

Anritsu Integrated Report

2023

(Fiscal Year 2022)



Corporate Philosophy



Company Philosophy

Contribute to the development of a safe, secure, and prosperous global society by offering "Original & High Level" products and services with "Sincerity, Harmony, and Enthusiasm"

Company Vision

Beyond testing, beyond limits, for a sustainable future together

Company Policy

1. Growing day-by-day both as people and as a company based on self-development and sincere effort
2. Solving challenges through internal and external cooperative collaborations and harmonious relations
3. Making breakthroughs with enthusiastic and progressive spirit
4. Devoting the company and stakeholders to building a people- and planet-friendly sustainable future

Editorial Policy

Since fiscal year 2015, Anritsu Group has released Integrated Reports that provide comprehensive information about financial and non-financial factors. We do this to give stakeholders such as customers, shareholders, investors, suppliers, and employees a better understanding of our efforts to realize the safe, secure, and prosperous global community that Anritsu Group aspires to. In this ninth report, entitled Anritsu Integrated Report 2023, we made efforts to provide easy-to-understand information about our ESG initiatives that form the foundation of the Anritsu Group's value creation, including the progress of our Mid-Term Business Plan GLP2023, which lays the foundation for our scenario to become a ¥200 billion company in fiscal year 2030.

The IIRC*¹ and other international frameworks, as well as the GRI*² standards were used as references in the production of this report.

*¹ IIRC: International Integrated Reporting Council merged with the IFRS Foundation's International Sustainability Standard Board (ISSB) in June 2022

*² GRI: Global Reporting Initiative

Communication Tools

Integrated Report

The Integrated Report issued every year includes corporate philosophy, top message, corporate value creation, business review, ESG, etc.

Sustainability Report

Environmental, economic, and social efforts included in the CSR report since 2005 is being incorporated into the Sustainability Report from 2018.

Securities Report/Quarterly Financial Report

These reports provide information on financial performance for the fiscal year at Anritsu on a quarterly and annual basis. (Japanese only)



Business Report

The Business Report provides a basic summary of business activities, highlights, and other information for the fiscal year on an interim and full-year basis.

Financial Information

Financial information available on the WEB includes financial results, presentation materials, and presentation of Q&A summaries.

Information for the General Meeting of Shareholders

This information available on the WEB includes notices of the general meeting of shareholders, reports of resolutions adopted, and presentation materials for shareholders.

Communication tools are provided on Anritsu's website at Home > About Anritsu > Investor Relations > IR Library.

URL: <https://www.anritsu.com/en-us/about-anritsu/investor-relations>



Sustainability Policy

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

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

Revision April 2021

Supporter of the UN Global Compact

In March 2006, Anritsu declared its support of the 10 principles of the UN Global Compact (UNGC), which are grouped into four categories: Human Rights, Labor, Environment, and Anti-Corruption. The Anritsu Group as a whole promotes these principles alongside its sustainability-related activities.



Inclusion in Indices, External Evaluations



FTSE Blossom Japan Index



FTSE Blossom Japan Sector Relative Index



Morningstar Japan ex-REIT Gender Diversity Tilt (GenDi.J) *1



S&P/JPX Carbon Efficient Index



FTSE4Good Index Series



SOMPO Sustainability Index



iSTOXX MUTB Japan Platinum Career Index



CDP DISCLOSURE INSIGHT ACTION



CDP SUPPLIER ENGAGEMENT LEADER



Certified Health & Productivity Management Outstanding Organization (White 500)



"Eruboshi" certification



"Kurumin" certification



Kanagawa Support Care Company

*1 Disclaimer page: <https://www.anritsu.com/en-us/about-anritsu/sustainability/evaluation#morningstar-disclaimer>

Contents

Corporate Philosophy

Cover Story

- 2 Anritsu Now
- 4 Global Business Structure/ The Anritsu Group at a Glance
- 6 Anritsu Value Creation Model
- 8 Business Model
- 10 Anritsu Value History
- 12 Important Management Issues, Risks and Opportunities
- 16 Financial and Non-Financial Highlights

Vision & Value

- 18 Group CEO Message
- 24 CEO and CTO Dialogue: What Comes Next

Strategy and Performance

- 26 Mid-Term Business Plan
- 28 CFO Message
- 32 Test and Measurement Business
- 35 PQA Business
- 38 Environmental Measurement Business
- 41 Sensing & Devices Business

Strategy for Achieving our Long-Term Vision

- 42 Respect for Human Rights/ Supply Chain Management
- 44 Human Resources
- 46 Initiatives for the Environment and Climate Change
- 48 Dialogue: Outside Director and Human Resources Officer
- 50 Corporate Governance
- 59 Risk Management
- 60 Directors and Executive Officers
- 63 Stakeholder Engagement

Data

- 64 11-Year Summary of Selected Financial Information
- 66 ESG Data
- 67 Management's Discussion and Analysis
- 77 Consolidated Statement of Financial Position
- 78 Consolidated Statement of Comprehensive Income
- 79 Consolidated Statement of Changes in Equity
- 80 Consolidated Statement of Cash Flows
- 81 Glossary
- 82 Third-Party Assurance/Statement of Responsibility
- 83 Investor Information

Notes regarding use of forecasts and other forward-looking information

The business forecasts mentioned in this report are based on recent information and reasonable judgments made with available information. The reader should be aware that these projections are not promises, and actual results may be materially different from these projections due to known or unknown risks, changes related to uncertainties, and other factors.

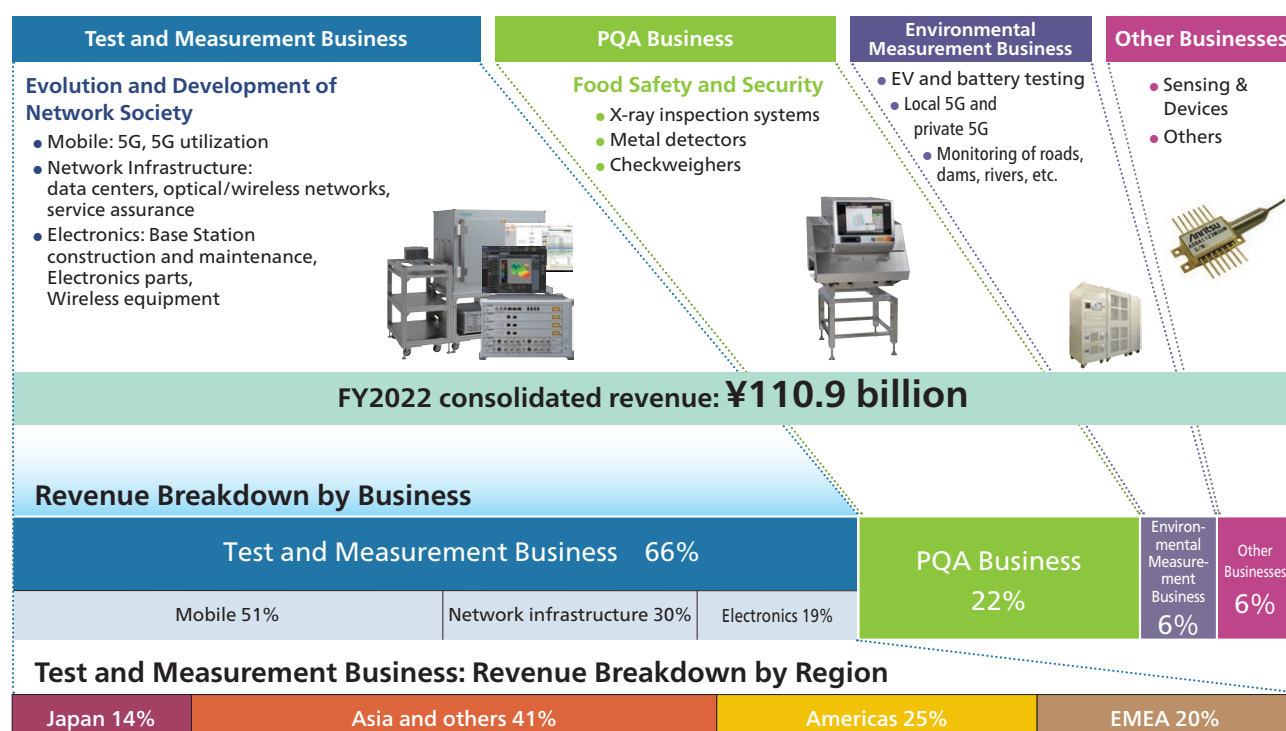
Reporting Period

Fiscal Year 2022 (April 1, 2022 to March 31, 2023)

* This report also includes information about activities and other areas after April 1, 2023.

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

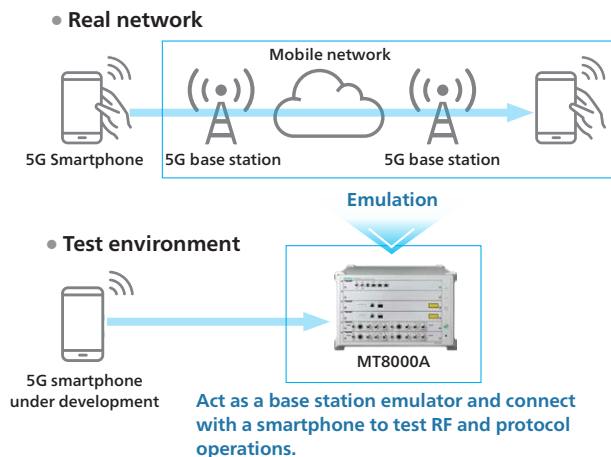
- Electronic equipment manufacturers
- Communication equipment manufacturers
- Ophthalmic medical device manufacturers

Value Provided by “Testing”

Test and Measurement Business

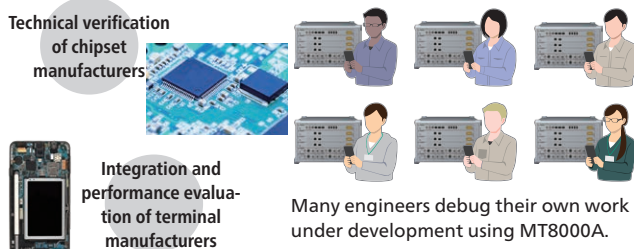
Providing Solutions for Smartphone Development

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.

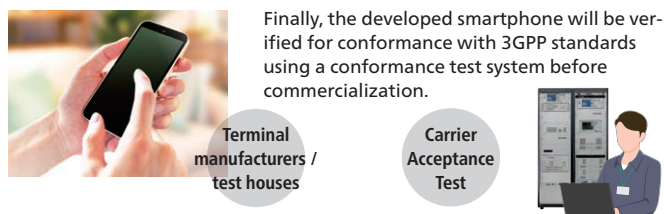


Smartphones under development cannot be connected to the base stations in real network. Anritsu's MT8000A emulates a base station and network, connecting to smartphones under development to help engineers debug.

Development of chipsets and commercial terminals



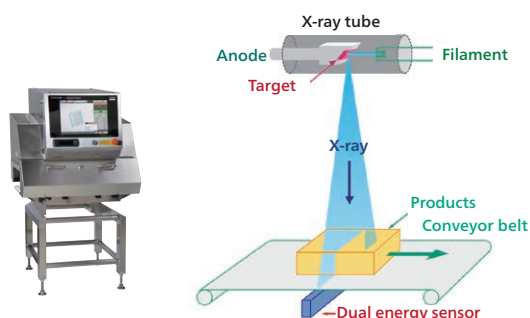
Development of commercial terminals



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 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

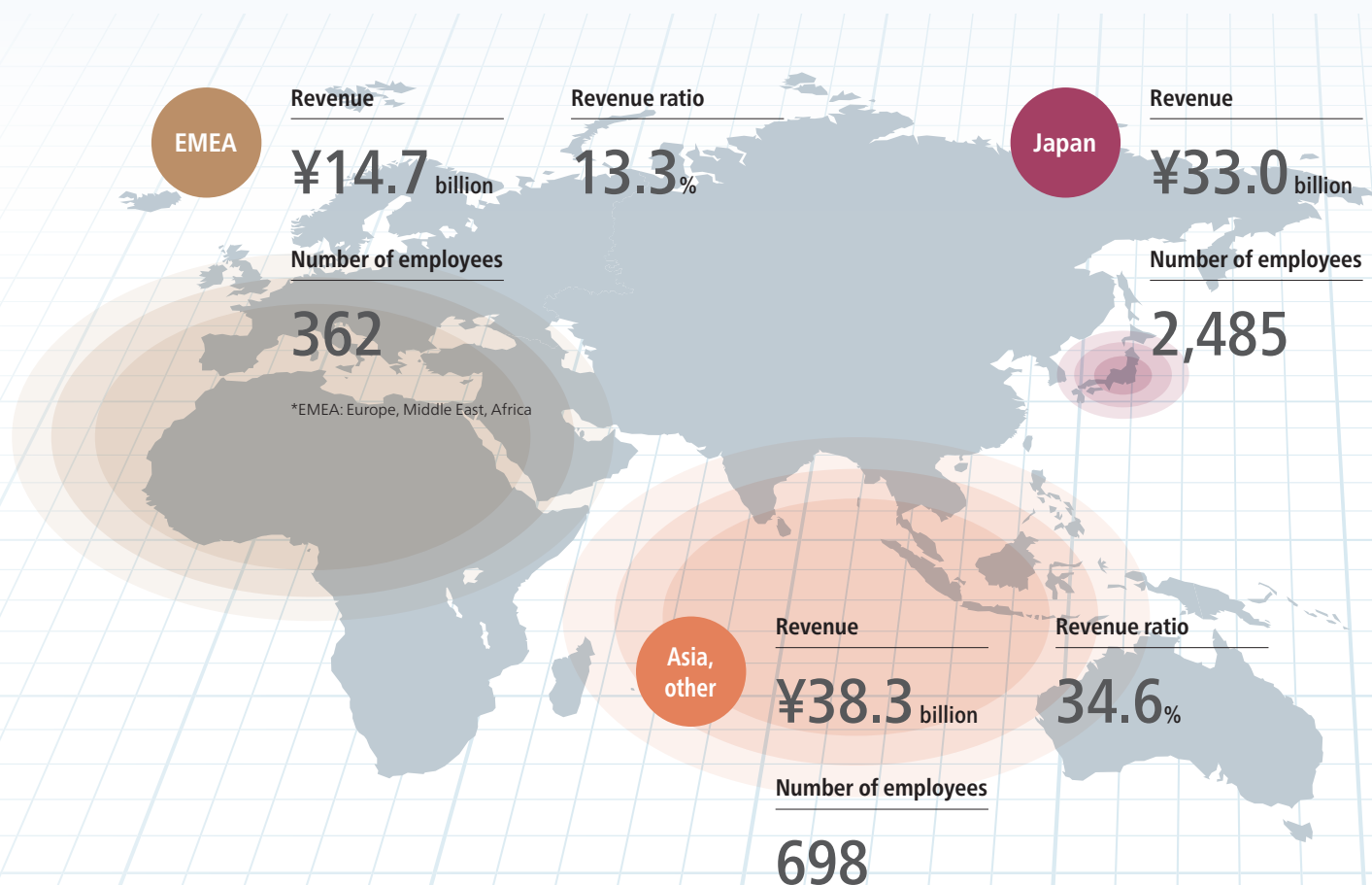
The combination of signal processing (filtering) applied to transparencing images improves the ability to extract foreign body signals.

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 %

CO₂ Emissions
(Scope 1, 2)

16,512 t-CO₂

CO₂ Emissions
(Scope 3)

137,656 t-CO₂

* 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

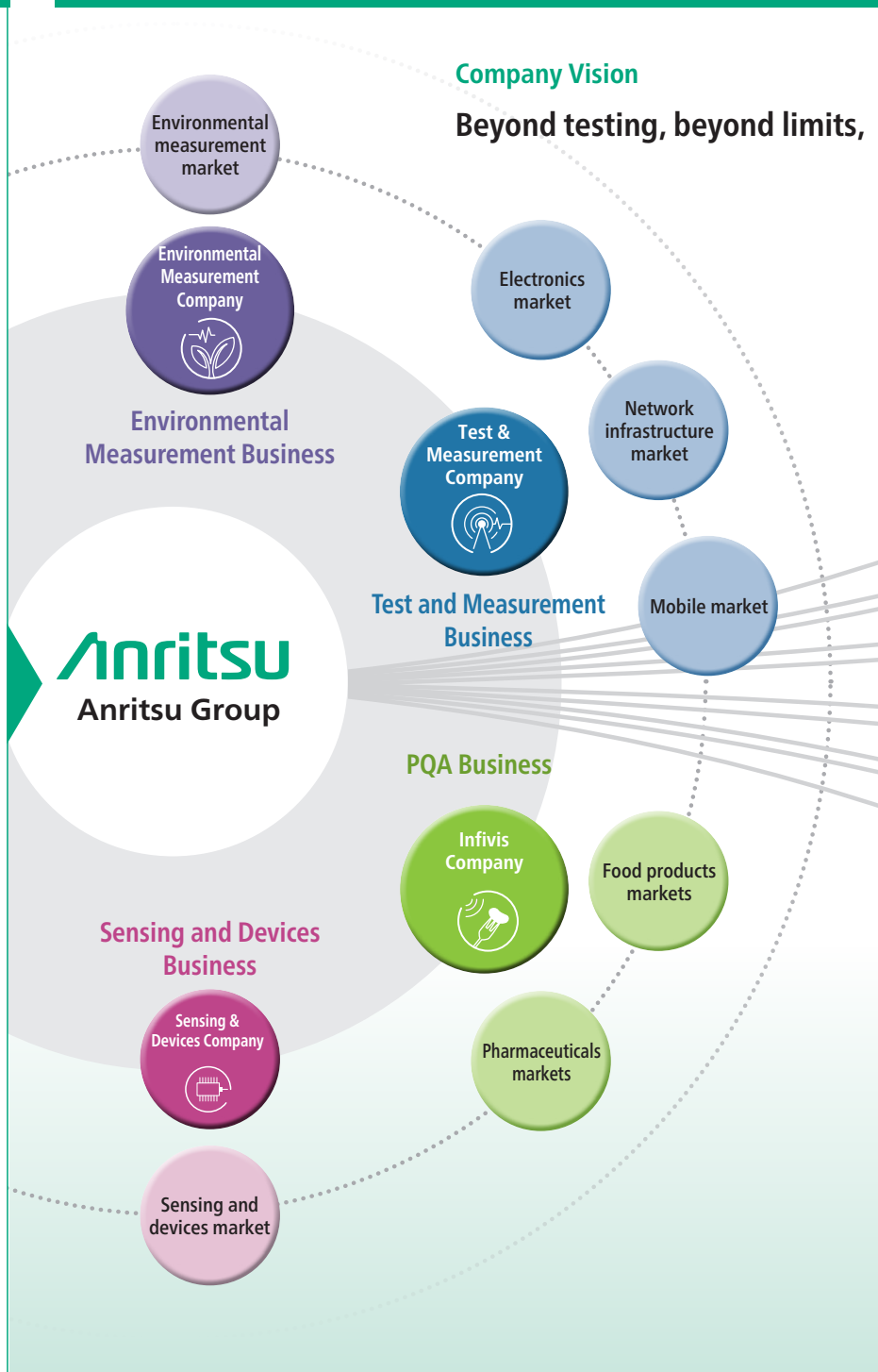


Natural Capital

Environmental Management that Extends along the Entire Value Chain

- Water consumption: 73,911 m³
- 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

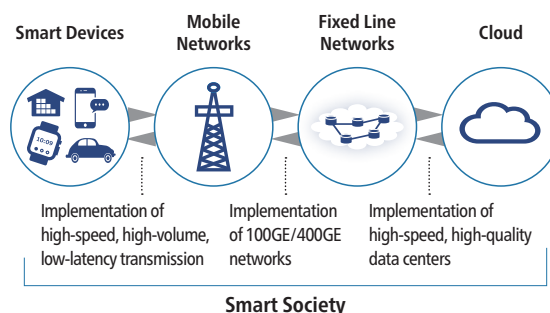
The Test and Measurement Business serves three markets.

- 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.

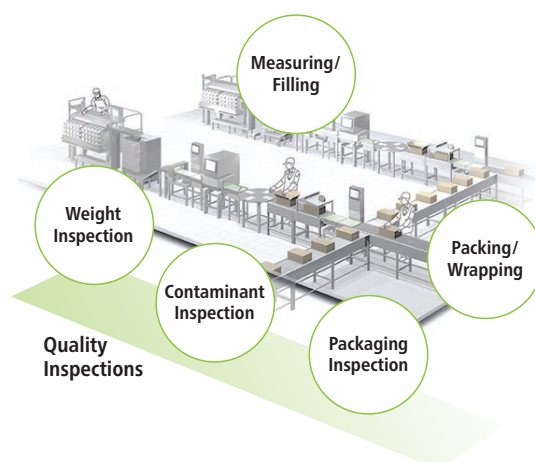
- Checkweighers: Weighing instruments that use technology to measure the mass of objects moving at high speed
- Metal detectors: Detection instruments using technology to detect metals from magnetic field fluctuations
- X-ray inspection machines: Inspection machines using transmitted X-rays to visualize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



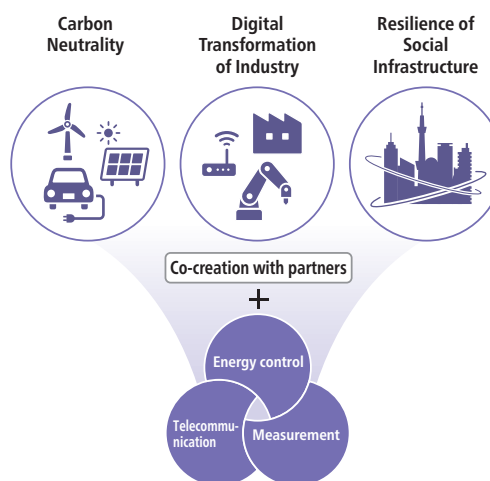
Environmental Measurement Company

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.



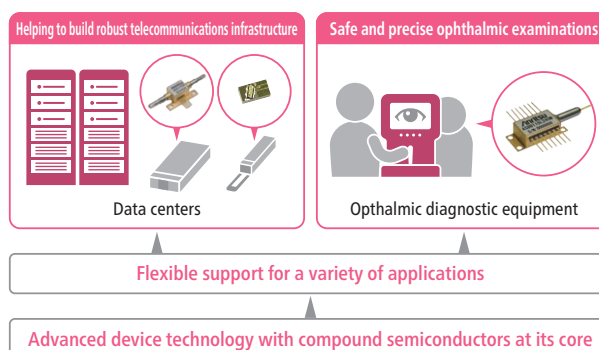
Sensing and Devices Business



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.

