

Financial Results for the Fiscal Year ended March 31, 2022

Akifumi Kubota

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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 Fiscal Year ended March 31, 2022
3. Outlook for full year of the Fiscal Year ending March 31, 2023 (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



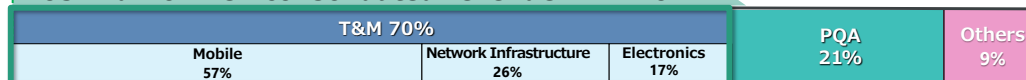
Others

- ▶ Environmental measurement
- ▶ Sensing & device



(Revenue by business segment)

105.4 billion Yen consolidated revenue in FY2021



(Revenue of T&M business by region)



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

(No notes here)

2-1. Consolidated performance - Financial results -

► Orders are increased by 3% year on year, revenue and profit declined year-on-year

Unit: Billion Yen

International Financial Reporting Standards (IFRS)	FY2020 (Apr. to Mar.)	FY2021 (Apr. to Mar.)	YoY	YoY (%)
Order Intake	107.6	110.7	3.1	3%
Revenue	105.9	105.4	(0.5)	-1%
Operating profit (loss)	19.7	16.5	(3.2)	-16%
Profit (loss) before tax	19.8	17.2	(2.6)	-14%
Profit (loss)	16.1	12.8	(3.3)	-20%
Comprehensive income	19.9	16.1	(3.8)	-19%

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

The Group's consolidated order intake increased 3% year on year to 110.7 billion yen. Revenue decreased by 1% year on year to 105.4 billion yen. Operating profit decreased by 16% year on year to 16.5 billion yen. Profit decreased by 20% year on year to 12.8 billion yen.

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



- ▶ T&M : Both revenue and profit declined year-on-year as a result of the semiconductor shortage, but hopes are high for 5G growth in Western markets
- ▶ PQA : Sales recovered, primarily in overseas markets, and revenue increased while profit decreased

Unit: Billion Yen

International Financial Reporting Standards (IFRS)		FY2020 (Apr. to Mar.)	FY2021 (Apr. to Mar.)	YoY	YoY (%)
T&M	Revenue	74.8	73.3	(1.5)	-2%
	Op. profit (loss)	17.7	15.2	(2.5)	-14%
PQA	Revenue	21.4	22.0	0.6	3%
	Op. profit (loss)	1.3	1.2	(0.1)	-12%
Others	Revenue	9.7	10.1	0.4	4%
	Op. profit (loss)	1.8	1.1	(0.7)	-38%
Adjustment	Op. profit (loss)	(1.2)	(1.0)	0.2	-
Total	Revenue	105.9	105.4	(0.5)	-1%
	Op. profit (loss)	19.7	16.5	(3.2)	-16%

(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

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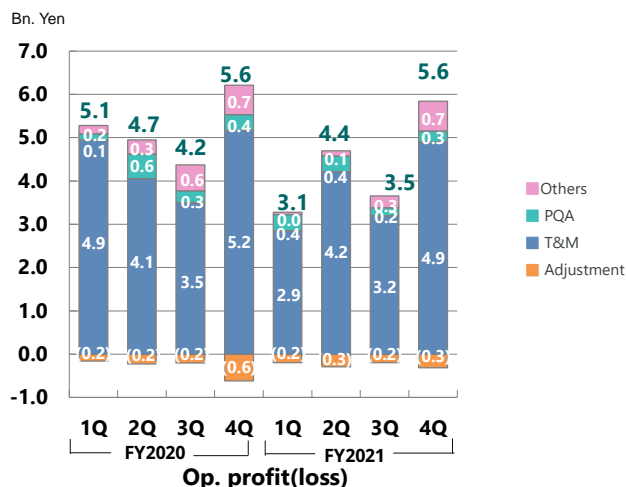
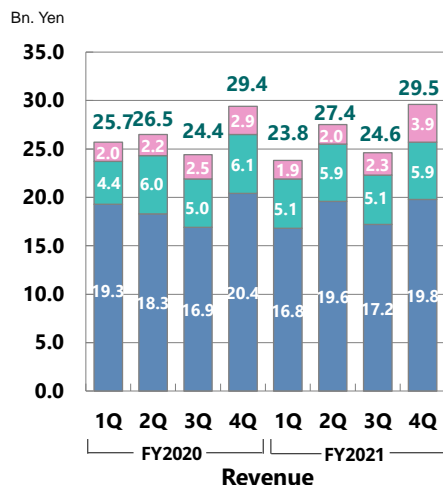
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In the T&M business, we captured demand for 5G chipset and mobile terminal development, together with demand related to development and production in anticipation of high-speed network transmission in data centers, etc. Due to the global shortage of semiconductors and delays in the C-band commercialization schedule in the U.S., revenue decreased by 2% year on year to 73.3 billion yen and operating profit decreased by 14% to 15.2 billion yen (operating margin of 20.7%). As for PQA business, capital investment aimed at labor saving and automating quality assurance processes in the food market remained strong in overseas markets. However, due in part to increases in component procurement costs resulting from the semiconductor shortage, revenue increased by 3% year on year to 22.0 billion yen, and operating profit decreased by 12% year on year to 1.2 billion yen (operating margin of 5.3%). In the Others business, revenue declined in the sensing & device business, mainly due to intensified price competition, but on January 4, 2022, TAKASAGO, LTD. became a consolidated subsidiary, and its business results have been included in the Company's consolidated business results since the fourth quarter, so revenue increased by 4% year on year to 10.1 billion yen, and operating profit decreased by 38% year on year to 1.1 billion yen (operating margin of 11.1%), representing an increases in revenue and a decrease in profit.

