

New Global Long-term management Plan GLP2026

ANRITSU CORPORATION

June 7th, 2024



MEMBERSHIP

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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Global Long-term Management Plan GLP2026

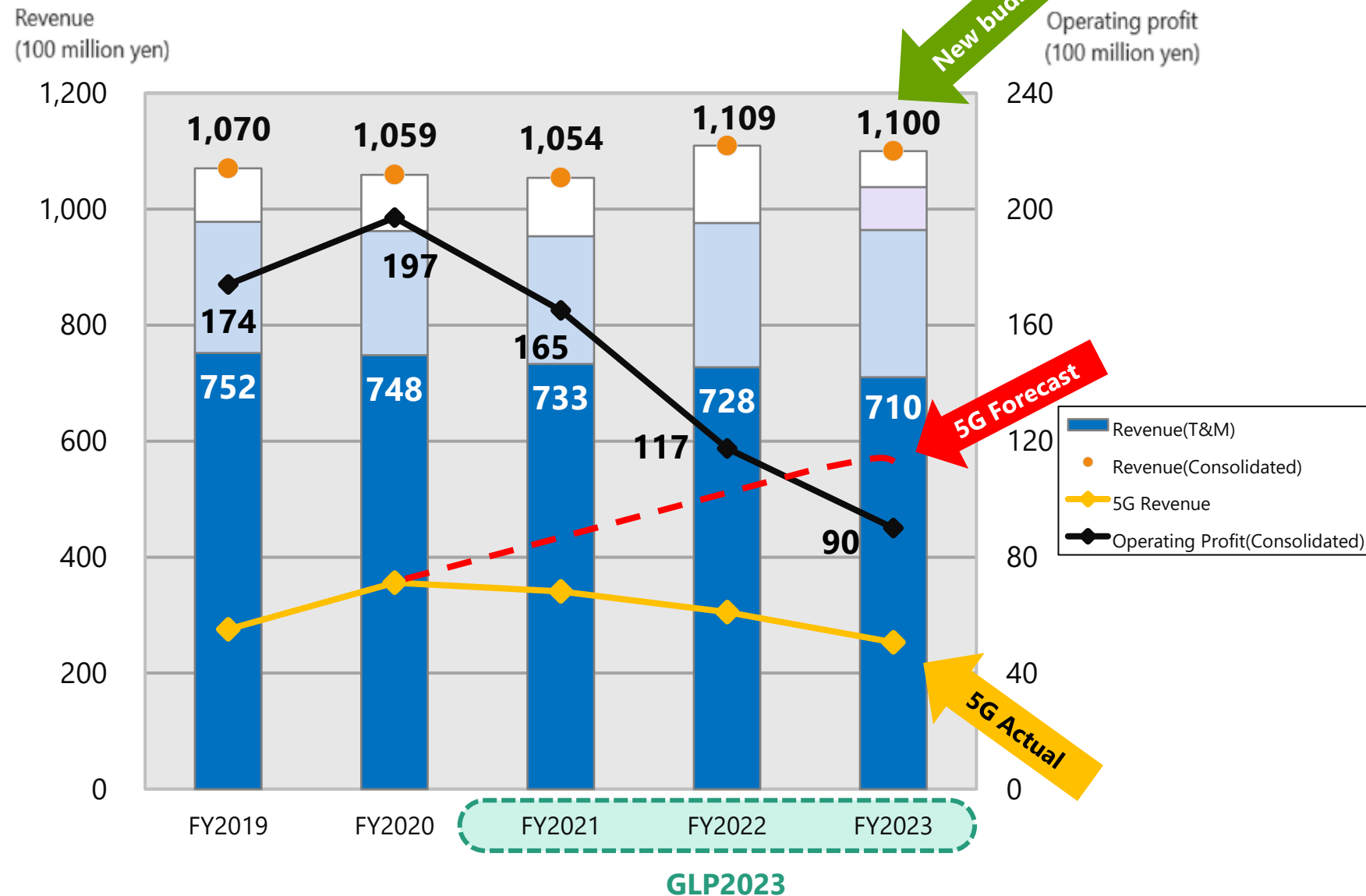
Hirokazu Hamada

Representative Director, President
ANRITSU CORPORATION

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1. Global Long-term Management Plan (GLP2023) Review



Item	Outcome
Financial	- Revenue: 110 Billion Yen - Profit: 9 Billion Yen Although financial targets were not achieved, shareholder returns were performed as planned. - Payout ratio: 54% - Total return ratio: 87%
Priority Areas *	Penetrated into EV/battery test market through M&A of TAKASAGO, LTD.
T&M Business	- Shrinking 5G Market and continuing global Inflationary Pressure - Captured demand for data center acceleration due to rapid expansion of generative AI
Sustainability	Proportion of women in management position : 12.1% (Increase of 1.3 points)

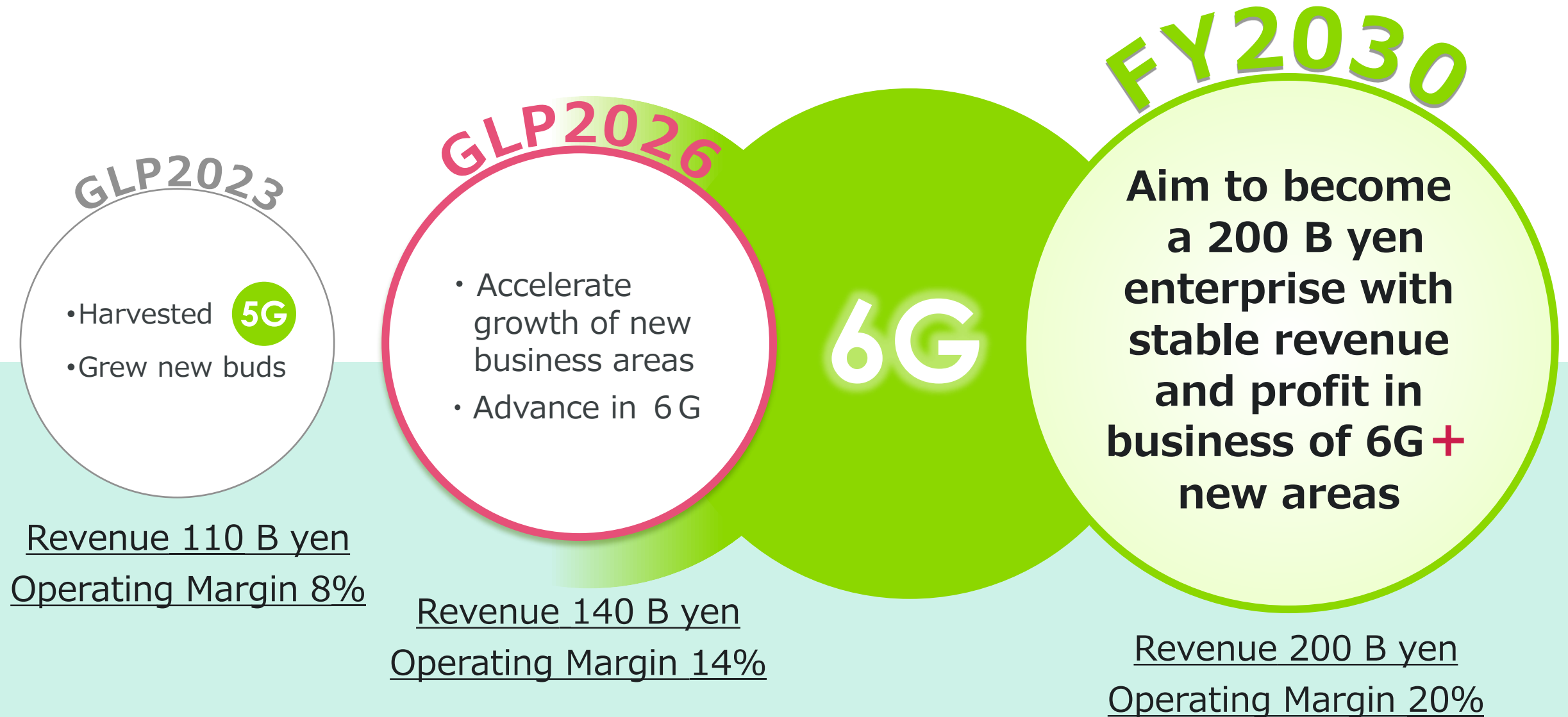
* 4 key focus areas : Local 5G、EV・battery、Medical、Optical sensing

