

Financial Results for the 3rd quarter of the Fiscal Year ending March 31, 2024

Akifumi Kubota

Director, Executive Vice President, CFO
ANRITSU CORPORATION

January 30th, 2024



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 3rd 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%			

77.8 billion Yen consolidated revenue in FY2023 (Apr. to Dec.)

T&M 65%			PQA 23%	EM 6%	Others 6%
Mobile 43%	Network Infrastructure 36%	Electronics 21%			

(Revenue of T&M business by region)

Revenue in FY2022

Japan 15%	Asia & Others 43%	Americas 24%	EMEA 18%
-----------	-------------------	--------------	----------

Revenue in FY2023 (Apr. to Dec.)

Japan 14%	Asia & Others 38%	Americas 28%	EMEA 20%
-----------	-------------------	--------------	----------

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

(No notes here)

2-1. Consolidated performance - Financial results -

- Orders decreased 5% YoY; Revenue decreased 5% YoY.
Operating profit decreased 35% YoY; Profit decreased 37% YoY.

Unit: Billion Yen

International Financial Reporting Standards(IFRS)	FY2022 (Apr. to Dec.)	FY2023 (Apr. to Dec.)	YoY	YoY (%)
Order intake	84.0	80.0	(4.0)	-5%
Revenue	81.7	77.8	(3.9)	-5%
Operating profit (loss)	8.0	5.2	(2.8)	-35%
Profit (loss) before tax	8.8	5.6	(3.2)	-36%
Profit (loss)	6.3	3.9	(2.4)	-37%
Comprehensive income	9.0	6.8	(2.2)	-25%

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

The Group's consolidated order intake decreased 5% YoY to 80.0 billion yen and revenue decreased 5% YoY to 77.8 billion yen. Operating profit decreased 35% YoY to 5.2 billion yen and Profit decreased 37% YoY to 3.9 billion yen. Comprehensive income decreased 25% YoY to 6.8 billion yen.

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 Dec.)	FY2023 (Apr. to Dec.)	YoY	YoY (%)
T&M	Revenue	54.8	50.9	(3.9)	-7%
	Op. profit (loss)	7.8	4.9	(2.9)	-37%
PQA	Revenue	18.0	17.7	(0.3)	-2%
	Op. profit (loss)	0.8	0.7	(0.1)	-8%
Environmental Measurement	Revenue	3.8	4.9	1.1	30%
	Op. profit (loss)	(0.4)	0.0	0.4	-
Others	Revenue	5.1	4.3	(0.8)	-15%
	Op. profit (loss)	0.5	0.4	(0.1)	-19%
Adjustment	Op. profit (loss)	(0.8)	(0.9)	(0.1)	-
Total	Revenue	81.7	77.8	(3.9)	-5%
	Op. profit (loss)	8.0	5.2	(2.8)	-35%

(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, worldwide investment demand for 5G smartphones development has decreased. As a result, revenue decreased 7% YoY to 50.9 billion yen and operating profit decreased 37% YoY to 4.9 billion yen (operating margin of 9.6%).

