

Financial Results for the 1st quarter of the Fiscal Year ending March 31, 2023

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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, 2023
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



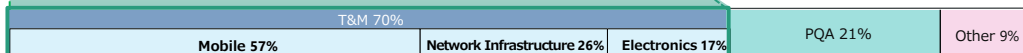
Others

- ▶ Environmental measurement
- ▶ Sensing & devices

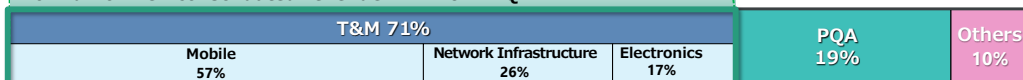


(Revenue by business segment)

105.4 billion Yen consolidated revenue in FY2021



26.2 billion Yen consolidated revenue in FY2022 1Q



(Revenue of T&M business by region)

Revenue in FY2021



Revenue in FY2022 1Q



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

(No notes here)

2-1. Consolidated performance - Financial results -

- Orders increased by 6% YoY; revenue increased by 10% YoY. Operating profit decreased by 2% YoY; profit increased by 39% YoY

Unit: Billion Yen

International Financial Reporting Standards(IFRS)	FY2021 (Apr. to Jun.)	FY2022 (Apr. to Jun.)	YoY	YoY (%)
Order Intake	28.1	29.8	1.7	6%
Revenue	23.8	26.2	2.4	10%
Operating profit (loss)	3.1	3.0	(0.1)	-2%
Profit (loss) before tax	3.1	3.9	0.8	27%
Profit (loss)	2.1	2.9	0.8	39%
Comprehensive income	2.3	6.7	4.4	185%

(Note) Numbers for FY2021 and FY2022 are rounded off to the first decimal place in each column.

The Group's consolidated order intake increased 6% year on year to 29.8 billion yen and revenue increased by 10% year on year to 26.2 billion yen. Operating profit decreased by 2% year on year to 3.0 billion yen. Profit increased by 39% year on year to 2.9 billion yen.

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



- ▶ T&M : Revenue and profit increased year on year due to strong demand for high-speed network and 5G development
- ▶ PQA : Profit decreased YoY due to higher parts procurement costs and logistics costs, in addition to higher sales promotion expenses

Unit: Billion Yen

International Financial Reporting Standards (IFRS)		FY2021 (Apr. to Jun.)	FY2022 (Apr. to Jun.)	YoY	YoY (%)
T&M	Revenue	16.8	18.6	1.8	11%
	Op. profit (loss)	2.9	3.4	0.5	19%
PQA	Revenue	5.1	5.1	(0.0)	-0%
	Op. profit (loss)	0.4	(0.1)	(0.5)	-
Others	Revenue	1.9	2.5	0.6	32%
	Op. profit (loss)	0.0	(0.1)	(0.1)	-
Adjustment	Op. profit (loss)	(0.2)	(0.2)	(0.0)	-
Total	Revenue	23.8	26.2	2.4	10%
	Op. profit (loss)	3.1	3.0	(0.1)	-2%

(Note1) : Numbers for FY2021 and FY2022 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, we captured demand for 5G chipset and mobile terminal development, together with demand related to development and production for high-speed network transmission in data centers, etc. In terms of costs, sales promotion expenses increased due to enhanced sales promotion activities. As a result, revenue increased by 11% year on year to 18.6 billion yen, and operating profit increased by 19% to 3.4 billion yen (operating margin of 18.3%).

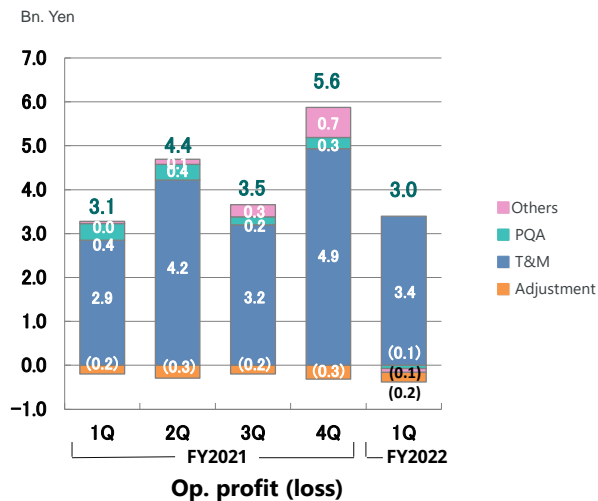
In the PQA business, capital investment aimed at labor saving and automating quality assurance processes in the food market was strong, but the lockdown in Shanghai had an impact on revenue. In terms of costs, sales promotion expenses increased due to enhanced sales promotion activities. In addition, higher component procurement costs and logistics costs, etc. also had an impact, resulting in a year-on-year decrease in profit.

