

Financial Results for the Fiscal Year ended March 31, 2023

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ANRITSU CORPORATION

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

(No notes here)

Cautionary Statement

All information contained in this release which pertains to the current plans, estimates, strategies and beliefs of ANRITSU CORPORATION (hereafter "Anritsu") that is not historical fact shall be considered forward-looking statements of future business results or other forward-looking projections pertinent to the business of Anritsu. Implicit in reliance on these and all future projections is the unavoidable risk, caused by the existence of uncertainties about future events, that any and all suggested projections may not, come to pass. Forward-looking statements include but are not limited to those using words such as "believe", "expect", "plans", "strategy", "prospects", "forecast", "estimate", "project", "anticipate", "may" or "might" and words of similar meaning in connection with a discussion of future operations or financial performance.

Actual business results are the outcome of a number of unknown variables and may substantially differ from the figures projected herein.

Factors which may affect the actual business results include but are not limited to the economic situation in the geographic areas in which Anritsu conducts business, including but not limited to, Japan, Americas, Asia, and Europe, changes in actual demand for Anritsu products and services, increases or decreases in the competitive nature of markets in which Anritsu sells products or buys supplies, changing aptitudes at providing services, and exchange rates.

You also should not place reliance on any obligation of Anritsu to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Anritsu disclaims any such obligation.

(No notes here)

Agenda

1. Outline of our business segments
2. Consolidated performance review of the Fiscal Year ended March 31, 2023
3. Outlook for full year of the Fiscal Year ending March 31, 2024 (Consolidated)
4. Anritsu Initiatives

Appendix

(No notes here)

1. Outline of our business segments

T&M

Evolution and advances of networked society

- ▷ Mobile : 5G, 5G Utilization
- ▷ Network Infrastructure : Data center, Optical NW, Wireless NW
- ▷ Electronics : Base station construction and maintenance, Electronics parts, Wireless equipment



PQA

Food safety

- ▷ X-ray Inspection System
- ▷ Metal Detector
- ▷ Checkweigher



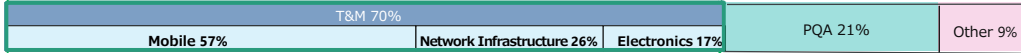
Others

- ▷ Environmental Measurement
- ▷ Sensing & Devices



(Revenue by business segment)

105.4 billion Yen consolidated revenue in FY2021



110.9 billion Yen consolidated revenue in FY2022



(Revenue of T&M business by region)

Revenue in FY2021



Revenue in FY2022



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

(No notes here)

2-1. Consolidated performance - Financial results -

- ▶ Orders decreased by 1% YoY; Revenue increased by 5% YoY.
Operating profit decreased by 29% YoY; Profit decreased by 28% YoY.

Unit: Billion Yen

International Financial Reporting Standards(IFRS)	FY2021 (Apr. to Mar.)	FY2022 (Apr. to Mar.)	YoY	YoY (%)
Order intake	110.7	110.1	(0.6)	-1%
Revenue	105.4	110.9	5.5	5%
Operating profit (loss)	16.5	11.7	(4.8)	-29%
Profit (loss) before tax	17.2	12.4	(4.8)	-27%
Profit (loss)	12.8	9.3	(3.5)	-28%
Comprehensive income	16.1	13.3	(2.8)	-17%

(Note) Numbers for FY2021 and FY2022 are rounded off to the first decimal place in each column.

The Group's consolidated order intake decreased by 1% YoY to 110.1 billion yen and revenue increased by 5% YoY to 110.9 billion yen. Operating profit decreased by 29% YoY to 11.7 billion yen. Profit decreased by 28% YoY to 9.3 billion yen.