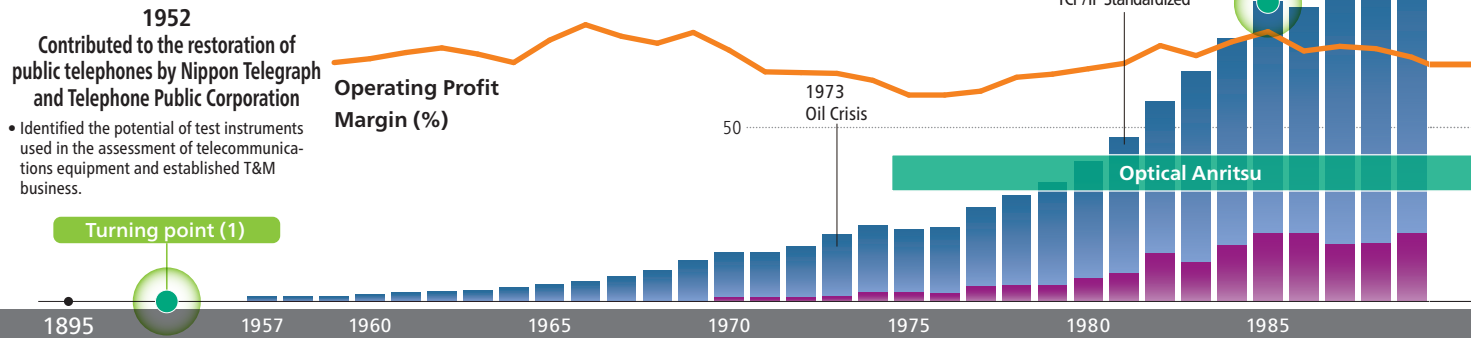
In the area of semiconductor optical amplifiers (SOAs), its chip-on-carrier product offerings and support for high-temperature operation contribute to power savings in optical transceivers and data centers. In addition, by incorporating our broadband super luminescent diodes (SLDs) and high coherence 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

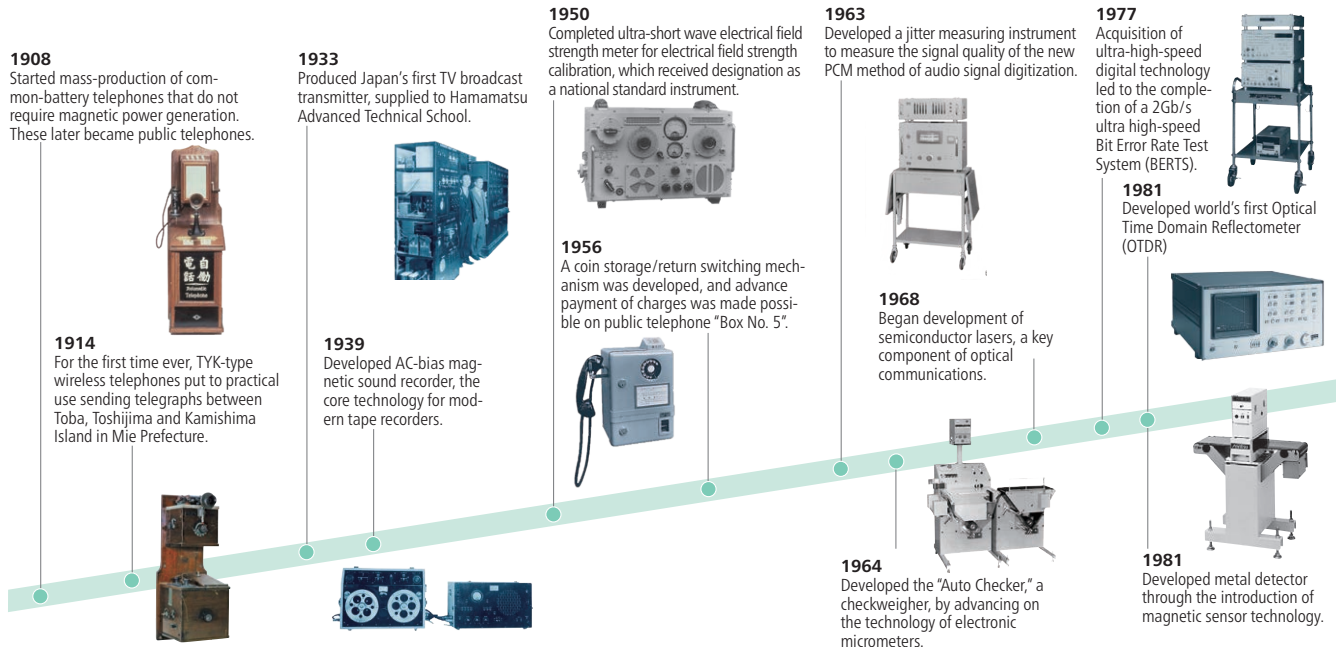
Integration of Wired and Wireless, Establishment of Anritsu Electric Co., Ltd.
1931-1949

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

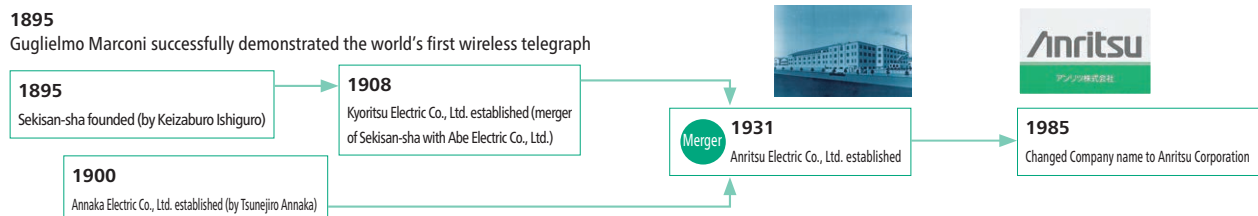
Business Expansion Through Diversification
1963-1974

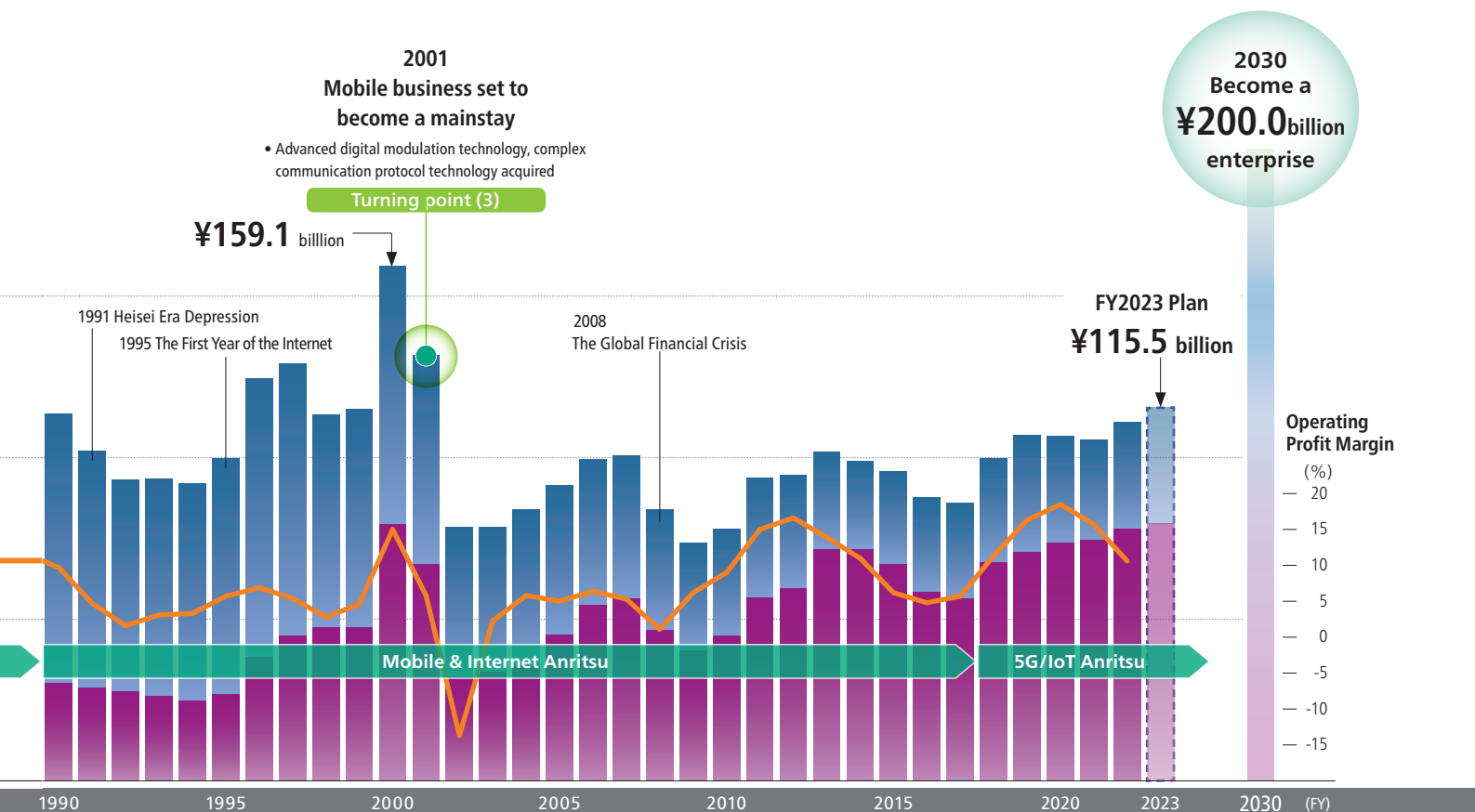
An Era of Optical Anritsu
1975-1989

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	Establishment of a robust business foundation • Appropriate financial management • Optimization of business portfolio by pioneering new domains	• Capital: Financial, intellectual, human • Stakeholders: Shareholders, investors, employees	• Company growth • Appropriate shareholder returns • Work satisfaction • Wage increases
Customer and Business Environment	Expanding to capture new business opportunities through digital innovation • Provide solutions that contribute to the development of a robust IT infrastructure • Address innovation in DX technology	• Capital: Intellectual, human, social and relationship • Stakeholders: Customers, employees, partners, suppliers	• Provide timely solutions • Provide attentive support • Conduct initiatives for cutting-edge technology • Innovate through collaboration with other companies • Participate in industry associations • Highly accurate and stable test results
	Contributing to safe and secure food, medicine, and pharmaceutical products • Provide solutions that contribute to the reduction of food loss • Provide quality assurance solutions • Ensure healthy lifestyles	• Capital: Intellectual, human, social and relationship • Stakeholders: Customers, employees, partners, suppliers	• Provide cost-effective solutions • Provide prompt support • Initiatives for cutting-edge technology • Innovate through collaboration with other companies • Participate in industry associations • Highly accurate and stable test results
	Providing products that contribute to a decarbonized society	• Capital: Intellectual, human, social and relationship • Stakeholders: Customers, employees, partners, suppliers	• Provide timely solutions • Conduct initiatives for cutting-edge technology • Innovate through collaboration with other companies • Participate in industry associations • Highly accurate and stable test results
Environment	Addressing climate change • Reduce greenhouse gas emissions • Introduction of in-house generation of renewable energy	• Capital: Human, social and relationship, natural, manufactured • Stakeholders: Customers, employees, partners, suppliers	• Reduce CO₂ emissions
Human resources Strengthening human-centric perspective, etc.	Securing human resources supporting growth • Promote diversity • Health and productivity management • Respect human rights	• Capital: Human • Stakeholders: Employees, partners	• Comfortable work environment • Skill improvement • Work satisfaction
Governance	Strengthening governance • Maintain management transparency	• Capital: Human, social and relationship capital • Stakeholders: Shareholders, investors, employees, customers, partners, suppliers	• Management transparency

- 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

Risks Risk Management ▶ P.59	Opportunities
(1) Business risks: • Decrease in profits due to deterioration of market environment caused by restrained customer investment or changes in investment strategies • 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 • Deterioration of business environment or failure of PMI after completing M&A	• Entry into new business opportunities • Acquisition of opportunities for growth and creation of demand through new technologies and products • Expansion of business fields and accelerated structural transformation through the acquisition of new business resources (M&As, etc.)
(1) Business risks: • Market environment deterioration due to restrained customer investment or changes in investment strategy • 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 • 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 • Deterioration of business environment or failure of PMI after completing M&A	• Entry into new business opportunities • Acquisition of opportunities for growth and creation of demand through new technologies and products • Foster customer loyalty and achieve customer satisfaction through the provision of high-quality measurement solutions • Expand geographical business coverage by responding to Radio Acts of different countries. • Expansion of business fields and accelerated structural transformation through the acquisition of new business resources (M&As, etc.)
(2) Risks of legal violations: • Failure to comply with stricter laws and regulations and respond to changes in interpretation of laws, and changes in operational policies in each region • In case the Company is subject to compensation damage from safety-related problems with products (4) Quality risks: • Damage to our brand image from safety-related problems with products (7) Risks of infectious diseases and disasters: • Restrictions on business activities and deterioration of market conditions due to the spread of infectious diseases and natural disasters	• Entry into new business opportunities • Acquisition of opportunities for growth and creation of demand through new technologies and products • Foster customer loyalty and achieve customer satisfaction through the provision of high-quality measurement solutions • Provision of products and services that respond to customers fulfilling food quality-related laws and regulations such as HACCP requirements. • Expansion of business fields and accelerated structural transformation through the acquisition of new business resources (M&As, etc.)
(2) Risks of legal violations: • 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 (3) Environmental risks: • Addressing regulations on the use and emission of greenhouse gases and stricter energy conservation standards due to the escalation of global environmental issues	• Entry into new business opportunities • Acquisition of opportunities for growth and creation of demand through new technologies and products • Foster customer loyalty and achieve customer satisfaction through the provision of high-quality measurement solutions • Contribution to the creation of new battery safety standards • Expansion of business fields and accelerated structural transformation through the acquisition of new business resources (M&As, etc.)
(2) Risks of legal violations: • 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 (3) Environmental risks: • Addressing regulations on the use and emission of greenhouse gases and stricter energy conservation standards due to the escalation of global environmental issues	• Increased awareness of environmental initiatives among stakeholders
(1) Business risks: • Loss of, or difficulty in acquiring human resources who possess the diversity and capabilities needed for the Anritsu Group's sustainable growth	• Innovation achieved through the acquisition of diverse human resources thanks to employee skill improvement and review of working styles
(1) Business risks: • Decreased corporate value when management transparency is judged low (2) Risks of legal violations: • Failure to completely comply with laws and regulations, or cover-ups of the same, due to issues with or low transparency in corporate management (5) Import/export control risks: • 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 (6) Information security risks: • Leakage of internal information, or cover-ups of the incident, due to issues with or low transparency in corporate management	

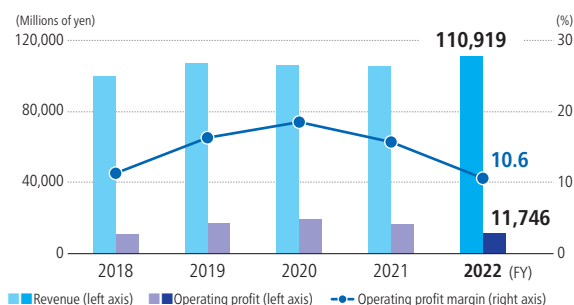
Important Management Issues, Risks and Opportunities

Anritsu's Perspective	Key management issues	Response	Targets for Business Issues
Growth investment and business operations	Establishment of a robust business foundation • Appropriate financial management • Optimization of business portfolio by pioneering new domains	• Strengthen investment for growth in four new areas • Established structure consisting of four internal companies and one Advanced Research Laboratory • Operate business with optimal capital structure • Capture growth opportunities through M&A	• Improve profitability and efficiency • Allocate cash mainly on strategic investments to achieve growth • Launch new businesses for four internal companies and Advanced Research Laboratory
Customer and Business Environment	Expanding to capture new business opportunities through digital innovation • Provide solutions that contribute to the development of a robust IT infrastructure • Address innovation in DX technology	• Develop solutions that meet customer needs • Build and strengthen customer support systems • Participate in industry associations, especially those that establish standards • Secure and maintain human resources capable of building relationships of trust with customers leading cutting-edge technologies • Promote M&As and alliances for technology acquisition • Produce key devices in-house	• Develop solutions that meet customer needs • Strengthen partnerships with leading industry players • Participate in industry associations • Promote M&As and alliances for technology acquisition
	Contributing to safe and secure food, medicine, and pharmaceutical products • Provide solutions that contribute to the reduction of food loss • Provide quality assurance solutions • Ensure healthy lifestyles	• Develop solutions that meet customer needs • Build and strengthen customer support systems • Participate in industry associations • Secure and maintain human resources capable of catching up with cutting-edge technologies • Promote M&As and alliances for technology acquisition	• Develop solutions that meet customer needs • Strengthen partnerships with leading industry players • Participate in industry associations • Promote M&As and alliances for technology acquisition
	Providing products that contribute to a decarbonized society	• Develop solutions that meet customer needs • Build and strengthen customer support systems • Participate in industry associations • Secure and maintain human resources capable of catching up with cutting-edge technologies • Promote M&As and alliances for technology acquisition	• Develop businesses in new areas where we can contribute to solving social issues • Create new value through collaboration with customers and partners • Improve technological competitiveness and encourage innovation • Participate in industry associations • Promote M&As and alliances for technology acquisition
Environment	Addressing climate change • Reduce greenhouse gas emissions • Introduction of in-house generation of renewable energy	• Corporate facilities aimed at reducing greenhouse gas emissions • Introduction of in house generation of renewable energy • Develop solutions to help reduce greenhouse gases (development of solutions that consume less power)	• Declaration of Carbon Neutrality in FY2050 • PGRE 30 • Develop environmentally friendly products
Human resources Strengthening human-centric perspective, etc.	Securing human resources supporting growth • Promote diversity • Health and productivity management • Respect human rights	• Implement global (e.g., Philippines) recruitment • Establish a working environment that supports diversity of values • Establish the Anritsu Group Health and Productivity Management Policy • Establish an education and training system which supports employees' autonomous growth • Create a comfortable work environment where employees can demonstrate their abilities • Strengthen supply chain due diligence	• Conduct recruitment free from race, gender, or age • Create a work environment where each individual can fulfill his or her potential • Create an education and training system that enables employees to acquire outstanding personal capabilities • Strengthen supply chain due diligence
Governance	Strengthening governance • Maintain management transparency	• Improve management transparency • Disclose information in an appropriate and timely manner • Strengthen management supervision • Nurture management resources	• Build a highly effective corporate governance structure

KPIs	Achievements in FY2022	Initiatives for FY2023
• Rating (Rating and Investment Information, Inc.) • Sales growth rate • Operating profit margin • ROE • TSR	• Executed 5 billion yen share buyback • Free cash flow: 900 million yen P.28	• Continue financial strategy • Investment in growth areas: Includes M&A P.28
• Sales growth rate • Operating profit margin • Number of new products developed • R&D expenses • Number of patents • Number of M&As and alliances announced • Participation and contribution to industry associations	Test and Measurement Business • Sales growth rate: -1% • Operating profit margin: 15% • Number of new products developed: 7 models • R&D investment: 8,785 million yen • Participation in industry associations: 3GPP, O-RAN, IOWN P.32 Sensing & Devices Business • Number of new products developed: 1 model P.41	Test and Measurement Business • Expand 5G utilization (industrial IoT, automotive), O-RAN, private 5G business in North America • Strengthen business in 6G, IOWN, and other government-led cutting-edge development fields • Acquire offshore development and manufacturing-related business in Southeast Asia and India P.32 Sensing & Devices Business • Expand market share through improved SOA performance and stable supply P.41
• Sales growth rate • Operating profit margin • Number of new products developed • R&D expenses • Number of patents • Number of M&As and alliances announced • Participation and contribution to industry associations	PQA Business • Sales growth rate: 13% • Operating profit margin: 5% • Number of new products developed: 15 models • R&D investment: 1,760 million yen • Industry association membership: Over 20 associations, including the Japan Measuring Instruments Federation P.35 Sensing & Devices Business • Number of new products developed: 1 model P.41	PQA Business • Obtain certification of a designated supplier from global customers • Create new products with high customer value that adopt new sensing technologies • Improve the business portfolio by expanding our business into the pharmaceutical manufacturing market • Streamline internal processes P.35 Sensing & Devices Business • Expand market share by enhancing performance of light sources for ophthalmic diagnostic equipment P.41
• Sales growth rate • Operating profit margin • Number of new products developed • R&D expenses • Number of patents • Number of M&As and alliances announced • Participation and contribution to industry associations	Environmental Measurement Business • Operating profit margin: 1% • Completed PMI of Takasago, Ltd. which became a subsidiary after M&A • Reopened Anritsu 5G Lab as a venue for co-creation P.38	Environmental Measurement Business • Strengthen products and expanding evaluation technologies for EV battery development • Improve network optimization technology for the industrial DX field • Expand collaboration with new companies P.38
• Reduction amount of greenhouse gas emissions (Scope 1, 2, 3) • Solar power generation amount/consumption, in-house generation of renewable energy ratio • Number of new environmentally friendly products	• 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 • Released new environmentally friendly products: 55 models (cumulative) P.46	• Start operation of solar power generation storage batteries at the Koriyama district plant • Release new environmentally friendly products • Develop and release products for new environmental business P.46
• Number of employees by region, ratio of female employees, ratio of female managers • Employment rate of people with disabilities, ratio of engineers, ratio of female employees to new graduate hires, ratio of experienced employees to new hires • Paid leave utilization ratio, employee turnover rate • Employee satisfaction • Training hours per trainee, number of trainees, total training cost (training hours) • External evaluations (Kurumin mark accreditation grade, White 500 company certification, etc.) • Number of companies conducting due diligence in the supply chain	• Continued to hire engineers in the Philippines (global hiring of human resources/localization) • Statutory employment rate of people with disabilities: 2.36% • Ratio of female managers: 10.5% • Childcare leave utilization ratio by male employees: 45.2% • Work satisfaction: 90% • Extended employment until age 70 and launched new compensation system • Percentage of experienced hires: 36.5% • Received the highest rating of 3 stars in the "Eruboshi" certification • Certified as a Health & Productivity Management Outstanding Organization (White 500) • Number of companies conducting due diligence in the supply chain: 6 P.42, 44	• Promote global recruitment • Establish an education and training system which supports employees' autonomous growth • Promote the Anritsu Group Health and Productivity Management Policy • Encourage hiring experienced personnel • Achieve a 15% ratio of female managers • Continue to conduct supply chain due diligence P.42, 44
• Diversity of the Board of Directors • Ratio of outside directors • Number of items discussed and deliberated at Board of Directors meetings	• Disclosed our evaluation of the effectiveness of the Board of Directors • Ratio of female directors: 10% • Ratio of outside directors: Maintained at least 50% • Number of items discussed and deliberated at Board of Directors meetings: 152 P.50	• Improve Board of Directors effectiveness • Promote diversity in the Board of Directors • Maintain at least 50% ratio of outside directors • Active deliberations by the Board of Directors P.50

Financial and Non-Financial Highlights

Revenue/ Operating profit/ Operating profit margin

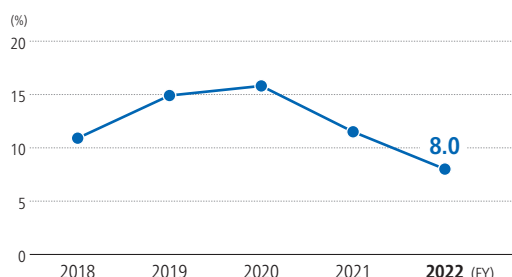


Revenue amounted to ¥110,919 million, up 5.2% year on year, while operating profit decreased 28.8% year on year to ¥11,746 million (operating profit margin 10.6%).

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.

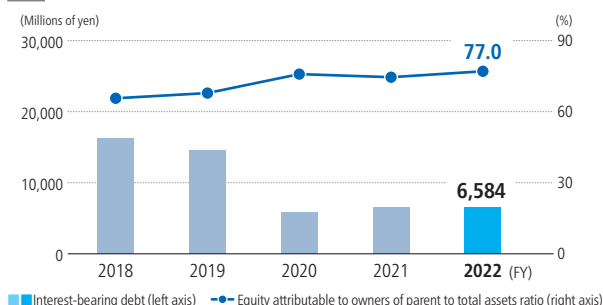
Return on Equity (ROE)



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

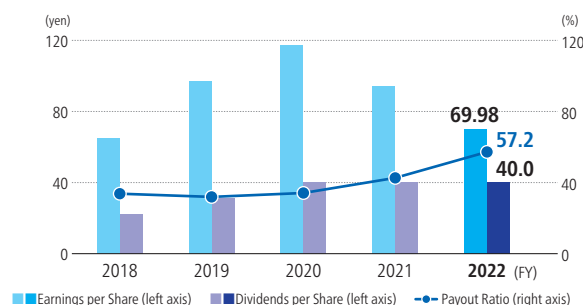
In order to maximize Anritsu's corporate value over the medium- to long-term, we will work to improve the efficiency of invested capital and maintain financial stability by utilizing "ROE (Return On Equity)" and "Equity attributable to owners of parent to total assets ratio (Ratio of equity capital)"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

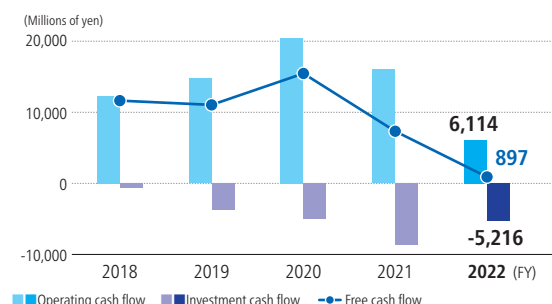
Earnings per Share/Dividends per Share & Payout Ratio



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.

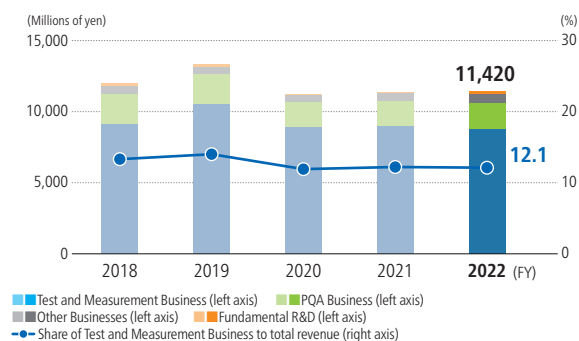
* The consolidated dividend payout ratio target was revised on April 28, 2023 based on a resolution of the Board of Directors meeting held on the same date. Before the revision (as of the final day of the current consolidated fiscal year), the consolidated dividend payout ratio target was 30% or more.

Cash Flow



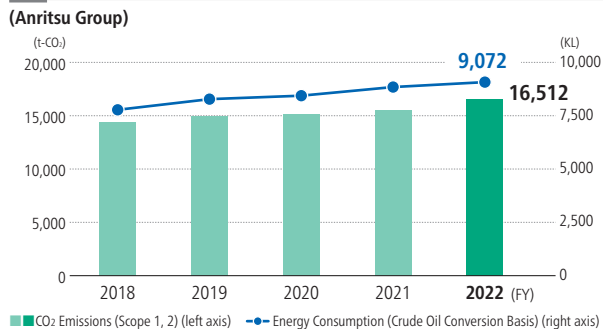
Operating cash flow in fiscal year 2022 was positive ¥6,114 million (¥16,031 in the previous fiscal year) as a result of an increase in funds due to reporting profit before taxes, despite decreases in funds due to income tax payments and an increase in inventories. Investment cash flow was an outflow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

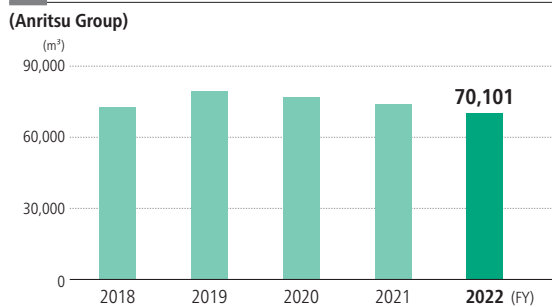
CO₂ Emissions (Scope 1, 2) / Energy Consumption (Crude Oil Conversion Basis) (Anritsu Group)



More than 98% of the Anritsu Group's CO₂ 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 CO₂ 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.

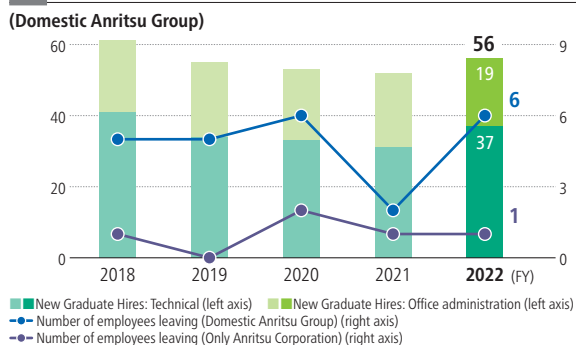
* Figures have been revised for reasons such as the under-reported figures for electricity consumption to the Company by U.S. power distribution companies.