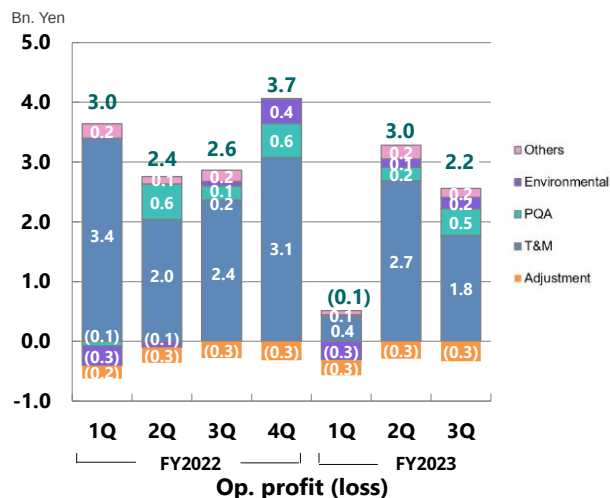
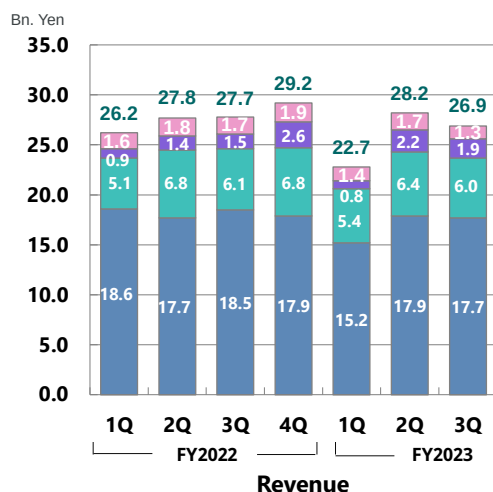
In the PQA business, while capital investment aimed at automation and manpower saving in quality assurance process in the food market was strong, there was a decrease in large projects and an increase in the proportion of small and medium-sized projects in overseas markets. As a result, revenue decreased 2% YoY to 17.7 billion yen, and operating profit decreased 8% YoY to 0.7 billion yen (operating margin of 3.9%).

In the Environmental Measurement business, test demand for the EVs and batteries was strong in Japan. As a result, revenue increased 30% YoY to 4.9 billion yen and operating profit increased 0.4 billion yen YoY, thus achieving profitability.

In other businesses, revenue decreased 15% YoY to 4.3 billion yen and operating profit decreased 19% YoY to 0.4 billion yen (operating margin of 10.3%).

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

▶ 3Q(Oct.-Dec.) Operating margin : T&M 10.0%, PQA 7.6% , Environmental Measurement 9.8%



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 third quarter are as follows:

Consolidated : 2.2 billion yen (Operating margin : 8.3%)
 T&M : 1.8 billion yen (Operating margin : 10.0%)
 PQA : 0.5 billion yen (Operating margin : 7.6%)
 Environmental Measurement: 0.2 billion yen (Operating margin : 9.8%)

2-4. Overview of operations by business segment

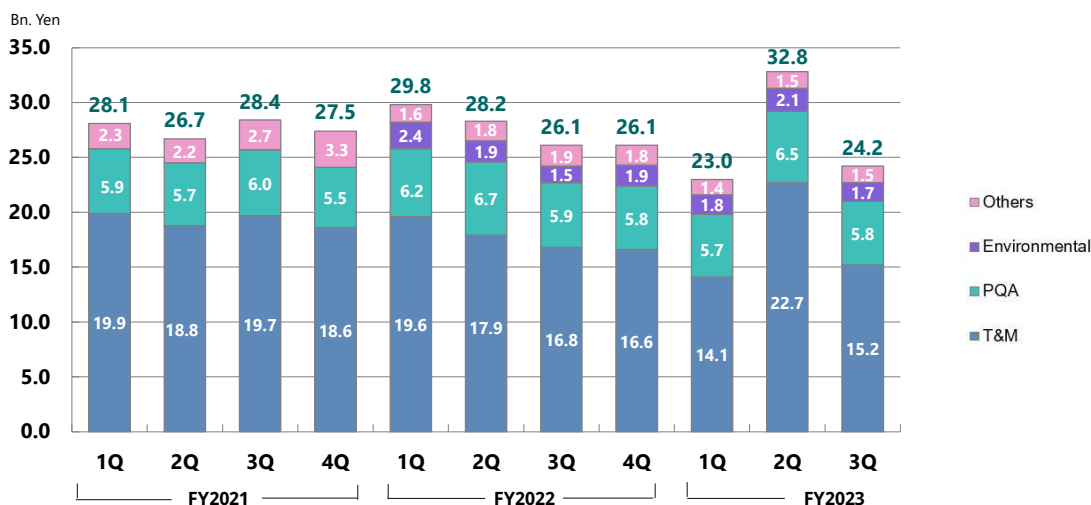
Segment FY2023 (April to December)

➡ T&M: Capital investment, which had been stagnant due to rising global prices and labor costs, has resumed. However, cautiousness regarding investment remained. Demand for higher-speed fixed networks is steady.	
Mobile	Decisions regarding investments in the 5G development market of United States and Taiwan have been delayed.
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: Although the meat markets in Europe and the United States have slowed, the processed foods markets remain strong.	
➡ Environmental: Demand for test solutions for EV/battery in Japan is solid.	