2. Global Long-term Management Plan (GLP2026) Basic Policy

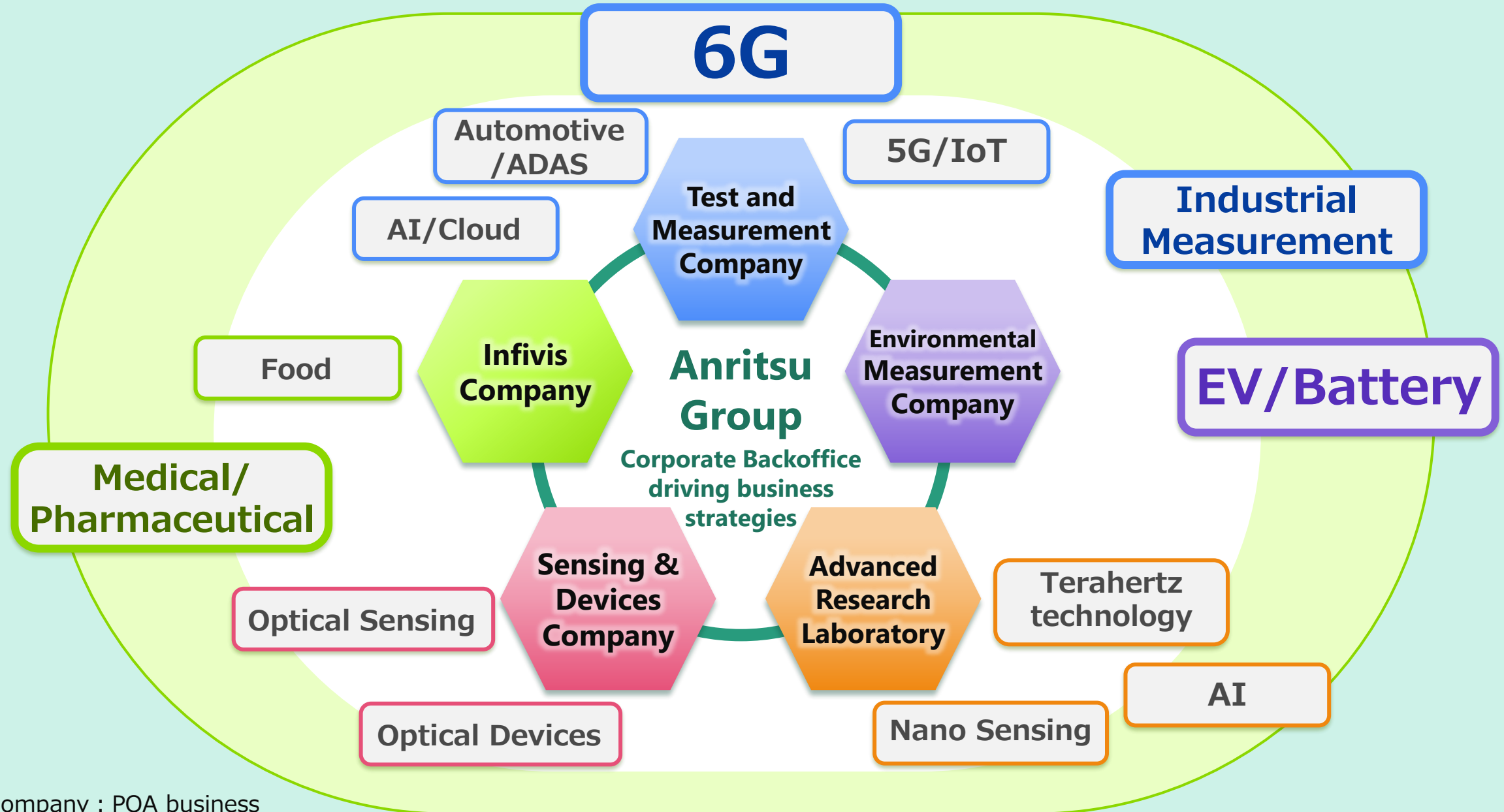
- 1** Invest more than ¥40.0 billion in growth (M&A + capital investments)
- 2** Create a business portfolio that consistently achieves $ROE \geq 10\%$
- 3** Create 25% of FY2026 operating profit in areas other than T&M
- 4** Strengthen human resources in businesses in new areas, and establish company-wide human resource training structure
- 5** Achieve resource recycling (circular economy) in our business activities
- 6** Aim for dividend payout ratio of 50% or more in shareholder returns

3-1. GLP2026 and the vision for FY2030

Beyond testing, beyond limits, for a sustainable future together



3-2. GLP2026 6G and 3 new business areas



*Infivis Company : PQA business

3-3. Accelerate growth of 6G and business in new areas with efforts across the group

6G

Advance in 6G.
Differentiate by
fundamental technology
and key devices

Business owner

**Test and
Measurement
Company**

300GHz
fundamental
technology

**Advanced
Research
Laboratory**

Key devices

**Sensing &
Devices
Company**

EV/battery

Test and Measurement
Company cooperates
globally in manufacturing
and sales. Accelerate the
growth.

Business owner

**Environmental
Measurement
Company**

Cooperates in
Production/sales

**Test and
Measurement
Company**

Industrial Measurement

Test and Measurement
Company and Environmental
Measurement Company
expand business for General
Purpose test instruments
outside telecommunications
industry.

Business owner

**Test and
Measurement
Company**

Cooperates in
sales

**Environmental
Measurement
Company**

Medical/ Pharmaceutical

Infivis Company and
Sensing & Devices
Company develop
medical and
pharmaceutical area using
technologies such as
optical sensing.

Business owner

**Infivis
Company**

Optical sensing

**Sensing &
Devices
Company**

*Infivis Company : PQA business

4. Revenue and operating profit plan

GLP2026

Indicators		FY2023	FY2024	FY2026
Revenue		110.0 B Yen	115.0 B Yen	140.0 B Yen
Op.profit		9.0 B Yen	11.0 B Yen	20.0 B Yen
Op.margin		8 %	10 %	14 %
Profit		7.7 B Yen	8.3 B Yen	15.0 B Yen
ROE		6 %	7 %	12 %
T&M	Revenue	71.0 B Yen	73.8 B Yen	90.0 B Yen
	Op.profit	7.5 B Yen	9.2 B Yen	15.0 B Yen
	Op.margin	11 %	12 %	17 %
PQA	Revenue	25.4 B Yen	26.7 B Yen	30 B Yen
	Op.profit	1.3 B Yen	1.9 B Yen	3.6 B Yen
	Op.margin	5 %	7 %	12 %
EM	Revenue	7.4 B Yen	9.0 B Yen	13.0 B Yen
	Op.profit	0.5 B Yen	0.7 B Yen	1.4 B Yen
	Op.margin	7 %	8 %	11 %

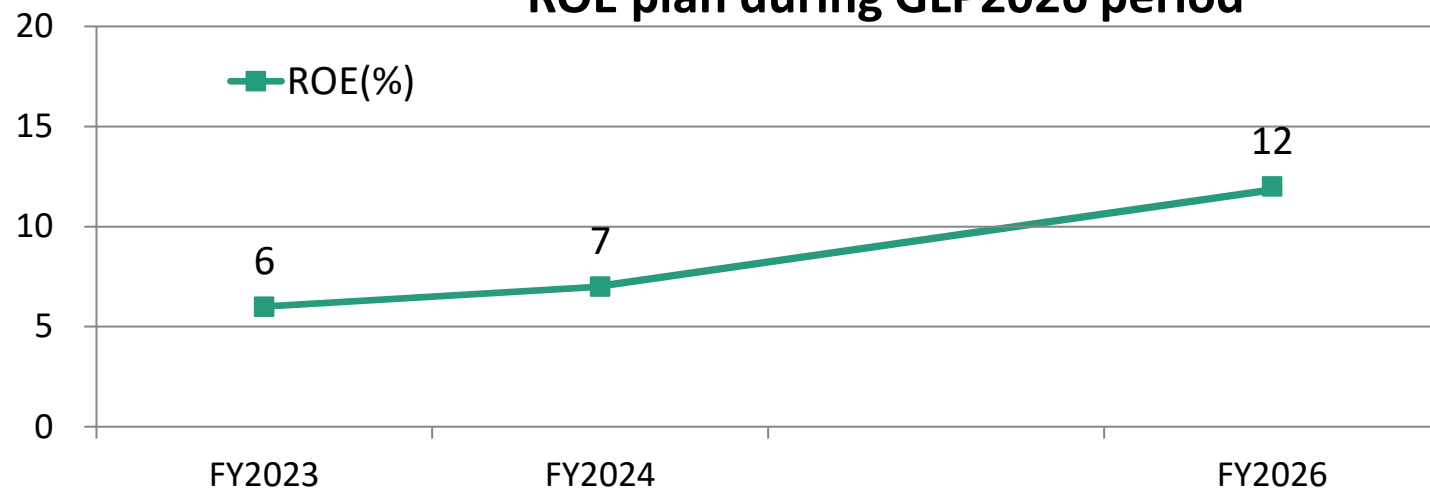
(Note) Exchange rate for GLP2026 (Forecast) : 1USD=145Yen, 1Euro=155Yen

5. Financial Strategy

1. Achieve ROE that exceeds cost of equity (7%)

Corporate value KPI: $ROE \geq 12\%$

ROE plan during GLP2026 period



2. Optimization of capital allocation

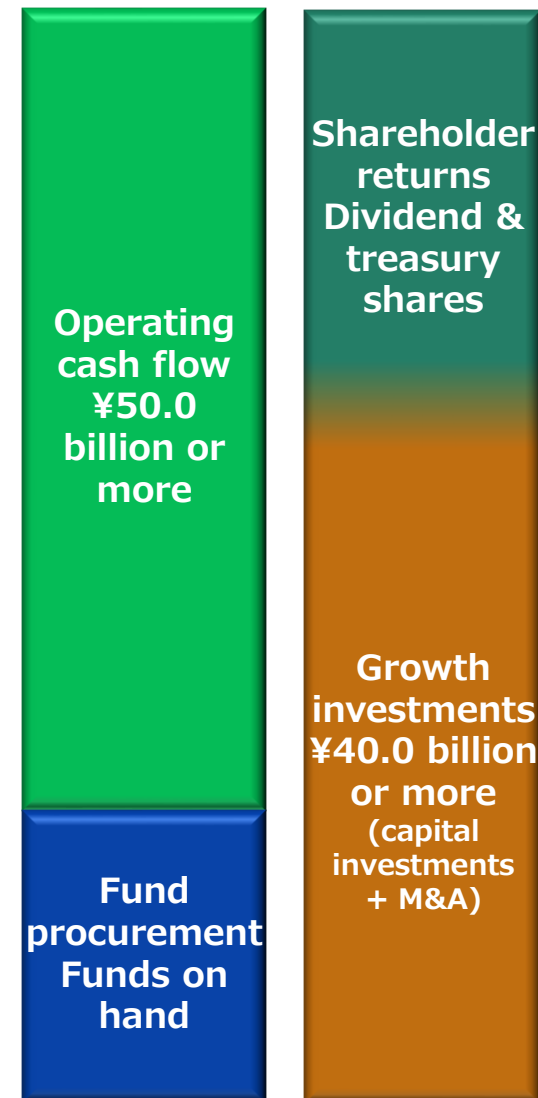
In addition to an operating cash flow of ¥50.0 billion or more, we will create cash through fund procurement by improving asset efficiency and utilizing our strong financial position, and invest ¥40.0 billion or more in growth in order to promote businesses in new areas.