Water Usage



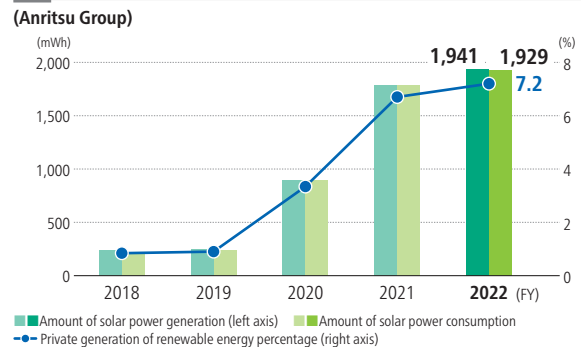
The Anritsu Group's water usage in fiscal year 2022 dropped 5.2% year on year. In addition, the target for reducing water consumption in fiscal year 2022 was "to maintain domestic Anritsu Group water consumption at 62,000 m³ or less (roughly the fiscal year 2019 level)." Anritsu Group water consumption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

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.

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

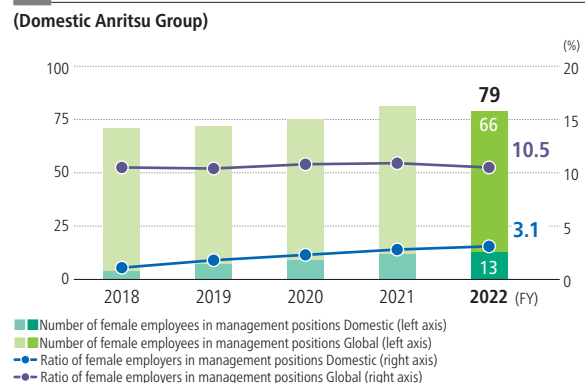


Anritsu Climate Change Action PGRE 30, which emphasizes in-house power generation and consumption from renewable energy sources, has been formulated to achieve SBT targets. Solar power generation in fiscal year 2022 increased by 8.4% from the previous year to 1,941 mWh. The private generation of renewable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

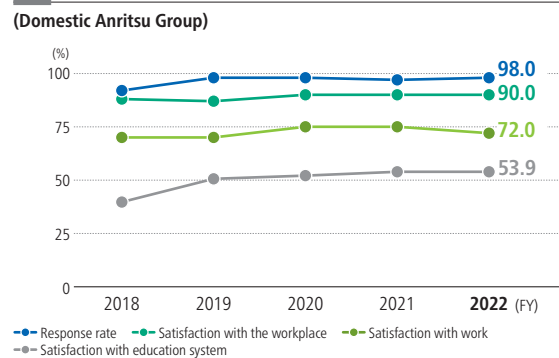
*2 Data from fiscal year 2021 has been corrected. It was due to a bug in the system software of the management company of solar power generation facilities in the U.S. that reported higher measured values than actual values.

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.

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.

Group CEO Message



**“Beyond testing, beyond limits,
for a sustainable future together.”
Solving social issues at the
frontier is our path to becoming a
¥200 billion company.**

Hirokazu Hamada

Representative Director,
President and Anritsu Group CEO

Going Beyond “Testing” to Seek New Growth Drivers

When I joined Anritsu in 1988, the company was known as an “engineer’s paradise.” It felt like an arm of a university research laboratory, where the engineers were studying the fields they wanted to study. After coming to Anritsu, I was lucky to have been involved in many hit products as a developer, but then many of my superiors also left us amid restructuring after the burst of the IT bubble. That is what led me to become the head of our development unit, my first role in

management. Then, during my tenure as an expatriate in the U.S., I gained a variety of experience, including rebuilding a subsidiary that was in crisis. It was especially during those four years in the U.S. that I made an effort to communicate with the employees there, taking the time to engage in face-to-face dialogues with all of them. That was when I learned how important it was to use communication to build trust. I believe that these experiences have shaped my creed as President and it is the communication that helps stakeholders to feel glad to work for their company or glad to do business with a company, and further is important for that company’s sustainable growth.

Over its 128-year history, Anritsu has transformed

itself into a company with a competency in testing. In 2021, with the aim of further evolving our testing, we set forth our company vision of “Beyond testing, beyond limits for a sustainable future together” and established a target of becoming a ¥200 billion company in FY2030. The target of ¥200 billion reflects the message that in order for us to break past our limitations and exceed the ¥100 billion level that we have hovered around since the bursting of the IT bubble, we must go beyond conventional testing and transform our way of thinking. To become a ¥200 billion company, it will be difficult to achieve growth only through in-house growth; new growth drivers must be established. To achieve this, we are looking to shake up our mindsets to break past our limitations and see what kind of growth we can achieve by utilizing Anritsu’s competency in testing. Going forward, we will leverage the strong financial position we have developed over the years to take an offensive stance and aggressively invest in new growth areas.

Toward Broader Frontiers in the Vast Testing Market

Anritsu contributes to safety and security by providing testing in all aspects of society. Behind the stable connection of our mobile phones, Anritsu’s Test and Measurement Business has been providing the global market with testing systems essential for the establishment and diffusion of advanced communication technologies since the emergence of mobile phones. Today, in order to contribute to the development of information and communications, including 5G systems, we are accelerating our efforts to create testing solutions in new areas where communications technologies are being applied and utilized, working to resolve issues in our communication-oriented society. In addition, we have begun working toward the development of 6G, a next-generation communication system.

Meanwhile the PQA business has been contributing to reduction of food loss by providing equipment that contributes to the safety and security in food and

pharmaceutical markets. We believe that demand in the medical and pharmaceutical fields will expand going forward.

There is a large market for Anritsu’s testing, and we have set four priority areas here, which are at the frontier of the industry: “EVs and battery measurement,” “local 5G,” “optical sensing,” and “medical and pharmaceuticals.” We will accelerate growth in each of these areas through collaboration with external parties, M&A, and other methods. Around the end of the 1980s, when mobile phones were still large and carried around like a shoulder bag, no one expected them to become popular. But, our President at the time had the foresight to pioneer a new field of mobile testing, saying that “mobile phones are the next big thing.” Anritsu continues to provide underlying support for the world by supplying test instruments and quality assurance equipment to companies with leading-edge technology. No matter what kind of world we live in, the importance of testing in cutting-edge fields remains unchanged. I am determined to carry on the Anritsu DNA, handed down through generations of management since our founding, of aggressively acquiring new technologies and competing in cutting-edge fields.

Role of the Advanced Research Laboratory

Anritsu is a company of engineers, and we believe that Anritsu’s raison d’être is to remain a key player in leading-edge technology and achieve innovation.

In order for Anritsu to continue to support society in the coming 10 and even 20 years, we believe it is necessary to advance Anritsu’s competency in testing technology, expand the scope of its application, and expand into areas beyond testing. Since continued investment is necessary to keep up with technological advances, we invest at least 10% of our sales in research and development each year.

In 2020, we launched the Advanced Research Laboratory, establishing a system for conducting

Group CEO Message

research with a view to medium- to long-term technological development. This research laboratory represents a new style for Anritsu, in which we invite visionaries in new technologies from outside the company to conduct basic research using Anritsu's research investment. By bringing in outside talent, we expect to see a synergistic change with our existing employees. Currently, the Advanced Research Laboratory is engaged in research and development for 6G, for which standards are expected to be established around 2028, and in basic research to achieve NEMS*¹ utilizing graphene*² as a technology further beyond 2028.

It is our goal that the research themes at the Advanced Research Laboratory will become key technologies for us to become a ¥200 billion company in FY2030. Still, I would like the Advanced Research Laboratory to be a source of dreams and hopes for our

employees and, more importantly, for our stakeholders. I would be happy if everyone sees Anritsu as a company engaging in all kinds of exciting things.

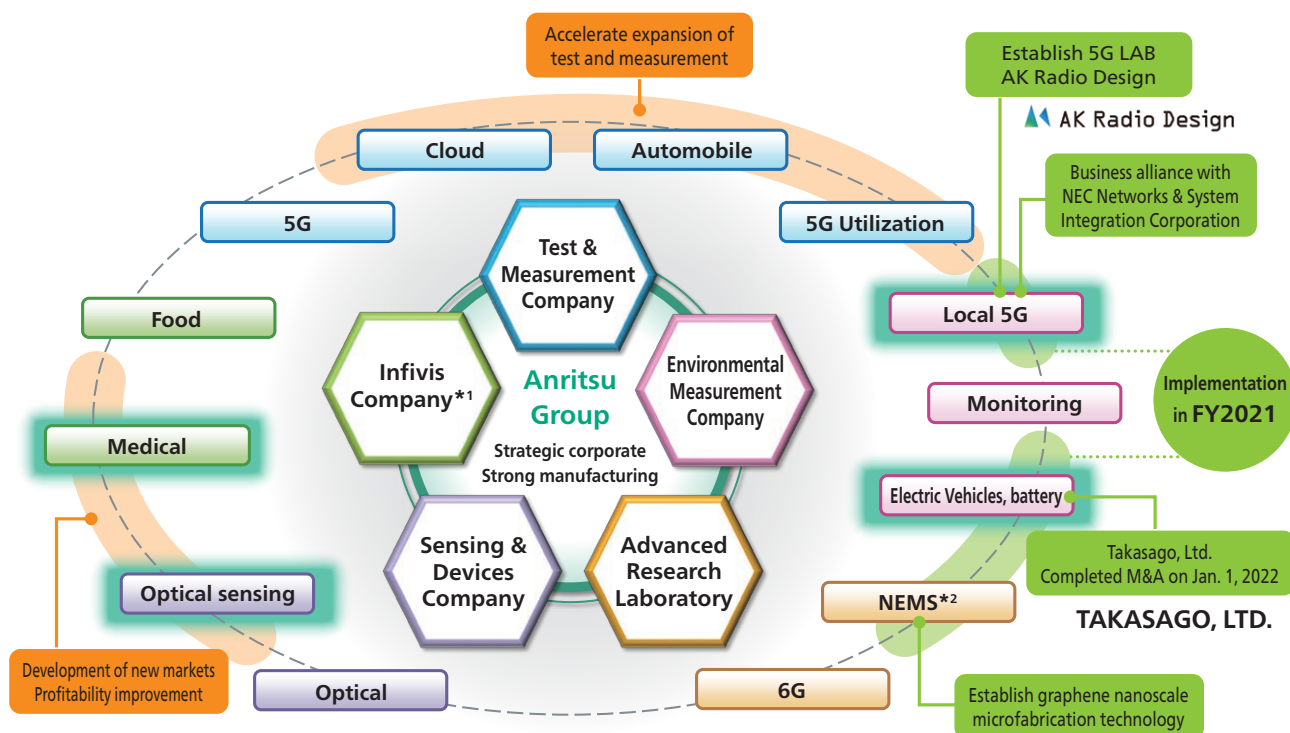
The Advanced Research Laboratory aims to provide technological support for the future of Anritsu's businesses and to acquire sensing technologies that are expected to provide value in testing and measurement, ensuring the safety and security of food and pharmaceuticals, and in areas beyond testing.

CEO and CTO Dialogue: "What Comes Next" ► P.24

*1 NEMS: Nano Electro Mechanical Systems. Devices with nanometer-order mechanical structures, which are further miniaturized than micromachines (MEMS: Micro Electro Mechanical Systems) using semiconductor processing technology.

*2 Graphene: A single atom-thick sheet of carbon atoms bound together in a hexagonal honeycomb lattice. It has high strength and flexibility, conducts electricity more easily than metals, has high thermal conductivity, and is highly transparent due to its thinness.

GLP2023 priority area



*1 Infvis Company Promotes PQA business

*2 EV: Electric Vehicle

Progress of GLP2023 and Expanding Business Toward Becoming a ¥200 Billion Company in FY2030

In fiscal year 2022, consolidated revenue amounted to ¥110.9 billion, up 5.2% year on year. This was mainly due to a trend toward improvements in component shortages and demand for faster fixed line networks within the Test and Measurement Business, and to capital investment demand for automation and labor-saving quality assurance processes in the food market in the PQA Business. However, consolidated operating profit amounted to ¥11.7 billion, down 28.8% year on year. This was due to the effects of high global prices, rising raw material and labor costs, and other factors.

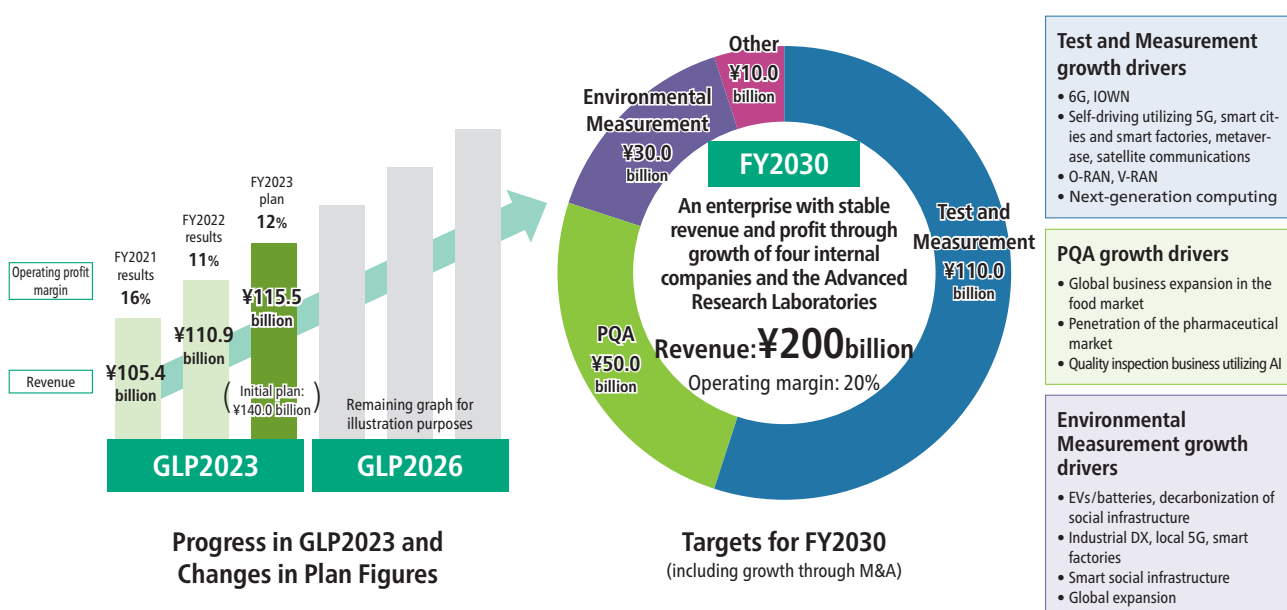
We have revised our consolidated revenue target for fiscal year 2023, the final year of GLP2023, in response to



significant changes in the external environment since the plan was drawn up in 2021, including the emergence of COVID-19 and the situation in Ukraine. Although the environment has appeared challenging throughout GLP2023, we have nevertheless successfully expanded our business, and there is certainly a sense that we are on

■ Toward a ¥200 Billion Company in FY2030

Beyond testing, beyond limits, for a sustainable future together



Group CEO Message



the verge of realizing our vision.

Although our new target pulls back somewhat from the one we announced alongside GLP2023 to become a ¥200 billion company in FY2030, we feel that our corporate performance is transforming toward consistent growth rather than falling back to ¥100 billion levels like we have before.

Toward becoming a ¥200 billion company in FY2030, we are investing heavily in our four priority areas for growth: “EVs and battery measurement,” “local 5G,” “optical sensing,” and “medical and pharmaceuticals.” Specifically in relation to “EVs and battery measurement,” we made our Environmental Measurement Business an independent reporting segment from fiscal year 2023, leveraging the acquisition of Takasago, Ltd.

There are many areas where Anritsu can contribute to making society safe, secure, and convenient. In April 2023, we clearly presented the quantitative targets for each segment in order to bring our goal of becoming a ¥200 billion company in FY2030 closer to reality.

In the Test and Measurement Business, we aim to become a leading company supporting social infrastructure based on next-generation telecommunications technology by contributing to the full-scale diffusion of 5G services and the expansion of fields where 5G is utilized. We will also achieve this by providing solutions for 6G mobile services which are likely to start around 2030 and solutions for core networks in the 6G era, such as IOWN.

Test and Measurement Business ▶ P.32

In the PQA Business, we aim to become a “First-to-Call”

company in quality assurance by accelerating development in European and U.S. markets connected to food quality assurance, and especially by increasing our overseas market share through expanding business with global customers, as well as by entering the quality assurance business in the medical and pharmaceuticals fields.

PQA Business ▶ P.35

In the Environmental Measurement Business, we believe that accurate battery testing will become important because the remaining battery capacity will become almost equivalent to the value of EVs itself which will become mainstream within automotives, and also need will be there for increasingly becoming popular all-electric-houses to ensure safety when storage batteries are installed. We will contribute to the realization of a decarbonized society by providing our battery testing solutions.

Environmental Measurement Business ▶ P.38

By understanding the growth drivers for each business segment and realizing their respective sales targets through organic growth and M&A, we aim to achieve consolidated revenue of 200 billion yen and an operating profit margin of 20% in FY2030. I believe current Anritsu is capable of reaching this goal.

CFO Message ▶ P.28

Realizing a Sustainable Society

Furthermore, Anritsu is using its unique methods to reduce greenhouse gas emissions and plastic use toward the resolution of environmental issues. In the Anritsu Climate Change Action PGRE30, we have been taking actions since fiscal year 2019, including the installation of solar power generation facilities in Anritsu's premises with the aim of increasing the private renewable energy generation ratio to about 30% by 2030. In fiscal year 2022, the private renewable energy generation ratio was 7.2%.

In April 2023, Anritsu formulated its Zero Plastic Waste Policy, which states that plastic packaging materials shall not be used for products manufactured and shipped by Anritsu, and that plastic-derived materials shall not be accepted for materials delivered to Anritsu in fiscal year 2030. We are also helping employees take individual action, such as eliminating plastic bottled beverage use internally and using their own bottles. We believe that each and every employee of the Anritsu Group can take the lead in realizing a sustainable society by striving to act responsibly in this way, not only with regard to plastic bottles but in many other ways.

Initiatives for the Environmental and Climate Change ▶ P.46

In order to realize sustainable growth of both company and society, it is necessary for each and every employee to work healthily and vigorously, and for diverse talent to play an active role. We have established the Anritsu Group Health and Productivity Management Policy to ensure that all employees maintain an interest in their health and an awareness of any health issues they may have, as well as make voluntary efforts toward maintaining and improving their health.

In addition, in order to realize more flexible work styles, we established the Work-Life Balance Course in April 2021, a career option supplementing the traditional work style of the Management Course. Employees who choose the newer work style are encouraged to work at their own pace and can telecommute full time, allowing them to work at a pace that suits their lifestyle. Employees are allowed to move between the two courses in accordance with life events such as taking care of children or a family member, an initiative that we hope will help secure a variety of human resources.

Since Anritsu engineers are involved in a wide range of tasks, from marketing work like grasping customer needs to development work, it is challenging to implement employment for specific roles. However, we hope to flexibly adapt this system to our circumstances, including through role-specific employment at our Advanced Research Laboratory, where roles are clearly defined.

Human Resources ▶ P.44

In 2006, Anritsu declared its support of the 10 principles of the UN Global Compact, and has been taking Group-wide actions to ensure human rights are given due consideration. Then, on December 1, 2022, in accordance with the UN Guiding Principles on Business and Human Rights, we established the Anritsu Group Human Rights Policy, serving as the basis for our Group's efforts for the respect of human rights.

In addition, amid further-growing importance of global supply chain management due to global material shortages and the impact of severe natural disasters, we plan to conduct supply chain due diligence on a cumulative total of more than 10 companies during the GLP2023 period.

Respect for Human Rights/ Supply Chain Management ▶ P.42

To Our Stakeholders

We believe that top management must be equally responsive to all stakeholders, including employees, investors, and suppliers. I believe that my role is to reward our employees and suppliers with compensation and to make Anritsu a company that makes them happy to work for and do business with. For our shareholders and investors, I am tasked with ensuring that our management and business are carried out in a way that we deliver results justifying their support of us and helping them share our values.

Stakeholder Engagement ▶ P.63

Anritsu aims to further enhance its corporate value by integrating business and sustainability around its competency of testing. We will continue to achieve growth through dialogue with our stakeholders. We look forward to your continued support.

CEO and CTO Dialogue: What Comes Next

What Comes Next — Initiatives for a Sustainable Future Anritsu Stands at the Forefront of Technology, and What this Means

(This interview took place in June 2023)



Hirokazu Hamada
Representative
Director, President
Anritsu Group CEO

Hanako Noda
Executive Officer, CTO
General Manager of
Advanced Research
Laboratory

■ Hirokazu Hamada

Joined the Company in 1988. After serving as Senior Manager of the 1st Development Department, IP Network Division, Measurement Business Center, he served as Vice President of U.S. subsidiary Anritsu Company, General Manager of the R&D Division, and President of the Measurement Business Group. He has served as Representative Director and President since 2018, and as Anritsu Group CEO since April 2019.

Telecommunications Offers Methods for Resolving Social Issues

Hamada: I believe that the themes we are working on at the Advanced Research Laboratory will be the key technologies for us to become a ¥200 billion company in fiscal year 2030. Ms. Noda, as our CTO, could you provide a simple overview of how you see the policies and roles of the Advanced Research Laboratory?

Noda: The Advanced Research Laboratory is an organization that I truly view as critical for Anritsu to continue to grow beyond 2030, and I believe that it is tasked with the key mission and role to acquire advanced technologies and excellent human resources.

Anritsu's businesses have been driven by its technologies, and therefore it needs to cultivate original and high-level technologies and maintain a strong technological foundation going forward. Talented human resources are essential for this purpose. In order to attract and acquire the interest of these talented people, I believe it is important to show the world how much we have achieved in terms of technology.

As for the question of what Anritsu is doing to realize a sustainable future, one important initiative at the moment is the evolution of technology toward 6G. As we

■ Hanako Noda

Joined the Company in 1992. After serving as Senior Manager of the Planning Department within the Technical Headquarters, and Director of the Advanced Technology Development Center within the Technical Headquarters, she has served as Executive Officer and CTO since 2019, and as General Manager of the Advanced Research Laboratory since 2020.

move toward 6G, communication throughput is expected to continue growing, resulting in greater power consumption in the data centers processing this communication. This jump in power consumption is to become a significant issue. We are exploring the potential of reducing this power consumption by applying graphene, an advanced technology currently under research. Furthermore, to achieve greater efficiency, research is underway on technologies that allow AI to manage network resources and autonomously assign optimal communication paths (channels) without human intervention.



Hamada: The main difference between 5G and 6G from a business perspective is that telecommunications will become a means to resolve social issues. For example, it is expected that remote surgery, which is only feasible at short

distances with 5G, will be feasible at a considerable distance with 6G. In the transportation industry, where labor shortages are now a pressing issue, communication technology will be used in a new direction to solve social issues, such as making it possible for unmanned trucks to

drive on highways and transport goods. While these trends have begun with 5G, the advent of 6G will lead to their accelerated evolution.

Noda: On the other hand, technical challenges stand in the way of 6G implementation. Using the same low frequencies as before would impede securing enough bandwidth for high-speed communications, and even aggregating multiple bands to complement necessary bandwidth would result in poor efficiency. Therefore, high frequencies in the millimeter-wave and terahertz-wave ranges will be needed for these applications. However, the issue with using frequencies as high as these is that existing components or test instruments are not capable of handling them. Therefore, considering the timing of the diffusion of 6G, we must make preparations now for the necessary measures.

As one of our activities for this purpose, we have started a joint research project for 6G with Aalborg University in Denmark, which has world-class technology in propagation measurement up to and including millimeter-wave frequency bands.

Hamada: The utilization of 6G will begin around 2030, at which time telecommunications will have moved from being just a means of communication to also becoming a means of resolving social issues. Examples include applications toward reducing traffic accidents and using remote operations to mitigate labor shortages and eliminate distance-related restrictions in life and work, helping people to migrate to more livable areas. Although remote work was possible even before and in the 5G era, there were issues such as finding a living environment with peace of mind, as well as access to medical facilities. However, evolution in 6G could create a situation where people can work anywhere they want with peace of mind. It is also expected to bring about a world where communication and sensory sharing will be possible without being in a face-to-face environment.

Noda: In response to such expectations, one area of research now underway for 6G is the technical field of human augmentation. Research is also underway on technologies that can even communicate the five senses remotely, convey thoughts without words, or fly drones with your mind.

As President Hamada said, information that has been conveyed through text, sound, and video can be conveyed with higher realistic sensation by 6G.

Hamada: Even so, the 6G standard has not yet been fixed, and scattered research is only just now being started. No matter what part of the world, we are all at the starting line when it comes to determining the standard for 6G.

Noda: Yes, it is. The 3GPP, an organization establishing 6G standards, will begin its specification studies around

2024, meaning these standards will be established no earlier than that. It seems that standardization will be finalized around 2028. Also, the next World Radiocommunication Conference will be held in 2027, and the frequencies to be used for 6G may be decided there.

Hamada: By that time, our proprietary Vector Network Analyzer (VNA) solutions should be used in discovering and evaluating materials suitable for 6G. I believe this is an area of research you yourself are leading, Ms. Noda, with several advanced technological institutions.

Noda: Yes, we are working with various research institutes to find suitable materials for 6G.



A World Transformed by 6G

Hamada: When 6G reaches practical application, it is said our world could be reproduced identically in cyberspace, and we will be able to use this reproduction to predict future events. This will change how we live and work.

Noda: That is correct. An example of this would be preparedness for risk, most notably events like the recent spread of COVID-19. While the scope of the pandemic may have been something out of a novel, very few would have expected such an event to take place. Being able to consider and explore the risk of such an event beforehand would have allowed a number of countermeasures to be established. I think it would be a very beneficial thing to simulate situations like these in cyberspace and take early action against future risks.

Hamada: The Advanced Research Laboratory is our organization conducting research toward goals like these. It therefore is where we build our hopes and dreams. You can compare the role of the Advanced Research Laboratory to that of an F1 team at a car manufacturer, where the F1 team uses advanced research to bring hopes and dreams to their colleagues. I believe Anritsu has a role to play in illuminating the future. To this end, it is my hope that the Advanced Research Laboratory will continue to boldly pioneer the future. And to Ms. Noda, I hope you will continue your role in providing hopes and dreams to our employees and shareholders.

