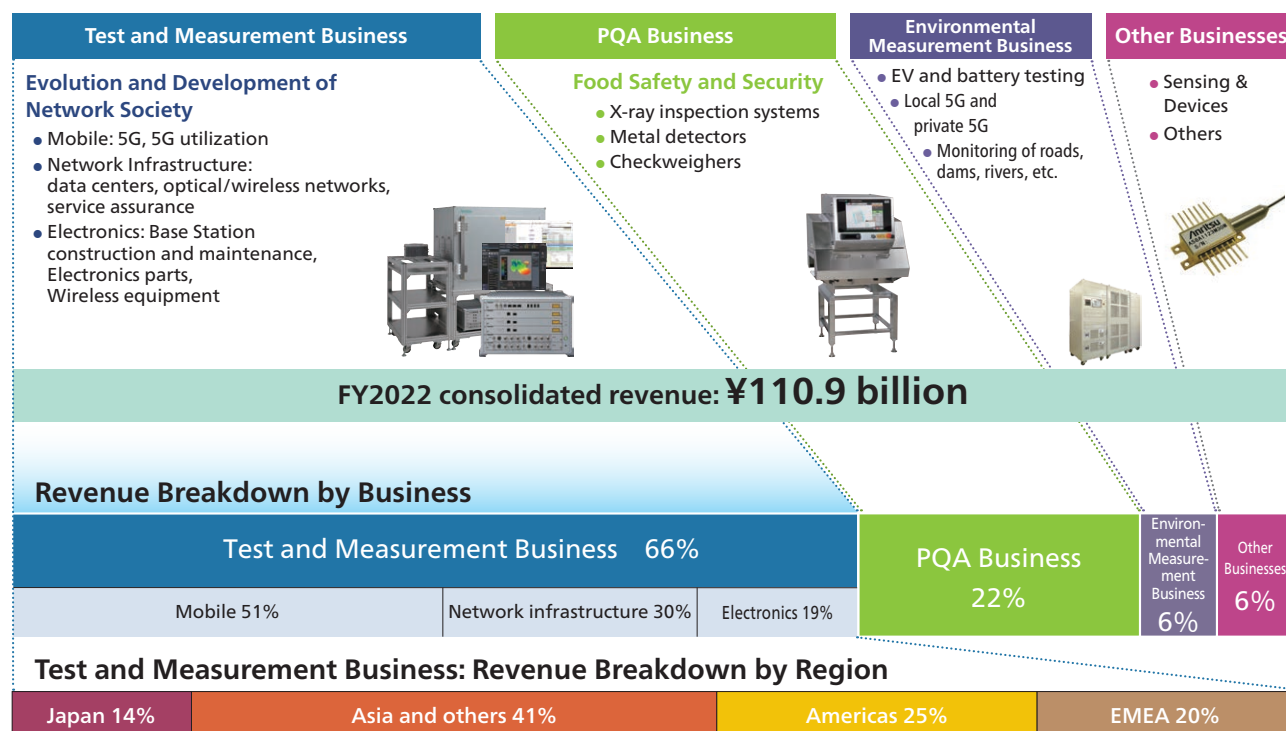


# Anritsu Now

On top of our accumulated advanced technologies and enterprising in-house development, Anritsu also provides various social values globally in collaboration with our customers and partner companies.



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

## 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

### PQA Business

#### Food Market

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

#### Pharmaceuticals Market

- Pharmaceuticals/cosmetics manufacturers (tablets, capsules, liquids, and patches)

### Environmental Measurement Business

#### Environmental Measurement Market

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

### Other Businesses

#### Sensing & Devices Market

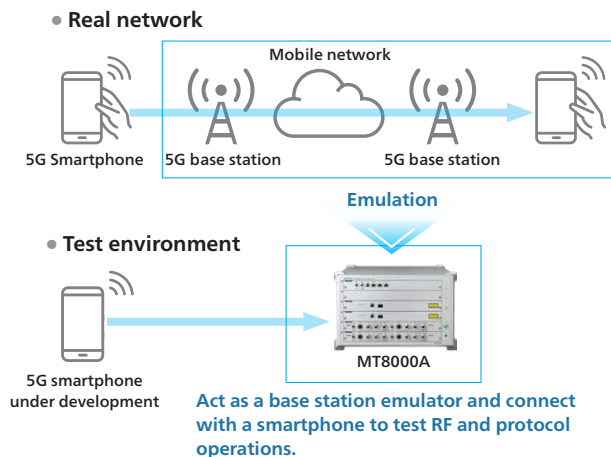
- Electronic equipment manufacturers
- Communication equipment manufacturers
- Ophthalmic medical device manufacturers

## 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.



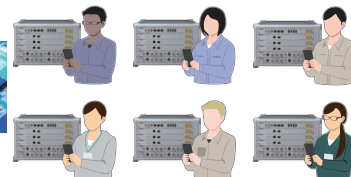
Smartphones under development cannot be connected to the base stations in real network. Anritsu's MT8000A emulates a base station and network, connecting to smartphones under development to help engineers debug.

#### Development of chipsets and commercial terminals

Technical verification of chipset manufacturers



Integration and performance evaluation of terminal manufacturers



Many engineers debug their own work under development using MT8000A.

#### Development of commercial terminals



Finally, the developed smartphone will be verified for conformance with 3GPP standards using a conformance test system before commercialization.

Terminal manufacturers / test houses

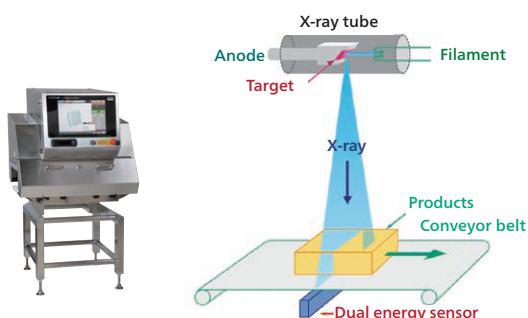
Carrier Acceptance Test



### PQA Business

#### 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 quality control.



#### Inspection for chicken bone residues



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



Missing Item

#### Missing item inspection

Inspection for missing items in the bento lunch box.

Inspection of potato salad pouch packaging. The defective parts of the seal absorb more X-rays than the normal parts.



#### Check for perforation

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

#### High-sensitivity detection achieved through advanced technology

##### Filtering technology

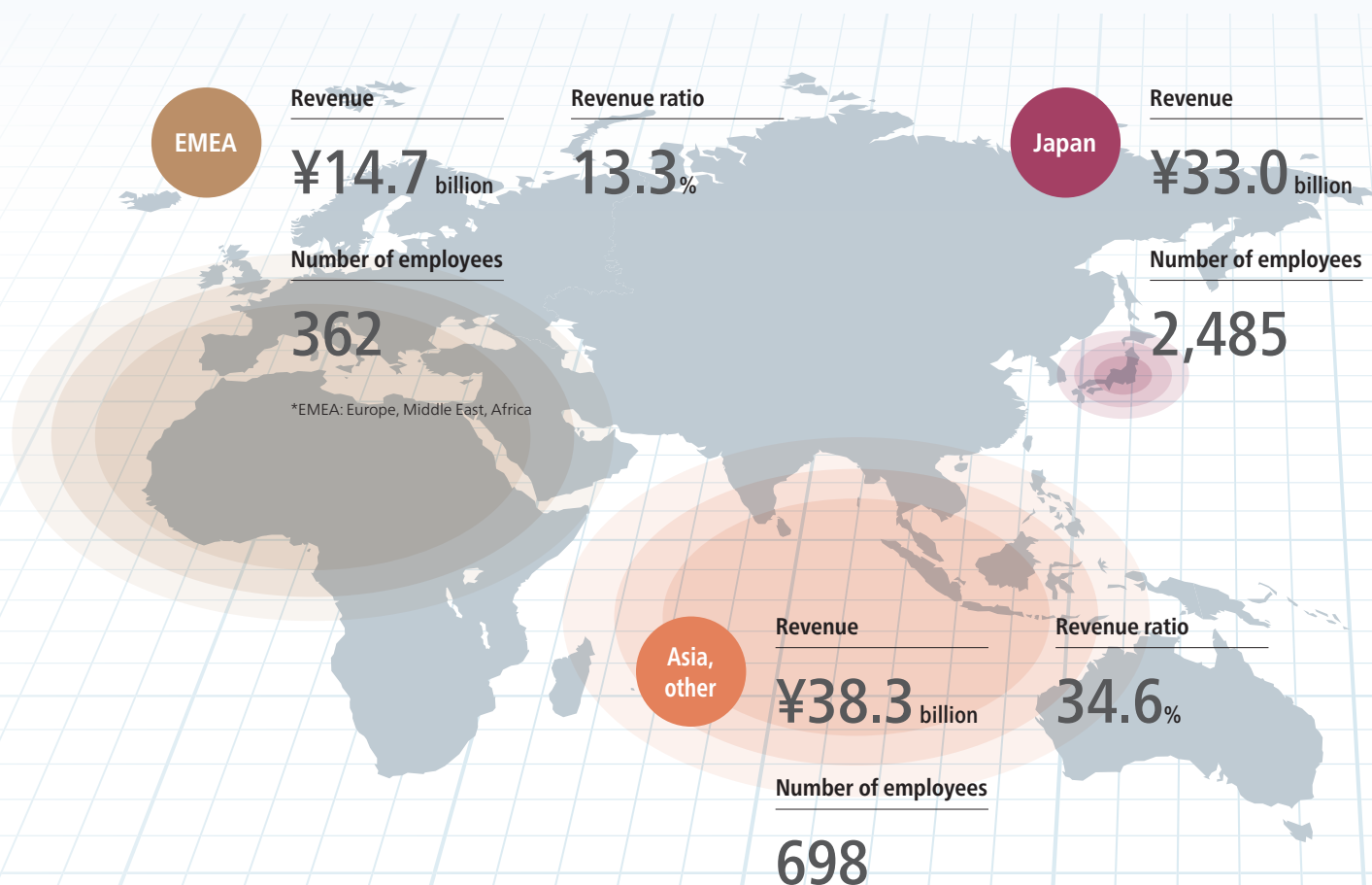
The combination of signal processing (filtering) applied to transparencing images improves the ability to extract foreign body signals.

