

Beyond testing, beyond limits, for a sustainable future together

Anritsu Corporation

August, 2021



TSE code : 6754
<https://www.anritsu.com>

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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.

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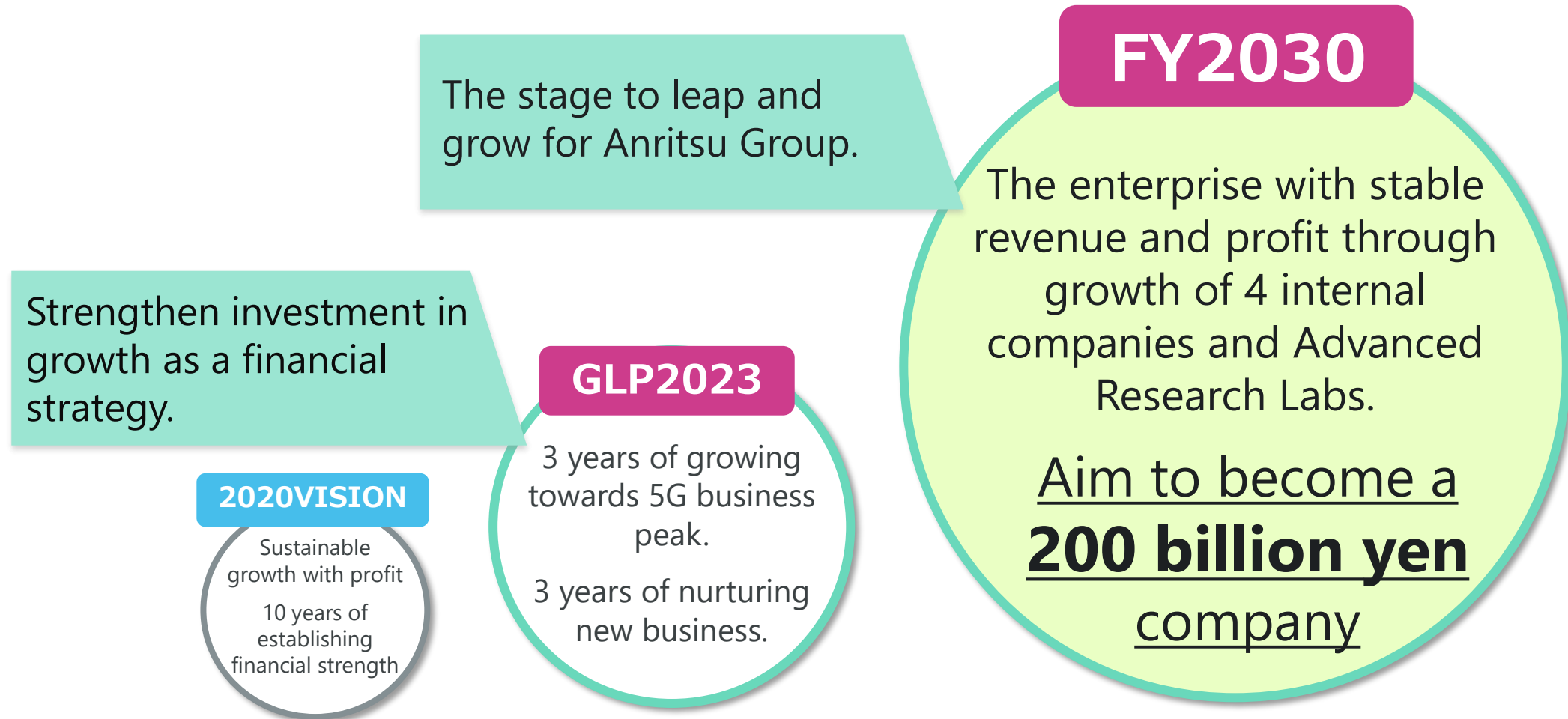
Index

1. Mid term Business Plan GLP2023
2. Outline of our Business Segments
3. T&M Business Segment
4. PQA Business Segment
5. Financial Results for the 1st quarter of the Fiscal Year ending March 31, 2022

1. Mid term Business Plan GLP2023

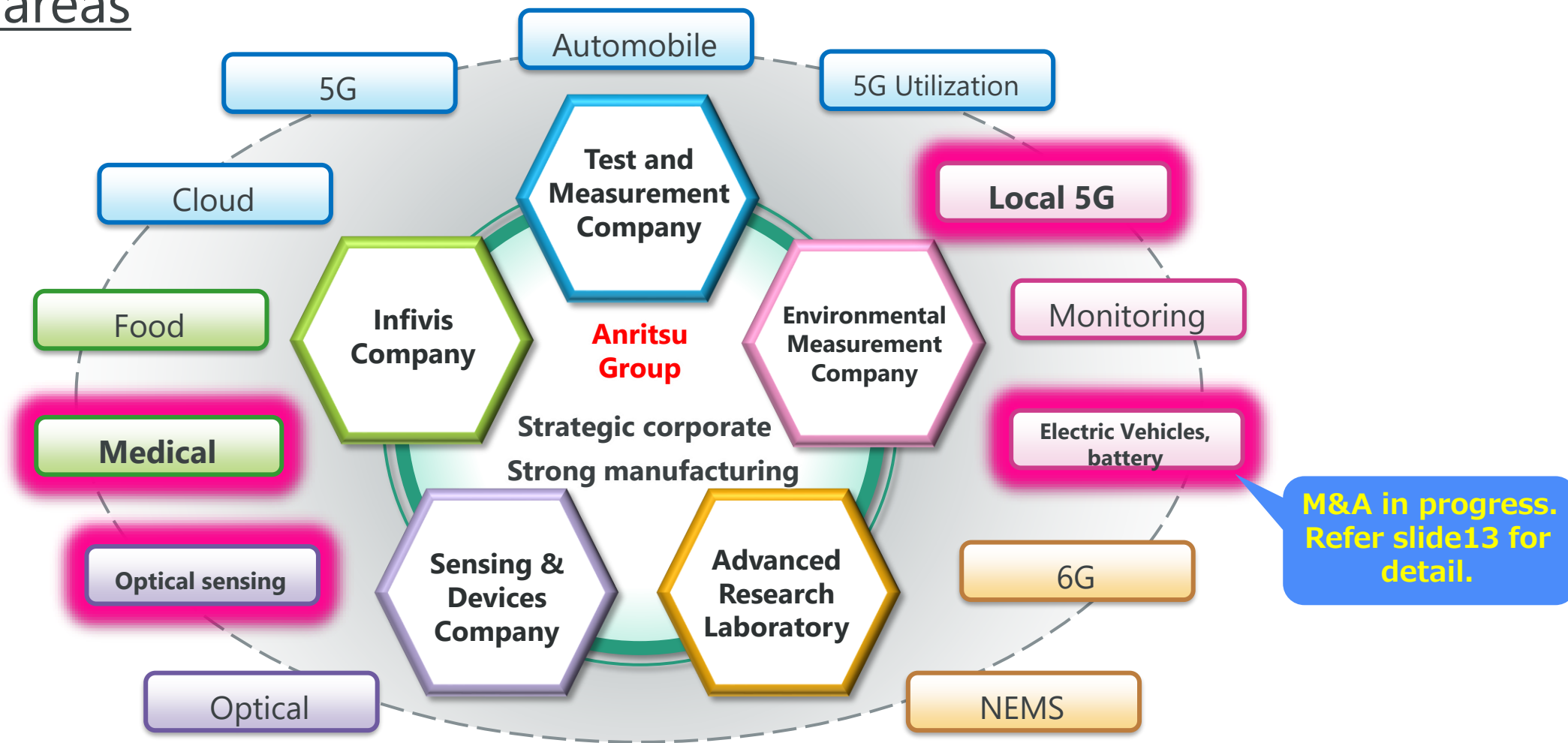
Management vision:

Beyond testing, beyond limits, for a sustainable future together



1-2. GLP2023 priority area

Focus on developing
four new areas



*Infivis Company : Promotes PQA business

*NEMS: Nano Electro Mechanical Systems

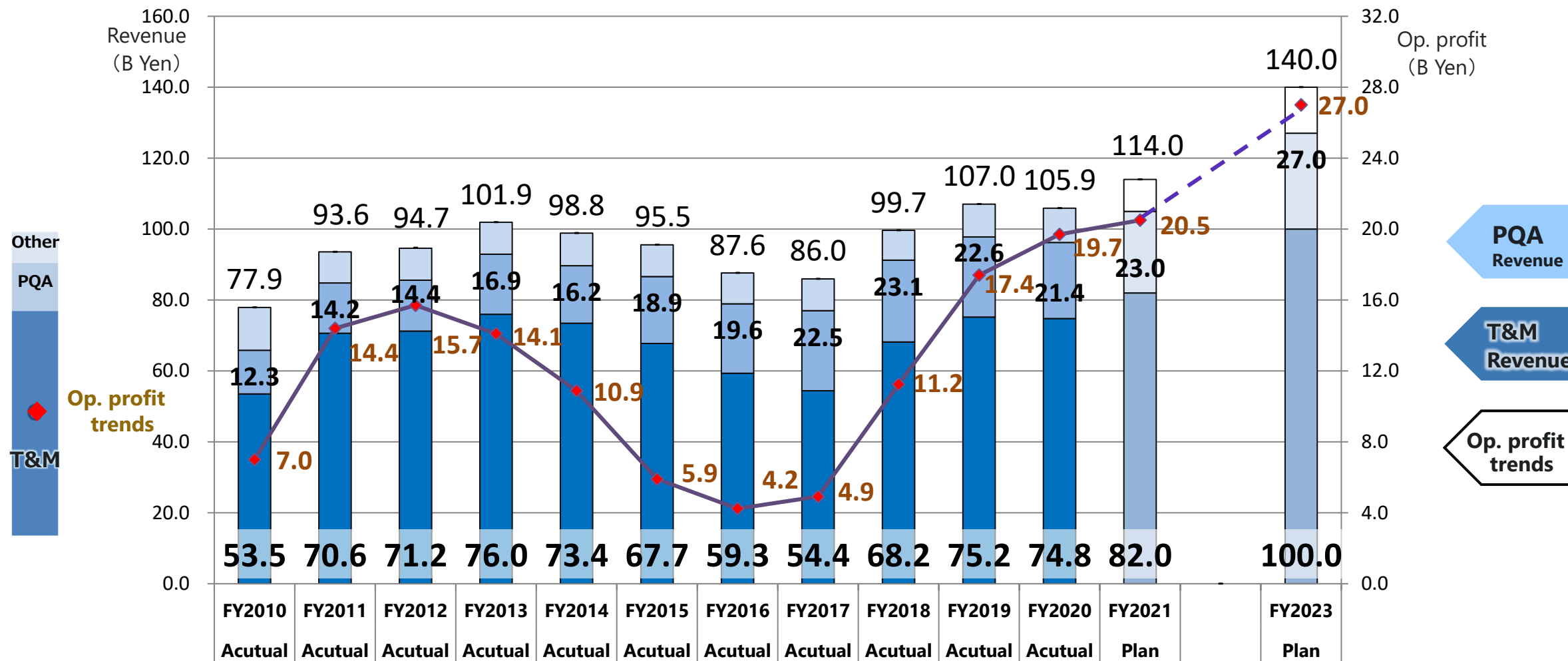
1-3. Revenue and operating profit plan (1/2)

GLP2023

Indicators		FY2020	FY2021	FY2023
Revenue		105.9 B Yen	114.0 B Yen	140.0 B Yen
Op. profit		19.7 B Yen	20.5 B Yen	27.0 B Yen
Op. margin		19 %	18 %	19 %
Profit		16.1 B Yen	16.2 B Yen	20.0 B Yen
ROE		16 %	14 %	15 %
T&M	Revenue	74.8 B Yen	82.0 B Yen	100.0 B Yen
	Op. profit	17.7 B Yen	18.5 B Yen	23.0 B Yen
	Op. margin	24 %	23 %	23 %
PQA	Revenue	21.4 B Yen	23.0 B Yen	27.0 B Yen
	Op. profit	1.3 B Yen	1.8 B Yen	2.7 B Yen
	Op. margin	6 %	8 %	10 %

(Note) Exchange rate for GLP2023 : 1USD=105Yen, 1Euro=125Yen

1-4. Revenue and operating profit plan (2/2)



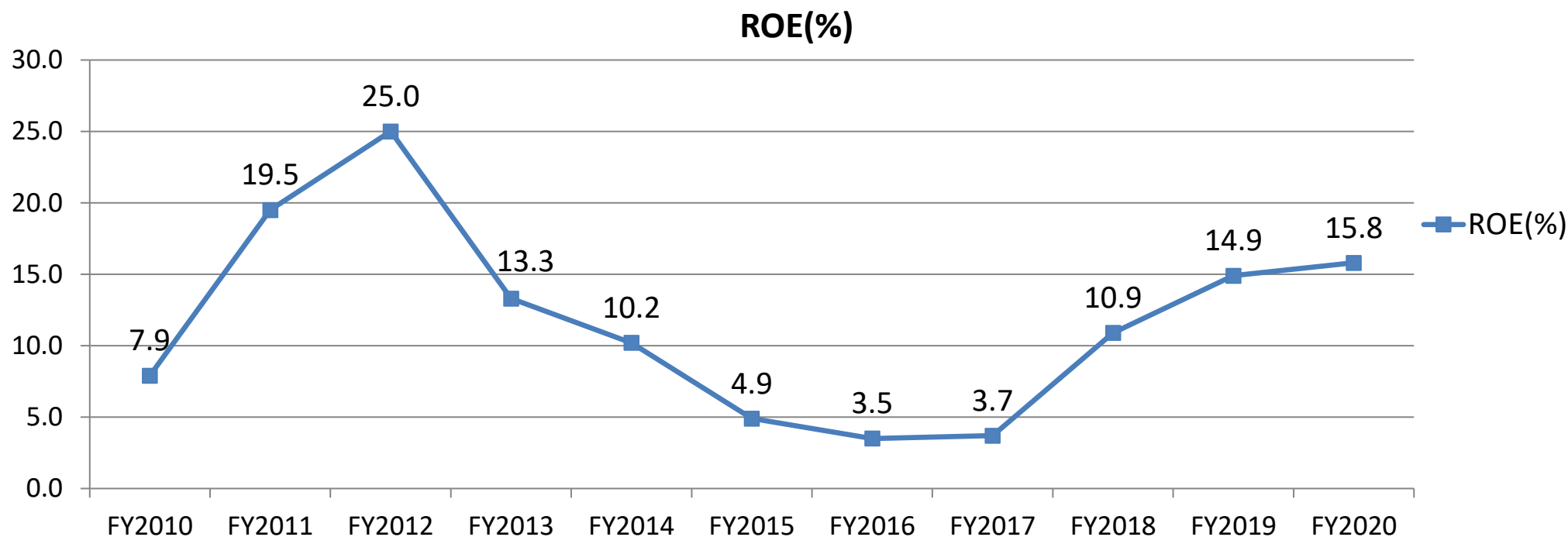
Op. Margin	Consolidated	9%	15%	17%	14%	11%	6%	5%	6%	11%	16%	19%	18%		19%
	T&M	9%	20%	21%	17%	12%	7%	4%	4%	14%	20%	24%	23%		23%
	PQA	5%	4%	6%	7%	5%	6%	7%	9%	7%	6%	6%	8%		10%
GLP plan		GLP2012		GLP2014		GLP2017			GLP2020			GLP2023			

GLP20XX:
Name of
business plan

1-5. GLP2023 : Financial strategy (1/3)