Mid-Term Business Plan

2020VISION			
Medium-to Long-Term Vision	To be a global market leader - Creating the value that only Anritsu can deliver - Building a world-class, robust income structure		To create new business through emerging business Driving innovation in new business areas
	GLP2014 (FY2012-2014)	GLP2017 (FY2015-2017)	GLP2020 (FY2018-2020)
Vision	- Becoming a cutting-edge, trusted global market leader - Capture growth drivers without fail, and realize "continuous profitable growth" –	- Ongoing "Growth & Global" improvements and strengthening of Group management capabilities - Capture growth drivers without fail, and realize "continuous profitable growth" –	"Prosecute the policy" Continuous profitable growth" - Do our best to accomplish the 2020VISION - Capture growth drivers without fail, and realize "continuous profitable growth" –
Outline of the Mid-Term Business Plan	FY2014 Consolidated revenue of ¥110.0 billion and operating profit of ¥19.0 billion Test and Measurement Business - Strive to boost competitiveness, focusing on the mobile broadband service market and the Asian market, while achieving a 7% or higher sales growth rate PQA Business - In the food and pharmaceuticals quality assurance field, focus on Asia and North America—areas expected to grow into large markets—and achieve a 7% or higher sales growth rate	FY2017 Consolidated revenue of ¥120.0 billion and operating profit of ¥17.0 billion Test and Measurement Business - Capture global business opportunities through solutions with high added value and solidify our position as a global market leader - Customer-focus and business development through the strengthening of global management capabilities - Leverage Anritsu's strengths in technologies and customer base in integrated wireless, opticals, and systems solutions PQA Business - Expand overseas businesses - Develop markets in North America and Asia with X-ray inspection systems as a key solution	FY2020 Consolidated revenue of ¥105.0 billion and operating profit of ¥14.5 billion Test and Measurement Business - Become the No. 1 Test and Measurement vendor ahead of competitors in 5G - Develop new profit bases in the IoT/automotive field, where growth is expected through the utilization of 5G - Create test solutions that support the expansion of cloud services PQA Business - Develop the advanced market in Europe and North America with X-ray inspection systems as a key solution - Accurately respond to market needs through localization and global business reform - Strengthen profitability through value-added solutions and expansion of global business
Looking Back	Test and Measurement Business - As smartphones rapidly proliferate, they simultaneously rise in functions and spread as everyday devices; increasingly intense competition among smartphone players amid mergers and acquisitions, reorganization, and participant withdrawal. Japanese market contracts as other Asian players make gains - Continuous evolution of mobile broadband. Anritsu seizes development demand by providing superior, cutting-edge solutions PQA Business - PQA Business reaches a 40% overseas sales ratio by strengthening local manufacturing and sales support	Test and Measurement Business - Mobile test and measurement market sees a 40% slump (over the 2012 peak) amid structural changes in the smartphone market - Progress in standardization of 5G and concrete moves toward 5G commercialization with the release of new 5G products in February 2018 - Establishment of the Philippines Development Center and finalization of preparations for delivering high-cost performance 5G support services PQA Business - Aggressive expansion in the PQA Business (launch of new X-ray inspection systems, strengthening of local manufacturing framework and sales support framework) leads to 1.4x revenue gain and 4.0x operating profit increase	Test and Measurement Business - In 2018, immediately after 3GPP established 5G standards, there was a sharp rise in demand for 5G chipset and smartphone development - In 2019, Intel's discontinuation of its 5G modems saw a slowing of the European market. However, development demand picked up in Asia when Chinese smartphone vendors overall shifted to developing smartphones in-house for the global market. - In 2020, the 5G development market lost steam once again due to the effects of COVID-19. The expansion of millimeter wave services in the U.S. was pushed back because of technical issues PQA Business - There has been a global trend towards investing in safety and security as well as improving productivity and reducing food waste, which are social issues (SDGs). However, such investing slowed in 2020 as certain customers grew more cautious about capital investment due to the effects of COVID-19
Results & Challenges	<Plan> FY2012: revenue of ¥94.5 billion, operating profit of ¥15.5 billion, operating profit margin of 16% FY2014: revenue of ¥110.0 billion, operating profit of ¥19.0 billion, operating profit margin of 17% <Result> FY2012: revenue of ¥94.7 billion, operating profit of ¥15.7 billion, operating profit margin of 17% FY2014: revenue of ¥98.8 billion, operating profit of ¥10.9 billion, operating profit margin of 11% <Challenges> - Ongoing "Growth & Global" improvements for the Anritsu Group - Optimal utilization of overseas business resources within the Group Test and Measurement Business - Further improve our leading position in the mobile market - Setting Japan and North America Test and Measurement Business back on a growth trajectory - Developing new markets in China and India PQA Business - Enhancement of management resources for achieving North American PQA market strategies - Profit improvement scenarios for the PQA Business	<Plan> FY2015: revenue of ¥103.0 billion, operating profit of ¥11.0 billion, operating profit margin of 11% FY2017: revenue of ¥120.0 billion, operating profit of ¥17.0 billion, operating profit margin of 14% <Result> FY2015: revenue of ¥95.5 billion, operating profit of ¥5.9 billion, operating profit margin of 6% FY2017: revenue of ¥86.0 billion, operating profit of ¥4.9 billion, operating profit margin of 6% <Challenges> Test and Measurement Business - Test and Measurement Business - Thorough implementation of the management restructuring program - Investment in 5G business - Establishment of a division focusing on the IoT business - Introduction of new optical and digital products in TIM PQA Business - Active investments in cutting-edge technologies to overcome quality assurance issues - Development of new products that contribute to quality assurance - Strengthening relationships with global companies	<Plan> FY2018: revenue of ¥92.0 billion, operating profit of ¥6.6 billion, operating profit margin of 7% FY2020: revenue of ¥105.0 billion, operating profit of ¥14.5 billion, operating profit margin of 14% <Result> FY2018: revenue of ¥99.7 billion, operating profit of ¥11.2 billion, operating profit margin of 11% FY2020: revenue of ¥105.9 billion, operating profit of ¥19.7 billion, operating profit margin of 19% <Challenges> Test and Measurement Business - Business expansion in the 5G utilization field and in network infrastructure - Concentration on 5G and withdrawal from the wholesale/retail business - Expansion of investment in growth areas PQA Business - Identification of changes in customer needs and provision of best solutions - Expansion of investment to acquire advanced technologies - Transformation into a global company - Entry into the pharmaceuticals market as a new business field

Management vision

Beyond testing, beyond limits, for a sustainable future together

– Through further growth of four internal companies and Advanced Research Laboratory, we aim to become a ¥200 billion company achieving consistent profits by FY2030 –

GLP2023 (FY2021-FY2023)

- “3 years of growing towards 5G business peak” and “3 years of nurturing new business”
 - Make consistent earnings in the 5G measurement market
 - Increase growth investment and shareholder return as financial strategies
 - Focus on four priority areas: “EVs and battery measurement,” “local 5G,” “optical sensing,” and “medical and pharmaceuticals”

FY2023

Consolidated revenue of ¥140 billion, operating profit of ¥27 billion

Test and Measurement Business

Become a leading company supporting the telecommunications society built on 5G

- Increase the ratio of revenue from 5G utilization and network infrastructure markets
- Shift from simply providing products to providing solutions that give value
- Increase investment in growth areas (5G Advanced, self-driving vehicles, O-RAN/IOWN)

PQA Business

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

- Create solutions that eliminate our customers’ key issues
- Accurately and promptly address local needs worldwide through localization
- Enhance X-ray inspection systems and expand investment for product development in the pharmaceuticals market

Test and Measurement Business

- In 2022, due to technical challenges in millimeter wave introduction as well as the absence of killer applications, the pace of 5G smartphone penetration slowed down. Coupled with uncertain economic conditions, including rising global prices, it made customers more cautious about investing in 5G development
- In 2022, millimeter wave technical challenges and the absence of killer applications slowed the pace of 5G smartphone adoption. Uncertain economic conditions, including rising global prices, combined to make customers more cautious about investing in 5G development

PQA Business

- In 2021, capital investment for labor saving and automating quality assurance processes remained steady overseas. In Japan, some customers remain cautious about capital investment due to the impact of COVID-19
- In 2022, demand for automation and manpower saving in the U.S. remained strong. Sales in the U.S. increased by 50% thanks to the operation of local plants, etc., contributing to record-high sales in the PQA Business. Demand was also on a recovery trend in Asia and Japan

<Plan>

FY2021: revenue of ¥114.0 billion, operating profit of ¥20.5 billion, operating profit margin of 18%

FY2023: revenue of ¥140.0 billion, operating profit of ¥27.0 billion, operating profit margin of 19%

<Result>

FY2021: revenue of ¥105.4 billion, operating profit of ¥16.5 billion, operating profit margin of 16%

FY2022: revenue of ¥110.9 billion, operating profit of ¥11.7 billion, operating profit margin of 11%

<FY2023 Challenges>

Test and Measurement Business

- Expand the private 5G business in North America, 5G utilization (industrial IoT, automotive), and O-RAN
- Strengthen business in cutting-edge development fields such as 6G and IOWN initiated by the Government
- Acquire offshore development and manufacturing-related business in Southeast Asia and India

PQA Business

- Obtain designated supplier accreditation from global customers
- Create new products with high customer value by employing new sensing technologies
- Improve business portfolio by expanding business into the pharmaceutical manufacturing market
- More efficient internal processes

Planned Revenue and Operating Profit

Indicator		FY2020 (Results)	GLP2023		
			FY2021 (Results)*1	FY2022 (Results)*2	Plan for FY2023*3
Revenue		¥105.9billion	¥105.4billion	¥110.9billion	¥115.5billion
Operating profit		¥19.7billion	¥16.5billion	¥11.7billion	¥13.7billion
Operating margin		19%	16%	11%	12%
Profit		¥16.1billion	¥12.8billion	¥9.3billion	¥10.0billion
ROE		16%	11%	8%	9%
T&M Business	Revenue	¥74.8billion	¥73.3billion	¥72.8billion	¥74.0billion
	Operating profit	¥17.7billion	¥15.2billion	¥10.9billion	¥12.0billion
	Operating margin	24%	21%	15%	16%
PQA Business	Revenue	¥21.4billion	¥22.0billion	¥24.8billion	¥26.0billion
	Operating profit	¥1.3billion	¥1.2billion	¥1.3billion	¥1.6billion
	Operating margin	6%	5%	5%	6%

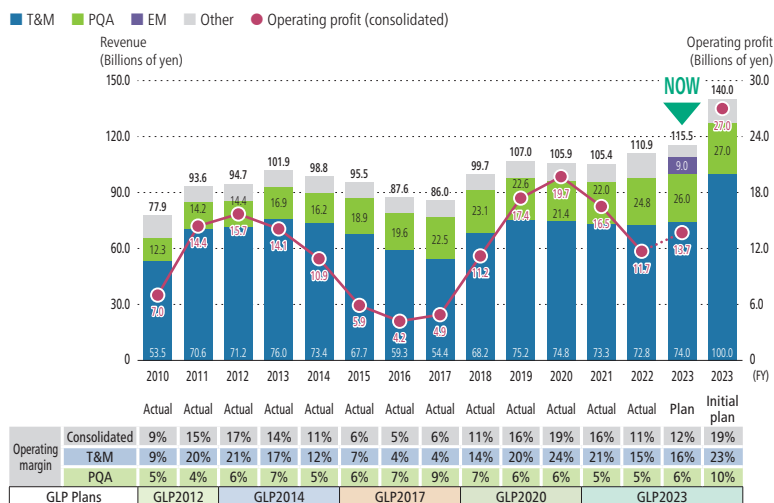
*1 Actual exchange rates for FY2021: 1 USD=112 JPY, 1 EUR=131 JPY

*2 Actual exchange rates for FY2022: 1 USD=135 JPY, 1 EUR=141 JPY

*3 Expected exchange rates for FY2023: 1 USD=130 JPY, 1 EUR=140 JPY

Note: The plan for FY2023 has been changed from the initial plan formulated in April 2021.

Changes in Revenue and Operating Profit



*1 GLP20XX: The names of our Mid-term Business Plans

*2 EM: Environmental Measurement

Goals and Initiatives

	KPI	GLP2023 Target	FY2022 Results	Progress
E Environment	Greenhouse gases (Scope 1+2)	23% reduction compared to FY2015	6.7% reduction	△
	Greenhouse gases (Scope 3)	13% reduction compared to FY2018	21.8% reduction	◎
	In-house power generation ratio (PGRE 30*)	13% or more (compared to FY2018 power consumption)	7.2%	△
S Social	Advancement of women	15% or more women in managerial positions	10.5% (globally, as of March 31, 2022)	○
	Advancement of the elderly	Extend employment until the age of 70 and establish a new compensation system	Extended employment until the age of 70 and launched a new compensation system.	◎
	Promote employment of physically challenged people	Achievement of the legally mandated employment rate of 2.3% through job development	Achieved 2.36% due to the launch of special subsidiary Hapi Sma Co., Ltd. (as of March 31, 2023)	◎
	Strengthening of supply chain due diligence	A cumulative total of 10 or more companies, over 3 years	Implemented by 6 companies (12 companies cumulatively in two years)	◎
G Governance	Developing awareness on CSR procurement to suppliers at least twice per year, and provide training at least once each year		Developed awareness 3 times, and provided training 1 time	◎
	Promoting the diversity of the Board of Directors, outside	director ratio 50% or more	Maintained outside director ratio of 50% (5 out of 10 directors)	◎
	Establishment of an internal control system at overseas subsidiaries	All overseas subsidiaries meet the criteria of Control Self Assessment (CSA)	Companies meeting criteria in 90% of items: 87%	○

*1 Target and Actual figures on Greenhouse gases in GLP 2023 and FY 2022, respectively, do not include those of Takasago Ltd. the Company acquired and made a subsidiary in January 2022.

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

CFO Message

Promoting a transition of financial strategy looking towards 2030 Invest in growth and enhance shareholder returns

The principal objective of the financial strategies laid out in the Mid-Term Business Plan, GLP2023, is accelerating growth-oriented investment with a view to achieving revenue of ¥200 billion by FY2030. Leveraging the robust financial standing we have built up over the years, we will be aggressively investing for growth in order to build a business portfolio independent of the business cycles of mobile telecommunications systems. Evolving from the previous “cost management to safeguard profit” to “investment management in order to realize growth” will become a key part of our financial strategy.

In addition, to make our stance of enhancing shareholder returns clearer, we have raised our target consolidated dividend payout ratio from “30% or more” to “50% or more” as of fiscal year 2023.

Akifumi Kubota

Director

Executive Vice President CFO



Second Year of GLP2023 Review

Two years have passed since the start of the Mid-Term Business Plan GLP2023, which focuses on strengthening investment for growth and further enhancing shareholder returns. One of our successes in strengthening investment for growth has come from entering the field of electric vehicles and batteries through the acquisition of Takasago, Ltd., and our work to stabilize production capacity through expansion of Tohoku Anritsu's second factory (construction of a new building).

To enhance shareholder returns, we also executed share buybacks totaling ¥10.0 billion (¥5.0 billion from September to October 2021 and ¥5.0 billion from June to July 2022).

With these share buybacks, the total return ratio averaged 96.2% over the two-year period from fiscal year 2021 to fiscal year 2022. This measure clearly demonstrated to the market how important share buybacks are for the Anritsu Group. As of fiscal year 2023, we have changed our target consolidated dividend payout ratio

from “30% or more” to “50% or more,” which also proves that we are implementing a financial strategy that emphasizes shareholder returns.

On the other hand, ROE, the most important KPI in GLP2023, was 11.5% in fiscal year 2021 and 8.0% in fiscal year 2022, falling short of the target of 15%.

Efforts to Enhance Corporate Value

The basic policy for financial strategy in GLP2023, which aims at accelerating growth, consists of the following.

(1) Enhancing Corporate Value

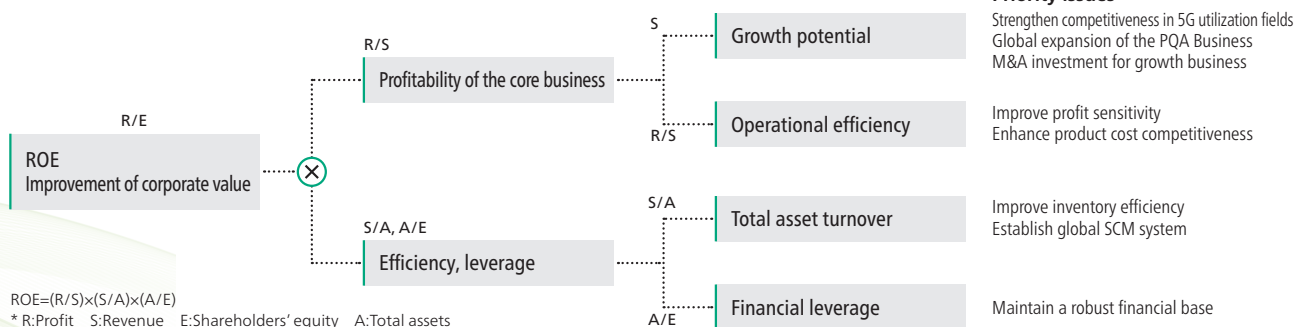
We will make committed efforts to improve upon our management system in order to enhance corporate value. This means establishing a corporate value improvement indicator as a KPI for ROE and consistently practicing management by objectives.

Anritsu considers achieving 15% ROE to be one of the

■ Anritsu Issuer Rating

-2001	2002	2003-2011	2012	2013	2014	2015-2020	2021	2022	2023
A-	BBB	BBB	BBB+	BBB+	A-	A-	A	A	A
	December 26, 2002 A-→BBB • 2001: Bursting of the IT bubble 2002: Management restructuring		May 10, 2012 BBB→BBB+ • Captured initial demand for LTE		May 13, 2014 BBB+→A- • Reached the peak of LTE		May 31, 2021 A-→A • Captured demand for 5G and data centers		

■ Drivers and key priorities of ROE/Corporate Value Improvement



priority management issues. To realize medium- to long-term growth in the global market, it is essential that we steadily generate profits, the source of investment. An ROE of 15% is the global standard and is considered to be the engine for profitable growth. The drivers and key priorities for improving and increasing ROE are shown in the chart above.

(2) Aiming for an ROE of 15%

ROE is analyzed using three factors: profitability, efficiency, and leverage.

In fiscal years 2021 and 2022, profitability, efficiency, and leverage all remained challenges compared to the GLP2023 model case.

The main challenges for achieving ¥200 billion in revenue in FY2030 are to improve profitability in the Test and Measurement Business and PQA Business, to grow the scale of our revenue in the Test and Measurement Business with respect to efficiency, and to raise funds by leveraging our corporate bond issuer rating of "A."

(3)-1 Initiatives to Establish Investment Level Standards and Improve Cost Structure: Improving Profitability

For our core business, the Test and Measurement Business, we will focus on strengthening our competitiveness in 5G, while for the PQA Business we will focus on investment aimed at global business development.

We have adopted development ROI (gross profit divided

by development investment) as the KPI for investment levels and are working to improve investment efficiency with the goal of achieving a development ROI of 4.0 or higher.

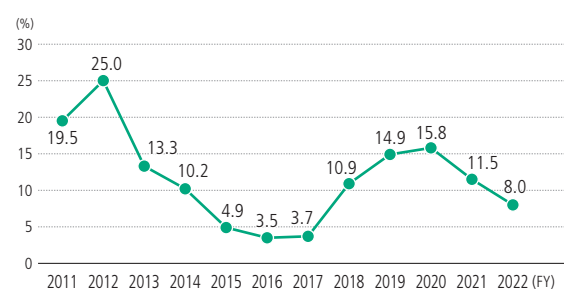
We are also actively working to strengthen our cost structure to enhance profitability. One of the approaches, for example, is to appropriately manage and promote improvement of cost per order (CPO) in each sales region in order to enhance each business segment's cost structure. Including such effort we are actively working on achieving greater efficiency in our sales activities and improve business processes in our corporate back office functions.

■ ROE Target Factor Breakdown

$$ROE = \frac{\text{Net income}}{\text{Equity}} = \frac{\text{Net income}}{\text{Revenue}} \times \frac{\text{Revenue}}{\text{Total assets}} \times \frac{\text{Total assets}}{\text{Equity}}$$

Profitability Efficiency Leverage

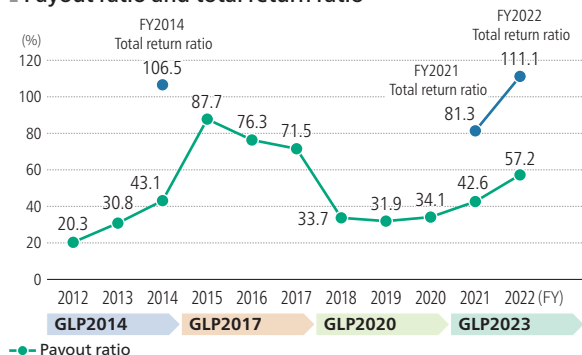
■ ROE Trends



■ Trends of ROE Factors

	Profitability	Efficiency	Leverage	ROE
FY2020	15.2%	0.75	1.39	15.8%
FY2021	12.2%	0.69	1.34	11.5%
FY2022	8.4%	0.73	1.32	8.0%
FY2023 (announced)	8.7%	0.75	1.30	9.0%
Model case of GLP2023	13.0% or more	0.80 or more	1.50	15.0% or more

■ Payout ratio and total return ratio



CFO Message

(3)-2 Thorough Cash Flow Management: Improving Efficiency

Strengthening the ability to generate cash flow is essential to realize sustainable investment for growth. We have set a KPI of improving the operating cash flow margin ratio at or above 13% (achievable by maintaining an operating profit margin at or above 18% and avoiding increases in working capital) and, on the immediate term, to raise our CCC*, a cash flow improvement indicator, to 121 days (our best recent result, from fiscal year 2011). To achieve these targets, we will improve profitability through cost reductions and more efficient spending, as well as by improving asset efficiency through such measures as reducing inventory and promoting the collection of accounts receivable.

In fiscal years 2021 and 2022, inventories, mainly parts and work in process, increased as a result of prioritizing meeting delivery deadlines to customers, due to factors such as the global shortage of semiconductors. As a result, CCC deteriorated by 15 days in fiscal year 2022 compared to fiscal year 2020. Current efforts include building strong relationships with suppliers, creating a system to promptly grasp information, and minimizing risk by switching to alternatives for high-risk parts. In addition to properly grasping product demand trends, including the 5G market, we will work to optimize inventories in response to changes in the parts procurement environment, which should lead to sales expansion and shorter CCCs.

*CCC: Cash Conversion Cycle

(4) Allocating Cash to Strategic Investment for Growth

Along with allocating cash generated from improving profitability and efficiency to strategic investment for growth, we will also be taking dynamic financial measures. Although establishing financial strength was the

key issue up until GLP2020, the major management issue addressed by GLP2023 is how we can effectively utilize the achievements we have so far made, and our basic policy going forward involves concentrating investment in growth areas. Shifting our strategies from a protective (defensive) approach to an active (offensive) approach, we will be carrying out financial activities that establish growth as a priority goal.

More specifically, greater than 50% of operating cash flow (a total of ¥47.4 billion over three years) was used in strengthening our financial standing (paying back liabilities and increasing cash) over the past three years (GLP2020). Over the next three years (GLP2023), however, we plan to put more than 50% of operating cash flow toward strategic investment aimed at business growth. We also plan to stick with our aggressive plan for shareholder returns, as outlined in the next section.

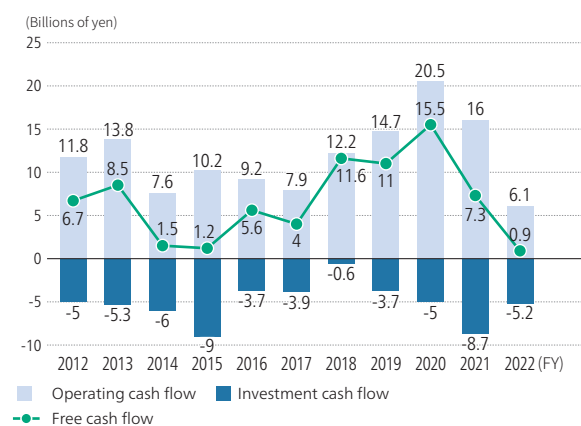
Shareholder Returns

As previously mentioned, we are raising our target consolidated dividend payout ratio from “30% or more” to “50% or more” as of fiscal year 2023 with respect to measures for returning profits to shareholders.

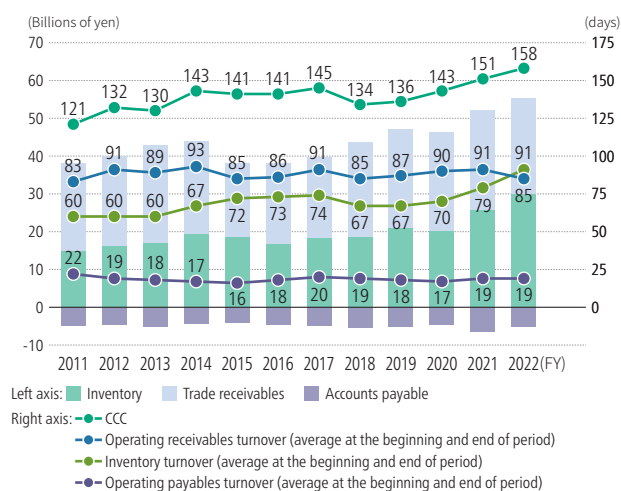
The main reasons for this change are to utilize our results from strengthening our financial position for our following financial strategy, and to further clarify our commitment to shareholder returns, one of the pillars of our new financial strategy.

