

Financial Results for the 3rd quarter of the Fiscal Year ending March 31, 2022

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(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 3rd 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

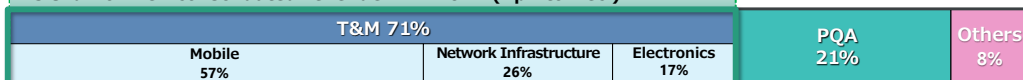


(Revenue by business segment)

105.9 billion Yen consolidated revenue in FY2020



75.9 billion Yen consolidated revenue in FY2021 (Apr. to Dec.)

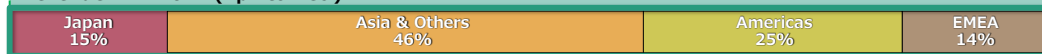


(Revenue of T&M business by region)

Revenue in FY2020



Revenue in FY2021 (Apr. to Dec.)



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 Dec.)	FY2021 (Apr. to Dec.)	YoY	YoY (%)
Order Intake	79.8	83.2	3.4	4%
Revenue	76.6	75.9	(0.7)	-1%
Operating profit (loss)	14.1	10.9	(3.2)	-22%
Profit (loss) before tax	13.9	11.1	(2.8)	-20%
Profit (loss)	10.5	8.2	(2.3)	-22%
Comprehensive income	10.5	9.4	(1.1)	-10%

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

The Group's consolidated order intake increased 4% year on year to 83.2 billion yen and revenue decreased by 1% year on year to 75.9 billion yen. Operating profit decreased by 22% year on year to 10.9 billion yen. Profit decreased by 22% year on year to 8.2 billion yen.

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



- ▶ T&M : Demand for 5G development was strong. Semiconductor shortage continues to affect sales
- ▶ PQA : Sales have recovered in areas where the COVID-19 situation has improved, and revenue increased year on year

Unit: Billion Yen

International Financial Reporting Standards (IFRS)		FY2020 (Apr. to Dec.)	FY2021 (Apr. to Dec.)	YoY	YoY (%)
T&M	Revenue	54.4	53.5	(0.9)	-2%
	Op. profit (loss)	12.5	10.3	(2.2)	-18%
PQA	Revenue	15.3	16.1	0.8	5%
	Op. profit (loss)	1.0	0.9	(0.1)	-6%
Others	Revenue	6.8	6.2	(0.6)	-8%
	Op. profit (loss)	1.1	0.4	(0.7)	-61%
Adjustment	Op. profit (loss)	(0.6)	(0.7)	(0.1)	-
Total	Revenue	76.6	75.9	(0.7)	-1%
	Op. profit (loss)	14.1	10.9	(3.2)	-22%

(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.

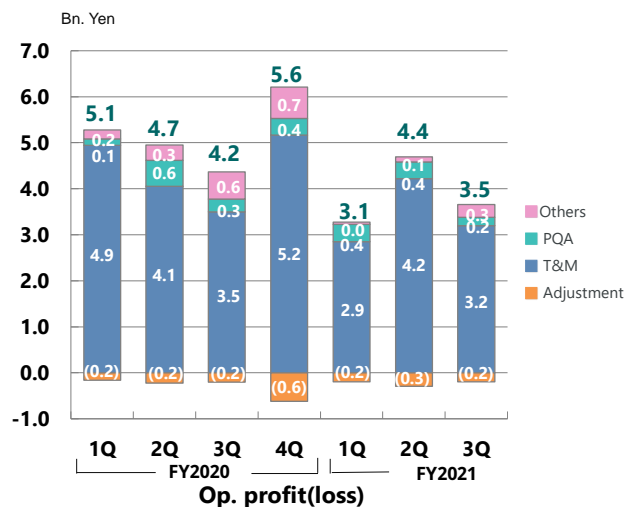
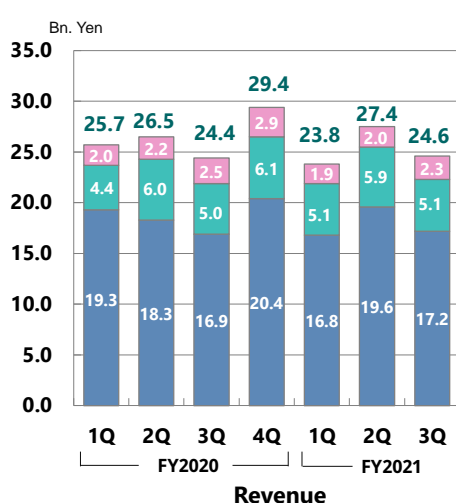
Meanwhile, due to semiconductor shortage, recording of some sales shifted and we saw the sales decreased by roughly 2 billion yen, resulting in a 2% decrease year on year in revenue to 53.5 billion yen and an 18% decrease in operating profit to 10.3 billion yen (operating margin of 19.2%).