##### Image processing technology

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

# Global Business Structure (FY2022 or as of March 31, 2023)

Revenue outside Japan accounts for 70.2% of the Anritsu Group's total revenue. In addition to our accumulated advanced technologies and proactive in-house development, we provide a range of social values globally through collaboration with our customers and partners.



## The Anritsu Group at a Glance (FY2022 or as of March 31, 2023)

Ratio of Overseas Revenue

70.2 %

Operating Profit

¥11.7 billion

Operating Profit Margin

10.6 %

Private Generation of Renewable Energy Ratio (PGRE30)

7.2 %

CO<sub>2</sub> Emissions (Scope 1, 2)

16,512 t-CO<sub>2</sub>

CO<sub>2</sub> Emissions (Scope 3)

137,656 t-CO<sub>2</sub>

\* PGRE stands for Private Generation of Renewable Energy, and "30" refers to the 2030 PGRE target of approximately 30%

\* Scope 2 Guidance uses the market-based method.

	Number of employees	Number of companies	Revenue
Group	4,144	47	¥110.9 billion

Revenue ratio

29.8%

Americas

Revenue  
¥24.8 billion

Revenue ratio  
22.3%

Number of employees  
599

Return on Equity  
(ROE)

8.0%

Dividends per Share

¥40

Equity Attributable to  
Owners of Parent to Total  
Assets Ratio

77.0%

Percentage of  
Female Managers  
(Global)

10.5%

Work environment  
satisfaction rate  
(Anritsu Group in Japan)

90.0%

Percentage of  
outside directors

50%

# 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.

## Solving Social Issues through Business

### ● T&M Business

P.32

- Put into place a safe and secure infrastructure which leads to the building of a sustainable society and encourages innovation **9**
- Put in place a robust network infrastructure that will provide safety and security in all areas and lead to building a sustainable society **11**

### ● PQA Business

P.35

- Put into place a safe and secure infrastructure which leads to the building of a sustainable society and encourages innovation **9**
- Realize a society where everyone can live in safety and security by enhancing quality assurance for food and pharmaceutical products. Implement a sustainable society where food loss is kept to a minimum **12**

## Inputs



### Intellectual Capital

#### 128 Years of Knowledge Accumulation, Ability to Innovate

- Accumulation of wireless and wireline communications technology
- Network quality assurance technology
- Development and manufacturing of ultrahigh 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: 10



### Human Capital

#### Global Organization and Human Resources

- Human resources who will drive leading-edge technologies
- Number of new graduate hires: 31 technical, 21 operational personnel (started April 2022)
- Number of employees (consolidated): 4,168 (1,662 overseas) (as of end of Mar. 2022)



### 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: 13 (6 overseas)

\* SCM: Supply Chain Management



### Financial Capital

#### Financial Stability in Preparation for Changes in Market Situation

- Interest-bearing debt: ¥6.5 billion
- Shareholder's equity: ¥114.4 billion



### Manufactured Capital

#### "Original & High Level" Production Processes

- Global network of manufacturing bases
- Number of manufacturing sites: 13

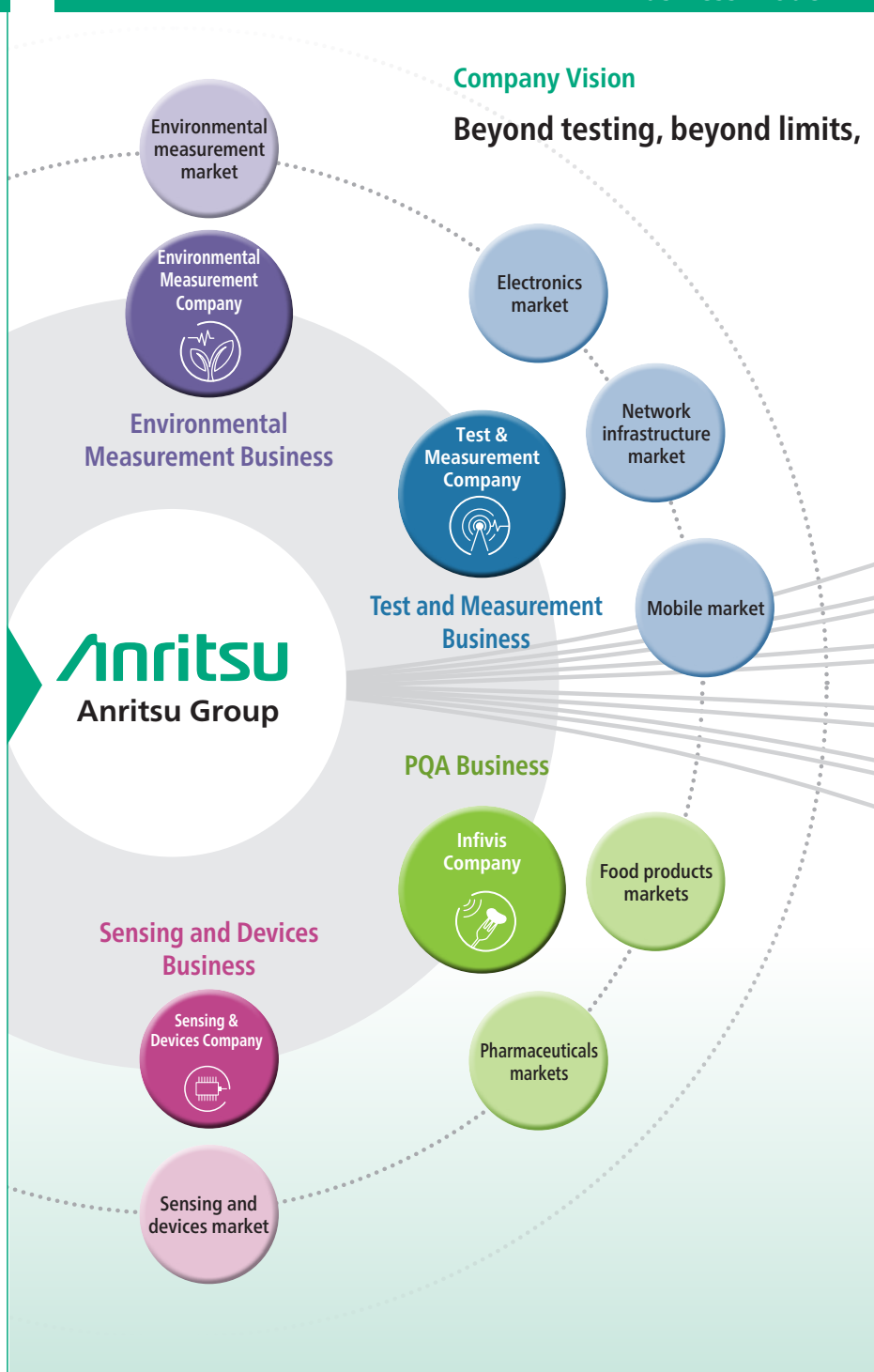


### Natural Capital

#### Environmental Management that Extends along the Entire Value Chain

- Water consumption: 73,911 m<sup>3</sup>
- Energy consumption: 8,841 kL

## Business Model



\*Figures for FY2021 unless otherwise noted

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



## ● Environmental Measurement Business P.38

- Ensure access to affordable, reliable, sustainable and modern energy for all 7
- Put into place a safe and secure infrastructure which leads to the building of a sustainable society and encourages innovation 9
- Make cities and human settlements inclusive, safe, resilient and sustainable 11
- Take urgent action to combat climate change and its impacts 13

## ● Sensing & Devices Business P.41

- Ensure healthy lives and promote well-being for all at all ages 3
- Put into place a safe and secure infrastructure which leads to the building of a sustainable society and encourages innovation 9
- Make cities and human settlements inclusive, safe, resilient and sustainable 11

for a sustainable future together

Company Policy

Sustainability Policy

## Outputs

### Test and Measurement Business

Measurement Solutions that Support 5G/IoT Networks and Drive Social Innovation

P.8, 32

### PQA Business

Solutions for Assuring Quality of Food Products and Pharmaceuticals

P.8, 35

### Environmental Measurement Business

Solutions for EV and Battery Development, Achieving Smart Factories, and Evolving Social Infrastructure Monitoring

P.9, 38

### Sensing and Devices Business

Cutting Edge Semiconductor Devices for Optical Communications and Solutions for Medical Applications Utilizing Wavelength Swept Light Sources

P.9, 41

## 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: 37 technical, 19 operational personnel (started April 2023)
- Employee satisfaction survey: Work environment satisfaction rate 90% (FY2021: 90%), work satisfaction rate 72% (FY2021: 75%)
- Female director ratio: 10%
- Ratio of women in management positions: Japan – 3.1%, Global – 10.5%



