

Beyond testing, beyond limits, for a sustainable future together

Anritsu Corporation

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

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.

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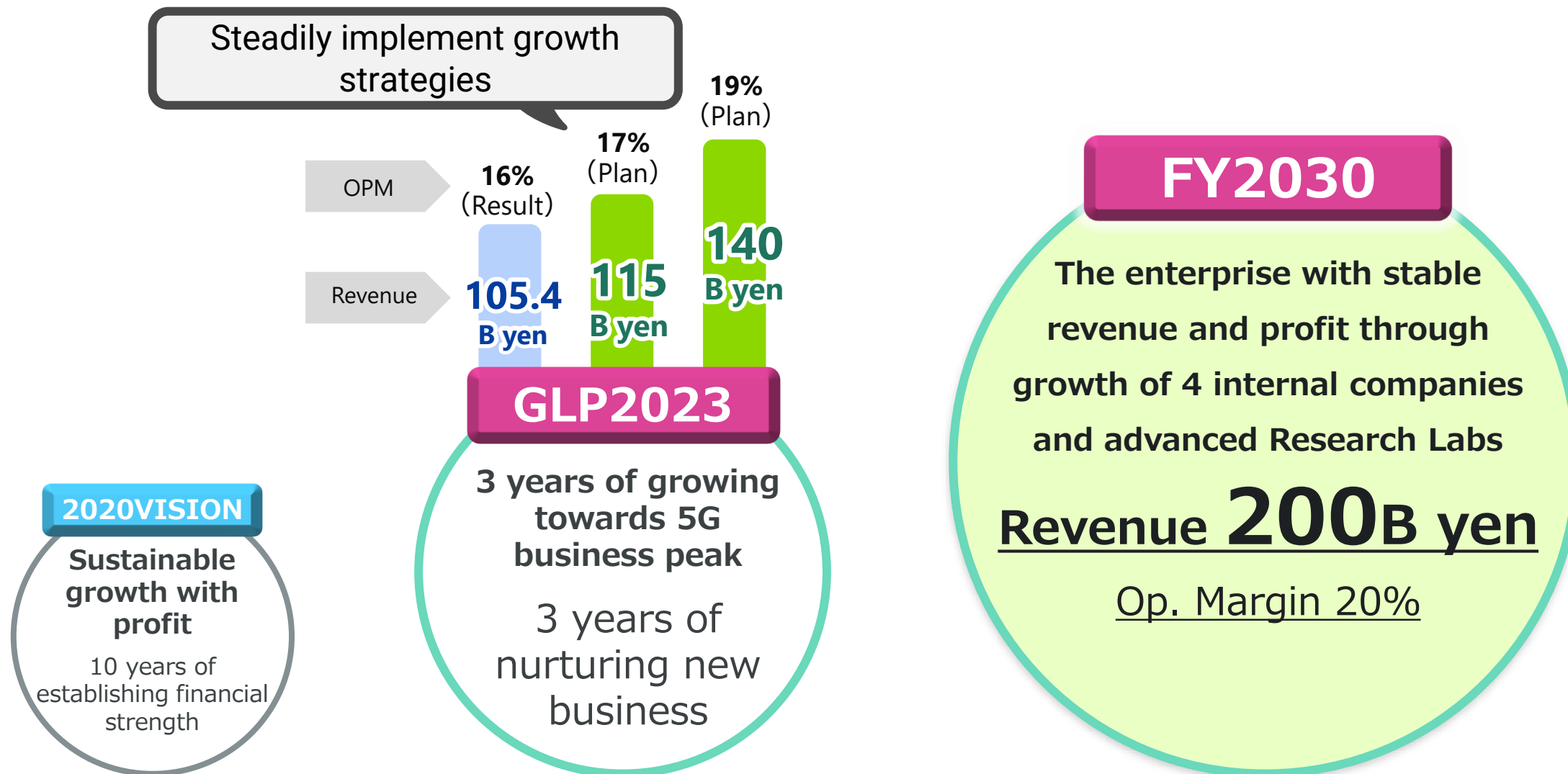
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March 31, 2022
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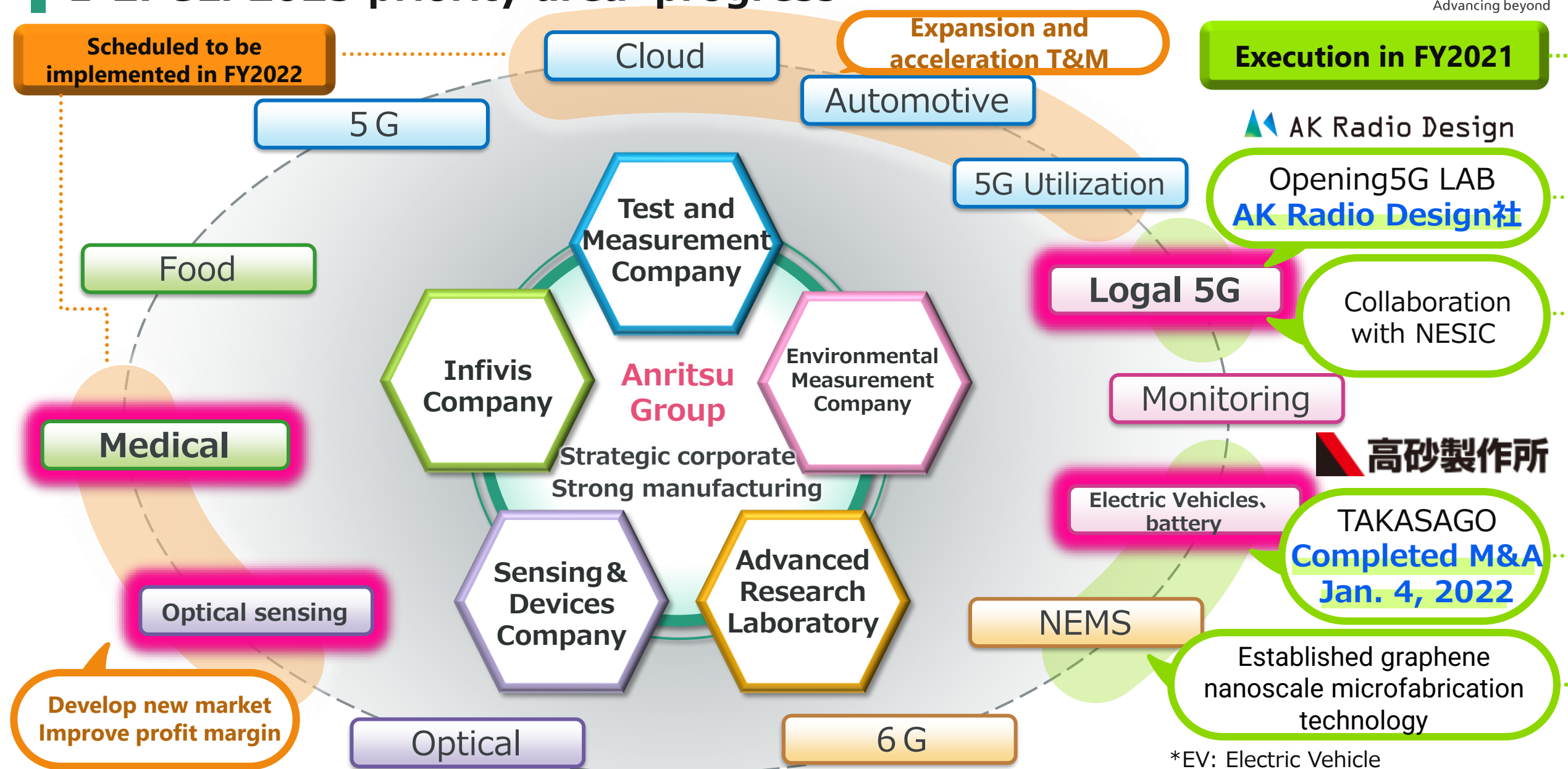
1. Mid term Business Plan GLP2023

1-1. The vision towards FY2030

Beyond testing, beyond limits, for a sustainable future together



1-2. GLP2023 priority area progress



*Infivis Company : Promotes PQA business

*EV: Electric Vehicle

*NEMS: Nano Electro Mechanical Systems

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

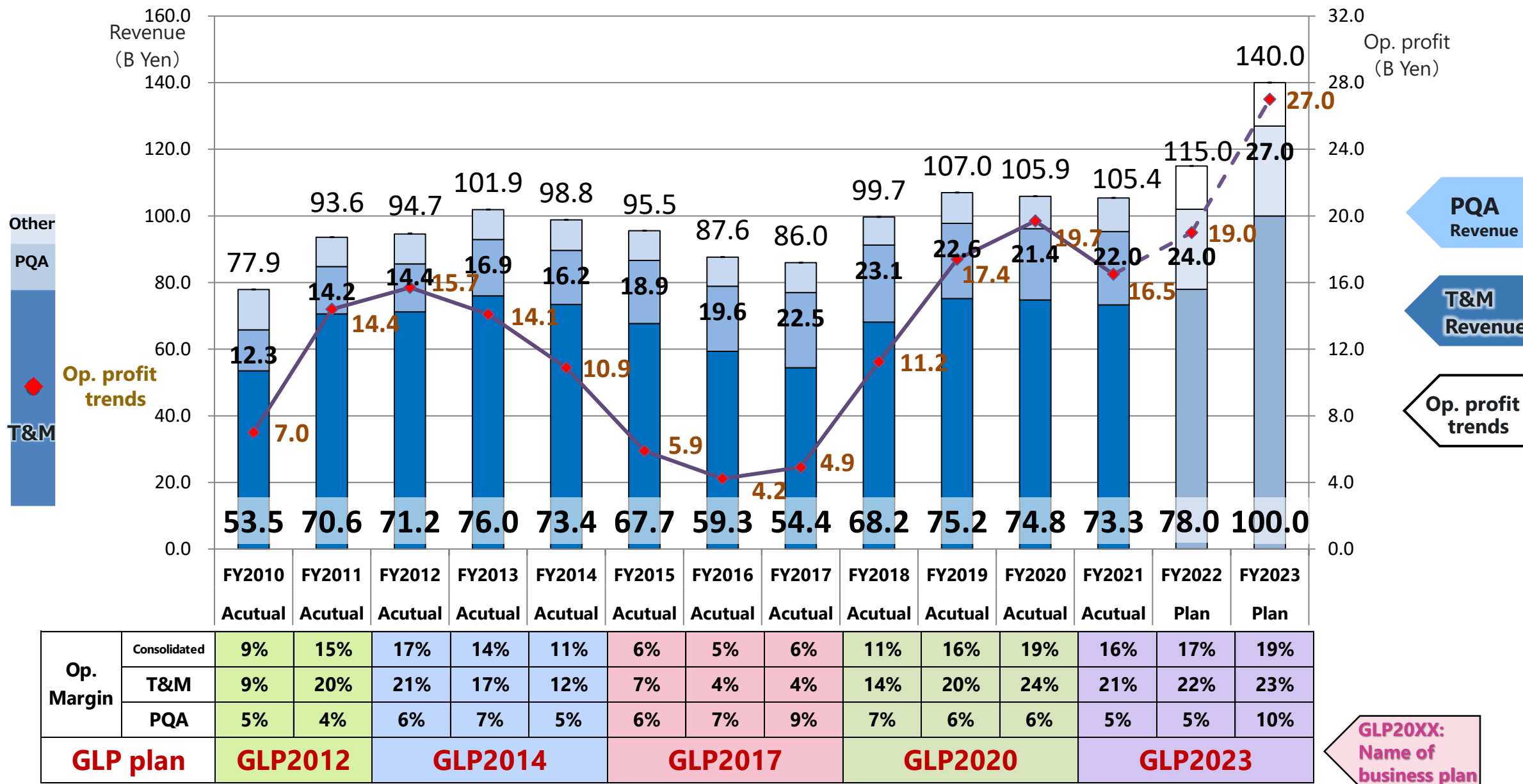
GLP2023

Indicators		FY2020 Act	FY2021 Act	FY2022 Plan ^(*2)	FY2023 Plan ^(*1)
Revenue		105.9 B Yen	105.4 B Yen	115.0 B Yen	140.0 B Yen
Op. profit		19.7 B Yen	16.5 B Yen	19.0 B Yen	27.0 B Yen
Op. margin		19 %	16 %	17 %	19 %
Profit		16.1 B Yen	12.8 B Yen	14.0 B Yen	20.0 B Yen
ROE		16%	11%	12%	15 %
T&M	Revenue	74.8 B Yen	73.3 B Yen	78.0 B Yen	100.0 B Yen
	Op. profit	17.7 B Yen	15.2 B Yen	17.5 B Yen	23.0 B Yen
	Op. margin	24 %	21 %	22 %	23 %
PQA	Revenue	21.4 B Yen	22.0 B Yen	24.0 B Yen	27.0 B Yen
	Op. profit	1.3 B Yen	1.2 B Yen	1.3 B Yen	2.7 B Yen
	Op. margin	6 %	5 %	5 %	10 %

(*1) Exchange rate for GLP2021 : 1USD=105Yen, 1Euro=125Yen

(*2) Exchange rate for FY2022 : 1USD=120Yen, 1Euro=135Yen

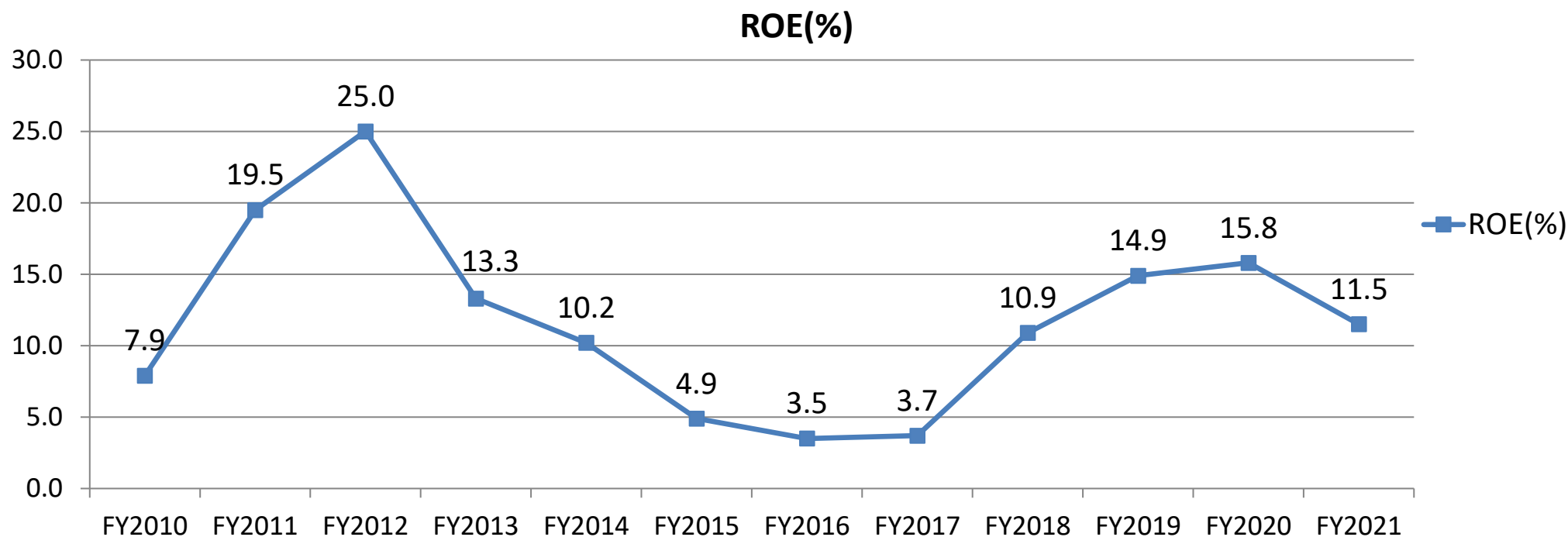
1-4. Revenue and operating profit plan (2/2)



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

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

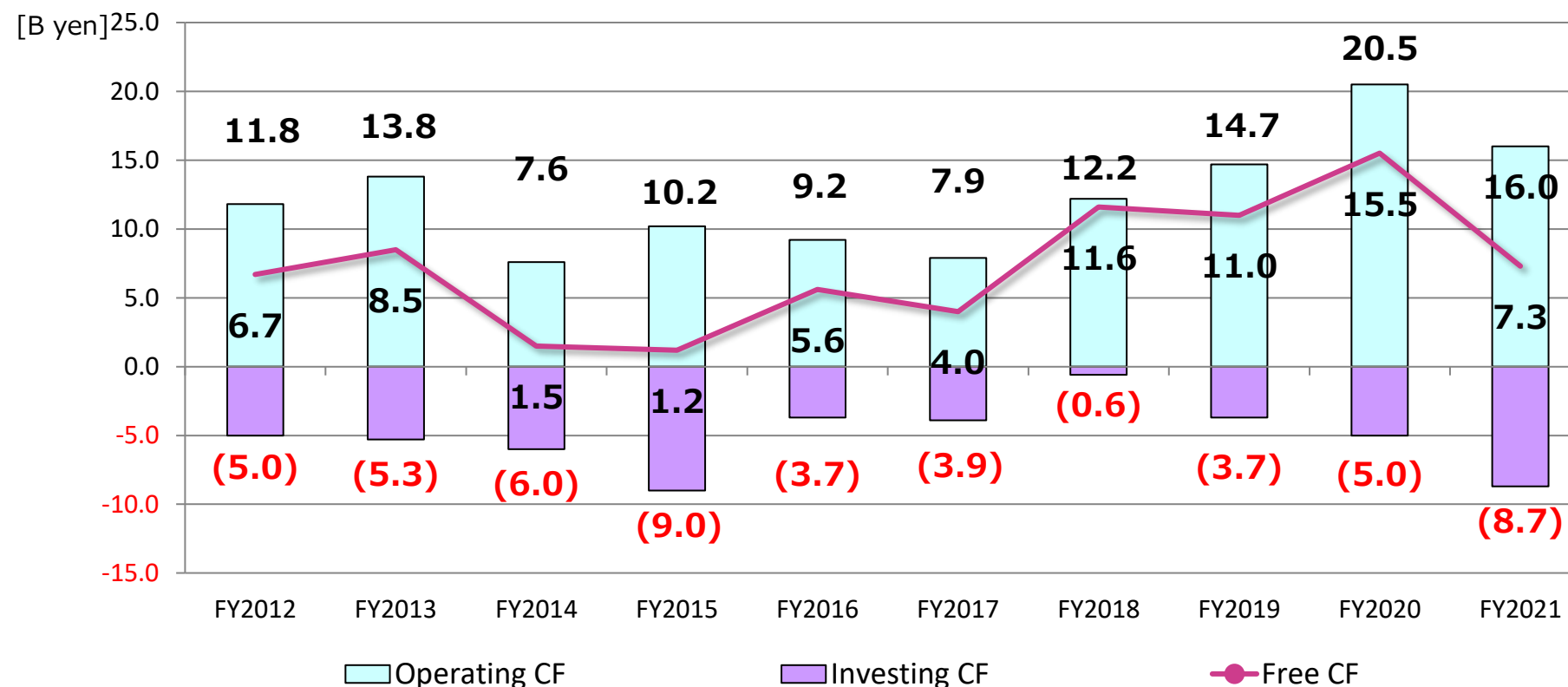
KPI to measure Corporate value : $ROE \geq 15\%$