With regard to dividends, we aim for a consolidated dividend payout ratio of 50% or more, and treasury shares are to be acquired swiftly when required.

Capital allocation
during GLP2026 period

Cash creation

Use of cash



6-1. Human Resource Strategy

Company Vision	Beyond testing, beyond limits, for a sustainable future together		
Management Strategy	Extend beyond existing businesses, and aim for revenue of ¥200 billion and operating margin of 20% in FY2030		
	Businesses in new areas	Strong manufacturing	Reform of work practices
HR Vision	“A diverse set of employees who align with the company vision, cultivate a sense of contribution to the business (and society), and work energetically while maintaining a balance between work and personal life.”		
Challenges in Human Resources	• Securing and deploying human resources in accordance with our management strategy • Age structure of workforce: shortage of core and mid-career workers. Utilization of senior resources. • Fostering workplace culture to realize our management strategy: growth and challenge/Reception of diversity /work-life balance		

■ Initiative

● Securing and training human resources in growth business/focus areas

- ✓ Create a top-down human resource plan from our management strategy, and strategically secure, place, and train resources to achieve overall optimization
- ✓ Establish review structure (human capital strategy review) by top management, management strategy departments, and human resource departments
- ✓ Launch A-SKILLS and establish a cross-company human resource training structure

● Active hiring and training of young resources /leaders and active utilization of senior resources

- ✓ Aim to actively acquire young resources /core human resources, regardless of whether they are new graduates or mid-career hires
- ✓ Actively utilize senior resources through continuous growth support, such as promotion of internal transfer and reskilling

● Fostering workplace culture to realize the company/HR vision

Growth/Challenge

- ✓ Develop human resources who break down their own barriers and tackle new areas with curiosity, and who seek to solve social issues together with stakeholders and other companies.

Reception of diversity

- ✓ Diverse employees with diverse senses of value and ways of thinking will come together to create new value by leveraging diverse perspectives and strengths.

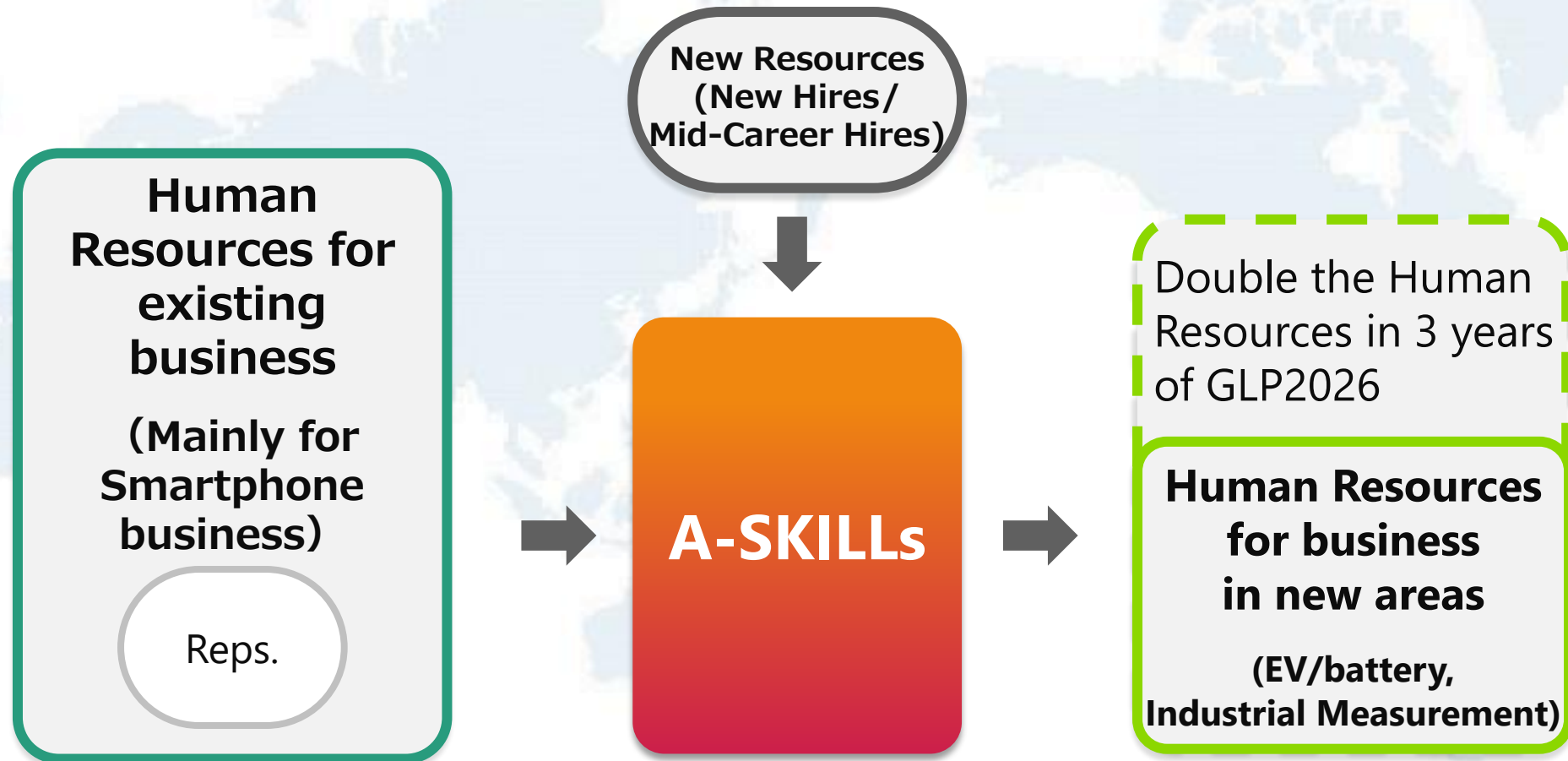
Life-work balance and work environment improvement

- ✓ Develop systems and environments to ensure that Anritsu is a company that is comfortable to work in while enjoying life, and is also a company where labor productivity is high and work is rewarding.

6-2. Developing human resources for business in new areas

Starting **Anritsu Skills training center (A-SKILLs)**

- Acquire “technical” and “sales” skills for new business areas.
- Strengthen human resources globally for EV/battery testing and Industrial Measurement.



7. Sustainability Goals

Goals and initiatives

GLP2026:KPI

E

Environ-
ment

Reduce greenhouse gas emissions

- Greenhouse gases (Scope 1+2)*: 23% and more reduction compared to FY2021
- Greenhouse gases (Scope 3)*: 17.5% and more reduction compared to FY2019
... Scope 1+2 : 42% or more, Scope 3 : 27.5% or more reduction by FY2030

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

- In-house power generation ratio: 14% or more
... To be increased to around 30% by 2030

Realization of resource recycling (Circular Economy)

- Release products that support resource recycling
- 100% material recycling of plastic waste

Promoting Diversity Management

- Advancement of women: A proportion of women in management positions of 15% or more
- Promote employment of physically challenged people: Achieve the legally mandated employment rate of 2.3% through job development

S

Social

Realization of a rewarding work environment

- Positive response rate for job satisfaction in employee satisfaction survey : 80% or more

Promote global CSR procurement (social responsibility in the environment, labor environment, human rights, etc.)

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

G

Gover-
nance

Improving global governance

- Promotion of diversity on the Board of Directors: Ratio of female directors: 20% or more
- Intensive discussion of management issues at board meetings: 6 times/year

(*) Scope 1: Direct emissions of greenhouse gases by businesses themselves (fuel combustion, industrial processes), Scope 2: Indirect emissions from the use of electricity, heat and steam supplied by other companies, Scope 3: Indirect emissions in Category 1 (purchased products and services) + Category 11 (use of sold products)

8. Financial Strategy Details

Shunichi Sugita

Senior Vice President, CFO
ANRITSU CORPORATION

8-1. Forecast for full year of FY2024 (Consolidated)

▶ We aim to increase in revenue and profit in all three main segments.

