

Mid term Business Plan GLP2023

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<https://www.anritsu.com>

(No notes here)

Cautionary Statement



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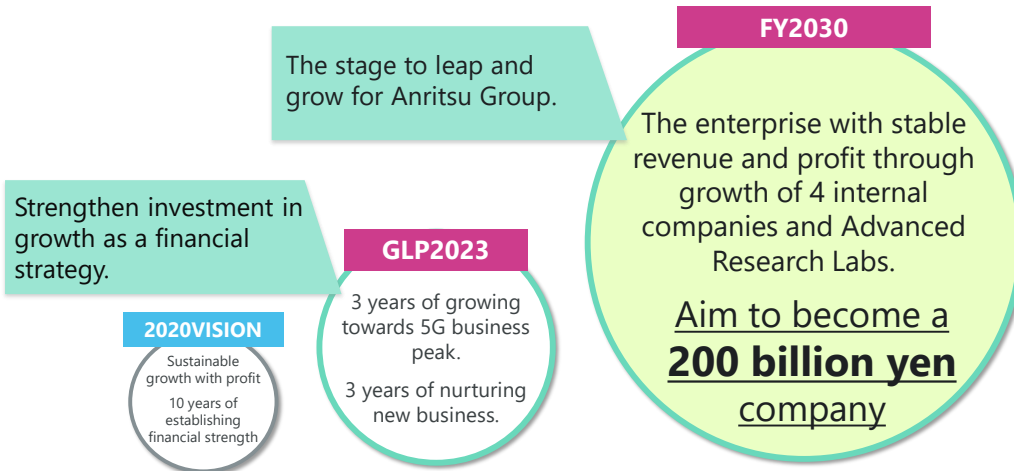
1. The vision towards FY2030
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(No notes here)

1. The vision towards FY2030

Management vision:

Beyond testing, beyond limits, for a sustainable future together

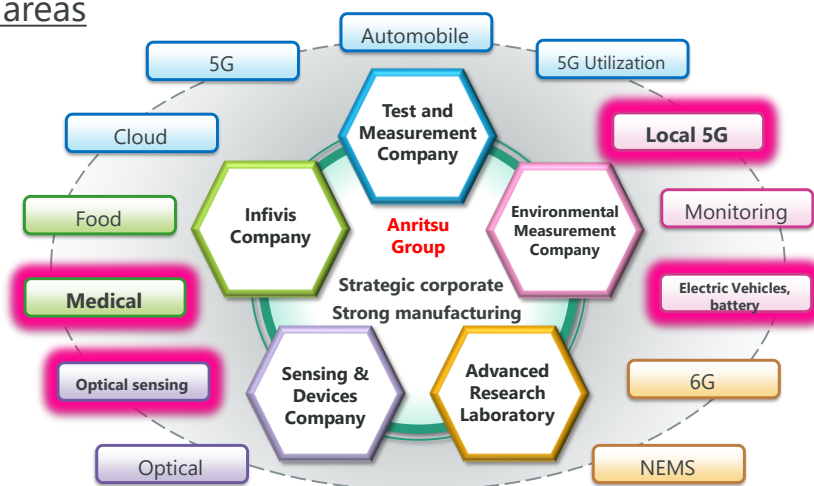


This year, we are launching a new management vision as well as a new three-year business plan, the GLP2023. While developing our competency in “measurement”, we will continue to grow the next pillars of our business by further combining different internal and external ideas and technologies, in order to develop new areas of value that go beyond conventional “measurement”. Through this proactive approach, we aim to transcend the limits of the conventional Anritsu. Our new management vision is based on our desire to work with all of our stakeholders to build a sustainable and hopeful future for new generations.

Under this management vision, Anritsu Group aspires to become a 200 billion yen company in FY2030.

2. GLP2023 priority area

Focus on developing
four new areas



*Infvis Company : Promotes PQA business

*NEMS: Nano Electro Mechanical Systems

The three years of the GLP2023 will also represent "3 years of growing towards 5G business peak" and "3 years of nurturing new business". Our four key growth areas are: 1) electric vehicles and battery measurement, 2) local 5G, 3) optical sensing, and 4) medical and pharmaceuticals. In each of these areas, we will accelerate our growth through external partnerships and M&A. In addition, we have also started basic research into 6G and NEMS, with an eye on the future. We have determined to go beyond the boundaries of our organization and our company, and to move forward without being constrained by conventional concepts.

