

Financial Results for the 2nd quarter of the Fiscal Year ending March 31, 2024

Akifumi Kubota

Director, Executive Vice President, CFO
ANRITSU CORPORATION

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TSE Prime Market
TSE code : 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 2nd quarter of the Fiscal Year ending March 31, 2024
3. Outlook for full year of the Fiscal Year ending March 31, 2024 (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



Environmental Measurement

- ◆ Test for EVs and Batteries
- ◆ Local 5G, Private 5G
- ◆ Monitoring of Roads, Dams & Rivers, etc.



Others

- ◆ Sensing & devices
- ◆ Others



(Revenue by business segment)

110.9 billion Yen consolidated revenue in FY2022

T&M 66%			PQA 22%	EM 6%	Others 6%
Mobile 51%	Network Infrastructure 30%	Electronics 19%			

50.9 billion Yen consolidated revenue in FY2023 (Apr. to Sep.)

T&M 65%			PQA 23%	EM 6%	Others 6%
Mobile 45%	Network Infrastructure 35%	Electronics 20%			

(Revenue of T&M business by region)

Revenue in FY2022

Japan 15%	Asia & Others 43%	Americas 24%	EMEA 18%
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Revenue in FY2023 (Apr. to Sep.)

Japan 13%	Asia & Others 38%	Americas 28%	EMEA 21%
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T&M : Test & Measurement PQA : Products Quality Assurance EM : Environmental Measurement

(No notes here)

2-1. Consolidated performance - Financial results -

► Orders and revenue recovered in 2Q, but revenue and profits decreased in 1H YoY.

Unit: Billion Yen

International Financial Reporting Standards(IFRS)	FY2022 (Apr. to Sep.)	FY2023 (Apr. to Sep.)	YoY	YoY (%)
Order intake	57.9	55.8	(2.1)	-4%
Revenue	54.0	50.9	(3.1)	-6%
Operating profit (loss)	5.4	2.9	(2.5)	-46%
Profit (loss) before tax	6.8	3.6	(3.2)	-47%
Profit (loss)	5.1	2.8	(2.3)	-45%
Comprehensive income	10.1	7.1	(3.0)	-30%

(Note) Numbers for FY2022 and FY2023 are rounded off to the first decimal place in each column.

The Group's consolidated order intake decreased 4% YoY to 55.8 billion yen and revenue decreased 6% YoY to 50.9 billion yen. Operating profit decreased 46% YoY to 2.9 billion yen and Profit decreased 45% YoY to 2.8 billion yen. Order intake and revenue recovered in the second quarter, but as a result, revenue and operating profit for the accumulated two quarters decreased YoY.

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

- ▶ T&M and PQA business revenue and operating profit decreased YoY, Environmental Measurement business revenue and operating profit increased YoY.

Unit: Billion Yen

International Financial Reporting Standards (IFRS)		FY2022 (Apr. to Sep.)	FY2023 (Apr. to Sep.)	YoY	YoY (%)
T&M	Revenue	36.3	33.1	(3.2)	-9%
	Op. profit (loss)	5.4	3.1	(2.3)	-43%
PQA	Revenue	11.9	11.7	(0.2)	-2%
	Op. profit (loss)	0.5	0.2	(0.3)	-53%
Environmental Measurement	Revenue	2.3	3.0	0.7	33%
	Op. profit (loss)	(0.4)	(0.2)	0.2	-
Others	Revenue	3.4	3.0	(0.4)	-12%
	Op. profit (loss)	0.4	0.3	(0.1)	-19%
Adjustment	Op. profit (loss)	(0.5)	(0.5)	(0.0)	-
Total	Revenue	54.0	50.9	(3.1)	-6%
	Op. profit (loss)	5.4	2.9	(2.5)	-46%

(Note1) : Numbers for FY2022 and FY2023 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

The T&M business has seen strong testing demand for increasing network speeds in data centers, driven by the increased adoption and growth of generative AI. However, the mobile market's growth has slowed due to a global decline in demand for investment in the development of 5G smartphones. As a result, revenue decreased 9% YoY to 33.1 billion yen and operating profit decreased 43% YoY to 3.1 billion yen (operating margin of 9.4%).