As a result, revenue was 5.1 billion yen, the same level as the same period last year, and an operating profit fell 0.5 billion yen year on year to an operating loss of 0.1 billion yen.

In other businesses, TAKASAGO, LTD. became a consolidated subsidiary on January 4, 2022, and the company has been included in the scope of consolidation since the fourth quarter of the previous fiscal year. As a result, net sales increased 32% year-on-year to 2.5 billion yen, and operating profit decreased 0.1 billion yen year-on-year to -0.1 billion yen.

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

▶ 1Q(Apr.-Jun.) Operating margin : Consolidated 12%, T&M 18%





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 : 3.0 billion yen (Operating margin : 11.5%)
 T&M : 3.4 billion yen (Operating margin : 18.3%)
 PQA :- 0.1 billion yen

2-4. Overview of operations by business segment

Segment FY2022 (April to June)	
 T&M : The stage of 5G services has moved from initial introduction phase to the functional expansion phase. Demand of high-speed data centers was favorable.	
Mobile	Market expansion is expected in EMEA and Americas for 5G development demand.
Network Infrastructure	Strong performance for investments in data centers, etc.
Asia & Others/ Japan	Investment in 5G services is modest but strong.
Americas	Development of high-speed data centers was strong. Investment in 5G is recovering.
 PQA : Capital investment for automation and labor saving in food market was strong	

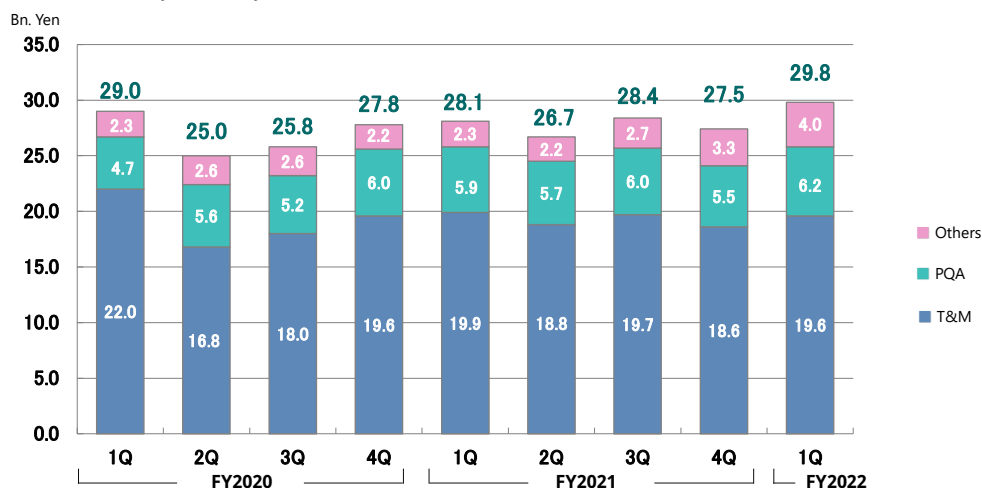
T&M : Test & Measurement PQA : Products Quality Assurance

(No notes here)

2-5. Transition of Order Intake

▶ T&M : 2% decrease year on year, 5% increase quarter on quarter

▶ PQA : 5% 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 by 1.0 billion yen to 19.6 billion yen from 18.6 billion yen in the fourth quarter.

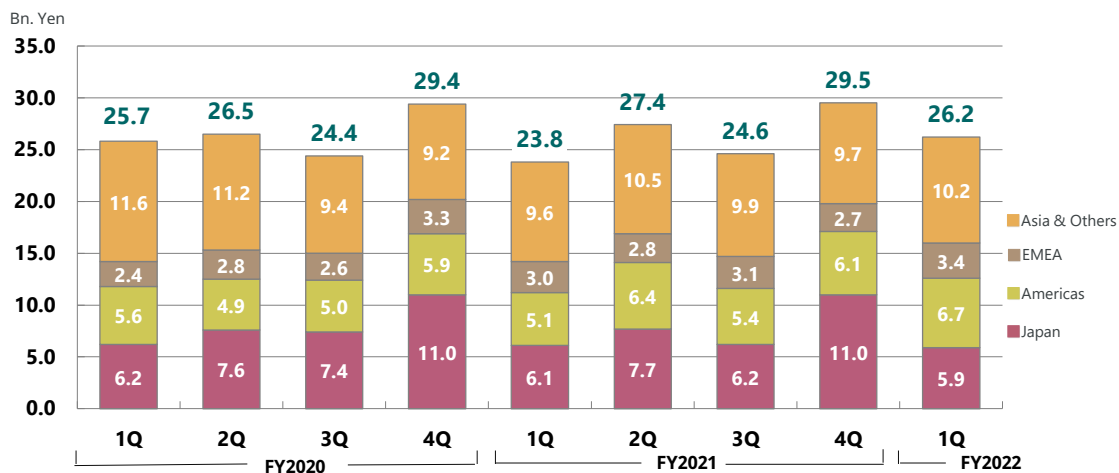
Order intake for the PQA business in the first quarter increased year-on-year by 5% to 6.2 billion yen.