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

- T&M business revenue and operating profit decreased YoY, PQA business revenue and operating profit increased YoY, other business revenue increased but operating profit decreased YoY

Unit: Billion Yen

International Financial Reporting Standards (IFRS)		FY2021 (Apr. to Mar.)	FY2022 (Apr. to Mar.)	YoY	YoY (%)
T&M	Revenue	73.3	72.8	(0.5)	-1%
	Op. profit (loss)	15.2	10.9	(4.3)	-28%
PQA	Revenue	22.0	24.8	2.8	13%
	Op. profit (loss)	1.2	1.3	0.1	14%
Others	Revenue	10.1	13.3	3.2	32%
	Op. profit (loss)	1.1	0.6	(0.5)	-46%
Adjustment	Op. profit (loss)	(1.0)	(1.1)	(0.1)	-
Total	Revenue	105.4	110.9	5.5	5%
	Op. profit (loss)	16.5	11.7	(4.8)	-29%

(Note1) : Numbers for FY2021 and FY2022 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

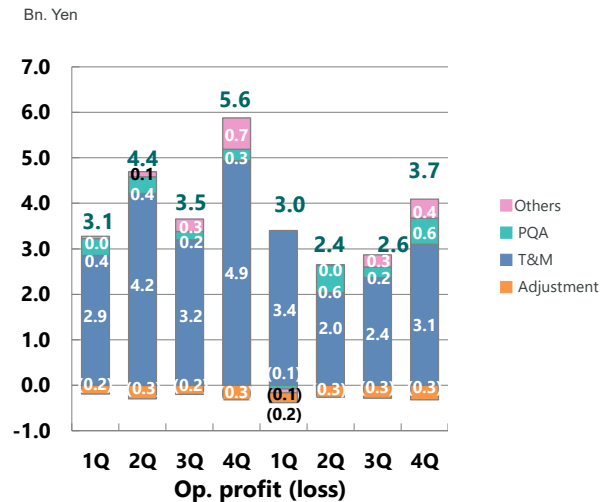
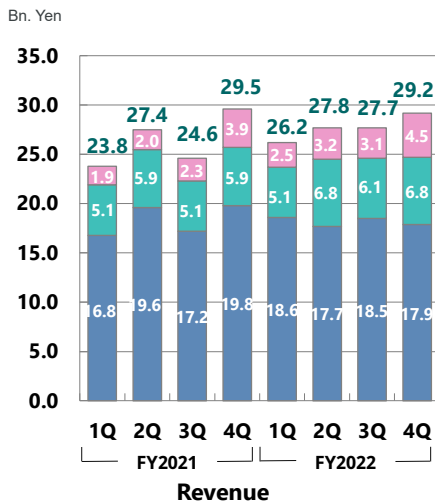
In the T&M business, we captured the development and production-related demand for high-speed network transmission in data centers, as well as the demand for general purpose test instruments (classified as the part of "Electronics" subsegment). However, due to slow down of mobile market growth, soaring raw material prices as well as increased fixed costs and sales promotion expenses caused by global inflation, rising labor costs, etc., revenue decreased by 1% YoY to 72.8 Billion yen and operating profit decreased by 28% to 10.9 billion yen (operating margin of 14.9%).

In the PQA business, capital investment for automation and manpower saving in quality assurance processes in the food market remained strong primarily in Americas. Despite higher expenses such as distribution costs, raw material prices, and enhanced sales promotion costs, revenue increased by 13% YoY to 24.8 billion yen and operating profit increased by 14% to 1.3 billion yen (operating margin of 5.4%).

In other businesses, revenue increased by 32% YoY to 13.3 billion yen, and operating profit decreased by 46% YoY to 0.6 billion yen (operating margin of 4.6%).

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

▶ 4Q(Jan.-Mar.) Operating margin : Consolidated 13%, T&M17%, PQA 8%



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

The operating profit and the operating margin for consolidated and each business segment for 4Q are as follows:

Consolidated : 3.7 billion yen (Operating margin : 12.8%)
 T&M : 3.1 billion yen (Operating margin : 17.1%)
 PQA : 0.6 billion yen (Operating margin : 8.4%)

2-4. Overview of operations by business segment

Segment FY2022 (April to March)