In the PQA business, while capital investment aimed at automation and manpower saving in quality assurance process in the food market was strong, due to an increase in the proportion of small and medium-sized projects in overseas markets, revenue decreased 2% YoY to 11.7 billion yen. In terms of expenses, in addition to the soaring prices of some raw materials, enhancements to sales promotion activities caused increases in expenses such as sales promotion and logistics costs. As a result, operating profit decreased 53% YoY to 0.2 billion yen (operating margin of 2.1%).

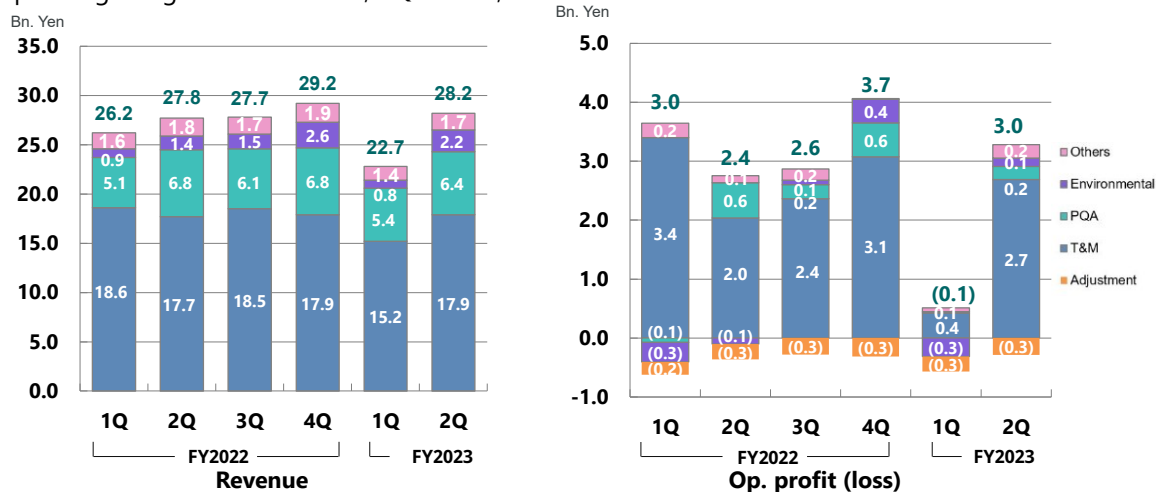
In the Environmental Measurement business, test demand for the EVs and batteries was strong in Japan. As a result, revenue increased 33% YoY to 3.0 billion yen and operating loss recovered 0.2 billion yen YoY to -0.2 billion yen.

In other businesses, revenue decreased 12% YoY to 3.0 billion yen and operating profit decreased 19% YoY to 0.3 billion yen (operating margin of 9.8%).

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

▶ 2Q(July-Sep.) The Group's consolidated Revenue and Op. profit increased YoY

Operating margin : T&M 15.0%, PQA 3.5%, Environmental 6.4%



The operating profit and the operating margin for consolidated and each business segment for second quarter are as follows:

Consolidated : 3.0 billion yen (Operating margin : 10.6%)
 T&M : 2.7 billion yen (Operating margin : 15.0%)
 PQA : 0.2 billion yen (Operating margin : 3.5%)
 Environmental : 0.1 billion yen (Operating margin : 6.4%)

2-4. Overview of operations by business segment

Segment FY2023 (April to September)

➡ T&M: Capital investment, which had been stagnant due to rising global prices and labor costs, has resumed.
Demand for higher-speed fixed networks is steady.

Mobile	There is a movement to resume investment in 5G development market of United States and Taiwan.
Network Infrastructure	The creation of green data centers and data centers dedicated for generative AI use is accelerating.
Electronics	6G basic research has started.
Asia & Others/Japan	The Chinese smartphone market is lagging in its recovery.
The United States	Investment in the higher-speed fixed networks remains steady. The data center market is booming due to the strong performance of generative AI, etc.