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

▶ 4Q(Jan.-Mar.) Operating margin : Consolidated 19%, T&M 25%, 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 4Q are as follows:

Consolidated : 5.6 billion yen (Operating margin : 18.8%)
 T&M : 4.9 billion yen (Operating margin : 25.0%)
 PQA : 0.3 billion yen (Operating margin : 4.3%)

2-4. Overview of operations by business segment

Segment FY2021 (Apr. to Mar.)	
T&M : The stage of 5G services has moved from initial introduction phase to the functional expansion phase. Development of higher-speed data centers is progressing steadily.	
Mobile	Market expansion is expected in EMEA and Americas for 5G development demand.
Network Infrastructure	Investment for data centers and others remains steady.
Asia & Others/ Japan	Investment in 5G services is modest but strong.
Americas	Recovery of demand is expected due to the progress of Sub6 GHz (C-band) base station installation.
PQA : Demand recovered in overseas markets such as Asia and the Americas.	

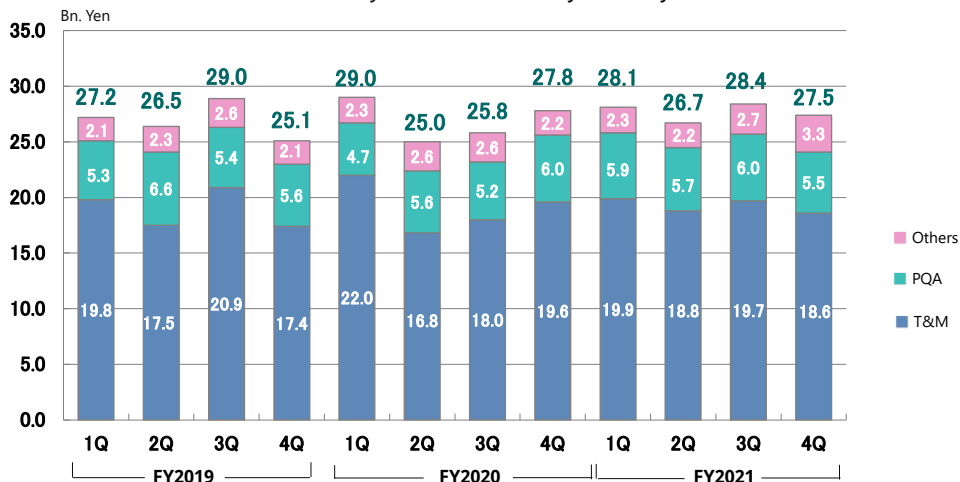
T&M : Test & Measurement PQA : Products Quality Assurance

The impact of the global semiconductor shortage continues. In addition, there was an impact of the spread of the new coronavirus infection mainly in China (Shanghai).