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

◆ Promotion of cash flow management

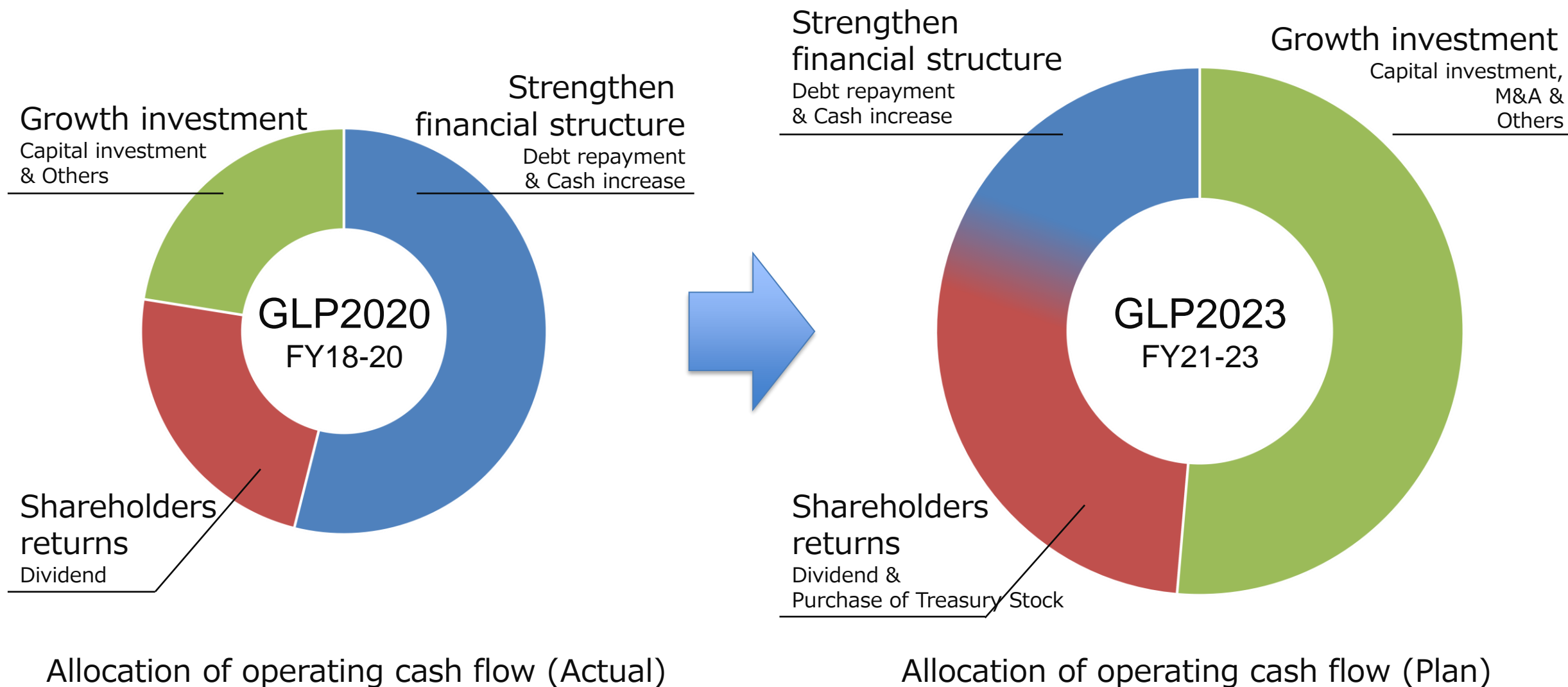
Improve operating CF by strengthening profit structure and promoting efficiency of working capital



Cash flow trends

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

Priority allocation of cash to growth investment



1-8. Shareholder Return Policy

The Company's basic policy for returning profits to its shareholders is to distribute profits in accordance with its consolidated performance and by taking into account the total return ratio.

With regard to dividends, 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 aims at a consolidated dividend payout ratio of 30 percent or more. The Company's basic policy is to make distributions of dividends, twice a year, consisting of a fiscal year-end dividend and an interim dividend by resolution of the General Meeting of Shareholders and by approval of the Board of Directors.

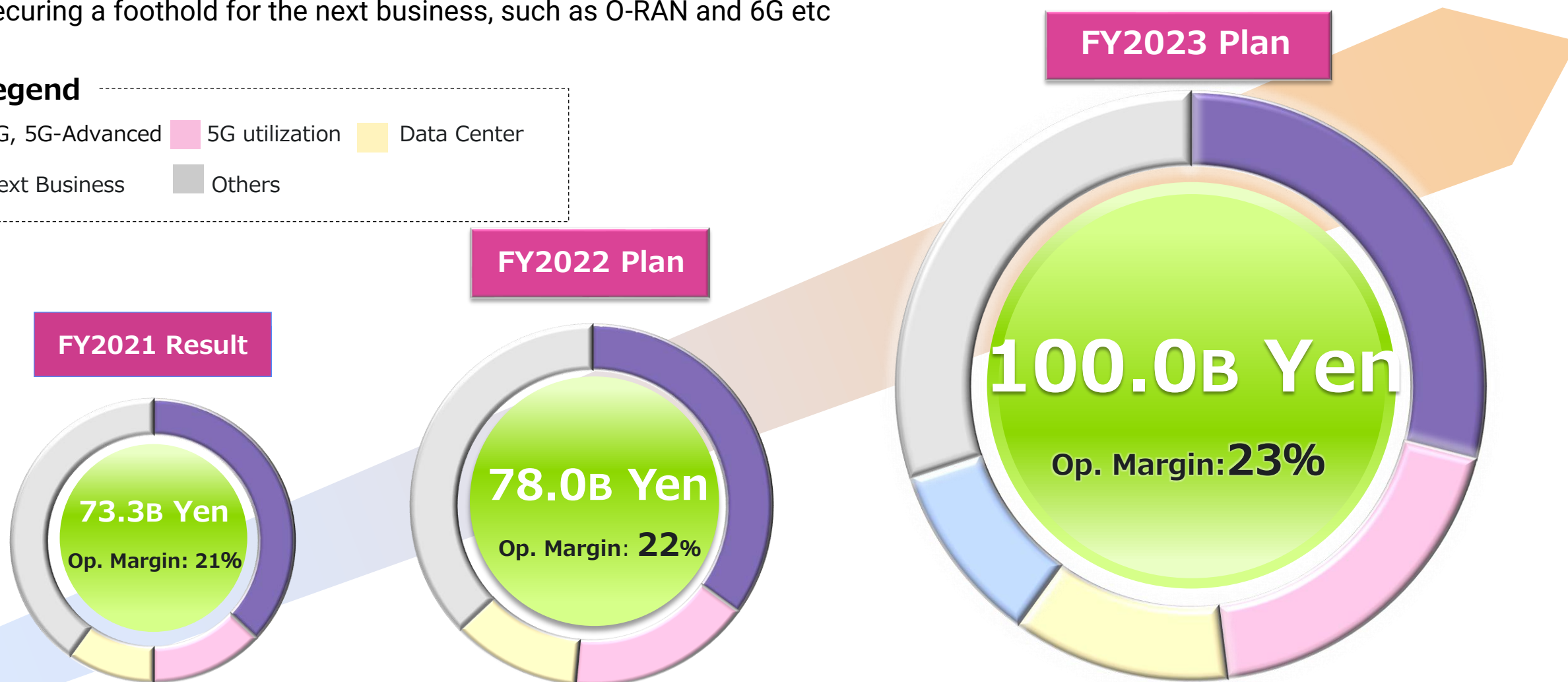
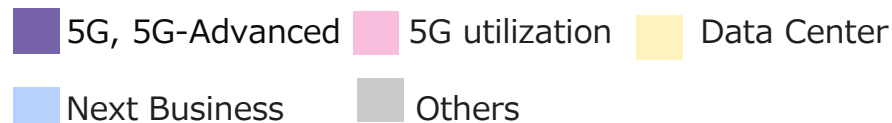
The Company intends to carry out the purchase of treasury stock appropriately as necessary, by taking into account its financial situation, the trends in stock prices and other factors, in an effort to execute capital policies that respond flexibly to changes in the corporate environment.

1-9. 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



(O-RAN: Open Radio Access Network)

This graph is for illustrative purposes only

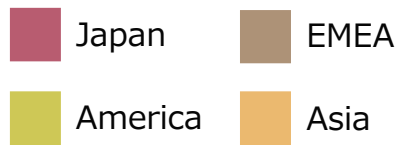
1-10. PQA : GLP2023 revenue and operating profit plan

Initiatives for 2022

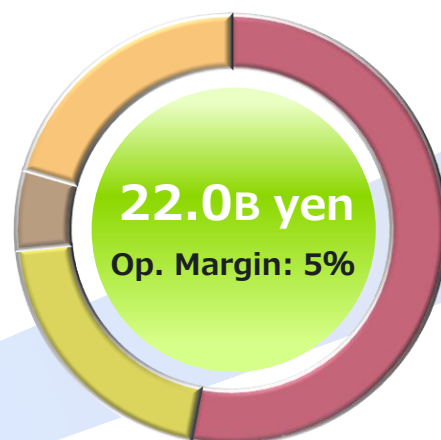
Acquire new demand and improve profits by utilizing IT

- 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

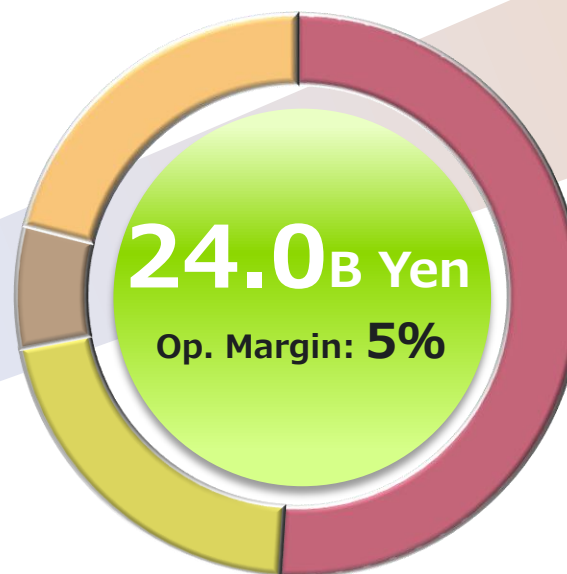
Legend



FY2021 Result



FY2022 Plan

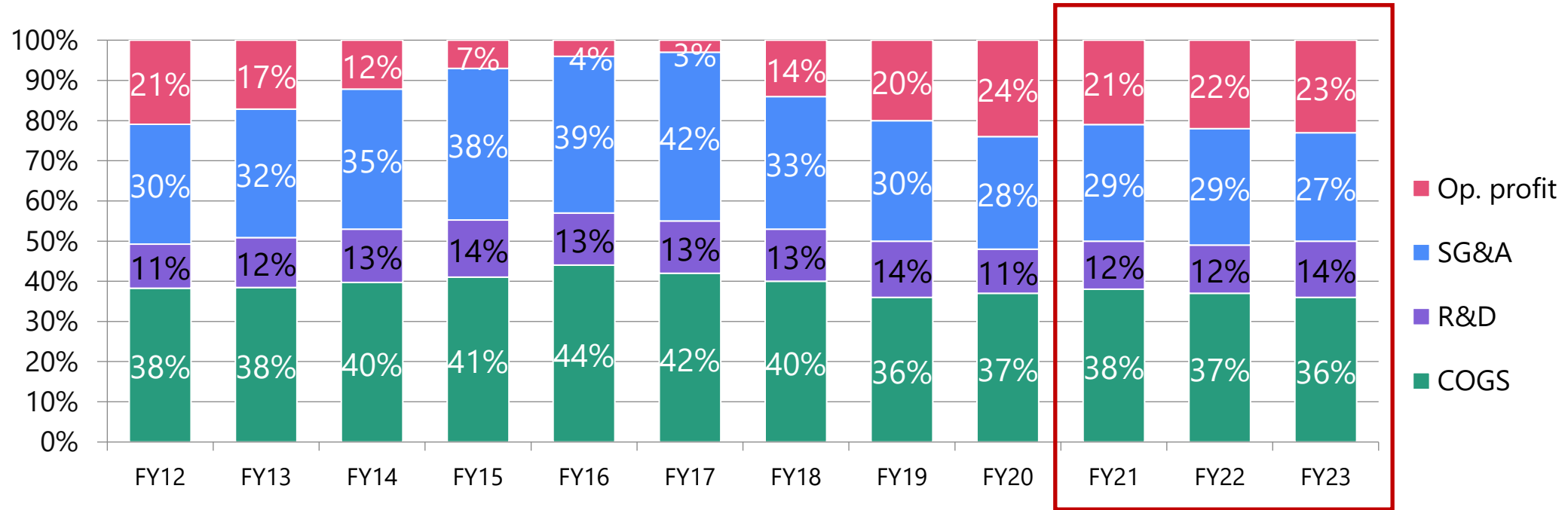


FY2023 Plan



This graph is for illustrative purposes only

1-11. 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.

1-12. Sustainable Development Goals (SDGs)

	KPI	GLP2023 Goals	FY2021 result	Progress
E Environment	● Greenhouse gases (Scope 1+2)	23% reduction compared to FY2015	23% reduction (Reference data)*	◎
	● Greenhouse gases (Scope 3)	13% reduction compared to FY2018	14% reduction (Reference data)*	◎
	● In house Power generation ratio (PGRE 30)	13% or more (Based on FY2018 power consumption)	12% (Reference data)*	◎
S Society	● Advancement of women	A proportion of women in senior management positions of 15%	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	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	Established a special subsidiary, Hapisuma Co., Ltd. Achieved 2.54%* (As of March 31st, Global)	◎
	● Strengthening of supply chain due diligence	A cumulative total of 10 or more companies, over 3 years	Conducted due diligence on 6 companies	◎
	● Developing awareness on CSR procurement to suppliers at least twice per year, and provide training at least once each year		Dispatched of information three times and provided training once	◎
G Governance	● Promoting the diversity of the Board of Directors	Outside director ratio 50 % or more	Outside director ratio 50% achieved	◎
	● 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 required standards for each company are being defined for evaluation in FY2023 (Scheduled to be completed in FY2022).	○

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

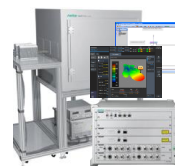
2. Outline of our Business Segments

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



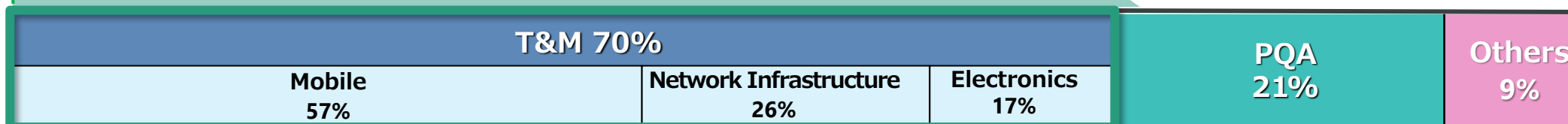
Others

- ▶ Environmental measurement
- ▶ Sensing & device



(Revenue by business segment)

105.4 billion Yen consolidated revenue in FY2021



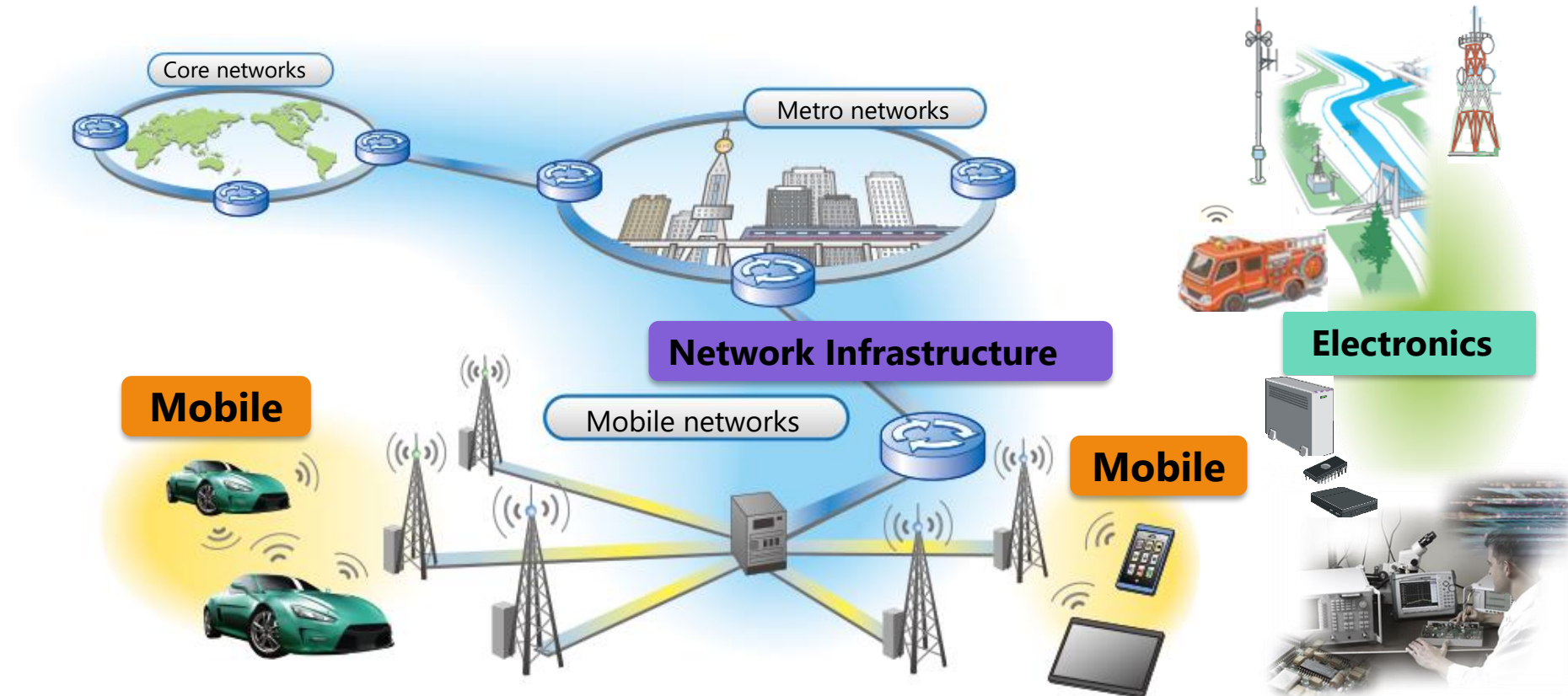
(Revenue of T&M business by region)