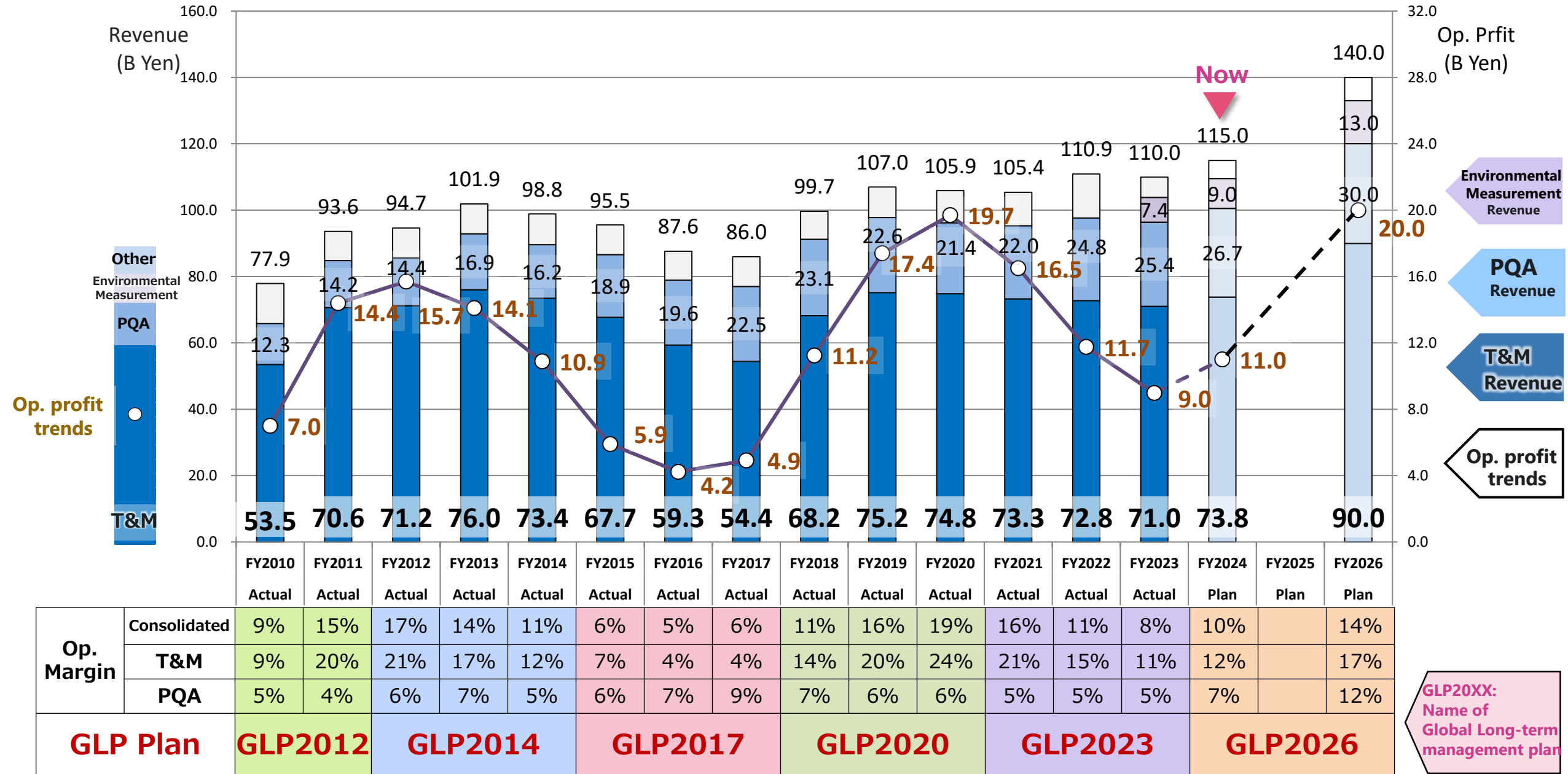
Unit: Billion Yen

		FY2023	FY2024		
		Actual	Forecast	YoY	YoY(%)
Revenue		110.0	115.0	5.0	5%
Operating profit (loss)		9.0	11.0	2.0	22%
Profit (loss) before tax		10.0	11.0	1.0	11%
Profit (loss)		7.7	8.3	0.6	8%
T&M	Revenue	71.0	73.8	2.8	4%
	Op. profit (loss)	7.5	9.2	1.7	22%
PQA	Revenue	25.4	26.7	1.3	5%
	Op. profit (loss)	1.3	1.9	0.6	47%
Environmental Measurement	Revenue	7.4	9.0	1.6	21%
	Op. profit (loss)	0.5	0.7	0.2	30%
Others	Revenue	6.1	5.5	(0.6)	-10%
	Op. profit (loss)	0.8	0.4	(0.4)	-51%
Adjustment	Op. profit (loss)	(1.2)	(1.2)	0	-

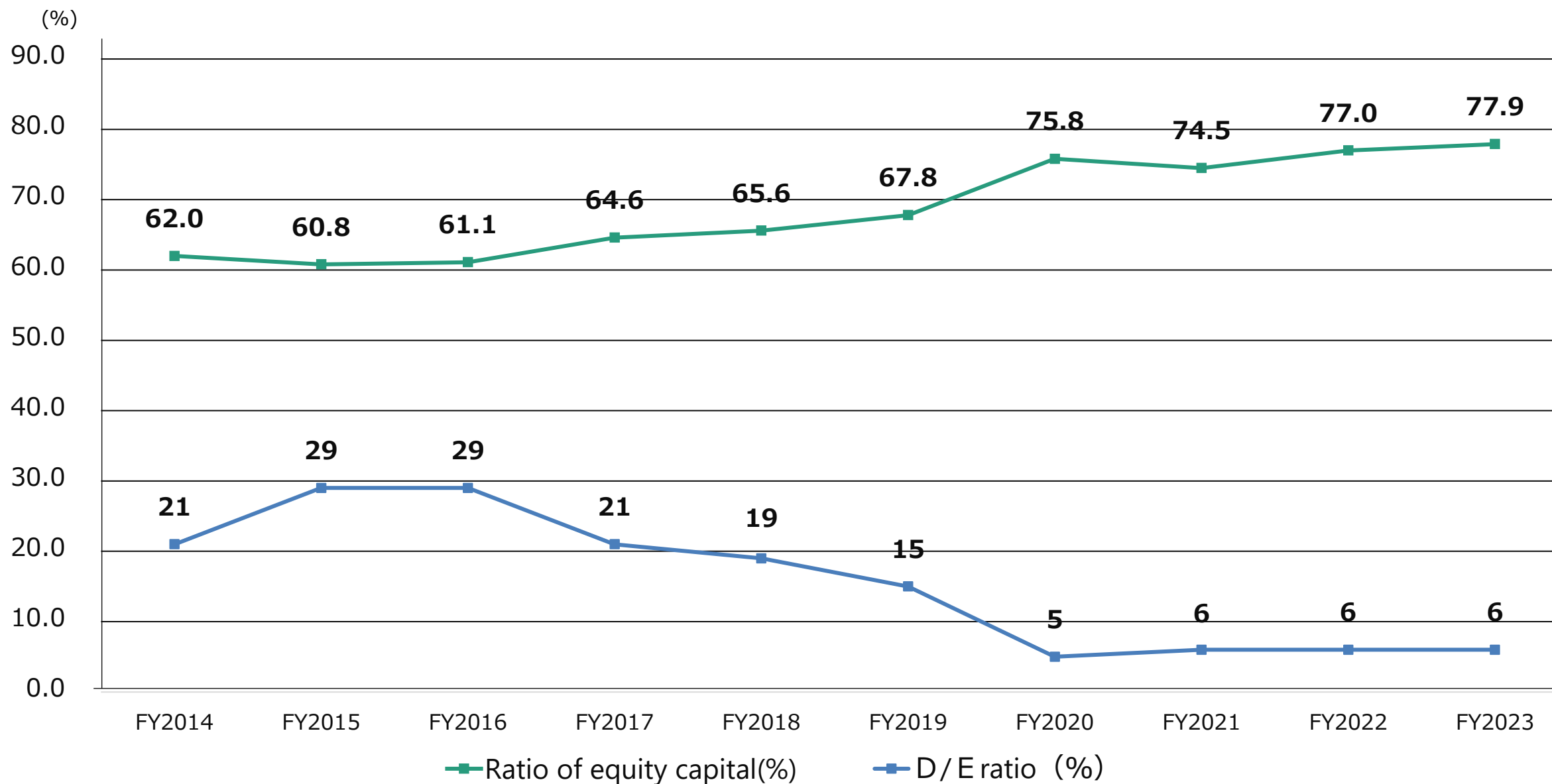
Reference : Exchange rate : FY2023 (Actual) 1USD=145 yen, 1EURO=157 yen
FY2024 (Forecast) 1USD=145 yen, 1EURO=155 yen

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

8-2. Revenue and operating profit plan



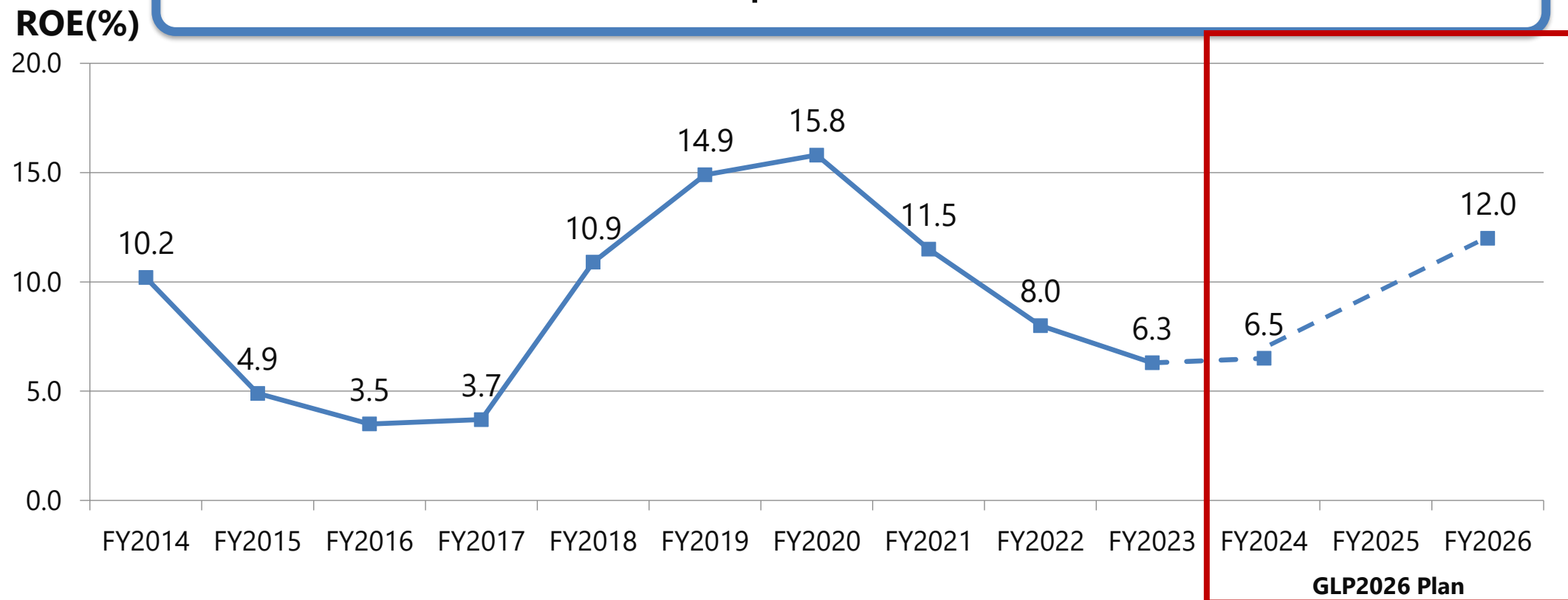
8-3. GLP2026 : Trend of ratio of equity capital and D/ E ratio



