

# Financial Results for the 1st quarter of the Fiscal Year ending March 31, 2022

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Anritsu Corporation

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TSE cord : 6754  
<https://www.anritsu.com>

(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.

(No notes here)

## Agenda

1. Outline of our business segments
2. Consolidated performance review of the 1st quarter of the Fiscal Year ending March 31, 2022
3. Outlook for full year of the Fiscal Year ending March 31, 2022(Consolidated)
4. Anritsu Initiatives

(No notes here)

# 1. Outline of our business segments

## T&M

Evolution and advances of networked society

- ▶ Mobile : 5G, 5G Utilization
- ▶ Network Infrastructure : Data center, Optical NW, Wireless NW
- ▶ Electronics : Base station construction and maintenance, Electronics parts, Wireless Equipment



## PQA

Food safety

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



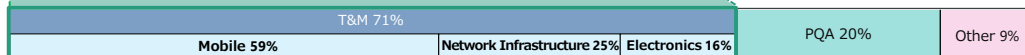
## Others

- ▶ Environmental measurement
- ▶ Sensing & device

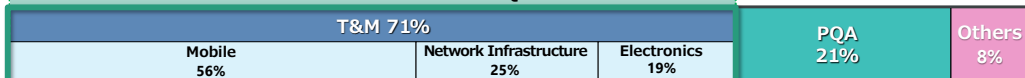


( Revenue by business segment )

105.9 billion Yen consolidated revenue in FY2020



23.8 billion Yen consolidated revenue in FY2021 1Q



( Revenue of T&M business by region )

Revenue in FY2020



Revenue in FY2021 1Q



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

(No notes here)

## 2 - 1 . Consolidated performance - Financial results -

▶ Although revenue and profit declined year-on-year, orders are progressed as planned in full-year forecast

Unit: Billion Yen

International Financial Reporting Standards(IFRS)	FY2020 (Apr. to June)	FY2021 (Apr. to June)	YoY	YoY (%)
Order Intake	29.0	28.1	(0.9)	-3%
Revenue	25.7	23.8	(1.9)	-7%
Operating profit (loss)	5.1	3.1	(2.0)	-40%
Profit (loss) before tax	5.1	3.1	(2.0)	-40%
Profit (loss)	3.5	2.1	(1.4)	-41%
Comprehensive income	3.7	2.3	(1.4)	-37%

(Note) Numbers for FY2020 and FY2021 are rounded off to the first decimal place in each column.

The Group's consolidated order intake decreased 3% year on year to 28.1 billion yen and revenue decreased by 7% year on year to 23.8 billion yen. Operating profit decreased by 40% year on year to 3.1 billion yen. Profit decreased by 41% year on year to 2.1 billion yen.

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



- ▶ T&M : Demand for 5G development was strong. However, semiconductor shortage impacted sale
- ▶ PQA : Sales recovered in areas where the COVID-19 situation has improved

Unit: Billion Yen

International Financial Reporting Standards (IFRS)		FY2020 (Apr. to June)	FY2021 (Apr. to June)	YoY	YoY (%)
T&M	Revenue	19.3	16.8	(2.5)	-13%
	Op. profit (loss)	4.9	2.9	(2.0)	-42%
PQA	Revenue	4.4	5.1	0.7	16%
	Op. profit (loss)	0.1	0.4	0.3	173%
Others	Revenue	2.0	1.9	(0.1)	-6%
	Op. profit (loss)	0.2	0.0	(0.2)	-75%
Adjustment	Op. profit (loss)	(0.2)	(0.2)	0.0	-
Total	Revenue	25.7	23.8	(1.9)	-7%
	Op. profit (loss)	5.1	3.1	(2.0)	-40%

(Note1) : Numbers for FY2020 and FY2021 are rounded off to the first decimal place in each column.