(No notes here)

2-5. Transition of Order Intake

T&M : decreased 10% YoY, PQA : decreased 3% YoY, Environmental Measurement : increased 17% YoY



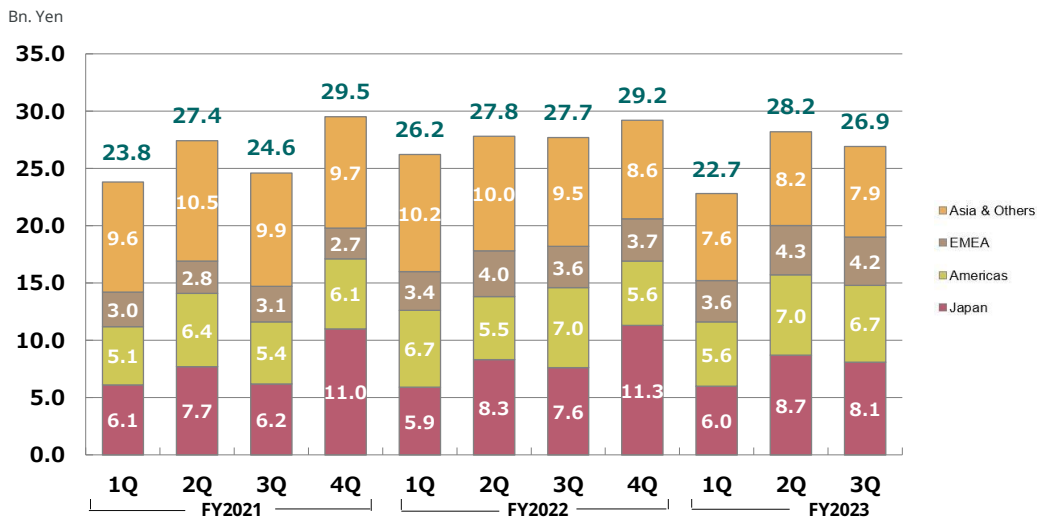
Order intake for the T&M business in the third quarter decreased 10% YoY to 15.2 billion yen.

Order intake for the PQA business in the third quarter decreased 3% YoY to 5.8 billion yen.

Order intake for the Environmental Measurement business in the third quarter increased 17% YoY to 1.7 billion yen.

The order backlog for the entire Group was 38.1 billion yen (increased 2% YoY), 24.9 billion yen (increased 6% YoY) for the T&M business, 6.9 billion yen (decreased 7% YoY) for the PQA business, and 4.6 billion yen (decreased 2% 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 13.3%

FY2023 (Apr. to Dec.)

Operating CF : 10.4 Bn. Yen

Investing CF : (2.7) Bn. Yen

Financing CF : (6.2) Bn. Yen

Free Cash Flow

Op.CF + Inv. CF : 7.7 Bn. Yen

Cash at the end of period

39.7 Bn. Yen

Interest-bearing debt

7.3 Bn. Yen

Details

Unit : Billion Yen

Anritsu
Advancing beyond

Others	2.7		
Accounts receivable	1.0		
Depreciation and amortization	4.5		
Profit(loss) before tax	5.6		
Tax	(2.0)	Capex (1.9)	
Accounts payable	(1.4)	Others (0.8)	
		Dividend (5.3)	
		Others (0.9)	
Op. CF 10.4		Inv. CF (2.7)	Fin. CF (6.2)

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

ANRITSU CORPORATION

Financial Results FY2023 3Q

11

The operating cash flow was inflow of 10.4 billion yen.

The investing cash flow was outflow of 2.7 billion yen.

As a result, the free cash flow amounted to an inflow of 7.7 billion yen.

The financial cash flow was outflow of 6.2 billion yen. The main outflows was dividends payment of 5.3 billion yen (Dividend per share: Fiscal year end dividend: 20 yen, Interim dividend: 20 yen).