8-4. GLP2026 : ROE Trends

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

KPI to measure Corporate value : $ROE \geq 12\%$



9. T&M business

Takeshi Shima

Director, Senior Vice President, Test & Measurement Company President
Anritsu Corporation

VISION

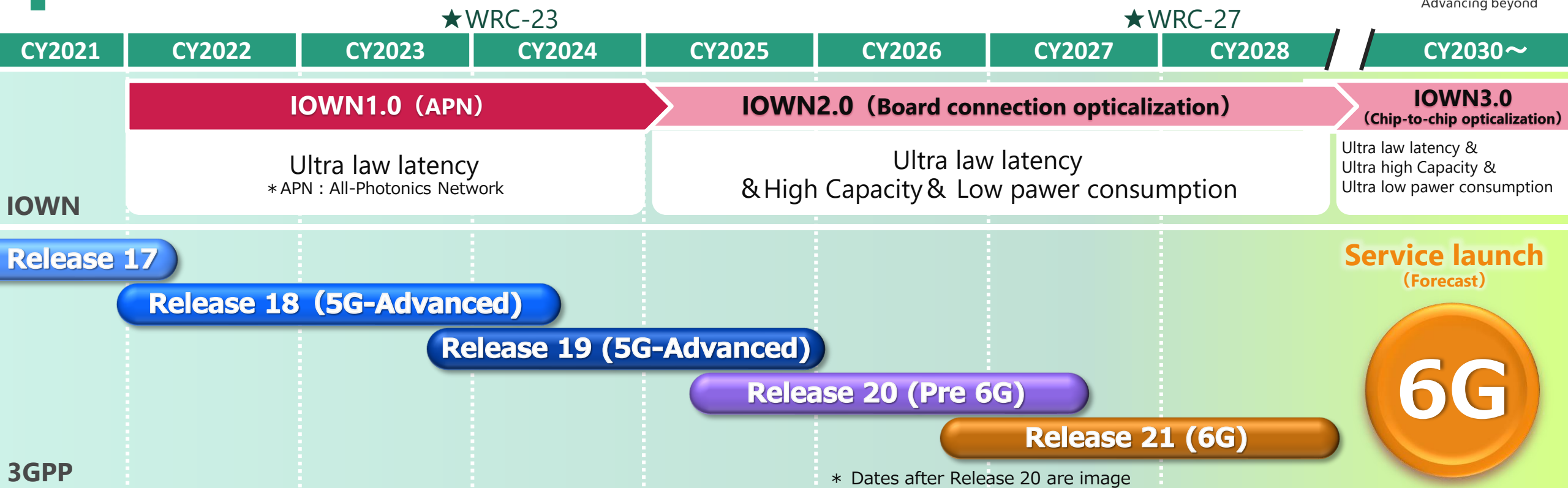
Provide added value that goes “beyond testing” in the form of high-quality, highly reliable Test and Measurement solutions, simulations, and services, contributing to the advancement of DX.

Make communications more reliable to achieve a safe and secure society.

Policy to achieve the plan

- ▶ Provide 6G (Sub-THz), 800GE/1.6TE, digital coherent, and high-quality testing and simulation solutions to communications providers, global device and infrastructure vendors, and automobile-related vendors, thereby helping create a societal foundation that ensures the safety and security of communications.
- ▶ Lead the world in establishing verification technologies for improving transmission quality in real environments.
- ▶ Expand investment in next-generation technologies such as 6G.

9-2. Standardization Trends



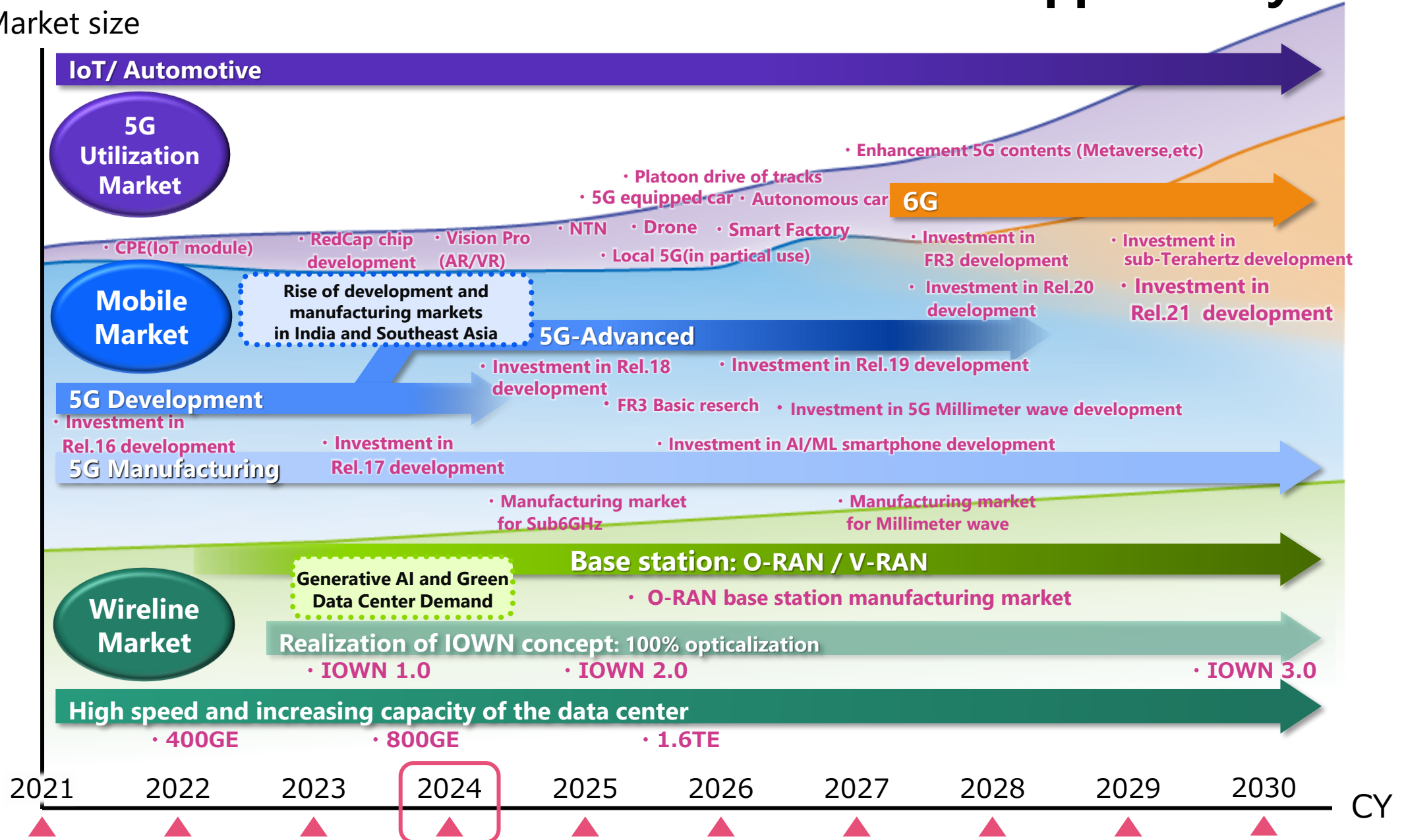
Main additional Specifications for 3GPP Release	Release17	Release18	Release19
Enhanced network	Non Terrestrial Network (NTN)	AI/ML model delivery/transfer	FR3(7~15GHz) support AI/ML Air interface
Enhanced terminal functions	Reduced power consumption	Mission Critical Communications	XR Functional enhancement
Industrial IoT	Introduction of Industrial IoT "RedCap"	5G Smart grid	UAV/UAM (Drone/Flying car)
Automotive	V2X	Side link CA	FR2 Side link

* Source: Created by Anritsu based on publicity available information

* Theme of Release 19 to be determined in March 2024

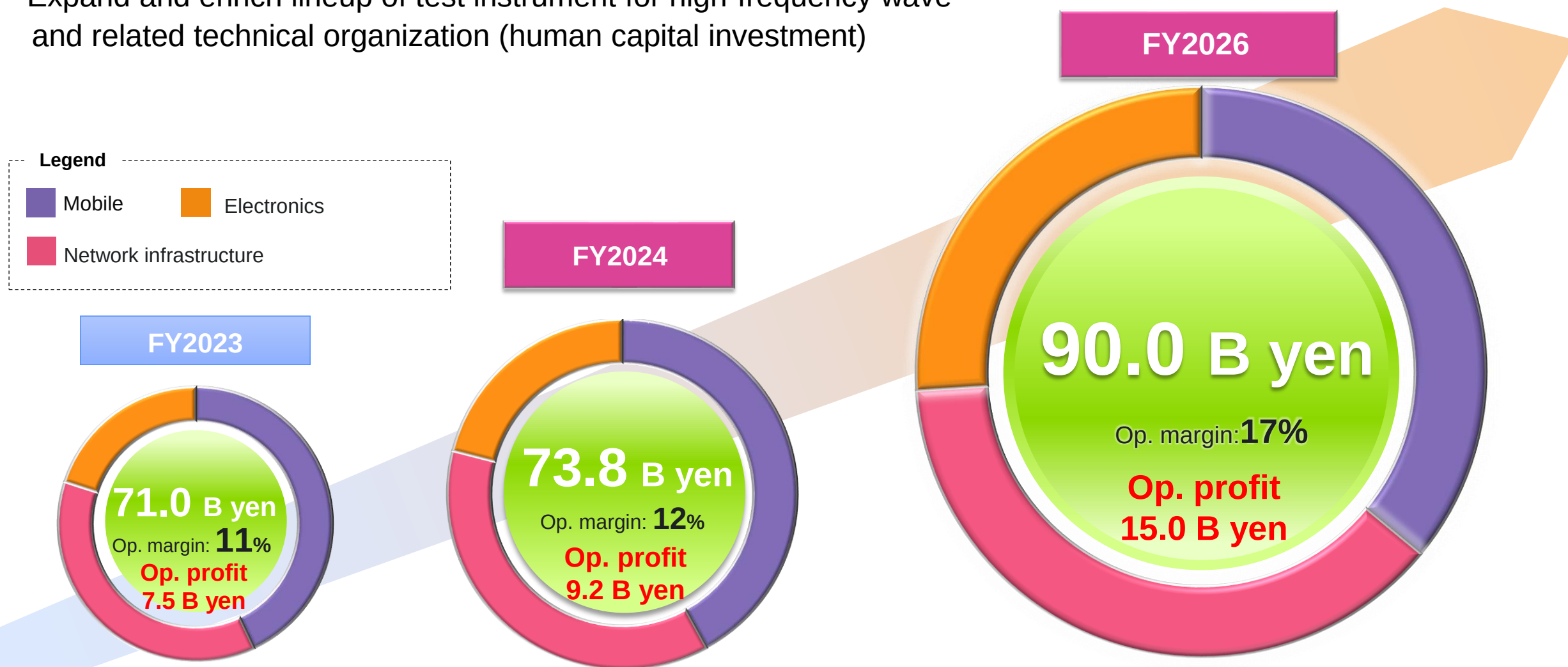
9-3. T&M : Mobile market trends and Business opportunity

