Anritsu Now

On top of our accumulated advanced technologies and enterprising in-house development, Anritsu also



PQA: Products Quality Assurance EMEA: Europe, Middle East, Africa

Value Provided by "Testing"

Test and Measurement Business

Providing Solutions for Smartphone Development

In order to comply with the latest 3GPP standards for smartphone development, Anritsu's instruments act as a base station emulator to provide an environment for debugging RF and communication protocol operations. Smartphone development engineers will be able to verify the operation of their own designs.



provides various social values globally in collaboration with our customers and partner companies.

Main Customers

Test and Measurement Business

Mobile Market

- Smartphone/tablet terminal manufacturers
- EMS (electronics manufacturing services)
- Chipset manufacturers
- Telecommunications carriers
- Manufacturers of automobiles and vehicle-related equipment **Network Infrastructure Market**

Telecommunications carriers

- Communication-related construction companies
- Communication equipment manufacturers
- IT service providers

Electronics Market

- Electronic device/component manufacturers
- Communication equipment manufacturers
- Smartphone/tablet terminal manufacturers
- Electronic equipment manufacturers
- Automobile and vehicle-related equipment manufacturers
- Government offices University/research institutions

Sales Ratio by Region (Consolidated)

PQA Business

Food Market

• Food manufacturers (processed food, raw materials, meat and fisheries, agricultural products)

Pharmaceuticals Market

• Pharmaceutical/cosmetics manufacturers (tablets, capsules, liquids, and patches)

Other Businesses

Environmental Measurement Market

- National and local governments
- Video distribution companies
- Electric vehicle and battery-related manufacturers

Device Business

- Electronic equipment manufacturers
- Communication equipment manufacturers
- Ophthalmic medical device manufacturers
- Asia and others 38% Americas 22% EMEA 11% Japan 29% ¥105.4 billion (FY2021)



Providing Solutions for Food Safety and Security

With our X-ray inspection systems, it is possible to inspect the inner contents to detect not only foreign bodies, but also defective shapes and insufficient quantities of products in various food production lines. We provide unique solutions for more reliable and advanced qua





Inspection for foreign bodies Detects stones, plastics, bone residues, etc. in food and other products.

High-sensitivity detection achieved through advanced technology

Filtering technology

The combination of signal processing (filtering) applied to transparencing images improves the ability to extract foreign body signals.

Image processing technology

Inappropriate parts can be more accurately identified thanks to advanced signal processing and image analysis algorithm technologies.



Food packages are inspected to ensure that the contents have not pierced through the sealing area.

The defective parts of the seal absorb more X-rays than the normal parts.

Anritsu Value Creation Model

Anritsu's tangible and intangible capitals are sources of its corporate value, as well as sources of Anritsu's unique corporate activities which contribute to the resolution of social issues.

	Create a safe, secure, and comfortable global society by realizing a robust, global network infrastructure
QA Business	Realize quality assurance that responds to the need for safety and security in food and pharmaceuticals
ς)A Business

Inputs

Intellectual Capital

127 Years of Knowledge Accumulation, Ability to Innovate

- Accumulation of wireless and wireline communications technology
- Network quality assurance technology
 Development and manufacturing of ultra-
- high speed optical devices
- Weighing and contaminant detection technology
- High-voltage, high-current, high-capacity electrical energy control technology
- R&D investment: 12%-14% of revenue
- Global development systems
 Development sites: 9

Human Capital

Global Organization and Human Resources

Human resources who will drive leading-edge technologies
 Number of new graduate hires: 35 technical, 18 operational personnel (started April 2021)
 Number of employees (consolidated): 3,954 (1,657 overseas)
 (as of end of Mar. 2021)

Social and Relationship Capital

Partnerships with industry Leading

Companies

- Strong relationships of trust with customers
- Connections with industry-leading companies
 Global suppliers
- Business continuity plan (BCP)-based facility and supply chain management (SCM*)
 SCM sites: 12 (7 overseas)
 *SCM: Supply Chain Management