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

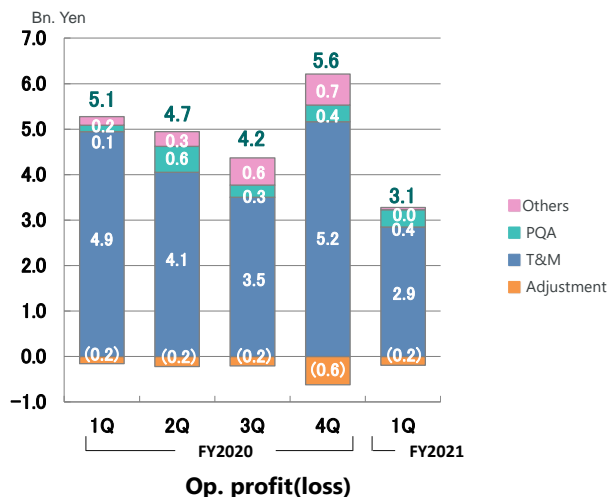
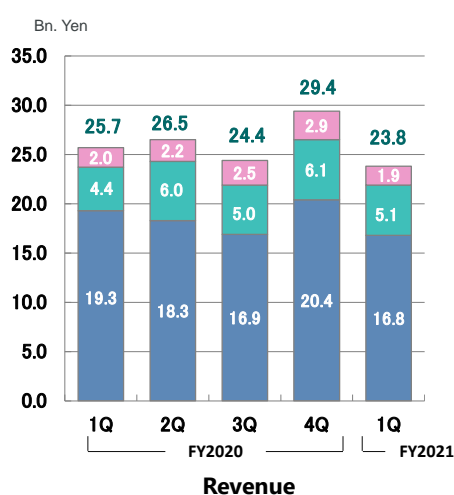
T&M : Test & Measurement    PQA : Products Quality Assurance

In the T&M business, development demand for 5G remained strong .  
However, worldwide shortage of semiconductors has impacted sales hence revenue decreased by 13% year on year to 16.8 billion yen.  
Operating profit decreased by 42% to 2.9 billion yen (operating margin of 17.0%).

In the PQA business, sales recovered in regions where the situations of the COVID-19 is improving, and revenue increased by 16% year on year to 5.1billion yen, operating profit increased 2.7times year on year to 0.4 billion yen (operating margin of 7.4%).

## 2 - 3 . Consolidated performance - Revenue and Op. profit by quarters -

▶ 1Q(Apr.-Jun.) Operating margin : Consolidated 13%, T&M 17%, PQA 7%



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

The operating profit and the operating margin for consolidated and each business segment for 1Q are as follows:

Consolidated	: 3.1 billion yen (Operating margin : 13.0%)
T&M	: 2.9 billion yen (Operating margin : 17.0%)
PQA	: 0.4 billion yen (Operating margin : 7.4%)

## 2 - 4 . Overview of operations by business segment

Segment FY2021 (April to June)	
➡ <b>T&amp;M</b> : Steady progress for both 5G commercialization schedule and development of high-speed data centers	
Mobile	5G development demand remains steady
Network Infrastructure	Investment for data centers and others remains steady
Asia & Others/ Japan	Strong investment in commercialization of 5G
Americas	We expect recovery in demand due to the installation of Sub6GHz (C-band) base stations starting in the latter half of the year.
➡ <b>PQA</b> : Demand recovered in areas where the COVID-19 situation has improved, such as Asia and the Americas	

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

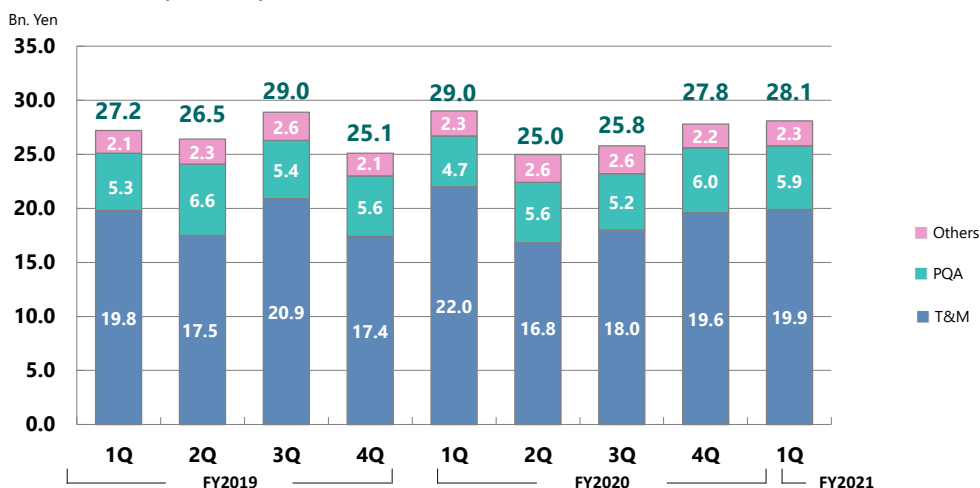
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## 2 - 5 . Transition of Order Intake