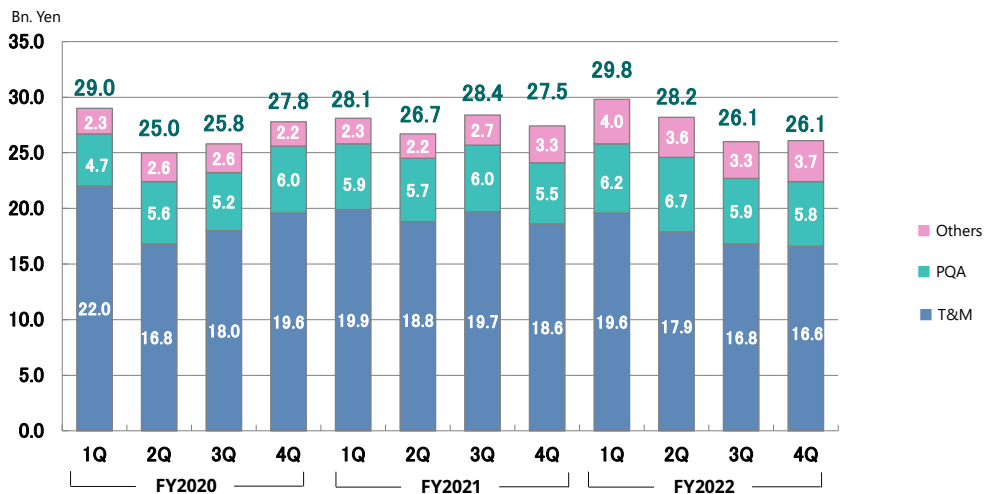
<p>➡ T&M: Customers are cautious about capital investment due to rising global prices and labor costs, etc. Demand for higher-speed fixed networks is steady. Part shortages are improving.</p>	
Mobile	Slowdown in mobile market growth due to customers' delayed investment decisions caused by uncertain economic conditions, etc.
Network Infrastructure	Investment in the higher-speed fixed networks remains steady, primarily led by markets in the United States and Europe.
Electronics	6 G basic research has started.
Asia & Others/ Japan	5G smartphone-related development investment in China, Korea, and Taiwan is in slowing down trend. In Japan, T&M market remains stagnant.
The United States	Investment in the higher-speed fixed networks remains steady. Slowdown in 5G smartphone-related development investment.
<p>➡ PQA: Demand is solid in the United States and is on a recovery trend in Asia including Japan.</p>	

(No notes here)

2-5. Transition of Order Intake

▶ T&M : 11% decreased YoY

▶ PQA : 5% increased YoY

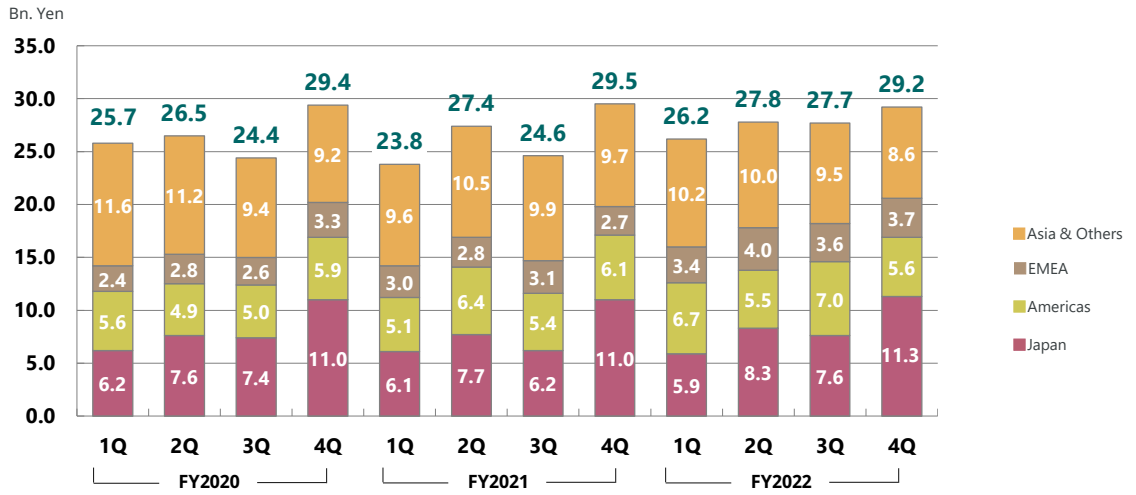


Order intake for the T&M business in the fourth quarter decreased by 11% YoY to 16.6 billion yen.