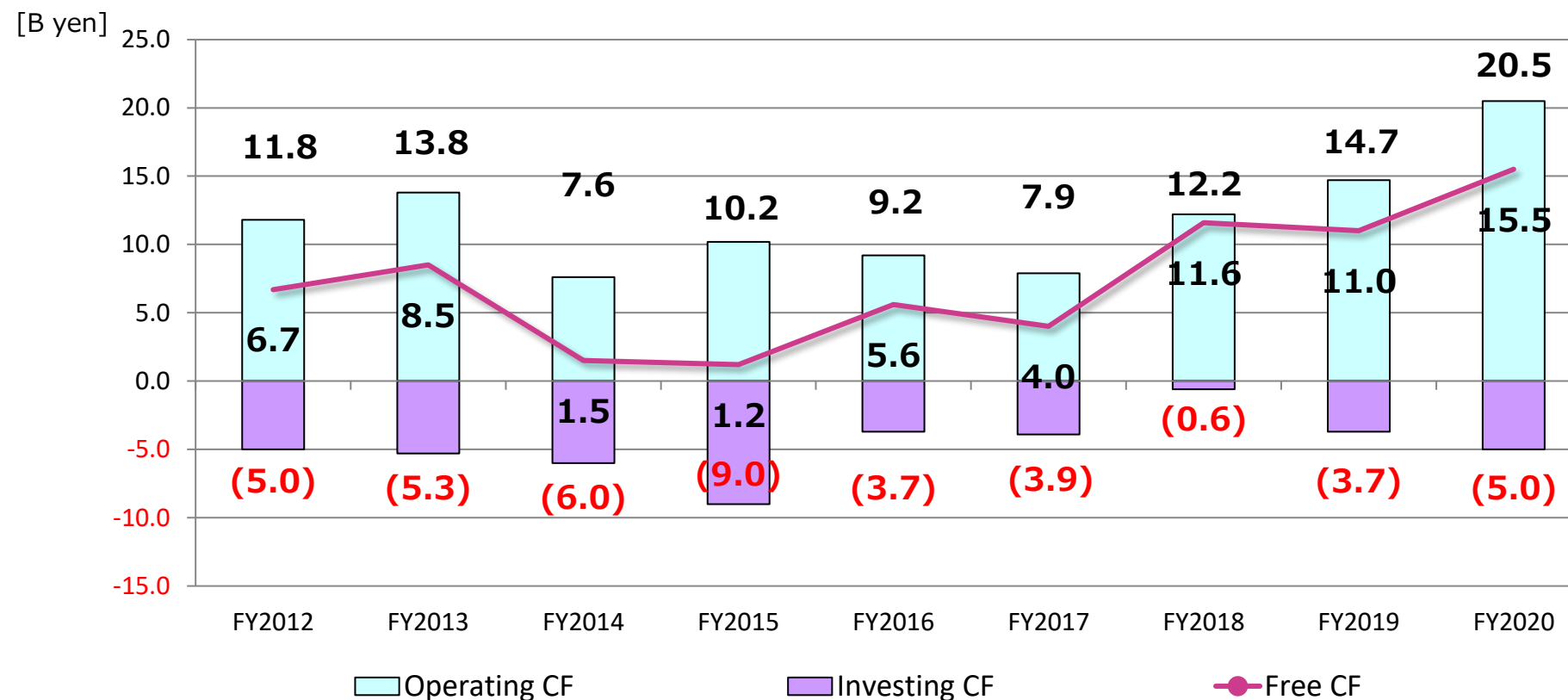
- ◆ Emphasis on growth, profitability and efficiency
- ◆ Strengthen growth investment
- ◆ Enhancement of shareholder returns

KPI to measure Corporate value : $ROE \geq 15\%$



1-6. GLP2023 : Financial strategy (2/3)

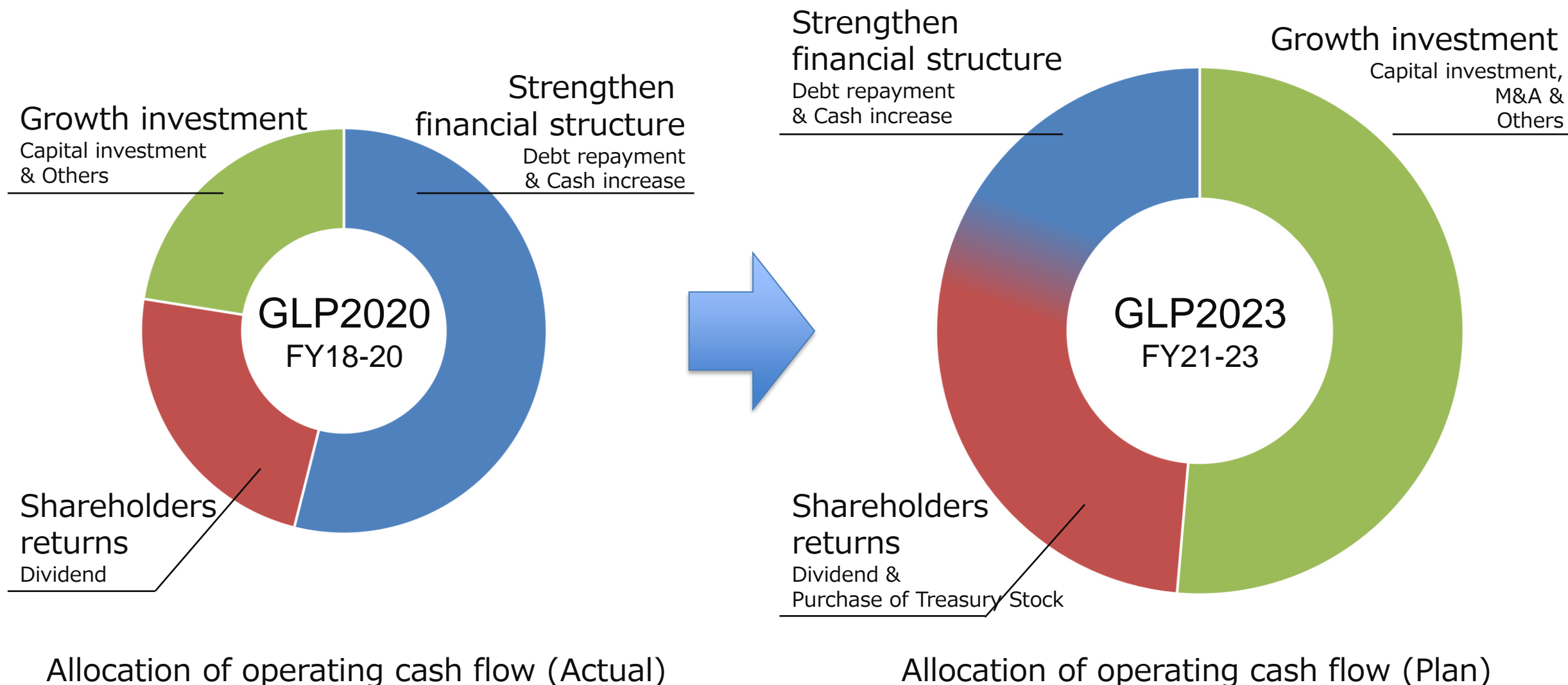
- ◆ Promotion of cash flow management
Improve operating CF by strengthening profit structure and promoting efficiency of working capital



Cash flow trends

1-7. GLP2023 : Financial strategy (3/3)

Priority allocation of cash to growth investment



Dividend Policy

Distribute profits in accordance with its consolidated performance(Net profit) and by taking into account the total return

1. Take the basic approach of raising dividends on equity (DOE) in accordance with the increase in consolidated profits for the fiscal year
2. Aim at a consolidated dividend payout ratio of 30 percent or more
3. Flexibly provide shareholder returns taking into account the total return ratio

1-9. Acquisition of Shares of TAKASAGO,LTD.

Anritsu has listed "electric vehicles and battery measurement" as one of the key growth areas in our mid-term business plan GLP2023. Takasago who has industry leading electrical energy control technology for high voltage, large current and large capacity as well as business relationships with leading customers in the industry as the core to cultivate this area.

By synergizing them with test system design technologies and global operation Anritsu has built in its test and measurement business, we will support the test needs of customers in the advancing and globalizing field of electric vehicles and battery measurement aiming contribution to the realization of carbon neutral societies.

Overview of Takasago:

Name	TAKASAGO,LTD.
Head office	1-24-16, Mizonokuchi, Takatsu-ku, Kawasaki-shi, Kanagawa, Japan
Representative	Norihiko Uesugi
Main business	R&D, manufacture and sales of power supply, electronic load equipment, information communication equipment, communication control equipment, and their application system products.
Capital stock	JPY 120 million
Establishment	July 25, 1950

Schedule:

Date of stock purchase agreement	July 30, 2021
Month of share transfer	January 2022 (planned)

1-10. Sustainable Development Goals (SDGs)

Goals and initiatives

GLP2023:KPI

E

Environment

Long-term plans and initiatives to reduce greenhouse gas emissions

- Greenhouse gases (Scope 1+2): 23% reduction compared to FY2015
- Greenhouse gases (Scope 3): 13% reduction compared to FY2018
...**30% reduction by FY2030**

Increase in the share of in-house power generation (PGRE 30)

- In-house power generation ratio: 13% or more (compared to FY2018 power consumption) ... **To be increased to around 30% by 2030**

S

Social

Promoting diversity management

- Advancement of women: A proportion of women in senior management positions of 15% or more
- Advancement of the elderly: 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

Promoting global CSR procurement

- Strengthening of supply chain due diligence: A cumulative total of 10 or more companies, over 3 years
- Developing awareness on CSR procurement to suppliers at least twice per year, and provide training at least once each year

G

Governance

Improving global governance

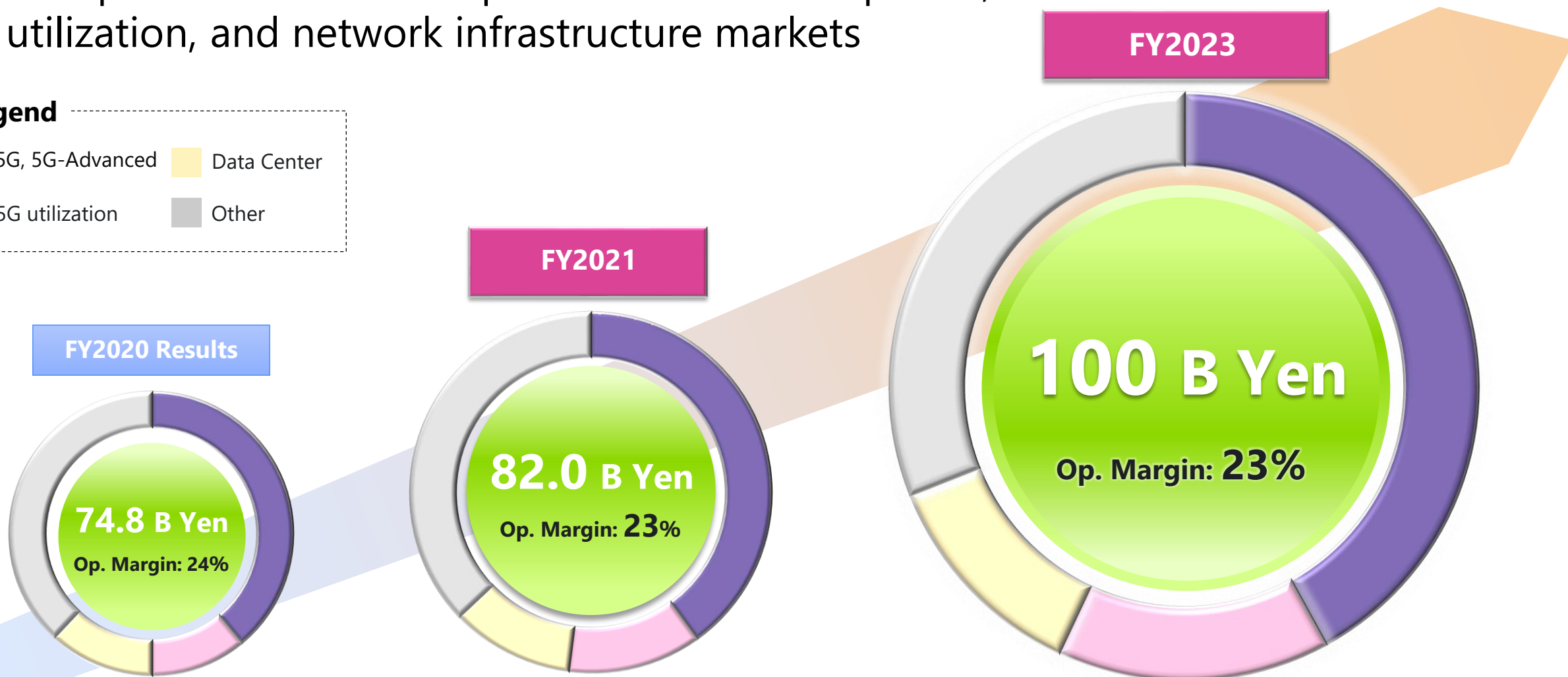
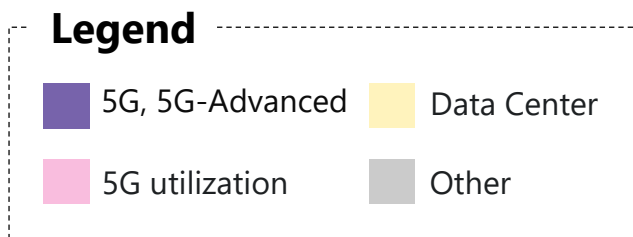
- Promoting the diversity of the Board of Directors, outside director ratio 50% or more

Promoting the establishment of an internal control system at overseas subsidiaries

- All overseas subsidiaries meet the criteria of Control Self-Assessment (CSA)

1-11. T&M : GLP2023 revenue and operating profit plan

Capture demand over three years leading up to the peak of 5G, and promote business expansion in the smartphone, 5G utilization, and network infrastructure markets



This graph presents a projection.