3. Revenue and operating profit plan

Indicators		FY2020	FY2021	FY2023
Revenue		105.9 B Yen	114.0 B Yen	140.0 B Yen
Op. profit		19.7 B Yen	20.5 B Yen	27.0 B Yen
Op. margin		19 %	18 %	19 %
Profit		16.1 B Yen	16.2 B Yen	20.0 B Yen
ROE		16 %	14 %	15 %
T&M	Revenue	74.8 B Yen	82.0 B Yen	100.0 B Yen
	Op. profit	17.7 B Yen	18.5 B Yen	23.0 B Yen
	Op. margin	24 %	23 %	23 %
PQA	Revenue	21.4 B Yen	23.0 B Yen	27.0 B Yen
	Op. profit	1.3 B Yen	1.8 B Yen	2.7 B Yen
	Op. margin	6 %	8 %	10 %

GLP2023

(Note) Exchange rate for GLP2023 : 1USD=105Yen, 1Euro=125Yen)

As group targets for FY2023, we will work to achieve consolidated sales of 140 billion yen, operating profit of 27 billion yen, consolidated operating profit margin of 19%, net profit of 20 billion yen, and ROE of 15%.

4. Sustainable Development Goals (SDGs)

	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 ... 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 senior management positions of 15% or more Advancement of the elderly: Employment until the age of 70 and the establishment of a new compensation packages 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)

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ESG	Goals and initiatives	Achievement up to FY2020
E	Long-term plans and initiatives to reduce greenhouse gas emissions	Greenhouse gases (Scope 1+2): 17.6% reduction compared to FY2015 (FY2019 achievement) Greenhouse gases (Scope 3): 4.4% reduction compared to FY2018 (FY2019 achievement)
	Increase in the share of in-house power generation (PGRE 30)	In-house power generation ratio: 4.3% (Estimation for FY2020)
S	Promoting diversity management	Advancement of women: The proportion of women in senior management positions was 10.8% (as of March 31, 2021) Advancement of the elderly: Employment until the age of 65 Employment of Person with disabilities: Achieve the legally mandated employment rate of 2.0% (as of March 31, 2021)
	Promoting global CSR procurement	Strengthening supply chain due diligence: None *It was not carried out in FY2020 due to the spread of COVID-19. Cumulative achievement in 3 years of GLP2020: 4 companies Provided information on CSR procurement to suppliers twice and provided training once.(FY2020 achievement)
G	Improving global governance	Promoting the diversity of the Board of Directors : Outside director ratio 44%(4/9) (as of March 31, 2021)
	Promoting the establishment of an internal control system at overseas subsidiaries	All overseas subsidiaries meet the criteria of Control Self-Assessment(CSA) : Activities commenced from FY2020

5. Established AK Radio Design as joint investment

Anritsu
Advancing beyond

■ Overview of the established company (tentative)

- **Company name : AK Radio Design**
- Location: 5-1-1 Onna, Atsugi-shi, Kanagawa, Japan
- Date of establishment: June 2021
- Investment Ratio: Anritsu Corporation: 50%,
KOZO KEIKAKU ENGINEERING Inc.: 50%

Anritsu Advancing beyond
Measuring instrument/ Measuring service



構造計画研究所
KOZO KEIKAKU ENGINEERING Inc.
Simulator / Analysis service

Network delay measurement / Fault analysis service

Measure the delay in the remote operation of robot and/or other 5G clients.



MT1000A Network Master Pro

Network
simulation
QualNet

Coverage design and evaluation service

Measure the field strength of 5G signals in service area



ML8780A/81A Area Tester

Power distribution calculation
for license application



Radio wave interference simulation and measurement service



MS2090A Field Master Pro

Transmission propagation
simulation



Provide one-stop service of actual measurement with test instruments and analysis service with simulation software

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Anritsu Corporation and KOZO KEIKAKU ENGINEERING Inc. will jointly invest in the establishment of AK Radio Design, that will support customers to acquire licenses required for the introduction of local 5G, as well as actual implementation after its introduction.

This company will provide one-stop service solutions of actual measurement and analysis for the system integrators and the businesses that plan to deploy local 5G. Those will include service area design and evaluation based on actual measurement at the service introduction, radio wave interference simulation and measurement during service operation, and actual network delay measurement and fault analysis.

Anritsu will continue contributing to the acceleration of the local 5G popularization.