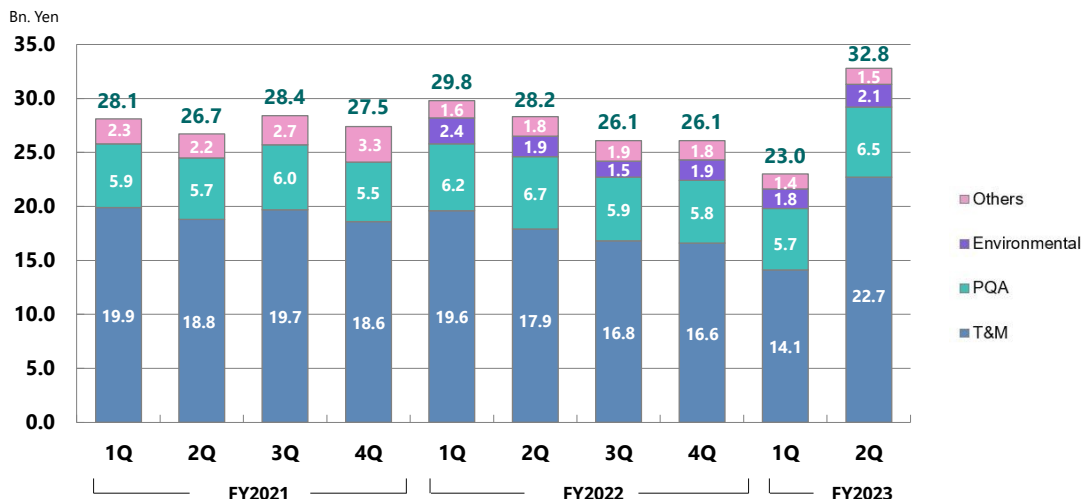
➡ PQA: The meat markets in Europe and the United States are strong.
Movement toward automation and labor-saving is active.

➡ Environmental: Demand for test solutions for EV/battery in Japan is solid.

(No notes here)

2-5. Transition of Order Intake

T&M : increased 27% YoY, PQA : decreased 3% YoY, Environmental : increased 11% YoY



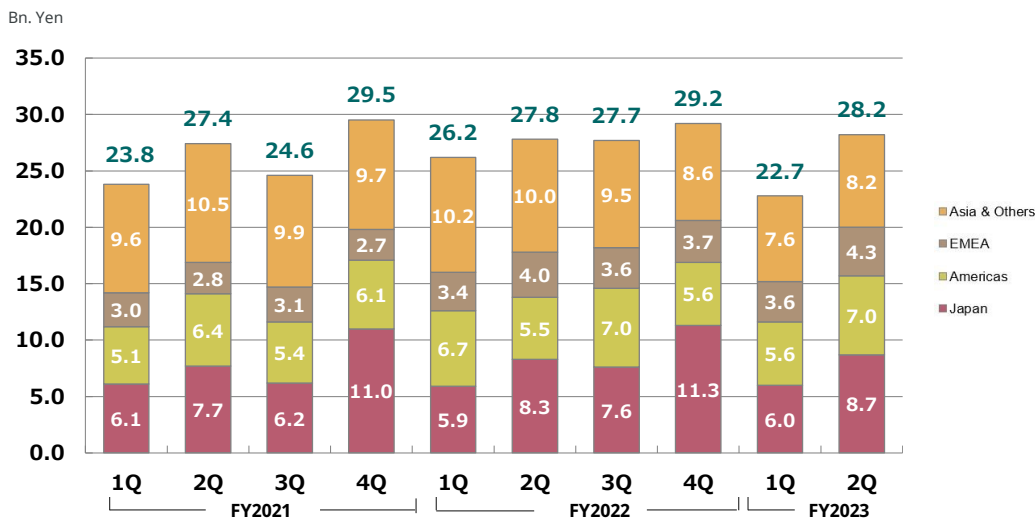
Order intake for the T&M business in the second quarter increased 27% YoY to 22.7 billion yen.

