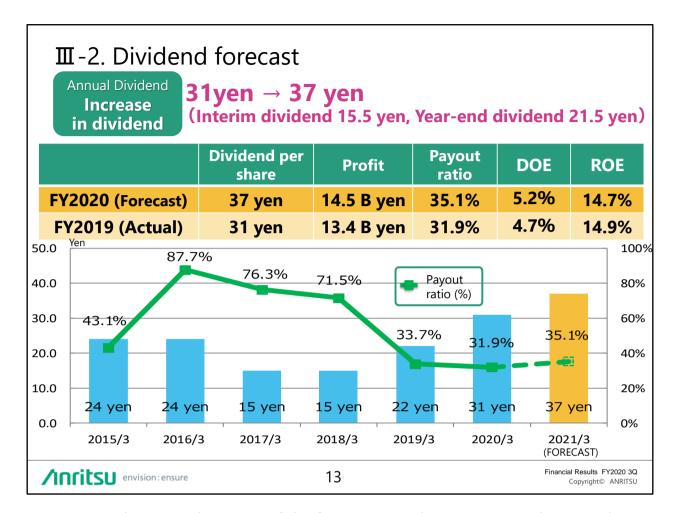
In Products Quality Assurance segment, we revise down the forecast of revenue and operating profit for the fiscal year ending March 31, 2021. Some customers were cautious about capital expenditures because of uncertain future under spread of the COVID-19 though capital investment demands for improvement, automation and labor-saving for the quality assurance processes

improvement, automation and labor-saving for the quality assurance processes in the food product market is still expected to grow.

In other segment, we revise up the forecast of operating profit based on the past 9 months' performance.

We have also revised profit before tax, profit and profit attributable to owners of parent respectively.

Financial Results FY2020 3Q



Due to the upward revision of the forecast, we plan to increase the annual dividend to 37 yen per share (an interim dividend of 15.5 yen and a year-end dividend of 21.5 yen), an increase of 6 yen from the annual dividend of 31 yen per share (including an interim dividend of 15.5 yen) announced on April 27, 2020 in the forecast for the full year results of FY2020. ROE is expected to be 14.7%.

[Dividend Policy]

The Company's core policy of returning profits to its shareholders is to distribute profits in accordance with its consolidated performance, taking into account the total return ratio.

With regard to the distribution from surplus, while taking the basic approach of raising dividends on equity (DOE) in accordance with the increase in consolidated profits for the fiscal year, the Company's policy is to pay dividends twice a year as an interim dividend and a year-end dividend aiming at a consolidated dividend payout ratio of 30% or more by the resolution of the Board of Directors or the General Meeting of Shareholders.

N. Anritsu initiatives

Hirokazu Hamada

Representative Director, President, Anritsu Corporation



14

Financial Results FY2020 3Q Copyright© ANRITSU

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.

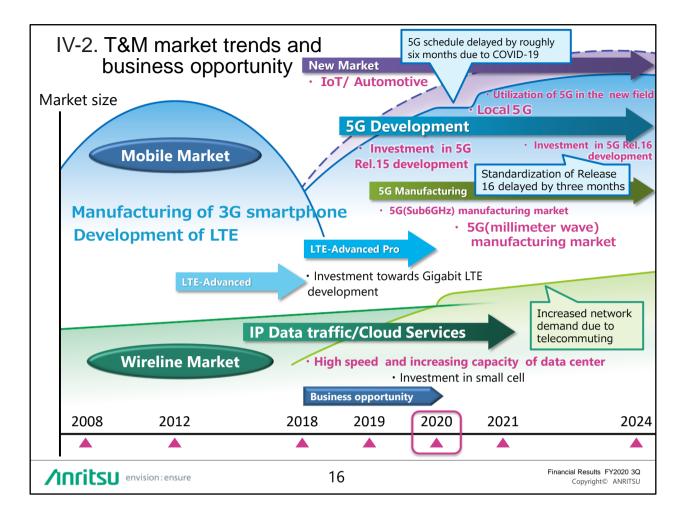
Anritsu Group is making the following efforts in response to the state of emergency declared on January 7, 2021.

- 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.

15



Financial Results FY2020 3Q Copyright© ANRITSU



COVID-19 is continuing to spread, and the pandemic is affecting the global economy. The pandemic has had an impact on the rollout of 5G services as well. Because the situations of COVID-19 spread have not been consistent the degrees of 5G service rollouts have varied by countries.

However, the long-term drive for investment towards 5G service rollout remains strong, and therefore, we assume the expected market size for 5G overall remain unchanged.

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



17

Financial Results FY2020 3Q Copyright© ANRITSU

Summary of the discussion between Professor Seiichi Sampei from Osaka University and Anritsu President Hirokazu Hamada at the Anritsu Technology Show held online in December 2020.

Professor Seiichi Sampei / Osaka University

[Profile Career]

1980: Graduated from Tokyo Institute of Technology

1982: Completed Masters degree at Tokyo Institute of Technology postgraduate school

1982: Entered to Radio Research Laboratory (now National Institute of information and Communications Technology)

1991: Researcher at the University of California, Davis

1993: Appointed Assistant Professor at Osaka University

2004: Appointed Professor at Osaka University

2015: Ministry of Internal Affairs and Communications Information and Communications Council Chief Examiner

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.

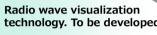


300GHz Spectrum Analyzer(Prototype)

■ 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





Financial Results FY2020 3Q Copyright© ANRITSU

IncitsU envision:ensure

18

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)			'2021 (estimat	e)
Atsugi	0.2%	\rightarrow	0.7%	\rightarrow	0.7%	
Koriyama	4.4%	\rightarrow	4.4%	\rightarrow	4.4%	
U.S.	0.0%	\rightarrow	9.7%	\rightarrow	23.3%	
Total	0.8%	\rightarrow	4.3%	\rightarrow	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%.

19



Financial Results FY2020 3Q Copyright© ANRITSU