Financial Capital

Financial Stability in Preparation for Changes in Market Situation

- Interest-bearing debt: ¥5.8 billion
- Shareholder's equity: ¥109.5 billion

Manufactured Capital

"Original & High Level" Production Processes

• Global network of manufacturing bases Number of manufacturing sites: 9

Natural Capital

Environmental Management that

Extends along the Entire Value Chain

- Water consumption: 77,085 m³
- Energy consumption: 8,460 kL

*Figures for FY2020 unless otherwise noted



Business Model

reliability, adaptability, and innovativeness. Anritsu will utilize its capitals to the fullest extent in implementing





Outcomes

Intellectual Capital

Contributing to the construction of the most advanced communications infrastructure in the world

- Development ROI: Products aiming for 4.0 or higher
- R&D investment: ¥11.4 billion

Human Capital

- Number of new graduate hires: 30 technical, 22 operational personnel (started April 2022)
- Employee satisfaction survey: 90% work environment satisfaction rate, (FY2020: 90%) 75% work satisfaction rate (FY2020: 75%)
- Female director ratio: 10%
- Ratio of women in management positions: Japan – 2.8% Global – 10.9%

Social and Relationship Capital

Providing solutions needed by customers

 Number of new products: Test and Measurement Business – 8 PQA – 3

(Representative examples presented on the pages for the Test and Measurement Business (P.28) and PQA Business (P.32))

Construction of a sustainable supply chain

- Strengthening of supply chain due diligence: 6 companies (FY2020: 0 companies)
- * Unable to be implemented for FY2020 due to the COVID-19 pandemic
- Cumulative total over the three years of GLP2023: 6 companies
- Information sent three times and education provided once to suppliers concerning CSR procurement

Financial Capital

Suitable shareholder returns

- TSR: 5.1% (10-year annualized rate)
- Shareholder's equity: ¥114.4 billion
- Issuer rating: A (R&I)
- Interest payments on interest-bearing debt: ¥65 million

Manufactured Capital

Capital expenditures: ¥5.7 billion

Natural Capital

Contribution to the preservation of the global environment

- Greenhouse gases (Scope 1 & 2): Reduced 17.7% compared to FY2015
 Greenhouse gases (Scope 3): Reduced
- Greenhouse gases (scope 3): Reduced 14.7% compared to FY2018
 Batia of manually and standard
- Ratio of renewable energy produced in-house: 16.8% (Compared to FY2018 power consumption)
- *Figures for FY2021 unless otherwise noted

Business Model

Anritsu's business is based on the development of cutting-edge technologies, products, and services. We have continued to have a corporate structure that is quick to adopt changes in line with the times. Anritsu will continue to pioneer new areas of value and new fields of business that go beyond conventional "testing" in order to help build a sustainable future for the global community.

Test and Measurement Business



Test & Measurement Company

The current Test and Measurement Business consists of three market segments: The mobile market segment, which is primarily engaged in the development of mobile terminals for mobile communication systems, such as smartphones, and modem chipsets embedded in these terminals, as well as in the manufacturing of mobile terminals. The network infrastructure market segment, which is largely comprised of the optical and digital test instruments for the development and manufacture of optical devices used in the optical communication parts of servers, routers, and other communications equipment installed in data centers. And the electronics market segment, which we provide telecommunication components and general-purpose telecommunication test instruments for customers such as universities and research institutes.

In the mobile market segment, which accounts for about 60% of the Test and Measurement Business, the specifications of mobile communication systems have been updated frequently since the introduction of the 3rd generation mobile communication system (3G), so we quickly switched from providing test instruments on a one-time fee sales to a recurring business model where test instruments are updated as needed via software. In particular, responding to the changes of the specifications of "communication protocols" which is the mechanism for providing various functions, we have been able to catch up and reflect them in the software update quickly and in timely manner.