Order intake for the PQA business in the second quarter decreased 3% YoY to 6.5 billion yen.

Order intake for the Environmental Measurement business in the second quarter increased 11% YoY to 2.1 billion yen.

The order backlog for the entire Group was 42.2 billion yen (increased 7% YoY), 28.6 billion yen (increased 13% YoY) for the T&M business, 7.3 billion yen (decreased 8% YoY) for the PQA business, and 4.8 billion yen (increased 1% YoY) for the Environmental Measurement business.

2-6. Transition of Revenue by Region



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

(No notes here)

2-7. Cash Flow

▶ Operating cash flow margin ratio was 15.6%

FY2023 (Apr. to Sep.)

Operating CF : 7.9 Bn. Yen

Investing CF : (1.9) Bn. Yen

Financing CF : (3.3) Bn. Yen

Free Cash Flow

Op.CF + Inv. CF : 6.0 Bn. Yen

Cash at the end of period

41.4 Bn. Yen

Interest-bearing debt

7.4 Bn. Yen

Details

Unit : Billion Yen

Anritsu
Advancing beyond

Others	2.9		
Accounts receivable	1.3		
Depreciation and amortization	3.0		
Profit(loss) before tax	3.6		
Tax	(1.0)	Capex (1.3)	
Accounts payable	(1.9)	Others (0.6)	Dividend (2.6)
			Others (0.7)
Op. CF 7.9		Inv. CF (1.9)	Fin. CF (3.3)

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

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The operating cash flow was inflow of 7.9 billion yen.

The investing cash flow was outflow of 1.9 billion yen.

As a result, the free cash flow amounted to an inflow of 6.0 billion yen.

The financial cash flow was outflow of 3.3 billion yen.

The main outflows was dividends payment of 2.6 billion yen (Dividend per share: Fiscal year end dividend: 20 yen).

Consequently, the balance of cash equivalents at the end of the period increased by 4.6 billion yen from the beginning of the fiscal year to 41.4 billion yen.

3. Forecast for full year of FY2023 (Consolidated)



We have revised our business forecast announced on April 28, 2023.

As initially Planned, we expect to issue annual dividends of 40.00 yen per Share. (Year-end dividend: 20 yen)

		FY2022	FY2023			
		Actual	Full Year		YoY	YoY(%)
			Previous Forecast (as of Apr. 28 2023)	Revised Forecast (as of Oct. 30 2023)		
Revenue		110.9	115.5	111.5	0.6	1%
Operating profit (loss)		11.7	13.7	10.9	(0.8)	-7%
Profit (loss) before tax		12.4	13.7	11.4	(1.0)	-8%
Profit (loss)		9.3	10.0	8.5	(0.8)	-8%
T&M	Revenue	72.8	74.0	71.0	(1.8)	-2%
	Op. profit (loss)	10.9	12.0	9.3	(1.6)	-14%
PQA	Revenue	24.8	26.0	26.0	1.2	5%
	Op. profit (loss)	1.3	1.6	1.6	0.3	20%
Environmental Measurement	Revenue	6.4	9.0	8.0	1.6	25%
	Op. profit (loss)	0.1	0.6	0.5	0.4	872%
Others	Revenue	6.9	6.5	6.5	(0.4)	-6%
	Op. profit (loss)	0.6	0.5	0.5	(0.1)	-11%
Adjustment	Op. profit (loss)	(1.1)	(1.0)	(1.0)	0.1	-

Reference : Exchange rate : FY2022 (Actual) 1USD=135 yen, 1EURO=141 yen
FY2023 H1 (Actual) 1USD=141 yen, 1EURO=153 yen
FY2023 H2(Forecast) 1USD=140 yen, 1EURO=150 yen

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

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We have revised our business forecast announced on April 28, 2023.

In the fiscal year ending March 31, 2024, while recovery from the COVID-19 pandemic has progressed, the global economy has seen a waxing and waning recovery due to the effects of prolonged inflation, financial tightening and heightened geopolitical risks.