### Social and Relationship Capital

**Providing Solutions Needed by Customers**

- Number of new products: Test and Measurement Business – 7, PQA – 15

(Representative examples presented on the pages for the Test and Measurement Business (P.32) and PQA Business (P.35))

**Construction of a Sustainable Supply Chain**

- Strengthening of supply chain due diligence: 6 companies (FY2021: 6 companies)
- Information sent three times and education provided once to suppliers concerning CSR procurement



### Financial Capital

**Suitable Shareholder Returns**

- TSR: 0.3% (10-year annualized rate)
- Shareholder's equity: ¥117.5 billion
- Issuer rating: A (R&I)
- Interest payments on interest-bearing debt: ¥64 million



### Manufactured Capital

- Capital expenditures: ¥5.4 billion



### Natural Capital

**Contribution to the Preservation of the Global Environment**

- Greenhouse gases (Scope 1 & 2): Reduced 6.7% compared to FY2015
- Greenhouse gases (Scope 3): Reduced 21.8% compared to FY2018
- Ratio of renewable energy produced in-house: 7.2% (Compared to FY2018 power consumption)

\*Figures for FY2022 unless otherwise noted



# Business Model

Anritsu's business is based on the development of cutting-edge technologies, products, and services. We have consistently maintained 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

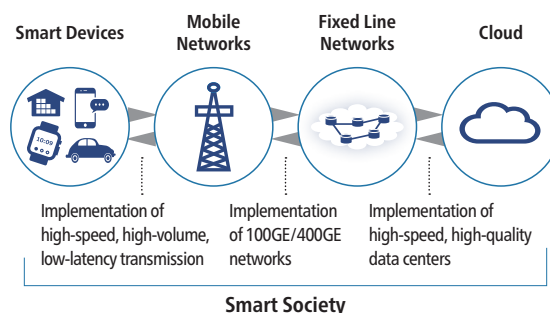
The Test and Measurement Business serves three markets.

- Mobile market: Providing test instruments for the development of modem chipsets for communication embedded in mobile terminals for mobile communication systems, such as smartphones, as well as for the development and manufacturing of mobile terminals
- Network infrastructure market: Providing 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
- Electronics market: Providing telecommunication components and general-purpose telecommunication test instruments for universities and research institutes

In the mobile market, which accounts for 50% to 60% of revenue in the Test and Measurement Business, the specifications of 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 basis to a recurring business model where test instruments are updated as needed via

software. In particular, responding to specification changes of "communication protocols," the mechanism for providing various functions, we have been able to catch up and reflect these changes in software updates in a timely manner over short cycles.

This acquisition of protocol technology in 3G and its subsequent improvements with the evolution to 4G and 5G has created a technological advantage for us in the 5G smartphone development market and has become a barrier to entry for new competitors. Currently, we believe that the number of companies that can catch up with the updates of mobile communication protocols in a short period of time is limited to about three, including Keysight Technologies (U.S.), Rohde & Schwarz (Germany), and Anritsu.



## 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 these markets.

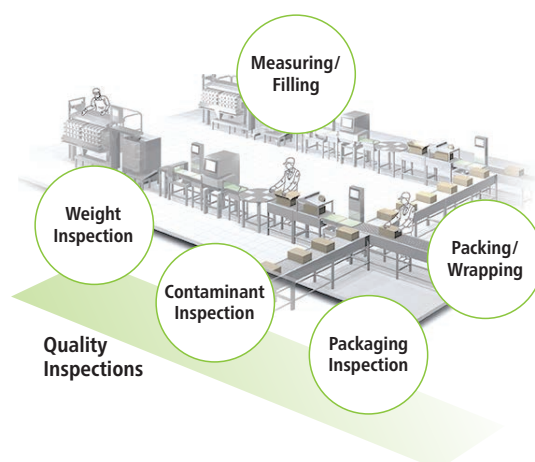
- Checkweighers: Weighing instruments that use technology to measure the mass of objects moving at high speed
- Metal detectors: Detection instruments using technology to detect metals from magnetic field fluctuations
- X-ray inspection machines: Inspection machines using transmitted X-rays to visualize internal structures

By combining the signal processing and noise reduction technologies and highly-accurate sensors and image analysis we have accumulated over our long history, as well as the latest AI technology, we have realized the detection of minute metallic foreign objects, as well as non-metallic substances such as bones in meat, that have contributed to the improvement of the quality of food and pharmaceutical products manufactured by our customers.

In addition, recently, our equipment has been helping our customers by compensating for labor shortages and substituting the inspection work traditionally performed by human eyes such

as detection of missing products or seal defects.

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



## Environmental Measurement Business



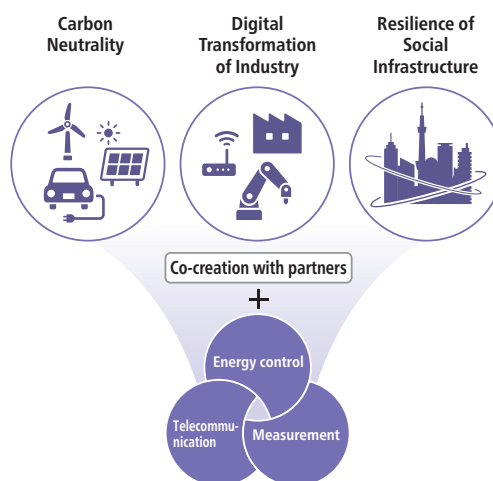
### Environmental Measurement Company

We established the Environmental Measurement Business in fiscal year 2020 with the goal of contributing to the utilization of digital technologies and transformation toward decarbonization, both key issues toward achieving a sustainable society. In this business, we aim to create and expand new businesses in the three areas of carbon neutrality, digital transformation of industry, and resilience of social infrastructure.

- Businesses for carbon neutrality: Having the power supply test equipment with advanced energy control technology of Takasago, Ltd., that became an Anritsu subsidiary in January 2022, as the core, we will utilize Anritsu's testing technology to address the transition to EVs among car manufacturers. While this business has mainly covered the Japanese market, we aim to expand into overseas markets by leveraging our global business foundation. In the overseas market, Chroma ATE Inc. of Taiwan and EA Elektro-Automatik Inc. of Germany are providing equipment similar to ours.
- Businesses for digital transformation of industry: We will help our customers to materialize effective smart factories by harnessing digital technologies for saving labor and improving productivity. In this area, we offer solutions such as support services for stable operation of local 5G and manufacturing

support systems that incorporate remote monitoring and video surveillance.

- Businesses for resilience of social infrastructure: We will contribute to materialize more resilient social infrastructure by utilizing the advanced and highly reliable video information technology, remote monitoring technology, and communication technology we have cultivated to achieve labor savings and evolution in the maintenance and management operations of social infrastructure.



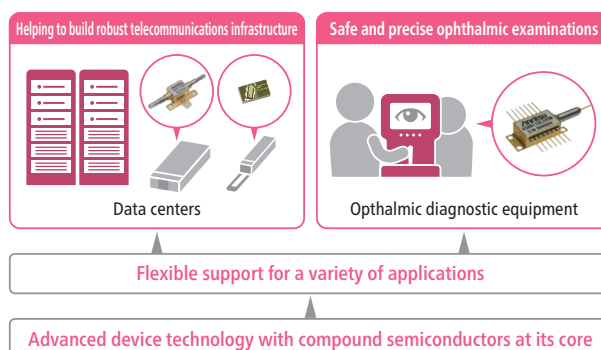
## Sensing and Devices Business



### Sensing & Devices Company

In fiscal year 2020, we changed the name of this business segment to Sensing & Devices. Its main business was to provide key devices, the base of Anritsu's core competence, for Anritsu's Test and Measurement business. In recent years, we have applied its semiconductor technology for semiconductor lasers and optical amplifiers for optical communications providing them for customers outside the Anritsu Group.

In the area of semiconductor optical amplifiers (SOAs), its chip-on-carrier product offerings and support for high-temperature operation contribute to power savings in optical transceivers and data centers. In addition, by incorporating our broadband super luminescent diodes (SLDs) and high coherence wavelength swept light sources into ophthalmic OCT equipment and eye axial length measuring instruments, we are contributing to early detection and early treatment of eye diseases by enabling highly accurate retinal examination.

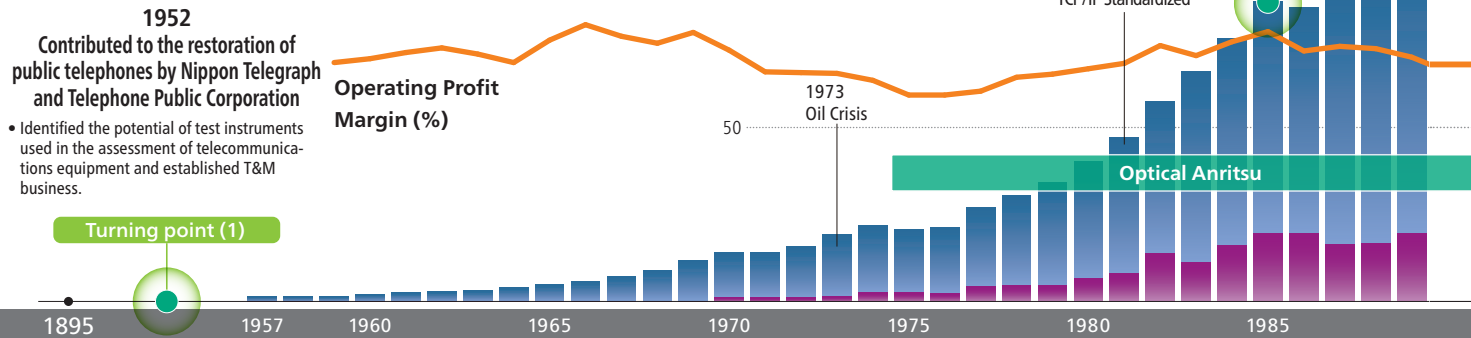




# Anritsu Value History

For 128 years, Anritsu has continuously led generational changes with "Sincerity, Harmony, and Enthusiasm", while providing society with new value created under our philosophy: "Original & High Level."