This acquisition of protocol technology in 3G and the subsequent improvement of corresponding technology with the evolution to 4G and 5G has created a technological advantage for us in the 5G smartphone development market and is a barrier to entry for our competitors. Currently, we believe that the companies that can catch up with this mobile communication protocol in a short period of time is limited to about two; Keysight Technologies (U.S.) and Rohde & Schwarz (Germany).

PQA Business



Infivis Company

The current PQA business primarily targets two market segments: the food market and the pharmaceuticals market. We offer three types of products to both of these markets which share the same fundamental measurement technology: Weighing machines that use technology to measure the mass of objects moving at high speed, metal detectors that use technology to detect metals from magnetic field fluctuations, and X-ray inspection machines that use transmitted X-rays to visualize internal structures. By combining these with signal processing and noise reduction technologies which we have accumulated over our long history, and the latest AI technology, we have realized a provision of more accurate sensors and image analysis. By detecting minute metallic foreign objects and non-metallic substances such as bones in meat, we have helped improve the quality of food and pharmaceutical products for our customers.

In addition, recently, our equipment has been helping our customers by compensating for labor shortages by substituting the inspection work traditionally performed by human eyes such as detection of missing product or seal defects.

There are many competitors who handle the same type of inspection equipment both in Japan and outside Japan, but the majority of the Japan market is shared among two Japanese companies Anritsu and Ishia. In the markets outside Japan, METTLER TOLEDO (Switzerland), Ishida, and Anritsu are competing for market share. There are many competitors who handle the same type of inspection equipment both in Japan and outside Japan, but the majority of the Japan market is shared among two Japanese companies Anritsu and Ishia. In the markets outside Japan, METTLER TOLEDO (Switzerland), Ishida, and Anritsu are competing for market share.

Anritsu Value Creation Model



Environmental Measurement Business



i.,

Environmental Measurement Company

The Environmental Measurement Business, launched in fiscal year 2020 as a new business foundation with the goal of helping Anritsu to become a ¥200 billion company by fiscal year 2030, provides solutions to support remote monitoring of social infrastructure such as roads, rivers, and dams using image information processing technology and advanced communication technology we have accumulated over the years. We also provide support for local 5G deployments, which are telecommunications infrastructures that use the latest 5G technology and enable the construction of telecommunications networks that are independent of telecommunications operators.

In addition, the electric vehicle and battery measurement market is expected to grow in the future among the wide range of environmental measurement markets. Therefore, to accelerate expansion into this market, in January 2022, we have made Takasago, Ltd., a consolidated subsidiary which has one of the most accurate, highly stable, and efficient power supply technologies, battery evaluation technologies, and power regeneration technologies in Japan.

Sensing & Devices Business



In fiscal year 2020, we changed the name of this business segment to Sensing & Devices. Its main business is to provide key devices, the base of Anritsu's core-competance, for its own test instruments. In recent years, we have applied our semiconductor technology to manufacfture semiconductor lasers and optical amplifiers for optical communications for sales outside Anritsu group.

Toward achieving the goal for Anritsu to become a ¥200 billion company by 2030, we will enhance our solutions for the sensing market by utilizing our crystal growth technology for semiconductor lasers, which we have accumulated over the years, and our high-coherence wavelength sweeping technology and highly reliable SLD (Super Luminescent Diode) light source.