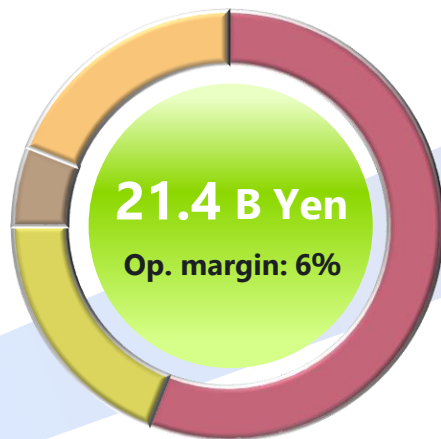
1-12. PQA : GLP2023 revenue and operating profit plan

- Creation of solutions that resolve critical issues of customers
- Value creations beyond “measurement” and respond adequately and promptly to the needs vary by regions around the world
- Enhance profitability through advancement of X-Ray inspection machines, improving presence in pharmaceutical market and enforcing operational innovations

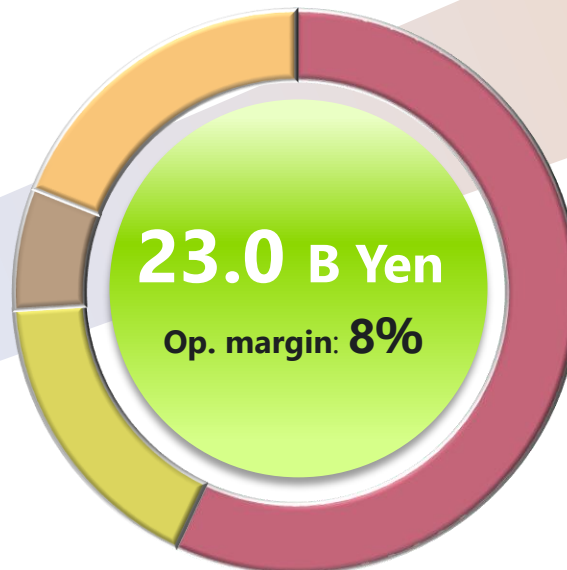
Legend



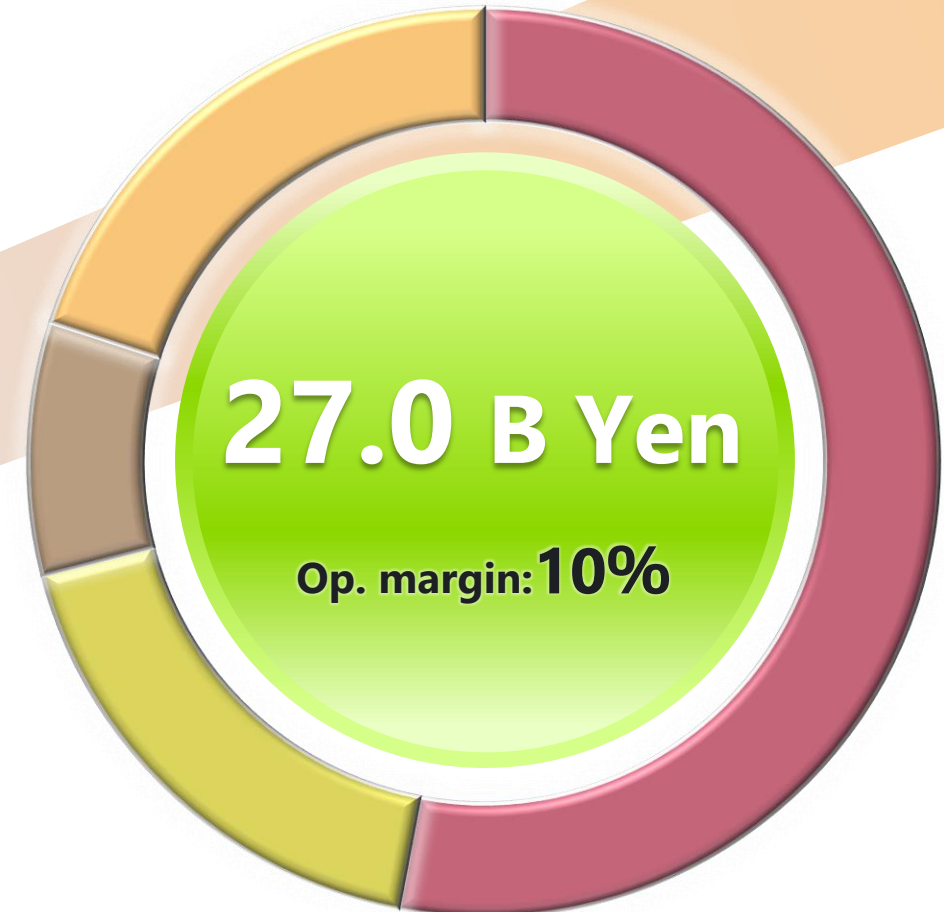
FY2020 Results



FY2021

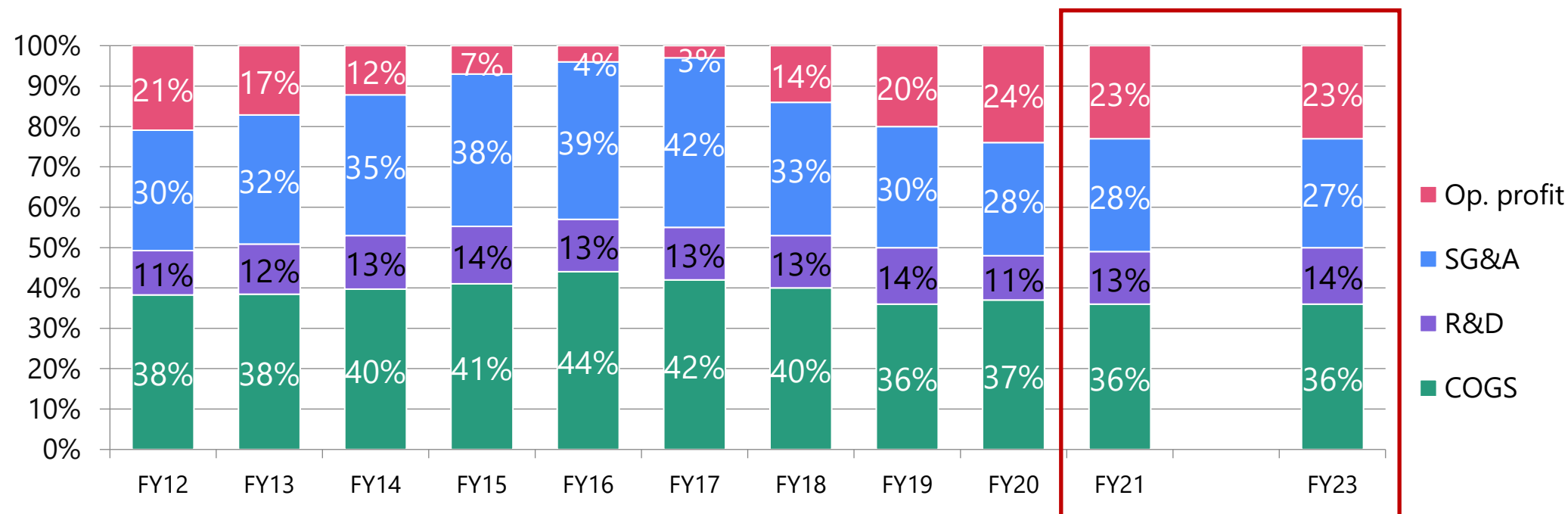


FY2023



This graph presents a projection.

1-13. T&M : Profit structure model



Cost structure improvement measures

- Introduction of high value added solutions (professional services, software)
- Thorough enforcement of development ROI & ROIC management (*1)
- SG&A expenses: Organizational structure and optimal allocation of human resources in response to changes in customer trends

*1:KPI target index for R&D investments is an R&D ROI(gross profit / R&D investment value) of 4.0times or higher.

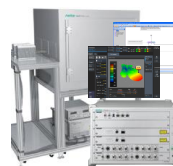
2. Outline of our Business Segments

2. 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

T&M 71%			PQA 20%	Other 9%
Mobile 59%	Network Infrastructure 25%	Electronics 16%		

23.8 billion Yen consolidated revenue in FY2021 1Q

T&M 71%			PQA 21%	Others 8%
Mobile 56%	Network Infrastructure 25%	Electronics 19%		

(Revenue of T&M business by region)

Revenue in FY2020

Japan 18%	Asia & Others 47%	Americas 23%	EMEA 12%
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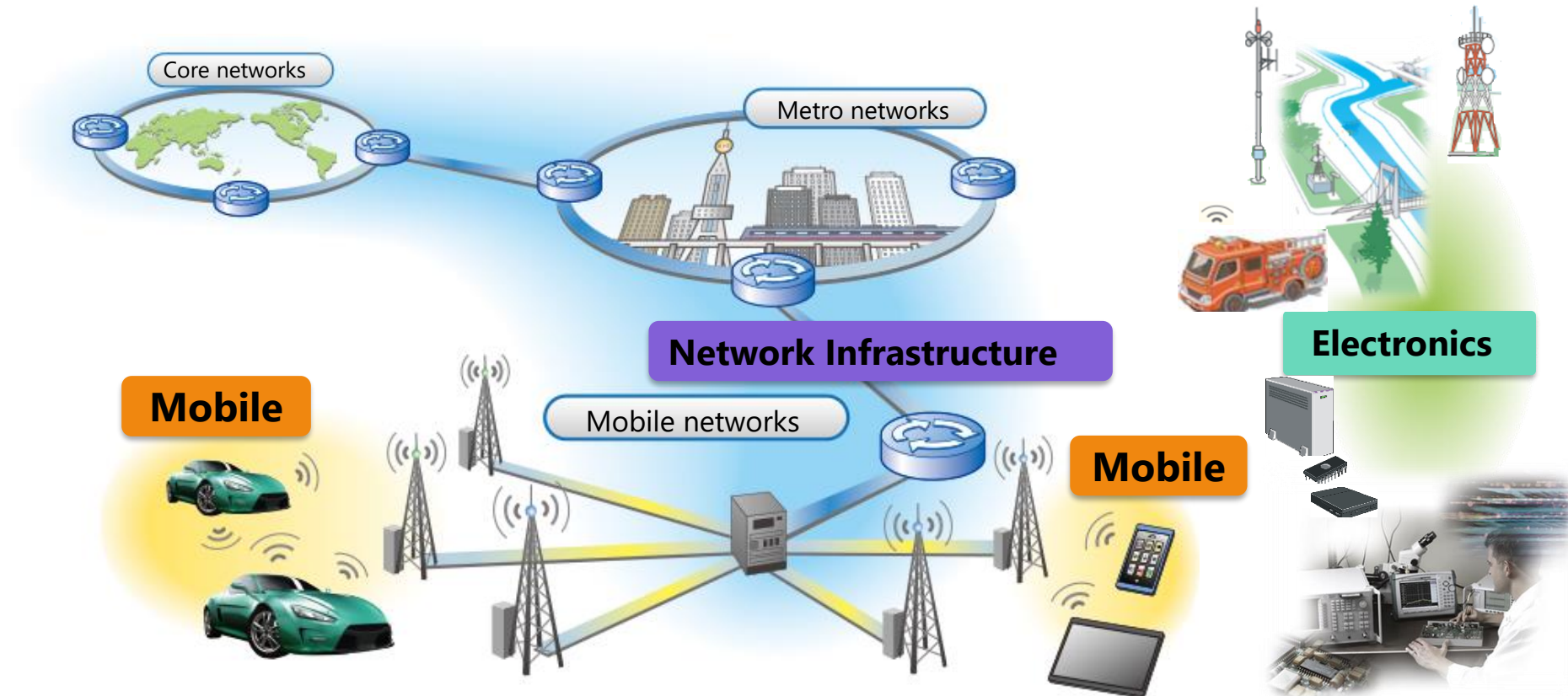
Revenue in FY2021 1Q

Japan 16%	Asia & Others 46%	Americas 23%	EMEA 15%
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T&M : Test & Measurement PQA : Products Quality Assurance

3. T&M Business Segment

3-1. T&M Business Areas

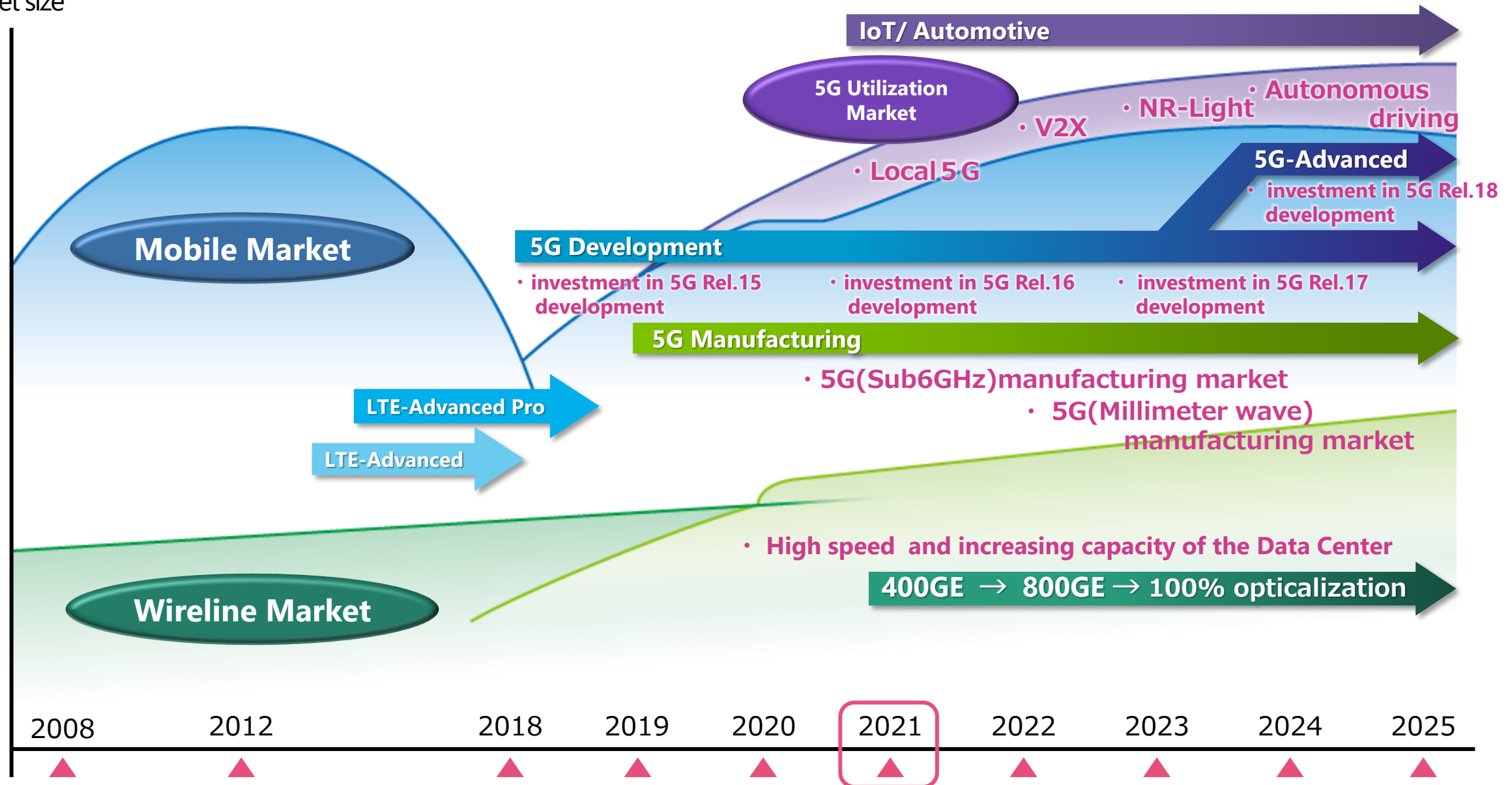


	R&D	Manufacturing	Installation/ Maintenance
Wireline Communication	Network Infrastructure (25%)		
Wireless Communication	Mobile (59%)		
General Purpose	Electronics (16%)*		

*Electronics components etc.

3-2. T&M : Mobile market trends and Business opportunity

Market size



3-3. Current Worldwide 5G Situations



Europe

Sub6: 5G coverage in Europe trending upward. As of March 31, 2021, 5G services were launched in 24 of the 27 EU countries.

Millimeter wave: Frequency auctions have been completed in countries including Italy and Finland.



Korea

15.84 million 5G subscribers (as of May 31, 2021)

Sub6: 115,000 Base Stations have been installed; more than 90% of population covered

Millimeter wave: Scheduled launch of services in 2020 have been delayed; launch date to be determined



China

450 million 5G subscribers (as of May 31, 2021)

Sub6: 770,000 Base Stations have been installed as of December 31, 2020. Plans to install 600,000 more during 2021.

Millimeter wave: Trials are to be conducted at the venue of Beijing Olympics



US

19.96 million 5G subscribers in North America (as of December 31, 2020)

Sub6: Verizon will launch services using C-band in 1Q 2022. Plans to cover 100 million people by March 2022.

Millimeter wave: Verizon will expand number of sites from 14,000 to 30,000 by the end of 2021.