In the PQA business, capital investment aimed at labor saving and automating quality assurance processes in the food market remained strong in regions where the COVID-19 situation has improved, such as Asia and the United States. Revenue increased by 5% year on year to 16.1 billion yen, and operating profit decreased by 6% year on year to 0.9 billion yen (operating margin of 5.7%).

In the Others business, revenue declined in the sensing & device business, mainly due to intensified price competition. Revenue decreased by 8% year on year to 6.2 billion yen, and operating profit decreased by 61% year on year to 0.4 billion yen (operating margin of 6.5%), representing decreases in both revenue and profit.

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

▶ 3Q(Oct.-Dec.) Operating margin : Consolidated 14%, T&M 19% ,PQA 4%



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 3Q are as follows:

Consolidated : 3.5 billion yen (Operating margin : 14.0%)
 T&M : 3.2 billion yen (Operating margin : 18.6%)
 PQA : 0.2 billion yen (Operating margin : 3.5%)

2-4. Overview of operations by business segment

Segment FY2021 (Apr. to Dec.)	
T&M : Steady progress for both 5G commercialization schedule and development of high-speed data centers. In addition, the demand for 6G basic development is becoming apparent	
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, however Some smartphone manufacturers with short delivery times are experiencing semiconductor shortages
Americas	Waiting for the full rollout of Sub6GHz (C-band) service after the radio interference problem is resolved
PQA : Demand recovered in areas where the COVID-19 situation has improved, such as Asia and the Americas	

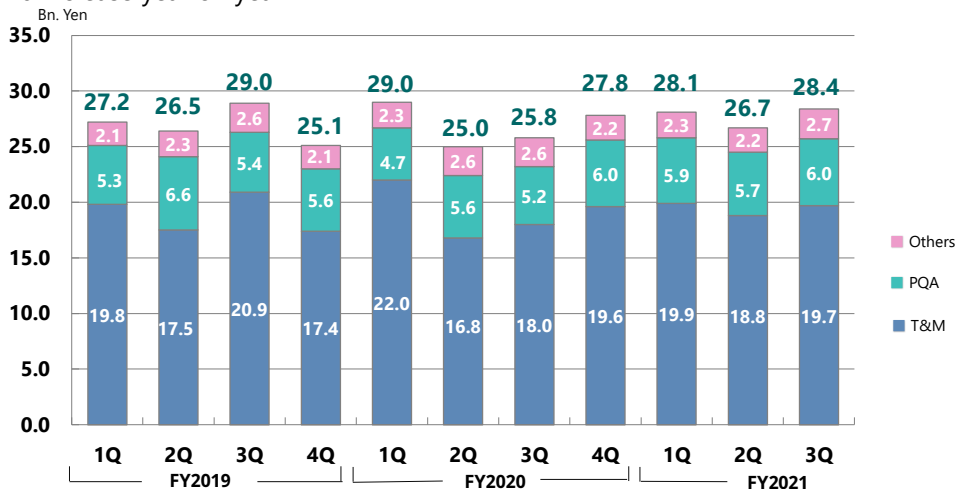
T&M : Test & Measurement PQA : Products Quality Assurance

(No notes here)