Anritsu Value History

For 127 years, Anritsu has continuously led gener-

1985 **Global business promoted**

Entering the global telecommunications market after the opening of the domestic telecommunications market





1990 Acquired Wiltron Company (California, USA)

• Obtained high-frequency measurement technology

 Acquired NetTest (Denmark)
 Obtained network monitoring

technology

2016 Acquired Azimuth Systems, Inc. (Massachusetts, USA)

•Obtained advanced fading simulation technology

Acquired Takasago, Ltd. (Japan)

•Obtained high-capacity electrical energy control technology

Recognition of Environmental Changes, Risks and Opportun

Recognition of Environmental Changes

Societal Changes

- Response to natural disasters and the spread of infectious diseases
- Changes in diversity, values, heightened awareness of human rights
- Further advancement of globalization
- Increase in global population, aging populations and increase in single-person households in developed countries (rapid change in economic paradigm)
- Curbing global warming and resolution of energy issues

Industry Environment

- Change in lifestyles due to the global COVID-19 pandemic (stay-at-home economy, change in the scenarios wherein telecommunications are used)
- Increased sophistication and diversification of customer needs
- Decline in the productive population, progress in labor saving

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	Anritsu's Perspective	Risks and Opportunities		
	Customer and Business Environment	Risks Market environment deterioration due to restrained customer investment or changes in investment strategy (fear of slowdown in 5G commercialization, performance fluctuations due to customer capital expenditure cycles) Opportunities Advancement into new business opportunities 1		
	Quality	Risks Damage to our brand image and incurring compensation costs from unexpected safety-related problems with products Opportunities Foster customer loyalty and achieve customer satisfaction through the provision of high-quality measurement solutions 2		
Competition Competition Copportunities Copportunities Copportunities		Risks Rapid changes of market environment, such as the emergence of new technologies, products, and services; and intensifying competition due to market entrance of new players Opportunities Acquisition of opportunities for growth and creation of demand through new technologies and products 3		
	Human Resources	Risks Loss of, or difficulty in acquiring human resources who possess the diversity and capabilities needed for the Anritsu Group's sustainable growth Opportunities Innovation achieved through the acquisition of diverse human resources thanks to employee skill improvement and reevaluations of working styles [4]		
	Legal Regu- lations	Risks Business activity restrictions due to more rigid laws and regulations in each region, changes in interpretations of laws and regulations, or changes to operational policies Opportunities Expand geographical business penetration by supporting requirements of Radio Acts of different countries. (Test and Measurement Business) 5 Provision of products and services that support customers fulfilling food quality-related laws and regulations such as HACCP* requirements. (PQA Business) 5		
	Environment	Risks Tightening of regulations for use/emission of greenhouse gases and standards for energy-saving due to the exacerbation of global environmental problems Opportunities Entry into environmental business (Environmental Test and Measurement Business) 6 • Dam and river monitoring • Energy-related business (electric vehicles, evaluation of battery safety, etc.)		
	Procurement	Risks Deterioration in business conditions of suppliers, tight supply of raw materials and parts due to natural disasters, accidents, and other factors, as well as procurement price hikes Opportunities Enhanced competitiveness and increased profits from procurement of new materials or components 7 • Supply chain (decentralized procurement)		
	M&A	Risks Financial risks due to the payment of improper premiums Risks Deteriorating market environment following alliances, collaborations, or M&As Risks Insufficient of due diligence, post-merger integration failure Opportunities Expansion of business fields and accelerated structural transformation through the acquisition of new business resources (M&As, etc.) [8] • Electric vehicles and battery testing		

* HACCP: Hazard Analysis and Critical Control Point Food hygiene control methods mandated since June 2020

ities

- Development of data utilization and technological evolution, creation of business models using digital technology
- Structural changes in industry such as new companies entering
- Changes in laws and regulations in various countries and regions
- Response to supply-chain fragmentation

Anritsu's Corporate Environment

- Establishment of FY2030 goals and a new Company Vision
- Requests for greater transparency in governance
- Response to diversity of human resources
- Promotion of reforms in work styles
- Necessity of securing and training essential human resources
- Streamlining of operational processes

Materiality



Establishment of a robust business foundation

- Appropriate financial management
- Optimization of business portfolio by pioneering new domains 1368



Building and maintaining strong relationships of trust with customers and partners

- Sincere attitude towards testing 2
- Accurately identifying customer needs 2
- Dealing directly with global customers 2
- Provision of solutions suitable for the latest technologies 235