In other businesses, TAKASAGO, LTD. became a consolidated subsidiary on January 4, 2022, and the company has been included in the scope of consolidation since the fourth quarter of the previous fiscal year.

The order backlog for the entire Group was 37.4 billion yen (37% year-on-year increase) and 23.7 billion yen (23% year-on-year increase) for the T&M business and 8.0 billion yen (32% year-on-year increase) for the PQA business.

2-6. Transition of Revenue by Region

Revenue increased year on year in each overseas 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 1.1%

Details

Unit : Billion Yen

FY2022 (Apr. to Jun.)

Operating CF : 0.3 Bn. Yen

Investing CF : (1.6) Bn. Yen

Financing CF : (6.3) Bn. Yen

Free Cash Flow

Op.CF + Inv. CF : (1.3) Bn. Yen

Cash at the end of period

39.9 Bn. Yen

Interest-bearing debt

6.7 Bn. Yen

Accounts receivable	1.4		
Depreciation and amortization	1.4		
Profit(loss) before tax	3.9		
Inventory	(1.8)	Capex (1.0)	Dividend (2.7)
Tax	(1.7)	Others (0.6)	
Accounts payable	(1.6)		Treasury Stock (3.3)
Others	(1.4)		
			Others (0.3)
Op. CF 0.3		Inv. CF (1.6)	Fin. CF (6.3)

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

The operating cash flow was inflow of 0.3 billion yen.

The investing cash flow was outflow of 1.6 billion yen.

As a result, the free cash flow amounted to an outflow of 1.3 billion yen.

The financial cash flow was outflow of 6.3 billion yen.

The main outflows was dividends payment of 2.7 billion yen (Dividend per share: Fiscal year end dividend: 20.0 yen) and a 3.3 billion yen repurchase of treasury stock.

Consequently, the balance of cash equivalents at the end of the period decreased by 5.8 billion yen from the beginning of the fiscal year to 39.9 billion yen.

3. Forecast for full year of FY2022 (Consolidated)

▶ Remains unchanged from original forecast published on April 28, 2022

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

The full-year forecast for the fiscal year ending March 31, 2023 remains unchanged from that announced on April 28, 2022.

The impact of COVID-19 on economic activity varies from region to region, and the impact on our business also varies from region to region. This forecast is based on the assumption that the infection will continue for one year in each region. If there are any changes in the assumed conditions and we anticipate a significant impact, we will promptly disclose such information.

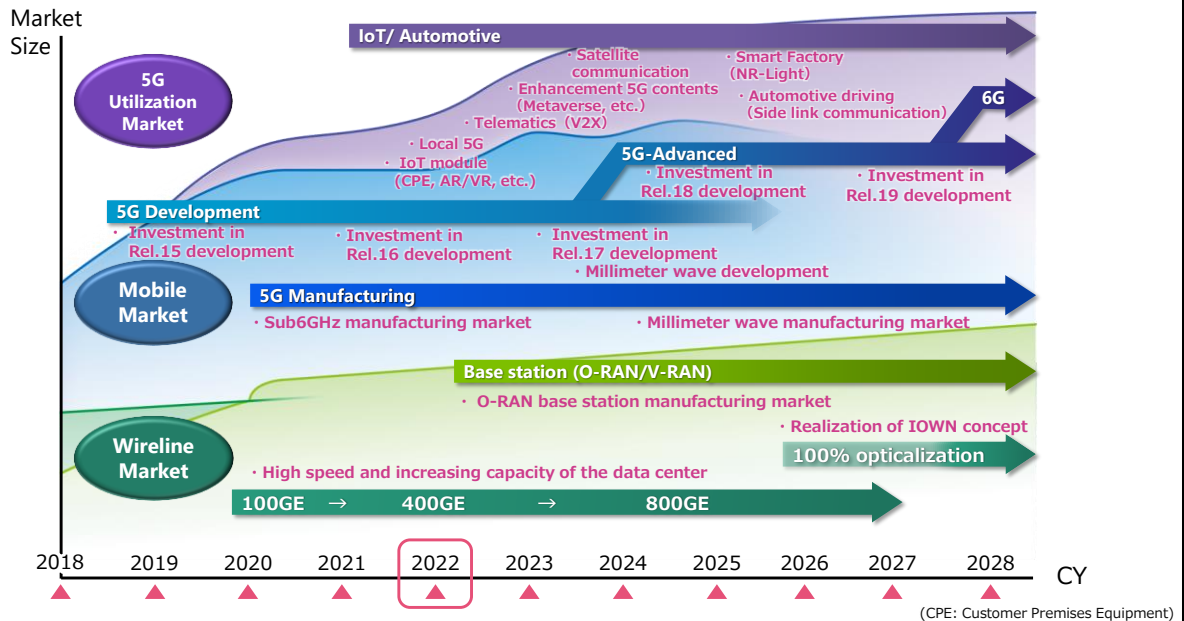
4. Anritsu Initiatives

Hirokazu Hamada

Representative Director, President
ANRITSU CORPORATION

(No notes here)