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

3. T&M Business Segment

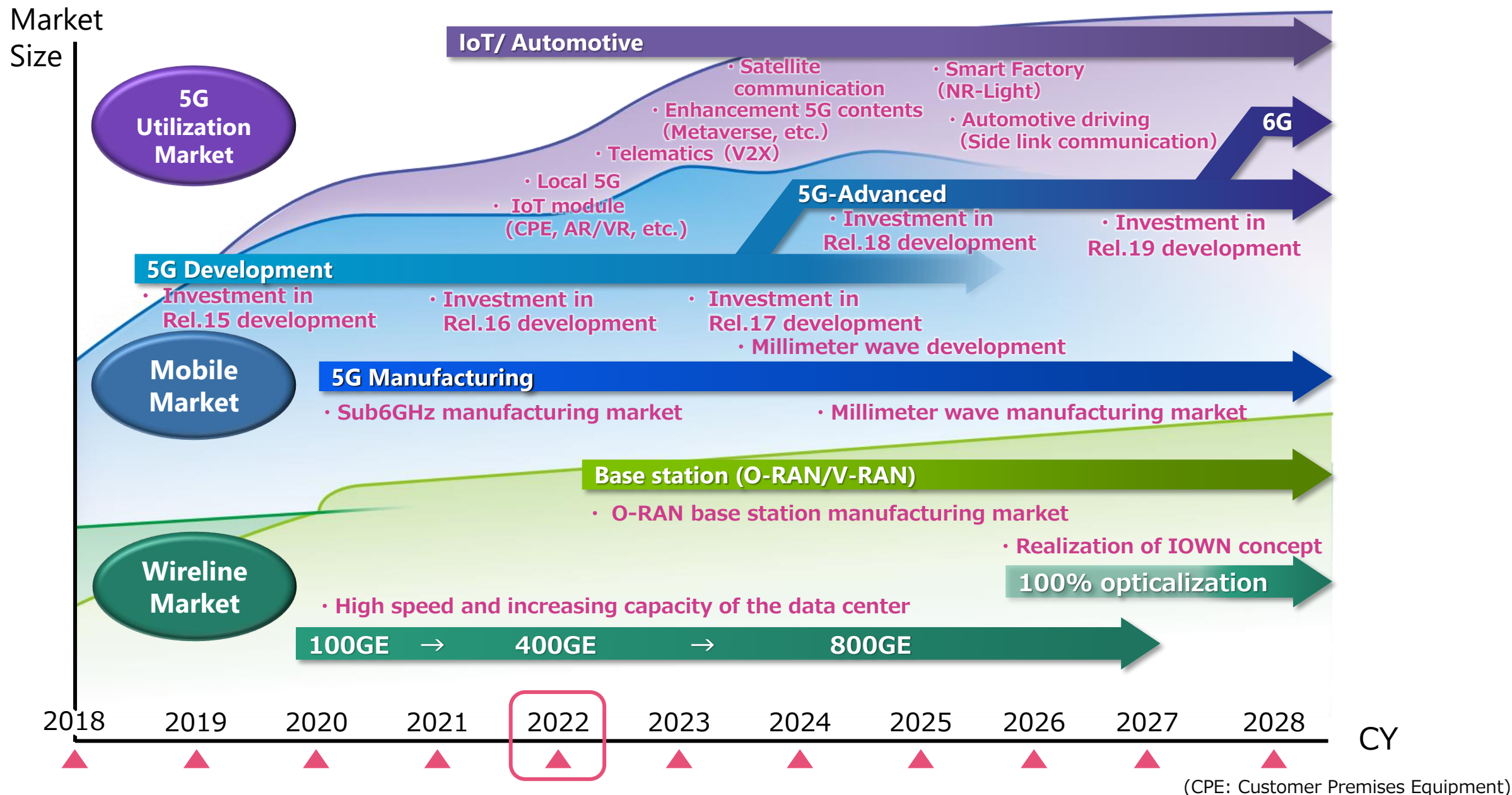
3-1. T&M Business Areas



	R&D	Manufacturing	Installation/ Maintenance
Wireline Communication	Network Infrastructure (26%)		
Wireless Communication	Mobile (57%)		
General Purpose	Electronics (17%)*		

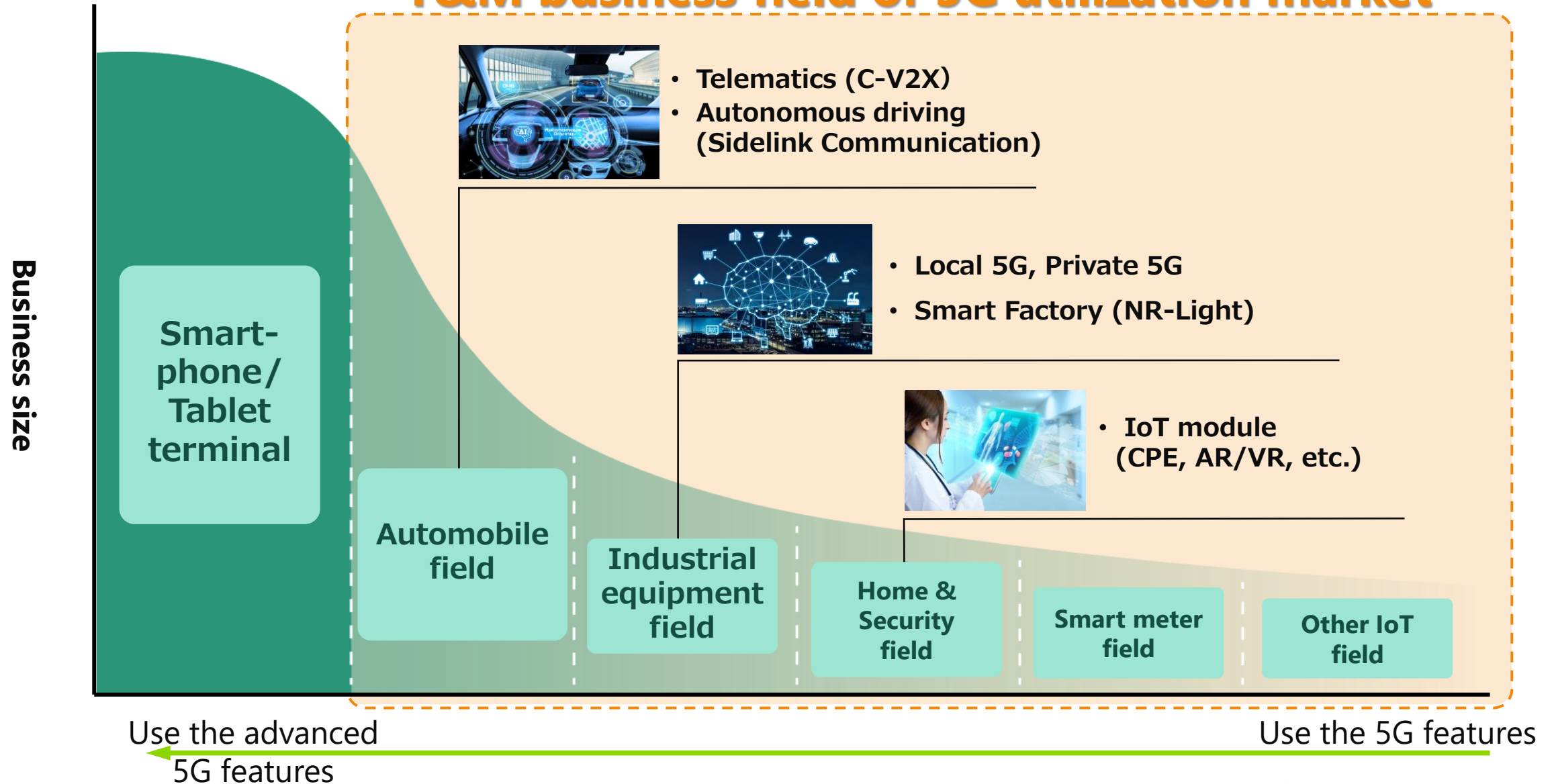
*Electronics components etc.

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



3-3. T&M business of 5G utilization market

T&M business field of 5G utilization market



(CPE: Customer Premises Equipment)

3-4. 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

20.92 million 5G subscribers (as of December 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

760 million 5G subscribers (as of January 31, 2022)*

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

Millimeter wave: Checking for trends*



US

72 million 5G subscribers (as of December 31, 2021)*

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

36.42 million 5G subscribers (as of December 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

* some information updated as of May 2022

3-5. C-Band Demand in the United States

1. Base station construction and maintenance demand

5G services have started except for areas around airports after more than one month delay due to resolving radio interference issues within the band and interference with aircraft altimeter signals.

2. Device development demand

Strong demand from smartphone vendors in the US, South Korea and Japan.

3. Carrier acceptance test Demand

Strong demand from mobile operators, test houses and smartphone vendors.

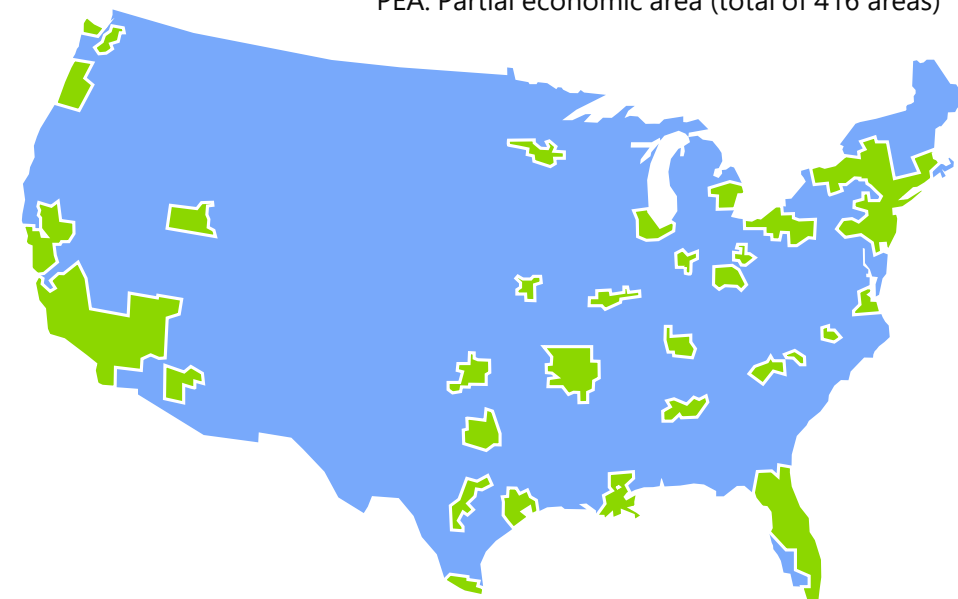
■ Phase 1: 46 PEAs and frequency block A

Frequencies will be freed by the end of 2021

■ Phase 2: Remaining PEAs and frequency blocks B & C

Frequencies will be freed by the end of 2023

* PEA: Partial economic area (total of 416 areas)



Ratio of frequency block A between
Verizon and AT&T 6:4

CBRS

C-Band

Guard
Band

A1
20 MHz

A2
20 MHz

A3
20 MHz

A4
20 MHz

A5
20 MHz

B1
20 MHz

B2
20 MHz

B3
20 MHz

B4
20 MHz

B5
20 MHz

B1
20 MHz

B2
20 MHz

B3
20 MHz

B4
20 MHz

Block A

Block B

Block C

3.7
GHz

3.8
GHz

3.9
GHz

3.98
GHz

4.0
GHz

4.2
GHz

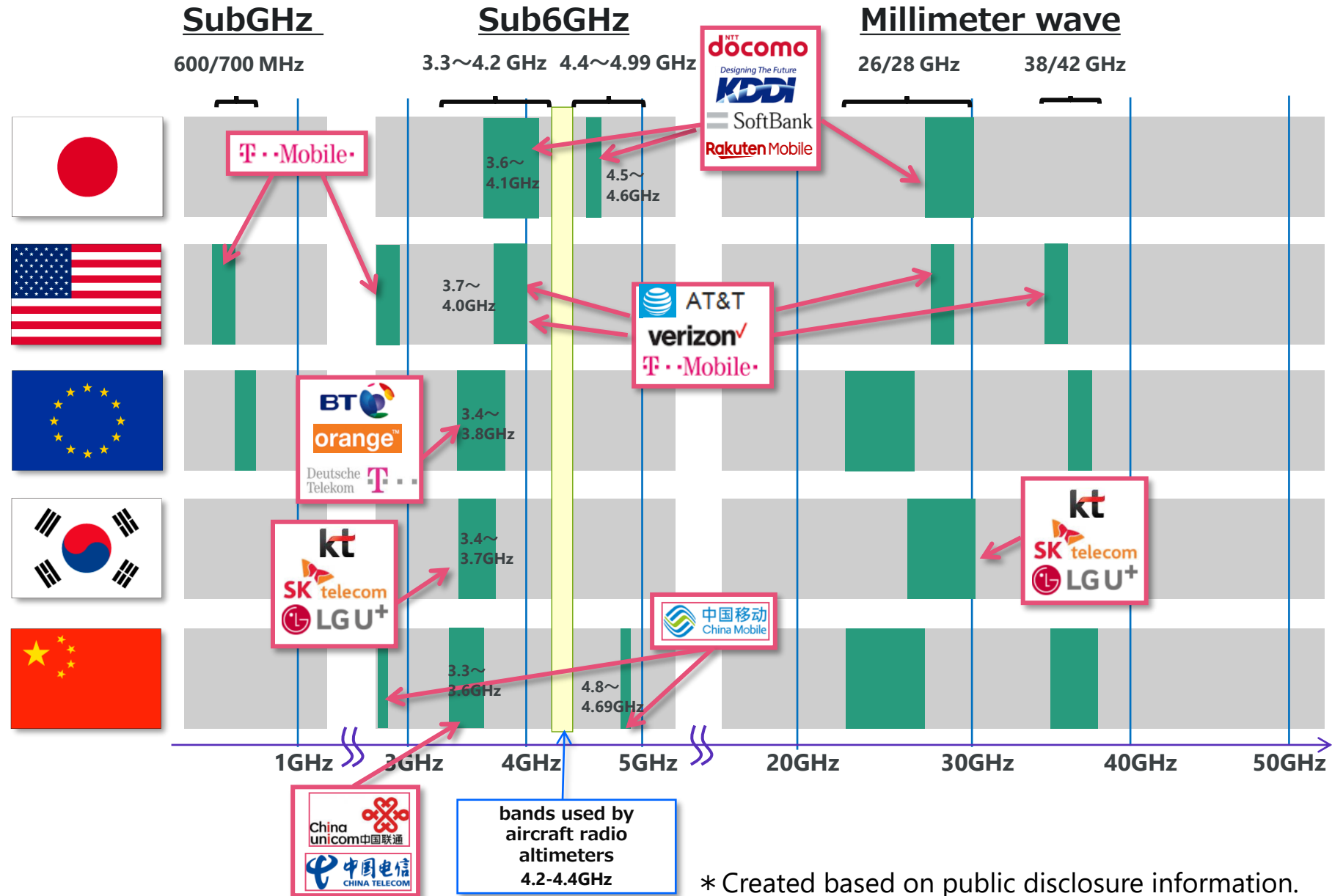
4.4
GHz

Frequency bands used by aircraft radio altimeters
(Allocated at the World Radiocommunication
Conference 2015 (WRC-15))

(CBRS: Citizens broadband radio service)

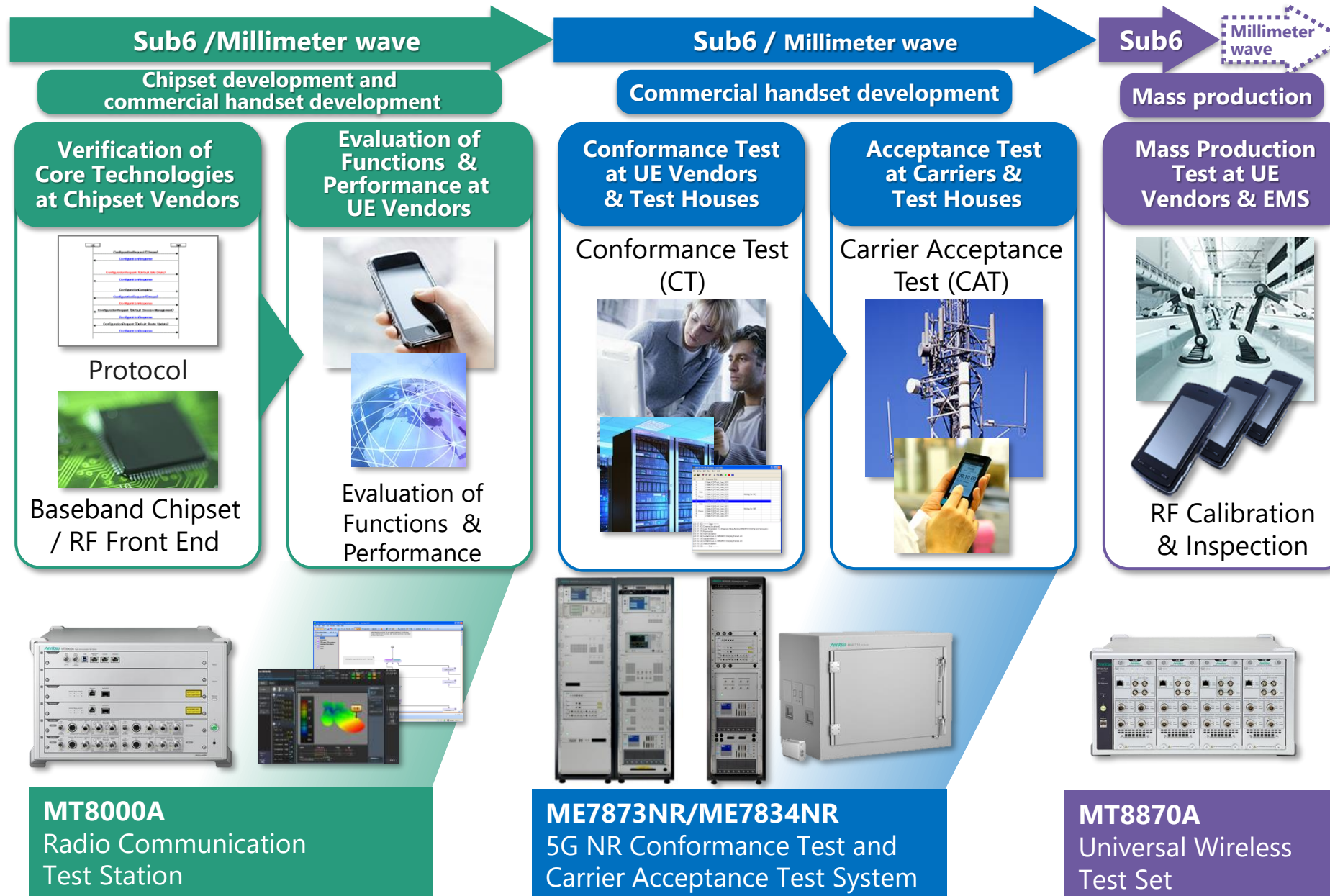
* Source: The figure shows an overview of a map created by Anritsu with reference to generally available information.