2-5. Transition of Order Intake

▶ T&M : FY2021 Order intake 77.1 Billion yen, 1% increase year on year

▶ PQA : FY2021 Order intake 23.1 Billion yen, 7% increase year on year



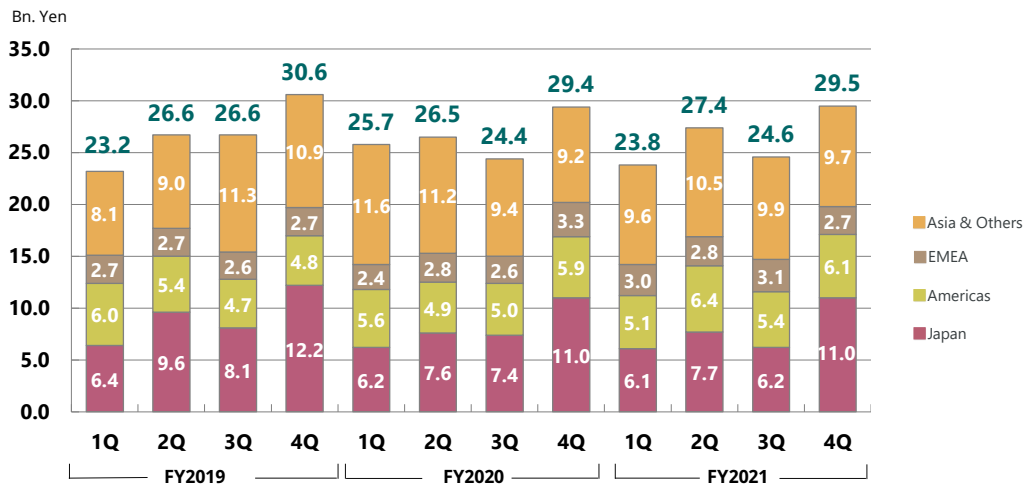
Note : Numbers are rounded off to the first decimal place in each column.

Order intake for the T&M business in FY2021 increased year on year by 1% to 77.1 billion yen.

Order intake for the PQA business in FY2021 increased year on year by 7% to 23.1 billion yen.

The order backlog for the entire Group was 31.9 billion yen (41% year-on-year increase) and 21.3 billion yen (34% year-on-year increase) for the T&M business and 6.6 billion yen (27% year-on-year increase) for the PQA business.

2-6. Transition of Revenue by Region



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 15.2%

FY2021 (Apr. to Mar.)

Operating CF : 16.0 Bn. Yen

Investing CF : (8.7) Bn. Yen

Financing CF : (13.4) Bn. Yen

Free Cash Flow

Op.CF + Inv. CF : 7.3 Bn. Yen

Cash at the end of period

45.7 Bn. Yen

Interest-bearing debt

6.5 Bn. Yen

Details

↓ Accounts payable 0.6		
	← Accounts receivable 0.9	
Depreciation and amortization 5.1		
		Unit : Billion Yen
Profit(loss) before tax 17.2		
Inventory (3.4)	Capex (2.9)	Dividend (6.1)
Tax (4.0)	Acquisition of subsidiaries (4.0)	
↑ Others (0.4)*	Others (1.8)	Treasury Stock (5.1)
		Others (2.2)

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

Op. CF 16.0

Inv. CF (8.7)

Fin. CF (13.4)

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

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The operating cash flow was inflow of 16.0 billion yen.

The investing cash flow was outflow of 8.7 billion yen.

As a result, the free cash flow amounted to an inflow of 7.3 billion yen.

The financial cash flow was outflow of 13.4 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 decreased by 4.1 billion yen from the beginning of the fiscal year to 45.7 billion yen.

3-1. Forecast for full year of FY2022 (Consolidated)

▶ Although affected by parts shortages throughout the year, 5G-related demand is expected to grow

Unit: Billion Yen

		FY2021	FY2022		
		Actual	Forecast	YoY	YoY(%)
Revenue		105.4	115.0	9.6	9%
Operating profit (loss)		16.5	19.0	2.5	15%
Profit (loss) before tax		17.2	19.0	1.8	11%
Profit (loss)		12.8	14.0	1.2	9%
T&M	Revenue	73.3	78.0	4.7	6%
	Op. profit (loss)	15.2	17.5	2.3	15%
PQA	Revenue	22.0	24.0	2.0	9%
	Op. profit (loss)	1.2	1.3	0.1	11%
Others	Revenue	10.1	13.0	2.9	29%
	Op. profit (loss)	1.1	1.2	0.1	7%
Adjustment	Op. profit (loss)	(1.0)	(1.0)	0.0	-

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

Note2: Numbers for actual and forecast are rounded off to the first decimal place in each column.