First, to strengthen our financial position, we have made progress in increasing shareholders' equity since fiscal year 2010, supported by the expansion of the LTE market. In fiscal year 2014, the conversion of Euroyen corporate bonds

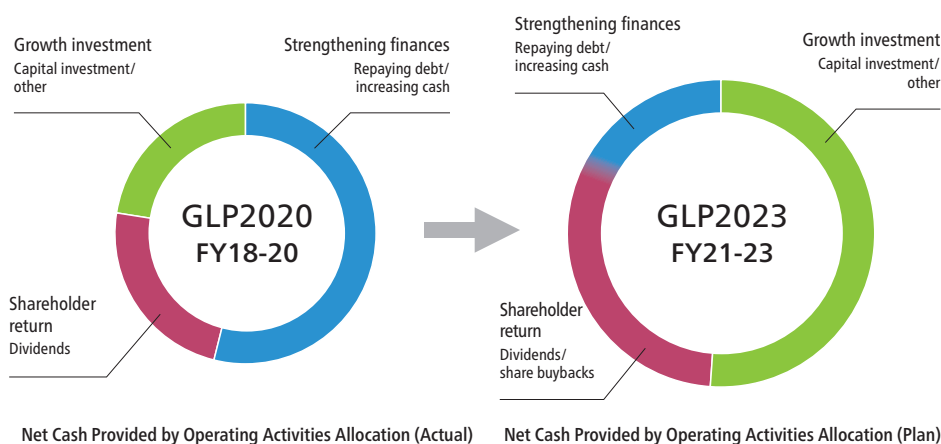
Trends in Cash Flow



Trends in CCC



■ Net Cash Provided by Operating Activities: Priority Allocation to Growth Investments



Cash flow allocation results: Net cash provided by operating activities of ¥22.1 billion plus cash on hand of ¥16.6 billion

FY2021-FY2022 results

Growth investment:

¥13.9 billion (36%)

M&A (Takasago, Ltd.): ¥4 billion

Capital investment/other: ¥9.9 billion

Shareholder return:

¥21.4 billion (55%)

Dividends: ¥11.4 billion

Share buybacks: ¥10.0 billion

Strengthening finances:

¥3.4 billion (9%)

Repaying debt

issued in fiscal year 2012 progressed, resulting in an increase in shareholders' equity of ¥10 billion. Furthermore, we accelerated our strengthening of shareholders' equity thanks to the expansion of the 5G business, finally crossing the ¥100 billion hurdle milestone at the end of fiscal year 2018. This strengthening of our financial position also contributed to our corporate bond issuer rating reaching an all-time high of A in fiscal year 2021.

With the establishment of such a robust and sound financial position, the stage has been set for further enhancing shareholder returns, and we have decided to revise our consolidated dividend payout ratio target accordingly.

The new consolidated dividend payout ratio target of "50% or more" is based on the following formula.

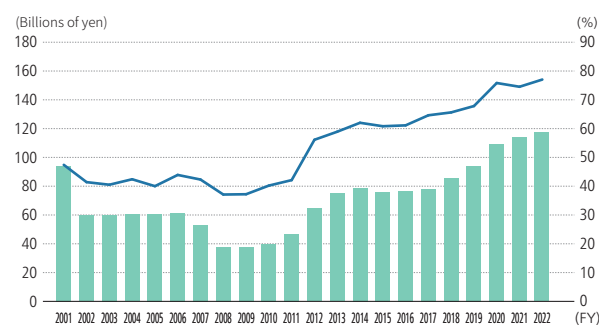
$$\text{Consolidated dividend payout ratio of 50\%} \times \text{ROE 15\%} = \text{DOE 7.5\%} > \text{Capital cost 7\%}$$

For the Anritsu Group, an ROE of 15% is a key management indicator. In addition, we are aware that our capital cost is 7%, and in order for DOE to exceed capital cost when achieving ROE of 15%, a consolidated dividend payout ratio of 50% or more is required.

Total shareholder return (TSR) over the past 10 years is shown right. Anritsu's stock prices fell and its TSR underperformed the TOPIX index due to our consolidated financial performance forecast for fiscal year 2023, the closest fiscal year, and has not met the target values set in GLP2023. We will continue to implement growth strategies and appropriate financial strategies that will enable us to realize a TSR that exceeds capital cost (7%).

Specifically, we will further enhance corporate value and meet our shareholders' expectations by strengthening our competitiveness in the 5G market, expanding business into industrial fields that utilize IoT, developing business in the cloud service and other markets, and cultivating new growth fields, while making strategic investments that include acquiring next-generation technologies such as 6G as well as enhancing shareholder returns.

■ Shareholders' Equity and Shareholders' Equity Ratio

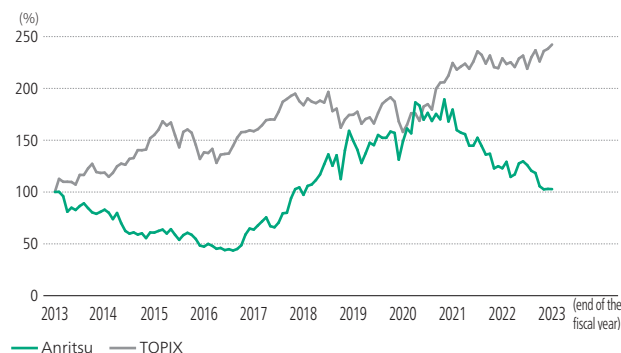


*2012: Conversion of ¥10 billion in Euroyen corporate bonds

*2014, 2021, 2022: Share buybacks worth ¥5 billion in each year

■ TSR

	One year	three years		five years		ten years	
		Cumulative	Annual rate	Cumulative	Annual rate	Cumulative	Annual rate
Anritsu	-18.8%	-33.2%	-12.6%	6.1%	1.2%	2.7%	0.3%
TOPIX	5.8%	53.4%	15.3%	31.8%	5.7%	174.2%	10.6%



* Total Shareholder's Return (TSR): the total return on investment including capital gains and dividends.

* TSR is calculated based on cumulative dividends and stock price fluctuation for Anritsu, and based on the stock price index including dividends for TOPIX (prepared by the Company using Bloomberg data, etc.).

* The values in the graph are the market value indexed by TSR with the closing price data as of the end of March 2013 as 100 (the holding period is until the end of March 2023).

Test and Measurement Business

Key Management Issues

Expanding to capture new business opportunities through digital innovation

- Provide solutions that contribute to the development of a robust IT infrastructure
- Address innovation in DX technology

Contributing to the advancement of telecommunications networks with cutting-edge technology and social transformation with 5G

-Focusing on efforts to create comfortable living environments through communications-

With the end of the COVID-19 pandemic and people reprising their usual social activities, 5G is finding a greater breadth of application areas. There is a move toward commercializing new infrastructure built with 5G, including automation and adoption of robots using communications in closed areas such as business premises, and truck logistics where trucks automatically drive in formation.

In order to accurately respond to new needs arising from changes in society and to contribute to the development of information and communications, the Company will create test solutions in new areas of application and utilization of communications technology.

Takeshi Shima Director, Senior Vice President, Test & Measurement Company President



Strengths

- One-stop solutions combining our communication and measurement technologies and products developed with over 120 years of experience covering optical, transmission, wireless, and protocols with monitoring
- Seamlessly supporting customers' businesses, from cutting-edge development to manufacturing and maintenance
- Global development and sales system that provides timely support to customer requests in each region
- Rapid deployment of cutting-edge technology through partnerships with key customers and suppliers

External Environment and Business Opportunities

Today, labor costs are rising in many countries, and developed countries are facing declining birthrates and aging populations. It is safe to say that the trend toward automating and reducing manpower in industry is a change reflecting social demands. In order to build an environment that can cope with such changes, it is essential to evolve communication networks. Furthermore, in the provision of these services, reliable quality is required. With the advent of 5G, the role of telecommunications has shifted from communication to infrastructure supporting

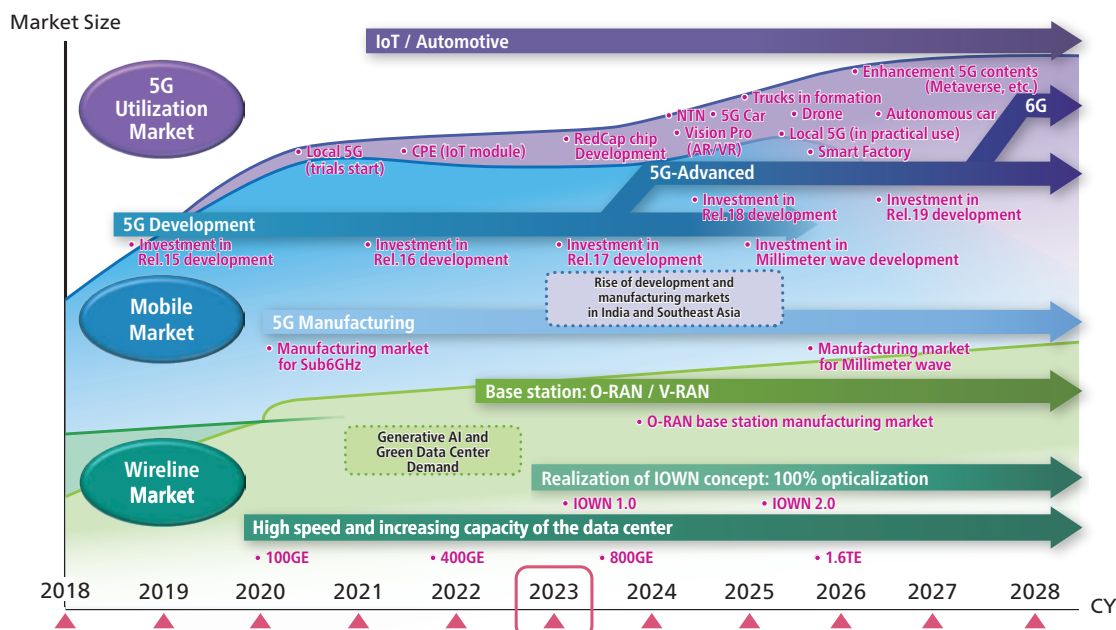
people's lifestyles and social activities. As various services develop over 5G networks in the future, competencies not previously required in conventional communications, such as ensuring constant connectivity and real-time responsiveness through reduced latency, will become the most important issues to tackle.

Anritsu's Test and Measurement Business covers a wide range of test solutions and monitoring systems, both wireless and wired, from cutting-edge development to maintenance, and can provide customers with test environments optimized for solving these issues. The Company provides its customers with high-level solutions which ensure communication quality through the

KPIs and Initiatives for Growth

Targets for the Key Management Issues	Achievements in FY2022	Initiatives for FY2023	KPI
• Develop solutions that anticipate customer needs • Strengthen partnerships with leading industry players • Participate in industry associations • Promote M&As and alliances for technology acquisition	• Sales growth rate: -1% • Operating profit margin: 15% • Number of new products developed: 7 • R&D expenses: 8,785 million yen • Participation in industry associations (3GPP, O-RAN, IOWN)	• Expand 5G utilization (IoT for industrial use, Automobiles), O-RAN, and private 5G business in North America • Strengthen business in 6G, IOWN, and other government-led cutting-edge development fields • Acquire offshore development and manufacturing-related businesses in Southeast Asia and India	• Sales growth rate • Operating profit margin (%) • Number of new products developed • R&D expenses • Number of patents • Number of M&As and alliances announced • Participation and contribution to industry associations

Test and Measurement Business: Mobile market trends and Business opportunity



addition of monitoring to laboratory and field testing. Here, Anritsu Group contributes to the realization of safe and secure services where communication forms the foundation of society.

Business Areas

The Test and Measurement Business delivers test instruments and test systems to customers worldwide. These instruments and systems are essential for the quality assurance of communications equipment and facilities that are the core elements of communication network infrastructure.

Its main applications are as follows.

- Development of Chipset for smartphones, development and manufacturing of mobile devices, and conformance testing for global standards
- Development and manufacturing inspections of communication modules for industries moving toward IoT, including automotive
- Performance evaluations and manufacturing inspections of network devices that deliver high-definition videos and images from data centers at high speeds
- Manufacturing, construction, and maintenance of various types of communication equipment and devices, including 5G base stations
- Monitoring for quality control, including network failure analysis for telecommunications carriers

In the future, requirements for communication will not be about optimization of individual parts, such as wireless, wired, or base station elements, but about total end-to-end quality. Amid growth in this demand for comprehensive assurance of networks, Anritsu can

provide one-stop solutions to its customers with a product lineup that covers all domains. The Group will continue to refine each of our solutions and contribute to improving the quality of telecommunication systems overall.

Second Year of GLP2023 Review and Final Year Initiatives

Achievements in FY2022

The second year of GLP2023 has ended. The revenue amounted to ¥72.8 billion and the operating profit margin amounted to 15% in FY2022, not quite making up for the FY2021 performance. Revenue and profits were lower year on year due to soaring material prices and soaring labor costs, the latter especially in the U.S. due to rapid inflation, resulting in slowed customer investment and increased costs.

Initiatives in the Final Year of GLP2023

Given the presence of a similar trend in FY2023, it would be challenging to achieve GLP2023's initial targets of ¥100 billion in revenue and an operating profit margin of 23%. The new targets are ¥74 billion in revenue and an operating profit margin of 16%. Despite the poor business performance, Anritsu is steadily investing in the future and making progress in the utilization of 5G and development for 6G and IOWN. Contacts with the many customers and partners who plan to use these future technologies have increased, and the content of collaborations has become richer. The Company will further accelerate its efforts in anticipation of automated driving, local 5G and private 5G, and data center expansion

Test and Measurement Business

and acceleration, which it expects to pick up momentum in the second half of FY2023 and beyond. It will also incorporate technologies such as artificial intelligence and machine learning (AI/ML) that can be used to analyze measurement results, working toward the commercialization of cutting-edge solutions.

Securing Human Capital for Growth and Collaboration with Outside Organizations

With its unwavering philosophy of “Original & High Level,” Anritsu strives to hire and train a wide range of excellent human resources who meet with this philosophy. As the share of software within its solutions increases, the Group is focusing on hiring software engineers. In recent years, not only are existing technologies becoming more sophisticated, but new technologies are also reaching practical implementation over shorter cycles, making it extremely important to ensure that Anritsu has the technical capabilities to respond to these trends. It conducts joint research with universities and other research institutions at stages preceding technology establishment, and is striving to secure human resources regardless of nationality or gender. Furthermore, the Group is strengthening its hiring of experienced human resources more than ever before, and is hiring people of all ages who have acquired skills and experience outside of the organization.

Collaborative businesses with other companies are also gaining momentum, with the goals of improving talent's technical skills, knowledge, and competitiveness. In the market for 5G utilization, there is a growing need for solutions that require a combination of technologies not found at Anritsu so far. Anritsu will broaden its domains of activity at the cutting edge by promoting collaborations with key players in the industry who plan to utilize 5G, whether they are in Japan or overseas, and expand its business globally.

Scenario for Becoming a ¥200 Billion Company in FY2030

In FY2030, Anritsu targets revenue of ¥110 billion in the Test and Measurement Business.

By 2030, it expects society to reach practical application for fully automated driving without human involvement as well as 6G, which is said to be capable of transmitting data equivalent to the five human senses. At this point, communications infrastructure is expected to become the backbone of social systems. The Group is taking actions to help achieve this kind of environment. Currently, when communication errors occur, data is taken by measuring instruments and analyzed to

improve network quality, but in the future, a system to prevent errors using simulation and monitoring techniques will be necessary. This is a prerequisite for the evolution of telecommunications from a system primarily for exchanging voice and e-mail to a system primarily for automating labor and supporting the advancement of lifestyles due to changing social needs. Anritsu will expand its business by supporting such social systems based on its measurement technology. Specifically, the Group aims to achieve revenue of ¥110 billion in FY2030 through organic growth and M&A, with the following four growth drivers.

- 6G and IOWN
- 5G utilization: Smart cities, smart factories, metaverse, satellite communications
- O-RAN and V-RAN
- Next-generation computing

Anritsu will strengthen its profit structure with an operating profit margin target of 20% for the entire Company.

It will contribute to the industry to realize people's safety and security through communications technology and work toward its vision for 2030.

Social Issues Addressed by the Test and Measurement Business



Plastic waste has become a major problem, both in how they harm the natural environment and the CO₂ emitted from their incineration. Anritsu is taking actions toward plastic reduction. Packaged CDs/DVD-ROMs were eliminated for most major models in FY2022, and the Group will make this possible for all models in Test and Measurement Business in FY2023. It will also promote the use of biomass for packaging materials, and some models will be delivered to customers in environmentally friendly packaging, with no CDs/DVDs included.

Anritsu is also actively addressing the issue of the tightening of electricity supply, which is turning more severe every year, by growing its lineup of energy-saving products. In particular, for test instruments used in the production of smartphones and communication devices, Anritsu tries to incorporate a resume function in newly designed products that can lower power consumption during the time slots when production lines are not in operation. For existing products, we will also progress our initiative by preparing external attachments, supporting similar functionality beginning with products where this is feasible, in order to facilitate power savings for customers who are already using Anritsu products. With this, we hope to increase our contribution to not only SDG Goals 9 and 11, but also Goal 13.

PQA Business

Key Management Issues

Contributing to safe and secure food, medical, and pharmaceutical products

- Provide solutions that contribute to the reduction of food loss
- Provide quality assurance solutions

Become a “First-To-Call” company in quality assurance and build lasting relationships with customers around the world

The safety and security of food and pharmaceutical products is an issue shared by all of humankind. As the world population continues its growth beyond 8 billion people, it has become an urgent issue to achieve a sustainable social system that produces and consumes the amount of food necessary, without waste, while maintaining a balance with the natural environment. In the PQA Business, we contribute to reducing food loss and improving productivity through quality assurance in the production process.

Masumi Niimi Director, Senior Vice President, PQA Business Group President



Strengths

- High-speed, high-precision, quality inspection technology for production lines
- Engineering capability to adapt inspection equipment to various food manufacturing environments
- High-quality maintenance service system and experienced maintenance engineers
- Extensive track record in the food inspection market and top-class market position in Japan

Business Areas

The PQA Business is engaged in quality assurance solutions for the global food and pharmaceutical industries, and aims to “become our customers’ most trusted, “First-to-Call” company for quality assurance with a view to achieve a sustainable future.”

The strength of our business lies in our dynamic inspection technology capable of instantly measuring objects, and in the wealth of expertise we have cultivated over more than half a century of working at our customers’ manufacturing sites.

With the urgent need for transformation toward a sustainable society, the challenges faced by our customers are changing. The situation in the field also varies greatly

depending on the region and the variety of products being produced. Remarkable technological innovations in recent years are using machines to replace manual labor that was previously necessary for some tasks.

In the PQA Business, we will proactively incorporate cutting-edge quality inspection technologies to provide solutions that aid in quality assurance for our customers.



KPIs and Initiatives for Growth

Targets for the Key Management Issues	Achievements in FY2022	Initiatives for FY2023	KPI
• Develop solutions that meet customer needs • Strengthen partnerships with leading industry players • Participate in industry associations • Promote M&As and alliances for technology acquisition	• Sales growth rate: 13% • Operating profit margin: 5% • Number of new products developed: 15 • R&D expenses: 1,760 million yen • Participation in industry associations: Member of over 20 industry associations, including the Japan Measuring Instruments Federation	• Obtain supplier of the year certification from global customers • Create new products with high customer value that employ new sensing technologies • Improve the business portfolio by expanding our business into the pharmaceutical manufacturing market • Streamline internal processes	• Sales growth rate • Operating profit margin • Number of new products developed • R&D expenses • Number of patents • Number of M&As and alliances announced • Participation and contribution to industry associations

External Environment and Business Opportunities

External Environment

In FY2022, capital investment was brisk in the U.S. and European markets, which were among the first to emerge from the COVID-19 pandemic, while growth was sluggish in China, which had been struggling with the pandemic. Growth was also sluggish in Japan, hit by the depreciation of the yen.

Food manufacturers, both in Japan and overseas, are facing the challenges of recovering profitability and overcoming labor shortages, both exacerbated by soaring energy and raw material costs, and are accelerating investment in automated production equipment. Limited ability to keep up supply against demand for semiconductors and other components has had a serious impact on manufacturing in Japan.

In FY2023, capital investment is expected to increase mainly in industries related to tourism demand, such as souvenirs, confectionery, and food service, encouraged by the increased human traffic.

Opportunities for Business Growth

Changes in the global environment are exerting strong influence over our customers' values and capital investment objectives. Many food manufacturers are tasked with minimizing food loss and delivering safe food to as many people as possible. In addition to inspections on shipment, there are increasing demands for inspections at the raw material acceptance stage and in intermediate processes, as well as for packaging technology to extend shelf life and individual packaging in response to diversifying lifestyles. These changes in production and consumption offer opportunities for us to help resolve new social issues.

Technological innovations such as sensing and AI are allowing visual and sensory inspections to replace people with machines. Further automation of these processes is expected to reduce quality risks and improve shipment quality, as well as help resolve labor shortages.

Business Expansion into the Pharmaceutical Manufacturing Market

Pharmaceuticals are just as large a market for quality assurance as the food market. For quality assurance of pharmaceutical products, specialized testing equipment suited to the particular characteristics of pills, capsules, and injectables is indispensable.

Our PQA Business has been providing testing equipment to customers in the pharmaceutical manufacturing industry for some time. However, our testing machinery has been limited to checkweighers and foreign substance inspection systems for pills and capsules.

There is room to expand the business toward

high-molecular drugs, which will become important in the future as drug discovery technology develops, and toward overseas pharmaceutical markets where the Anritsu brand has not yet penetrated.

Second Year of GLP2023 Review and Final Year Initiatives

PQA Business Growth Strategy in GLP2023

For the growth strategy of this business, we have established the following three challenges in GLP2023 and are taking actions to accomplish each.

- 1) Creating solutions to solve key issues faced by customers, including the pursuit of safety and security and the improvement of productivity and reduction of food loss.
- 2) Providing the most reliable products and services by going beyond "testing" to create value, and responding accurately and promptly to the needs of each region of the world through localization.
- 3) Expanding high value-added solutions as a result of upgrading X-ray inspection systems, expanding our business into the pharmaceutical market, and strengthening our profit structure through operational innovations.

The status of our initiatives in FY2022 and their achievements are as follows.

- 1) The progress for the initiative of creating solutions to solve customers' key issues

Developed and launched X-ray inspection systems for processing of meat and fish, featuring improved detection performance for microscopic bones and fish bones, and a robust, easy-to-clean body. This product excels in detecting bones that, until now, could not be removed during processing. In response to Japan's mandatory measurement verification, we have developed a weight sorter that meets the requirements of accuracy grade XII of the revised Measurement Act, and we were the first company in Japan to obtain type approval for this system.



Dual energy sensor
X-ray inspection
machine for meat and
fisheries processing

- 2) The progress for the initiative of providing reliable products and services and responding accurately and promptly to the needs of each region of the world
In order to meet the diverse demands of our customers around the world, we are working to enhance our system that enables prompt provision of customized products, and our maintenance service system that prevents production line from causing halts, or immediate recovery even after a halt.

During the fiscal year, we strengthened our local assembly and production system in the U.S., which allows



Sales of maintenance parts on the Anritsu online store

us to complete products by freely combining units and modified parts in response to customer requests, to provide products in a more timely manner. In addition, we have started online sales of maintenance parts so that customers can order maintenance parts at any time.

3) The progress for the initiative of high value-added solutions, expanding our business into the pharmaceutical market, and strengthening our profit structure through operational innovations

Our target is to reform our business structure to ensure a stable operating profit margin of 10% or more over the medium to long term. With this in mind, we are working toward advanced quality assurance solutions that pursue customer value, business expansion into the pharmaceutical market, global optimization of business structure, and streamlining of internal processes.

During the fiscal year, we sought to improve profitability by strengthening the aforementioned X-ray inspection systems specialized for detecting bones in meat and fish and our assembly and inspection system in North America. In addition, a dedicated team for process reform has been established to improve the efficiency of internal processes.

Policies and Outlook for FY2023 and Vision for the Final Year

For FY2023, we aim for consolidated revenue of ¥26 billion yen and an operating profit margin of 6%. Although we will not reach the initial goals of 27 billion yen in revenue and 10% in operating margin set forth in GLP2023. due to factors such as the prolonged COVID-19 pandemic, soaring energy and raw material prices, and supply and demand issues for semiconductors, we will position this fiscal year as one for laying the foundation for the realization of our goals in FY 2030 and tackle the following issues to make leaps forward.

- Obtain certification of a designated supplier from global customers
- Create new products with high customer value that adopt new sensing technologies
- Improve the business portfolio by expanding our business into the pharmaceutical manufacturing market
- Streamline internal processes

Scenario for Becoming a ¥200 Billion Company in FY2030

Vision for and Value Provided by the PQA Business

The goal of the PQA Business is to achieve revenue of ¥50 billion by FY2030 and to realize a business structure that can consistently ensure an operating profit margin of 10% or more. In this business, the following three

areas will serve as our growth drivers, and we will concentrate our management resources here to achieve profitable and sustainable growth.

- Global business expansion in the food market
- Penetration in the pharmaceutical market
- Quality inspection business utilizing AI

The PQA Business understands the quality assurance challenges of our customers and works together with them to overcome these challenges. In addition, we will enhance our customer support system globally to ensure that PQA Business products are used in a satisfactory manner. Through these efforts, we aim to become a "First-to-Call" company for quality assurance that our customers around the world can consult with as their primary quality assurance partner.

Securing Human Resources for Business Growth

We are aggressively recruiting engineers for cutting-edge technologies focusing in such areas as non-destructive sensing, AI, and image and signal processing. We encourage the growth of people and technology by interacting extensively with research institutions outside of the Company.

In addition, in order to listen to the needs of our customers around the world and provide them with optimal solutions, we are working to recruit and train human resources who can work globally.

Active Exchange and Co-Creation with External Organizations

As the PQA Business, we are a member of more than 20 industry associations, including the Japan Measuring Instruments Federation, Japan Inspection Instruments Manufacturers' Association, and Japan Packaging Machinery Manufacturers Association, as well as the PMMI (Packaging Machinery Manufacturers Institute) in the U.S. We work with leading companies in the food industry and many research institutions to overcome quality assurance challenges.