3-6. 5G Band Allocations in the World



* Created based on public disclosure information.

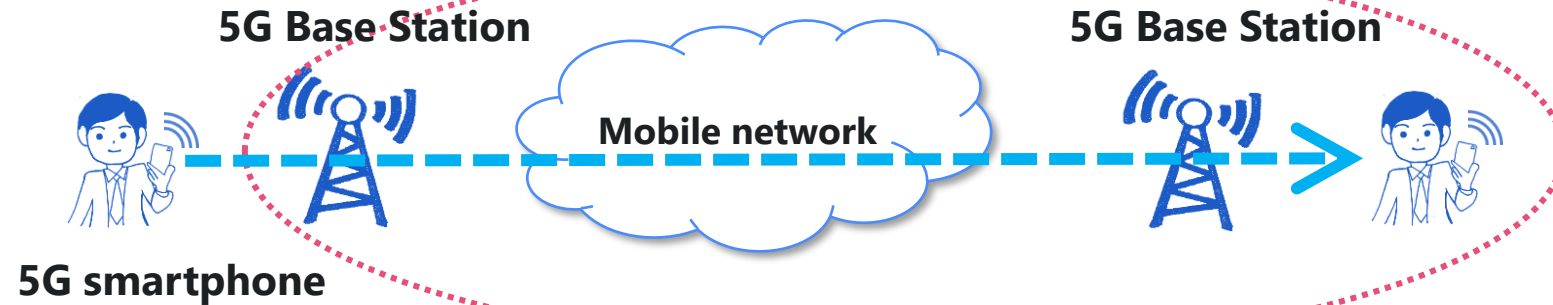
3-7. 5G terminal development/manufacturing process and test solutions



3-8. Role of MT8000A (1/2)

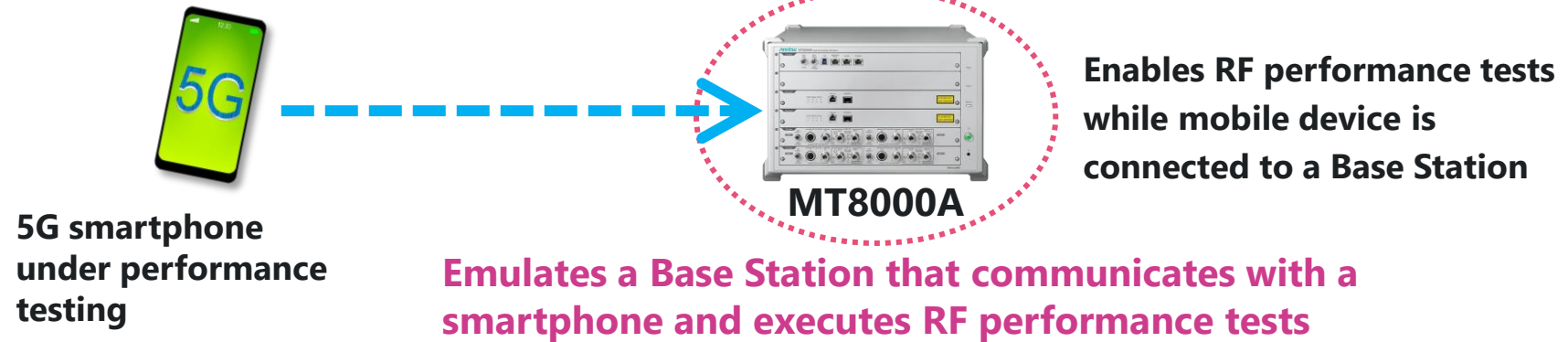
RF performance
testing

Actual Live Network



Emulated

Test environment



3-9. Role of MT8000A (2/2)

Protocol testing

Test environment



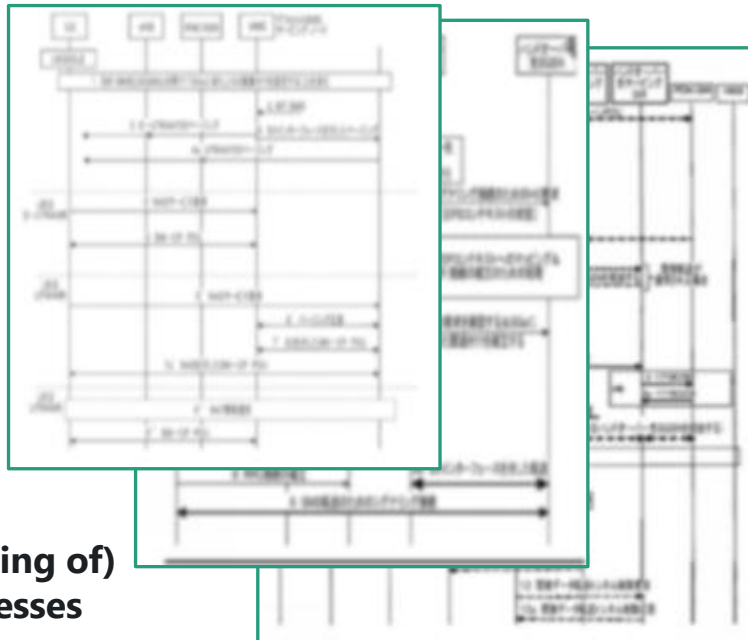
5G smartphone
under protocol
testing



MT8000A

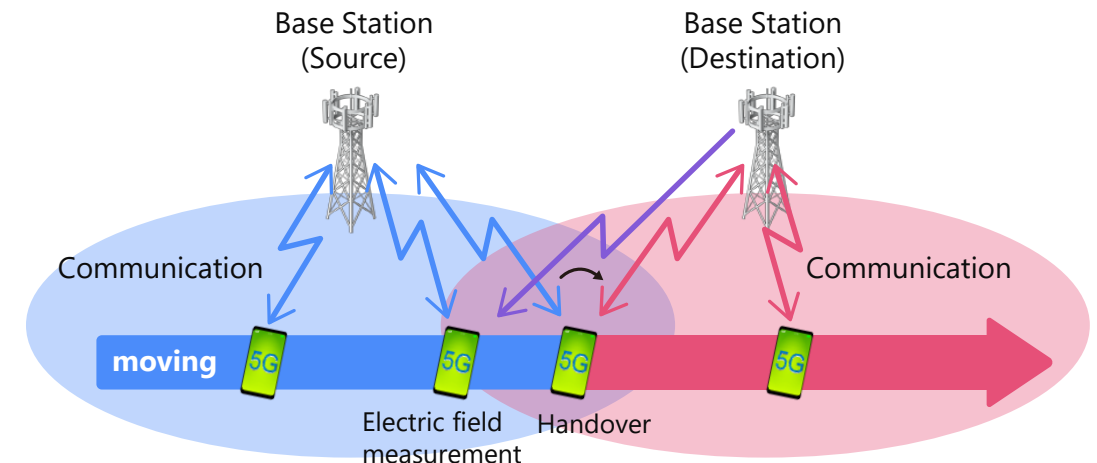
Emulates a Base Station that communicates with a smartphone and executes function tests

Enables functional verification that cannot be done with an actual Base Station under Live Network, as well as tests of phone behaviors under various abnormal network conditions that cannot be confirmed in the normal healthy connection.

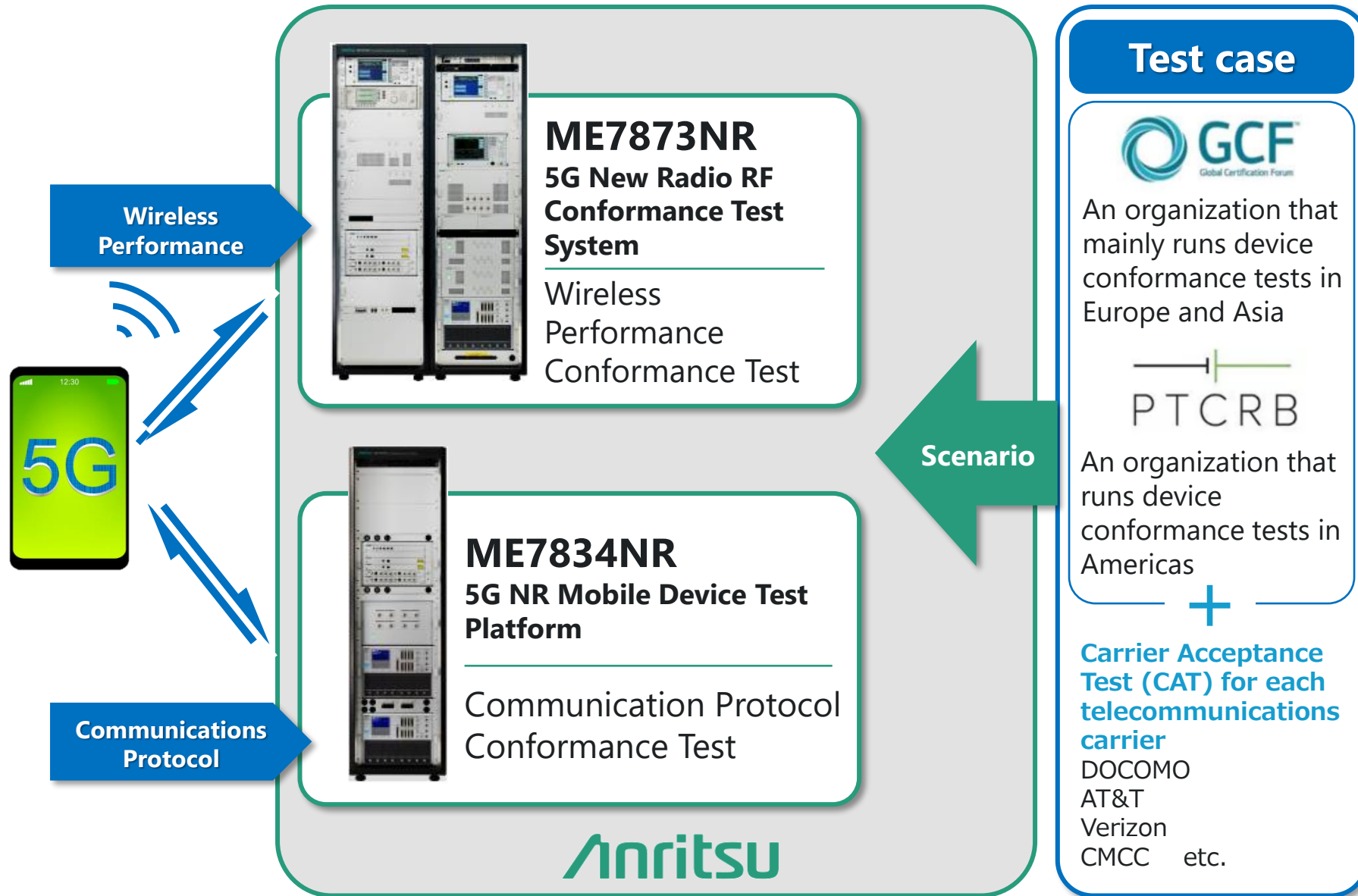


Verification of (Debugging of)
various functional processes

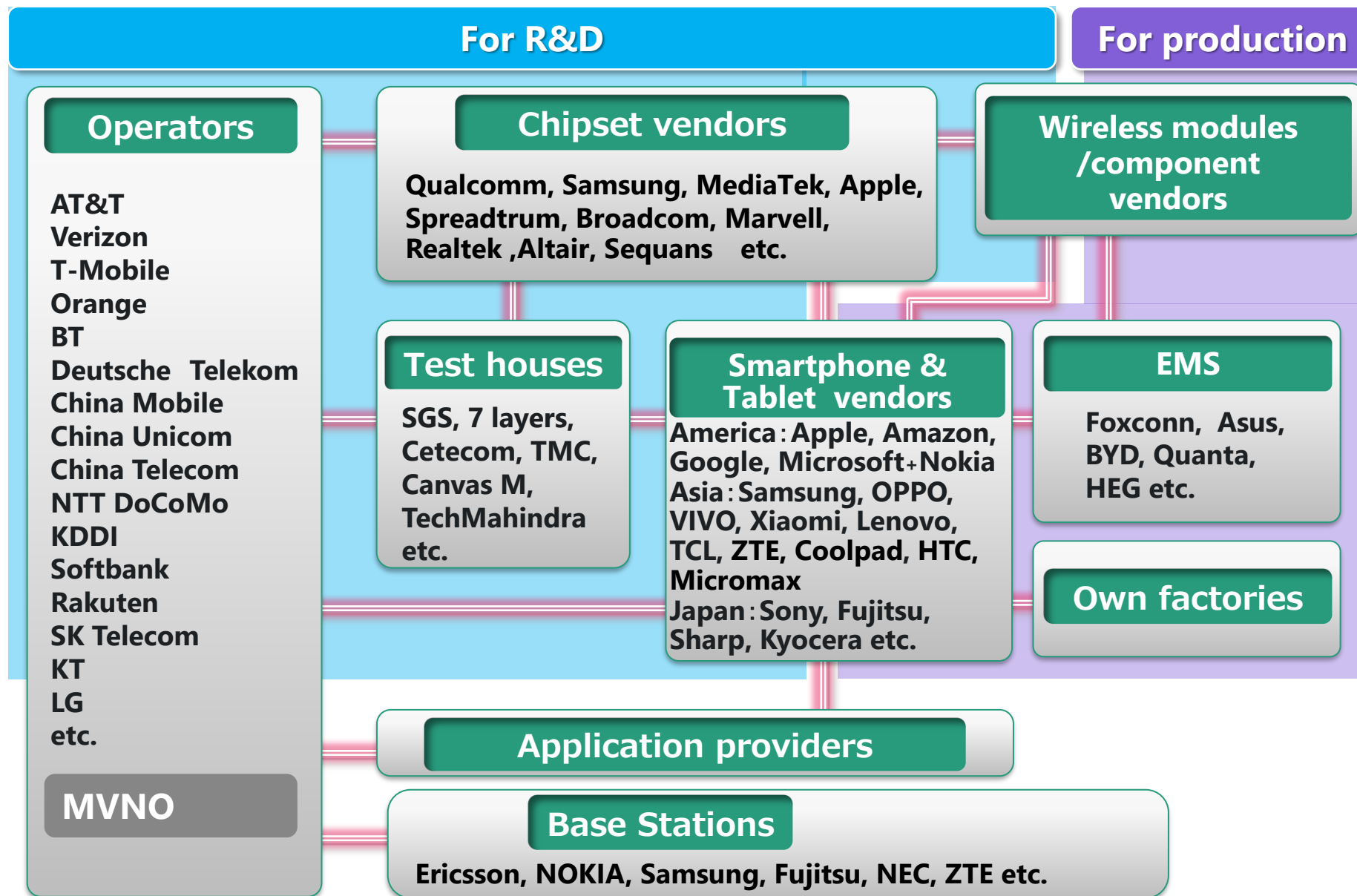
Example of Handover process Base Stations and a smartphone are repeatedly exchanging signals