In our Group's main business segment, the T&M business, the growth of the mobile market is slowing as a result of declining investment demand for 5G smartphone development due to customers being cautious in making investment decisions in line with declining smartphone shipments worldwide, although demand remains strong in measurement for enhancing network speed in data centers and other areas due to the growing use of generative AI.

Under these circumstances, based on the first half results, we have revised our revenue and operating profit forecasts for the T&M business downward to 71,000 million yen and 9,300 million yen, respectively.

In the Environmental Measurement business, the sales record of some large projects have been postponed to the next financial period. Therefore, we have revised the forecasts downwards to a revenue of 8,000 million yen and an operating profit of 500 million yen.

Plans for the PQA business and the other businesses remain unchanged from initial plan.

Profit before tax, profit, and profit attributable to owners of parent have been revised down to reflect changes to operating profit and the impact of recorded finance income and costs, to 11,400 million yen for profit before tax and 8,500 million yen for profit and profit attributable to owners of parent.

We do not change our initial plan for consolidated order intake, 115,500 million yen.

The assumed exchange rates in the second half of the fiscal year have been revised to 140 yen to the US dollar and 150 yen to the euro.

As initially planned, we expect to issue annual dividends of 40.00 yen per share.

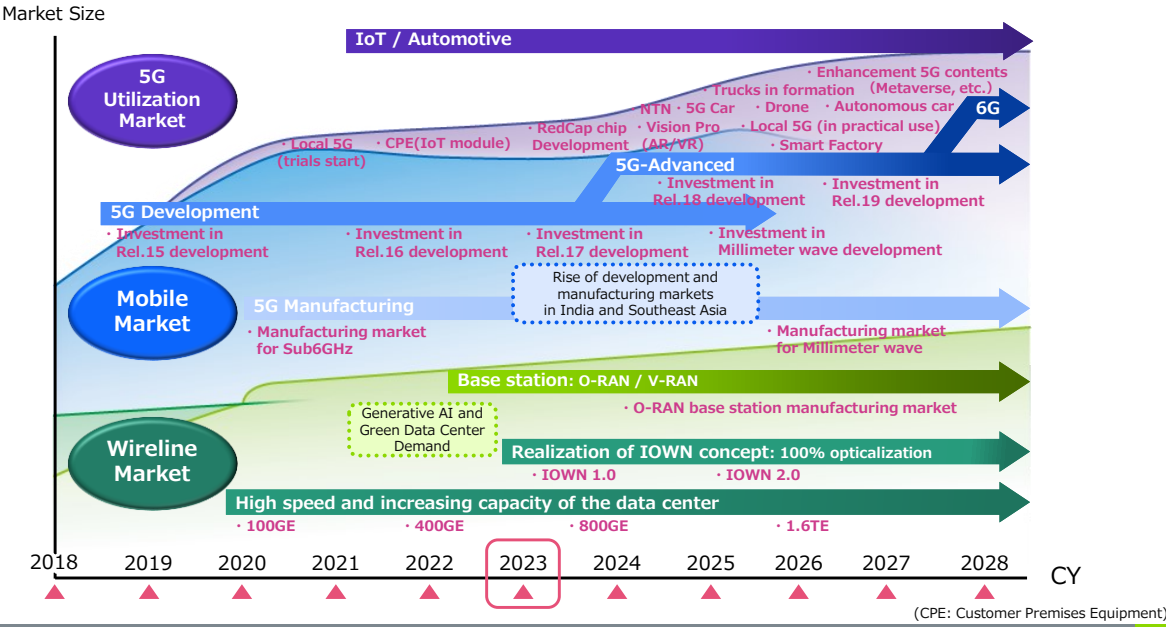
4. Anritsu Initiatives

Hirokazu Hamada

Representative Director, President
ANRITSU CORPORATION

(No notes here)