Consequently, the balance of cash equivalents at the end of the period increased by 2.9 billion yen from the beginning of the fiscal year to 39.7 billion yen.

3. Forecast for full year of FY2023 (Consolidated)



We have revised our business forecast announced on October 30, 2023.
As initially Planned, we expect to issue annual dividends of 40.00 yen per Share.(Year-end dividend:20 yen)

		Unit: Billion Yen			
		FY2022	FY2023		
		Actual	Full Year		
			Previous Forecast (as of Oct. 30 2023)	Revised Forecast (as of Jan. 30 2024)	
					YoY
					YoY(%)
Revenue		110.9	111.5	110.5	(0.4)
Operating profit (loss)		11.7	10.9	10.1	(1.6)
Profit (loss) before tax		12.4	11.4	10.6	(1.8)
Profit (loss)		9.3	8.5	8.0	(1.3)
T&M	Revenue	72.8	71.0	70.0	(2.8)
	Op. profit (loss)	10.9	9.3	8.5	(2.4)
PQA	Revenue	24.8	26.0	26.0	1.2
	Op. profit (loss)	1.3	1.6	1.6	0.3
Environmental Measurement	Revenue	6.4	8.0	8.0	1.6
	Op. profit (loss)	0.1	0.5	0.5	0.4
Others	Revenue	6.9	6.5	6.5	(0.4)
	Op. profit (loss)	0.6	0.5	0.5	(0.1)
Adjustment	Revenue	(1.1)	(1.0)	(1.0)	0.1
	Op. profit (loss)	(1.1)	(1.0)	(1.0)	0.1

Reference : Exchange rate : FY2022 (Actual) 1USD=135 yen, 1EURO=141 yen
FY2023 1Q-3Q (Actual) 1USD=143 yen, 1EURO=155 yen
FY2023 4Q (Forecast) 1USD=140 yen, 1EURO=150 yen

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

ANRITSU CORPORATION

Financial Results FY2023 3Q

12

We have revised our business forecast announced on October 30, 2023.

In our Group's main business segment, the T&M business, the investment demand for 5G smartphone development is stagnating in the Chinese market, although demand continues to be 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 third quarter results, we have revised our revenue forecast downward to 70,000 million yen and operating profit forecasts downward to 8,500 million yen, for the T&M business respectively.

Plans for the PQA business, Environmental Measurement business and the other businesses remain unchanged.

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 10,600 million yen for profit before tax and 8,000 million yen for profit and profit attributable to owners of parent.