The Anritsu Group has long refined its know-how and agile adaptability to customer needs, and has earned the trust of its customers as a result. The following is Anritsu's history of value creation.



## History of Innovation

The Dawn of Information and Communication Technology in Japan  
1895-1930

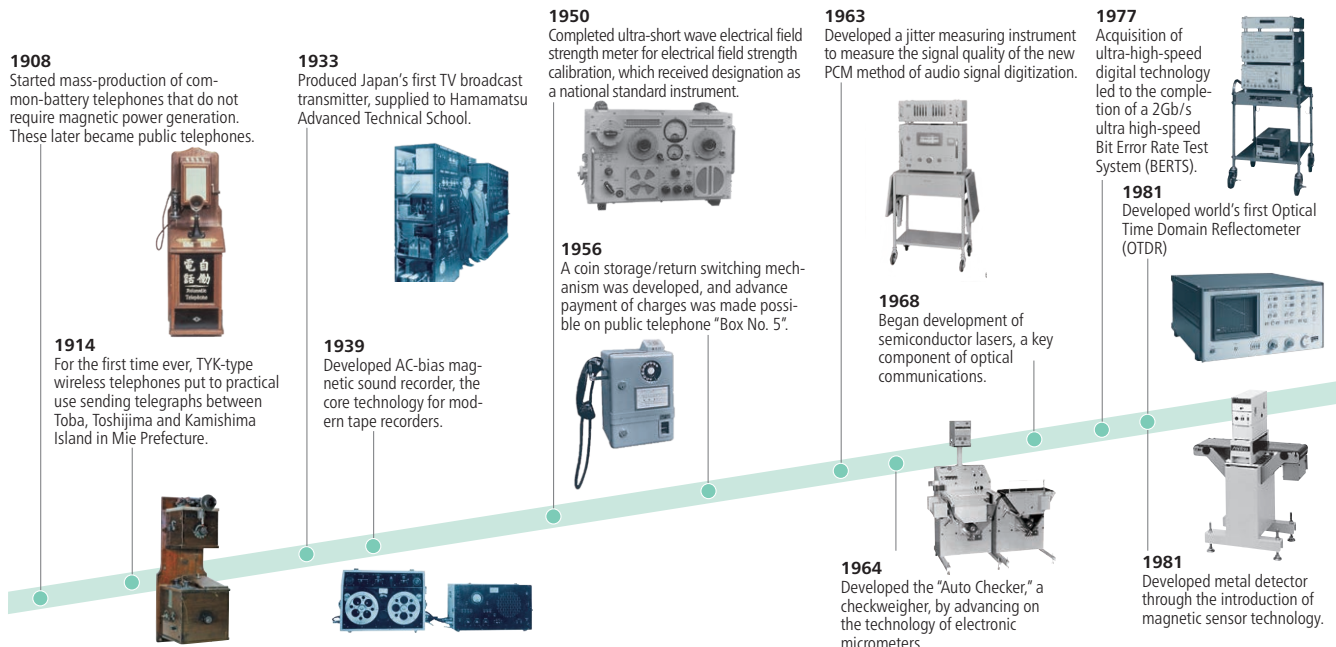
Integration of Wired and Wireless, Establishment of Anritsu Electric Co., Ltd.  
1931-1949

Re-establishment by the New Anritsu Electric Co.  
1950-1962

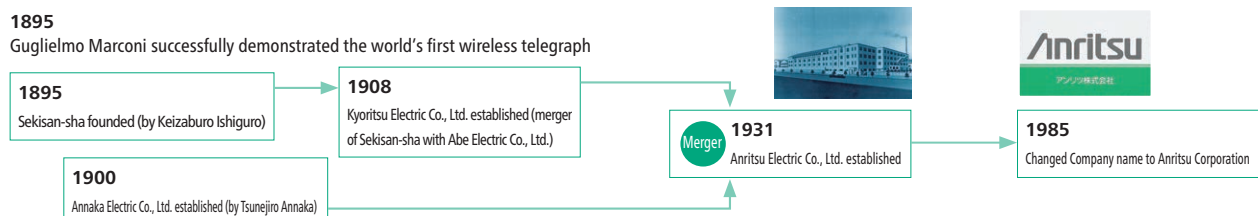
Business Expansion Through Diversification  
1963-1974

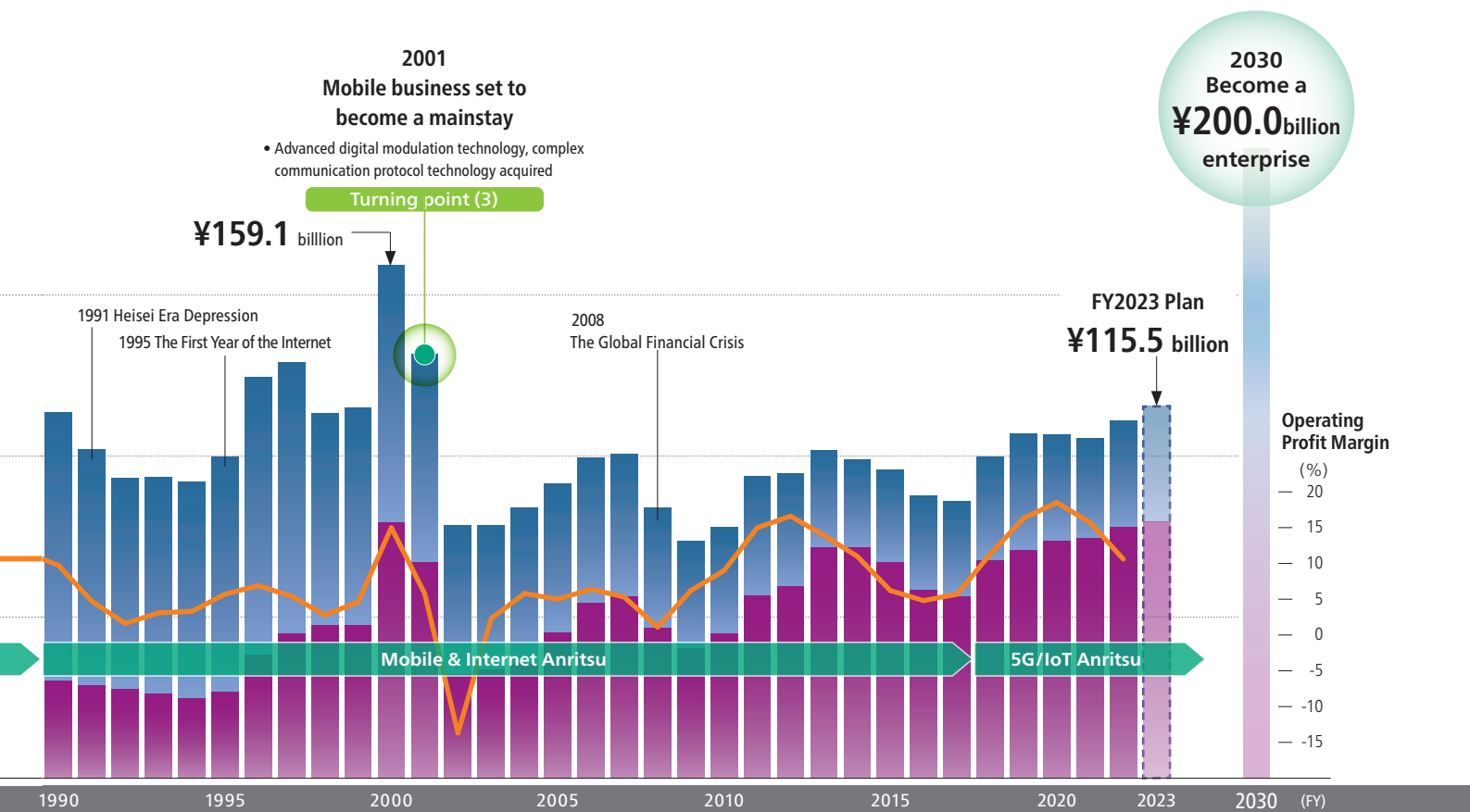
An Era of Optical Anritsu  
1975-1989

## Major Product Development and Distribution



## Foundation and M&A History





#### Building Foundations as a Multinational Company

1990-1999

#### 21st Century: Path to Becoming a Global Brand

2000-2020

#### Beyond testing

2021-

**1993**  
Developed test instruments for mobile phones by acquiring protocol technology and improving upon digital signal processing technology.



**1999-2009**  
In the 3GPP meetings where specifications are defined, one of Anritsu's employees chaired the protocol sub-working group.

**2000**  
10 Gbps SONET/SDH/PDH/ATM analyzers with smaller form factor developed through improvements in ultra-high-speed digital technology.