Reference : Exchange rate : FY2021 (Actual)
FY2022 (Forecast)

1USD=112 yen, 1EURO=131 yen
1USD=120 yen, 1EURO=135 yen

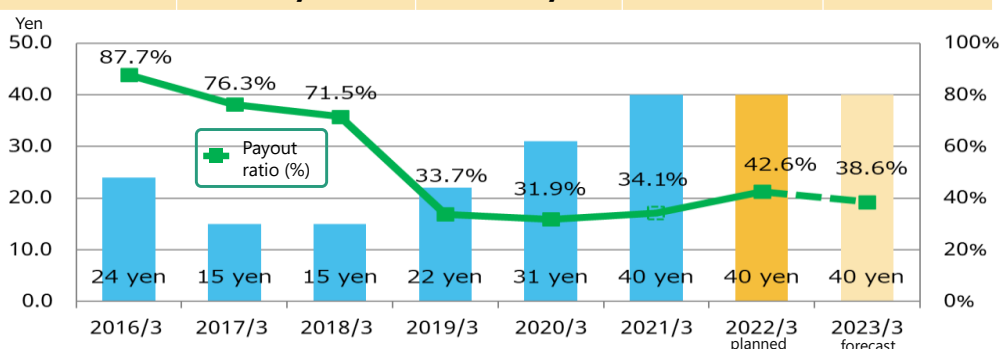
In the telecommunications field, 5G-related demand is expected to grow going forward as 5G technology innovations are created and applied to a wider range of fields. We also expect to see growth in demand driven by the expansion and enhancement of network infrastructure in data centers, etc. However, we also expect to see ongoing component procurement risks due to the prolonged semiconductor shortage. In this business environment, the Group aims to establish a competitive advantage and become a leading company supporting the 5G/IoT society by focusing on the 5G business and providing solutions in a timely manner that accurately respond to the expansion of 5G utilization fields and the growing demand for faster networks. Furthermore, we also see four priority new growth areas as "EV and battery measurement," "local 5G," "optical sensing," and "medical and pharmaceuticals," and will accelerate growth in each of these areas through external collaboration and M&A.

Forecast for the full year of fiscal year ending March 31, 2023 is as shown above.

3-2. Dividend plan and forecast

Total return ratio for FY2022 :81.3%
(dividend 5.4 billion yen, treasury stock 5 billion yen)

	Dividend per share	Profit	Payout ratio	ROE
FY2021	40 yen	12.8 B yen	42.6%	11.5%
FY2022	40 yen	14.0 B yen	38.6%	12%



We plan to increase the annual dividend to 40 yen per share (an interim dividend of 20.0 yen), announced on January 27, 2022 in the forecast for the full year results of FY2021.

ROE is expected to be 11.5%.

We plan to pay an annual dividend of 40 yen per share (including an interim dividend of 20.0 yen) on the premise that we will achieve our business outlook for FY2022. We will continue to practice distribution of profits taking into account the total return ratio in order to enhance shareholder return.

[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.

The Company's policy for treasury stocks is to purchase as necessary and appropriate, taking into consideration its financial condition, stock price trends, and other factors, in order to implement a flexible capital policy that responds to changes in the corporate environment.