Social Issues Addressed by the PQA Business



The safety and security of food and pharmaceutical products and the reduction of food loss are social issues shared by all of humankind. This business contributes to the realization of a society that produces and consumes only what is necessary without waste by providing means for inspection and quality assurance in production processes. (Contributes to SDGs Goal 12: Responsible Consumption and Production)

We will adapt all of our business activities to a sustainable society by reducing the energy required to transport and use our products, adopting environmentally friendly materials, and shifting to recyclable packaging materials.

Environmental Measurement Business

Key Management Issues

Providing products that contribute to a decarbonized society

Integrating the Anritsu Group's competencies to help transform social systems toward digital technology utilization and decarbonization

Shrinking workforces in developed countries and global warming are having a variety of impacts on industry and society. In this context, the transformation of social systems toward digital technology utilization and decarbonization are important issues in realizing a sustainable society. The environmental measurement business integrates the Anritsu Group's competencies in measurement, information and communications, and energy control to create new value that contributes to solving social issues in the three areas of carbon neutrality, digital transformation of industry, and resilience of social infrastructure.

Tsutomu Tokuke Executive Officer, Environmental Measurement Company President



Strengths

- Technology and knowledge to utilize test instruments and build test systems
- Highly reliable network and remote monitoring technologies cultivated in the social infrastructure market
- Advanced electric energy control technology and customer base in the automotive market

External Environment and Business Opportunities

The global trend toward decarbonization is accelerating automakers' shift to electric vehicles, leading to increased investment in the development of batteries, inverters, motors, and other components. Our subsidiary, Takasago, Ltd., has strengths in test equipment for EV development that utilizes advanced energy control technology, and business opportunities are expanding. Anritsu will expand its business in this field by creating synergies by leveraging its testing technology and global business foundation.

In addition, various industries are exploring the potential use of digital technologies to save labor and improve productivity amid shrinking workforces. Efforts to create

effective smart factories are gaining momentum, especially in the manufacturing industry. In response to this demand, Anritsu will support the stable operation of local 5G and transitioning processes to use digital technologies by utilizing test instruments, as well as advance proposals to visualize and optimize their processes by harnessing remote monitoring and video surveillance technologies.

Social infrastructures are facing issues such as a shortage of human resources for their maintenance and management, aging facilities, and more frequent and severer natural disasters. There is also a demand for making smarter infrastructure, including the social implementation of self-driving and distributed energy systems. In the Environmental Measurement Business, we will utilize remote monitoring and video monitoring technologies, as

KPIs and Initiatives for Growth

Targets for the Key Management Issues	Achievements in FY2022	Initiatives for FY2023	KPI
• Developing businesses in new areas where we can contribute to solving social issues • Creating new value through collaboration with customers and partners • Improving technological competitiveness and encouraging innovation • Participate in industry associations • Promote M&As and alliances for technology acquisition	• Operating profit margin: 1% • Completed PMI of acquired subsidiary Takasago, Ltd. • Reopened Anritsu 5G Lab as a venue for co-creation	• Strengthening products and expanding evaluation technologies for EV battery development • Improving network optimization technology for the industrial DX field • Expanding collaboration with new companies	• Sales growth rate • Operating profit margin • Number of new products developed • R&D expenses • Number of patents • Number of M&As and alliances announced • Participation and contribution to industry associations

well as support the use of IoT and cloud technologies, to help save manpower and achieve the evolution of maintenance and management work for social infrastructure.

Business Areas

The Environmental Measurement Business supports the resolution of social issues in three areas.

- 1) Carbon neutrality: We provide automobile manufacturers, automotive component manufacturers, and battery manufacturers with test systems leveraged by energy control technologies required for evaluation of the performance and reliability of electric vehicles or batteries. Demand to develop electrification for replacing internal combustion engines is growing in non-automotive markets as well, including motorcycles, construction machinery, agricultural machinery, ships, and aircraft.
- 2) Digital transformation of industry: In addition to supporting the implementation and operation of local 5G, a promising communication infrastructure underlying digital transformation, we also support the use of various industrial testing instruments that contribute to automation and productivity improvement in manufacturing and maintenance operations. We also provide remote monitoring systems that help with visualization at factories by connecting people, goods, and services at the production site.
- 3) Resilience of social infrastructure: We provide information and communication equipment and systems that support the maintenance and management of social infrastructure, such as remote and video monitoring of facilities and network stabilization in a wide range of markets, including roads, rivers, communications, power, water, railways, and finance.

Second Year of GLP2023 Review and Final Year Initiatives

Review of Fiscal Year 2022

In the Environmental measurement business, we

welcomed Takasago, Ltd. to the Anritsu Group in January 2022, marking our entry into the EV and battery development market. Takasago, Ltd. has strengths in power supply systems utilizing advanced energy control technology, and uses these to provide driving systems and batteries for EVs to automakers, automotive parts manufacturers, and battery manufacturers. The shift to EVs has been accelerating across the entire automotive supply chain, and orders for related products increased. In the local 5G market, efforts to utilize this technology across a range of use cases are expanding, and we have participated in multiple demonstration experiments through our implementation support services, aiding in the evaluations and failure analyses of radio environments. In addition, we have developed and launched a remote monitoring system that contributes to manpower saving and improved productivity in factories. In the area of social infrastructure, we advanced proposals for distributed remote monitoring equipment that utilizes edge computing to facilitate the monitoring of facilities. Though we made aggressive development investments for growth, production was limited due to parts procurement difficulties, and capital investment was restrained due to sharp price hikes, resulting in revenue of ¥6.4 billion and operating profit of ¥100 million (operating profit margin of 1%) in fiscal year 2022.

Policies and Outlook for FY2023 and Vision for the Final Year

In fiscal year 2023, we will further advance our initiatives from the previous fiscal year. First, Anritsu and Takasago, Ltd. will work hand in hand to strengthen evaluation systems for the EV and battery development market, where demand for testing is growing. By deepening cooperation not only in development, but also in sales, manufacturing, and maintenance, the two companies will create synergies by leveraging their respective management resources to secure their position in the EV and battery development market. Next, we will continue to cultivate businesses that capture the momentum of digital transformation in industries. We will utilize our expertise in the operation and utilization of local 5G acquired through past initiatives, our knowledge in converting conditions and environments

Examples of Environmental Measurement



EV/battery development



Electric vehicle powertrain emulation



Battery charge/discharge testing system



Social infrastructure



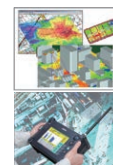
Video information equipment



Bandwidth controller



Smart factories



Support services for the introduction, operation, and utilization of local 5G



Manufacturing DX support system

Environmental Measurement Business

into data by using various test instruments and sensors, and newly-commercialized factory monitoring systems to propose solutions that will help solve our customers' problems and win their trust as a partner in digital transformation. Furthermore, for the social infrastructure market, we will advance proposals for more labor-efficient and sophisticated monitoring through the use of IoT and cloud technologies, and expand proposals for the use of bandwidth controllers to stabilize networks, which are becoming increasingly important. By advancing these initiatives in growth markets, we expect to achieve improvements in both revenue and operating profits in fiscal year 2023, with revenue of ¥9 billion (sales growth rate of 41%) and operating profit of ¥600 million (operating profit margin of 6.7%).

Anritsu's Three Transformations

The Environmental Measurement Business aims to contribute to the three key social system transformations (GX, DX, and SX) required to achieve sustainable industries and societies.

GX (Green Transformation)

A demand is growing to transform economic and social systems to reduce emissions of greenhouse gases that warm the planet and cause climate change. Along with the shift to green energy, the spread of electric and fuel cell vehicles is considered key to reducing environmental impact. The Environmental Measurement Business will utilize energy control and testing technologies to provide evaluation solutions contributing to greater performance and ensuring the reliability and safety of electric vehicles, fuel cell vehicles, and batteries.

DX (Digital Transformation)

Efforts to use digital technology to solve labor shortages, improve productivity, and even transform business processes and models are gaining momentum. The Environmental Measurement Business will contribute to improving business processes through multiple methods. This includes providing products and services supporting the implementation and operation of local 5G, a promising communication infrastructure underlying digital transformation, and supporting the visualization of conditions, environments, and events through the use of its

technologies and expertise in testing, sensing, and remote monitoring.

SX (Sustainability Transformation)

Social infrastructure is now facing severe social issues, such as more frequent and severer natural disasters, aging infrastructure built during eras of rapid economic growth, and shortages of workers for infrastructure maintenance and management. In addition, there is a demand to develop even smarter systems, including for the social implementation of self-driving. The Environmental Measurement Business will contribute to realizing resilient and sustainable social infrastructure by leveraging the information and communication technologies that we have developed in the social infrastructure market and by supporting the use of IoT and cloud technologies.

Scenario for Becoming a ¥200 Billion Company in FY2030

In FY2030, we target revenue of ¥30 billion in the Environmental Measurement Business, more than three times the current level.

Specifically, we aim to achieve revenue of ¥30 billion in FY2030 through a focus on the following four growth drivers. Here, we will expand our business in growth markets through an enhanced business portfolio built from further alliances and M&A, in addition to organic growth through synergies with Takasago, Ltd.

- EV and batteries, decarbonization of social infrastructure
- Industrial DX, local 5G, smart factories
- Smart social infrastructure
- Global expansion

We will strengthen our profit structure so that the business's operating profit margin approaches our company-wide target of 20%.

Social Issues Addressed by the Environmental Measurement Business

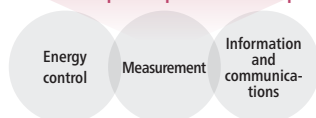


Our efforts in the Environmental Measurement Business align with the goals set forth by the SDGs. Our projects focused on carbon neutrality contribute to SDGs Goal 7, "Affordable and Clean Energy," and Goal 13, "Climate Action." Meanwhile, our projects related to the digital transformation of industry contribute to Goal 9, "Industry, Innovation and Infrastructure." In addition, projects to improve the resilience of social infrastructure contribute to Goal 11, "Sustainable Cities and Communities." The Environmental Measurement Business will continue to use its projects to create values that help solve social issues.

Contributions to Solving Social Issues by Leveraging Competencies



Integrating the Anritsu Group's competencies to help solve social issues



Sensing and Devices Business

Key Management Issues

Provide solutions that contribute to the development of a robust infrastructure

Supplying devices that form the core of various industrial products worldwide, making people's lives more convenient and creating a safe, secure, and comfortable society

Yasunobu Hashimoto Executive Officer, Sensing & Devices Company President



External Environment and Business Opportunities

The Sensing & Devices (S&D) Company is developing business in the optical communications market while also pioneering the sensing market in order to expand its business. Simultaneously, it is strengthening its efforts in the ophthalmic diagnostic device market, where demand is growing due to population aging. Taking advantage of its broad-band SLD (Super Luminescent Diode) and high-coherence wavelength swept light sources, the Company is expanding its track record in ophthalmic OCT equipment and eye axial length measurement equipment. It is also developing new solutions by applying its semiconductor optical amplifiers cultivated in the optical communication market to increase the output power of narrow linewidth lasers required for long-distance LiDAR application, detecting objects farther away than current LiDAR.

Business Areas and Anritsu's Strengths

Anritsu Group believes that its strength lies in its advanced device technology with compound semiconductors at its core, and in the flexibility it is able to achieve due to its own production lines for these device elements. Anritsu will leverage this strength to continue its efforts in the optical amplifier market, an area where it excels. In addition to the development of new fiber optic amplifiers to expand wavelength multiplexing transmission bandwidth, optical transceivers used in data centers are becoming faster, smaller, and more energy efficient. Anritsu is evolving its mainstay pump lasers and semiconductor optical amplifiers (SOA) to keep pace with these new developments. The Group also possesses indium phosphide (InP) electronic device technology, which is

particularly competitive due to its high-speed and high-frequency characteristics. It will work to increase its value in the terahertz and millimeter wave ranges, where application potential includes communications and even sensing.



Social Issues Addressed by the Sensing and Devices Business

In the S&D Business, Anritsu is working to solve social issues mainly in the following two areas. The first is contributing to building communications infrastructures capable of withstanding increased data traffic. By incorporating its SOA into the light-receiving part of optical transceivers installed in communication equipment found in long-distance optical communication networks between data centers, a stable communication environment can be established without degradation to the optical signal. In addition, by supplying these in a chip-on-carrier format and securing amplification factors even in high-temperature environments, the Group contributes to the miniaturization and lower power consumption of communication equipment overall.

The second is addressing the increasing number of patients with eye diseases due to aging. By incorporating its SLD and wavelength swept light sources into ophthalmic diagnostic devices, Anritsu enables highly-accurate retinal examinations, contributing to the early detection of age-related macular degeneration and glaucoma and the early treatment of cataracts. In addition, there has been a recent increase in long axial length myopia in children, and Anritsu Group will contribute to its early prevention as well.

KPIs and Initiatives for Growth

Targets for the Key Management Issues	Achievements in FY2022	Initiatives for FY2023	KPI
- Develop solutions that anticipate customer needs - Strengthen partnerships with leading industry players - Participate in industry associations - Promote M&As and alliances for technology acquisition	Number of new products developed: 2	- Expand market share by improving SOA performance and ensuring stable supply - Expand market share by enhancing performance of light sources for ophthalmic diagnostic devices	- Sales growth rate - Operating profit margin - Number of new products developed - R&D expenses - Number of patents - Number of M&As and alliances announced - Participation and contribution to industry associations

Respect for Human Rights/Supply Chain Management

Key Management Issue Securing human resources supporting growth • Respect human rights

Policy and Systems

The Anritsu Group established the Anritsu Group Human Rights Policy in December 2022, based on the United Nations' Guiding Principles on Business and Human Rights. As a company that operates globally, we will further promote efforts to human rights which have

increasingly gained importance in recent years. Under this policy, Anritsu will respect the human rights of all people who are affected by our business activities, and take on the challenges to realize a sustainable society together with our stakeholders.

Activities and Achievements

Conducting Human Rights Risk Assessments

With the cooperation of Caux Round Table Japan (CRT Japan), a non-profit organization, we carried out human rights risk management, via the following process, as a first step in human rights due diligence to identify negative human rights impacts, prevent or mitigate them, and explain how to address them.

Country Risk Survey

Based on CRT Japan's global human rights risk database, we assessed human rights risks per country and human rights indicator for 24 countries and regions where Anritsu Group has business locations, identifying high-risk countries and regions in the process.

Business Risk Assessment

For all business done in high-risk countries, we evaluated the degree of impact on human rights risk based on the scale of each business (revenue, procurement amount, and number of employees), and conducted an additional assessment for countries where the degree of impact was significant. In addition, workshops were held by members of relevant internal departments related to human rights issues to identify specific human rights risk factors related to the business and consolidate understanding of risk management status.

Identification of Human Rights Risks for Readiness Action

Through the human rights risk assessment, the following five human rights risks were identified as risks to be prepared for: human rights violations in the supply chain of parts and equipment suppliers, use of products for other purposes at the stage of use or disposal, human rights violations of foreign workers, lack of diversity inclusiveness in the workplace, and insufficient action addressing changes in the working environment and work styles.

Identification of Human Rights Issues for Future Priority Action

Risk management departments and relevant risk owners assessed the identified risk, resulting in identification of three human rights issues for future priority action: diversity inclusiveness in the workplace, addressing changes in the working environment and work styles, and work

environment surveys at parts and equipment suppliers.

In light of these challenges, we will continue to enhance our efforts to respect human rights in accordance with the UN Guiding Principles on Business and Human Rights.

Dissemination of Guidelines for Respect of Human Rights

The Anritsu Group has taken action to deepen understanding and awareness of the Anritsu Group Human Rights Policy by providing it on the Group website and using internal newsletters for employees and case studies.

During the Corporate Ethics Promotion and Enhancement Week held every April, Anritsu conducts an e-learning course on the Anritsu Group Code of Conduct. This code of conduct sets forth guidelines for actions to be taken by all employees, including respect for human rights, and Anritsu requires employees to submit a written confirmation of their intention to observe the code. In fiscal year 2022, written confirmation was submitted by 100% of employees in the Domestic Anritsu Group and 99.4% of those in Overseas Anritsu Group.

For suppliers, we presented our human rights policies at information exchange meetings and asked for their understanding and support.

Establishment of a Channel for Human Rights Reporting and Consultation

Anritsu has traditionally established channels for a reporting and consultation service for legal and compliance issues available to employees. In fiscal year 2022, to establish a grievance handling system in line with the Anritsu Group Human Rights Policy, we introduced a new inquiry form on our website to allow all stakeholders to consult and file complaints regarding human rights. Complaints and reports can be made anonymously, and we will ensure confidentiality and protection of the interests of all concerned. By establishing a system to promptly address human rights risks, we are striving to eliminate human rights violations. In fiscal year 2022, there were no reports or consultations regarding human rights violations by the Group's employees or businesses.

WEB For more details about Anritsu's respect for human rights and supply chain management, please see our website:

<https://www.anritsu.com/en-us/about-anritsu/sustainability/respect-persons>

<https://www.anritsu.com/en-us/about-anritsu/sustainability/supply-chain-management>

KPIs and Initiatives for Growth

Targets for the Key Management Issue	Achievements in FY2022	Initiatives for FY2023	KPI
• Strengthen supply chain due diligence	• Number of companies conducting due diligence in the supply chain: 6	• Continue to conduct supply chain due diligence	• Number of companies conducting due diligence in the supply chain

Basic Policy for Supply Chain Management

The Anritsu Group conducts procurement activities on a global basis. In order to provide better products and do business on an ongoing basis, it is essential that we not only build a flexible, global supply chain management structure, but also address ESG issues. The Group believes that it is important to practice management across the

entire supply chain that takes into account human rights, occupational health and safety, the environment, fair trade, and ethics through partnerships of mutual trust with its suppliers. Currently, we are working on the following goals in our GLP2023 Mid-Term Business Plan

GLP2023 Goals

- Conducting a CSR procurement survey with at least ten suppliers during the three-year GLP2023 period and on a more global scale (mainly in Asia)
- Deepening supplier understanding of Anritsu's CSR procurement initiatives through a three-year program, which provides procurement-related information and other useful knowledge
- Raising the ratio of Anritsu-certified green suppliers and providing non-green suppliers with environmental education to cultivate an eco-friendly supply chain

Supply Chain Due Diligence

Implementing CSR Procurement Questionnaires

Anritsu conducts credit checks, quality control and environmental management surveys, and factory inspections when opening new supplier accounts. For existing suppliers, we conduct a questionnaire to check the status of their efforts to comply with the Anritsu Group CSR Procurement Guidelines, requesting a self-assessment of their efforts in human rights, occupational health and safety, environment, fair trade, ethics, quality and safety, information security, and other areas. Regarding human rights in the supply chain, an area of increasing importance in recent years, we check for the following actions: prohibiting forced labor, prohibiting child labor, respecting the rights of young workers, decent working hours, adequate wages and allowances, prohibiting inhumane treatment, prohibiting discrimination, and freedom of association and collective bargaining.

In fiscal year 2022, we conducted CSR procurement questionnaires with 422 companies and received responses from 363 companies (response rate: 86.0%). Responses are scored to visualize supplier action levels.

Questions regarding human rights yielded an average supplier score of 27.14 out of 28 in fiscal year 2022. We will continue to check the content of responses and monitor the number of survey responses, response rate, and average response score to ensure the effectiveness of CSR procurement.

Conducting Due Diligence

Our goal is to audit a cumulative total of at least 10 companies in the GLP2023 period (fiscal year 2021 to fiscal year 2023). In fiscal year 2022, remote site surveys were conducted for six suppliers in Japan, Hong Kong, and Taiwan, bringing the total to 12 during the GLP2023 period. We confirmed that none of our suppliers have any significant risks regarding human rights, labor, or health and safety. In the CSR procurement surveys and site interviews conducted to date, no suppliers have been found to be in noncompliance. In fiscal year 2023, we plan to conduct site surveys of three companies in Japan and five companies overseas.

Human Resources

Key Management Issue Securing human resources supporting growth • Promote diversity

Work Style Reform

At the Anritsu Group, its people, and their diversity, are the source of expanding its existing businesses and creating new businesses. In order to become a company that considers life-work balance and offers comfortable working environments and an enjoyable life, as well as one with high productivity and fulfillment, we will continue to develop our systems and environment.

Environmental Improvement

We have been taking a number of different measures to provide diverse options for work styles and careers towards achieving work style reform, defined as a priority measure in our management strategy. These measures include introducing a telecommuting system, expanding the number of days employees can work from home for childcare, nursing care, etc., promoting the use of childcare leave by men, and establishing a new management course that allows flexible work according to life events, such as caring for a newborn child or family member. In 2020, we were certified by the Minister of Health, Labour and Welfare as a Childcare Support Company, earning the Kurumin Mark for the third time following certifications in 2015 and 2018.

In fiscal year 2022, to promote the use of childcare leave by men, we have introduced a system to make up for effectively 100% of salary for those who take four weeks of childcare leave. We are striving to create an environment where men taking childcare leave is a foregone conclusion.

Respect for Diversity

The Anritsu Group aims to be an organization where people with diverse backgrounds, including values and ways of thinking, can come together to create new value by leveraging their diverse perspectives and strengths. To achieve this aim, we are implementing priority measures such as increasing the ratio of female and non-Japanese managers, strengthening the recruitment of mid-career personnel, including women and non-Japanese employees, and working to utilize elderly employees.

In promoting active roles for women, we are focusing on activities in recruitment and career development and continuation so that women can play an active role while balancing life and work, as well as be more directly involved in growth in our businesses and corporate value. In fiscal year 2022, we launched a new management course that allows for flexible work according to each employee's life stage and lifestyle. Together with

Employee Satisfaction Survey

The Anritsu Group in Japan conducts an annual engagement survey of all employees to ascertain the current state of employee engagement and identify organizational issues. The results of the survey are made available to all employees via our intranet, and are also fed back to each department for use in making improvements. We have also introduced a Self-Reporting System as an opportunity for employees to discuss their career aspirations with their superior. In addition to this, we conduct role assessment interviews where employees are informed of the roles expected of them by the department, which are then discussed and agreed upon. These programs are conducted twice a year as opportunities for not only discussing career aspirations, but also sharing departmental policies and issues as well as each person's role and expectations, along with providing feedback to each individual.

■ Results of the Engagement Survey

	FY2018	FY2019	FY2020	FY2021	FY2022
Response rate	92%	98%	98%	97%	98%
Satisfaction with the workplace	88%	87%	90%	90%	90%
Satisfaction with work	70%	70%	75%	75%	72%

Satisfaction = positive responses (ratio of those who are "very satisfied" and "satisfied")

the establishment of a new telecommuting system to be used during pregnancy, childbirth, and childcare, this will help employees enjoy career development with greater emphasis on work-life balance. As of the end of fiscal year 2022, the ratio of women in managerial positions was 3.1% in Japan and 10.5% on a global consolidated basis. In addition, the number of female managers in Japan increased by five as of April 1, 2023, bringing the ratio of women in managerial positions to 4.0% in Japan.

In March 2023, in recognition of our past achievements in promoting the active participation of women, we became the first company to receive the highest level of three stars in the Eruboshi certification under the Act on Promotion of Women's Participation and Advancement in the Workplace. We will continue to focus on efforts to increase the number of female managers in Japan and achieve the target laid out in GLP2023.

KPIs and Initiatives for Growth

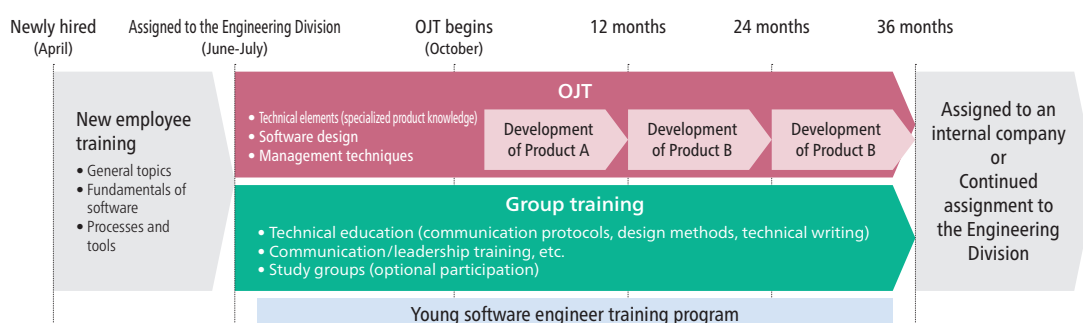
Targets for the Key Management Issue	Achievements in FY2022	Initiatives for FY2023	KPI
- Conduct recruitment free from race, gender, or age - Create a work environment where each individual can fulfill his or her potential - Create an education and training system that enables employees to acquire outstanding capabilities	- Continued to hire engineers in the Philippines (global hiring of human resources/localization) - Statutory employment rate of people with disabilities: 2.36% - Ratio of female managers: 10.5% - Childcare leave utilization ratio by male employees: 45.2% - Work satisfaction: 90% - Extended employment until the age of 70 and launched a new compensation system - Percentage of experienced hires: 36.5% - Received the highest rating of 3 stars in the "Eruboshi" certification - Certified as a Health & Productivity Management Outstanding Organization (White 500)	- Promote global recruitment - Establish an education and training system which supports employees' autonomous growth - Promote the Anritsu Group Health and Productivity Management Policy - Encourage hiring experienced personnel - Achieve a 15% ratio of female managers	- Number of employees by region, ratio of female employees, ratio of female managers - Employment rate of people with disabilities, ratio of engineers, ratio of female employees to new graduate hires, ratio of experienced employees to new hires - Paid leave utilization ratio, employee turnover rate - Employee satisfaction - Training hours per trainee, number of trainees, total training cost - External evaluations (Kurumin mark accreditation grade, White 500 company certification, etc.)