South East Asia/Oceania

Sub6: 5G services were launched in countries such as Australia, Thailand, and Philippines during 2020

Millimeter wave: Services were launched in Australia in May 2021



Japan

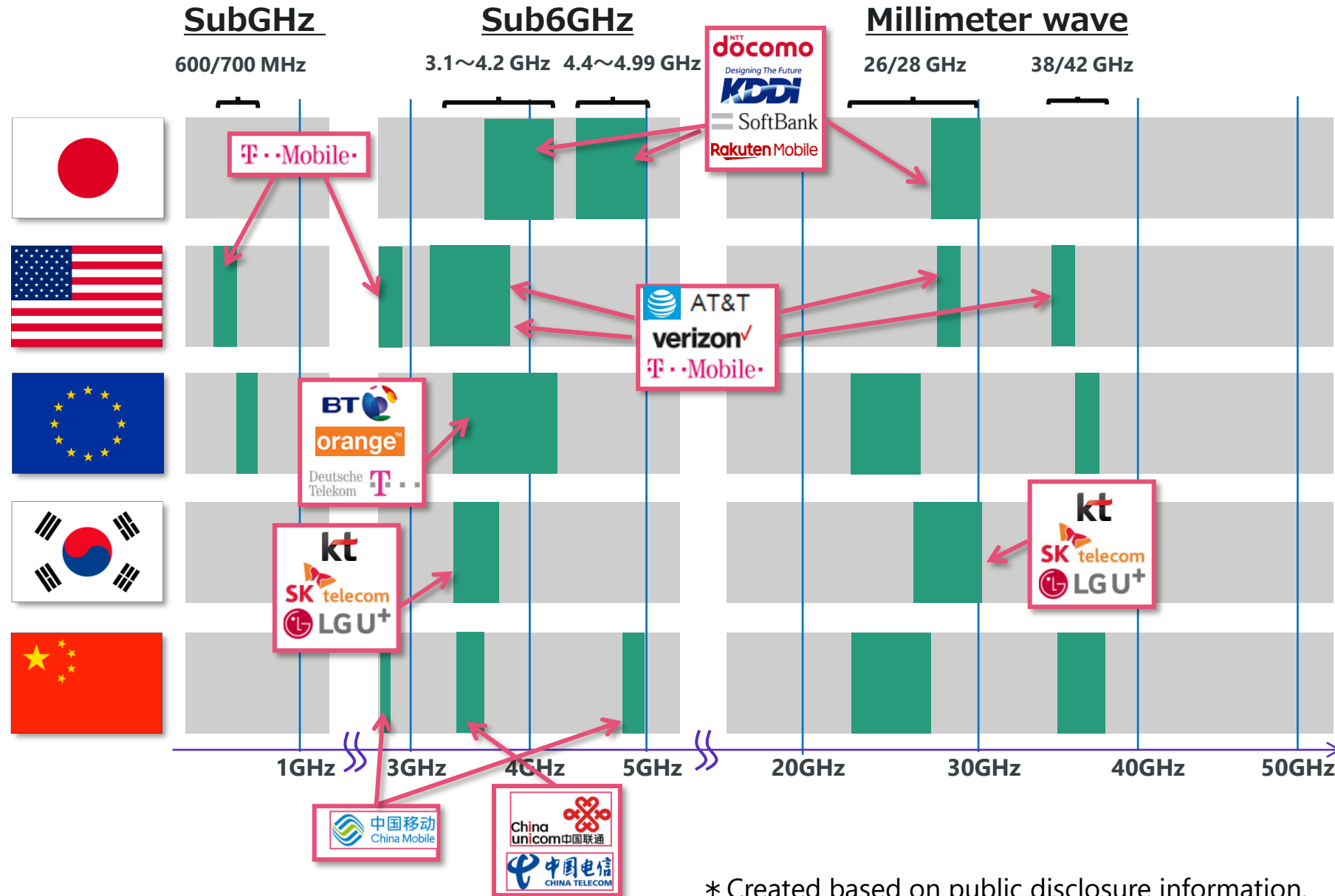
14.19 million 5G subscribers (as of March 31, 2021)

Sub6: All major cities in all 47 prefectures are covered. DoCoMo has installed a cumulative total of 20,000 Base Stations as of March 31, 2021 (250,000 LTE Base Stations installed).

Millimeter wave: Four phone carriers have launched services from the latter half of 2020.

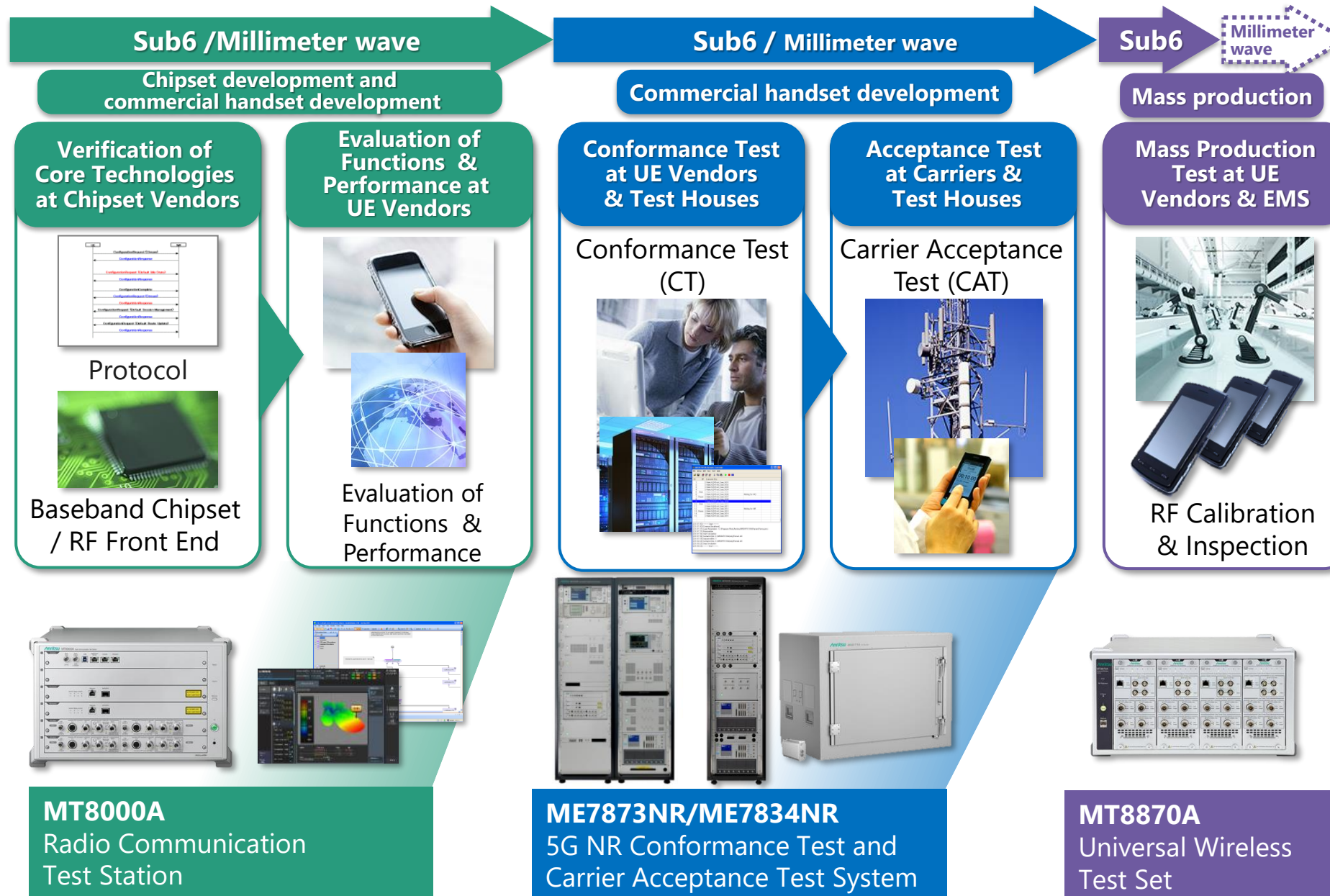
*Source: Prepared Anritsu based on publicly available information as of July 2021

3-4. 5G Band Allocations in the World

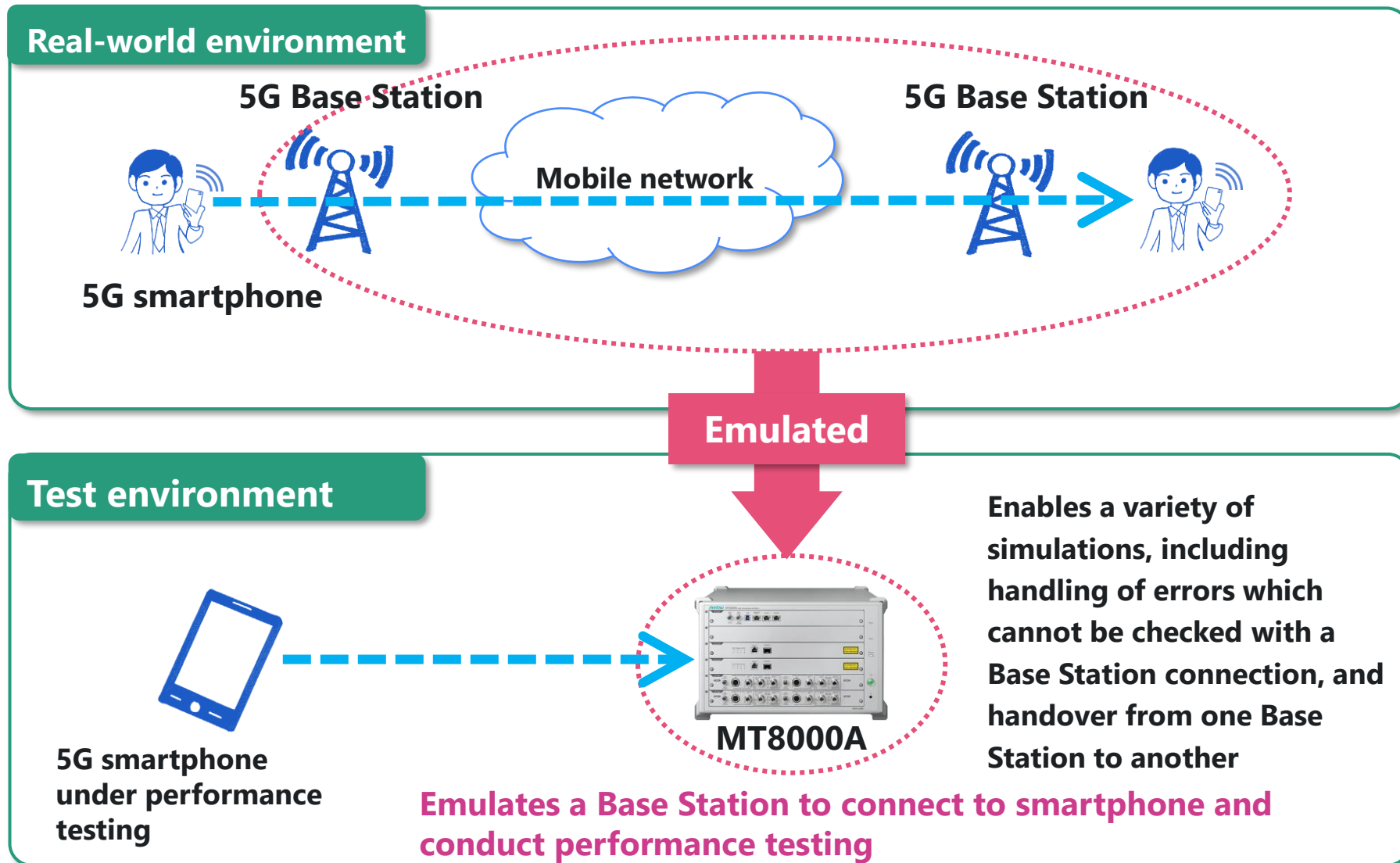


* Created based on public disclosure information.

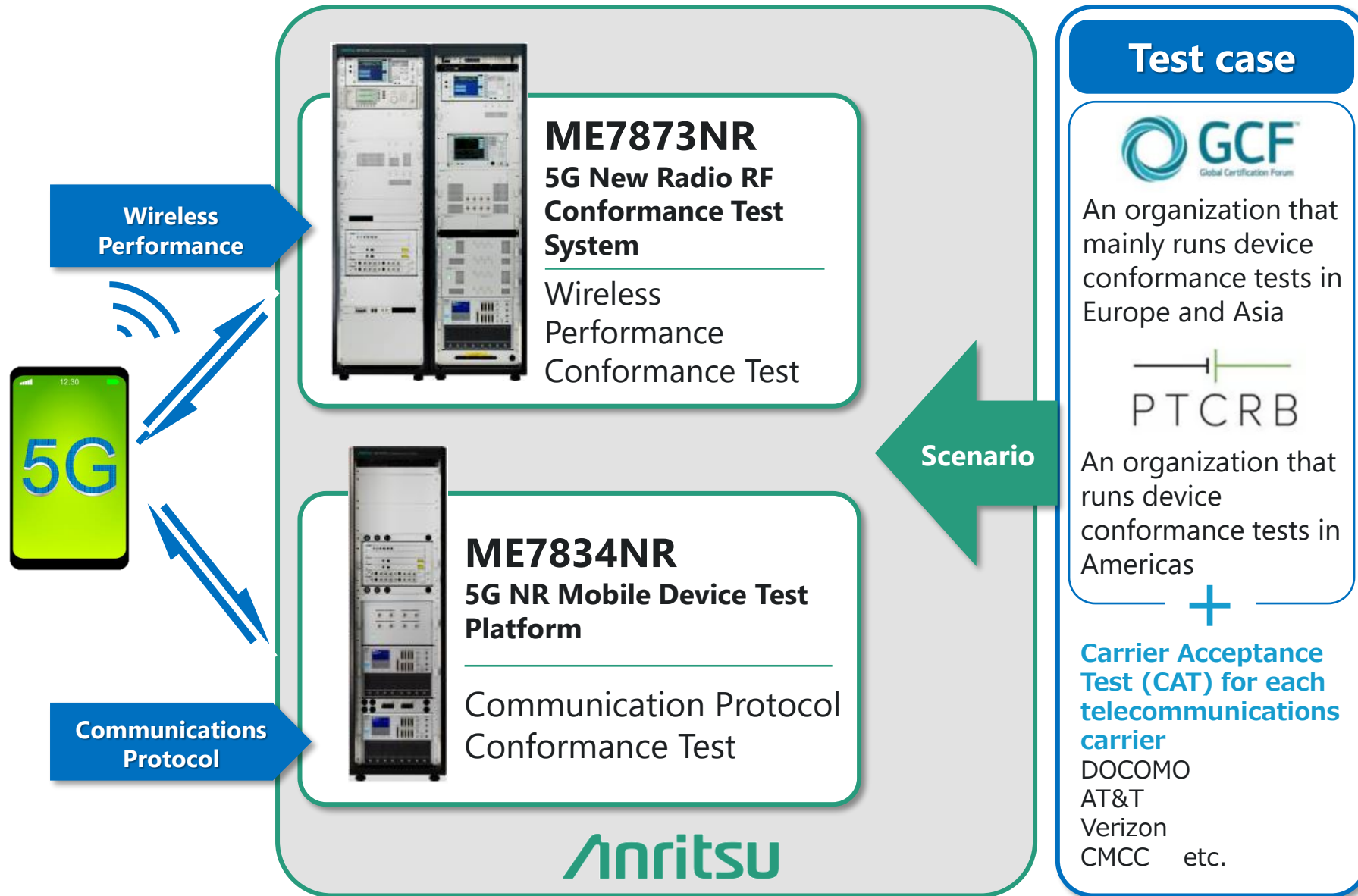
3-5. 5G terminal development/manufacturing process and test solutions