4. Anritsu Initiatives

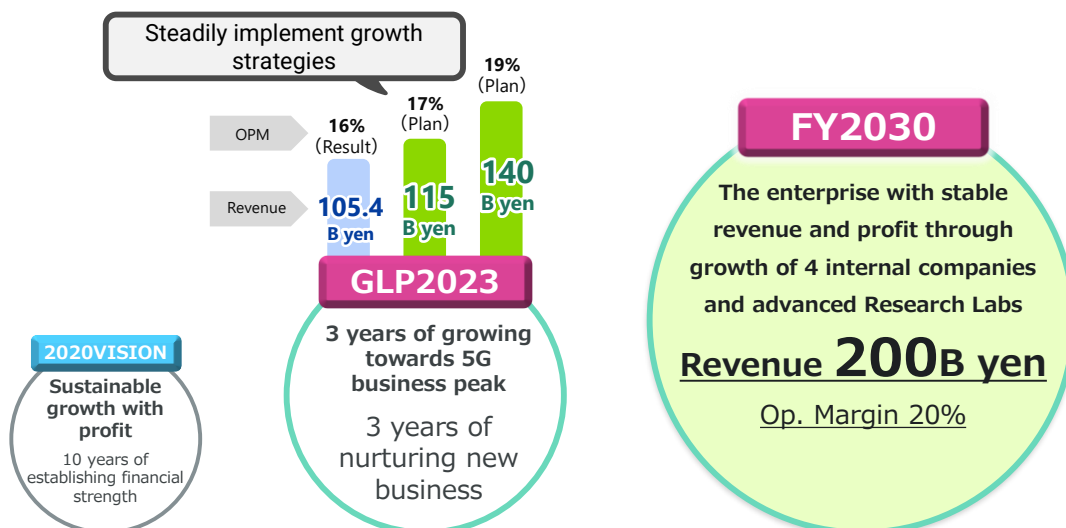
Hirokazu Hamada

Representative Director , President
Anritsu Corporation

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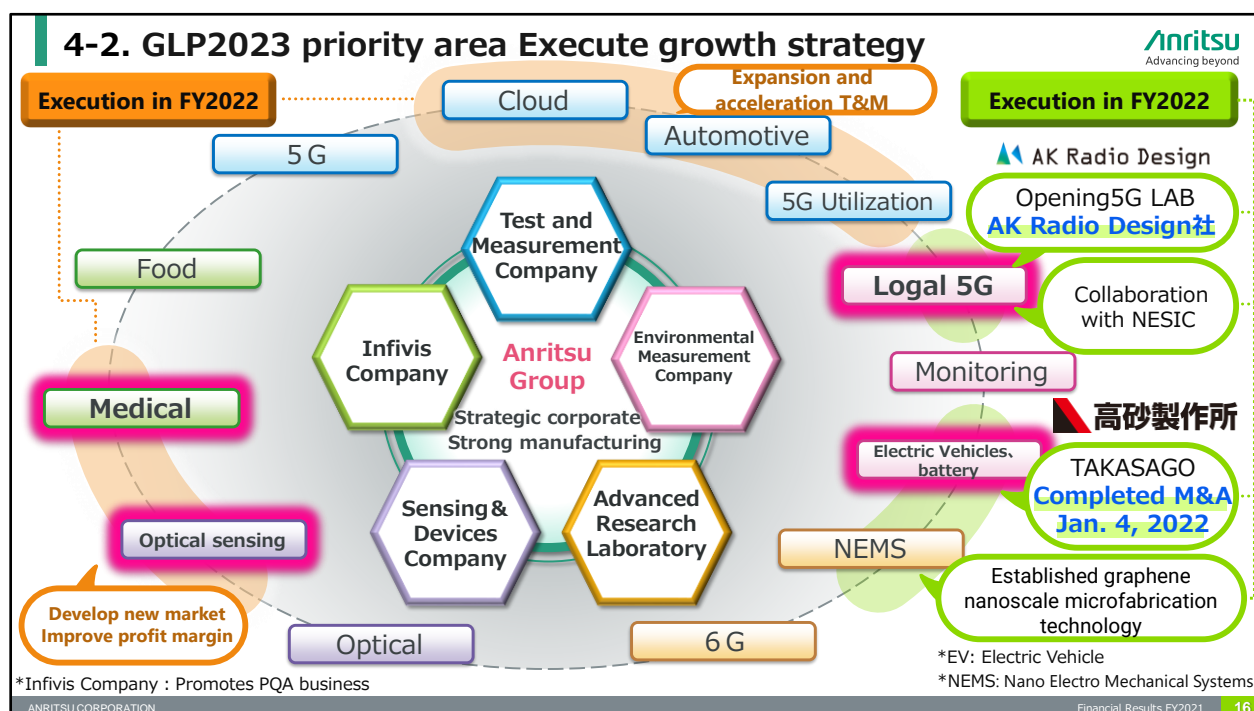
4-1. The vision towards FY2030 & GLP2023

Beyond testing, beyond limits, for a sustainable future together



We are still in the midst of major changes in the external environment, including the spread of COVID-19 infections and the resulting shortages in the supply of semiconductors, and geopolitically, the U.S.-China trade war and the Ukraine conflict.

Despite these circumstances, we will steadily implement our growth strategy with the goal of achieving 200 billion yen by 2030, aiming for medium- to long-term growth.



In the telecommunications field, 5G has moved from the initial introduction phase to the function expansion phase.

In our T&M business, the growth driver was the demand for development of 5G smartphones. The next growth drivers are being added, such as the expansion of non-communication 5G utilization areas in Automotive and IoT, next generation millimeter wave utilization, O-RAN for base stations and faster optical networks in the cloud (400GE).

Furthermore, in the mid- to long-term, new catalysts for telecommunications are expected to emerge, such as local 5G/private 5G, metaverse, and satellite communications. In the field of wired networks, IOWN and cloud will be further accelerated (800GE). We expect to see investment in these next-generation communications also including 6G.