6 .T&M Business

Takeshi Shima

Director, Senior Vice President
Test & Measurement Company President
Anritsu Corporation

(No notes here)

VISION

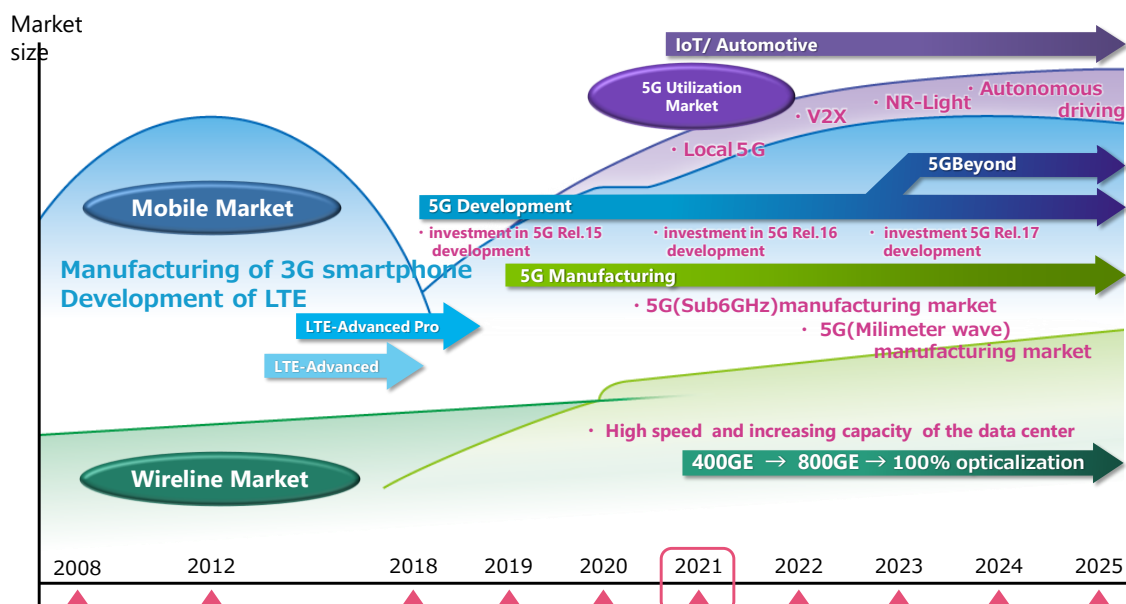
We become a leading company supporting communications society built on 5G

Policies to achieve the plan

- Increase the ratio of 5G utilization and solutions for network infrastructure market within our business portfolio
- Transform our business solutions from simple provision of “measurement” tools to provision of values by “resolving through measurement”
- Increase investment in growth areas (5G Beyond, self-driving vehicles, ORAN/IOWN)

(No notes here)

6-2. T&M : Mobile market trends and Business opportunity



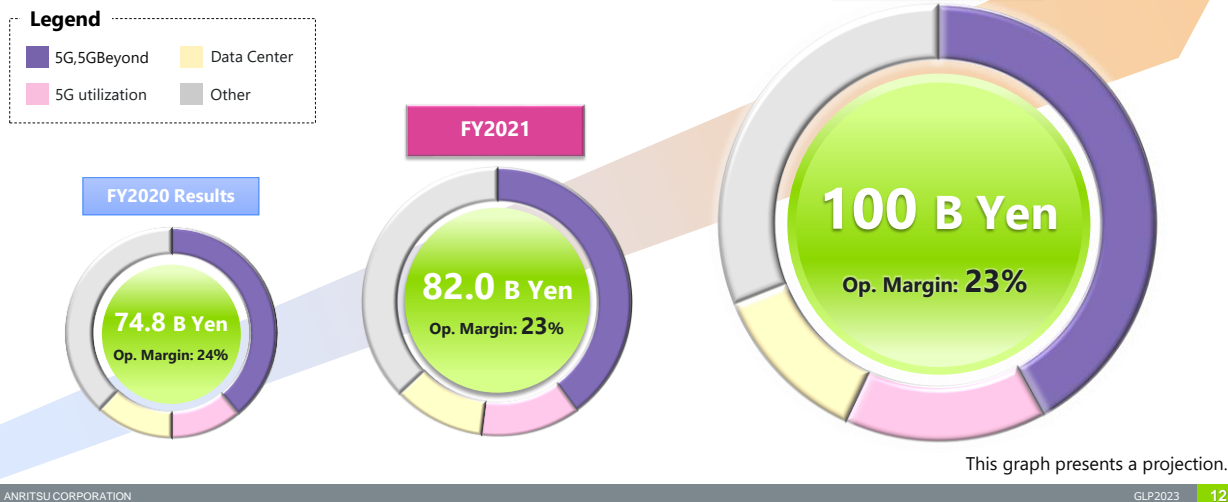
In the mobile measurement market, the expansion of 5G service around the world expects to result further growth of related-demand.