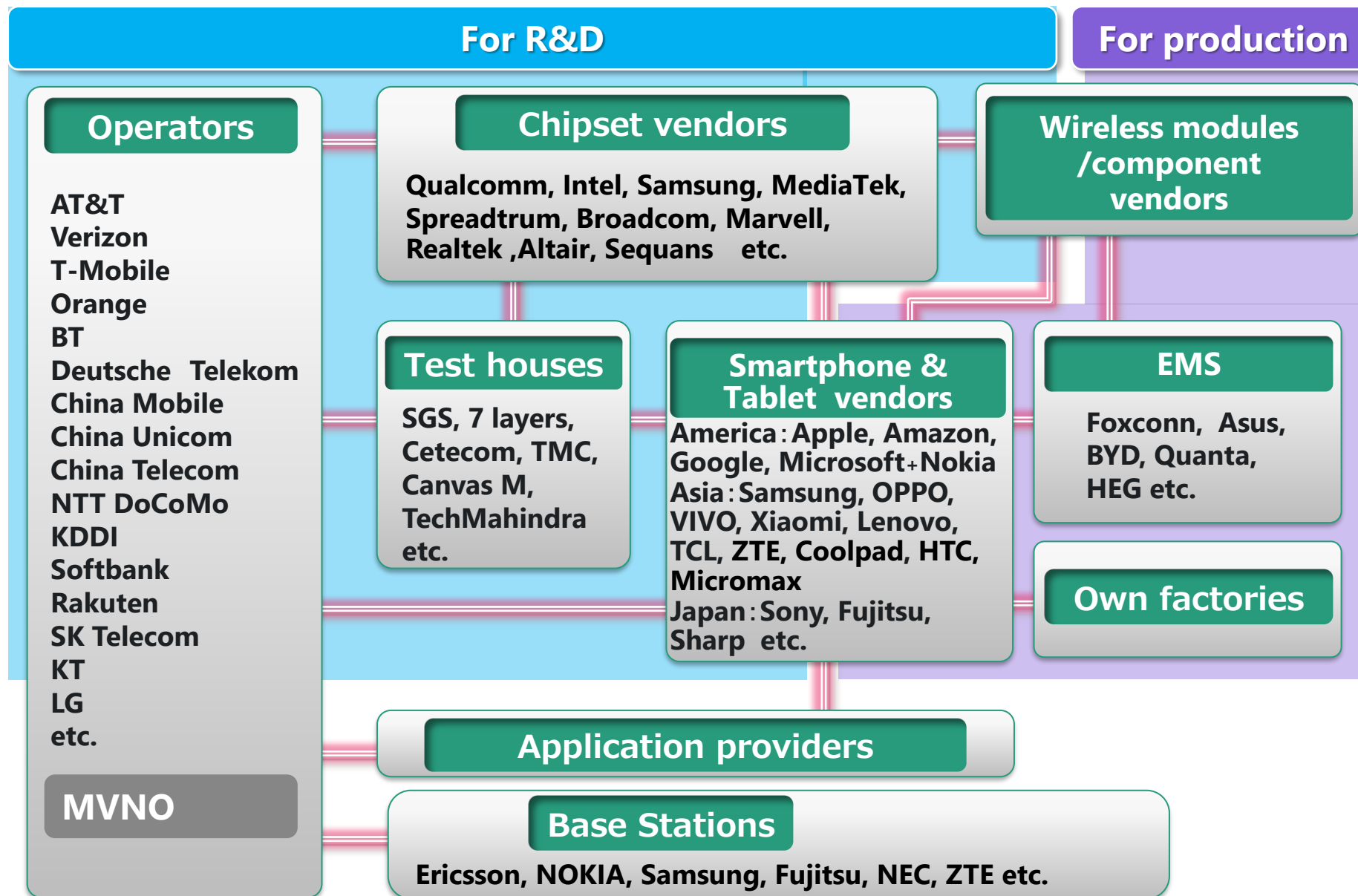
3-6. Role of MT8000A



3-7. 5G Test Solutions Conformance Test

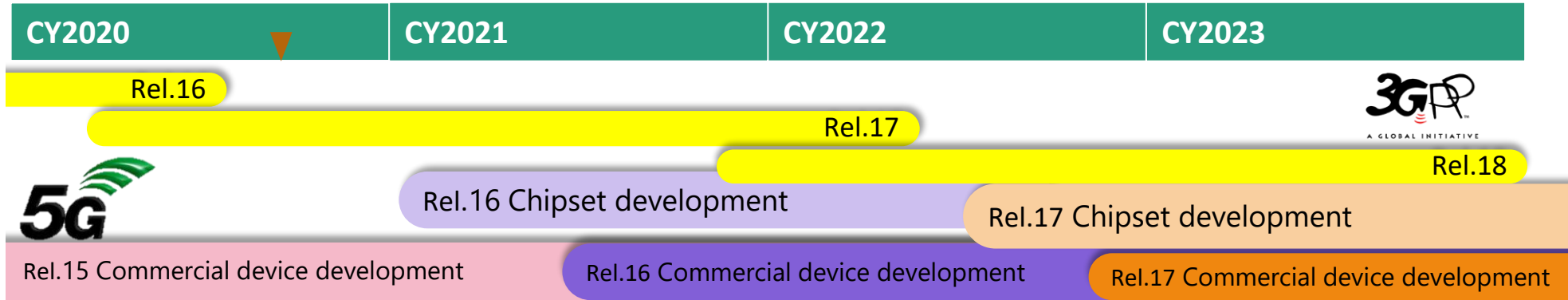


3-8. Food chain and players in mobile telecom market



3-9. Roadmap of 5G

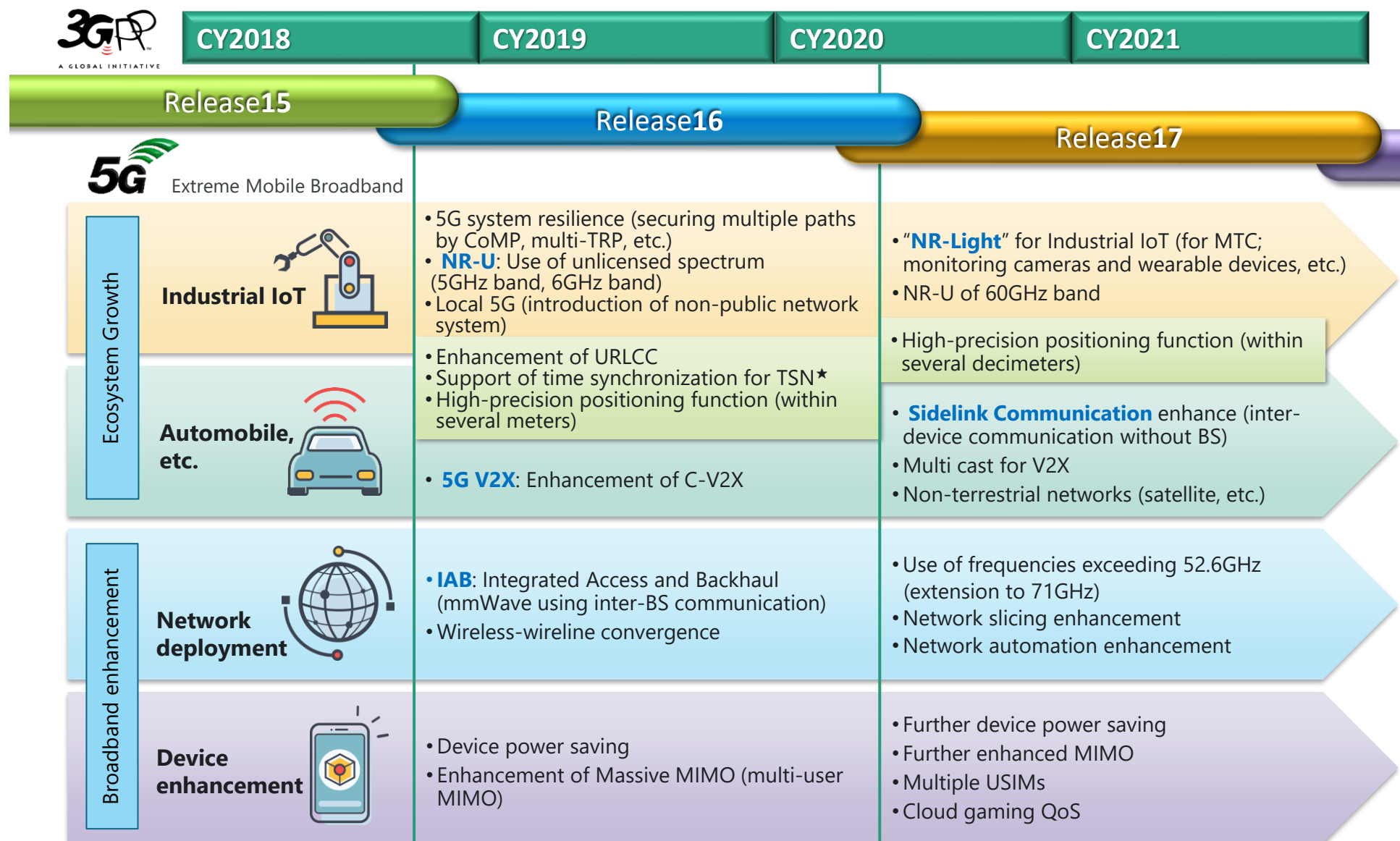
* Created by Anritsu referring to publicly available information



(As of the end of Sep. 2020.Selected major countries)

3-10. Digest of Rel-16 & Rel-17

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



NR-U: NR-Unlicensed

*TSN (Time Sensitive Networking) : A standard originally used for networks that guarantees synchronization of time and real-time performance in Ethernet communications.

3-11. 5G will become the infrastructure of social innovation

Profitability
High



From now on it is necessary to establish
"business strategy", includes making business
partners

Major
business
areas up
to 4G
Smartphone
/Tablet

Business area newly joining in 5G

Auto-
motive

Industrial
machinery

Home
Security

Smart meter

Other
IoT

Low

Low

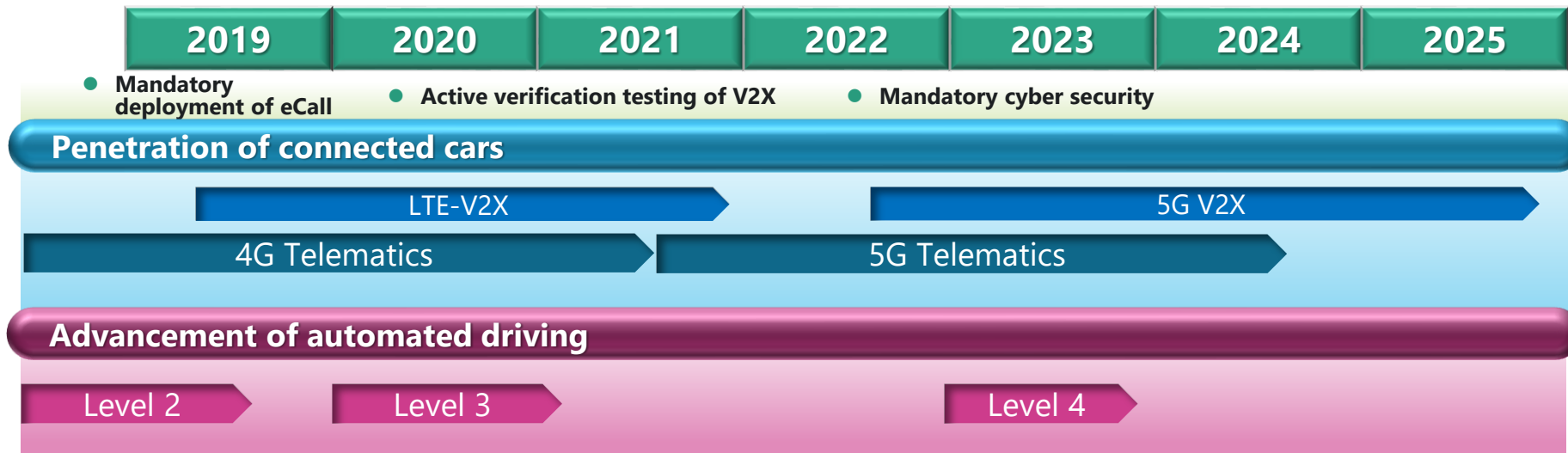
Number of
connection

High

Current
Business area

(Ministry of Internal Affairs and Communication)

3-12. Introduction of new technologies in the automotive market and Anritsu's initiatives



Connected cars / V2X V2X (vehicle -to-vehicle / Road-to-vehicle communication)



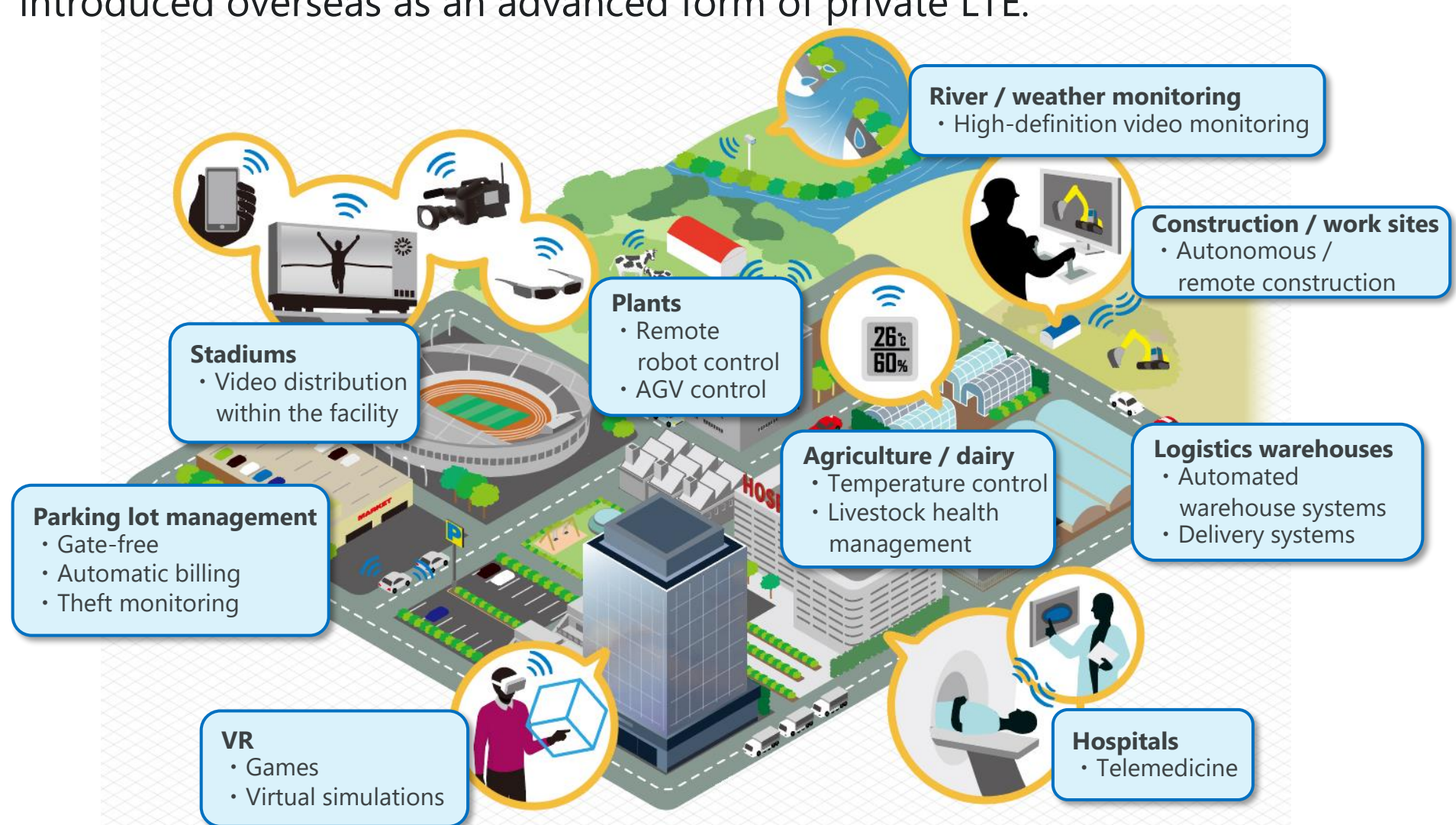
- UNR-144 (eCall), NG eCall
- Cyber Security
- V2X (802.11p, C-V2X)

Building in V2X into HILS with major vendors for autonomous driving



3-13. Private 5G

Local 5G has been newly introduced in Japan and is expected to be introduced overseas as an advanced form of private LTE.