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



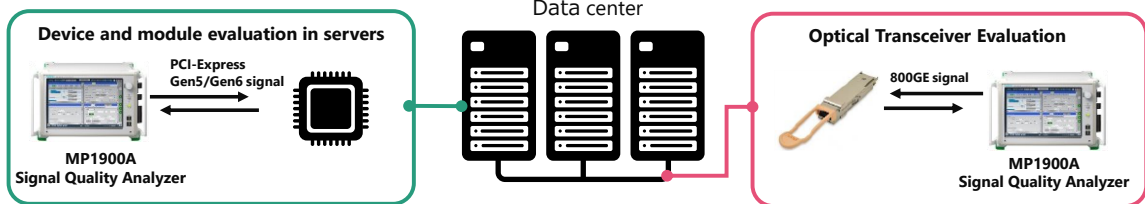
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4-2. Product introduction: Solutions for network acceleration

Support for device/module evaluations for data centers with increasing capacity due to the spread of generative AI

- PCI-Express Gen5→Gen6
Twice the transmission capacity

- 100GE→400GE→800GE
High-speed optical interface between servers



■ Features

- Supports 100GE/400GE/800GE, PCI-Express Gen5/6

■ Target markets

- Development market for GPU/CPU and high-speed optical communication devices/modules

■ Target customers

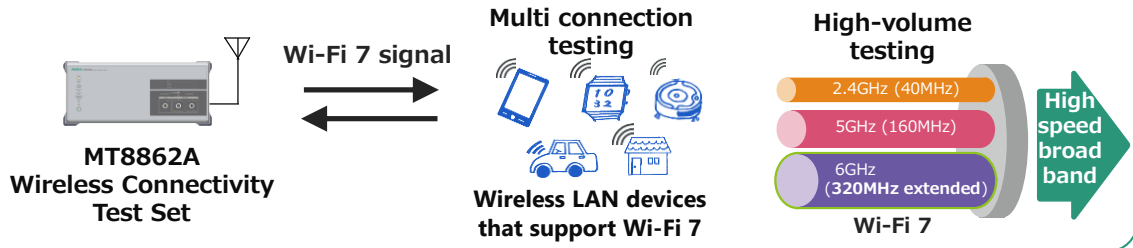
- Chip vendors, Optical transceiver vendors, Network equipment vendors, Hyperscalers

(No notes here)

4-3. Product introduction: Latest wireless LAN device evaluation solutions

Evaluates Wi-Fi 7 devices supporting wide bandwidth of 320MHz

Wireless Quality Testing



■ Features

- Equipped with Wi-Fi 7 protocol, enabling communication quality evaluation in real environments.
- Compliant with IEEE802.11 b/g/a/n/ac/ax/be (Wi-Fi 7) standards. Supports evaluation of a wide range of wireless LAN devices
- Easy operation contributes to a wide range of users, from light users to full-time wireless engineers

■ Target markets

- Development and manufacturing market for IoT devices and communication modules, including smartphones, home routers, game consoles, and home appliances

■ Target customers

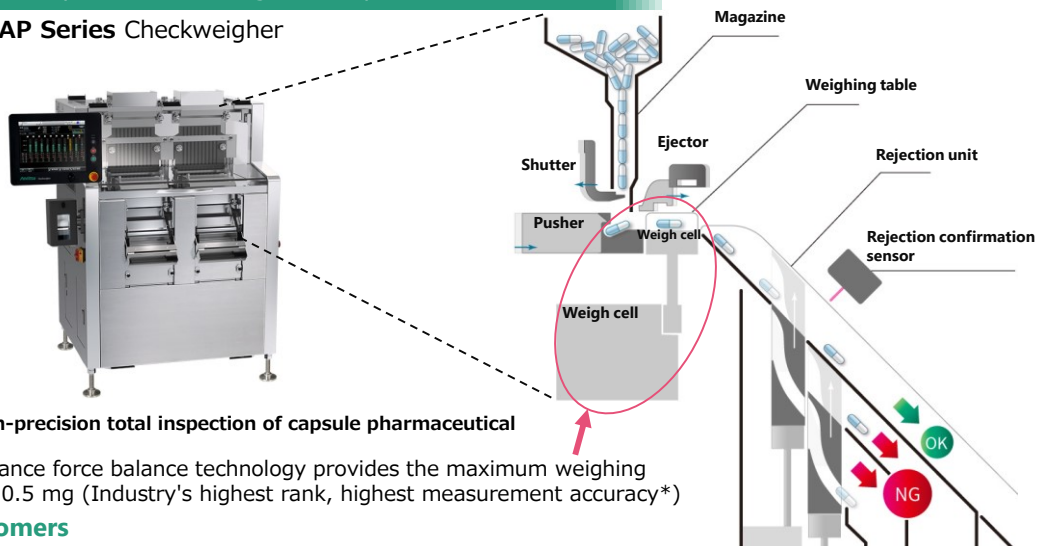
- Smartphone vendors, IoT device vendors, module and chip vendors