▶ T&M : 10% decrease year on year, 2% increase quarter on quarter

▶ PQA : 25% increase year on year



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

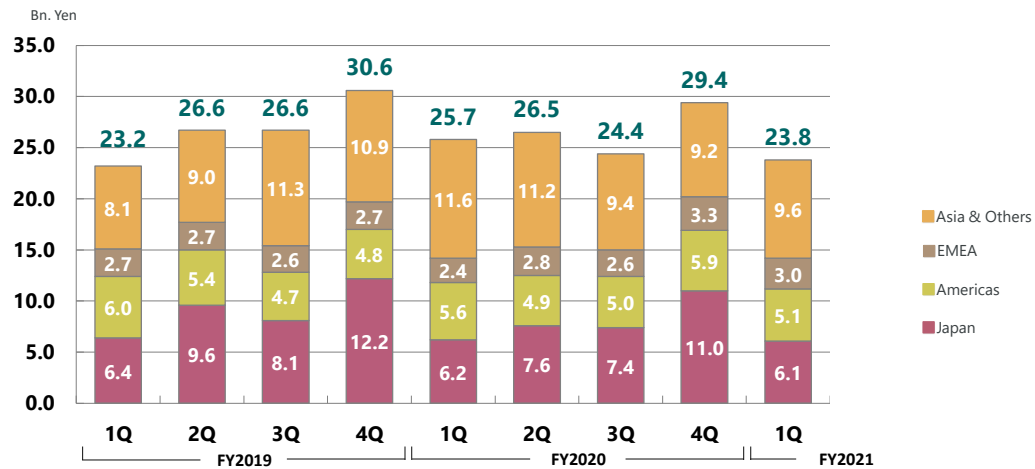
Order intake for the T&M business in the first quarter increased to 19.9 billion yen from 19.6 billion yen in the fourth quarter.

Order intake for the PQA business in the first quarter increased year-on-year by 25% to 5.9 billion yen, due to demand recovered in areas where the COVID-19 situation has improved, such as Asia and the Americas.

The order backlog for the entire Group was 27.2 billion yen (8% year-on-year increase) and 19.2 billion yen (6% year-on-year increase) for the T&M business and 6.0 billion yen (16% year-on-year increase) for the PQA business.

## 2 - 6 . Transition of Revenue by Region

5G related demand in Asia remains steady



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

(No notes here)

## 2 - 7 . Cash Flow

▶ Operating cash flow margin ratio was 33.2%

### FY2021 1Q

Operating CF : 7.9 Bn. Yen  
Investing CF : (1.3) Bn. Yen  
Financing CF : (3.6) Bn. Yen

### Free Cash Flow

Op.CF + Inv. CF : 6.6 Bn. Yen

### Cash at the end of period

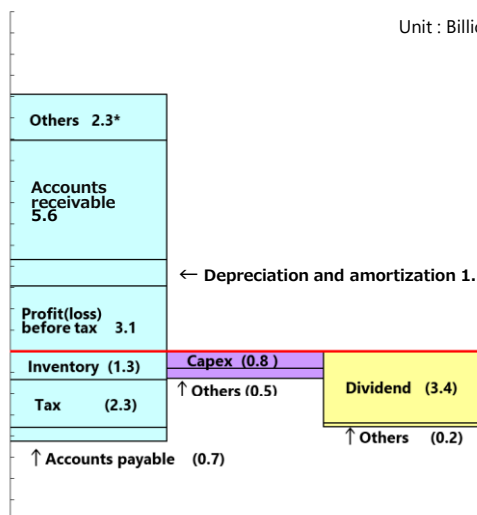
53.1 Bn. Yen

### Interest-bearing debt

5.8 Bn. Yen

### Details

Unit : Billion Yen



\* Other main items: Advances received, etc.