Acquisition and utilization of leading edge technologies

- Utilization of new domains which contribute to the optimization of our business portfolio 1368
- Development of services which can resolve social issues 3568
- Next-generation technologies (6G, NEMS, etc.) 38



Diverse human resources

- New ideas, innovation generation $\boxed{4}$
- Diverse acquisition of outstanding capabilities in human resources 4
- Utilization of human resources regardless of race, gender, age, etc. 4



Creation of a global organization

• Management system utilizing global human resources 4



Development of environmentally friendly solutions

- Environmentally friendly products and services 6
- Launch environmental businesses 168



Sustainability-conscious production system

- Production sites utilizing new technologies 3
- Sophistication in the supply chain $\overline{7}$

Materiality

Materiality	Response	Capital and Stakeholders	Stakeholder needs
 Establishment of a robust business foundation Appropriate financial management Optimization of business port- folio by pioneering new domains 	 Strengthen investment for growth in four new areas Established structure consists of four Internal Companies and one Advanced Research Laboratory Established the Environmental Measurement Company Strengthen alliances with third parties Operate business with optimal capital structure Capture growth opportunities through M&A 	 Capital: financial, intellectual, human Stakeholders: shareholders, investors, employees 	 Corporate growth Adequate shareholder returns Work satisfaction Wage increases
Building and maintaining strong relationships of trust with customers and partners• Sincere attitude towards testing • Accurately identifying customer needs • Dealing directly with global customers • Provision of solutions suitable for the latest technologies	 Strengthen alliances with other companies Develop solutions that respond to the customer needs Build and strengthen customer support systems Participate in the activities of industry organizations, especially those that establish standards Secure and maintain human resources capable of building relationships of trust with customers promoting leading-edge technologies 	 Capital: intellectual, human, social and relationship Stakeholders: customers, employees 	 Provide on-time solutions Provide on-time support Initiatives for lead- ing-edge technologies Participation in industry organizations Highly accurate and sta- ble measurement results
Acquisition and utilization of leading edge technologies • Utilization of new domains which contribute to the optimi- zation of our business portfolio • Development of services which can resolve social issues • Next-generation technologies (6G, NEMS, etc.)	 Established the Advanced Research Laboratory Utilize open innovation Promote M&As and alliances for technology acquisition Acquire the latest technology by organizational activities Produce key devices in-house Secure and maintain human resourc- es capable of catching up with lead- ing edge technologies 	 Capital: intellectual, human Stakeholders: employees and partners 	 Initiatives for lead- ing-edge technologies Innovation through col- laboration with third parties
 Diverse human resources New ideas, innovation generation Wide acquisition of outstanding capabilities in human resources Utilization of human resources regardless of race, gender, age, etc. 	 Implement global (e.g., Philippines) recruitment Establish a working environment that responds to the diversity of values Establish an education and training system which supports employees' autonomous growth Create a comfortable work environ- ment where employees can demon- strate their abilities 	 Capital: intellectual, human Stakeholders: employees and partners 	Comfortable work environment Skill improvement
Creation of a global organization • Management system utilizing global human resources	 Establish an organization and human resource system in which diverse human resources can play an active role Establish a global R&D system Enhance internal controls at overseas subsidiaries 	 Capital: intellectual, human Stakeholders: employees and partners 	Global work environment
 Development of environmentally friendly solutions Environmentally friendly products and services Launch environmental businesses 	 Develop solutions in support of requirements for reduction of green- house gases (development of solu- tions that consume less power) Use of parts with low environmental burden 	 Capital: human, social and relationship Stakeholders: customers, employees, suppliers 	Provide on-time solution Reduce CO ₂ emissions
Sustainability-conscious pro- duction system Production sites utilizing new technologies Sophistication of the supply chain	 Corporate facilities aimed at reduc- ing greenhouse gas emissions Safety-conscious production sites Promote global sustainability CSR procurement 	 Capital: financial, human, manufactured Stakeholders: global envi- ronment, local communi- ties, employees, suppliers 	 Safe and secure plant Stimulation of local economy Reduce CO₂ emissions