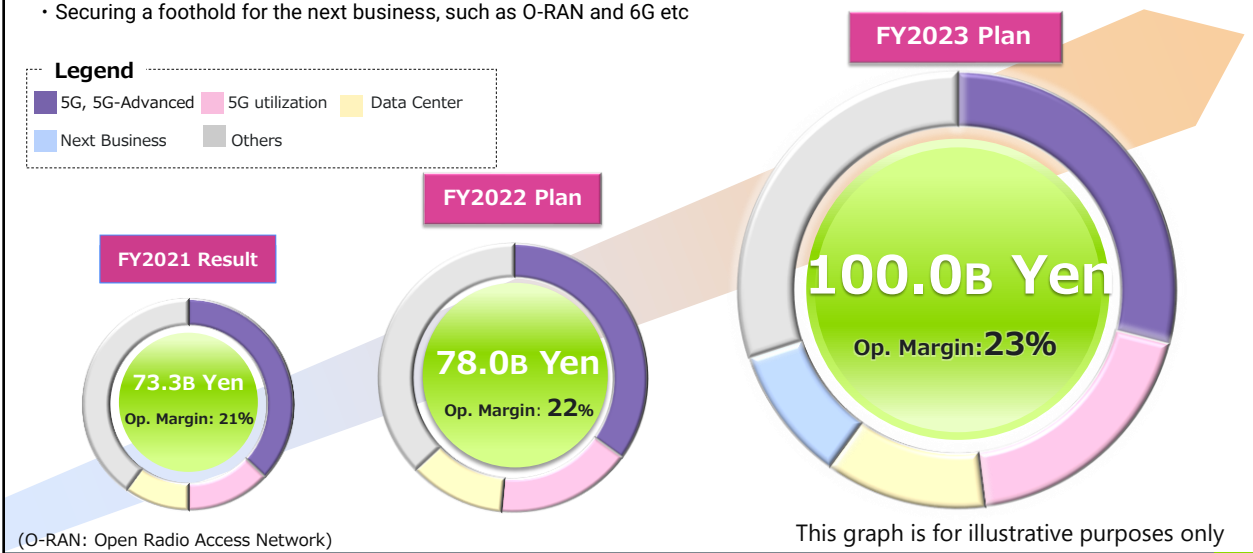
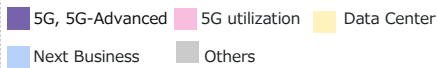
In addition to the T&M business, we expect the EV & battery measurement market in the Environmental Measurement business, the medical & pharmaceutical inspection market in the PQA business, and the optical sensing device market in the Sensing & Devices business to expand as new growth areas. We are implementing our growth strategy to focus on these four growth areas in GLP2023.

4-3. T&M : GLP2023 revenue and operating profit plan

Initiatives for FY2022

- Acquiring demand for 5G in EMEA
- Customer development for 5G IoT / automotive market in Asia / North America
- Securing a foothold for the next business, such as O-RAN and 6G etc

Legend



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This graph shows GLP2023 sales and operating income plan for the T&M business. We aim to achieve sales of 100 billion yen and an operating profit margin of 23% by expanding the sales of 5G, 5G utilization, and data centers, which are the three growth drivers, and launching next-generation businesses.

4-4. PQA : GLP2023 revenue and operating profit plan

Initiatives for 2022

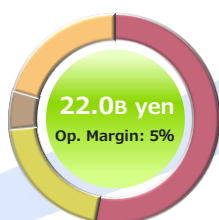
Acquire new demand and improve profits by utilizing IT

- Responding to automation / labor saving needs
- Market expansion utilizing IT in Europe and the United States
- Improved profit margin by expanding sales in the pharmaceutical market