AGV: Automatic (Automated) guided Vehicle

Source: Local 5G Review Working Group Report Draft, Land Mobile Communications Division, Telecommunications Bureau, Radio Department, Ministry of Internal Affairs and Communications

3-14. Application of Local 5G in Anritsu Products

Latency measurements in remote operations

Measurement of **latency** in remote operation of robots



MT1000A Network Master Pro

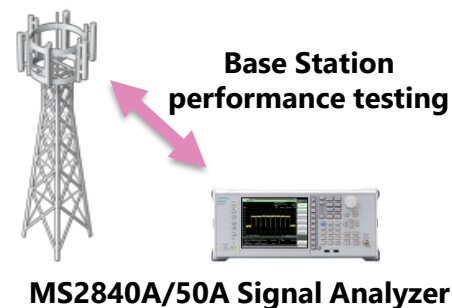
Base Station performance testing and communication area measurements

Measurement of electric field strength in the communication area



ML8780A/81A Area Tester

Base Station performance testing



MS2840A/50A Signal Analyzer

Measurement of cellular interference

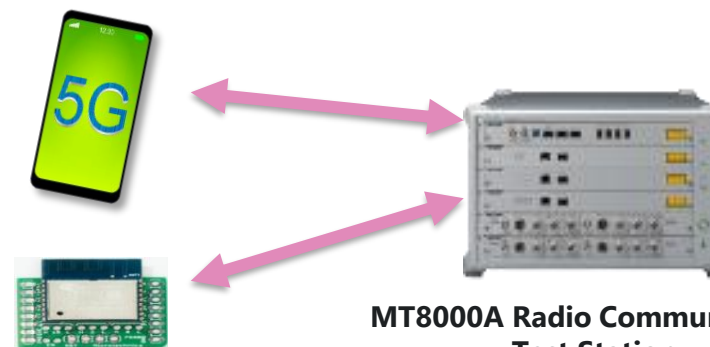
Measurement of cellular interference due to overlapping local 5G areas



MS2090A Field Master Pro

Device and sensor module performance testing

Testing of device and sensor module radio characteristics and protocol



MT8000A Radio Communication Test Station

3-15. 5G Test Solutions Base-Station Installation and Maintenance

5G NR Base-Station Field Performance Measurements and Coverage Mapping

Field Master Pro MS2090A

- Frequency Range: 9 kHz to 9/14/20/26.5/32/43.5/54 GHz
- Supports RF measurements of GSM, LTE, and 5G Base Stations, as well as 5G demods.
- TX spurious up to 54 GHz



Usage: 5G NR Base Station Measurement

3GPP TS 38.104 V15 gNB Base Station Performance Evaluation

- Frequency error · Occupied bandwidth
- Time offset · Adjacent channel leakage ratio
- Cell/Sector ID · Tx spurious up to 12.75 GHz
- Modulation quality · EIRP
- Unwanted emissions · Synchronization Signal Block (SSB)
- FR1 & FR2 · Up to 64 beams supported

Usage: 5G Coverage Mapping

Plot indoor and outdoor coverage maps from 5G NR gNB. Displayed measurements include channel power, EIRP, and RSRP.



3-16. Local 5G Joint Venture Company “AK Radio Design” Begins Operations

Services Provided

Simulation analysis services

- Radio wave propagation simulations necessary to design local 5G area
- Interference adjustment and consulting services for service area verification/design

Measurement Services

- Interference evaluation, service area measurement, base-station performance evaluation, and network evaluation at the actual field where local 5G is introduced
- Support for benchmarking base-station equipment and devices

Lab Tour & Utilization Services

- Promoting understanding of local 5G usage and quality assurance methods using Anritsu 5G LAB
- Provision of environment and opportunities for verification experiment under actual local 5G environment

Signing ceremony

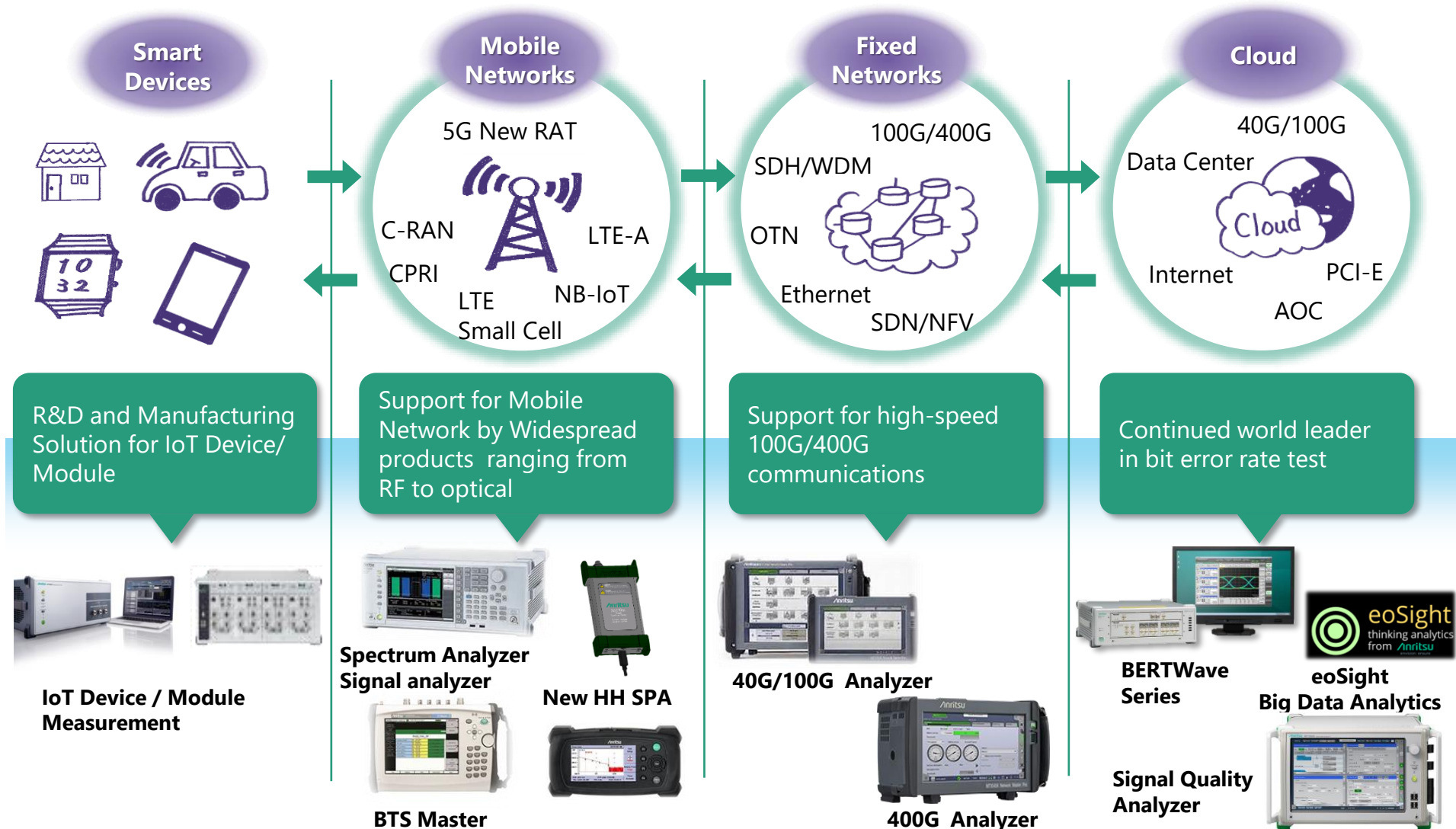


Hirokazu Hamada
President
Anritsu Corporation

Shota Hattori
Chairman of the board
Kozo Keikaku
Engineering Inc.

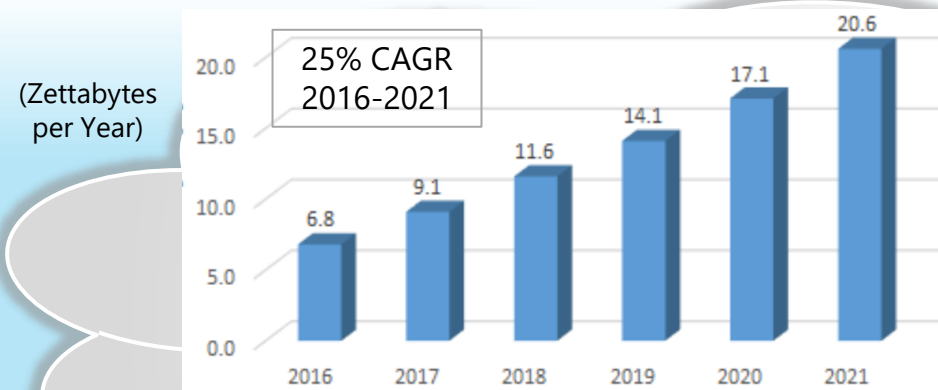
3-17. Contributing to the establishment of 5G network infrastructure

Features of 5G : **1/10×Latency** **100×Peak Data Rate** **100×Capacity**



3-18. Test Solutions for support of Cloud Service expanding

Data traffic extending explosively



Global Data Center Traffic Growth
Source: Cisco Global Index 2016-2021

Main Competitors

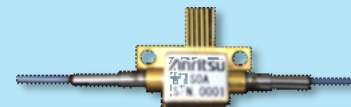
Keysight
Viavi (formerly known as JDSU)



Equipment (Router, Switch)
vendors in Data Center

Optical module
vendors

Optical device
vendors



Data Center



- Expansion of Data Center
- Higher- speed
- Larger- capacity
- Conversion to fiber optics

DCI
High speed communication
10GE/40GE → 100GE/400GE



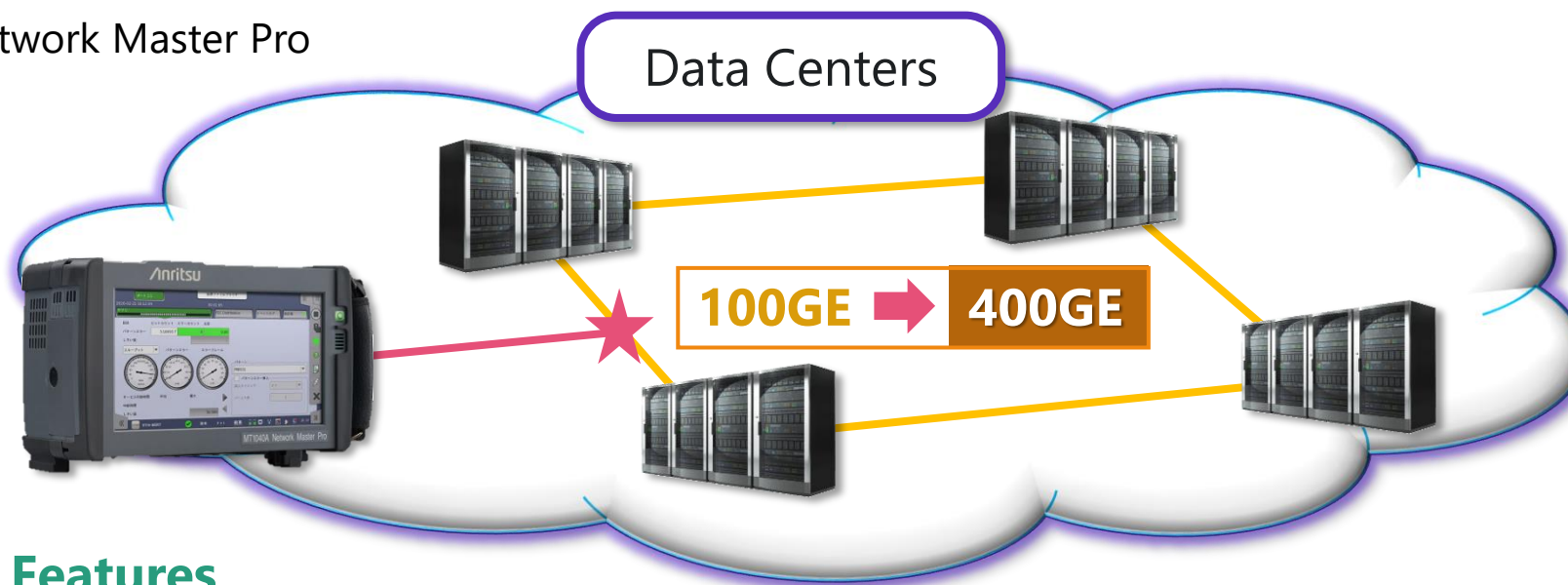
Manufacturing, I&M



Portable measuring instrument supporting 400G Ethernet

MT1040A

Network Master Pro



■ Features

Verification speeding up Data Centers upgrades 100G Ethernet ➡ 400G Ethernet

■ Target markets

- Communication networks and Data Centers

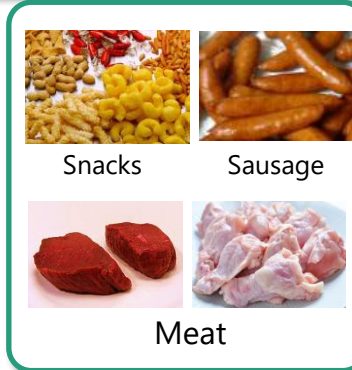
■ Target customers

- Telecom carriers, communication network installers, communication equipment maintainers, network device vendors

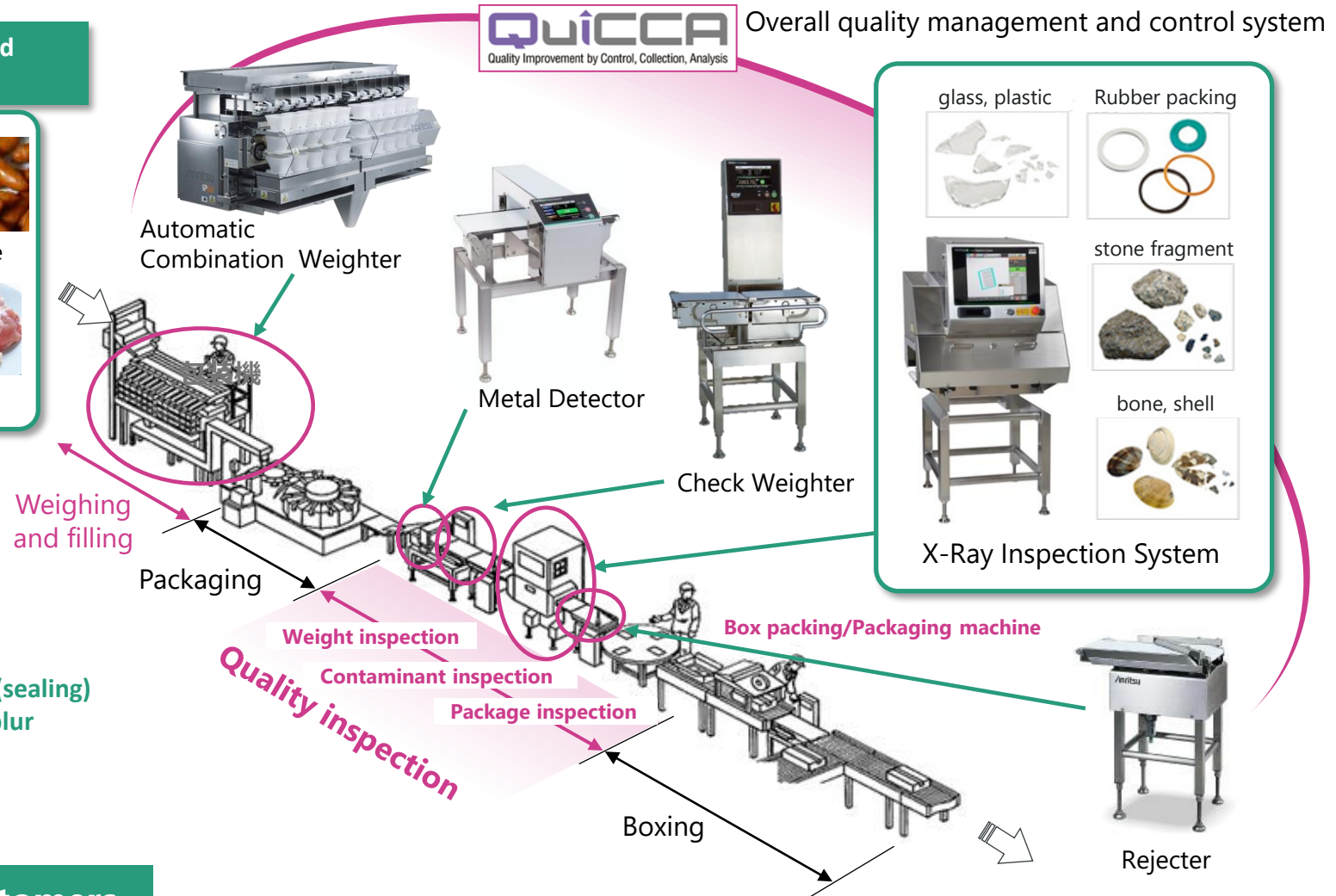
4. PQA Business Segment

4-1. PQA business segments (Products Quality Assurance)