**Op. CF 7.9**    **Inv. CF (1.3)**    **Fin. CF (3.6)**

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

The operating cash flow was inflow of 7.9 billion yen.  
The investing cash flow was outflow of 1.3 billion yen.  
As a result, the free cash flow amounted to an inflow of 6.6 billion yen.  
The financial cash flow was outflow of 3.6 billion yen.  
The main outflows was dividends paid of 3.4 billion yen (Dividend per share: Fiscal year end dividend: 24.5 yen).  
Consequently, the balance of cash equivalents at the end of the period increased by 3.2 billion yen from the beginning of the fiscal year to 53.1 billion yen.

### 3. Forecast for full year of FY2021 (Consolidated)

► Remains unchanged from original forecast published on April 27, 2021

Unit: Billion Yen

		FY2020	FY2021	
		Actual	Forecast	YoY
				YoY(%)
Revenue		105.9	114.0	8.1
Operating profit (loss)		19.7	20.5	0.8
Profit (loss) before tax		19.8	20.5	0.7
Profit (loss)		16.1	16.2	0.1
T&M	Revenue	74.8	82.0	7.2
	Op. profit (loss)	17.7	18.5	0.8
PQA	Revenue	21.4	23.0	1.6
	Op. profit (loss)	1.3	1.8	0.5
Others	Revenue	9.7	9.0	(0.7)
	Op. profit (loss)	1.8	1.2	(0.6)
Adjustment	Op. profit (loss)	(1.2)	(1.0)	0.2

Reference : Exchange rate : FY2020 (Actual) 1USD=106 yen, 1EURO=123 yen  
FY2021(Forecast) 1USD=105 yen, 1EURO=125 yen

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

Business forecasts for the year ending March 31, 2022 remains unchanged from original forecast published on April 27, 2021.

The impact of the COVID-19 on economic activities varies from region to region, and the impact on our business also varies from region to region. This forecast assumes that COVID-19 situations in each region will remain for another year. Going forward, the Company will swiftly publish any expectations of material impacts that should be disclosed.