3-10. 5G Test Solutions Conformance Test



3-11. Food chain and players in mobile telecom market



3-12. Roadmap of 5G

* Created by Anritsu referring to publicly available information

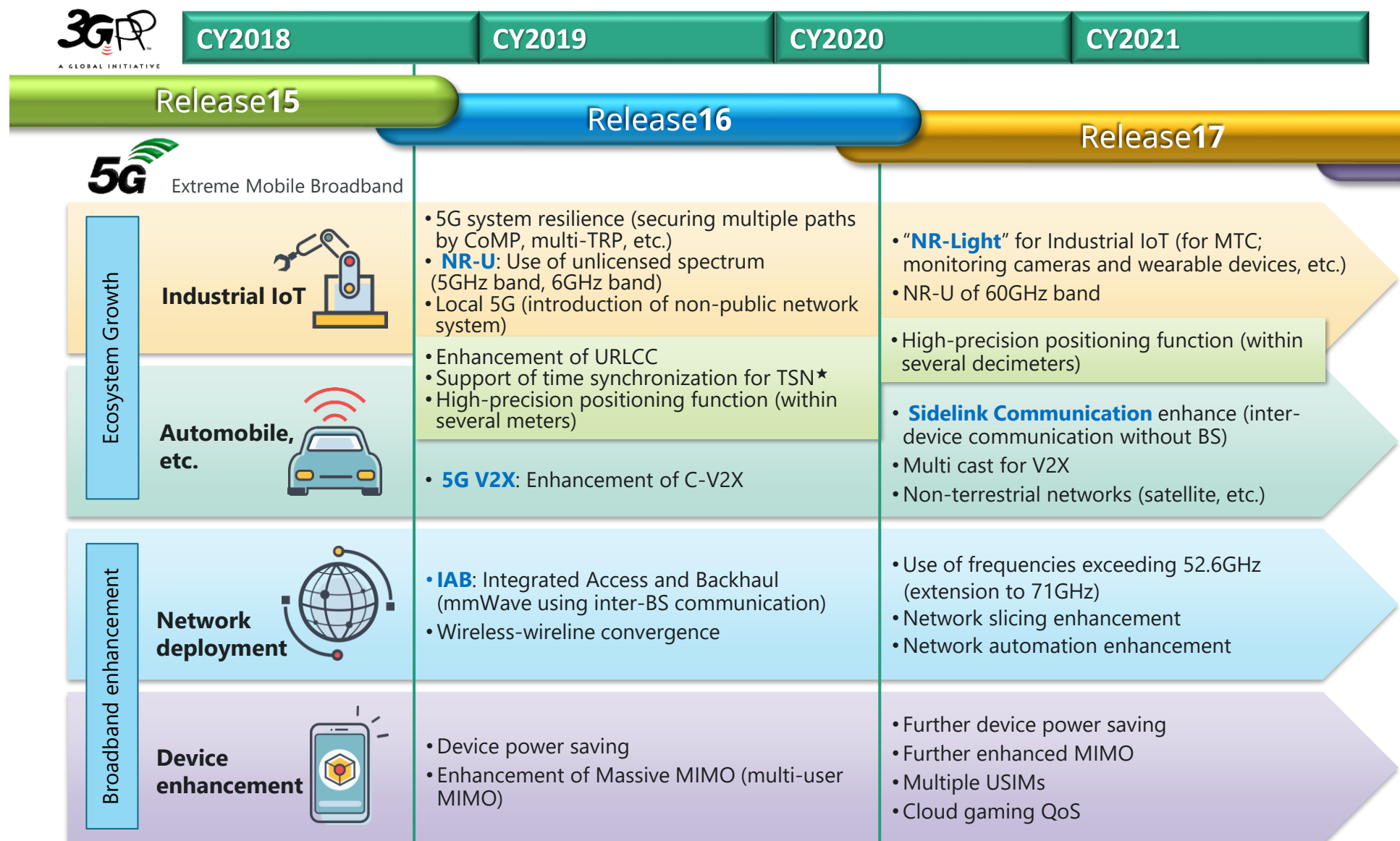


Launch a service Under investigation

(As of the end of March 2022. Selected major countries)

3-13. Digest of Rel-16 & Rel-17

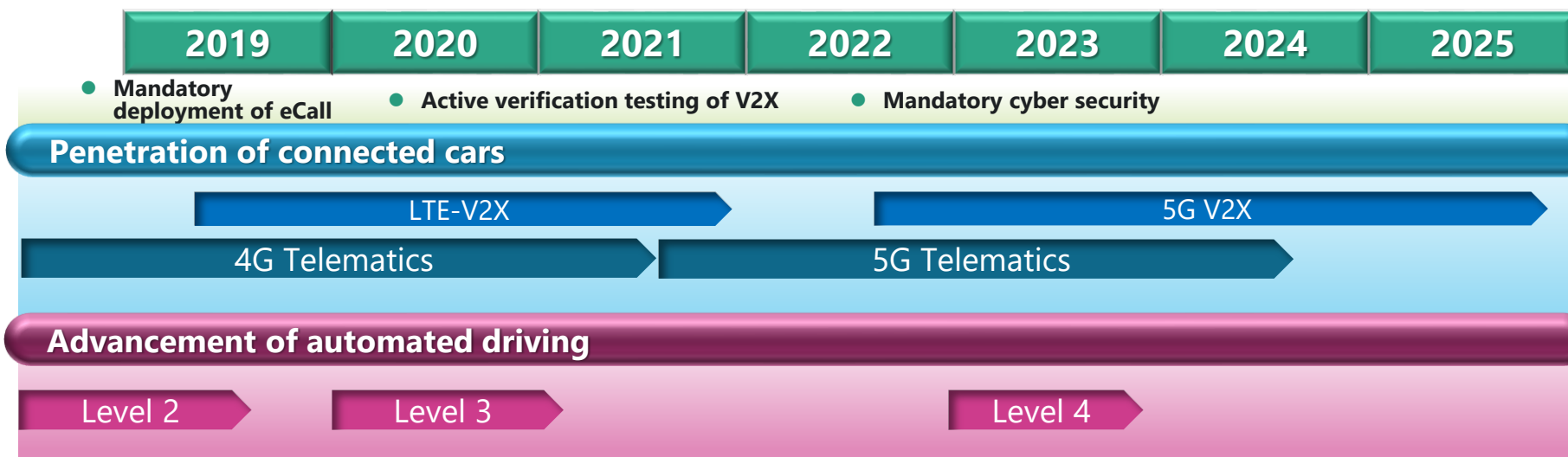
*Source: Prepared by the Company based on publicly available information



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.

3-14. 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



3-15. 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

3-16. Application of Local 5G in Anritsu Products

Latency measurements in remote operations

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



MT1000A Network Master Pro

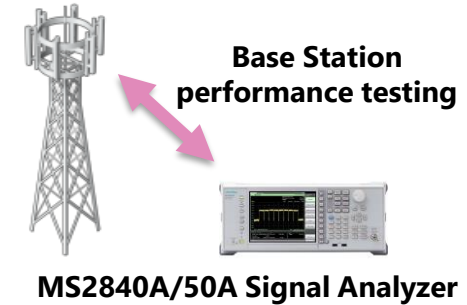
Base Station performance testing and communication area measurements

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

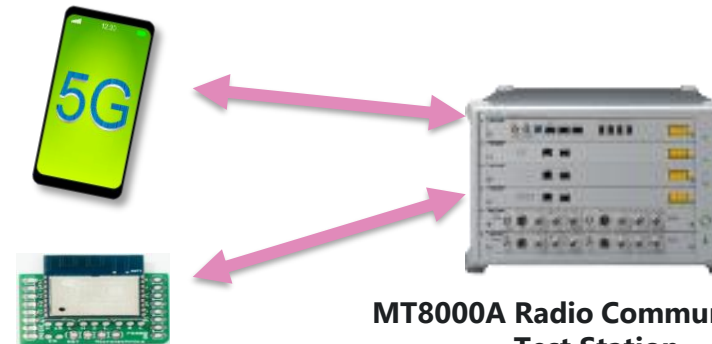
Measurement of cellular interference due to overlapping local 5G areas



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

3-17. 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

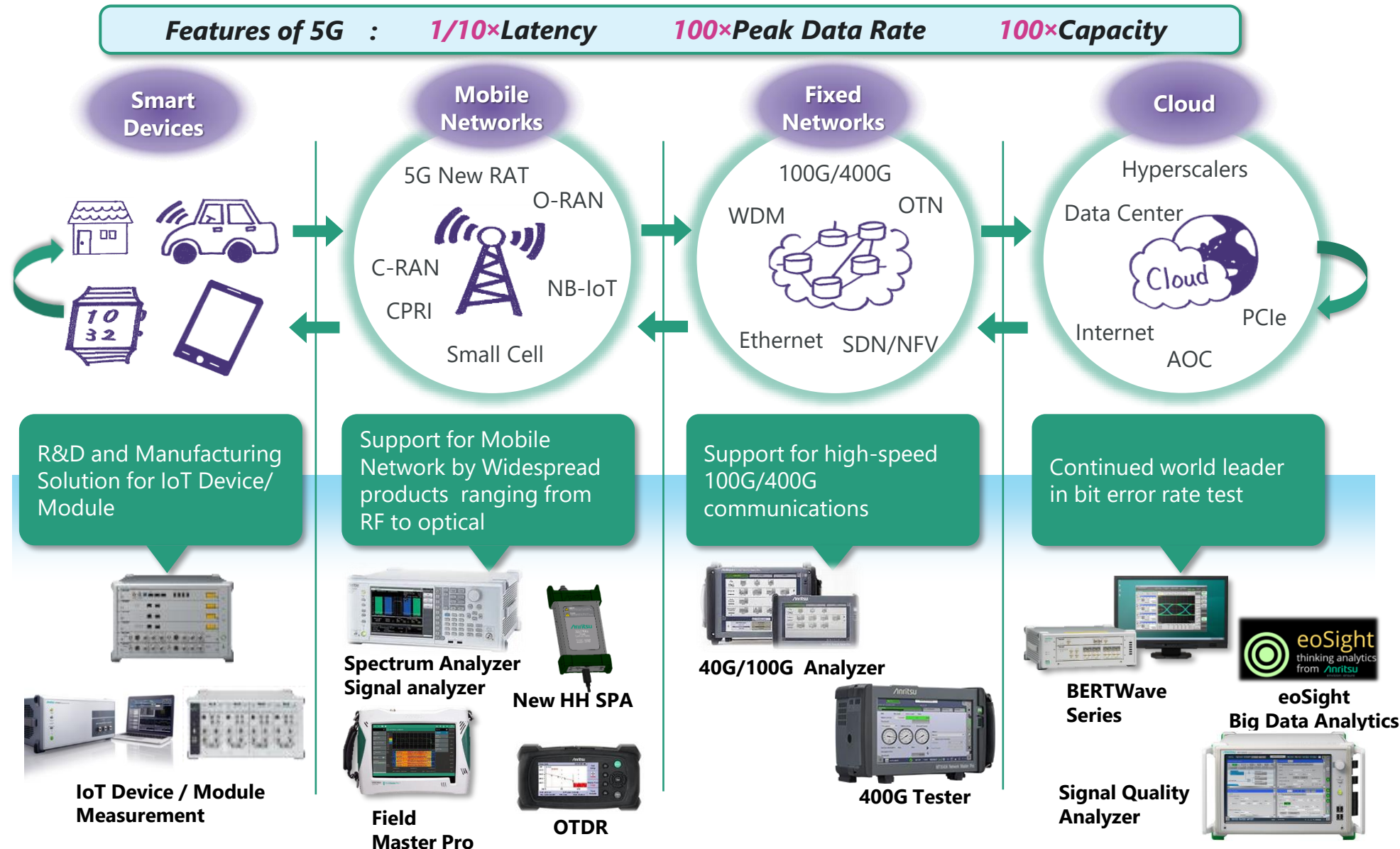
- Frequency error · Occupied bandwidth
- Time offset · Adjacent channel leakage ratio
- Cell/Sector ID · Tx spurious up to 12.75 GHz
- Modulation quality · EIRP
- Unwanted emissions · Synchronization Signal Block (SSB)
- FR1 & FR2 · Up to 64 beams supported

Usage: 5G Coverage Mapping

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

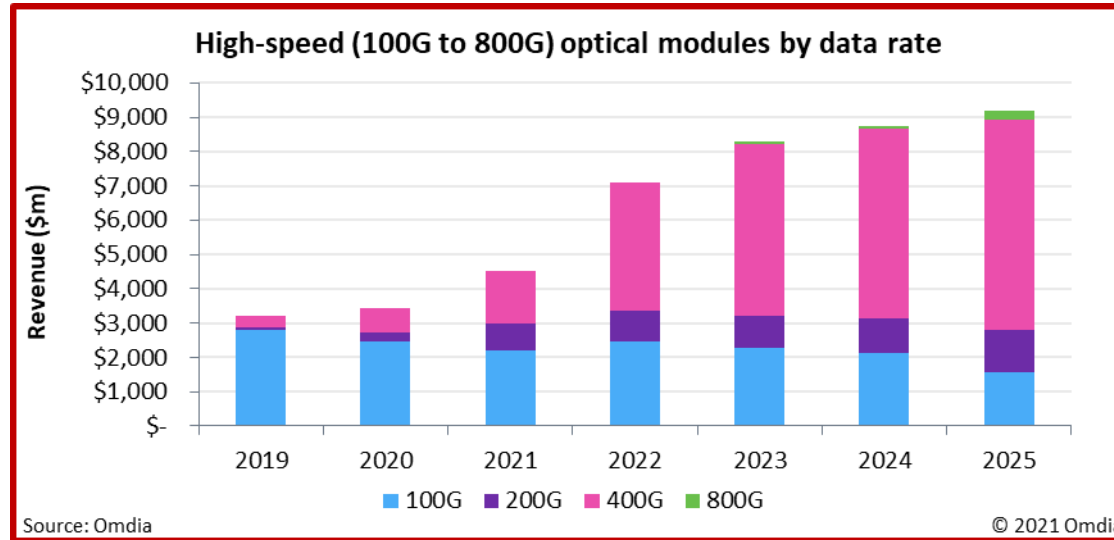


3-18. Contributing to the establishment of 5G network infrastructure



3-19. Test Solutions for support of Cloud Service expanding

Data traffic extending explosively



Source : Omdia; Datacom Optical Components Forecast, 2020-26 July, 2021

Main Competitors

Keysight

R&D Solution

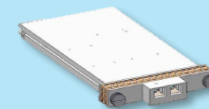


MP1900A
Signal Quality Analyzer

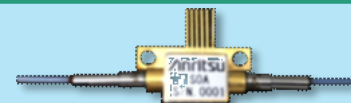
Equipment (Router, Switch)
in Data Center



Optical modules



Optical devices



Measurement objects: High speed optical devices & modules etc.

Data Center



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

DCI
High speed communication
10GE/40GE/100GE→400GE/800GE

Data Center



Main Competitors

Viavi (formerly known as JDSU)

Manufacturing, I&M Solution



MP2110A BERTWave



MS9740B Optical
Spectrum Analyzer



MT1040A Network Master
Pro (400G Tester)



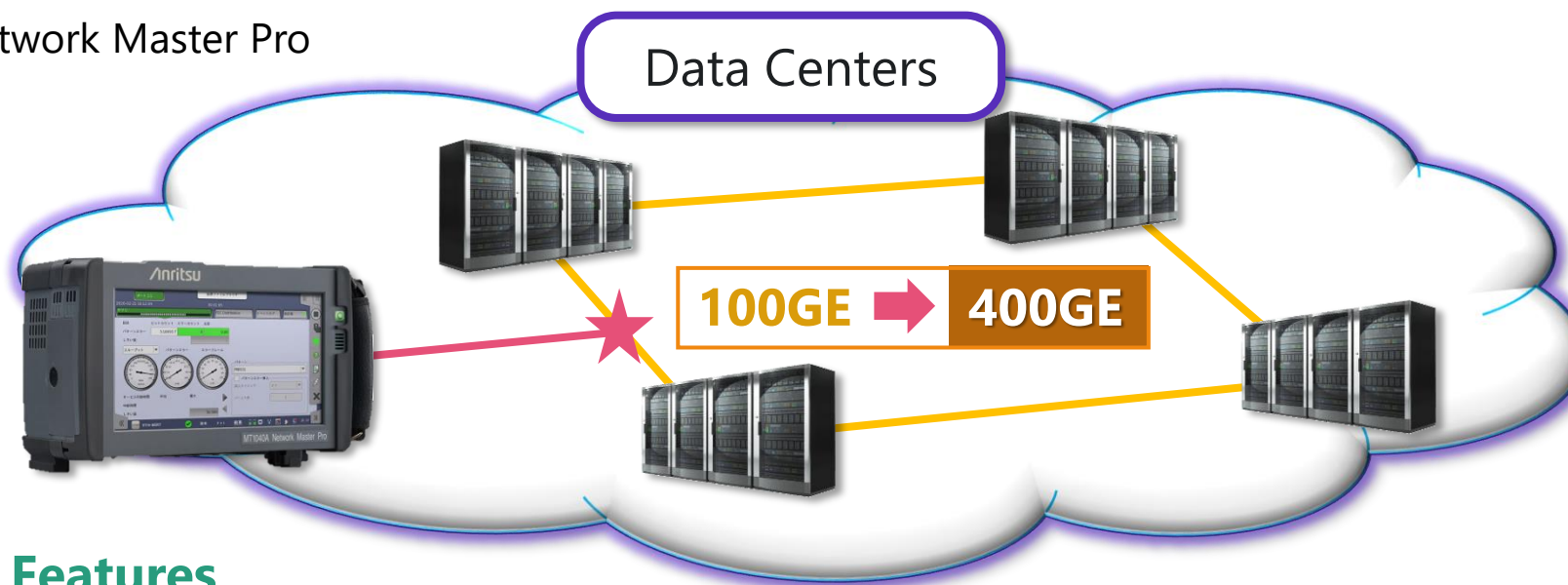
MT1000A
Network Master Pro
(Ethernet/CPRI/
OTDR Test Equipment)