* Four new areas: local 5G, electric vehicles & batteries, medical/pharmaceutical products, optical sensing

			Refer to P.14-15 regarding the blue text	
Targets for Materiality	Achievements in FY2021	Initiatives for FY2022	KPI	
 Improve profitability and efficiency Focus cash on strategic investments to achieve growth Launch new businesses for four companies and Advanced Research Laboratory 	 M&A of Takasago, Ltd. <u>P36</u> Execute 5 billion-yen share buyback <u>P22-P25</u> Free cash flow: 7.3 billion yen <u>P22-P25</u> 	Continue financial strategy Investment in growth areas: includes M&A P22-P25	Rating (Rating and Investment Informa- tion, Inc.) Sales growth rate Operating profit ratio ROE TSR P25	
 Strengthen partnerships with leading industry players Participate in industry associations 	 Collaborate with Qualcomm, Inc. Collaborate with Samsung Collaborate with Toyota Collaborate with dSPACE GmbH (a partner) Collaborate with Spirent Communications plc (a partner) Collaborate with NEC Networks & System Integration Corporation Establish AK Radio Design, a joint venture with Kozo Keikaku Engineering, Inc. Participate in industry associations (3GPP, ORAN) 	 Continue existing collaborations, start collaborating with new companies Participate in 3GPP and collaborate in setting standards 	 Number of alliances and collaborations announced Number of support sites Number of support inquiries handled Participation and contribution to the organization 	
 Acquire new technologies at Advanced Research Laboratory Acquire technologies through open innovation and M&A Acquire the latest technol- ogies through organiza- tional activities 	 Acquire specialists for graphene research Acquire graphene microfabrication technology P.26-P.27 M&A of Takasago, Ltd. P.36 Realize protocol conformance testing for 5G Release 16 Open 5G Lab within one of our offices P.18 Release new products: 9 models P.5 	 Research on advanced technologies at Advanced Research Laboratory Promote open innovation and M&A Promote technology acquisition planned for use in 5G/6G Develop and release new products 	Number of new products P.5 R&D investment P.56 Number of patents	
 Conduct recruitment without discrimination based on race, gender, or age Create a work environ- ment where each individ- ual can fulfill his or her potential Create an education and training system that enables employees to acquire outstanding capabilities 	 Continue to hire engineers in the Philippines (global hiring of human resources/localization) Enhance remote network and pro- mote remote working <u>P40</u> Extend employment to age 70 and establishment of new working system <u>P41</u> Promote mid-career hiring: 38 hires Establish special subsidiary (Hapi Suma Co., Ltd.) <u>P19</u> 	 Promote of global recruitment Create a work environment suited to post-COVID 19 needs Establish an education and training system which supports employees' autonomous growth P40-P41 	 Number of employees by region, ratio of female employees, ratio of female managers [P.58] Employment rate of people with disabilities, ratio of engineers (of new graduate hires) [P.21] Paid leave utilization ratio, Employee turnover rate Employee satisfaction Training hours per trainee, Number of trainees, Total training cost (training hours) [P.58] Kurumin mark accreditation grade, good standing company certification, etc. [Contents, F40] 	
 Establish management structures for overseas subsidiaries Establish overseas orga- nizations and structures optimal for business Establish overseas orga- nizations and structures optimal for research and development 	 Transfer EMEA headquarters functions to Austria (from the U.K. to Austria) Establish PQA assembly factory in North America 	Optimize management structure of overseas subsidiaries	 Internal control of overseas subsidiaries P21 Global human resource system (hiring / training) Number of global R&D sites P.61 	
 Develop solutions that consume less power Use parts with low envi- ronmental burden 	Release new environmentally friend- ly products: 53 models (cumulative) M&A of new environmental busi- ness Takasago, Ltd. P.36	Release new environmentally friend- ly products Develop and release products for new environmental business P.36, P.42-P.43	Reduce greenhouse gas emissions (Scope 3) P21 Number of new environmentally friendly products Environmental business sales growth rate	
 Create corporate facilities aimed at reducing GHG emissions Create safety-conscious production sites Strengthen supply chain due diligence 	 Start operation of solar power generation facility at U.S. office: 1,100 kW of electricity generated P.43 Number of due diligence processes performed: 6 P.39 	 Start installation of solar power generation facilities at offices in Japan Review supply chain to address parts shortages Continue supply chain due diligence 	Reduce greenhouse gas emissions (Scope 1, 2, 3) P21(Scope 3) Solar power generation/consumption, in-house power generation ratio Capital expenditures P.56 Number of accidents at work P.58 Robot/Al-enabled production sites (Sup- ply Chain) Number of due diligence companies in the supply chain P.39	