2-5. Transition of Order Intake

▶ T&M : 10% increase year on year

▶ PQA : 14% increase year on year



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

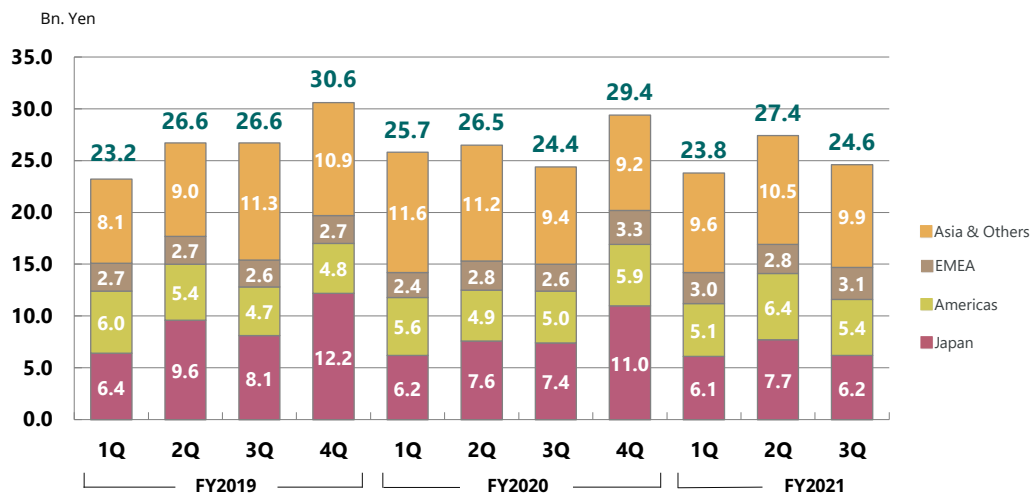
Order intake for the T&M business in the third quarter increased 10% year on year to 19.7 billion yen.

Order intake for the PQA business in the third quarter increased year-on-year by 14% to 6.0 billion yen, due to demand recovered in areas where the COVID-19 situation has improved, such as Asia and USA.

The order backlog for the entire Group was 31.8 billion yen (31% year-on-year increase) and 22.4 billion yen (31% year-on-year increase) for the T&M business and 6.8 billion yen (32% 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 20.3%

FY2021 (Apr. to Dec.)

Operating CF : 15.4 Bn. Yen

Investing CF : (3.8) Bn. Yen

Financing CF : (11.8) Bn. Yen

Free Cash Flow

Op.CF + Inv. CF : 11.6 Bn. Yen

Cash at the end of period

50.4 Bn. Yen

Interest-bearing debt

6.5 Bn. Yen

Details

Unit : Billion Yen

!Others 0.7*		
Accounts receivable 6.5		
Depreciation and amortization 3.8		
Profit(loss) before tax 11.1		
Inventory (2.7)	Capex (2.5)	Dividend (6.1)
Tax (4.0)	Others (1.3)	Treasury Stock (5.1)
		↑ Others (0.6)

*Other main items: Advances received, deposits received, etc.

Op. CF 15.4

Inv. CF (3.8)

Fin. CF (11.8)

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

The operating cash flow was inflow of 15.4 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 11.6 billion yen.

The financial cash flow was outflow of 11.8 billion yen.

The main outflows were dividends paid of 6.1 billion yen (Dividend per share: Fiscal year end dividend: 24.5 yen, Interim dividend: 20 yen) and purchase of treasury stock of 5.1 billion yen.

Consequently, the balance of cash equivalents at the end of the period increased by 0.6 billion yen from the beginning of the fiscal year to 50.4 billion yen.

3. Forecast for full year of FY2021 (Consolidated)



Revise the business forecasts for the year ending March 31, 2022, which was published on April 27, 2021. Annual dividend of 40 yen per share has remained unchanged as planned at the beginning of the fiscal year. (Fiscal year end dividend: 20 yen)