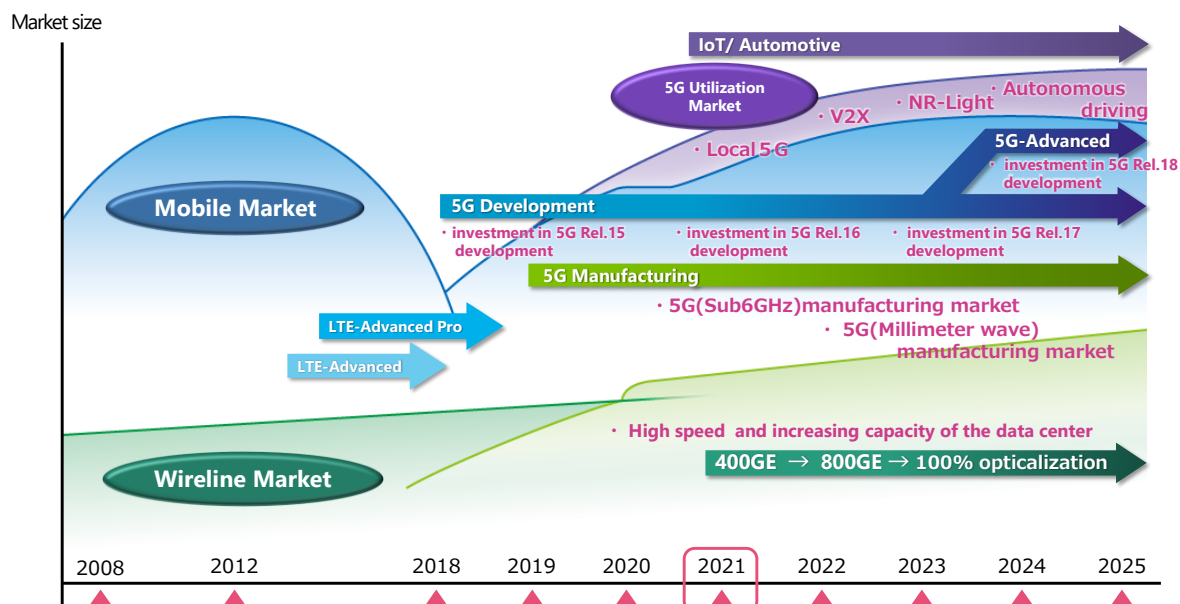
## 4 . Anritsu Initiatives

Hirokazu Hamada

Representative Director , President  
Anritsu Corporation

(No notes here)

## 4 - 1. 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 addition, as the areas of 5G utilization, it is expected that new markets such as IoT / Automotive / local 5G will expand due to the standardization of 3GPP Release 16.

As for 5G standard trends, it is expected to expand to 5G-Advanced after Release 18 toward 6G standardization expected around 2028.

## 4 - 2. Current Worldwide 5G Situations



### Europe

Sub6: 5G coverage in Europe trending upward. As of March 31, 2021, 5G services were launched in 24 of the 27 EU countries.

Millimeter wave: Frequency auctions have been completed in countries including Italy and Finland.



### China

450 million 5G subscribers (as of May 31, 2021)

Sub6: 770,000 base stations have been installed as of December 31, 2020. Plans to install 600,000 more during 2021.

Millimeter wave: Trials are to be conducted at the venue of Beijing Olympics



### South East Asia/Oceania

Sub6: 5G services were launched in countries such as Australia, Thailand, and Philippines during 2020

Millimeter wave: Services were launched in Australia in May 2021



### Korea

15.84 million 5G subscribers (as of May 31, 2021)

Sub6: 115,000 base stations have been installed; more than 90% of population covered

Millimeter wave: Scheduled launch of services in 2020 have been delayed; launch date to be determined



### US

19.96 million 5G subscribers in North America (as of December 31, 2020)

Sub6: Verizon will launch services using C-band in 1Q 2022. Plans to cover 100 million people by March 2022.

Millimeter wave: Verizon will expand number of sites from 14,000 to 30,000 by the end of 2021.



### Japan

14.19 million 5G subscribers (as of March 31, 2021)

Sub6: All major cities in all 47 prefectures are covered.

DoCoMo has installed a cumulative total of 20,000 base stations as of March 31, 2021 (250,000 LTE base stations installed).

Millimeter wave: Four phone carriers have launched services from the latter half of 2020.

\*Source: Prepared Anritsu based on publicly available information as of July 2021

(No notes here)

## 4 - 3 . Local 5G Joint Venture Company “AK Radio Design” Begins Operations

### Services Provided

#### Simulation analysis services

- Radio wave propagation simulations necessary to design local 5G area
- Interference adjustment and consulting services for service area verification/design

#### Measurement Services

- Interference evaluation, service area measurement, base-station performance evaluation, and network evaluation at the actual field where local 5G is introduced
- Support for benchmarking base-station equipment and devices

#### Lab Tour & Utilization Services

- Promoting understanding of local 5G usage and quality assurance methods using Anritsu 5G LAB
- Provision of environment and opportunities for verification experiment under actual local 5G environment

#### Signing ceremony



Hirokazu Hamada  
President  
Anritsu Corporation

Shota Hattori  
Chairman of the board  
Kozo Keikaku  
Engineering Inc.

(No notes here)



## 4 - 4 . About Anritsu 5G LAB



The Anritsu 5G LAB is equipped with base stations and communication devices that are actually used in local 5G. It is capable of various types of verification testing for local 5G signal status, as well as evaluation of data speeds and latency using a variety of measuring instruments.

The lab provides an environment that facilitates an easy understanding of the features of local 5G, such as the 4K high-definition video transmission along with a comparison to the same for Wi-Fi. Also, it proposes the solutions that visualize network traffic in addition to signal evaluation. The lab helps the stable operation of local 5G by comprehensively analyzing the network's operational status and taking appropriate measures.

Anritsu will continue to contribute to the popularization of local 5G and the creation of new use cases, in collaboration with its customers and partners.



(No notes here)