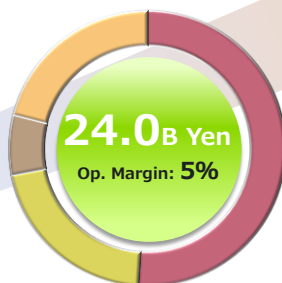
Legend



FY2021 Result



FY2022 Plan



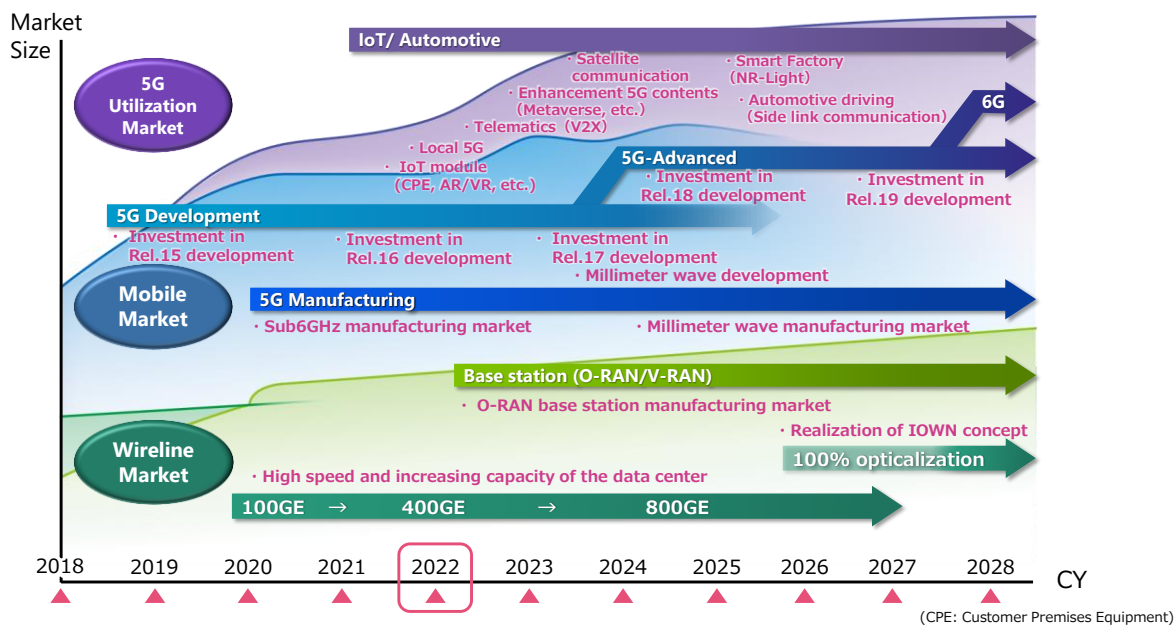
FY2023 Plan



This graph is for illustrative purposes only

(No notes here)

4-5. T&M : Mobile market trends and Business opportunity



Although 5G services saw slow penetration in 2020-2021 due to the global pandemic and delays in millimeter wave area deployment, 5G application areas are expected to continue to expand with the expansion of 5G services in Europe and the United States after 2022, the expansion of individual network utilization such as local 5G and private 5G, and the creation of content using 5G represented by the metaverse and other areas.

In addition, since reinvestment after the spread of Sub6GHz can be expected for the delayed millimeter wave, demand for smartphones will continue until around 2023-24, after which demand in the 5G utilization area will drive demand for 5G measuring instruments.

As for 5G systems, smartphones were the main area in 3GPP Release 15. The standardization of Release 16/17 will expand to 5G utilization areas such as IoT/Automotive/Local 5G, and furthermore, through 5G-Advanced, which will incorporate some of the functions and performance of 6G, will gradually transit to 6G system expected around 2028.

Furthermore, along with the evolution of mobile, the movement toward the sophistication of networks, such as transition of base stations to O-RAN, speeding up of optical networks from 400GE to 800GE, and all-optical, will drive the demand for measuring instruments for networks.

4-6. MWC 2022 Overview



Mobile World Congress

World's largest mobile technology trade show
February 28-March 3, 2022 in Barcelona

Main topic

- **Metaverse/AR/VR**

Tech Mahindra has announced that it will provide car dealership and banking services in the metaverse, SK Telecom exhibits a flying taxi using VR.

- **FinTech**

Expected to become the foundation of FinTech services by combining 5G large capacity, low latency, advanced security and blockchain technology.

- **Entry of Hyperscalers**

Companies such as AWS and Microsoft have introduced 5G core network services using the cloud.

- **O-RAN (Open Radio Access Network)**

NTT DOCOMO and Xilinx have revealed solutions based on O-RAN standards. Transition from the concept stage to the implementation/deployment stage.

- **5G-Advanced & 6G**

Qualcomm and ZTE have announced new solutions towards 5G-Advanced
NTT DOCOMO has introduced technology towards 6G.



SK Telecom exhibits a flying taxi



Watching a game using Orange's 5G

The Mobile World Congress (World's largest mobile technology trade show) was held at its usual time for the first time in three years.

At this year's show, there were exhibitions and events with themes such as the metaverse, AR/VR, hyperscalers, the Open Radio Access Network (O-RAN), FinTech, and 5G Advanced & 6G.