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

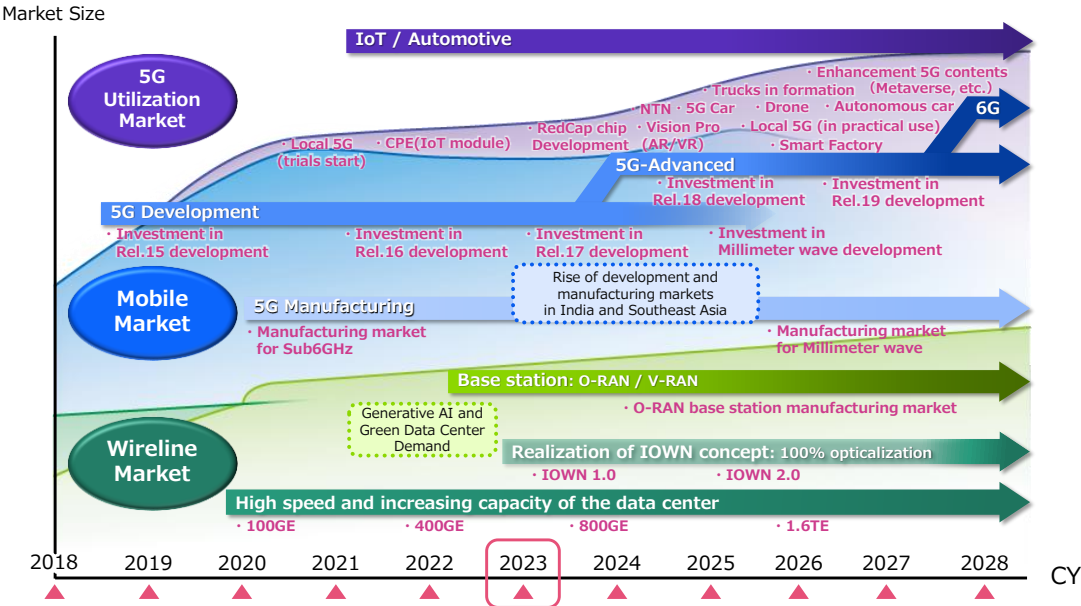
4. Anritsu Initiatives

Hirokazu Hamada

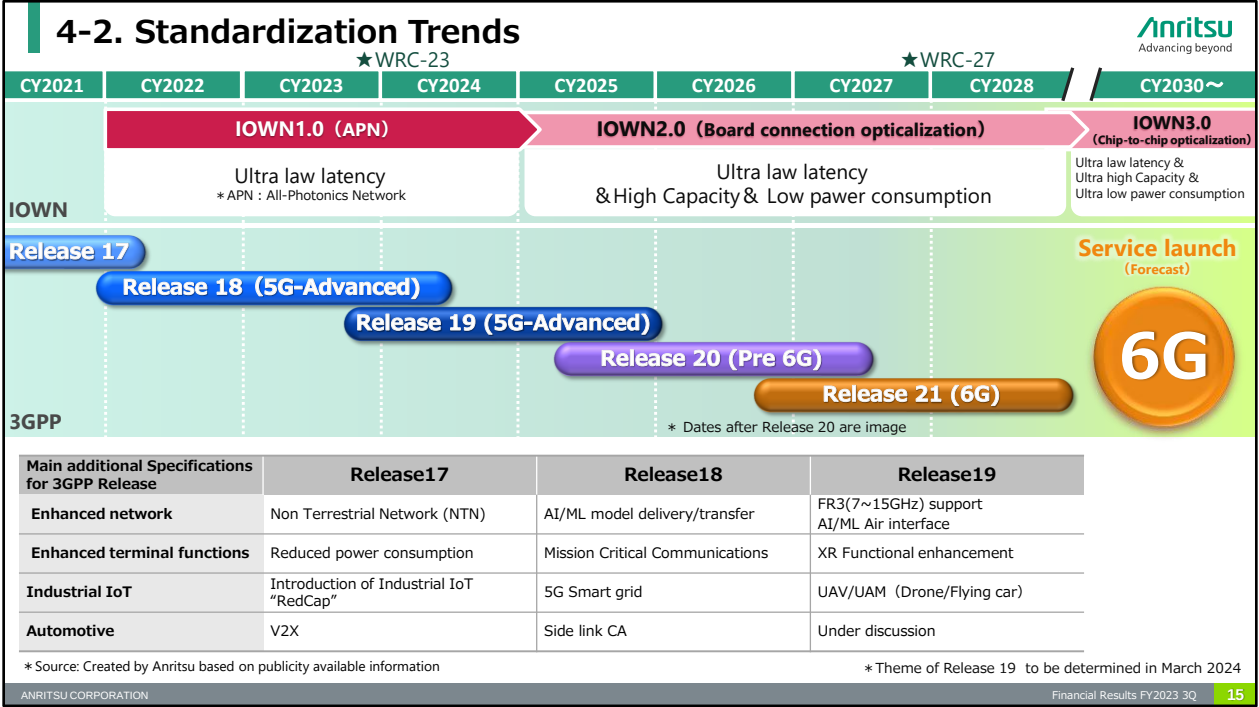
Representative Director, President
ANRITSU CORPORATION

(No notes here)