**2001**  
Developed tester for verifying chipsets and mobile phones for 3G compliant with 3GPP standards.



**2000**  
Developed a foreign substance inspection x-ray system through the introduction of x-ray image processing technology.



**2003**  
Obtained the world first GCF validation for a 3GPP-compliant conformance test system for 3G.

**2018**  
Developed the world's first tester for verification of 3GPP-compliant 5G chipsets.



**2020**  
Developed a hand-held measuring instrument for 400G Ethernet through improvements on ultra-high-speed communication measurement technology.



**2019**  
Obtained industry's first GCF validation for a 5G conformance test system.



**2022**  
Began providing test environments for development of electric power-trains for hybrid and electric vehicles  
\* A product of Takasago, Ltd., which became a consolidated subsidiary in January 2022



#### History of M&As (1)



**1990**  
Acquired Wiltron Company (California, USA)州

•Obtained high-frequency measurement technology

#### History of M&As (2)



**2005**  
Acquired NetTest (Denmark)

•Obtained network monitoring technology

#### History of M&As (3)



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

•Obtained advanced fading simulation technology

#### History of M&As (4)



**2022**  
Acquired Takasago, Ltd. (Japan)

•Obtained high-capacity electrical energy control technology

# Important Management Issues, Risks and Opportunities

## 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
- Instability of international affairs

### Industry Environment

- Changing lifestyles in the post-covid 19-pandemic world
- Increased sophistication and diversification of customer needs
- Decline in the productive population, progress in labor saving
- Development of data utilization and technological evolution, creation of business models using digital technology



Anritsu's Perspective	Important management issues	Relevant capital/ stakeholders	Stakeholder needs
Growth investment and business operations	<b>Establishment of a robust business foundation</b> <ul style="list-style-type: none"> <li>• Appropriate financial management</li> <li>• Optimization of business portfolio by pioneering new domains</li> </ul>	<ul style="list-style-type: none"> <li>• Capital: Financial, intellectual, human</li> <li>• Stakeholders: Shareholders, investors, employees</li> </ul>	<ul style="list-style-type: none"> <li>• Company growth</li> <li>• Appropriate shareholder returns</li> <li>• Work satisfaction</li> <li>• Wage increases</li> </ul>
Customer and Business Environment	<b>Expanding to capture new business opportunities through digital innovation</b> <ul style="list-style-type: none"> <li>• Provide solutions that contribute to the development of a robust IT infrastructure</li> <li>• Address innovation in DX technology</li> </ul>	<ul style="list-style-type: none"> <li>• Capital: Intellectual, human, social and relationship</li> <li>• Stakeholders: Customers, employees, partners, suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• Provide timely solutions</li> <li>• Provide attentive support</li> <li>• Conduct initiatives for cutting-edge technology</li> <li>• Innovate through collaboration with other companies</li> <li>• Participate in industry associations</li> <li>• Highly accurate and stable test results</li> </ul>
	<b>Contributing to safe and secure food, medicine, and pharmaceutical products</b> <ul style="list-style-type: none"> <li>• Provide solutions that contribute to the reduction of food loss</li> <li>• Provide quality assurance solutions</li> <li>• Ensure healthy lifestyles</li> </ul>	<ul style="list-style-type: none"> <li>• Capital: Intellectual, human, social and relationship</li> <li>• Stakeholders: Customers, employees, partners, suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• Provide cost-effective solutions</li> <li>• Provide prompt support</li> <li>• Initiatives for cutting-edge technology</li> <li>• Innovate through collaboration with other companies</li> <li>• Participate in industry associations</li> <li>• Highly accurate and stable test results</li> </ul>
	<b>Providing products that contribute to a decarbonized society</b>	<ul style="list-style-type: none"> <li>• Capital: Intellectual, human, social and relationship</li> <li>• Stakeholders: Customers, employees, partners, suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• Provide timely solutions</li> <li>• Conduct initiatives for cutting-edge technology</li> <li>• Innovate through collaboration with other companies</li> <li>• Participate in industry associations</li> <li>• Highly accurate and stable test results</li> </ul>
Environment	<b>Addressing climate change</b> <ul style="list-style-type: none"> <li>• Reduce greenhouse gas emissions</li> <li>• Introduction of in-house generation of renewable energy</li> </ul>	<ul style="list-style-type: none"> <li>• Capital: Human, social and relationship, natural, manufactured</li> <li>• Stakeholders: Customers, employees, partners, suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• Reduce CO<sub>2</sub> emissions</li> </ul>
Human resources Strengthening human-centric perspective, etc.	<b>Securing human resources supporting growth</b> <ul style="list-style-type: none"> <li>• Promote diversity</li> <li>• Health and productivity management</li> <li>• Respect human rights</li> </ul>	<ul style="list-style-type: none"> <li>• Capital: Human</li> <li>• Stakeholders: Employees, partners</li> </ul>	<ul style="list-style-type: none"> <li>• Comfortable work environment</li> <li>• Skill improvement</li> <li>• Work satisfaction</li> </ul>
Governance	<b>Strengthening governance</b> <ul style="list-style-type: none"> <li>• Maintain management transparency</li> </ul>	<ul style="list-style-type: none"> <li>• Capital: Human, social and relationship capital</li> <li>• Stakeholders: Shareholders, investors, employees, customers, partners, suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• Management transparency</li> </ul>

- Structural changes in industry such as the market entry of new companies
- Changes in laws and regulations in various countries and regions
- Response to supply-chain fragmentation

## Anritsu's Corporate Environment

- Changes in performance targets for the final year of GLP2023
- Establishment of targets by segment for FY 2030
- 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

<b>Risks</b> <b>Risk Management▶P.59</b>	<b>Opportunities</b>
<b>(1) Business risks:</b> <ul style="list-style-type: none"> <li>• Decrease in profits due to deterioration of market environment caused by restrained customer investment or changes in investment strategies</li> <li>• Decrease in profits due to rapid changes in the market environment, including the emergence of new technologies, products, and services, and intensified competition, containing market entrance of new players</li> <li>• Deterioration of business environment or failure of PMI after completing M&amp;A</li> </ul>	<ul style="list-style-type: none"> <li>• Entry into new business opportunities</li> <li>• Acquisition of opportunities for growth and creation of demand through new technologies and products</li> <li>• Expansion of business fields and accelerated structural transformation through the acquisition of new business resources (M&amp;As, etc.)</li> </ul>
<b>(1) Business risks:</b> <ul style="list-style-type: none"> <li>• Market environment deterioration due to restrained customer investment or changes in investment strategy</li> <li>• 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</li> <li>• Business activity restrictions due to more rigid laws and regulations in each region, changes in interpretations of laws and regulations and alterations of operational policies</li> <li>• Deterioration of business environment or failure of PMI after completing M&amp;A</li> </ul>	<ul style="list-style-type: none"> <li>• Entry into new business opportunities</li> <li>• Acquisition of opportunities for growth and creation of demand through new technologies and products</li> <li>• Foster customer loyalty and achieve customer satisfaction through the provision of high-quality measurement solutions</li> <li>• Expand geographical business coverage by responding to Radio Acts of different countries.</li> <li>• Expansion of business fields and accelerated structural transformation through the acquisition of new business resources (M&amp;As, etc.)</li> </ul>
<b>(2) Risks of legal violations:</b> <ul style="list-style-type: none"> <li>• Failure to comply with stricter laws and regulations and respond to changes in interpretation of laws, and changes in operational policies in each region</li> <li>• In case the Company is subject to compensation damage from safety-related problems with products</li> </ul> <b>(4) Quality risks:</b> <ul style="list-style-type: none"> <li>• Damage to our brand image from safety-related problems with products</li> </ul> <b>(7) Risks of infectious diseases and disasters:</b> <ul style="list-style-type: none"> <li>• Restrictions on business activities and deterioration of market conditions due to the spread of infectious diseases and natural disasters</li> </ul>	<ul style="list-style-type: none"> <li>• Entry into new business opportunities</li> <li>• Acquisition of opportunities for growth and creation of demand through new technologies and products</li> <li>• Foster customer loyalty and achieve customer satisfaction through the provision of high-quality measurement solutions</li> <li>• Provision of products and services that respond to customers fulfilling food quality-related laws and regulations such as HACCP requirements.</li> <li>• Expansion of business fields and accelerated structural transformation through the acquisition of new business resources (M&amp;As, etc.)</li> </ul>
<b>(2) Risks of legal violations:</b> <ul style="list-style-type: none"> <li>• Failure to completely address regulations on the use and emission of greenhouse gases and stricter energy conservation standards due to the escalation of global environmental issues</li> </ul> <b>(3) Environmental risks:</b> <ul style="list-style-type: none"> <li>• Addressing regulations on the use and emission of greenhouse gases and stricter energy conservation standards due to the escalation of global environmental issues</li> </ul>	<ul style="list-style-type: none"> <li>• Entry into new business opportunities</li> <li>• Acquisition of opportunities for growth and creation of demand through new technologies and products</li> <li>• Foster customer loyalty and achieve customer satisfaction through the provision of high-quality measurement solutions</li> <li>• Contribution to the creation of new battery safety standards</li> <li>• Expansion of business fields and accelerated structural transformation through the acquisition of new business resources (M&amp;As, etc.)</li> </ul>
<b>(2) Risks of legal violations:</b> <ul style="list-style-type: none"> <li>• Failure to completely address regulations on the use and emission of greenhouse gases and stricter energy conservation standards due to the escalation of global environmental issues</li> </ul> <b>(3) Environmental risks:</b> <ul style="list-style-type: none"> <li>• Addressing regulations on the use and emission of greenhouse gases and stricter energy conservation standards due to the escalation of global environmental issues</li> </ul>	<ul style="list-style-type: none"> <li>• Increased awareness of environmental initiatives among stakeholders</li> </ul>
<b>(1) Business risks:</b> <ul style="list-style-type: none"> <li>• Loss of, or difficulty in acquiring human resources who possess the diversity and capabilities needed for the Anritsu Group's sustainable growth</li> </ul>	<ul style="list-style-type: none"> <li>• Innovation achieved through the acquisition of diverse human resources thanks to employee skill improvement and review of working styles</li> </ul>
<b>(1) Business risks:</b> <ul style="list-style-type: none"> <li>• Decreased corporate value when management transparency is judged low</li> </ul> <b>(2) Risks of legal violations:</b> <ul style="list-style-type: none"> <li>• Failure to completely comply with laws and regulations, or cover-ups of the same, due to issues with or low transparency in corporate management</li> </ul> <b>(5) Import/export control risks:</b> <ul style="list-style-type: none"> <li>• Failure to fully carry out import/export control procedures, or cover-ups of the incident, due to issues with or low transparency in corporate management</li> </ul> <b>(6) Information security risks:</b> <ul style="list-style-type: none"> <li>• Leakage of internal information, or cover-ups of the incident, due to issues with or low transparency in corporate management</li> </ul>	