Unit: Billion Yen

		FY2020	FY2020		
		Actual	Full Year		
			Previous Forecast (as of Apr. 27 2021)	Revised Forecast (as of Jan. 27 2022)	
					YoY
					YoY(%)
Revenue		105.9	114.0	110.0	4.1
Operating profit (loss)		19.7	20.5	17.5	(2.2)
Profit (loss) before tax		19.8	20.5	17.5	(2.3)
Profit (loss)		16.1	16.2	14.0	(2.1)
T&M	Revenue	74.8	82.0	77.0	2.2
	Op. profit (loss)	17.7	18.5	16.0	(1.7)
PQA	Revenue	21.4	23.0	22.6	1.2
	Op. profit (loss)	1.3	1.8	1.3	0.0
Others	Revenue	9.7	9.0	10.4	0.7
	Op. profit (loss)	1.8	1.2	1.3	(0.5)
Adjustment	Op. profit (loss)	(1.2)	(1.0)	(1.1)	0.1

Note 1: "Others" includes the results for the fourth quarter of TAKASAGO, LTD., which became a consolidated subsidiary on January 4, 2022.

Note2: Numbers are rounded off to the first decimal place in each column.

Reference : Exchange rate : FY2020 (Actual) 1USD=106 yen, 1EURO=123 yen
FY2021 1Q-3Q(Actual) 1USD=111 yen, 1EURO=131 yen
FY2021 4Q(Forecast) 1USD=111 yen, 1EURO=131 yen

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We have revised the business forecasts for the year ending March 31, 2022, which was published on April 27, 2021.

The global shortage of semiconductors has had a prolonged impact on socio-economic activities, and our production has also been greatly affected by the shortage of parts supply, including semiconductors.

In the T&M business, the Group's mainstay business, although development demand for 5G has been strong, the outlook is expected to remain uncertain due to the effects of semiconductor shortages at some smartphone manufacturers with short delivery times and delays in the commercialization schedule of C-band in the United States.

In the PQA business, delivery times are expected to remain long due to the shortage of semiconductors.

Given this situation, we have revised downward our revenue and operating profit forecasts for the T&M business and PQA Business, as they are expected to fall short of our initial forecasts. In "Others," revenue and operating profit are expected to increase due to the inclusion of the fourth quarter results of TAKASAGO, LTD., which became a consolidated subsidiary on January 4, 2022.

We plan to pay an annual dividend of 40 yen per share as planned at the beginning of the fiscal year.