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



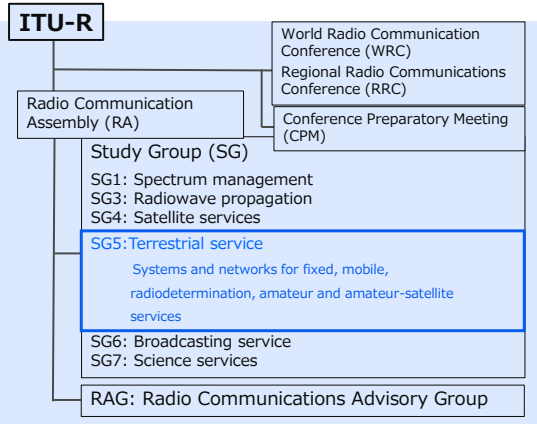
(No notes here)



(No notes here)

4-3. Anritsu joined SG5 (Study Group 5) of ITU-R

By participating in ITU-R in addition to 3GPP, we will further contribute to the development of IMT-2030 (6G) standards.
In addition, our early access to the technical issues and requirements ensures timely delivery of high-quality measurement solutions

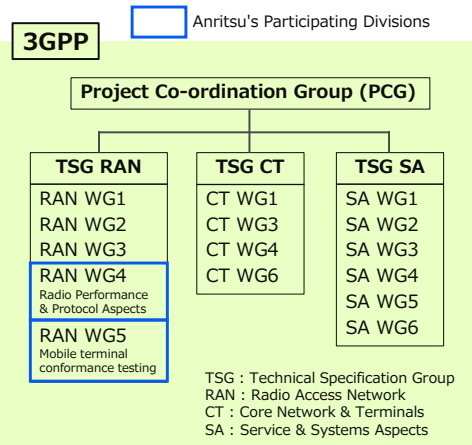


**IMT-2030
Frame Work
Recommendation**

→

←

**Submit
formulated
specifications**



(No notes here)

4-4. Trends of NTN (Non-Terrestrial Network) and Anritsu's efforts



Mobile services and pre-services that use satellites are being launched one after another.

In 5G, which is being developed by 3GPP, the integration of terrestrial networks and satellite networks is being promoted as NTN (Non-Terrestrial Network) specifications in Release 17.

The MT8821C can be equipped with NTN NB-IoT test software to measure the radio characteristics of devices that communicate with satellites according to NTN specifications.

As a partner of Skylo, we also support their testing for NTN device acceptance.



Radio Communication Analyzer
MT8821C

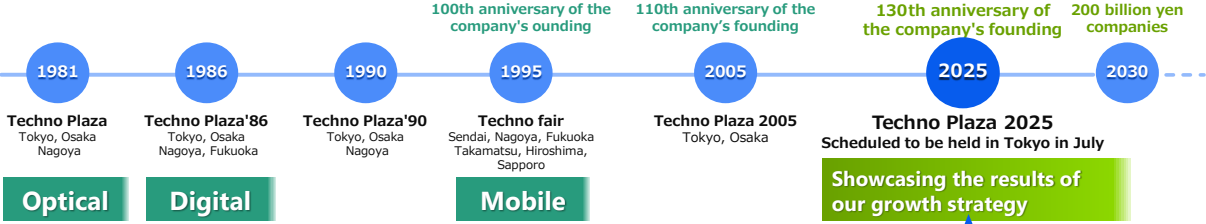
Main Satellite Services	Start of service	Contracted carriers, etc.
Starlink	2021	KDDI, Softbank, Docomo, T-Mobile, etc.
Skylo	2024	Softbank, SORACOM, Telefonica, etc.
AST SpaceMobile	2024	Rakuten, AT&T, Vodafone, etc.
Space Compass	2025	Docomo, NTT
Globalstar	2000	End of 2022 Emergency SOS from iPhone only

*Source: Prepared by the Company based on publicly available information.

(No notes here)

4-5.Techno Plaza 2025

Anritsu
Advancing beyond



theme

Advancing Technologies for A Sustainable Future (tentative)
Creating a sustainable future with industry-leading advanced "Testing" technology

The Anritsu Group has been pioneering the cutting-edge fields for 130 years.

Exercising wisdom and imagination, we will accelerating technical innovation to ensure the growth to realize our vision for 2030.

The latest solutions that lead the way in next-generation technologies and cutting-edge research efforts will be exhibited across the group to showcase market leadership and our contribution to the realization of a sustainable society.



(No notes here)



(No notes here)