## Important Management Issues, Risks and Opportunities

Anritsu's Perspective	Key management issues	Response	Targets for Business Issues
Growth investment and business operations	<b>Establishment of a robust business foundation</b> <ul style="list-style-type: none"> <li>• Appropriate financial management</li> <li>• Optimization of business portfolio by pioneering new domains</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthen investment for growth in four new areas</li> <li>• Established structure consisting of four internal companies and one Advanced Research Laboratory</li> <li>• Operate business with optimal capital structure</li> <li>• Capture growth opportunities through M&amp;A</li> </ul>	<ul style="list-style-type: none"> <li>• Improve profitability and efficiency</li> <li>• Allocate cash mainly on strategic investments to achieve growth</li> <li>• Launch new businesses for four internal companies and Advanced Research Laboratory</li> </ul>
Customer and Business Environment	<b>Expanding to capture new business opportunities through digital innovation</b> <ul style="list-style-type: none"> <li>• Provide solutions that contribute to the development of a robust IT infrastructure</li> <li>• Address innovation in DX technology</li> </ul>	<ul style="list-style-type: none"> <li>• Develop solutions that meet customer needs</li> <li>• Build and strengthen customer support systems</li> <li>• Participate in industry associations, especially those that establish standards</li> <li>• Secure and maintain human resources capable of building relationships of trust with customers leading cutting-edge technologies</li> <li>• Promote M&amp;As and alliances for technology acquisition</li> <li>• Produce key devices in-house</li> </ul>	<ul style="list-style-type: none"> <li>• Develop solutions that meet customer needs</li> <li>• Strengthen partnerships with leading industry players</li> <li>• Participate in industry associations</li> <li>• Promote M&amp;As and alliances for technology acquisition</li> </ul>
	<b>Contributing to safe and secure food, medicine, and pharmaceutical products</b> <ul style="list-style-type: none"> <li>• Provide solutions that contribute to the reduction of food loss</li> <li>• Provide quality assurance solutions</li> <li>• Ensure healthy lifestyles</li> </ul>	<ul style="list-style-type: none"> <li>• Develop solutions that meet customer needs</li> <li>• Build and strengthen customer support systems</li> <li>• Participate in industry associations</li> <li>• Secure and maintain human resources capable of catching up with cutting-edge technologies</li> <li>• Promote M&amp;As and alliances for technology acquisition</li> </ul>	<ul style="list-style-type: none"> <li>• Develop solutions that meet customer needs</li> <li>• Strengthen partnerships with leading industry players</li> <li>• Participate in industry associations</li> <li>• Promote M&amp;As and alliances for technology acquisition</li> </ul>
	<b>Providing products that contribute to a decarbonized society</b>	<ul style="list-style-type: none"> <li>• Develop solutions that meet customer needs</li> <li>• Build and strengthen customer support systems</li> <li>• Participate in industry associations</li> <li>• Secure and maintain human resources capable of catching up with cutting-edge technologies</li> <li>• Promote M&amp;As and alliances for technology acquisition</li> </ul>	<ul style="list-style-type: none"> <li>• Develop businesses in new areas where we can contribute to solving social issues</li> <li>• Create new value through collaboration with customers and partners</li> <li>• Improve technological competitiveness and encourage innovation</li> <li>• Participate in industry associations</li> <li>• Promote M&amp;As and alliances for technology acquisition</li> </ul>
Environment	<b>Addressing climate change</b> <ul style="list-style-type: none"> <li>• Reduce greenhouse gas emissions</li> <li>• Introduction of in-house generation of renewable energy</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate facilities aimed at reducing greenhouse gas emissions</li> <li>• Introduction of in house generation of renewable energy</li> <li>• Develop solutions to help reduce greenhouse gases (development of solutions that consume less power)</li> </ul>	<ul style="list-style-type: none"> <li>• Declaration of Carbon Neutrality in FY2050</li> <li>• PGRE 30</li> <li>• Develop environmentally friendly products</li> </ul>
Human resources Strengthening human-centric perspective, etc.	<b>Securing human resources supporting growth</b> <ul style="list-style-type: none"> <li>• Promote diversity</li> <li>• Health and productivity management</li> <li>• Respect human rights</li> </ul>	<ul style="list-style-type: none"> <li>• Implement global (e.g., Philippines) recruitment</li> <li>• Establish a working environment that supports diversity of values</li> <li>• Establish the Anritsu Group Health and Productivity Management Policy</li> <li>• Establish an education and training system which supports employees' autonomous growth</li> <li>• Create a comfortable work environment where employees can demonstrate their abilities</li> <li>• Strengthen supply chain due diligence</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct recruitment free from race, gender, or age</li> <li>• Create a work environment where each individual can fulfill his or her potential</li> <li>• Create an education and training system that enables employees to acquire outstanding personal capabilities</li> <li>• Strengthen supply chain due diligence</li> </ul>
Governance	<b>Strengthening governance</b> <ul style="list-style-type: none"> <li>• Maintain management transparency</li> </ul>	<ul style="list-style-type: none"> <li>• Improve management transparency</li> <li>• Disclose information in an appropriate and timely manner</li> <li>• Strengthen management supervision</li> <li>• Nurture management resources</li> </ul>	<ul style="list-style-type: none"> <li>• Build a highly effective corporate governance structure</li> </ul>