4-1. T&M : Mobile market trends and Business opportunity



Although 5G services saw slow penetration in 2020-2021 due to the factors such as worldwide pandemic of COVID-19 and delays of service area expansion of millimeter wave services, the fields of 5G utilization are expected to expand with the expansion of 5G services in Europe and the United States after 2022, the expansion of localized network utilization such as local 5G and private 5G, and the creation of 5G utilized contents in services such as metaverse.

Due to the expansion of 5G services in Europe and the United States, we expect demand for smartphones will continue to drive 5G test and measurement demand until around 2023-24. After that period, the demand driver for 5G test and measurement will shift to the 5G utilization area. Millimeter waves are expected to be deployed in the 5G utilization areas, mainly for use in 5G FWA (Fixed Wireless Access).

5G systems were mainly used for smartphones with 3GPP Release 15 while the applications are expanding to include 5G utilization areas such as IoT/Automotive/Local 5G with the standardization of Release 16/17, and furthermore, through the stage of 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 test and measurement for networks.

4-2. Procurement status of parts and materials

Semiconductor Procurement Situation: Still difficult to procure

Average LT for semiconductors is around 400 days

Countermeasures:

- Extended parts procurement to **8 months ahead of schedule**, compared to 4 months in the past
- List long-delivery parts (over 8 months) and **place orders ahead of time (more than one year in advance)**
- Design changes have been made to more than 20 product models, and **more than 300 items have been replaced with readily available alternatives**
- Strategic components of high importance **increased safety stock**

Production status

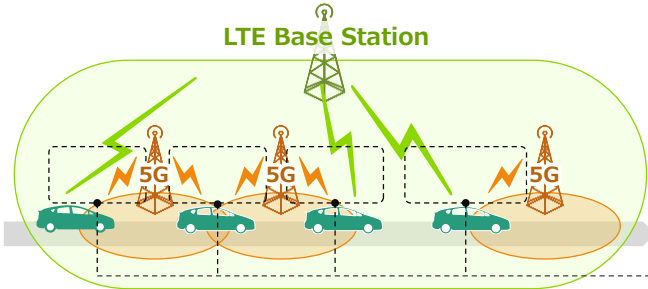
Almost all components for 2Q production have been procured

(No notes here)

4-3. Product Introduction: Solutions for Automotive

Development of 5G telematics functionality for release of 5G-equipped vehicles

MX728000A SmartStudio Automotive Suite



Example ⚡

- Does handover between base stations occur smoothly while driving?
 - Is it always connected?
- Verification of the above by combination of MT8000A and MD8475B, etc.

Features

Provides test cases to verify unique test needs of Automotives for fast travel & constant connectivity

Target Markets

Automotive (connected cars, automated driving)

Target Customers

Automobile manufacturers, agricultural and construction machinery manufacturers, automotive communication equipment manufacturers: Tier 1, etc.

(No notes here)

4-4. Product Introduction: Solutions for 6G Development Applications



Beyond 5G/6G Performance evaluation of materials, substrates, devices, and antennas

ME7838 Series Vector Network Analyzers



Features

Supports high-frequency testing in the 330 GHz band required for 6G by adding millimeter wave modules

Target Customers

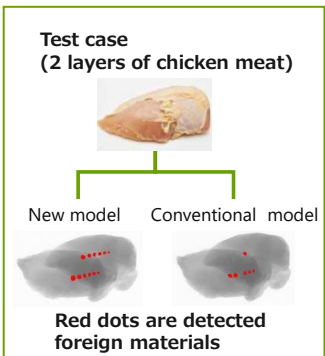
High-frequency device research institutes and universities, device manufacturers, materials manufacturers, telecommunications equipment manufacturers

(No notes here)

4-5. Product Introduction: Solutions for the Meat Market

Highly sensitive detection of foreign materials, applicable to thick and uneven meat and frozen foods, etc.

KXH7534ASGCD X-ray inspection machine with dual energy sensor



Features

Newly developed sensor is highly sensitive and can detect minute bone residue with high sensitivity.

Target Customers

Meat processing companies, frozen food companies

(No notes here)



(No notes here)