Market size



9-4. T&M Business: GLP2026 revenue and operating profit plans

- Capture demand for increases in network transmission speeds (800GE, 1.6TE) driven by generative AI
- Expand software business and improve operating margin
- Expand and enrich lineup of test instrument for high-frequency wave and related technical organization (human capital investment)



9-5. T&M business: Product overview

Supports evaluation of optical transceivers used to meet the growing data center capacity due to the spread of generative AI



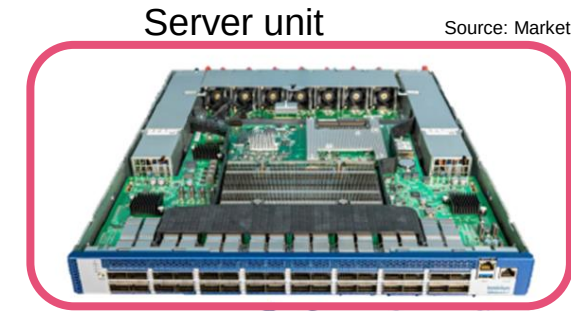
BERTWave MP2110A

Provides performance evaluation environment for

100GE/400GE/800GE optical transceivers

Contributes to faster communications between data center servers

100GE/400GE/800GE signals



Source: Market research report by Yole

Courtesy of Innovium



Optical transceiver



Optical transceiver



Rear sides of server racks

Large number of optical transceivers inserted into the server unit

Source: Explore our photo gallery - Google Data Centers
<https://www.google.com/about/datacenters/gallery/>

10. PQA business

Norikazu Murata

Vice President, PQA business group President
ANRITSU CORPORATION

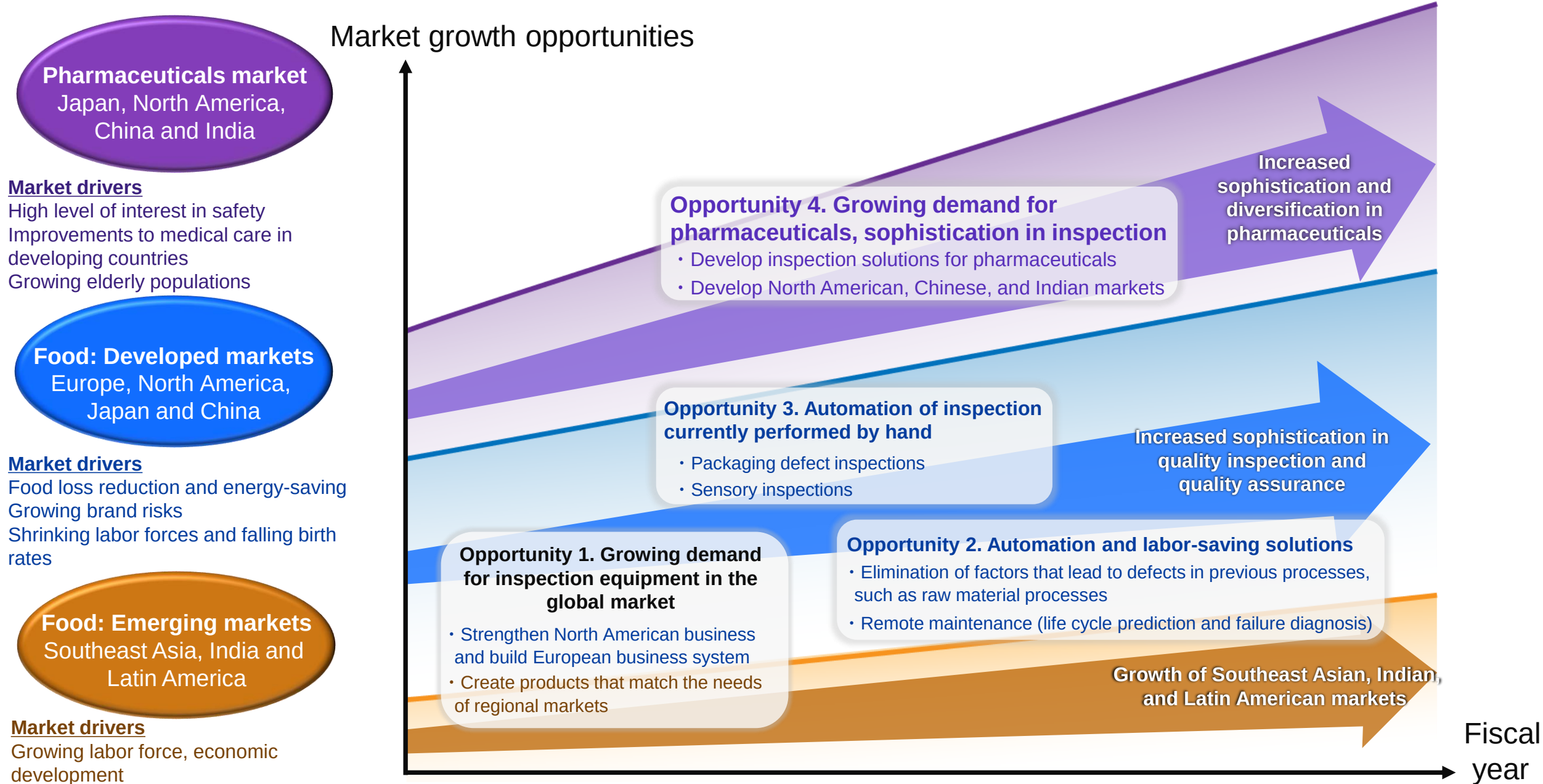
VISION

Become our customers' most trusted, “First to Call” company for quality assurance with a view to achieve a sustainable future.

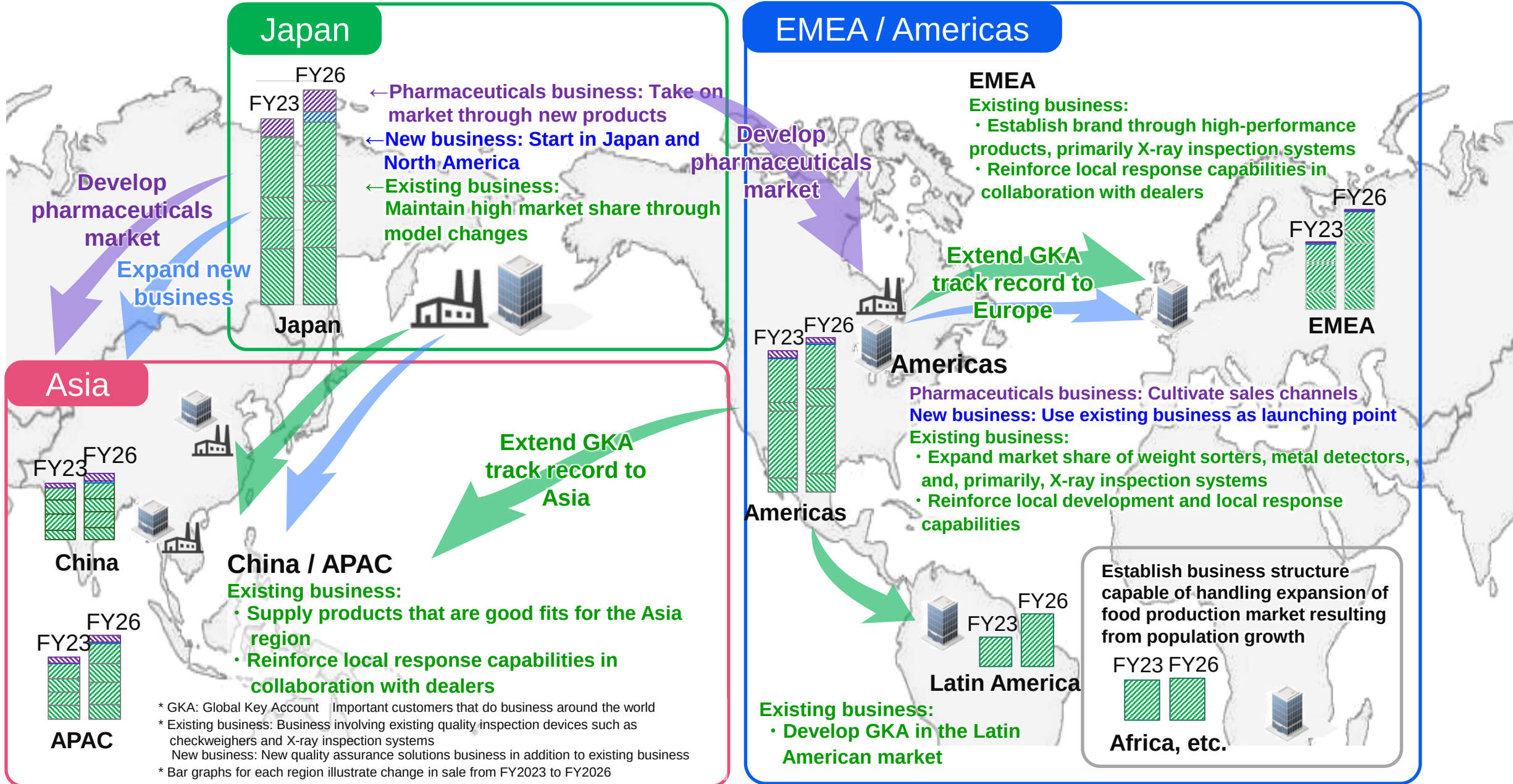
Policy to achieve the plan

- ▶ Expand business throughout the global market.
- ▶ Create unique quality assurance solutions that solve the problems customers face.
- ▶ Expand business in medical/pharmaceuticals markets.