(No notes here)

4-4. Products: Solutions for the Pharmaceutical Market

High-precision capsule checkweigher for pharmaceuticals

KWS9002AP Series Checkweigher



■ Features

High-speed, high-precision total inspection of capsule pharmaceutical product weight

- High-performance force balance technology provides the maximum weighing accuracy of ± 0.5 mg (Industry's highest rank, highest measurement accuracy*)

■ Target customers

- Pharmaceutical Company

*Based on the results of our survey.

(No notes here)

4-5. Products: Ultra-high-speed weighing solutions for lightweight products



Checkweigher that pursues high speed and high accuracy to the utmost limit

KWA7000 Series Checkweigher



600 pieces per minute → **1000 pieces per minute**
(world-class sorting speed*)

■ Features

- Maximum sorting capacity of 1,000 pieces/minute and maximum sorting accuracy of $\pm 0.006\text{g}$ are realized*

■ Target customers

- Confectionery manufacturer

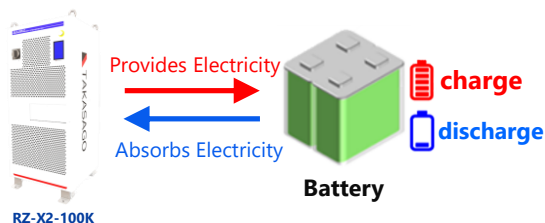
*Based on the results of our survey.

(No notes here)

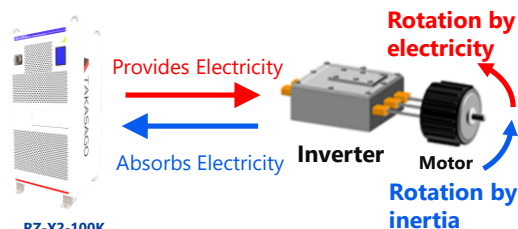
4-6. Products: High-Performance Power Supply Solutions

High-performance power supplies to support EV powertrain evaluation and battery testing

Battery Charge/Discharge Testing



Inverter Characteristics Testing



■ Features

- A single unit supports characteristics testing for motors and inverters, as well as battery charge/discharge testing
- Highly accurate, fast-response, highly stable, and highly efficient power control enables simulation of live environment for evaluations.

■ Target Clients

- Automobile manufacturers, automotive parts manufacturers, battery manufacturers

(No notes here)

4-7. CEATEC 2023 Exhibition Anritsu booth overview

CEATEC



One of Asia's largest
comprehensive exhibitions of
digital technology

Duration: 17 - 20 October 2023
Venue: Makuhari Messe (Chiba City)
Number of exhibitors:
684 companies/ organizations

Anritsu booth overview

Theme

"Sustainable future created by
'testing'"

Point

Products and solutions by 4 internal
companies together with Advanced
technology laboratory for solving social
issues in 5 social areas

Number of booth visitors

1,398 (approx. four times as many as last year)

Automotive :
Hybrid power supply supporting
improvement of EV&PHV
performance



Medical :
Sensing light sources
embedded in ophthalmic
diagnostic equipment.

5G Utilization :
Automatic Valet Parking (AVP)
evaluation system (in collaboration
with dSPACE)



Food :
X-ray inspection machines to check
for foreign objects, shape defects
and quantity shortages in food
production lines.



**Research area for next-
generation technologies :**
Panel display of research
towards 6G, etc.

(No notes here)



(No notes here)