General examples of food production process



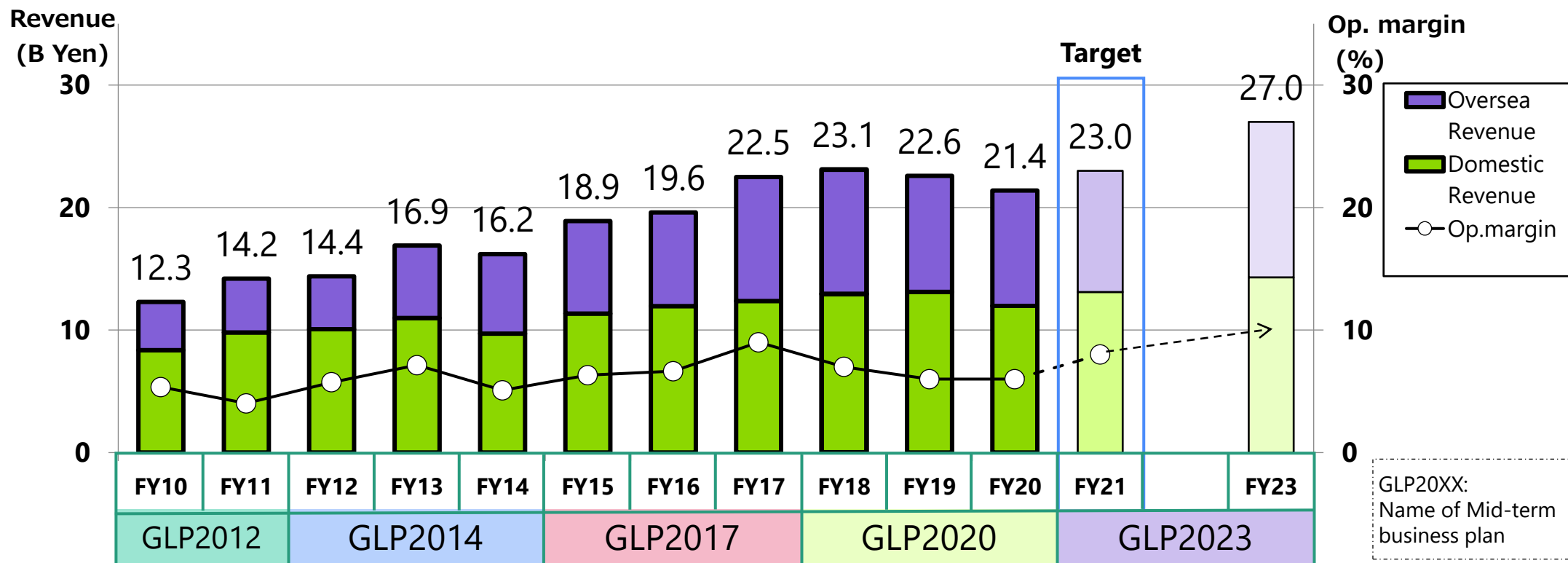
- Contamination
- Variation in the amount of contents
- Breaks and chips
- Defective packaging (sealing)
- Printing error/Print blur



Major customers

Mondelez, Nestle, Kraft Heinz, Nippon Ham Group, Glico Group, Nissui Group, etc.

4-2. The growing PQA business



Market	Major initiatives
North America, EMEA, Asia	Develop market with X-ray inspection systems as a key solution
Japan	Improve market share through quality assurance solutions with high added value in response to cutting-edge needs

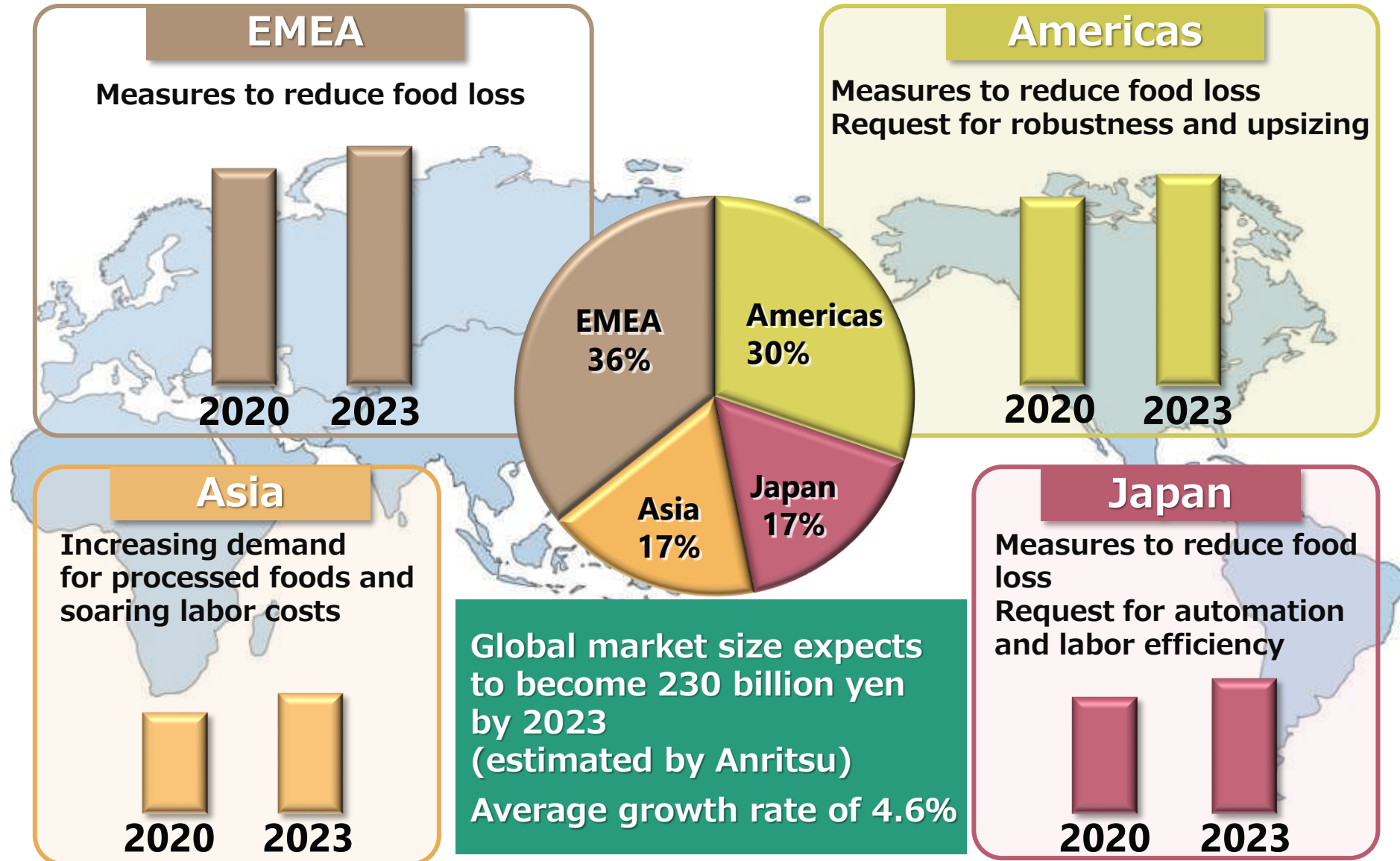
Main Competitors

Mettler-Toledo, Ishida, Marel

*Anritsu group announced the FY2023 Forecast on April 27th, 2021.

4-3. PQA Business : Current Status of the PQA Market and Outlook

Main market drivers and the market size of each region



4-4. Solutions for pharmaceutical market

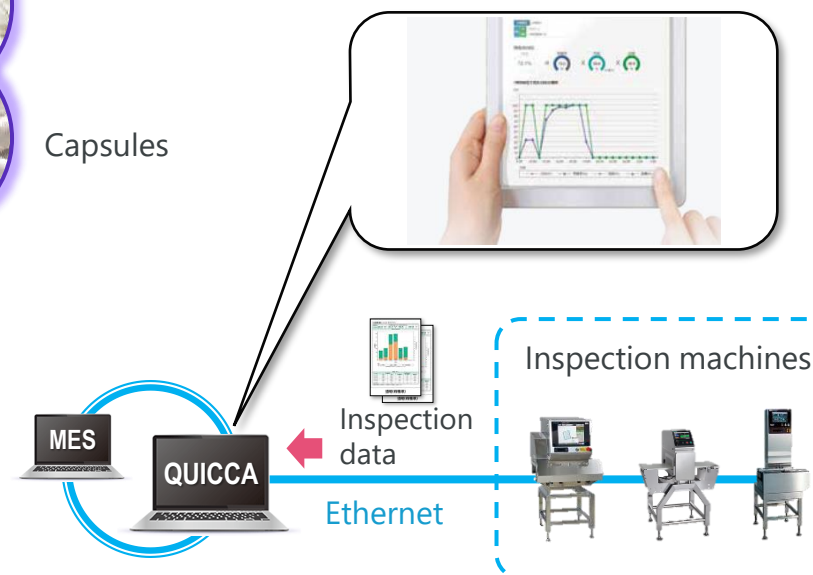
Metal detectors for pharmaceutical market

KDS1004PSW Metal detectors for pills and capsules



Quicca Pharma

Comprehensive quality control management system for pharmaceuticals



■ Features

Detects metal in pills and capsules with high sensitivity and determines pass/fail.

- Can detect metal fragments down to 0.1 mm

■ Customers

- Pharmaceutical companies

5. Financial Results for the 1st quarter of the Fiscal Year ending March 31, 2022

5-1. 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 June)	FY2021 (Apr. to June)	YoY	YoY (%)
Order Intake	29.0	28.1	(0.9)	-3%
Revenue	25.7	23.8	(1.9)	-7%
Operating profit (loss)	5.1	3.1	(2.0)	-40%
Profit (loss) before tax	5.1	3.1	(2.0)	-40%
Profit (loss)	3.5	2.1	(1.4)	-41%
Comprehensive income	3.7	2.3	(1.4)	-37%

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

5-2. Consolidated performance - Results by business segment -

- ▶ T&M : Demand for 5G development was strong. However, semiconductor shortage impacted sale
- ▶ PQA : Sales recovered in areas where the COVID-19 situation has improved

Unit: Billion Yen

International Financial Reporting Standards (IFRS)		FY2020 (Apr. to June)	FY2021 (Apr. to June)	YoY	YoY (%)
T&M	Revenue	19.3	16.8	(2.5)	-13%
	Op. profit (loss)	4.9	2.9	(2.0)	-42%
PQA	Revenue	4.4	5.1	0.7	16%
	Op. profit (loss)	0.1	0.4	0.3	173%
Others	Revenue	2.0	1.9	(0.1)	-6%
	Op. profit (loss)	0.2	0.0	(0.2)	-75%
Adjustment	Op. profit (loss)	(0.2)	(0.2)	0.0	-
Total	Revenue	25.7	23.8	(1.9)	-7%
	Op. profit (loss)	5.1	3.1	(2.0)	-40%

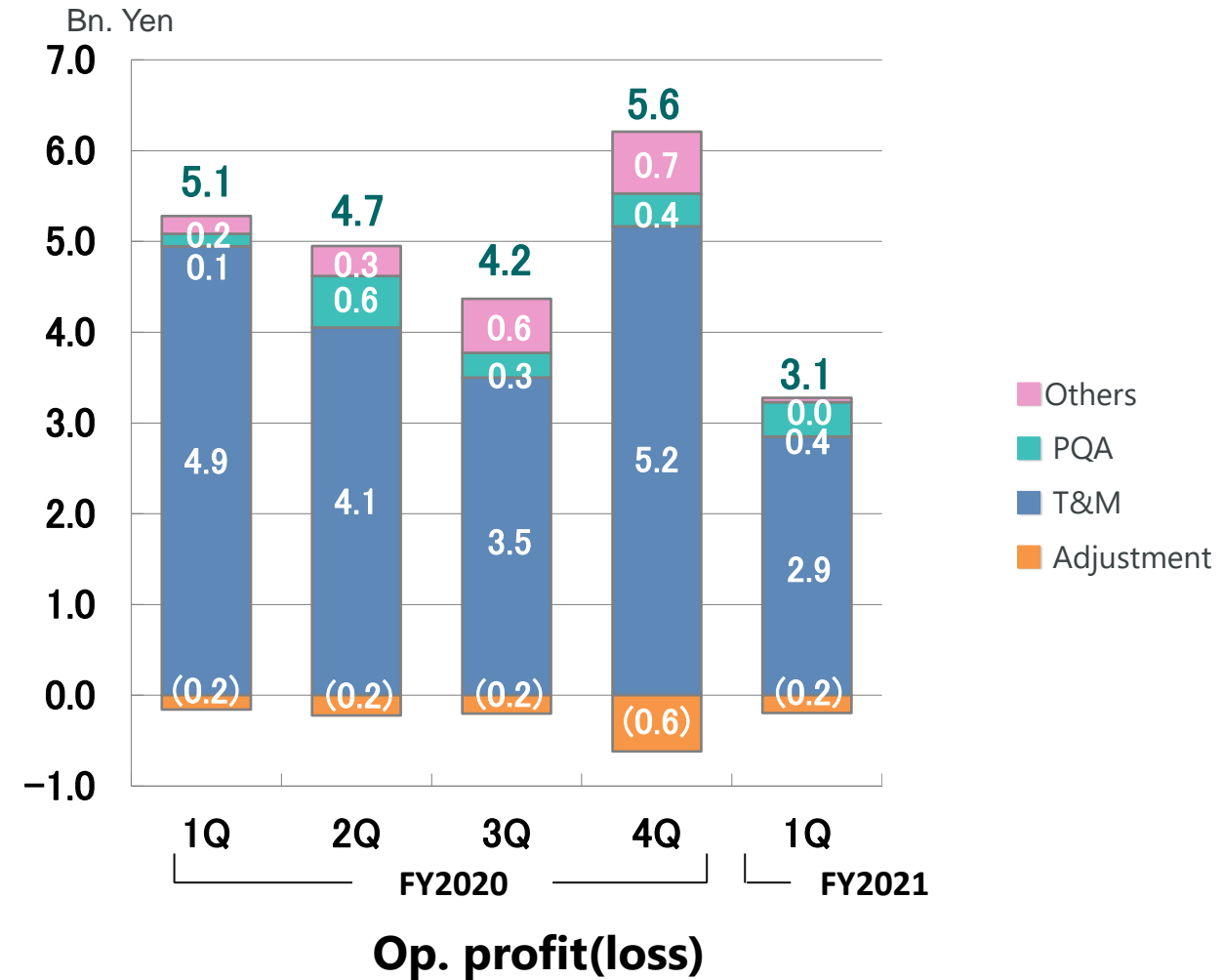
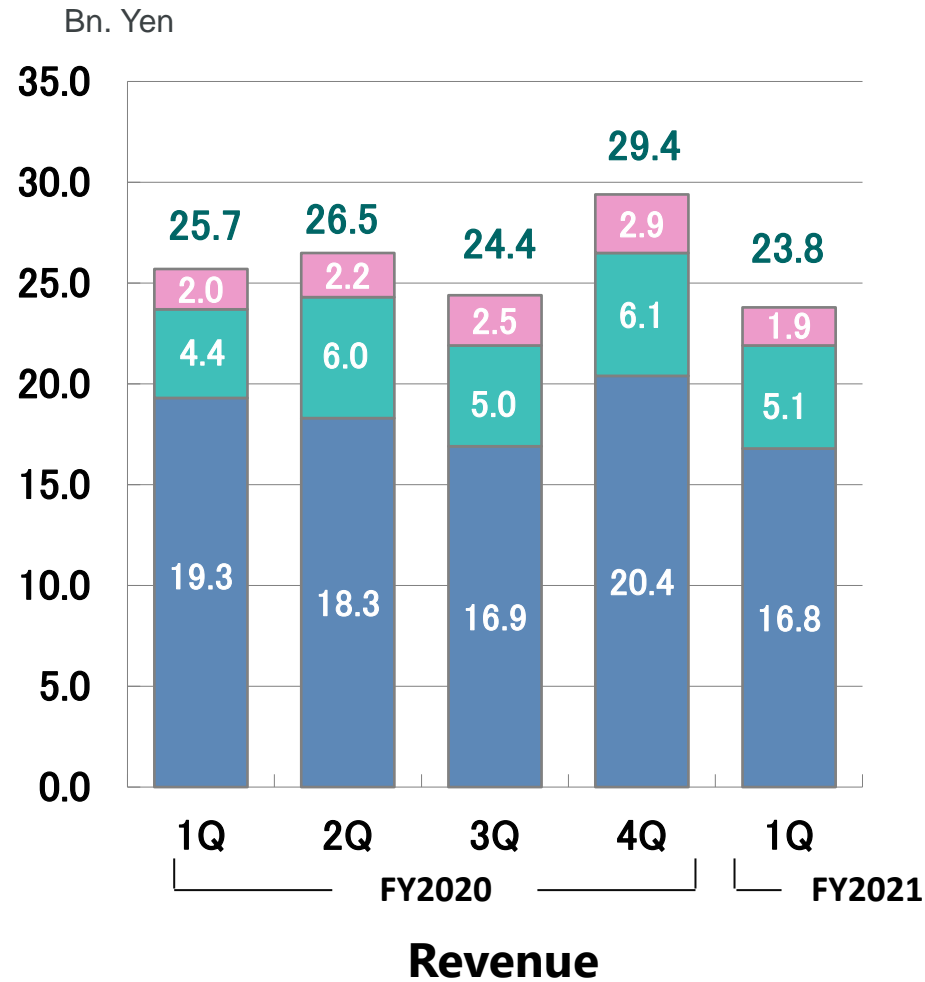
(Note1) :Numbers for FY2020 and FY2021 are rounded off to the first decimal place in each column.