Order intake for the PQA business in the fourth quarter increased by 5% YoY to 5.8 billion yen.

The order backlog for the entire Group was 34.5 billion yen (8% YoY increased), 22.6 billion yen (6% YoY increased) for the T&M business, and 6.5 billion yen (1% YoY decreased) for the PQA business.

2-6. Transition of Revenue by Region



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

(No notes here)

2-7. Cash Flow

▶ Operating cash flow margin ratio was 5.5%

FY2022 (Apr. to Mar.)

Operating CF : 6.1 Bn. Yen
Investing CF : (5.2) Bn. Yen
Financing CF : (11.4) Bn. Yen

Free Cash Flow

Op.CF + Inv. CF : 0.9 Bn. Yen

Cash at the end of period

36.8 Bn. Yen

Interest-bearing debt

6.6 Bn. Yen

Details

Unit : Billion Yen

↓Accounts receivable 1.6		
Depreciation and amortization 5.7		
Profit(loss) before tax 12.4		
Inventory (3.1)	Capex (4.1)	Dividend (5.3)
Tax (4.0)	↑Others (1.1)	Treasury Stock (5.0)
Accounts payable (1.1)		
Others (5.4)		↑Others (1.1)
Op. CF 6.1	Inv. CF (5.2)	Fin. CF (11.4)

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

The operating cash flow was inflow of 6.1 billion yen.

The investing cash flow was outflow of 5.2 billion yen.

As a result, the free cash flow amounted to an inflow of 0.9 billion yen.

The financial cash flow was outflow of 11.4 billion yen.

The main outflows was dividends payment of 5.3 billion yen (Dividend per share: Fiscal year end dividend: 20 yen, Interim dividend: 20 yen) and) and a 5.0 billion yen repurchase of treasury stock.

Consequently, the balance of cash equivalents at the end of the period decreased by 8.9 billion yen from the beginning of the fiscal year to 36.8 billion yen.

3-1. Forecast for full year of FY2023 (Consolidated)

- ▶ Aiming to increase sales and profits in all three main segments, including the Environmental Measurement Business that has just become an individually reportable segment.

Unit: Billion Yen

		FY2022	FY2023		
		Actual	Forecast	YoY	YoY(%)
Revenue		110.9	115.5	4.6	4%
Operating profit (loss)		11.7	13.7	2.0	17%
Profit (loss) before tax		12.4	13.7	1.3	10%
Profit (loss)		9.3	10.0	0.7	8%
T&M	Revenue	72.8	74.0	1.2	2%
	Op. profit (loss)	10.9	12.0	1.1	10%
PQA	Revenue	24.8	26.0	1.2	5%
	Op. profit (loss)	1.3	1.6	0.3	20%
Environmental	Revenue	6.4	9.0	2.6	41%
	Op. profit (loss)	0.1	0.6	0.5	-
Others	Revenue	6.9	6.5	(0.4)	-6%
	Op. profit (loss)	0.6	0.5	(0.1)	-11%
Adjustment	Op. profit (loss)	(1.1)	(1.0)	0.1	-

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

Reference : Exchange rate : FY2022 (Actual)
FY2023 (Forecast)

1USD=135 yen, 1EURO=141 yen
1USD=130 yen, 1EURO=140 yen

We expect that demand for 5G development will continue due to the spread of 5G services in Europe, expansion of 5G utilization, and others. We also expect that demand will grow for the expansion of network infrastructure in data centers and other facilities.