Investment in Human Capital

At the Anritsu Group, we take measures with the primary focus to encourage employees to develop and upgrade their strengths at their own initiative, and thereby drive both their own growth and the growth of their respective companies. We have established a system to help employees take ownership in carrying out their duties and improving their skills. This system is comprised of two types of education: level-based training that deploys education in stages in consideration of career paths, and a self-development program founded in the voluntary choice of what and when to learn. All level-based training is conducted jointly for the entire Anritsu Group, providing an opportunity to make horizontal connections spanning organizational boundaries and to gain mutual inspiration. In fiscal year 2021, we overhauled our training programs for leaders and sub-leaders, and in fiscal year 2022, we started a new career program for elderly employees in order to revitalize them in conjunction with the extension of the retirement age.

In this changing business environment, we need experienced engineers who can handle a range of product development. In order to cultivate this kind of talent over the long-term, Anritsu has launched a training program for young software engineers. New employees looking to become software engineers are first assigned to the Engineering Division (a shared development unit spanning multiple internal companies, responsible for software development for each

internal company and development of cutting-edge technologies such as AI, cloud computing, and data analysis). In their three-year stint, they gain experience in various product development projects, acquiring the fundamental knowledge and skills required of software engineers. By having them engage in product development across multiple internal companies, we aim to build future interpersonal networks, prevent the siloing of technologies within each internal company, and create innovation. Our training program consists of on-the-job training (OJT) and group education, and provides a customized training plan for each individual through clear growth targets using our unique skill standards. In OJT, trainees are rotated through different product responsibilities each year, and they are supported by an OJT trainer in charge of technical guidance and a mentor who serves as a consultant for all aspects of company life. In group training, trainees are provided with practical technical training, communication and leadership training with more experienced colleagues, and study groups for those wishing to learn more. These provide opportunities for engineers of the same generation to learn from each other. After completion of the training program, trainees are assigned to an internal company or other organization as appropriate according to each person's aptitude and career aspirations, which we believe will lead to improved work comfort and job satisfaction.



Initiatives for the Environment and Climate Change

Key Management Issues

Addressing climate change

- Reduce greenhouse gas emissions
- Introduction of private generation of renewable energy



Information Disclosure in Line with TCFD Recommendations

* The TCFD (Task Force on Climate related Financial Disclosures) is an international initiative established by the Financial Stability Board (FSB) in 2015 at the request of the G20 to improve the disclosure of information on the financial impact of climate-related risks and opportunities.

■ Anritsu declared its support for the recommendations of the TCFD on June 30, 2021, and makes information disclosures in compliance with these recommendations.

Governance

The Group CEO and CFO are responsible for promoting climate change-related initiatives under the supervision of the Board of Directors. The Chief Environmental Officer periodically reports the results of the annual management cycle of risks and opportunities to the Management Strategy Conference and the Board of Directors meeting, and receives opinions and necessary guidance from the management team. Disclosure is discussed and approved by the Management Strategy Conference each fiscal year as part of establishing a new GLP or reviewing an existing one. This is reported to the Board of Directors, and disclosure is conducted under their supervision.

Strategy

Anritsu analyzes climate change-related risks and opportunities under the 1.5°C and 4°C scenarios, by identifying the potential risks and opportunities, in short- (1 year), medium- (3 year), and long-term (up to 30 year) time-frames. We considered the impact of tighter regulations and physical damage at some production sites under both scenarios, as well as countermeasures for those

impacts. Anritsu has also positioned climate change as the most critical management issue, and we have formulated countermeasures that take into account the impact on our business strategies and financial plans, including the impact on the entire value chain.

Risk Management

Risks and opportunities are identified in the GLP for each business division, corporate department, and Group company. The Environmental Management Committee identifies critical risks and opportunities based on their likelihood of occurrence and impact, and identifies countermeasures and initiatives to address them. The results are regularly discussed and approved by the Management Strategy Conference and reported to the Board of Directors. Climate change risks and opportunities are also integrated into the Group's risk management system for comprehensive administration.

WEB For more information on our strategies, indicators and targets, please see our Sustainability Report 2023.

<https://www.anritsu.com/en-us/about-anritsu/sustainability/library>

Activities

Progress on Anritsu Climate Change Action PGRE 30

We established the Anritsu Climate Change Action PGRE 30 in fiscal year 2019 as an additional measure for achieving the reduction target for greenhouse gas emissions (Scope 1 and Scope 2). Using the Anritsu Group's energy consumption in fiscal year 2018 as a reference, the plan is intended to invest in solar power generation facilities (a renewable energy source) and increase the

private renewable energy generation ratio from 0.8% to about 30% by around 2030.

In fiscal year 2022, we added a 1,100 kW solar power generation facility at Tohoku Anritsu's second factory, located in the Tohoku area. This brings the Anritsu Group's total solar power generation capacity to 2,500 kW. In addition, an energy storage facility was installed using large-capacity storage batteries with a capacity of 2,400

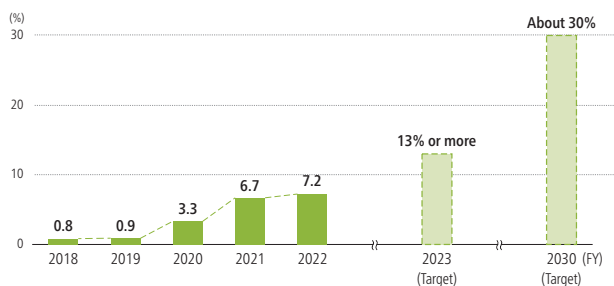
KPIs and Initiatives for Growth

Targets for the Key Management Issues	Achievements in FY2022	Initiatives for FY2023	KPI
• Declaration of Carbon Neutrality in FY2050 • PGRE30 • Develop environmentally friendly products	• 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 • Released new environmentally friendly products: 55 models (cumulative)	• Start operation of solar power generation storage batteries at the Koriyama district plant • Release new environmentally friendly products • Develop and release products for new environmental business	• Reduction amount of greenhouse gas emissions (Scope 1, 2, 3) • Solar power generation amount/consumption, in-house generation of renewable energy ratio • Number of new environmentally friendly products

kWh (400 kW output). By storing surplus power and discharging it at night, the system increases the private generation of renewable energy ratio, helping to reduce CO₂ emissions. It also serves as an emergency power source in the event of a power outage, which reinforces business continuity management. This new solar power generation facility has been in operation since January 2023, with the storage batteries beginning operation in June 2023.

The Anritsu Group's overall solar power generation ratio in fiscal year 2022 was 7.2%.

■ PGRE 30: Private Solar Power Generation Ratio



* 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.

Participation in Race To Zero

In December 2022, we joined Race To Zero, a program by

the United Nations Framework Convention on Climate Change (UNFCCC), by making a declaration to become carbon neutral and reduce greenhouse gas emissions from our business activities to effectively zero by 2050. In response, we have revised our mid-term targets for 2030 as follows. Scope 1+2: 42% reduction by FY2030 compared to FY2021 (previously a 30% reduction compared to FY2015)

Scope 3 (Categories 1 and 11): 27% reduction by FY2030 compared to the base year (average value from FY2018 to FY2021) (previously a 30% reduction compared to FY2018)

Climate Change Survey Results by CDP

The score for Anritsu's response to the CDP questionnaire on climate change for fiscal year 2022 was "A-: Leadership level," in recognition that we are carrying out best practices in managing environmental issues. In addition, in CDP's Supplier Engagement Rating, we were selected as a Supplier Engagement Leader, the highest rating, for the third consecutive year. This rating is bestowed on the top 8% of companies responding to the survey based on their efforts to work with suppliers in four categories: Governance, Targets, Scope 3 Emissions Accounting, and Supplier Engagement.



Resource Environment

Launching Initiatives to Eliminate Plastic Waste

Anritsu believes that the solution to the waste problem lies not only in the proper management and disposal, but also in not producing waste. To tackle plastic waste, which has spawned issues on a global scale such as marine pollution and CO₂ emissions from incineration, we have established a Zero Plastic Waste Policy to reduce

plastic waste from our business activities to zero by fiscal year 2030. A project team has been formed to reduce single-use plastic waste from plastic bottle beverages, packaging of products and purchased parts, and packaging of food used at business sites to zero by fiscal year 2030. The Anritsu Group is committed to the following targets in this area.

■ Targets for FY2030

1. We will reduce the use of plastic bottles at business sites to zero.
2. We will reduce plastic packaging materials for products shipped to customers to zero. ^{*1}
3. We will reduce the plastic packaging materials used for purchased parts and materials to zero. ^{*1}
4. We will reduce food packaging plastic waste from business sites to zero.

^{*1}: Biomass and recycled materials are used for packaging materials where plastic is indispensable to guarantee product performance.

^{*2}: Calculated on a FY2021 basis, with plastic packaging materials used for product packaging and purchased parts and materials calculated as a percentage of sales.

^{*3}: Customers who do not wish to be included are excluded.

■ Mid-term targets for FY2026^{*2}

1. We will reduce by half the volume of plastic bottles used at our business sites, and outsource all bottle-to-bottle recycling.
2. We will reduce by half the use of fossil-based virgin plastic by reducing or eliminating the use of plastic packaging materials for our products and replacing them with plant-derived or recycled materials. In addition, we will endeavor to collect and reuse or outsource the recycling of plastic packaging materials. ^{*3}
3. We will reduce the volume and weight of plastic packaging materials used for purchased parts and materials, and promote the replacement of such materials with plant-derived or recycled materials, while we will focus on material recycling.
4. We will promote the material recycling of food packaging plastics used in cafeterias. (Recycling to be outsourced.)

Dialogue: Outside Director and Human Resources Officer

Human capital is an important factor in achieving Anritsu's goal of becoming a ¥200 billion company in FY2030, and linking management strategy and human capital strategy is essential for growth as a company. To discuss Anritsu's current personnel measures and the issues it faces toward achievement and practice in these respective areas, Outside Director Nozomi Ueda and Chief Human Resource and Administration Officer Takashi Sakamoto gathered in June 2023 for the dialogue, which is edited and published in this section.

(This interview took place in June 2023)



Nozomi Ueda
Outside Director

Takashi Sakamoto
Vice President
Chief Human Resource
and Administration
Officer

■ Nozomi Ueda

Registered as an attorney at law in 1999. She has been a partner of the Kioizaka Themis Law & Patent Firm (currently Kioizaka Themis) since 2013 and an Outside Audit and Supervisory Board Member of mixi, Inc. (currently MIXI, Inc.) since 2019. In 2021, she became an outside director (Audit & Supervisory Committee member) of the Company, then became an outside director in 2023.

■ Takashi Sakamoto

Joined the Company in 1985. After taking the position of Human Resource and Administration Director and non-Board Director in 2020, he became Vice President and Chief Human Resource and Administration Officer in 2022.

Human resources and personnel systems needed for Anritsu to become a ¥200 billion company in FY2030

Ueda: I believe that effective utilization of human capital will be a key factor in becoming a ¥200 billion company in FY2030. Anritsu places great importance on human capital, but could you tell us more about how you see the challenges ahead in making the most of this human capital and your personnel policies to address these challenges.

Sakamoto: If I could start by describing the unique traits of Anritsu's human resources, I feel that many of our employees are sincere and careful of harmony with others, valuing the very tenets of "sincerity, harmony, and enthusiasm" stated in our Company Philosophy.

Ueda: Indeed, I am often impressed by the integrity of performing their duties in board meetings and other discussion venues. Everything, good and bad, is put on the table for discussion, and I believe that is part of Anritsu's culture.

Sakamoto: In order to double our revenue scale to ¥200 billion, it is necessary to launch businesses that will be new pillars for our company, and human resources are crucial to carry this out.

Ueda: The GLP2023 plan focuses on four priority areas for the launch of new businesses. Under the banner of growth through organic methods and M&A, the first movement of M&A came with adding Takasago, Ltd. to the Anritsu

Group, which was important for the launch of business in the area of EVs and batteries.

Sakamoto: We have high hopes on launching new business pillars through collaboration harnessing technologies held by new Group member Takasago, Ltd., in combination with those held by Anritsu. In order to integrate two companies with different cultures and move the organization toward a common goal of launching a new business, we need people who have a strong commitment to targets and who can practice solid management. At the moment, the people leading new business creation at Takasago, Ltd. are those transferred from Anritsu.

Ueda: As for the acquisition of Takasago, Ltd., this went through because the right people were in place, resolving the key question of whether or not human resources who could create successful collaboration with Anritsu were present. Still, you are facing the issue of finding human

resources to launch new businesses while organically harnessing technology, and I feel that Anritsu should be even more proactive in discovering new internal employees with skills.

Sakamoto: It's about whether there are people with qualities geared toward transformational



thinking and creative orientation. We conduct an assessment of each person's qualities in our level-specific training and examinations for promotion to managerial positions. While there may not be a great deal of people with these qualities to launch new business, it is without a doubt that some do exist. However, it may be that Anritsu's current culture has not allowed them to fully demonstrate their skills.

Ueda: Since it's impossible to change a company's culture overnight, one approach would be to increase the mobility of human resources or promote diversity in order to initiate a kind of a chemical reaction among human resources.

Sakamoto: Currently, Anritsu is working to enhance the mobility and diversity of its human resources. From 2020 to 2021, we carried out subsidiary integration as part of our goals to strengthen our human capital. Here, we are working to increase the mobility of human resources between Group companies, expanding their pathways for growth outside the Test and Measurement Business.

Ueda: With greater mobility, people who previously had no means to interact with each other can cooperate and create new value. That is very important for Anritsu as of today.

On a related note, Anritsu's current personnel system leans toward traditional Japanese concepts of seniority. While it may be an efficient option for business as usual, I feel that in order to launch a new business, Anritsu needs to clarify its business goals and work in a way that allows its people to focus on their achievements. When introducing a new personnel system, there are quite a number of points that need consideration. Therefore, it will be necessary to study the systems of other companies and adapt them to suit Anritsu's situation.

Sakamoto: This would potentially mean shifting from the current affiliation-based system to a new job-based system. At the moment, we are partially implementing job-based personnel systems at the Company. Some members of the Advanced Research Laboratory are hired on a job basis, in the pursuit of human resources with a completely new perspective and focused on achieving their goals as they pursue cutting-edge research. At this stage, although the introduction would likely be a gradual process based on the characteristics of each division, we would continue to consider to introduce this kind of system in a positive manner for divisions which have to launch new businesses.

Better work-life balance

Ueda: In order to acquire human resources who can master cutting-edge technologies or launch new businesses, flexibility in personnel systems will be necessary. Meanwhile, there are various other measures that can be also

considered on top of this kind of system. Personnel systems should be tailored to diverse individual situations in order to facilitate their unique capabilities to contribute to corporate growth. These diverse individuals will also have various needs, like adjusting work for life events such as raising a child or caring for a sick family member, or reaching retirement age but being willing to use energy to work three days a week, for example, for guidance of younger generations.

Sakamoto: Anritsu has made work style reforms one of the priority measures in its management strategy, with the aim of enhancing both work and life for employees and facilitating work that matches their lifestyles, with the desired result of greater productivity. We have taken a number of measures to provide diverse options for work styles and careers. These include introducing a telecommuting system, expanding the number of days employees can work from home for childcare, nursing care, etc., promoting the use of childcare leave by men, and establishing a new management course that allows flexible work according to life events. Going forward, we will continue to create an environment where a diverse range of employees can enjoy work-life balance and job satisfaction.



Health and productivity management

Ueda: In order to achieve these goals, it is important for employees to be healthy in both body and mind. I understand that Anritsu has a Health and Productivity Management Policy to uphold the importance of employee health.

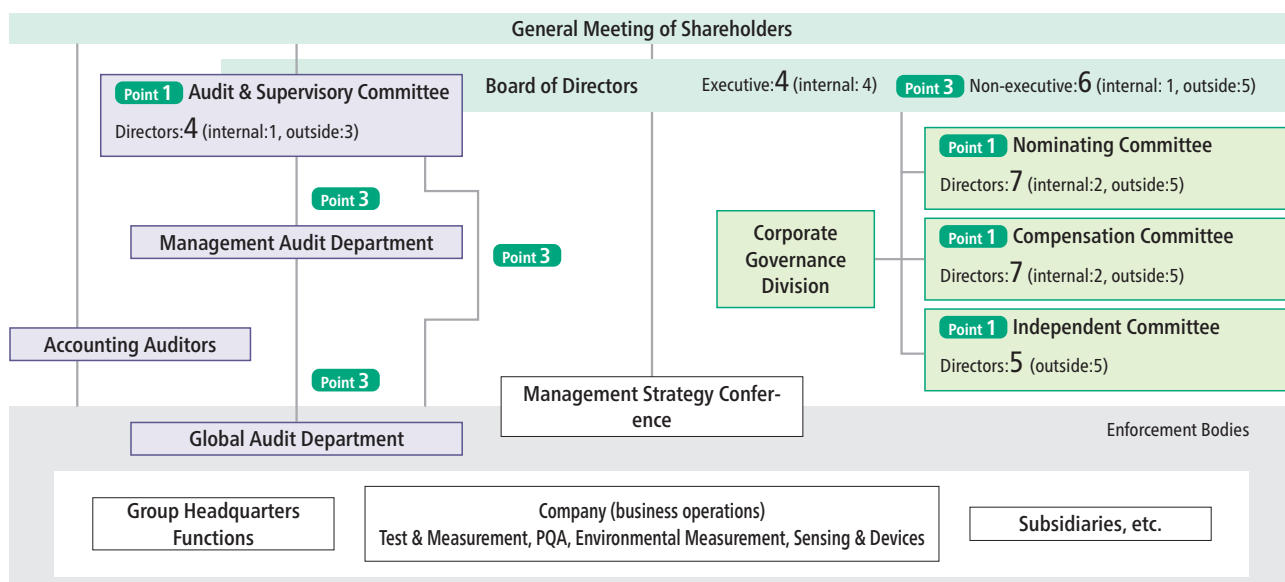
Sakamoto: The Anritsu Group believes that the health and vitality of each and every one of our employees is the source of our corporate value. We have established the Anritsu Group Health and Productivity Management Policy to ensure that all employees maintain an interest in their health and an awareness of any health issues they may have, as well as make voluntary efforts toward maintaining and improving their health. Under this policy, Anritsu Group companies and the Anritsu Health Insurance Society work in unison to achieve health and productivity management.

We feel keenly that it is not enough to simply do things just like we always have, and we are making daily efforts to update ourselves to keep up with the times. In becoming a ¥200 billion company in FY2030, Anritsu will work to create synergy among its human resources, evolve the work-life balance they feel, and improve performance for each individual through health and productivity management.

Corporate Governance

Anritsu's Corporate Governance Structure and Features

Anritsu has adopted the structure of a company with an Audit Committee. It is of paramount importance for Anritsu's management to respond flexibly and speedily to changes in the business environment, to enhance its competitiveness as a global company, and to continuously improve its corporate value. As immediate tasks, we are working to strengthen corporate governance from four perspectives.



(as of July 1, 2023)

Point 1 Greater management transparency

Anritsu has an Audit & Supervisory Committee and three advisory committees: the Nominating Committee, Compensation Committee, and Independent Committee. In order to ensure active discussions and appropriate reporting at each committee meeting we have set the system to make the majority of committees members outside directors and also assign an outside director as the chair person in the meeting. .

Point 2 Appropriate and timely disclosure of information

Anritsu's Disclosure Policy declares to "disclose accurate information to every stakeholder fairly, positively, and in good faith according to the related laws or ordinances, irrespective of its content and whether circumstances surrounding the disclosure are favorable or not." Under the Policy, we prioritize communication with our stakeholders and work to disclose corporate information in a timely and appropriate manner. ➡ P.63

Point 3 Stronger management supervision

Of our 10 directors, 6 are non-executive directors and half of our directors are outside directors. In addition, by separating management supervision and execution, we have achieved a system that allows full exercise of the supervisory function.

Point 4 Management resources development

Anritsu has established a Training Program for Next-Generation of Executives to promote the development of management leaders. The Group CEO will review each candidate to ensure that he or she has developed the necessary qualities (Executive Management Values) to be a management leader. ➡ P.58

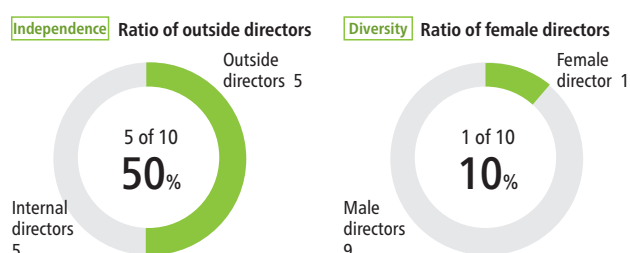
Board of Directors

As a management decision-making body, the Board of Directors makes determinations on important matters including management policy and management strategy for the Group as a whole, while also monitoring and supervising the execution of operations by organizations that execute business.

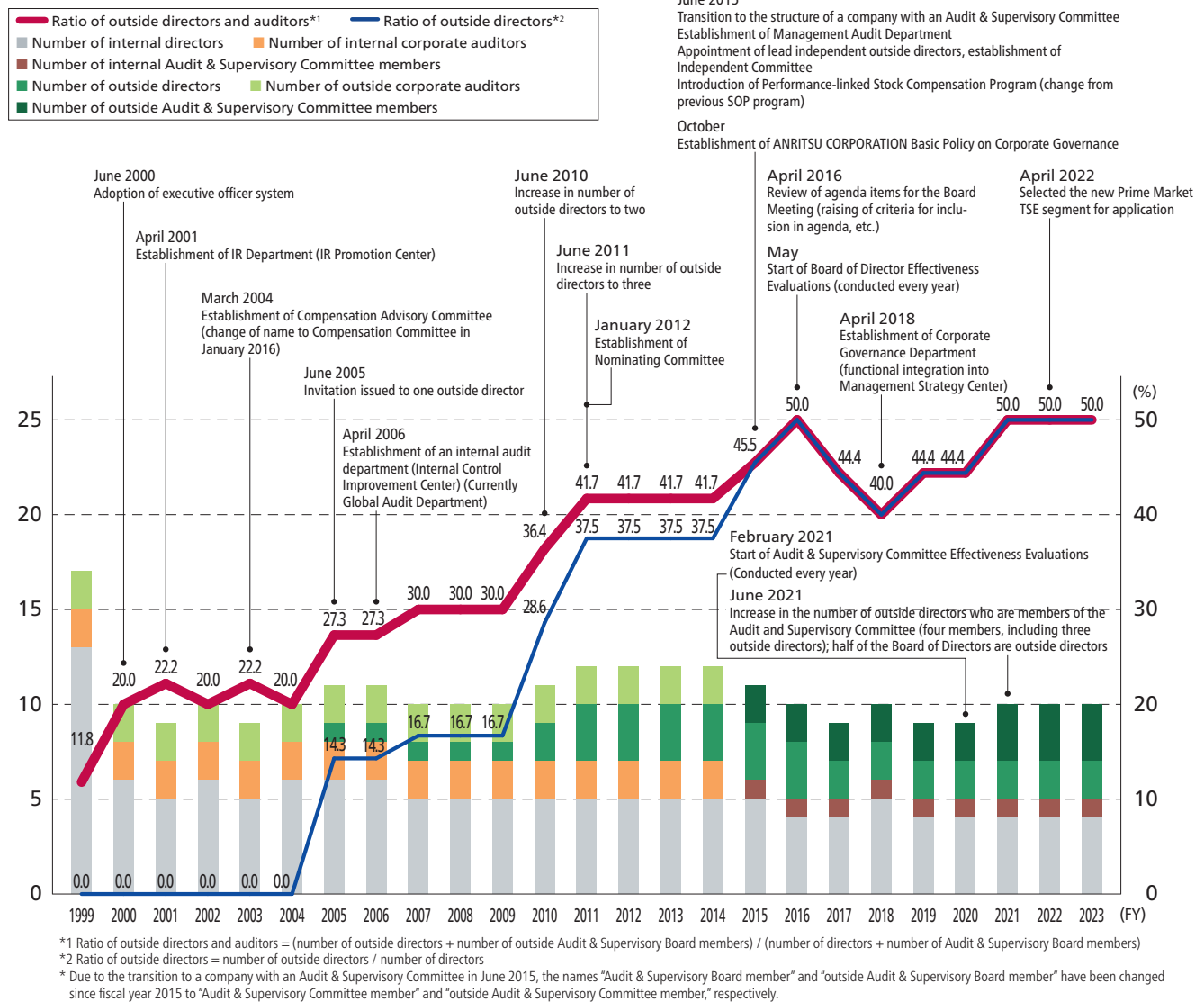
Anritsu has strengthened the monitoring and supervision functions of the Board of Directors through the inclusion of multiple outside directors into the board. In Board of Directors' meetings, directors who possess wide-ranging knowledge and experience express opinions regarding agenda items proposed by company management from their respective viewpoints and engage in active discussion. The current Board of Directors consists of five internal directors and five outside directors (with

both groups including directors who are Audit & Supervisory Committee members), for a total of ten Board of Directors members. In fiscal year 2022, the attendance rate of outside directors at Board of Directors meetings was 98.6%.

■ Composition of the Board of Directors



Initiatives to Strengthen Corporate Governance



Composition of the Audit & Supervisory Committee and Voluntary Committees

Organization	Purpose and Role	Attendance rate in FY2022
Audit & Supervisory Committee	The Audit & Supervisory Committee reviews audit results, evaluates risks of management issues, and deliberates on and formulates audit policies, priority audit items, annual audit plans, and other items. In fiscal year 2022, the committee conducted audit activities focusing on the status of the development and operation of the internal control system and the status of efforts to address management issues.	97.7%
Nominating Committee	The Nominating Committee is an advisory body to the Board of Directors that provides advice and recommendations on the appointment and dismissal of directors, executive officers, and non-Board directors, as well as on the development of executives. In order to enhance transparency, objectivity, and fairness in matters such as the appointment and dismissal of directors and the advancement and retirement of representative directors, all outside directors participate in the Nominating Committee as members, supplementing the role of the Board of Directors.	95.2%
Compensation Committee	The Compensation Committee is an advisory body to the Board of Directors that reports on the compensation of directors, executive officers, and non-Board directors. It deliberates on amounts for performance-linked bonus compensation, the executive compensation scheme, as well as the content, level, and balance of distributions. All outside directors participate in the Compensation Committee as members and are responsible for improving the fairness, validity, and transparency of compensation.	92.9%
Independent Committee	Composed of five independent outside directors, the Independent Committee holds twice-yearly regular meetings as well as conferences before and after meetings of the Board of Directors as needed, with the aim of ensuring the supervisory functions of the Company from an independent standpoint.	100%

Criteria for Selection of Directors

Selection of Internal Directors

The criteria for the appointment of internal directors are that they have advanced expertise and can be expected to contribute to business performance. Directors are appointed based on a comprehensive evaluation based on five elements: "empathy and awareness with the Company's vision and policy," "high character," "initiative, the power of action, and logical thinking power," "strategic and conceptual thinking power," and "high ethical values."