4. Anritsu Initiatives

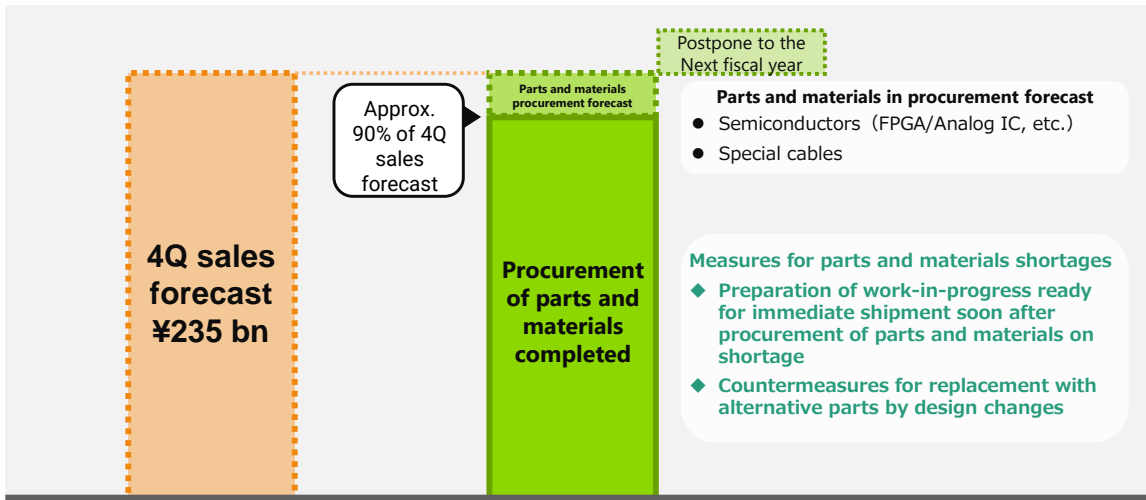
Hirokazu Hamada

Representative Director , President
Anritsu Corporation

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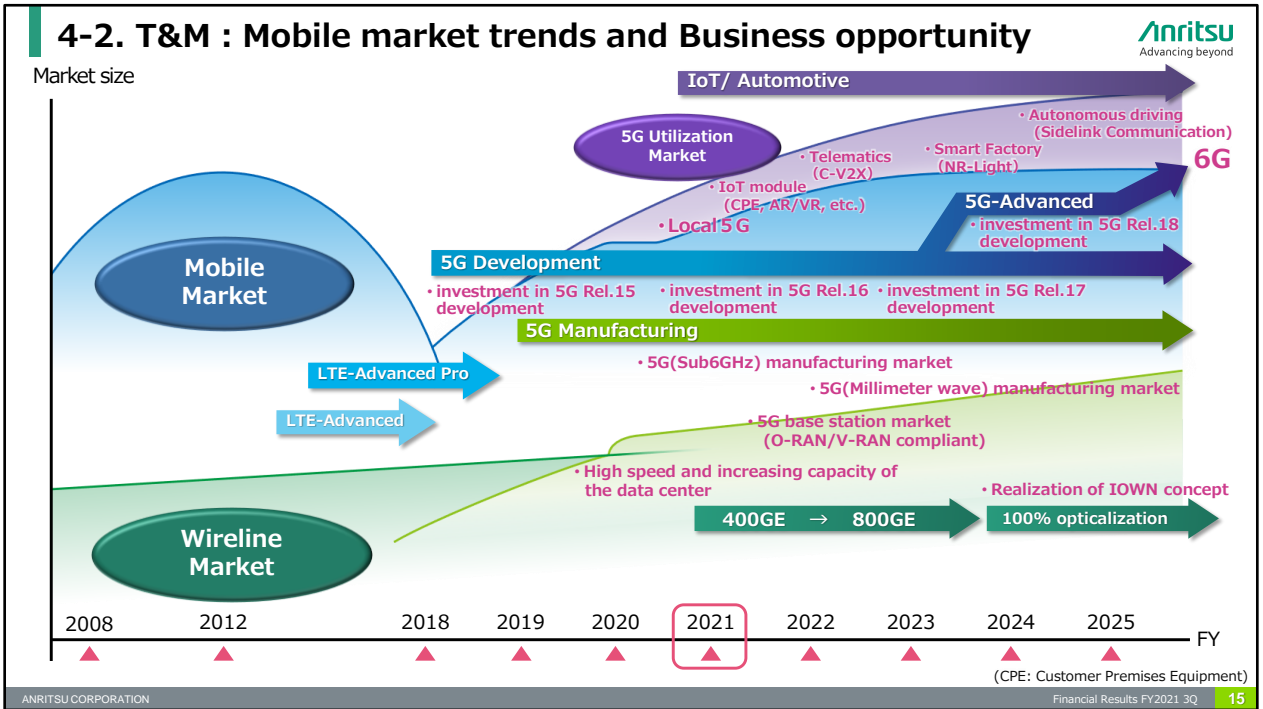
4-1. Material procurement status

T&M Material procurement status



At Jan. 27, 2022

(No notes here)



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: Sub6GHz and millimeter waves. Within the mobile measurement market, the smartphone measurement market saw the launch of Sub6GHz related markets in 2019, with services launched in South Korea and China. Meanwhile, millimeter wave services were launched in the US in 2019, 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 Sub6GHz, and around a year later for millimeter wave demand. In addition, new markets such as local 5G/IoT/Automotive are expected to expand as areas for 5G utilization. Field trials of local 5G have been started in many areas. Research on the use of 5G for telematics and autonomous driving is underway at Automotive. Furthermore, progress is being made in the IoT field in deploying CPE for the last one mile.

As for 5G standard trends, some 6G technology is expected to be brought forward as 5G-Advanced after Release 18 and beyond, preparing for 6G standardization expected around 2028.

4-3. C-Band Demand in the United States

1. Base station construction and maintenance demand

5G services have started except for areas around airports after more than one month delay due to resolving radio interference issues within the band and interference with aircraft altimeter signals.