3-20. Speeding Up Solutions for Data Centers

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

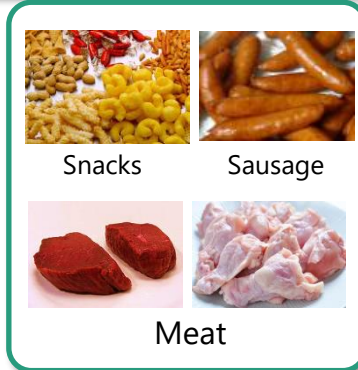
■ Target customers

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

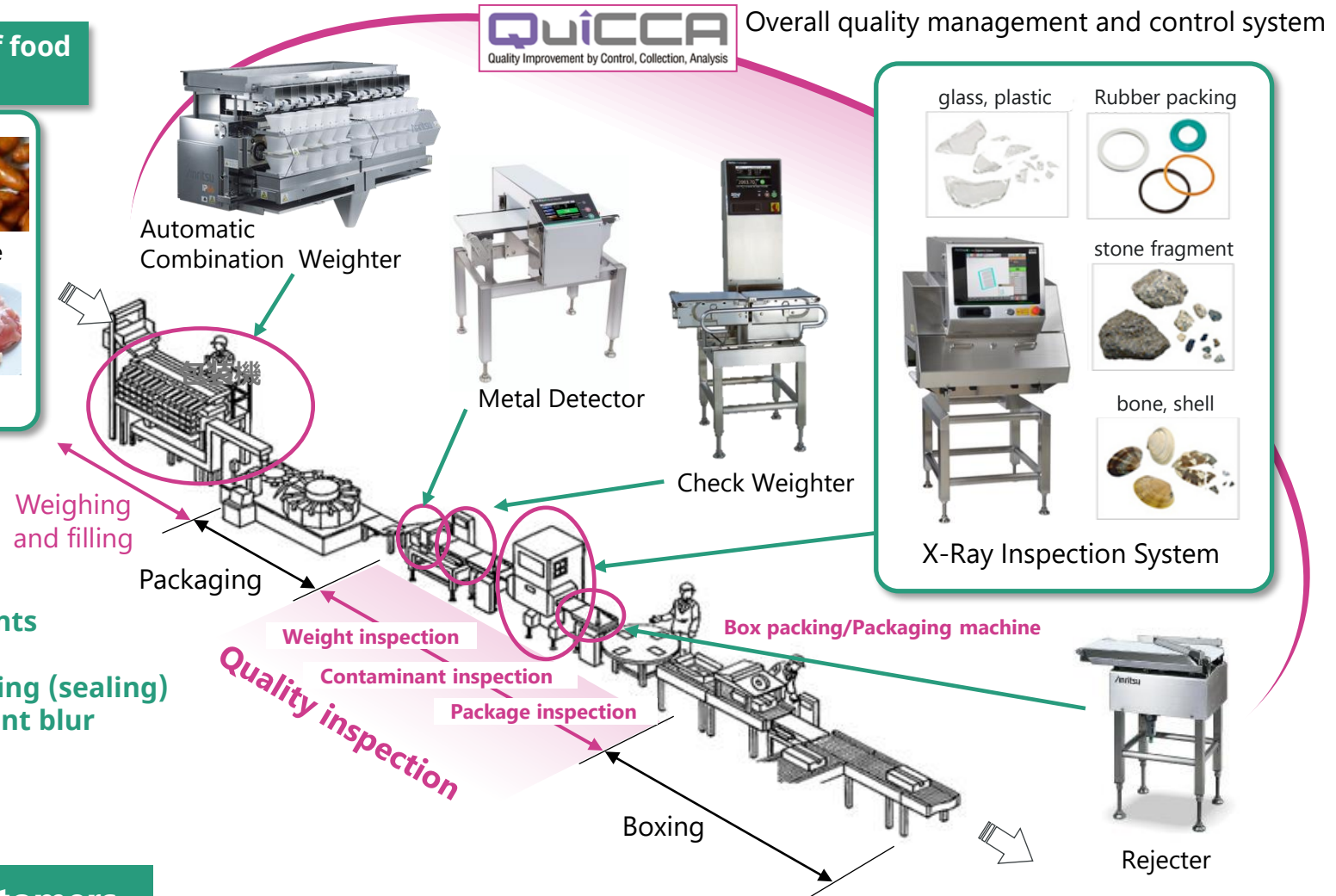
4. PQA Business Segment

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

General examples of food production process



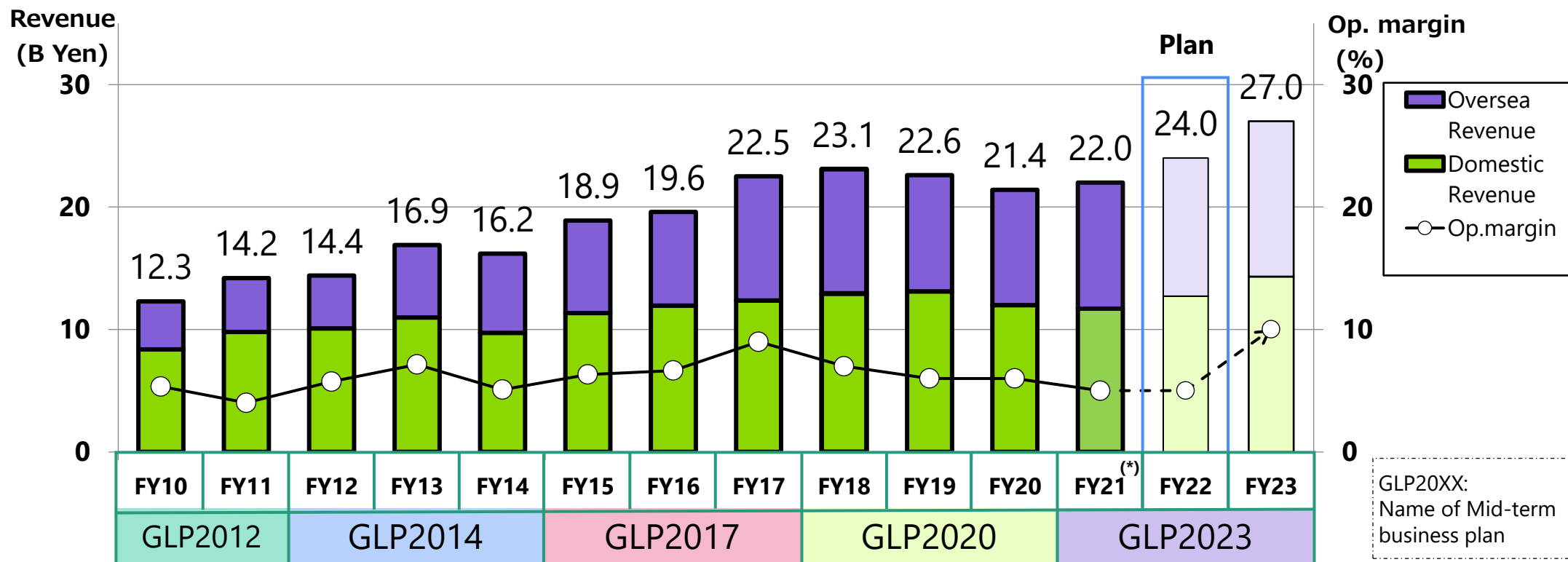
- Contamination
- Variation in the amount of contents
- Breaks and chips
- Defective packaging (sealing)
- Printing error/Print blur



Major customers

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

4-2. The growing PQA business



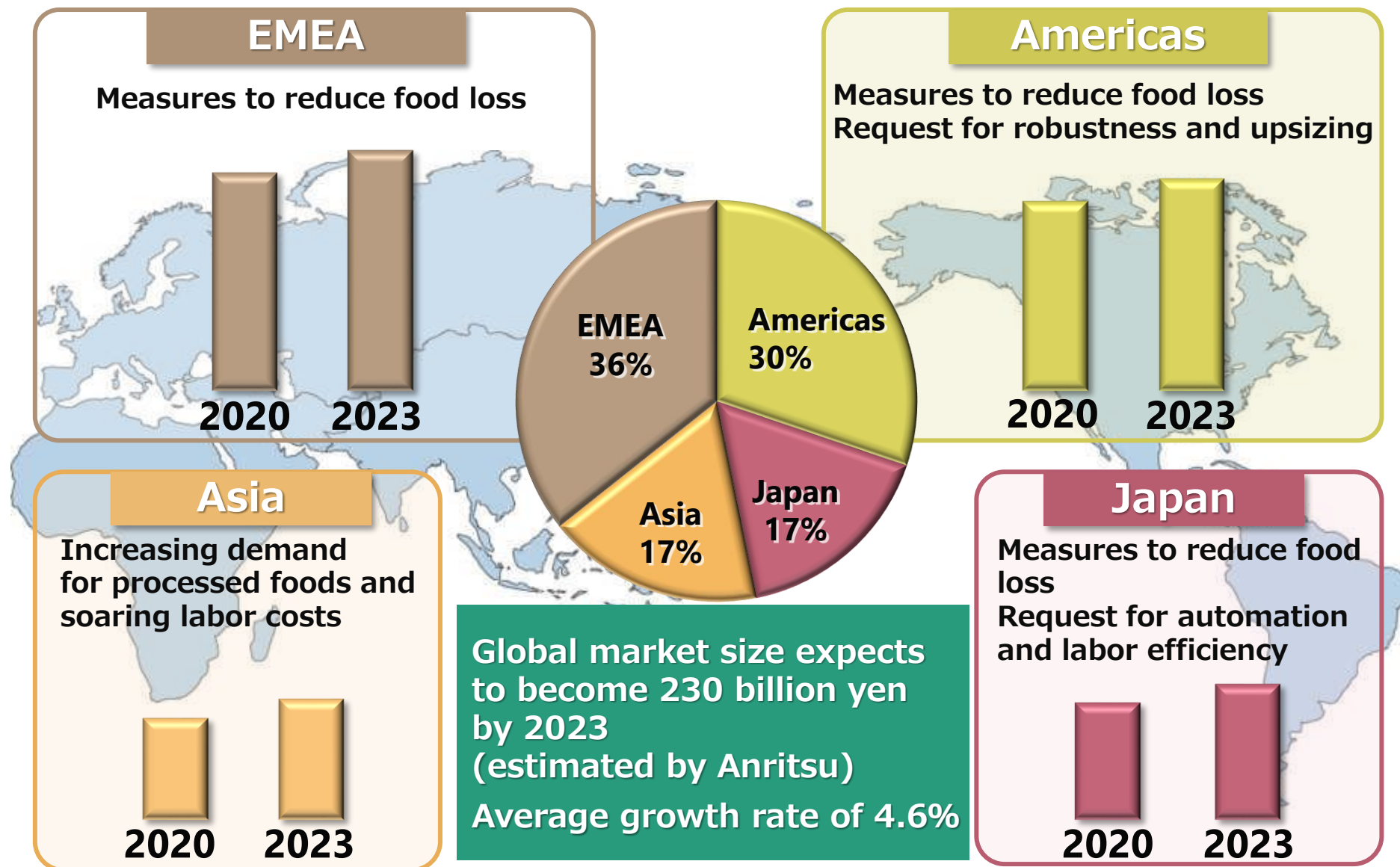
Market	Major initiatives
North America, EMEA, Asia	Develop market with X-ray inspection systems as a key solution
Japan	Improve market share through quality assurance solutions with high added value in response to cutting-edge needs

Main Competitors

Mettler-Toledo, Ishida, Marel

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

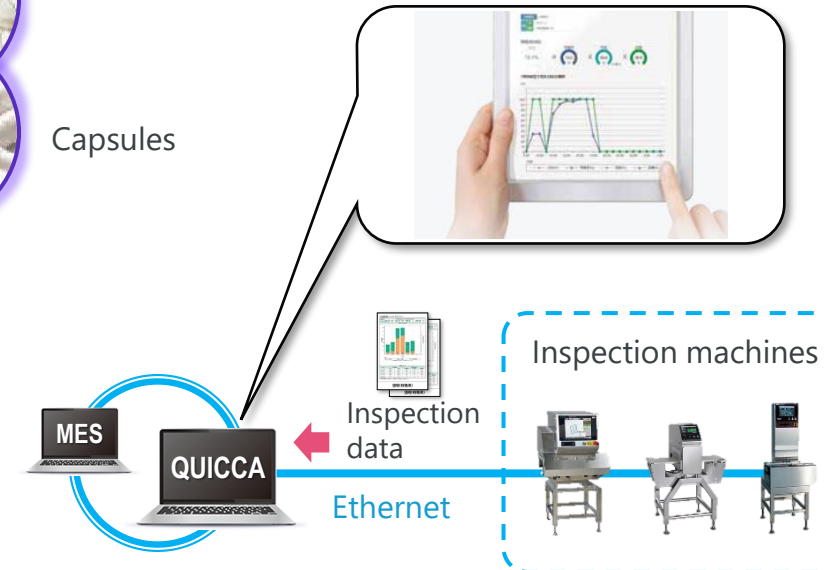
Metal detectors for pharmaceutical market

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. ESG Initiatives

5.1 New Company Vision and Sustainability Management

5.2 Environmental Initiatives

5.3 Social and Employee Engagement/Well-being Initiatives

5.4 Corporate Governance

5-1-1. Corporate Philosophy and Sustainability Policy

Creating a Sustainable Future Together

In April 2021, Anritsu formulated its new Company Vision and Company Policy toward 2030. Our Sustainability Policy was revised at the same time. We take on the challenges of creating a sustainable society together with our stakeholders through the actions of every employee under the Company philosophy, Company vision, and Company policy.



Sustainability Policy

The Anritsu Group aims to increase our long-term corporate value through contributing to building a sustainable future of the global society with "Sincerity, Harmony, and Enthusiasm."

1. We will contribute to building a safe, secure, and prosperous global society through our business activities, based on our long-term vision.
2. We will take the initiative in solving environmental issues, such as climate change, to contribute to building a people- and planet- friendly future.
3. We will respect the human rights of all people and strive to create a workplace offering healthy lives and decent work for all where diverse individuals can grow together.
4. We will operate as a business with high corporate responsibility, peaceful, just, and ethics while maintaining business transparency to meet our social obligations.
5. We will promote communications with stakeholders to develop strong partnerships and meet the challenges of solving social issues.

Revision April 2021

Anritsu Group Charter of
Corporate Behavior

Anritsu Group Code of
Conduct

5-1-2. Anritsu's Sustainability Management

The Future Goal of Our Sustainability Management

Company Philosophy
Company Vision
Company Policy

Sustainability Policy

Mid term Business Plan (GLP2023)

Financial target

Sustainability target

Solving Social Issues Through Business

Anritsu Group

Put into place a safe and secure infrastructure which leads to the building of a sustainable society and encourages innovation



Test and Measurement Business

- Put in place a robust network infrastructure



PQA Business

- Reducing food loss
- Ensuring product quality



Environmental Measurement Business

- Put in place a robust network infrastructure
- Preventing and mitigating natural disasters



Sensing & Devices Business

- Put in place a robust network infrastructure
- Ensuring healthy lives



Challenges to Meet the Needs of Society (ESG)

Promoting Global Environmental Protection

Contributing to the creation of a sustainable society with sustainable consumption and corporate production practices

- Increasing the share of private renewable energy generation of total energy consumption
- Reduction in CO₂ emissions volume (energy consumption volume) and water usage volume
- Developing and manufacturing high-quality and environmentally friendly products
- Supply chain management that lowers environmental impact



Maintaining Harmony with the Global Socio-Economy

Together with our diverse human resources, we seek to contribute to the creation of workplaces where each individual can achieve personal growth and experience job satisfaction.

- Respect for human rights and diversity
- Human resources development
- Occupational health and safety
- Supply chain management that gives due regard to human rights



Expanding and Strengthening Governance

Ensuring ethical corporate activities through risk management and transparent, fair, quick, and resolute decision making

- Corporate governance
- Establishing compliance as a part of our mind-set
- Promoting risk management



The Creation of Shared Value through the Promotion of Communication

Contributing to the creation of shared value with collaboration among all stakeholders

- Providing information to and communicating with stakeholders



Test and Measurement Business

Communications semiconductor manufacturers

Communication module manufacturers

Smartphone manufacturers

Wireless base station manufacturers

Telecommunications operators

Automobile makers

IoT terminal manufacturers

Home electronics manufacturers

Aerospace industry

Others

PQA Business

Processed food producers

Pharmaceutical manufacturers

Others

Customers

Environmental Measurement Business

Financial services providers

Educational institutions

Local governments

Telecommunications operators

Others

Sensing & Devices Business

Medical equipment manufacturers

Telecommunications operators

Telecommunications parts manufacturers

Others

The Future Goal of Our Sustainability Management

Developing a Safe, Secure, and Prosperous Global Society

Anritsu will contribute along with its customers to the resolution of social issues through its business operations. The Company takes on challenges to meet the needs of society and places great value on communication with stakeholders while working to advance the sustainability of a global society.

Contribution Areas



5-1-3. 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 renewable power generation (PGRE 30)

- In-house power generation ratio: 13% or more
... **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)

5-2-1. Environmental and climate change initiatives

Basic Policy

Recognizing measures for climate change as one of the most critical issues in environmental management, the Anritsu Group focuses on reducing CO₂ emissions throughout its value chain and offering products and solutions that helps mitigating damages associated with natural disasters.

To prevent global warming, we will set scientifically sound targets for reducing greenhouse gas emissions and actively work on initiatives such as reducing energy consumption, increasing the share of private renewable energy generation, collaborating with suppliers and reducing the power consumption of our products.

On June 30, 2021, Anritsu endorsed the TCFD's recommendations.

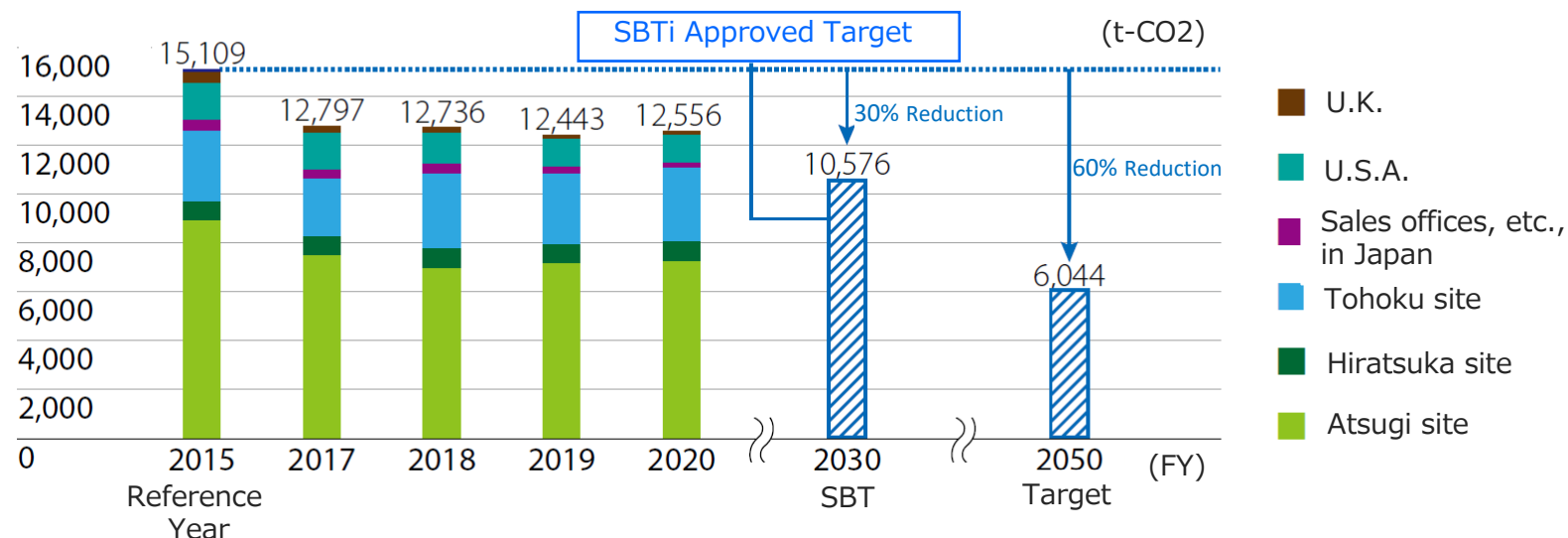
Formulation of SBT :



In December 2019, the Science Based Targets initiative (SBTi) approved the Anritsu Group's greenhouse gas emissions reduction targets as science-based targets under the 2°C scenario. We plan to change the science-based target (SBT) to either well below 2°C or 1.5°C by fiscal 2023.