Financial and Non-Financial Highlights



Net sales amounted to ¥105,387 million, down 0.5% year on year. In the Test and Measurement Business, the demand for 5G chipset and mobile terminal development remained steady. Especially in the Asian region, development demand associated with 5G commercialization grew, driving the 5G business. We also captured demand related to development and production in anticipation of high-speed network transmission in data centers, etc. However, due to the global shortage of semiconductors and delays in the C-band commercialization schedule in the U.S., we saw a decrease in sales. In the PQA Business, in regions such as Asia and the United States capital investment in the food market remained steady and sales increased

Earnings per Share/Dividends per Share & Payout Ratio



Earnings per share for fiscal year 2021 were ¥93.98 (down ¥23.2 year on year), and the annual dividend was ¥40 (same as previous fiscal year), for a payout ratio of 42.6%. While taking the basic approach of raising DOE (dividends on equity attributable to owners of parent) in accordance with the increase in consolidated profits for the fiscal year, the Company aims at a consolidated dividend payout ratio of 30% 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. 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.

Cash Flow



Operating cash flow in fiscal year 2021 was positive ¥16.031 million as a result of an increase in funds due to reporting profit before taxes, and depreciation and amortization. Investment cash flow was ¥8,706 million, mainly due to the acquisition of Takasago, Ltd. on January 4, 2022. As a result, free cash flow was positive ¥7,324 million.

Operating Profit/Operating Profit Margin



Operating profit decreased 16.0% year on year to ¥16,499 million (operating profit margin 15.7%). In the Test and Measurement Business, operating profit decreased 14.2% to ¥15.202 million (operating profit margin 20.7%) due to increased parts procurement costs caused by shortage of semiconductors, increased selling, general and administrative expenses (related to exhibitions and travel) and a loss on disposal of non-current assets. In the POA Business, operating profit decreased 12.5% to ¥1,173 million (operating profit margin 5.3%) due to increased parts procurement costs caused by shortage of semiconductors, increased logistics costs, and differences in product mix.

Return on Equity (ROE)



ROE for fiscal year 2021 was 11.5% (down 4.3%) due to a ¥3.301 million decrease in net income year on year. In order to maximize Anritsu's corporate value over the medium- to long-term, we will work to improve the efficiency of invested capital and maintain financial stability by considering "ROE (Return On Equity)" and "Equity attributable to owners of parent to total assets ratio (Ratio of equity capital)" as KPIs.

Interest-Bearing Debt/Equity Attributable to **Owners of Parent to Total Assets Ratio** (Millions of yen) (%) 90 30,000 74.5 20,000 60 10,000 30 6,521 0 2017 2018 2020 2021 (FY) 2019 Interest-bearing debt (left axis)
-•- Equity attributable to owners of parent to total assets ratio (right axis)

Interest-bearing debt totaled ¥6.521 million (up ¥673 million year on year) due to an increase in lease liabilities. While retained earnings increased, the equity attributable to owners of parent to total assets ratio was 74.5% (down 1.3% year on year).