With the above outlook, Anritsu group aims to establish a competitive advantage and become a leading company that supports the 5G/IoT society by providing solutions in a timely manner that appropriately meet the growing demand for 5G, 5G utilization, and hi-speed network enhancement. Furthermore, we identified the following four priority new growth areas: "EV and battery measurement," "local 5G," "optical sensing," and "medical and pharmaceuticals." We will accelerate growth in each of these areas through collaboration with external parties, M&A and others.

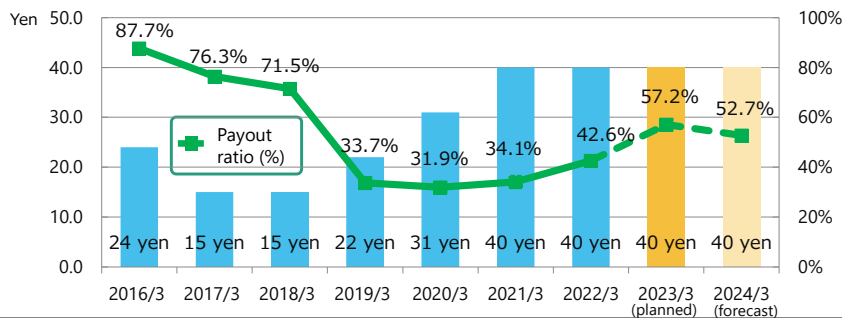
Effective from the next fiscal year, "Environmental Measurement" business traditionally included in "Other" business will be changed to an individually reportable segment.

3-2. Dividend plan and forecast

- Total return ratio for FY2022 :111%
(dividend 5.3 billion yen, treasury stock 5.0 billion yen)

	Dividend per share	Profit	Payout ratio	ROE
FY2022	40 yen	9.3 B yen	57.2%	8.0%
FY2023	40 yen	10.0 B yen	52.7%	9%

- Policy of dividend payout ratio with respect to dividends from retained earnings
Target consolidated dividend payout ratio changed from 30% or more to 50% or more



We plan to pay an annual dividend of 40 yen per share (including the interim dividend of 20.0 yen), as announced on April 28, 2022 in the forecast, for the full year results of FY2022.

ROE is 8.0%.

We plan to pay an annual dividend of 40 yen per share (including an interim dividend of 20.0 yen) on the premise that we will achieve our business outlook for FY2023.

We will continue to practice distribution of profits taking into account the total return ratio in order to enhance shareholder return.

Also, we have changed the target consolidated dividend payout ratio from 30% or more to 50% or more with respect to the policy for determining dividends from retained earnings, etc.