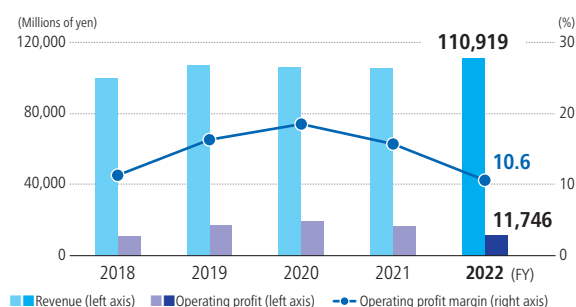


KPIs	Achievements in FY2022	Initiatives for FY2023
<ul style="list-style-type: none"> <li>Rating (Rating and Investment Information, Inc.)</li> <li>Sales growth rate</li> <li>Operating profit margin</li> <li>ROE</li> <li>TSR</li> </ul>	<ul style="list-style-type: none"> <li>Executed 5 billion yen share buyback</li> <li>Free cash flow: 900 million yen</li> </ul> <p>P.28</p>	<ul style="list-style-type: none"> <li>Continue financial strategy</li> <li>Investment in growth areas: Includes M&amp;A</li> </ul> <p>P.28</p>
<ul style="list-style-type: none"> <li>Sales growth rate</li> <li>Operating profit margin</li> <li>Number of new products developed</li> <li>R&amp;D expenses</li> <li>Number of patents</li> <li>Number of M&amp;As and alliances announced</li> <li>Participation and contribution to industry associations</li> </ul>	<p><b>Test and Measurement Business</b></p> <ul style="list-style-type: none"> <li>Sales growth rate: -1%</li> <li>Operating profit margin: 15%</li> <li>Number of new products developed: 7 models</li> <li>R&amp;D investment: 8,785 million yen</li> <li>Participation in industry associations: 3GPP, O-RAN, IOWN</li> </ul> <p>P.32</p> <p><b>Sensing &amp; Devices Business</b></p> <ul style="list-style-type: none"> <li>Number of new products developed: 1 model</li> </ul> <p>P.41</p>	<p><b>Test and Measurement Business</b></p> <ul style="list-style-type: none"> <li>Expand 5G utilization (industrial IoT, automotive), O-RAN, private 5G business in North America</li> <li>Strengthen business in 6G, IOWN, and other government-led cutting-edge development fields</li> <li>Acquire offshore development and manufacturing-related business in Southeast Asia and India</li> </ul> <p>P.32</p> <p><b>Sensing &amp; Devices Business</b></p> <ul style="list-style-type: none"> <li>Expand market share through improved SOA performance and stable supply</li> </ul> <p>P.41</p>
<ul style="list-style-type: none"> <li>Sales growth rate</li> <li>Operating profit margin</li> <li>Number of new products developed</li> <li>R&amp;D expenses</li> <li>Number of patents</li> <li>Number of M&amp;As and alliances announced</li> <li>Participation and contribution to industry associations</li> </ul>	<p><b>PQA Business</b></p> <ul style="list-style-type: none"> <li>Sales growth rate: 13%</li> <li>Operating profit margin: 5%</li> <li>Number of new products developed: 15 models</li> <li>R&amp;D investment: 1,760 million yen</li> <li>Industry association membership: Over 20 associations, including the Japan Measuring Instruments Federation</li> </ul> <p>P.35</p> <p><b>Sensing &amp; Devices Business</b></p> <ul style="list-style-type: none"> <li>Number of new products developed: 1 model</li> </ul> <p>P.41</p>	<p><b>PQA Business</b></p> <ul style="list-style-type: none"> <li>Obtain certification of a designated supplier from global customers</li> <li>Create new products with high customer value that adopt new sensing technologies</li> <li>Improve the business portfolio by expanding our business into the pharmaceutical manufacturing market</li> <li>Streamline internal processes</li> </ul> <p>P.35</p> <p><b>Sensing &amp; Devices Business</b></p> <ul style="list-style-type: none"> <li>Expand market share by enhancing performance of light sources for ophthalmic diagnostic equipment</li> </ul> <p>P.41</p>
<ul style="list-style-type: none"> <li>Sales growth rate</li> <li>Operating profit margin</li> <li>Number of new products developed</li> <li>R&amp;D expenses</li> <li>Number of patents</li> <li>Number of M&amp;As and alliances announced</li> <li>Participation and contribution to industry associations</li> </ul>	<p><b>Environmental Measurement Business</b></p> <ul style="list-style-type: none"> <li>Operating profit margin: 1%</li> <li>Completed PMI of Takasago, Ltd. which became a subsidiary after M&amp;A</li> <li>Reopened Anritsu 5G Lab as a venue for co-creation</li> </ul> <p>P.38</p>	<p><b>Environmental Measurement Business</b></p> <ul style="list-style-type: none"> <li>Strengthen products and expanding evaluation technologies for EV battery development</li> <li>Improve network optimization technology for the industrial DX field</li> <li>Expand collaboration with new companies</li> </ul> <p>P.38</p>
<ul style="list-style-type: none"> <li>Reduction amount of greenhouse gas emissions (Scope 1, 2, 3)</li> <li>Solar power generation amount/consumption, in-house generation of renewable energy ratio</li> <li>Number of new environmentally friendly products</li> </ul>	<ul style="list-style-type: none"> <li>Expanded solar power generation facilities at the Koriyama district plant: 1,100 kW of solar power generation facilities and 2,400 kWh of high capacity storage batteries with an output of 400 kW</li> <li>Released new environmentally friendly products: 55 models (cumulative)</li> </ul> <p>P.46</p>	<ul style="list-style-type: none"> <li>Start operation of solar power generation storage batteries at the Koriyama district plant</li> <li>Release new environmentally friendly products</li> <li>Develop and release products for new environmental business</li> </ul> <p>P.46</p>
<ul style="list-style-type: none"> <li>Number of employees by region, ratio of female employees, ratio of female managers</li> <li>Employment rate of people with disabilities, ratio of engineers, ratio of female employees to new graduate hires, ratio of experienced employees to new hires</li> <li>Paid leave utilization ratio, employee turnover rate</li> <li>Employee satisfaction</li> <li>Training hours per trainee, number of trainees, total training cost (training hours)</li> <li>External evaluations (Kurumin mark accreditation grade, White 500 company certification, etc.)</li> <li>Number of companies conducting due diligence in the supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Continued to hire engineers in the Philippines (global hiring of human resources/localization)</li> <li>Statutory employment rate of people with disabilities: 2.36%</li> <li>Ratio of female managers: 10.5%</li> <li>Childcare leave utilization ratio by male employees: 45.2%</li> <li>Work satisfaction: 90%</li> <li>Extended employment until age 70 and launched new compensation system</li> <li>Percentage of experienced hires: 36.5%</li> <li>Received the highest rating of 3 stars in the "Eruboshi" certification</li> <li>Certified as a Health &amp; Productivity Management Outstanding Organization (White 500)</li> <li>Number of companies conducting due diligence in the supply chain: 6</li> </ul> <p>P.42, 44</p>	<ul style="list-style-type: none"> <li>Promote global recruitment</li> <li>Establish an education and training system which supports employees' autonomous growth</li> <li>Promote the Anritsu Group Health and Productivity Management Policy</li> <li>Encourage hiring experienced personnel</li> <li>Achieve a 15% ratio of female managers</li> <li>Continue to conduct supply chain due diligence</li> </ul> <p>P.42, 44</p>
<ul style="list-style-type: none"> <li>Diversity of the Board of Directors</li> <li>Ratio of outside directors</li> <li>Number of items discussed and deliberated at Board of Directors meetings</li> </ul>	<ul style="list-style-type: none"> <li>Disclosed our evaluation of the effectiveness of the Board of Directors</li> <li>Ratio of female directors: 10%</li> <li>Ratio of outside directors: Maintained at least 50%</li> <li>Number of items discussed and deliberated at Board of Directors meetings: 152</li> </ul> <p>P.50</p>	<ul style="list-style-type: none"> <li>Improve Board of Directors effectiveness</li> <li>Promote diversity in the Board of Directors</li> <li>Maintain at least 50% ratio of outside directors</li> <li>Active deliberations by the Board of Directors</li> </ul> <p>P.50</p>



# Financial and Non-Financial Highlights

## Revenue/ Operating profit/ Operating profit margin

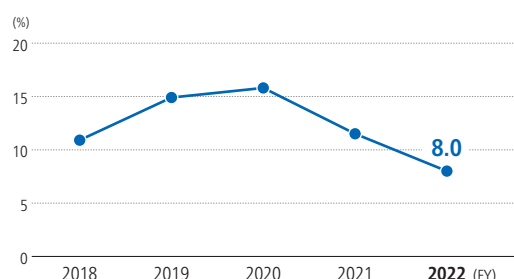


Revenue amounted to ¥110,919 million, up 5.2% year on year, while operating profit decreased 28.8% year on year to ¥11,746 million (operating profit margin 10.6%).

Revenue: Although revenue in the Test and Measurement Business was down ¥566 million year on year, we achieved an overall increase in revenue year on year thanks to strong performance in the PQA Business in the United States, resulting in a ¥2,870 million year-on-year increase, and to acquisition benefits in the Environmental Measurement Business from the acquisition of Takasago, Ltd., resulting in a ¥3,227 million year-on-year increase.

Operating profit: The main reason for the year-on-year decline in operating profit was a ¥4,328 million year-on-year decline in operating profit in the Test and Measurement Business. The decline was a result of decreased sales of mobile products with higher profitability due to slower growth of the mobile market, as well as increased fixed costs from soaring raw materials prices, global inflation, and rising labor costs.

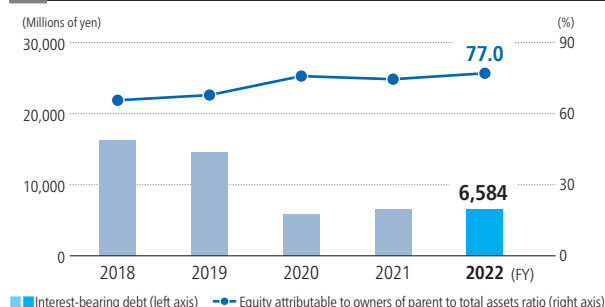
## Return on Equity (ROE)



ROE for fiscal year 2022 was 8% (down 3.5% year on year) due to a ¥3,585 million decrease in net income.

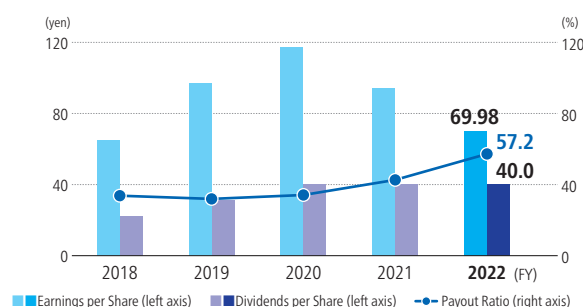
In order to maximize Anritsu's corporate value over the medium- to long-term, we will work to improve the efficiency of invested capital and maintain financial stability by utilizing "ROE (Return On Equity)" and "Equity attributable to owners of parent to total assets ratio (Ratio of equity capital)" as KPIs.

## Interest-Bearing Debt/Equity Attributable to Owners of Parent to Total Assets Ratio



Interest-bearing debt totaled ¥6,584 million (up ¥63 million year on year) due to an increase in lease liabilities. While other components of equity increased, the acquisition of ¥5,000 million of treasury stock resulted in an equity attributable to owners of parent to total assets ratio of 77.0% (up 2.5% year on year).

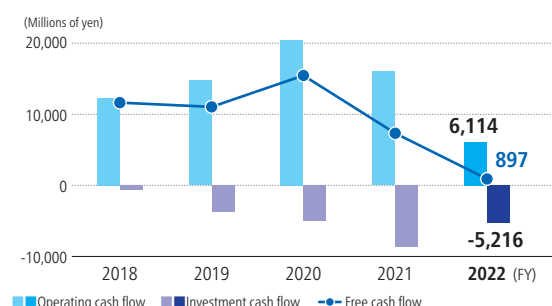
## Earnings per Share/Dividends per Share & Payout Ratio



Earnings per share for fiscal year 2022 were ¥69.98 (down ¥24 year on year), and the annual dividend was ¥40 (same as previous fiscal year), for a payout ratio of 57.2%. 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 50% 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 stock buybacks 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.