In addition, we plan to identify specific measures for the long-term plan to achieve carbon neutrality by 2050 .

CO2 Emissions and Reduction Targets in Scope 1 and Scope 2 (Market-Based)



5-2-2. Anritsu Climate Change Action PGRE 30

PGRE 30: Anritsu Group's energy consumption in fiscal 2018 as a reference, the plan is intended to invest in solar power generation facilities (a renewable energy source) and increase the private renewable energy generation ratio from 0.8% to about 30% by around 2030.

(Anritsu Group's unique initiative)

FY2020: Solar power generation facility was put into operation at the California plant in the U.S. from October

After 2021: Considering expansion of solar power generation facility at the Koriyama plant, Fukushima Prefecture

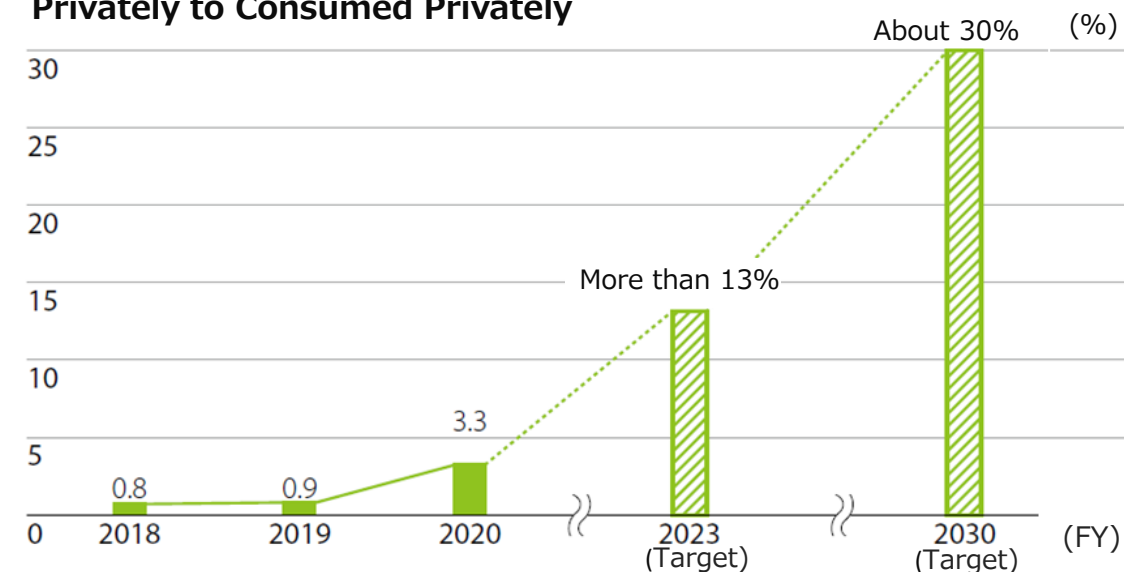


* The "PGRE" in "PGRE 30," Anritsu's climate change mitigation initiative, stands for "Private Generation of Renewable Energy," and the "30" represents the achievement period of around 2030 and the target ratio of an in-house power generation roughly 30%.

Solar Power Generated and Consumed Privately (MWh)

	FY2016	FY2017	FY2018	FY2019	FY2020
Solar power generated	227	233	241	246	892
Solar power consumed	212	218	225	239	891

PGRE30: Share of Solar Power Generated Privately to Consumed Privately



5-3-1. Promoting Work Style Reform and Diversity

Work Style Reform

Anritsu considers well balanced Life and Work, the adequately positioned Work when we place the Life of individuals first at the center of how they spend a day. In that sense we use the term Life-and-Work-balance rather than commonly used term Work-and-Life-balance. The Anritsu Group focuses on enabling its employees to improve productivity by encouraging them to pursue a fulfilling personal life as well as an equally fulfilling professional life. In fiscal year 2020 Anritsu introduced “The 6th action plan for next generation development support” to promote the understanding of employees towards reduction of total work hours and improvement of work styles. (see the table on the right). In fiscal year 2021, we will continue to improve working conditions as the part of our work style reform.

The 6th action plan for next generation development support
(April 1, 2020 to March 31, 2024)

Objectives	Measures	Actions
Improve working conditions toward workstyle reform	Review and improve the workplace environment so employees have a better life-work balance	From April 2020: considering and designing a flexible system that offers workstyle options (such as telework)
Draw up, consider and implement a plan for revising and reinforcing childcare systems	Cultivate a workplace culture in which employees feel free to take days-off or leave for a better life-work balance	From April 2020: promoting a workplace culture that is more supportive of men taking childcare leave

Promotion of Diversity

Anritsu listed 3 targets in GLP2023 as the part of diversity promotion plans. Especially for promotion of women advancement and improvement of the ratio of female managers, we have been able to make some achievements. The ratio of women participants for leadership training increased to 27% in FY2020 from 12% of 2016 by introducing self-application rather than traditional department application. Other measures, such as the training program aimed at supporting the advancement of women’s careers, also proved to be successful, leading to the appointment of two female managers in fiscal year 2020 and two more in fiscal year 2021 (14% of all newly appointed managers in both years).

Ratio of Female Managers

(number of female managers / number of all managers) (%)

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Japan	1.3	1.3	1.0	1.1	1.8	2.3
Americas	22.7	24.7	23.0	20.2	18.3	17.9
EMEA	17.0	19.7	22.1	23.5	21.6	24.2
Asia and others	18.2	21.7	21.6	24.1	23.4	24.0
On a global consolidated basis	9.6	10.2	9.9	10.5	10.4	10.8

5-3-2. Supply Chain Management

Mid-Term Goals until the End of Fiscal year 2023

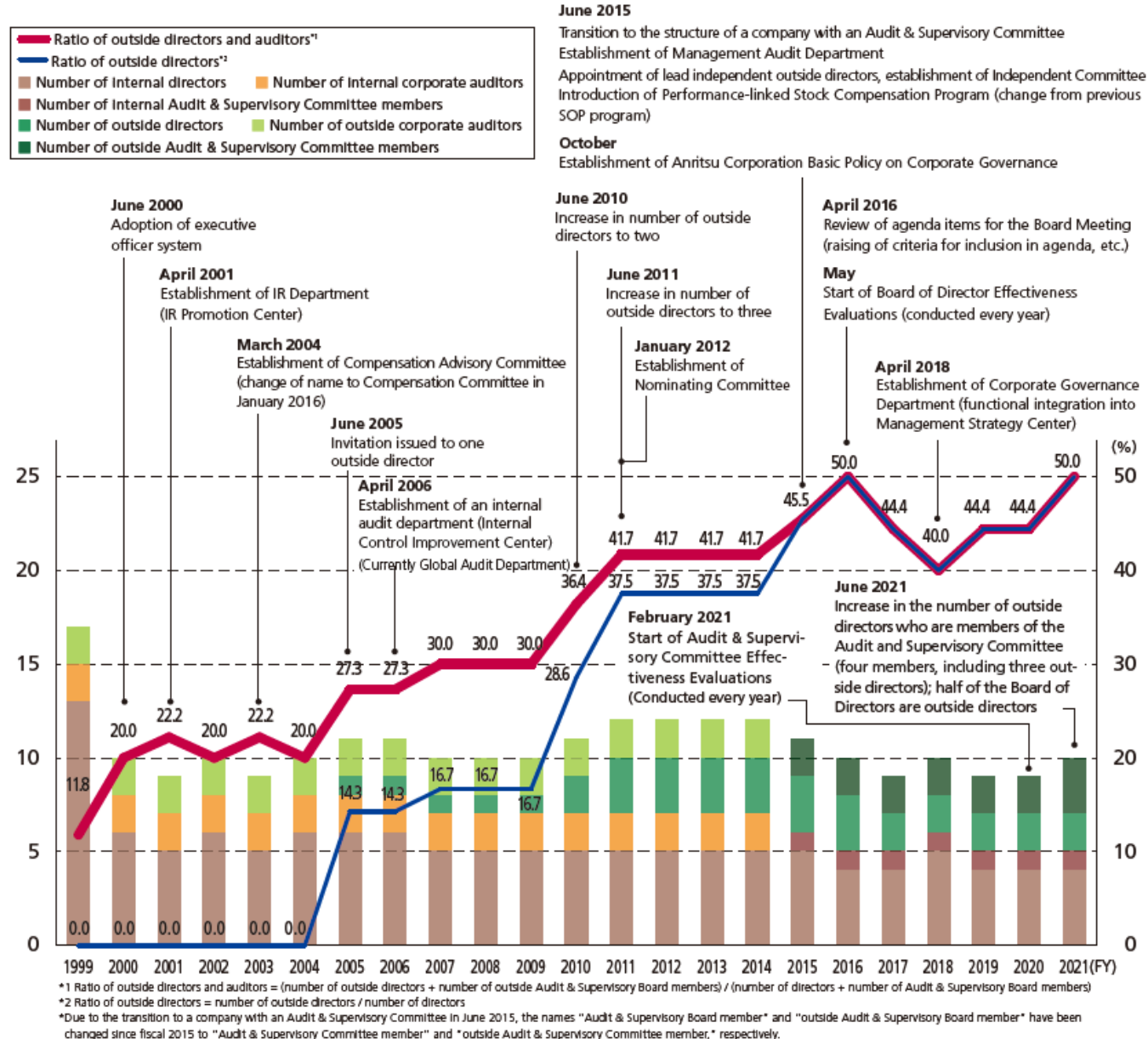
- ▶ Conducting a CSR procurement survey with at least ten suppliers in three years and on a more global scale (mainly in Asia)
- ▶ Deepening supplier understanding of Anritsu's CSR procurement initiatives through a three-year program, which provides procurement-related information and other useful knowledges
- ▶ Raising the ratio of Anritsu-certified green suppliers and providing non-green suppliers with environmental education to cultivate an eco-friendly supply chain

In fiscal year 2010, we formulated the Anritsu CSR Procurement Guideline, which complies with the Supply-Chain CSR Deployment Guidebook published by the Japan Electronics and Information Technology Industries Association (JEITA). Before starting business or during policy briefings with suppliers, we ask them to learn about and exercise initiative for our CSR procurement policies and submit a letter of consent. We also conduct surveys with suppliers to confirm their stance on CSR. The survey consists of questions about human rights, labor issues, occupational health and safety, fair trade, ethics, product quality and safety, and information security.

In fiscal year 2019, we visited two secondary suppliers in China and Taiwan for onsite factory audits and confirmed that neither presented serious risks associated with human rights, labor, or safety. None of our suppliers has been found to be in compliance according to our CSR surveys and onsite inspections that have been conducted to date. In fiscal year 2020, when an onsite factory audit could not be conducted due to the influence of COVID-19, we used the time to develop an online auditing method. In fiscal year 2021, we plan to conduct online factory audits at two suppliers in Japan and four in Asia.

5-4-1. Initiatives to strengthen Corporate Governance

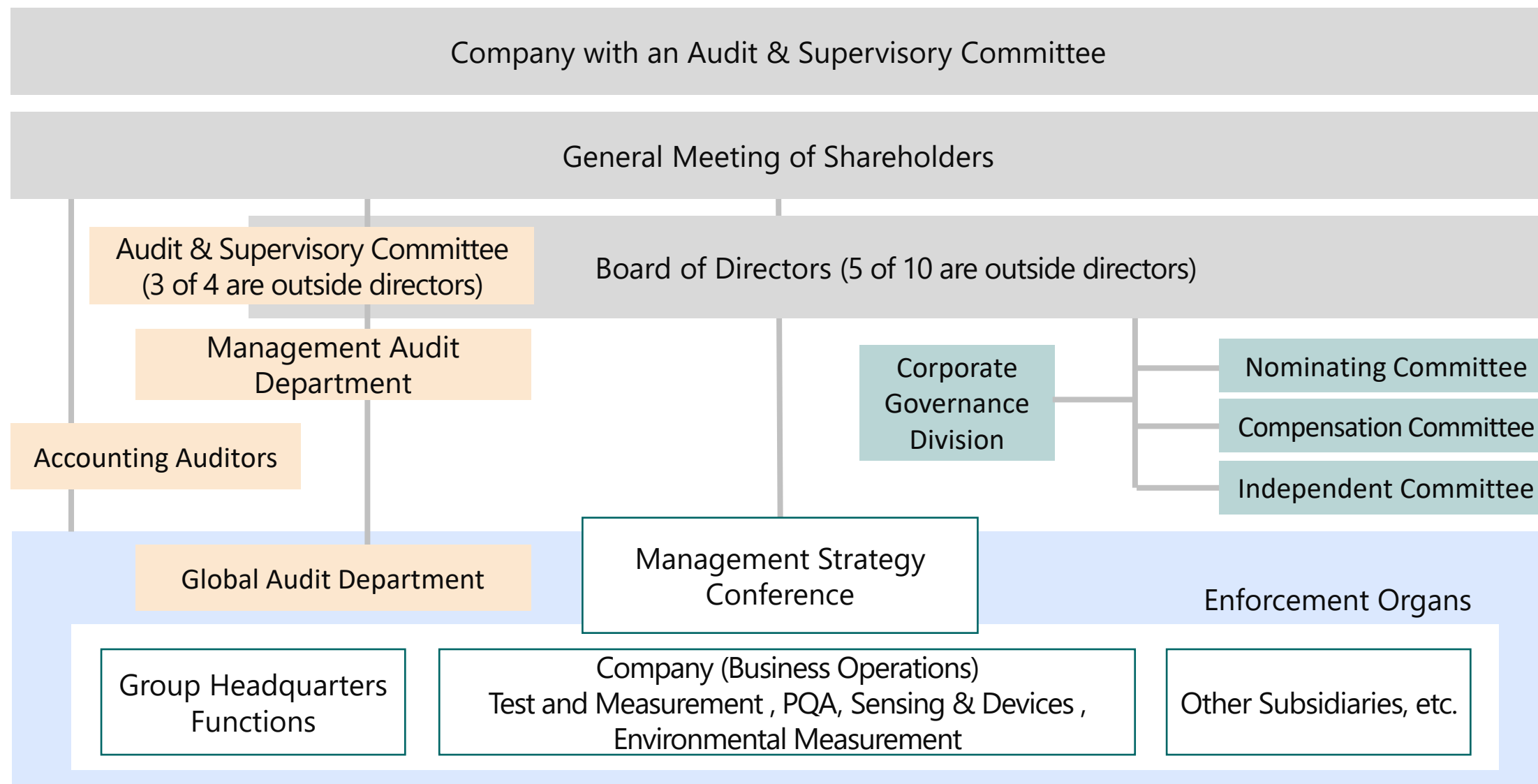
Initiatives to Strengthen Corporate Governance



August 2021

Filed an application for selection of the Prime Market in TSE New Market Segments














5-4-2. Corporate Governance Structure



5-4-3. Composition of Directors and Committees

-To enhance our competitiveness and continuously improve our corporate value-
Increased the number of outside directors by one from June 2021 so that the ratio of outside directors has been brought to 50%.

Composition of the Advisory Committees (after 24th June 2021)

	Audit & Supervisory Committee	Nominating Committee	Compensation Committee	Independent Committee
Composition	   	      	      	    

 Director  Outside Director  Chairperson

Meetings Held for the Board of Directors and its Advisory Committees (FY2020)

Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD
AS	AS	AS	AS	C	AS	AS	I	BD	AS	C	AS
FD		AS	FD			FD		AS	FD	N	N
								C			I
								N			

BD Board of Directors AS Audit & Supervisory Committee C Compensation Committee N Nominating Committee I Independent Committee FD Free Discussion

5-4-4. System of Officer Compensation

The current scheme for officer compensation, etc. sets business performance-linked compensation to the equivalent of 50% of the basic compensation, as a structural feature to motivate officers in sharing a profit orientation with shareholders and in engaging in management from an awareness of performance and stock price from a medium- to long-term perspective. However, it limits directors who do not engage in execution of business (including outside directors) to fixed compensation only.

The performance-linked compensation is composed of monetary compensation (bonus equivalent to 30% of basic compensation) and non-monetary compensation (stock compensation equivalent to 20% of basic compensation) through an incentive plan employing trusts – i.e., it consists of a bonus as short-term performance-linked compensation and stock compensation as medium- to long-term performance-linked compensation.

The Company conducts evaluations in light of factors including the level of distribution of surpluses for the fiscal year under evaluation, degree of achievement of numerical targets involving management metrics, and degree of achievement of management objectives that include non-financial perspectives set in advance.

6. Financial Results for the Fiscal Year ended March 31, 2022

6-1. 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.