4. Anritsu Initiatives

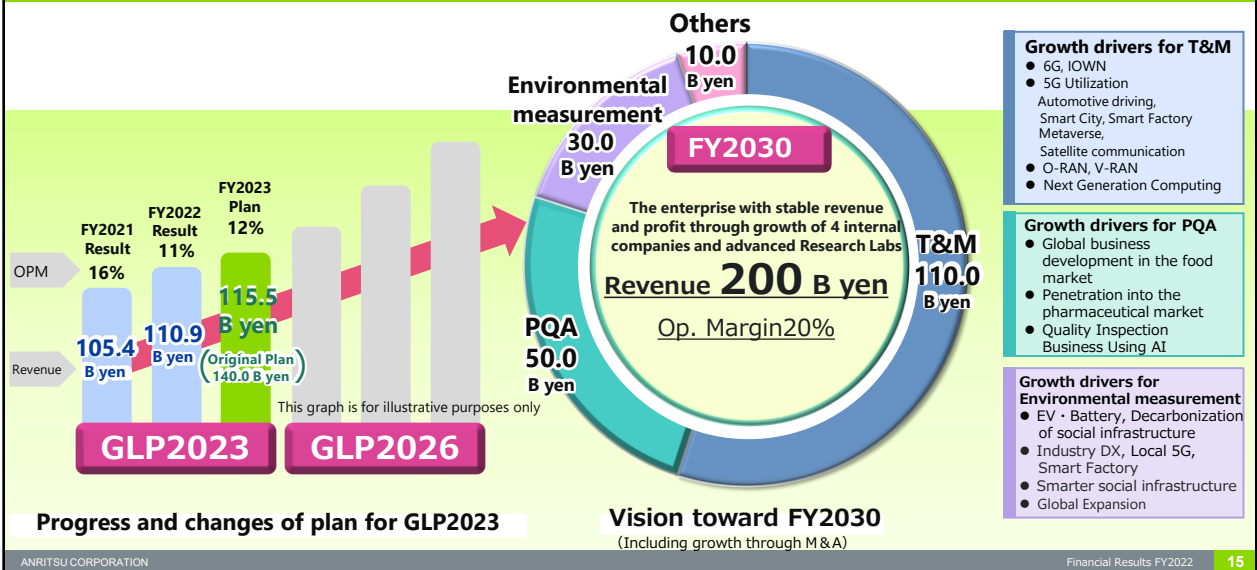
Hirokazu Hamada

Representative Director, President
ANRITSU CORPORATION

(No notes here)

4 - 1 . The vision toward FY2030

Beyond testing, beyond limits, for a sustainable future together



Due to significant changes in the external environment since the plan was originally built in 2021, we have revised our plan for consolidated revenue for the fiscal year ending March 31, 2024, the final year of GLP2023, from 140 billion yen in the original plan to 115.5 billion yen.

In addition, the pie chart shows the breakdown for each segment for the 2030 target. With organic growth of each segment and through M&A we aim to achieve 200 billion yen in consolidated revenue.

4 - 2. Target Areas of Environmental Measurement Business

Carbon neutrality

Performance improvement and diffusion of EVs and batteries, Decarbonization of social infrastructure



Industrial Digitalization

Use of local 5G and digital technologies for labor saving and productivity improvement in operation (ex: smart factories)



Resilience of social infrastructure

Sophistication of infrastructure monitoring for those such as Telecommunications, Roads, Electric power, Water supply, Railroad and etc.



Contributing to solving social issues by combining Anritsu Group's competencies

Energy Control

Measurement

Information and communication

Here, we introduce the Environmental Measurement Business, which we disclose information as an individual segment from April 2023.

By combining the Group's competencies "measurement", "information and communication", and "energy control", we aim to contribute to solving the three social issues of carbon neutrality, industrial digitalization, and resilience of social infrastructure, by developing our business in the following markets.

"Performance improvement and diffusion of EVs and batteries, and decarbonization of social infrastructure"

"Use of local 5G and digital technologies for labor saving and productivity improvement in operation"

"Sophistication of infrastructure monitoring for those such as Telecommunications, Roads, Electric power, Water supply, Railroad and etc."

4 - 3. Examples of Environmental Measurement Business Solutions



Development of EV · Battery



Smart Factory

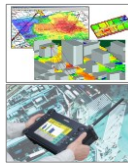


Electric vehicle
Powertrain
emulation



Battery
charge/discharge
testing

We provide a variety of test solutions used to evaluate the performance and reliability of batteries, inverters, and motors, which are the main components of EV



Support for the
introduction of
local5G



Support for manufacturing
DX system

For labor saving and productivity improvement in factories Supporting the introduction and use of local 5G and digital technologies

The following are two examples of major solutions provided by our Environmental Measurement Business.

The first is the solutions for the EV and battery development market, providing various test systems such as "Electric Vehicle powertrain emulation" and "battery charge/discharge test system" used to evaluate the performance and reliability of batteries, inverters, and motors, which are the key components of EV.

The second is the solutions for smart factories. We support the introduction, operation, and utilization of local 5G, as well as manufacturing DX support systems that promote the use of digital technology to help factories' labor saving and productivity improvement.

4-4. MWC 2023 summary

Mobile World Congress

World's largest mobile technology trade show
February 27-March 2, 2023
Barcelona



Booth of NTT docomo

Main topic

- **Number of visitors are 80% compared to 2019**
More than 88,000 visitors from 202 countries
- **5G Utilization**
There were many exhibits and technical presentations related to 5G utilization, satellite communication services, and Red Cap (Reduced Capability)
- **O-RAN (Open Radio Access Network)**
There were many exhibits related to O-RAN, including NTT docomo's new brand "OREX(Open RAN Ecosystem Experience)"
- **6G centimeter wave**
For preparation for 6G, Ericsson exhibited a prototype of a base station for the 7G-15GHz band (centimeter wave).