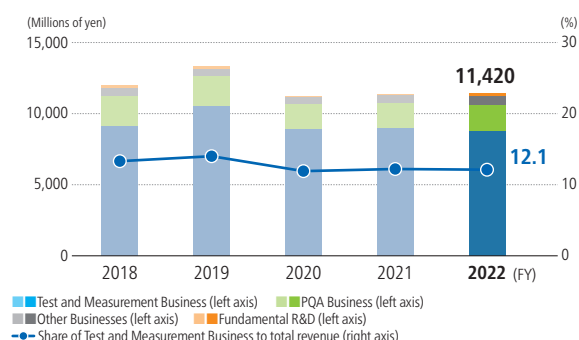
\* The consolidated dividend payout ratio target was revised on April 28, 2023 based on a resolution of the Board of Directors meeting held on the same date. Before the revision (as of the final day of the current consolidated fiscal year), the consolidated dividend payout ratio target was 30% or more.

## Cash Flow



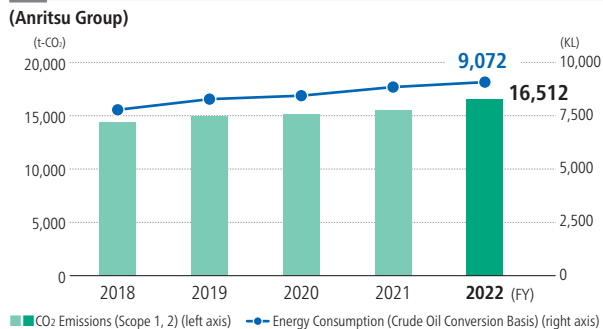
Operating cash flow in fiscal year 2022 was positive ¥6,114 million (¥16,031 in the previous fiscal year) as a result of an increase in funds due to reporting profit before taxes, despite decreases in funds due to income tax payments and an increase in inventories. Investment cash flow was an outflow of ¥5,216 million, mainly due to the acquisition of property, plant, and equipment. As a result, free cash flow was positive ¥897 million.

## R&D expense



Research and development (R&D) expenses increased only slightly, by ¥34 million, to ¥11,420 million. R&D expenses for the Test and Measurement Business amounted to ¥8,785 million, down ¥178 million year on year, and amounted to 12.1% of revenue, down 0.1% year on year. These levels were very similar to those of the previous fiscal year. R&D expenses are managed at a level commensurate with revenue, and are controlled within 12-14% of sales revenue in the Test and Measurement Business, allowing us to carry out development in a balanced manner through selection and concentration.

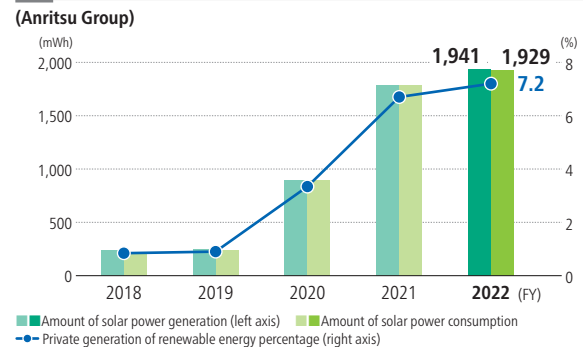
## CO<sub>2</sub> Emissions (Scope 1, 2) / Energy Consumption (Crude Oil Conversion Basis) (Anritsu Group)



More than 98% of the Anritsu Group's CO<sub>2</sub> emissions (Scopes 1, 2) resulted from energy consumption. From fiscal year 2022, there was a change in the boundary as we added Takasago, Ltd. and four overseas manufacturing sites, resulting in a total of 16,512 tons of CO<sub>2</sub> emissions. Versus the previous fiscal year, emissions increased by 6.2% due to the addition of a new building at the Second Plant in Koriyama, a CFC gas leakage caused by a refrigeration unit failure, and a worsening of the emission factor for electric power companies.

\* Figures have been revised for reasons such as the under-reported figures for electricity consumption to the Company by U.S. power distribution companies.

## Amount of Solar Power Generation and Consumption / Private Generation of Renewable Energy Ratio

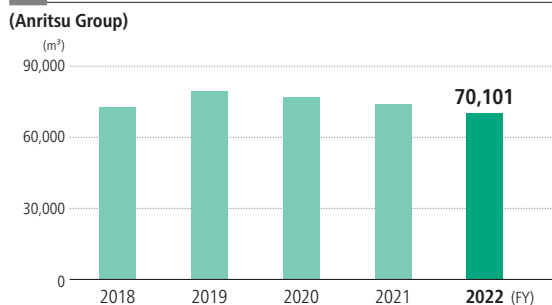


Anritsu Climate Change Action PGRE 30, which emphasizes in-house power generation and consumption from renewable energy sources, has been formulated to achieve SBT targets. Solar power generation in fiscal year 2022 increased by 8.4% from the previous year to 1,941 mWh. The private generation of renewable energy ratio increased from 6.7% to 7.2% from the previous fiscal year.

\*1 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

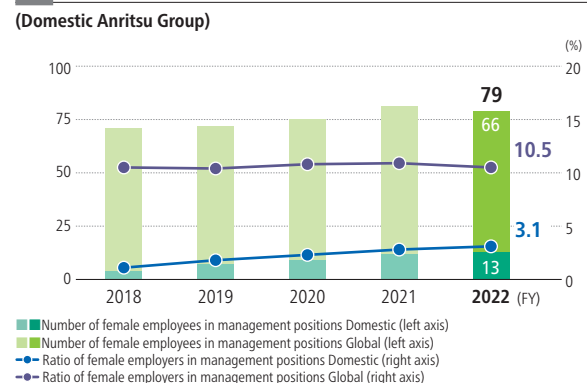
\*2 Data from fiscal year 2021 has been corrected. It was due to a bug in the system software of the management company of solar power generation facilities in the U.S. that reported higher measured values than actual values.

## Water Usage



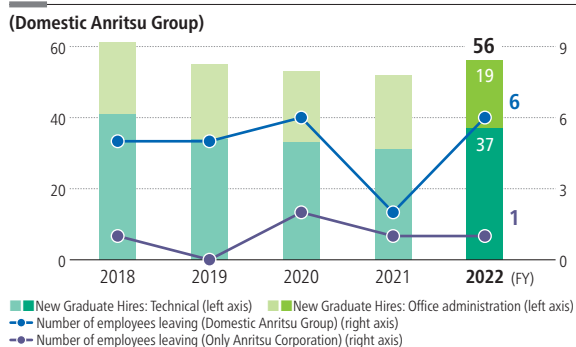
The Anritsu Group's water usage in fiscal year 2022 dropped 5.2% year on year. In addition, the target for reducing water consumption in fiscal year 2022 was "to maintain domestic Anritsu Group water consumption at 62,000 m³ or less (roughly the fiscal year 2019 level)." Anritsu Group water consumption in Japan in fiscal year 2022 was 57,430 m³, a reduction of 7.5% from fiscal year 2019.

## Number of Female Managers / Percentage of Female Managers



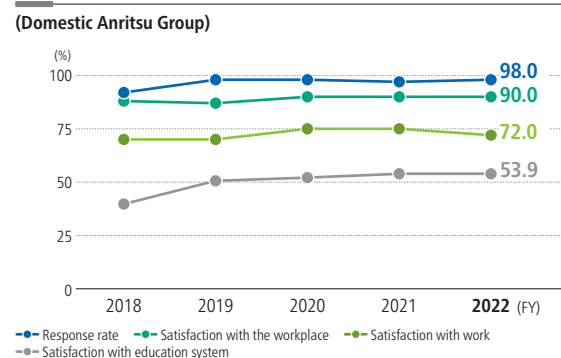
The Anritsu Group aims to achieve a global female manager ratio of 15% or more by fiscal year 2023 as a KPI for diversity promotion in its Mid-Term Business Plan GLP2023. The number of female managers in Japan, a challenge for Anritsu, increased by one in fiscal year 2022 to 3.1%, up 0.3% year on year. However, the number of female managers in the Americas decreased by two, resulting in a global female manager ratio of 10.5%, down 0.4% year on year.

## New Graduate Hires / Number of Employees Leaving in or before Their Third Year



A total of 56 new graduate hires (37 technical and 19 office administration) joined the Domestic Anritsu Group in fiscal year 2022 (with employment starting in fiscal year 2023) versus a target of 88 hires. The percentage of technical personnel was 66%, up from 60% the previous year. The number of employees in or before their third year leaving Anritsu Corporation is usually 0 to 2. However, there has been an increase in the number of employees leaving Anritsu Group companies since fiscal year 2018. As of fiscal year 2020, the Domestic Anritsu Group has implemented a unified recruitment policy. This policy is to selectively hire without seeking to fill quotas, and we train all new graduates on the premise that they are all capable of performing in the workforce. We will enhance our training programs and improve the retention rate of newly hired graduates.

## Employee Satisfaction Survey



The Domestic Anritsu Group conducts an employee satisfaction survey with all employees every year. The response rate in fiscal year 2022 was high, at 98%. Satisfaction with the workplace maintained high levels from last year, at 90%. Satisfaction with work was 72%, down 3% from the previous year, but maintaining a high level above 70%. Meanwhile, satisfaction with the education system in fiscal year remained above 50% at 53.9%, the same level as last year.