5G employs two frequency bands: Sub-6 GHz and millimeter waves. Within the mobile measurement market, the smartphone measurement market saw the launch of Sub-6 GHz related markets in 2018, with services launched in South Korea and China. Meanwhile, millimeter wave services were launched in the US in 2018, but have been slow to roll out due to the unique characteristics of millimeter waves, such as susceptibility to obstacle interferences as well as the limitation of reachable distance. We believe that further technological maturity is required regarding the use of millimeter waves in mobile applications, and that there will be a gradual shift from providing services in local applications such as use in closed facilities like stadiums to services for wider and more mobile applications. As a result, we expect demand in the smartphone measurement market to peak around 2023 for Sub-6 GHz, and around a year later for millimeter wave demand. In the smartphone market, we expect the market will expand to 5GBeyond afterwards.

In addition, as an area of 5G utilization, new markets such as IoT/Automotive/Local 5G are expected to expand due to the standardization of 3GPP Release 16.

6-3. T&M : GLP2023 revenue and operating profit plan

Capture demand over three years leading up to the peak of 5G, and promote business expansion in the smartphone, 5G utilization, and network infrastructure markets



This is the GLP2023 revenue and operating profit plan for the T&M business.

We aim to increase revenue by FY2023 through the three growth drivers of 5G, 5G utilization, and data centers hence achieving revenue of 100 billion yen and an operating margin of 23%.

7 .PQA Business

Masumi Niimi

Director, Senior Vice President
PQA Group President
Anritsu Corporation

(No notes here)

7 - 1 . PQA : Mid-term business plan (GLP2020) review



Market trend

In the food market, although some customers are cautious about capital investment due to uncertainty about the future caused by the spread of COVID-19, investments to ensure "safety and security" and the social issues(SDGs) such as "improvement of productivity and reduction of food losses" are expected to expand globally as COVID-19 converges

Policy Review

- Continue to introduce world's highest performance equipment that meet customer requirements

→ Plans ongoing

Focusing on the sophistication of X-ray inspection machines in collaboration with global customers. We are developing new sensors and also progressing advancement of image recognition and signal analysis technologies by utilizing AI. Penetration of those into the entire industry expected in the future.

- Transform into a global company

→ Slightly behind due to influence of COVID-19

Although we focused on stably growing Europe market, main part of Americas market and rapidly growing China market while continued to invest in strengthening our supply chain we were slightly behind the plan due to influence of COVID-19.

- Realize industry-leading operating margin

→ Need to take more time to penetrate to pharmaceutical market

We saw some customers took cautious approach toward large capital investment in Japan as well as outside Japan therefore the X-Ray inspection machine business, one of our flagship businesses, was a little sluggish. Also, we are taking time to strengthening sales and marketing forces for penetrating into global pharmaceutical market.

(No notes here)

7 - 2 . PQA : GLP2023 overview

VISION

Towards the sustainable future, we become the most trusted First-to-Call company of the quality assurance for the customers around the world.

Policies to achieve the plan

- **Build solutions that resolve critical issues of our customers such as “ensuring safety and security” and “improvement of productivity and reduction of food losses”**
- **Provide the most trusted products and services through value creations beyond “measurement” and respond adequately and promptly to the needs vary by regions with localization approaches.**
- **Undertake profitability enhancement through expanding value-added solutions with advancement of X-ray inspection machines, improving the presence in global pharmaceutical market, one of our priority markets, and enforcing operational innovations.**

(No notes here)

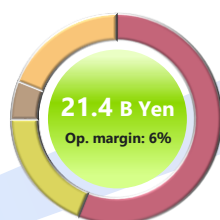
7 - 3 . PQA : GLP2023 revenue and operating profit plan

- Creation of solutions that resolve critical issues of customers
- Value creations beyond "measurement" and respond adequately and promptly to the needs vary by regions around the world
- Enhance profitability through advancement of X-Ray inspection machines, improving presence in pharmaceutical market and enforcing operational innovations

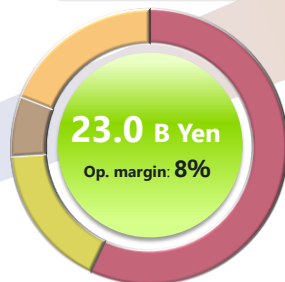
Legend



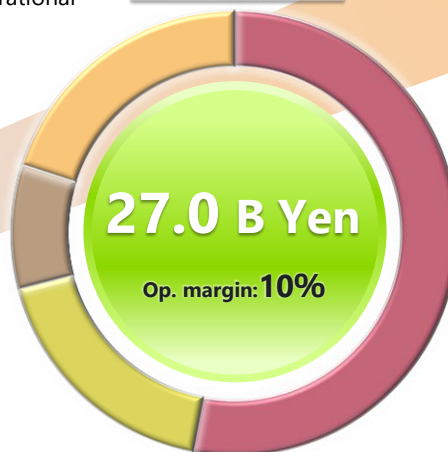
FY2020 Results



FY2021



FY2023



This graph presents a projection.

(No notes here)



(No notes here)