More than 98% of the Anritsu Group's CO₂ emissions (Scopes 1, 2) resulted from energy consumption. In fiscal year 2021, CO₂ emissions (Scope 1, 2) decreased by 1.0% year on year to 12,431 t-CO₂ as a result of the 1,100-kW solar energy equipment installed at Anritsu Company (in the U.S.). Moreover, in fiscal year 2021 total energy consumption of the Anritsu Group overall (crude oil conversion basis) decreased by 18.3% year on year to 6,909kL.

Water Usage (Anritsu Group)



The Anritsu Group's water usage in fiscal year 2021 dropped 4.1% year on year as employees worldwide worked from home. In addition, the target for reducing water consumption in fiscal year 2021 was to "maintain the domestic Anritsu Group water consumption at 62,000 m³ or less (roughly the fiscal year 2019 level)." Anritsu Group water consumption in Japan in fiscal year 2021 was 53,784 m³, a 2.9% reduction year on year, fulfilling this target.

New Graduate Hires / Number of Employees Leaving in or before Their Third Year (Domestic Anritsu Group)



Number of employees leaving (Only Anritsu Corporation) (right axis)
 -- Number of employees leaving (Only Anritsu Corporation) (right axis)

A total of 52 new graduate hires (30 technical and 22 office administration) joined the Domestic Anritsu Group in fiscal year 2021 (with employment starting in April 2022). The percentage of technical personnel was 58%, down from 66% the previous year. The number of employees in or before their third year leaving Anritsu Corporation is usually 0 to 2. However, there was an increase in the number of employees leaving the Anritsu Group companies from fiscal year 2018 to fiscal year 2020. As of fiscal year 2020, the Domestic Anritsu Group has implemented a unified recruitment policy. We will enhance our training programs and improve the retention rate of newly hired graduates.





Amount of solar power generation (left axis) Amount of solar power consumptio -- Private generation of renewable energy percentage (right axis)

1,100 kW of solar power generation equipment was installed at Anritsu Company (U.S.A.) in October 2020. As a result, solar power generation in fiscal year 2021 increased by 402% from the previous year to 4,476 MWh. The private generation of renewabl energy ratio increased by 13.5% from 3.3% in the previous year to 16.8%, exceeding the GLP2023 target of 13% or more.

 * Solar power consumption = amount of solar power generation – surplus power (provided to power supply companies free of charge)

Private generation of renewable energy ratio = solar power consumption/electrical power consumption in fiscal year 2018

Number of Female Managers / Percentage of Female Managers (Domestic/Global)



Number of female employees in management positions Domestic (left axis)
 Number of female employees in management positions Global (left axis)
 Ratio of female employers in management positions Domestic (right axis)
 Ratio of female employers in management positions Global (right axis)

The Anritsu Group aims to achieve a global female manager ratio of 15% or more by fiscal year 2023 as a KPI for diversity promotion in its Mid-Term Business Plan GLP2023. The number of female managers in Japan, which is a challenge, increased each year for three years to 2.8% in fiscal year 2021, and by 10.9% globally. At Anritsu, we set the goal of raising the percentage of women hired in Japan to 20% (or more) of new graduate hires. Our public relations activities focused on female students and have resulted in the female percentage among new recruits reaching 30%, with 12 of the 40 new graduates joining Anritsu in April 2022 being women.



The Domestic Anritsu Group conducts an employee satisfaction survey with all employees every year, and has maintained a high response rate (over 90%). Satisfaction with the workplace remains high at over 85%, as well as satisfaction at work with 70%. On the other hand, satisfaction with the education system fell to less than 40% in fiscal year 2017, when it was changed to a voluntary system. Subsequently, the satisfaction rate exceeded 50% and gradually improved to 53.9% in fiscal year 2021.

Employee Satisfaction Survey (Domestic Anritsu Group)