10-2. PQA business: GLP2026 Market growth opportunities



10-3. PQA business: GLP2026 Global business development



10-4. PQA business: GLP2026 revenue and operating profit plans

- **Creation of solutions with high customer value:**

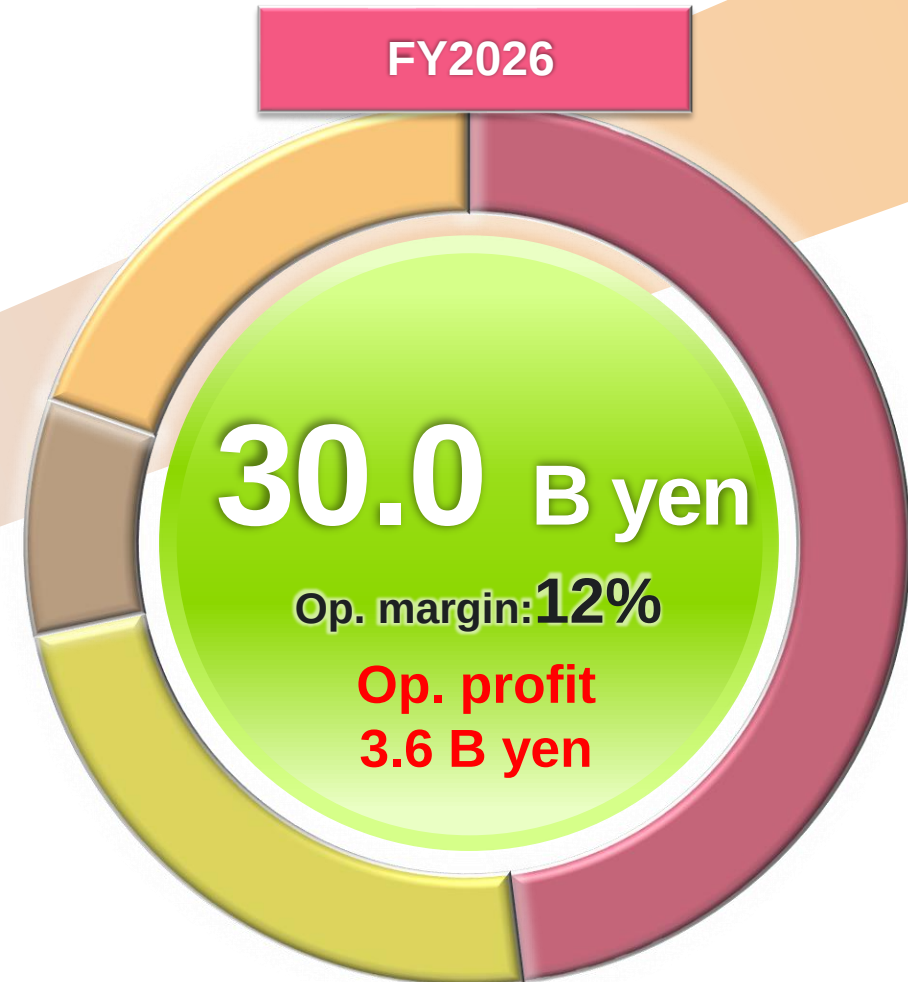
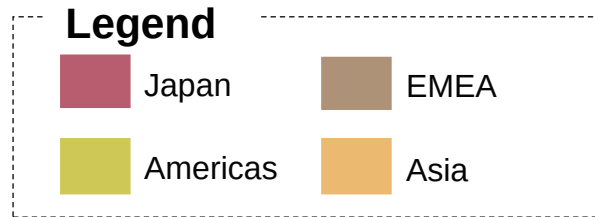
Acquisition of state-of-the-art technologies such as AI, automation and labor savings for production lines

- **Expansion of business into high value-added domain:**

Automation of inspection work currently performed by hand, pharmaceuticals manufacturing market

- **Creation of a resilient profit generating platform:**

Global optimization of supply chain, work process reforms



This graph presents a projection.

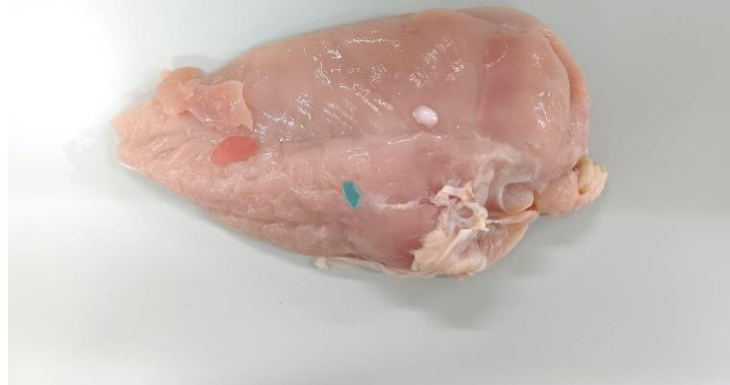
10-5. PQA business: Product overview

AI-powered dual energy sensor X-ray Inspection System KXH7534ASGCD

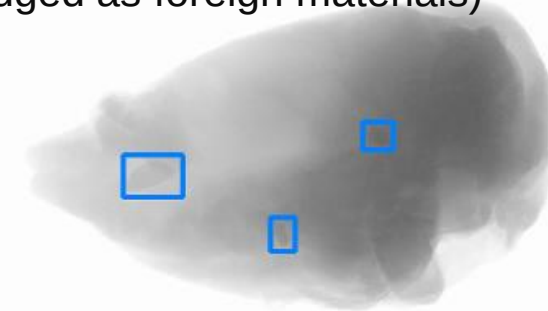
- Outfits the XR75 Series HR, an X-ray Inspection System with high-resolution X-ray imaging capabilities, with deep learning AI developed for detecting foreign materials
- Capable of detecting chicken cartilage and breaks in overlapped sausage, both of which are difficult to achieve with conventional X-ray devices
- Helps improve productivity and reduce food loss by eliminating foreign materials during ingredient intake and processing stages



Visible spectrum photograph



X-ray image (blue boxes indicate areas judged as foreign materials)



Examples of detection of bone and plastic on chicken meat
(dummy sample created for testing)

11. Environmental Measurement business

Tsutomu Tokuke

Vice President, General Manager of Management Strategy Center
ANRITSU CORPORATION

VISION

Provide solutions that contribute to the realization of a sustainable society. Establish a solid position as a company recognized as being essential to solving problems related to carbon neutrality, digital transformation of industry, and resilience of social infrastructure.

Policy to achieve the plan

- ▶ Continually improve EV/battery testing solutions to achieve a level of business growth that exceeds market growth levels.
- ▶ Put the global (North American market) development of EV/battery testing solutions on its desired trajectory in GLP2026.
- ▶ Use “technology to connect” to improve manufacturing site efficiency and labor-savings
- ▶ Contribute to the transition to next-generation communications infrastructure that protects the safety and security of society.

EV/battery testing equipment business

**Accelerate growth, led by
TAKASAGO, LTD.'s power business**

<Core business areas>

Mobility (primarily EV) electrification market and expandable markets

<Business strategy>

Expand solutions based on TAKASAGO, LTD.'s power control technologies and market track record

<Main initiatives>

- Improve flexibility of power systems and support diversifying testing needs
- Expand scope of solutions from EV/battery evaluation market to expandable markets as well
- Expand product lineup for peripheral device markets, which are growing with the spread of EVs
- Develop overseas markets by leveraging technologies and expertise nurtured through domestic business
- Increase and expand product supply capabilities through reinforcing collaboration between Group production sites



Industrial DX business

Use “technology to connect” to realize efficiency improvements and labor-savings at manufacturing sites

<Core business areas>

Manufacturing worksites facing increasingly severe labor shortages

<Business strategy>

Provide solutions that improve workplace safety and productivity using communication and video technologies

<Main initiatives>

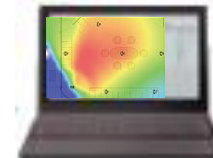
- Introduce “AccelVision,” which links worksite events and video data
- Operate "5G LAB" that supports introduction of local 5G and co-creation of solutions.