6-2. 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%

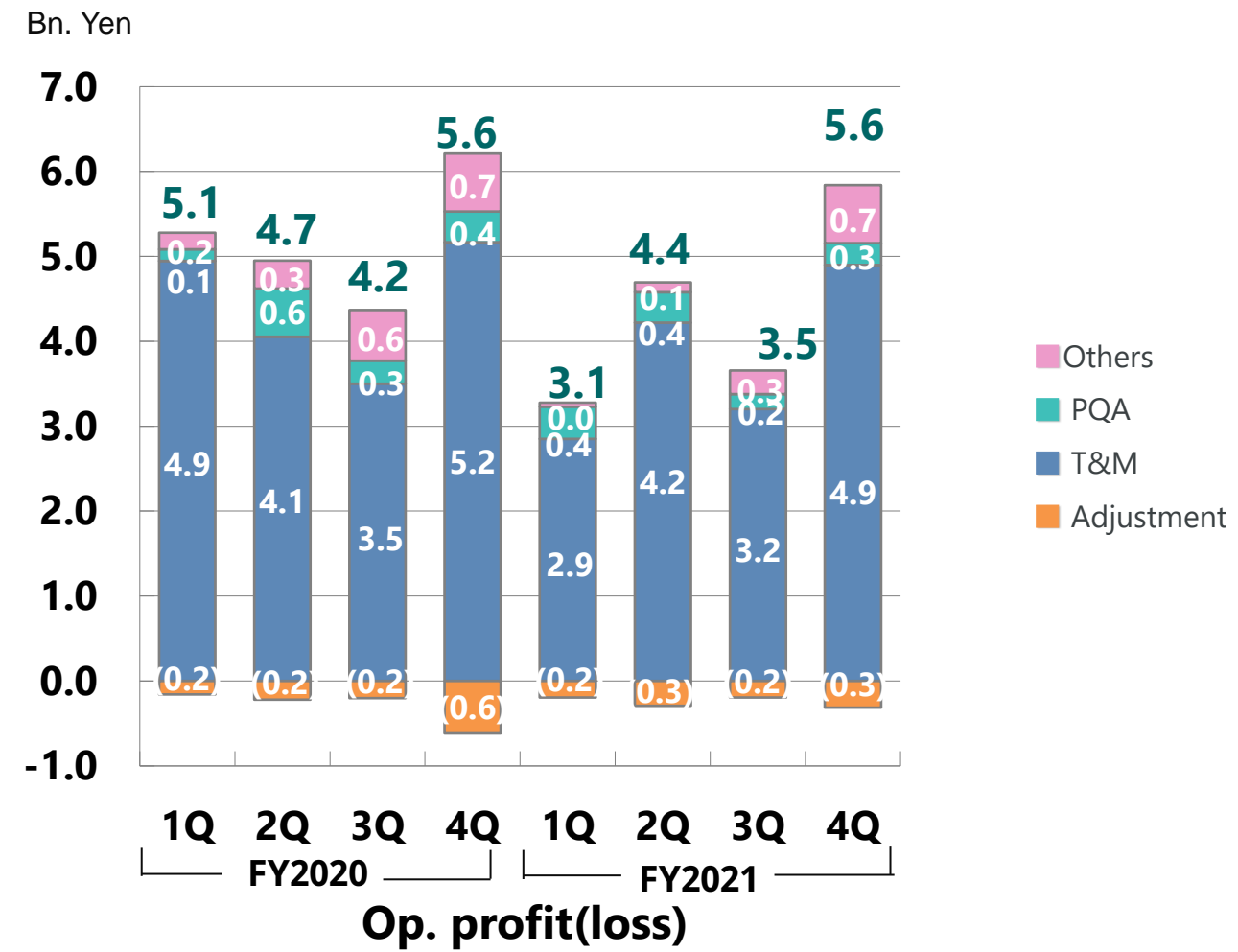
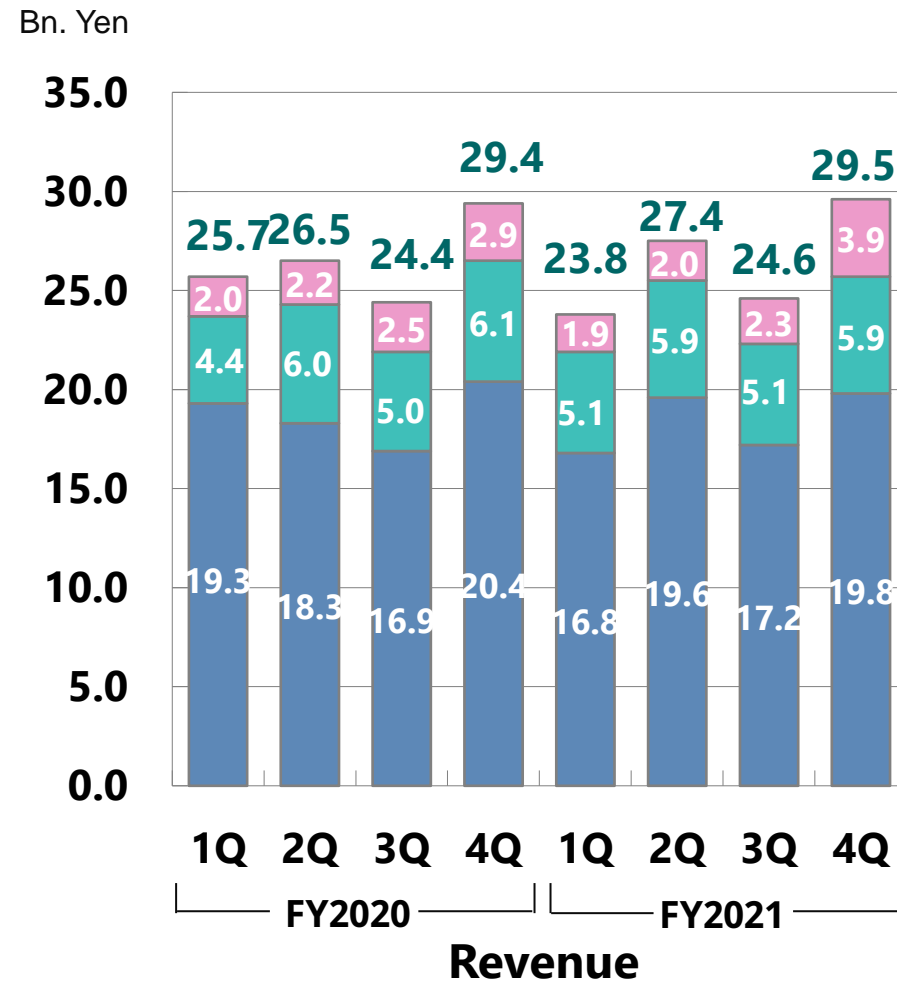
(Note1) :Numbers for FY2020 and FY2021 are rounded off to the first decimal place in each column.

(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



6-3. 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.

6-4. Overview of operations by business segment

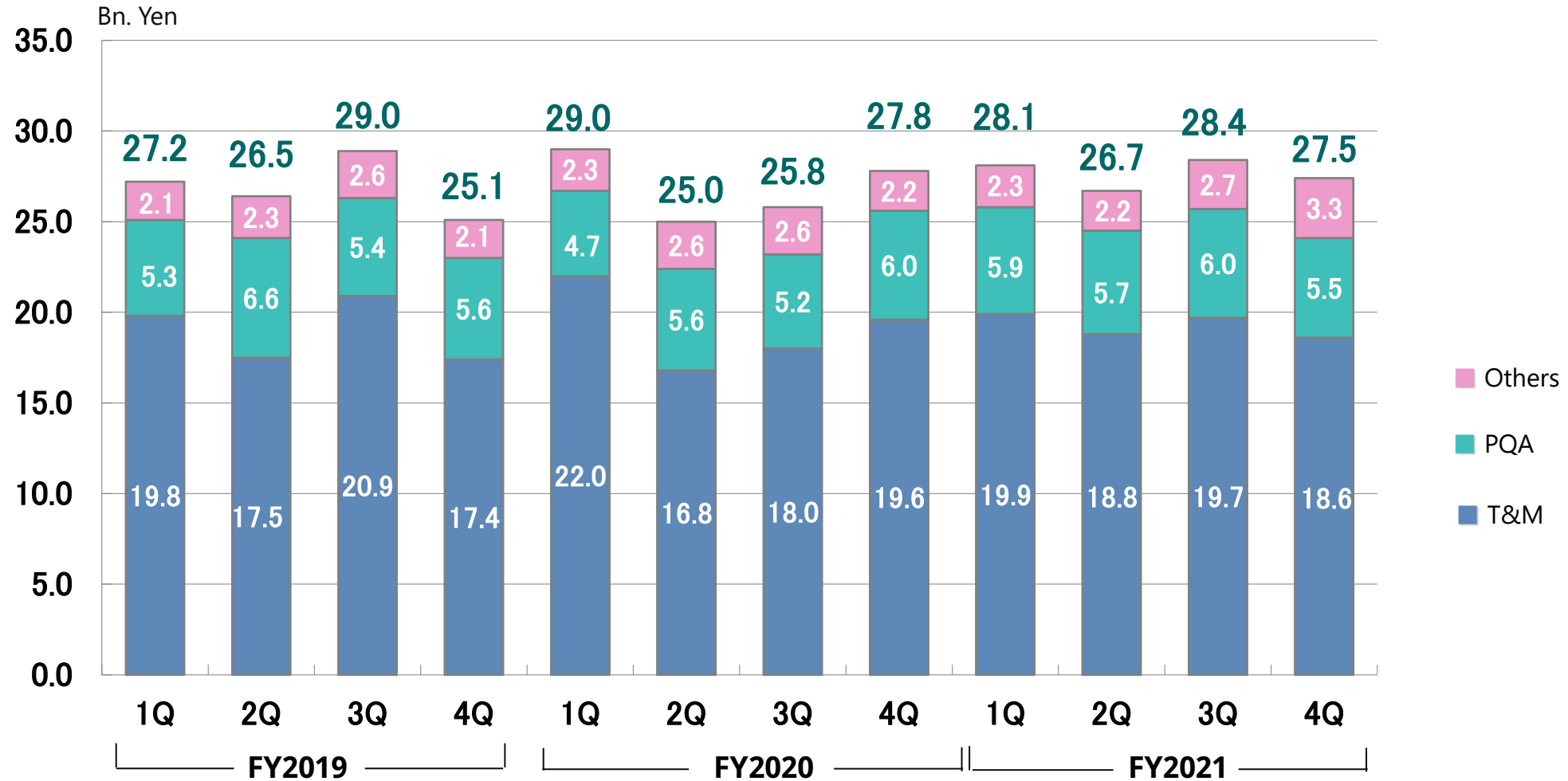
Segment FY2021 (Apr. to Mar.)	
	 T&M : The stage of 5G services has moved from initial introduction phase to the functional expansion phase. Development of higher-speed data centers is progressing steadily.
	Mobile Market expansion is expected in EMEA and Americas for 5G development demand.
	Network 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

6-5. Transition of Order Intake

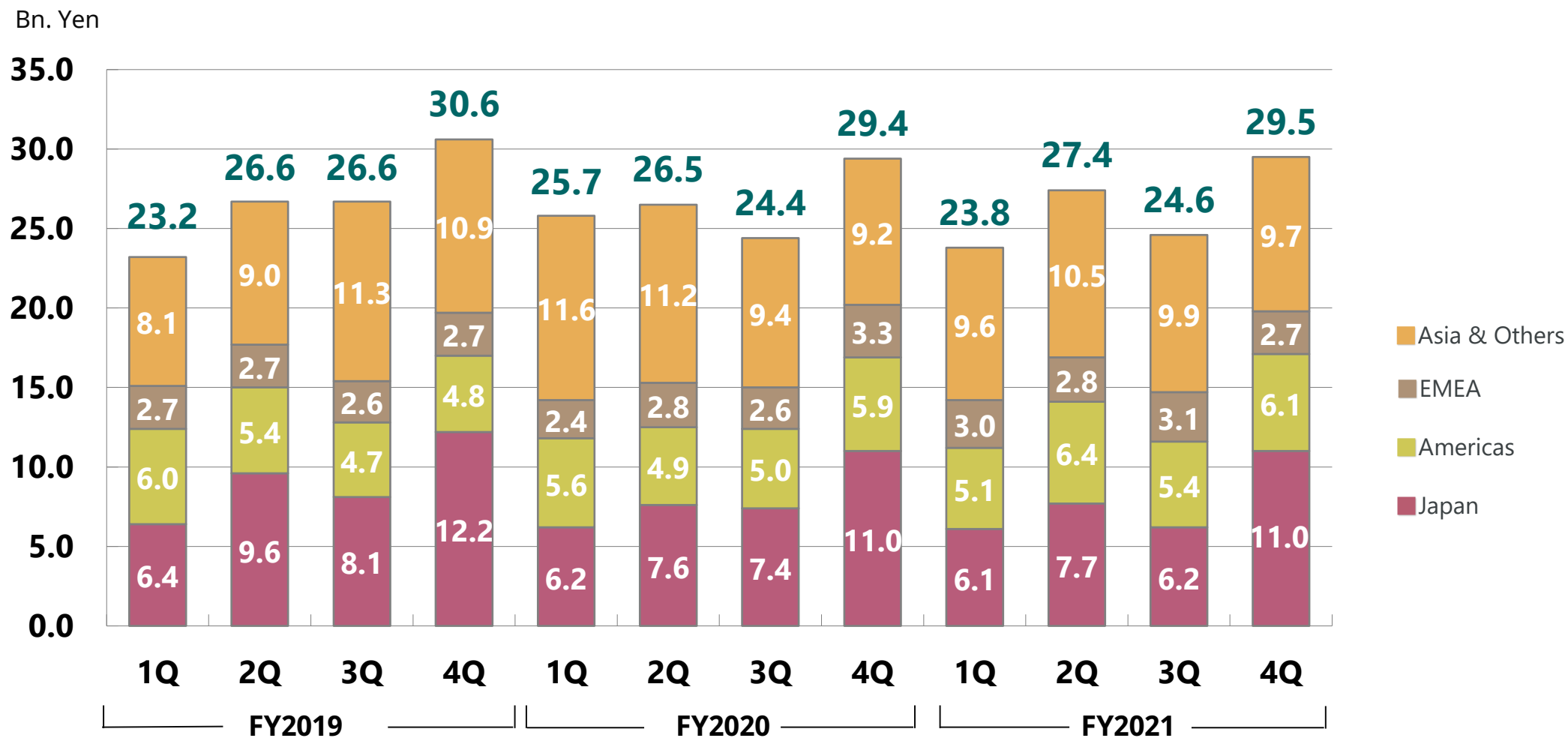
▶ T&M : FY2021 Order intake 77.1 Billion yen, 1% increase year on year

▶ 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.

6-6. Transition of Revenue by Region



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

6-7. 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	
	Unit : Billion Yen	
Depreciation and amortization 5.1		
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.

6-8. 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
Operating profit (loss)			16.5	19.0	2.5
Profit (loss) before tax			17.2	19.0	1.8
Profit (loss)			12.8	14.0	1.2
T&M	Revenue		73.3	78.0	4.7
	Op. profit (loss)		15.2	17.5	2.3
PQA	Revenue		22.0	24.0	2.0
	Op. profit (loss)		1.2	1.3	0.1
Others	Revenue		10.1	13.0	2.9
	Op. profit (loss)		1.1	1.2	0.1
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

Appendix2

A2-1. Status of inclusion in ESG indices (1/2)

- Anritsu has been included in the “FTSE Blossom Japan Index”, the “MSCI Japan ESG Select Leaders Index”, the “MSCI Japan Empowering Women Index” and the “S&P/JPX Carbon Efficient Index” of GPIF (Japan Government Pension Investment Fund).

FTSE Blossom Japan Index

The ESG index is designed by FTSE Russell, a group company of London Stock Exchange. The FTSE Blossom Japan Index is designed to measure the performance of Japanese companies that demonstrate strong environmental, social and governance (ESG) practices.



S&P/JPX Carbon Efficient Index

Based on carbon data provided by Trucost, one of the pioneers of environmental research companies, S&P Dow Jones Indices (U.S.A), a leading independent provider, has been developed the index methodologies. The indices are designed to increase index weights of the companies which have low Carbon to Revenue Footprints (annual greenhouse gas (GHG) emissions divided by annual revenue) and actively disclosure carbon emission information.



MSCI Japan ESG Select Leaders Index

This index of ESG overall type has been developed by MSCI Inc. (U.S.A). Companies which have high ESG rate in the top 700 market capitalization are selected.

2021 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

THE INCLUSION OF ANRITSU CORPORATION IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF ANRITSU CORPORATION BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

MSCI Japan Empowering Women Index (WIN)

This index has been developed by MSCI Inc. (U.S.A). Companies which have excellent gender diversity at their industry in the top 500 market capitalization are selected.

2021 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

THE INCLUSION OF ANRITSU CORPORATION IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF ANRITSU CORPORATION BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

A2-2. Status of inclusion in ESG indices (2/2)

- In addition, the company has been included in the following ESG indices.

FTSE4Good Index Series

The World ESG index is designed by FTSE Russell, a group company of London Stock Exchange. The FTSE4Good Index Series offers a representation of the leading global companies in terms of environmental, social and governance criteria.



SNAM Sustainability Index

Sompo Japan Nipponkoa Asset Management Co.,Ltd. (Japan) has used this ESG index. "Buna-No-Mori environment investigation" conducted by SOMPO RISK MANAGEMENT and the "Integrex investigation" conducted by Integrex Inc. put into effect, and those two investigations selected the brand.



STOXX Global ESG Leaders Index

The ESG index is developed by STOXX Ltd., a group company of Deutsche Börse Group. The STOXX Global ESG Leaders Index offers a representation of the leading global companies in terms of environmental, social and governance criteria, based on ESG scores provided by Sustainalytics.



A2-3. external evaluation

- Our external assessment of ESG (Environmental, Social and Governance) is as follows.

CDP

International non-profitable organization CDP asks the main enterprise of the world to disclose the environmental information and sends a letter of inquiry of environmental research. The answer is analyzed and estimated and elucidates for the investors. Anritsu has got the "B" which means the risk and influence of the climate change was being managed.



The Excellent Award of Climate Change Report as part of the 24th Environmental Communication Awards

The Ministry of the Environment of Japan and Global Environmental Forum are sponsors and commends the enterprise doing excellent communication activity about the environment. "Anritsu Sustainability Report 2020" received the Excellent Award of Climate Change Report as part of the 24th Environmental Communication Awards in the environmental report section.



An Excellent Enterprise of 2021 Health and Productivity Management Award

Anritsu Corporation was certified as an Excellent Enterprise of 2021 Health and Productivity Management, the award co-hosted by Ministry of Economy, Trade and Industry of Japan and Nippon Kenko Kaigi, in the large enterprise category for 5 consecutive years.



Kurumin Mark Certification

Kurumin certification is a system in which the Ministry of Health, Labor and Welfare of Japan certifies companies that are working to support a balance between work and child-rearing. Anritsu is continuously working to improve the environment to support work-life balance, and after 2015 and 2018, it obtained the third certification in 2020 and was given the Kurumin mark with 3 stars.



Kanagawa Support Care Company Certification

This is the certification of companies that have a base in Kanagawa Prefecture that actively supports both work and care for employees.