4-7. MWC 2022 Anritsu Exhibit



Introduction of some of the exhibits at the Anritsu booth

Automotive

5G compatible in-vehicle application test solution

with
dSPACE



In a joint exhibition with dSPACE, we demonstrated the using 5G's V2X capabilities to help cars avoid collisions with objects and people at intersections with poor visibility.



5G Release16

5G ultra-high reliability and low delay communication (URLLC)

with
MEDIATEK

In a joint exhibition with MediaTek, we demonstrated 5G ultra-reliable low-latency communication (URLLC) using the functions developed in Release 16.



**Support for new function
MT8000A
Radio communication test station**



In our booth, we introduced 5G-compatible in-vehicle application test solutions in collaboration with dSPACE and 5G ultra-reliable low latency communication (URLLC) in collaboration with Media Tek. We also introduced 5G field test solutions and 5G-Advanced & 6G basic research solutions. The 5G-enabled in-vehicle application test solution is an emulation function for communication between the vehicle and the infrastructure using the V2X function of 5G. We demonstrated how the vehicle avoids collisions with objects and people at intersections with poor visibility.

In 5G ultra-high reliability and low latency communication, the DAPS (Dual Active Protocol Stack) handover function established in Release 16 of 3GPP is used to reduce the interruption time almost to zero, even during handover.

The number of visitors to MWC as a whole was less than 60% compared to 2019, most of them were residents of Europe, and the number of visitors from Asia and the United States was small. Our booth had 162 visitors (155 companies) over the four-day period, and we held individual meetings with over 50 customer groups, providing a meaningful opportunity for customers to gain a deeper understanding of our measurement solutions.

4-8. Progress of Sustainable Development Goals (SDGs) in GLP2023

	KPI	GLP2023 Goal	FY2021 results	Progress
E Environment	● Greenhouse gases (Scope1+2)	23% reduction compared to FY2015	23% reduction (Reference data) *	◎
	● In house power generation ratio	13% or more	12% (Reference data) *	◎
S society	● Advancement of woman	A proportion of women in senior management positions of 15%	10.9% (As of March 31 st , Global) *	○
	● Promote employment of physically challenged people	Achieve the legally mandated employment rate of 2.3% through job development	Established a special subsidiary, Hapisuma Co., Ltd. Achieved 2.54%* (As of March 31 st , Global)	◎
	● Strengthening of supply chain due diligence	A cumulative total of 10 or more companies , over 3 years	Conducted due diligence on 6 companies	◎
G Governance	● Promoting the diversity of the Board of Directors	Outside director ratio 50% or more	Outside director ratio 50% achieved	◎

*: The figures have been corrected from 23.8%, 12.6%, 11.8% and 2.59% respectively. (2022, Jun, 28)

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	KPI : GLP2023 Goals	FY2020 result	FY2021 result	Progress
Environment	Greenhouse gases (Scope 1 + 2) : 23% reduction compared to FY2015	16.9% reduction	23% reduction (Reference data) *	◎
	Greenhouse gases (Scope 3) : 13% reduction compared to FY2018	10.1% reduction	14% reduction (Reference data) *	◎
	In house Power generation ratio (PGRE 30) : 13% or more (Based on FY2018 power consumption)	3.3%	12% (Reference data) *	◎
Society	Advancement of the women : A proportion of women in senior management positions of 15% or more	10.8% as of 31th March, 2021	10.9% * (As of March 31st, Global)	○
	Advancement of the elderly : Employment until the age of 70 and the establishment of a new compensation packages	There is an employment extension system up to 65 years old	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	2.05% as of 31th March, 2021	2.54% * (As of March 31st, Global)	◎
	Strengthening of supply chain due diligence : A cumulative total of 10 or more companies, over 3 years	none	Conducted due diligence on 6 companies	◎
	Dissemination of information to suppliers related to CSR procurement twice / year or more, education once / year or more	Information dissemination twice and education once	Information dissemination three times and education once	◎
	Promoting the diversity of the Board of Directors : Outside director ratio 50% or more	44% (4 out of 9)	50% (5 out of 10)	◎
Governance	Promoting the establishment of an internal control system at overseas subsidiaries : All overseas subsidiaries meet the criteria of Control Self -Assessment (CSA)	CSA criteria and standards required by each company are being defined for evaluation in 2023 (scheduled to be completed in 2022).		○

* : The figures have been corrected from 23.8%, Aggregating, 12.6%, 11.8% and 2.59%, respectively (2022, Jun, 28).



(No notes here)