AccelVision



ANRITSU
5G LAB



Social infrastructure resilience business

Contribute to the transition to next-generation communications infrastructure that protects the safety and security of society

<Core business areas>

Market for highly communal information communication systems that require high levels of quality and stability

<Business strategy>

Use advanced technologies and expertise to contribute to the smooth transition to next-generation communications infrastructure equipment

<Main initiatives>

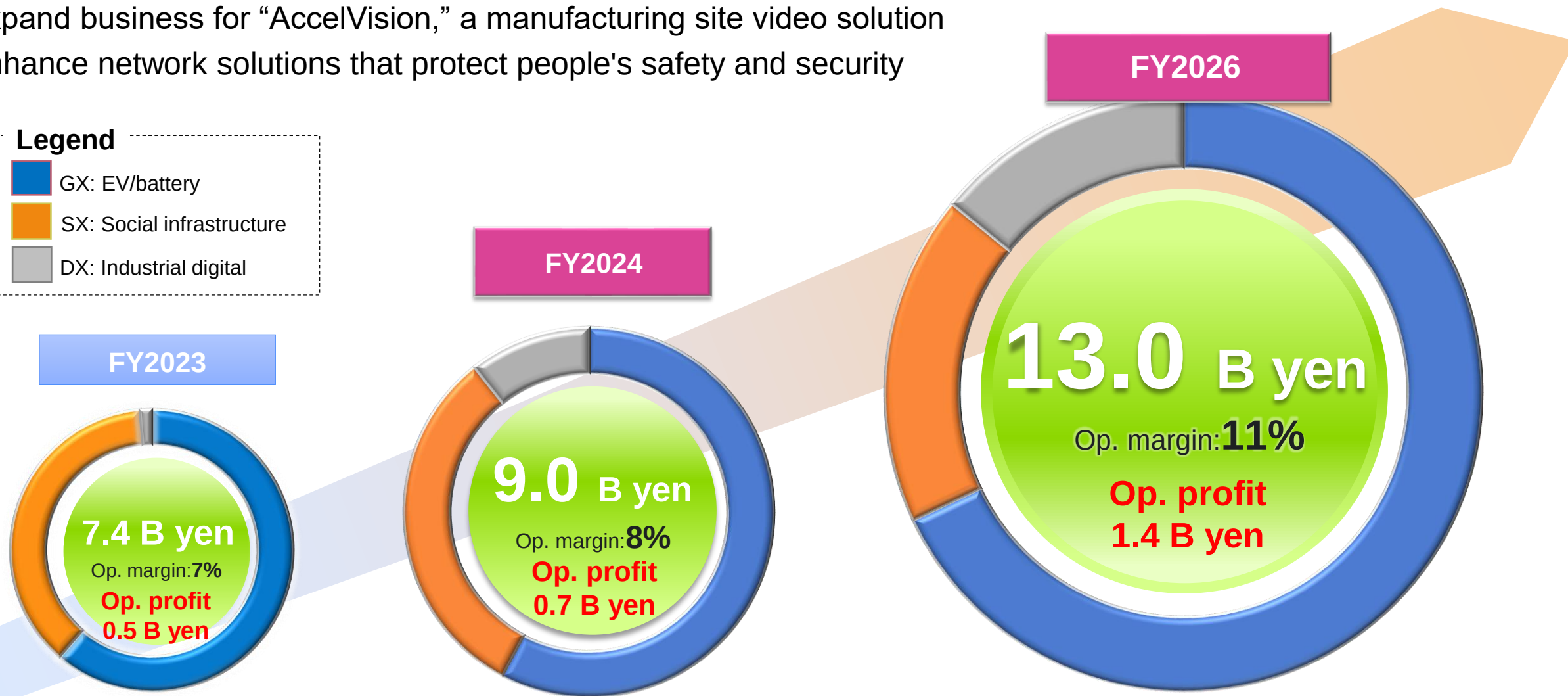
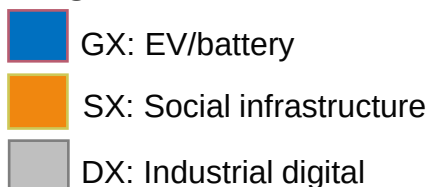
- Provide solutions that makes social infrastructure maintenance networks fully IP supported
- Develop distributed, remote monitoring systems to assist with natural disaster preparedness
- Launch bandwidth controlling solutions with cloud support



11-3. Environmental Measurement business: GLP2026 revenue and operating profit plans

- Maintain an advantageous position in the domestic EV powertrain testing market and other EV-related markets
- Accelerate initiatives aimed at global development of EV/battery testing and power businesses
- Expand business for “AccelVision,” a manufacturing site video solution
- Enhance network solutions that protect people's safety and security

Legend



This graph presents a projection.

11-4. Environmental Measurement business: Product overview

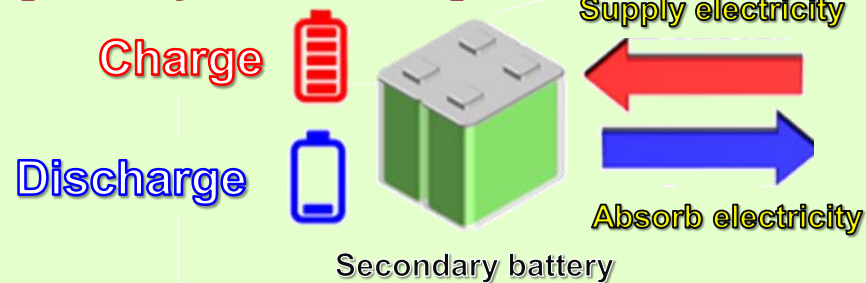
High voltage power supply for testing applications, used in testing driving systems and batteries for EVs

Usage purposes can be switched via an application based on objectives

Series/parallel structure based on voltage/current capacitance changes

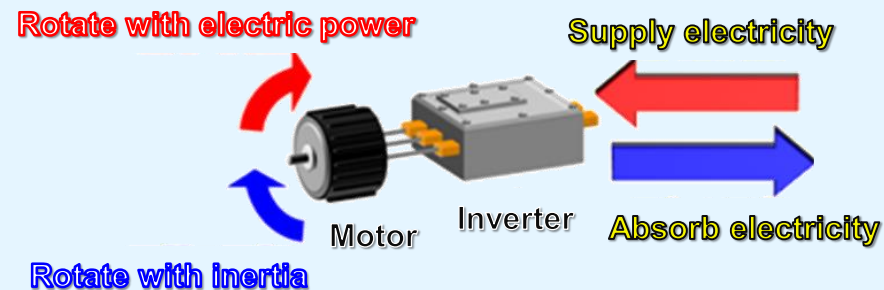
Battery charge /
discharge testing

[Battery evaluation]



Drive system
testing

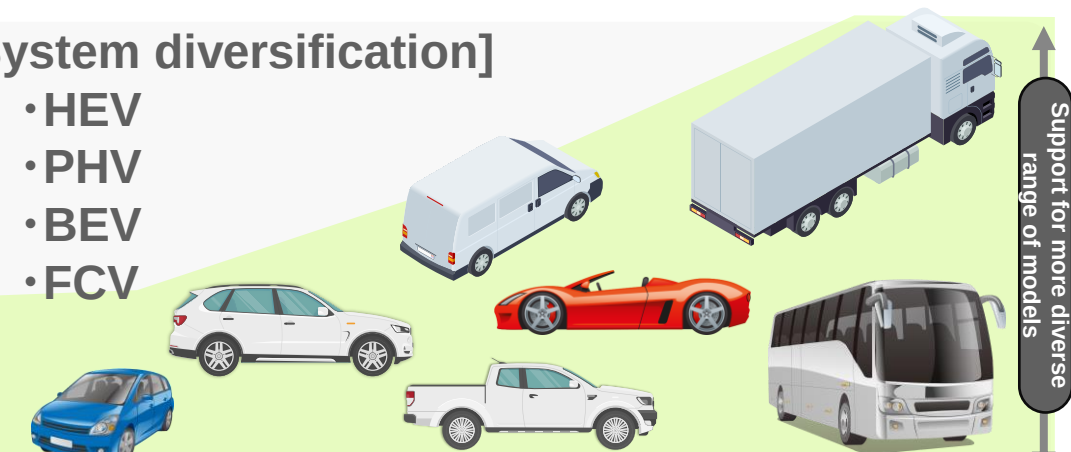
[Inverter and motor evaluation]



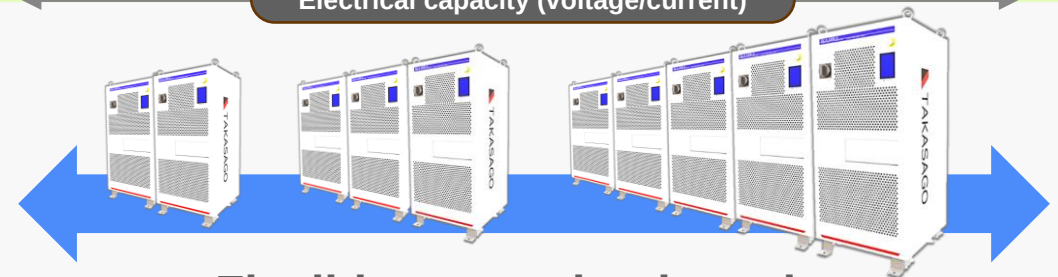
RZ-X2-100K

[System diversification]

- HEV
- PHV
- BEV
- FCV



Electrical capacity (voltage/current)



Flexible expansion based
on testing requirements

Appendix

ADAS :	Advanced Driver-Assistance Systems
AR :	Augmented Reality
A-SKILLS :	Anritsu SKILLS training center
BEV :	Battery Electric Vehicle
CPE :	Customer Premises Equipment
CSR:	Corporate Social Responsibility
EM:	Environmental Measurement
FCV :	Fuel Cell Electric Vehicle
GLP :	Global Long-term management Plan
HEV :	Hybrid Electric Vehicle
IOWN :	Innovative Optical and Wireless Network
ML :	Machine Learning
NTN :	Non-Terrestrial Network
O-RAN :	Open Radio Access Network
PGRE :	Private Generation of Renewable Energy
PHV :	Plug-in Hybrid Vehicle
PQA :	Products Quality Assurance
ROE:	Return On Equity
T&M:	Test and Measurement
VR :	Virtual Reality
V-RAN :	Virtual Radio Access Network