(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



5-3. Consolidated performance - Revenue and Op. profit by quarters -

▶ 1Q(Apr.-Jun.) Operating margin : Consolidated 13%, T&M 17% ,PQA 7%



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

5-4. Overview of operations by business segment

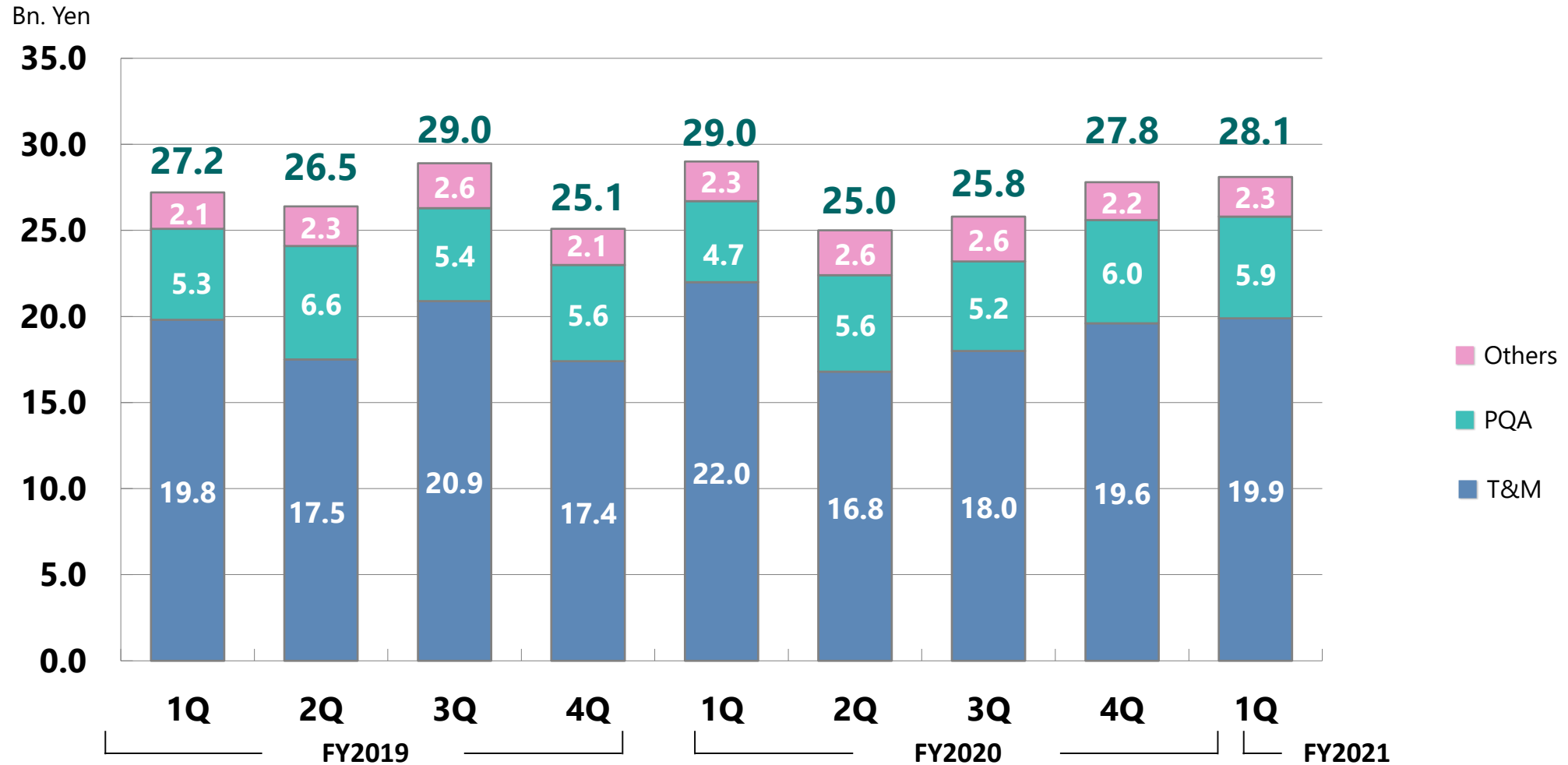
Segment FY2021 (April to June)	
	 T&M : Steady progress for both 5G commercialization schedule and development of high-speed Data Centers
	Mobile 5G development demand remains steady
	Network Infrastructure Investment for Data Centers and others remains steady
	Asia & Others/ Japan Strong investment in commercialization of 5G
	Americas We expect recovery in demand due to the installation of Sub6GHz (C-band) Base Stations starting in the latter half of the year.
	 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

5-5. Transition of Order Intake

▶ T&M : 10% decrease year on year, 2% increase quarter on quarter

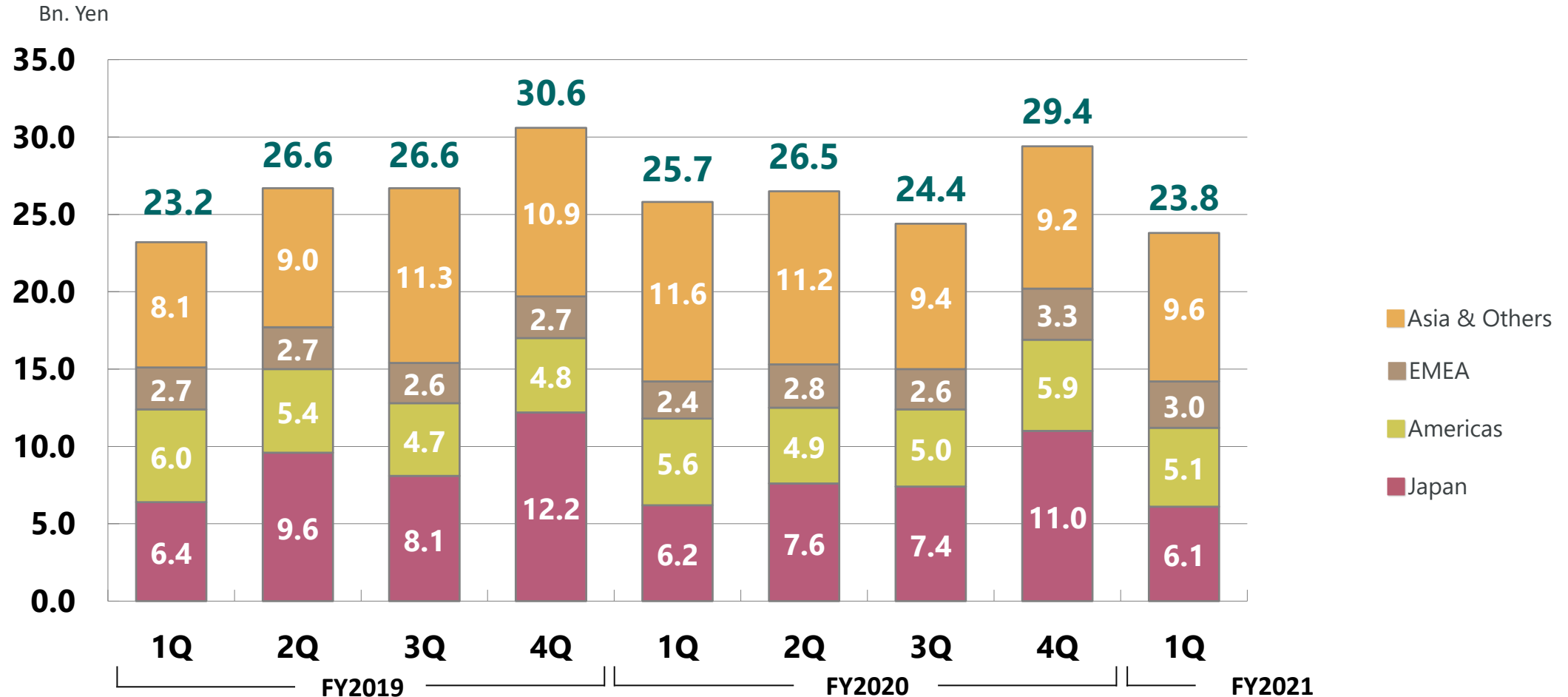
▶ PQA : 25% increase year on year



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

5-6. 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.

5-7. Cash Flow

▶ Operating cash flow margin ratio was 33.2%

FY2021 1Q

Operating CF : 7.9 Bn. Yen

Investing CF : (1.3) Bn. Yen

Financing CF : (3.6) Bn. Yen

Free Cash Flow

Op.CF + Inv. CF : 6.6 Bn. Yen

Cash at the end of period

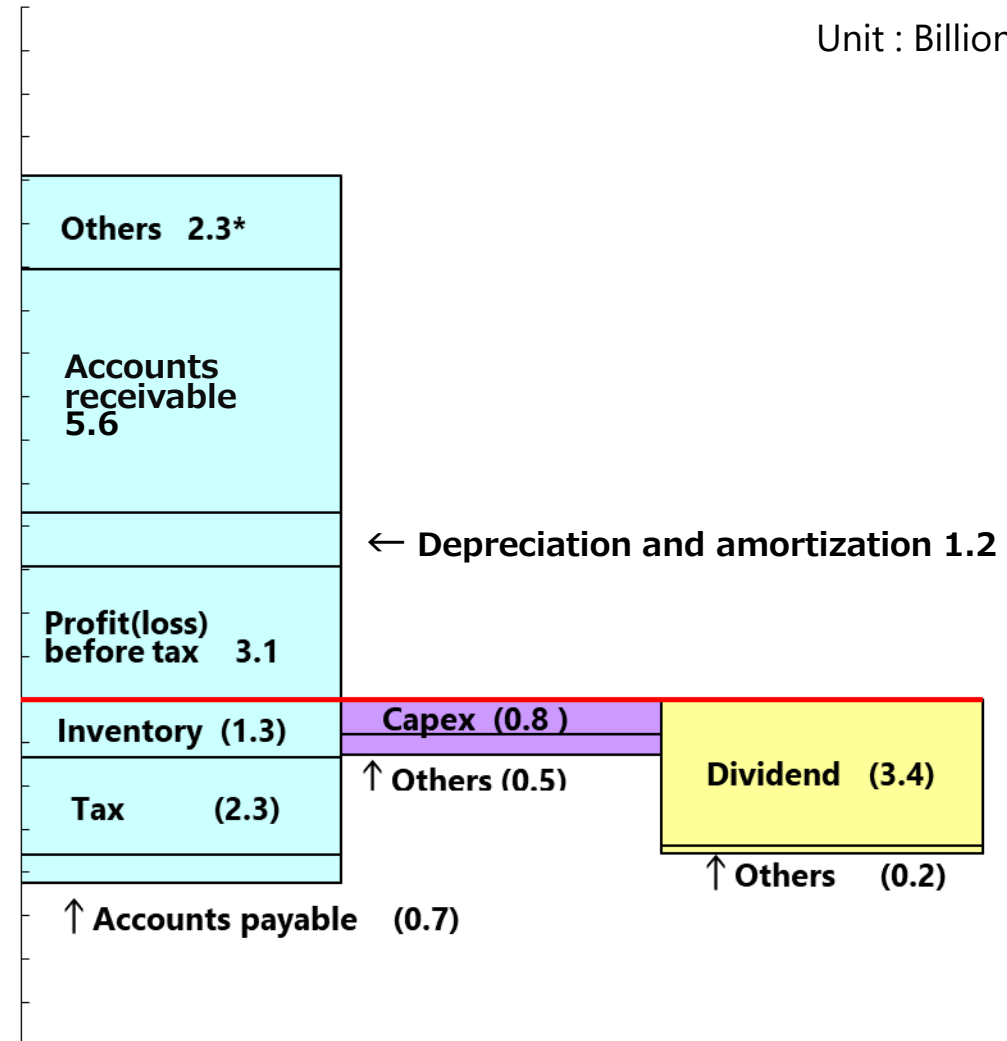
53.1 Bn. Yen

Interest-bearing debt

5.8 Bn. Yen

Details

Unit : Billion Yen



Op. CF 7.9

Inv. CF (1.3)

Fin. CF (3.6)

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

5-8. Forecast for full year of FY2021 (Consolidated)

Remains unchanged from original forecast published on April 27, 2021

Unit: Billion Yen

			FY2020	FY2021		
			Actual	Forecast	YoY	YoY(%)
Revenue			105.9	114.0	8.1	8%
Operating profit (loss)			19.7	20.5	0.8	4%
Profit (loss) before tax			19.8	20.5	0.7	3%
Profit (loss)			16.1	16.2	0.1	0%
T&M	Revenue		74.8	82.0	7.2	10%
	Op. profit (loss)		17.7	18.5	0.8	4%
PQA	Revenue		21.4	23.0	1.6	7%
	Op. profit (loss)		1.3	1.8	0.5	34%
Others	Revenue		9.7	9.0	(0.7)	-7%
	Op. profit (loss)		1.8	1.2	(0.6)	-33%
Adjustment	Op. profit (loss)		(1.2)	(1.0)	0.2	-

Reference : Exchange rate : FY2020 (Actual) 1USD=106 yen, 1EURO=123 yen
FY2021(Forecast) 1USD=105 yen, 1EURO=125 yen

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

5-9. Shareholders returns

Purchase of Treasury Stock:

Total amount of purchase in yen: 5,000,000,000 yen (upper limit)

Number of shares that can be purchased: 3,000,000 shares (upper limit)

Purchase period: From August 2, 2021 to March 31, 2022

Dividend forecast: 40 yen (FY2021)