Introduction of O-RU at Intel's booth

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4 - 5 . MWC 2023 Anritsu Exhibit



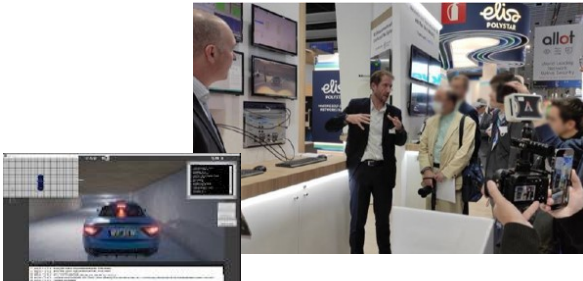
Introduction of some of the exhibits at the Anritsu booth

Automotive

5G compatible in-vehicle application test solution

with
dSPACE

In a joint exhibition with dSPACE, we demonstrated, an automated valet parking Type-2 compliant simulation environment.



O-RAN

Test solutions for O-RU Automatic measurement

with
Spirent

※O-RU: O-RAN Radio Unit

Demonstration of O-RU's automated measurement solution in a realistic network environment.



Radio communication test station
MT8000A

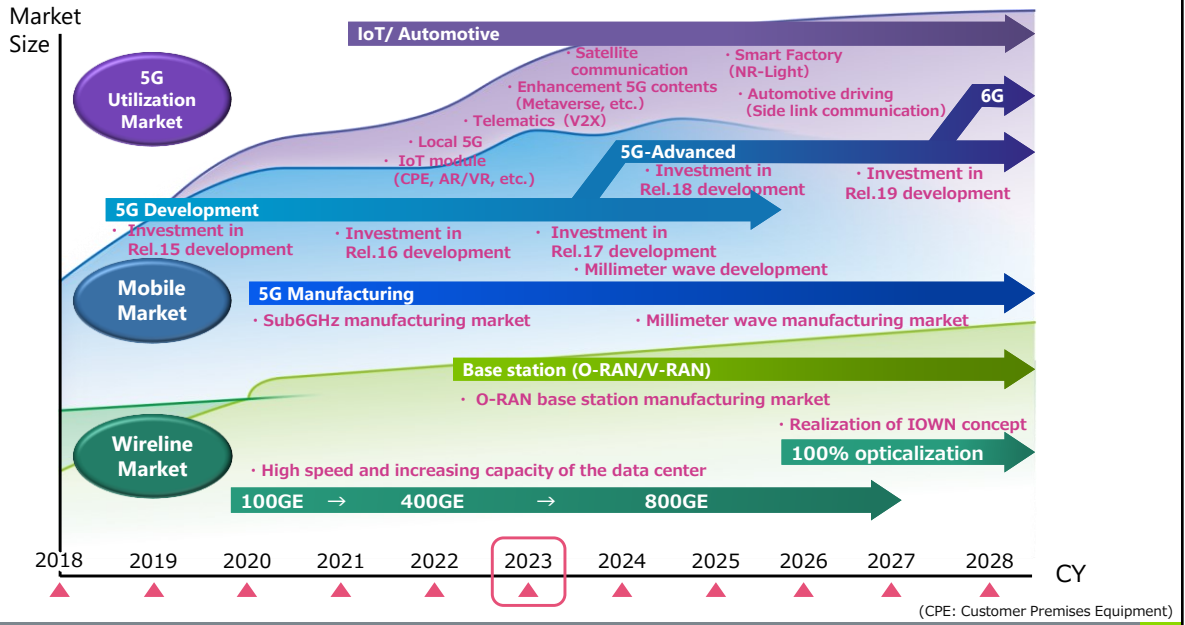


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Appendix

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Appendix: T&M Mobile market trends and Business opportunity



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