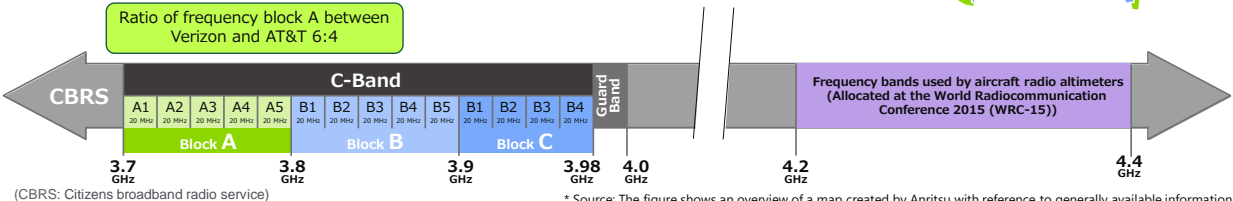
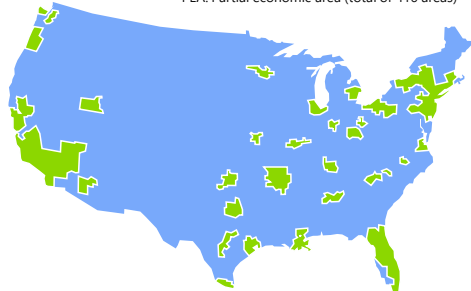
2. Device development demand

Strong demand from smartphone vendors in the US, South Korea and Japan.

3. Carrier acceptance test Demand

Strong demand from mobile operators, test houses and smartphone vendors.

- Phase 1: 46 PEAs and frequency block A
Frequencies will be freed by the end of 2021
 - Phase 2: Remaining PEAs and frequency blocks B & C
Frequencies will be freed by the end of 2023
- * PEA: Partial economic area (total of 416 areas)

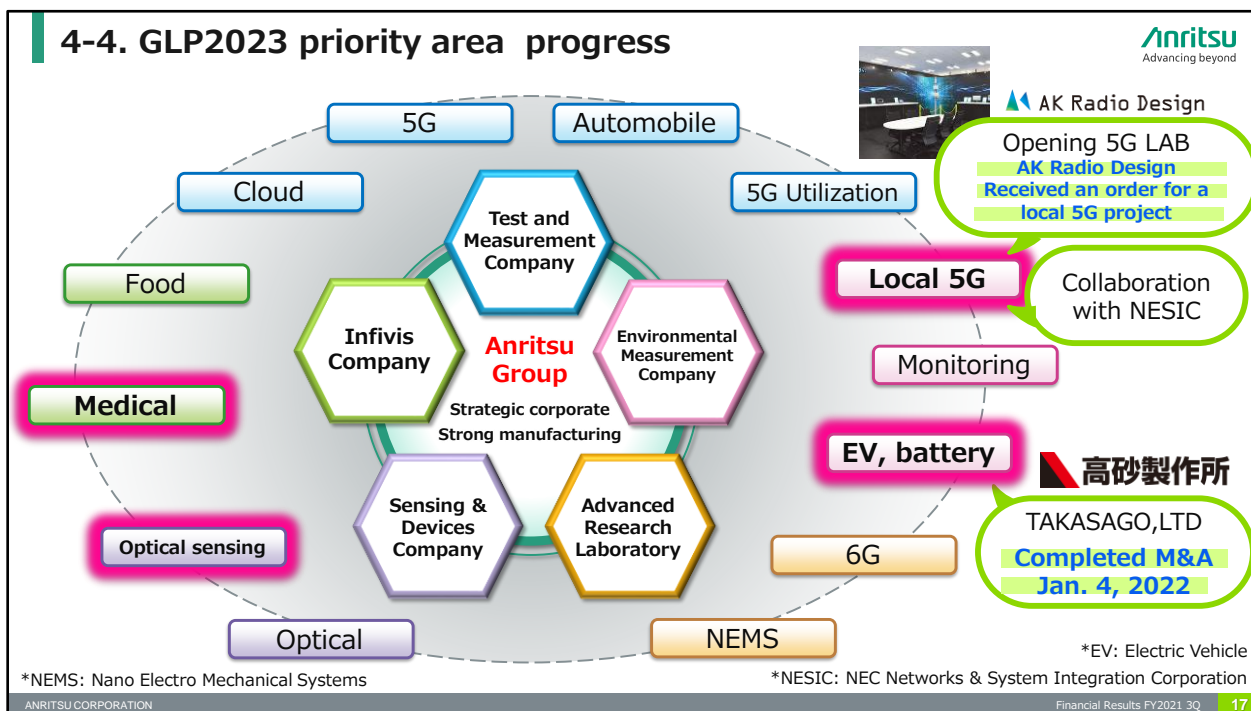


(CBRS: Citizens broadband radio service)

* Source: The figure shows an overview of a map created by Anritsu with reference to generally available information.

(No notes here)

4-4. GLP2023 priority area progress



The three years of GLP2023 are “three years of growth toward 5G’s peak.” They are also “three years of growing new sprouts.” The four areas where we will focus our growth are: 1) EV and battery measurement; 2) local 5G; 3) optical sensing; and 4) medical and pharmaceuticals. We will accelerate growth in each of these areas through external collaboration and M&As.

“In the area of local 5G”, AK Radio Design Inc., our joint venture with Kozo Keikaku Engineering Inc. won orders for local 5G projects in a national project of the Ministry of Internal Affairs and Communications.

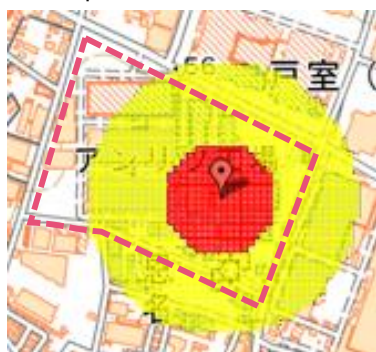
In “EV and battery” measurement, we completed the M&A with TAKASAGO, LTD. on January 4. In the future, we will accelerate the development of the EV and battery measurement market by pursuing collaboration with TAKASAGO, LTD.

4-5. AK Radio Design wins local 5G project

Undertake base station area simulation, actual measurement, and evaluation support

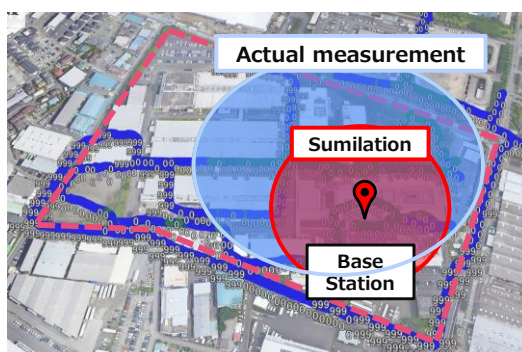
Received orders for local 5G-related services from multiple projects participating in the Ministry of Internal Affairs and Communications' "FY2021 Development Demonstrations for Realizing Local 5G Services to Solve Issues" (National Project).

Example of simulation results



■ Covered area ■ Area to be adjusted (Buffer area between areas)

Example of actual measurement



AK Radio Design Inc., a joint venture between Anritsu Corporation and the Kozo Keikaku Engineering Inc., has received orders for local 5G-related services from multiple projects participating in the Ministry of Internal Affairs and Communications' "FY2021 Development Demonstrations for Realizing Local 5G Services to Solve Issues" Project.

The service provided is a one-stop shop for providing radio propagation simulations of base station areas, which are required when applying for a local 5G license, as well as actual measurements, analysis of the differences between simulations and actual measurements, and support for evaluation.

Anritsu will continue to contribute to the acceleration of the expansion of local 5G.

4-6. Completed M&A of Takasago ,LTD. January 4, 2022

On January 4, 2022, TAKASAGO, LTD. became a member of the Anritsu Group.

TAKASAGO, LTD.'s core technologies include high-accuracy, high-stability, and high-efficiency power-supply technology, battery evaluation technology using charge/discharge test equipment, and power regeneration technology. Going forward, we will accelerate the development of the measurement market of EVs and batteries by combining these with Anritsu's "testing" technology.



Hirokazu Hamada
Representative Director,
President
Anritsu Corporation

Takayuki Morita
President and CEO
(Representative Director)
NEC Corporation

(No notes here)



(No notes here)