Selection of Outside Directors

In appointing outside directors, the Company gives consideration to the diversity of the candidates' areas of expertise and backgrounds in order to achieve a balance of knowledge and experience on the Board of Directors as a whole. In this appointment, the Company also makes a comprehensive judgment in the interest of incorporating the viewpoints of diverse stakeholders into the supervision and proper management of the Anritsu Group's business activities, as well as the candidates' independence from Anritsu.

Reasons for Selection of Internal Directors

Name	Reason for selection
Hirokazu Hamada	Having been engaged in product development and domestic and overseas marketing at the Test and Measurement Business, which is a core business of the Anritsu Group, Mr. Hamada has extensive knowledge and experience concerning business, including industry and technology trends. He is currently the President and Representative Director of Anritsu and has displayed leadership as Group CEO, including leading the Group in its global expansion. Mr. Hamada was deemed qualified as a director for his abundant knowledge and experience as an executive.
Akifumi Kubota	Having been in charge of accounting and control for Anritsu and overseas subsidiaries, Mr. Kubota is now responsible for financial strategy and Group business administration as CFO and Chief Corporate Officer. Mr. Kubota was deemed qualified as a director for his extensive knowledge and experience in the areas of finance, accounting, and corporate governance.
Masumi Niimi	Having been involved in production management, corporate planning, and management of overseas subsidiaries in the PQA (Product Quality Assurance) business division, which has grown to become a pillar of the Anritsu Group's business, Mr. Niimi has extensive knowledge and experience in business. Mr. Niimi was deemed qualified as a director due to his current demonstration of leadership as head of Infivis Company, which handles the PQA Business.
Takeshi Shima	Mr. Shima currently serves as head of the Test & Measurement Company, has wide-ranging knowledge and abundant experience in global business. Mr. Shima was deemed qualified as a director due to his current demonstration of leadership in the Test and Measurement Business, which is a core business of the Anritsu Group.
Toru Wakinaga	Mr. Wakinaga was deemed qualified as a director and Audit & Supervisory Committee member for his wide-ranging knowledge and abundant experience concerning Anritsu's global business, in addition to his support for the Audit & Supervisory Committee at the Management Audit Department, and for his abundant experience concerning auditing processes.

Reasons for Selection of Outside Directors

Name	Reason for selection
Tatsuro Masamura	Mr. Masamura was deemed qualified to appropriately execute duties as an outside director for his specialized and wide-ranging knowledge of information and communications technology, as well as for his abundant experience and remarkable insight as an executive.
Nozomi Ueda	Ms. Ueda was deemed qualified to appropriately perform duties as an outside director for her expertise and abundant experience as an attorney, despite the fact that she was not directly involved in the management of a private company.
Norio Igarashi	Mr. Igarashi was deemed qualified to appropriately fulfill duties as an outside director for not only his expertise and abundant experience on finance and accounting as a certified public accountant and superior discernment as an academic, but also his wide-ranging knowledge in management based on his experience as an outside executive at a listed company, despite the fact that he was not directly involved in the management of a private company.
Junichi Aoyagi	Mr. Aoyagi was deemed qualified to appropriately carry out duties as an outside director for his expertise on finance and accounting as a certified public accountant, and for his abundant experience, which includes experience overseas, despite the fact that he was not directly involved in the management of a private company.
Hidetoshi Saigo	Mr. Saigo was deemed qualified to appropriately execute duties as an outside director for his expertise on information and communications technology through a management position in charge of telecommunications system division of a listed company, as well as his abundant experience and outstanding discernment as an executive.

Meetings Held for the Board of Directors and its Advisory Committees

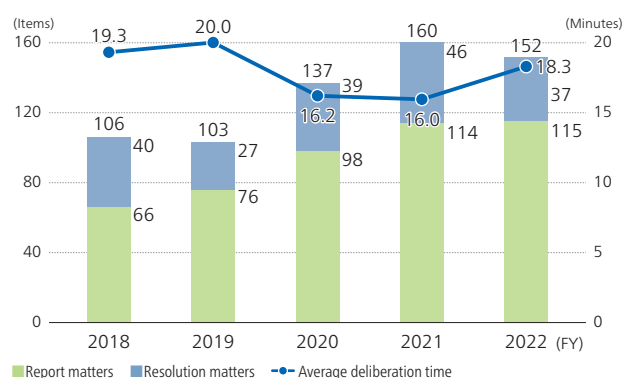
Month	Meetings Held	Main Themes for Deliberation at the Board of Directors
April	BD AS N FD	Budget, financial performance, dividends, other financial matters, human resources and nominations, the Audit & Supervisory Committee and accounting auditors, business-related matters, and individual projects
May	BD AS AS	Budget, financial performance, dividends, other financial matters, the general meeting of shareholders, treasury stock, internal control, IR, audit committee, accounting auditor, cross-held stocks, business-related matters, individual projects
June	BD BD AS AS	Budget, financial performance, dividends, other financial matters, human resources, nomination and compensation, business strategy, investor relations, business-related matters, and individual projects
July	BD AS FD	Budget, financial performance, dividends, other financial matters, human resources, business-related matters, and individual projects
August	BD C	Budget, financial performance, dividends, other financial matters, sustainability matters, the General Meeting of Shareholders, investor relations, business-related matters, and individual projects
September	BD AS	Budget, financial performance, dividends, other financial matters, sustainability matters, investor relations, business-related matters, and individual projects
October	BD AS FD	Budget, financial performance, dividends, other financial matters, sustainability matters, human resources, and business-related matters
November	BD N	Budget, financial performance, dividends, other financial matters, sustainability matters, investor relations, business-related matters, and individual projects
December	BD BD AS	Budget, financial performance, dividends, other financial matters, sustainability matters, effectiveness of the Board of Directors, investor relations, and business-related matters
January	BD AS I I FD	Budget, financial performance, dividends, other financial matters, effectiveness of the Board of Directors, human resources, business-related matters, and individual projects
February	BD N	Budget, financial performance, dividends, other financial matters, sustainability matters, effectiveness of the Board of Directors, investor relations, business-related matters, and individual projects
March	BD AS C I	Budget, financial performance, dividends, other financial matters, human resources and nomination, effectiveness of the Board of Directors, compliance, investor relations, business-related matters, and individual projects

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

Evaluating the Efficacy of the Board of Directors

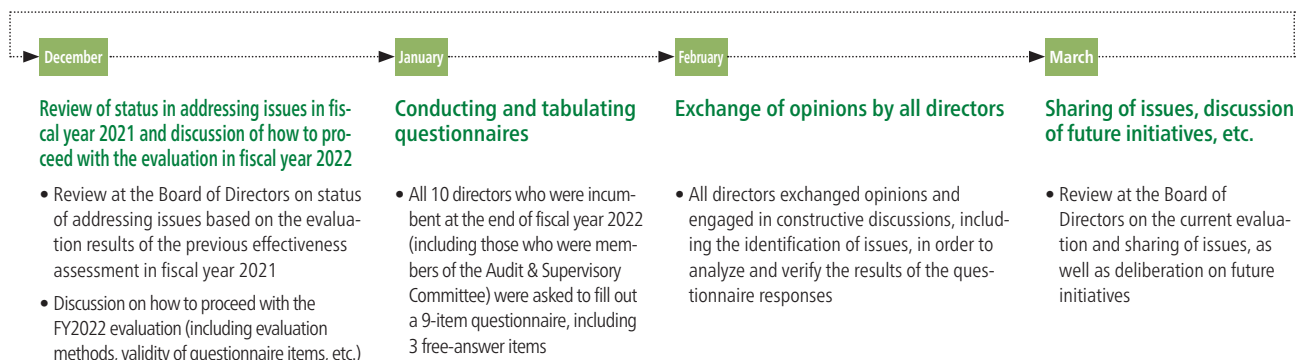
The Anritsu Corporation Basic Policy on Corporate Governance, which governs corporate governance in the Anritsu Group, stipulates that in order to achieve sustainable growth and increase corporate value over the medium- to long-term, the Board of Directors will enhance its effectiveness by taking the lead in continuously improving the decision-making process and strengthening the supervisory function, which are prerequisites for sound risk-taking. Each director will bring his or her experience, skills, and knowledge to bear, in pursuit of a better balance between the decision-making and supervisory functions of the Board of Directors. Therefore, the Board of Directors will annually review its own effectiveness, using each item of the aforementioned basic policy, among others, as evaluation axes, and will work to improve and strengthen its effectiveness.

■ Number of Agenda Items and Average Deliberation Time



Corporate Governance

■ Analysis and Evaluation Process



■ Questionnaire items overview

- | | |
|---|--|
| <ul style="list-style-type: none"> Roles and responsibilities of the Board of Directors (validity of matters to be deliberated and decided, etc.) Participation and contribution by each director Knowledge, experience, competence, balance, and diversity of (the board of) directors Operation of Board of Directors meetings (provision of information, allocation of time, environment for free and vigorous discussion) Stakeholder perspective Operation, etc. of meetings of the Audit & Supervisory Committee, Independent Committee, Nominating Committee, and Compensation Committee | <ul style="list-style-type: none"> Expected supervision by the Board of Directors contributing to a healthy exercise of entrepreneurship by management and a push for appropriate risk-taking and management reform (free-answer) Necessity of discussion on efforts to create conditions in which the Board of Directors can exercise its supervisory function autonomously and continuously (free-answer) How to evaluate whether outside directors are fulfilling their expected roles (free-answer) |
|---|--|

■ Results of Evaluating the Efficacy of the Board of Directors (FY2022)

Major Shared Issues for FY2021	- Establishment of themes for deliberation and preparation of materials with a focus on medium-to long-term strategies, human capital, risk management, etc. - Strengthen risk management through visualization of risk responses, etc.
Actions for the Above Issues	- Strengthen management response to procurement and production control risks under a difficult semiconductor procurement situation. - Discussions on human resource strategies, including revisions to the personnel system to empower elderly employees
Summary of FY2022 Evaluation	- The Board of Directors affirmed that its composition is appropriate in terms of the presence and number of internal and outside management personnel. This is to enhance the Company's global management structure with the aim of business expansion and taking into account the source of the Group's corporate value. It also affirmed that structures are in place for conducting constructive discussions and decision-making concerning key matters involving the management of the Group and for supervising business execution by directors. - The board further confirmed that directors who are constituent members of the Board of Directors, Audit & Supervisory Committee, Independent Committee, Nominating Committee, and Compensation Committee fully understand the roles that they should carry out to achieve improvement of corporate value over the medium to long term, and that, in respective committee meetings, the directors display insight and expert knowledge based on diverse experience and that all, internal and outside directors alike, engage in active discussions.
Future Action	- Discussions in consideration of optimizing the business portfolio with a focus on the efficiency of invested capital, and consideration of an appropriate portfolio analysis method for the Company to be referred to when formulating medium- to long-term strategies - Discussions on recruitment, training plans, and personnel system reform regarding human resources to be secured over the medium to long term - Simple supplementary presentations regarding internal meeting discussions that took place leading up to deliberation at the Board of Directors, and regarding matters and contexts considered important within the organization at the time of the proposal - Discussions in the interest of grasping the state of communication with stakeholders other than shareholders and those in consideration of appropriate collaboration with stakeholders based on this understanding - Regular reporting by executive officers and non-Board directors to the Board of Directors on the status of management of risks for which they are responsible The Board of Directors will work to further improve its effectiveness by implementing and improving necessary initiatives without being bound by past practices.

Specific Discussions at the Board of Directors

1

Review of the GLP2023 Mid-Term Business Plan

• Items reported at the Board of Directors

Executive divisions briefed the Board of Directors on the following points.

1. Progress of GLP2023
 - Comparison with the initial plan, status of initiatives in priority areas, etc.
2. Business strategies
 - Initiatives in the Test and Measurement Business, PQA Business, Environmental Measurement Business, Sensing & Devices Business, etc.
 - Materials procurement and manufacturing strategy
3. Research and development strategy
 - Initiatives by the Advanced Research Laboratory
4. Corporate policies
 - Financial strategy, human resource strategy, etc.

• Major discussions at the Board of Directors

- With regard to the Environmental Measurement Business, the Board of Directors discussed investment plans for the growth of Takasago, Ltd., the acquisition of which was completed in January 2022, as well as measures for achieving synergies with the Company.
- Discussions were held on investment amounts for development in the four priority areas, and whether investment amounts should be increased in order to achieve earlier business launch.
- Discussions were held indicating the necessity of incorporating gradual enhancement of technical capabilities into processes, for example, by having human resources build fundamental measuring instruments and cultivating core development employees, and indicating the necessity of building a mechanism for visualizing personnel allocation as well, with these efforts designed to address the recognized important issue of cultivating human resources who are engaged in development.

2

Corporate back office three-year plan

• Items reported at the Board of Directors

Executive divisions briefed the Board of Directors on the following points with regard to the corporate three-year plan.

1. Financial strategy
 - Optimizing capital allocation
 - Optimizing cash position
 - Maximizing corporate value
2. Human resource strategy - Maximizing human resource vitality: Promoting diversity
3. Strengthening management infrastructure

• Major discussions at the Board of Directors

- Financial strategy
Discussions were held indicating that PBR was important for investors and that strategies should be formulated on how to increase PBR.
- Human resources strategy
Discussions were held indicating that the human resources and personnel systems at overseas subsidiaries were not fully understood and that a global personnel system should be established.

3

Progress in sustainability management

• Items reported at the Board of Directors

Executive divisions briefed the Board of Directors on the following points.

External information

1. Evaluation results of the Nikkei SDGs Management Survey 2022
 2. Latest FTSE ESG scores
 3. External ESG-related audits and evaluations at the request of clients
 4. Proposed amendments to the Cabinet Office Order on Disclosure of Corporate Information
- Information within the Anritsu Group
5. Progress in sustainability targets (FY2021 results)
 6. Internal SDGs permeation activities
 7. Status of supply chain due diligence

• Major discussions at the Board of Directors

- Discussions were held regarding what should be done next to improve the low score in the governance area of the Nikkei SDGs Management Survey 2022 (Anritsu's overall evaluation resulted in a deviation score of 64.7, whereas governance received a deviation score of 61.1).

Corporate Governance

Officers' Compensation

Basic Policy

Anritsu's officer compensation system is designed to provide incentives for improving business performance and increasing corporate value over the medium to long term. The composition and level of compensation are considered based on (1) the balance between fixed remuneration based on job responsibilities and performance-linked compensation, and (2) officer compensation data from an external research organization.

The Company's basic policy on compensation for officers is as follows:

- The scheme and its content should lead to the enhancement of motivation to achieve management objectives and sustainably improve corporate value
- The scheme and its content should attract and retain talented, diverse personnel who are sought after as officers of a global company.
- The Company will ensure the validity and objectivity of the decision-making process and the balanced allocation of compensation, etc.

Process for Determining Compensation

At Anritsu, the Compensation Committee deliberates on the compensation system for officers, payment conditions, the level and balance of distribution, etc. Based on its report, the Board of Directors determines the amount of compensation within the scope approved by resolution of the General Meeting of Shareholders. To ensure transparency, after compensation is paid, the Compensation Committee double-checks the process for deciding these and the payments made, and reports the details to the Board of Directors.

Compensation Structure

Anritsu's officer compensation consists of basic remuneration and performance-linked compensation, with performance-linked compensation equivalent to 50% of basic remuneration.

Performance-linked compensation is intended to contribute to motivating each officer to strive to achieve performance targets toward the realization of the company vision. Here, we have adopted appropriate indicators for short-term incentive compensation (i.e., bonuses, set at 30% of basic remuneration) and medium- to long-term incentive compensation (i.e., stock compensation, set at 20% of basic remuneration). The total amount of short-term incentive compensation is determined

based on consolidated net income, and individual amounts are determined based on indicators such as revenue, operating profit, and the degree of achievement of ESG/SDGs targets within the officer's respective department or unit of responsibility. Medium- to long-term incentive compensation is designed to motivate officers to be as profit-conscious as shareholders and engage in management with awareness of the Company's business performance from the medium- to long-term viewpoint and its stock value.

However, in principle, the Company offers to non-executive officers (including outside directors) fixed remuneration only.

Details of Stock Compensation

The Company introduced a share-based compensation plan using a structure of stock grant trust. Shares equivalent to points granted based on performance while an executive was in office are provided to the executive, when he or she leaves office in principle. Also the system provides that if the Company suffers damage due to an executive's performance or nonperformance or others and the executive is removed from his or her office, the points granted will become null and void (malus clause).

Main Evaluation Indicators for Performance-linked Compensation

The payment amount and number of shares (points) delivered fluctuates between 0% and 100% depending on the degree of target achievement, with the exception of the portion that is not linked to business performance. The main evaluation indicators for performance-linked compensation are as follows.

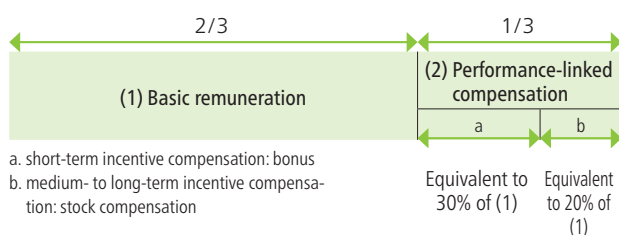
Short-term incentive compensation (bonus) evaluation indicators

- Achievement of the Company's overall performance targets: Consolidated ROE for the fiscal year
- Contribution of performance at the officer's respective department or unit of responsibility to the Company's performance: Revenue, operating profit, and degree of achievement of ESG/SDGs targets
- Performance against non-financial targets set for each individual

Medium- to long-term incentive compensation (stock compensation) evaluation indicators

- Operating profit target set at the beginning of each fiscal year during the subject period
- Operating income target in the mid-term business plan

Image of officers' compensation structure



Percentage of Total Annual Compensation

		FY2022
Ratio of median value of total annual compensation of employees to total annual compensation of the organization's highest-paid member	ANRITSU CORPORATION	1:11
Percentage increase in median value of total annual compensation of employees versus percentage increase in total annual compensation of the organization's highest-paid member (FY2021 to FY2022)	ANRITSU CORPORATION	1:0.9

■ Financial Indicators (FY2022)

	Plan	Results	Compared to Plan
Consolidated ROE	12%	8%	−4%
Revenue	115.0 billion yen	110.9 billion yen	−4.1 billion yen
Operating profit margin	16.5%	10.6%	−5.9%

■ Non-financial Indicators (FY2022)

	KPI	GLP2023 Target	FY2022 Results	Progress
Environment	Greenhouse gases (Scope 1 + 2)* ¹	23% reduction compared to FY2013	6.7% reduction	△
	Greenhouse gases (Scope3)* ¹	13% reduction compared to FY2018	21.8% reduction	◎
	Private generation of renewable energy ratio (PGRE 30%)* ²	13% or more (compared to FY2018 power consumption)	7.2%	△
Social	Advancement of women	Proportion of female managers: 15% or more	10.5% (globally, as of March 31, 2023)	○
	Advancement of the elderly	Extend employment until the age of 70 and establish a new compensation system	Extended employment until the age of 70 and launched a new compensation system.	◎
	Promote employment of physically challenged people	Achievement of the legally mandated employment rate of 2.3% through job development	Achieved 2.36% due to the launch of special subsidiary Hapi Sma Co., Ltd. (as of March 31, 2023)	◎
	Strengthening of supply chain due diligence	A cumulative total of 10 or more companies, over 3 years	Implemented by 6 companies (cumulative total of 12 companies, over 2 years)	◎
	Disseminating information on CSR procurement to suppliers at least twice per year, and providing training at least once each year		Disseminated information 3 times, and provided training 1 time	◎
Governance	Promoting the diversity of the Board of Directors	Outside director ratio: 50% or more	Maintained outside director ratio of 50% (5 out of 10 directors)	◎
	Establishment of an internal control system at overseas subsidiaries	All overseas subsidiaries meet the criteria of Control Self Assessment (CSA).	Companies meeting criteria in 90% of items: 87% (Number of items: 181)	○

*1 The GLP2023 targets for greenhouse gas emissions and actual results for fiscal year 2022 do not include the figures for Takasago, Ltd., which became a subsidiary of the Company in January 2022.

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

■ Total amount of compensation for directors

Position	Number of directors	Amount of compensation, etc.			
		Monetary compensation		Non-monetary compensation	Total
		Basic remuneration	Bonus (performance-linked)	Stock compensation (performance-linked)	
Directors (excluding Audit & Supervisory Committee Members)	6	145 million yen	59 million yen	12 million yen	216 million yen
Of which, outside directors	2	19 million yen	–	–	19 million yen
Directors (who are Audit & Supervisory Committee Members)	4	53 million yen	–	–	53 million yen
Of which, outside directors	3	29 million yen	–	–	29 million yen
Total	10	198 million yen	59 million yen	12 million yen	270 million yen
Of which, outside directors	5	49 million yen	–	–	49 million yen

Notes: 1. The non-monetary remuneration, etc. will consist of Anritsu shares to be delivered under the stock compensation plan.

2. Anritsu does not pay bonuses or stock-based compensation to outside directors and directors who are Audit & Supervisory Committee Member.

3. None of the officers of the Company receives a total of 100 million yen or more in consolidated compensation, etc. (including compensation as officers at consolidated major subsidiaries)

Cross-held stocks

With the objective of contributing to medium- to long-term improvement of corporate value, Anritsu may hold listed shares, primarily those of our major transaction partners, for policy reasons that include a comprehensive consideration of business strategies, sales policies, and the like. It is Anritsu's policy to reduce cross-held stocks for which holdings are deemed to be unreasonable. Our executive bodies verify the logic of holding these shares quantitatively and qualitatively as to whether or not the benefits of holding the shares are commensurate with the Anritsu Group's cost of capital. The results of the verification are reported to the Board of Directors, and the Board of Directors deliberates on the contents of the verification annually and as needed, and sells any cross-held stocks that are determined to be unreasonable to hold, taking into account share prices and

market movements.

Currently, Anritsu does not hold any investment shares for which the purpose of holding is purely investment.

■ Number of Stock Names and Amount on Balance Sheet

	Number of Stock Names	Total amount on the balance sheet (million yen)
Unlisted stocks	13	134
Stocks other than unlisted stocks	2	57

■ Number of Issues Whose Shares Increased in FY2022

	Number of Stock Names	Total acquisition cost related to increase in number of shares (millions of yen)	Reason for increase in number of shares
Unlisted stocks	1	100	To strengthen research and development and business relationships

(There were no issues whose number of shares decreased in FY2022.)

Corporate Governance

Succession Plan

In order to achieve sustainable growth and increase the corporate value of the Group, we have positioned the appointment and dismissal of the Group CEO and the training of his or her successor as one of the most important management issues, and have established a succession plan accordingly.

Criteria for CEO Selection

Any candidate must sufficiently fulfill the following criteria for the appointment of directors.

- ✓ Empathy and awareness towards the Company's vision and policy
- ✓ High character
- ✓ Initiative, the power of action, and logical thinking power
- ✓ Strategic and conceptual thinking power
- ✓ High ethical values

CEO Appointment Process

Review of "Executive Management Values":

Candidates are reviewed on a case-by case basis and on a two-year cycle with respect to how "Executive Management Values" are demonstrated. The Nominating Committee checks how candidates are nurtured through opportunities such as giving presentations at Free Discussions at the Board of Directors.

Recommendation by the Incumbent CEO: The incumbent CEO creates a short list of candidates, recommending them to the Nominating Committee.

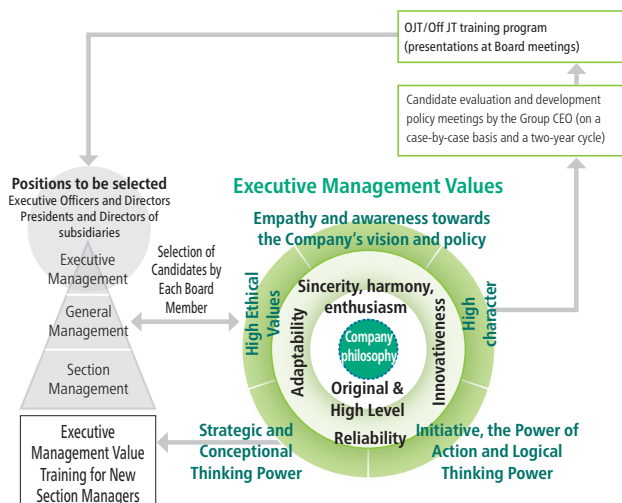
Deliberation by the Nominating Committee: The Nominating Committee receives candidate nominations from the CEO and deliberates on them. Outside directors may nominate other candidates.

Resolution by the Board of Directors: The Nominating Committee advises the Board of Directors, and a decision on the candidates is made by resolution of the Board of Directors.

Succession Planning Program

Anritsu has established a "Training Program for Next-Generation of Executives" to nurture the next generation of management candidates. In order to select management leaders who will take the lead in realizing our vision for 2030, we have established the following Executive Management Values as five critical factors in candidate evaluation. Candidates are reviewed by the Group CEO on a case-by-case basis and on a two-year cycle with respect to these values. Training programs will be OJT/Off JT based on the results of the candidate's evaluation, in order for the next generation of executives to gain more experience.

Selection and Training System for Executive Management



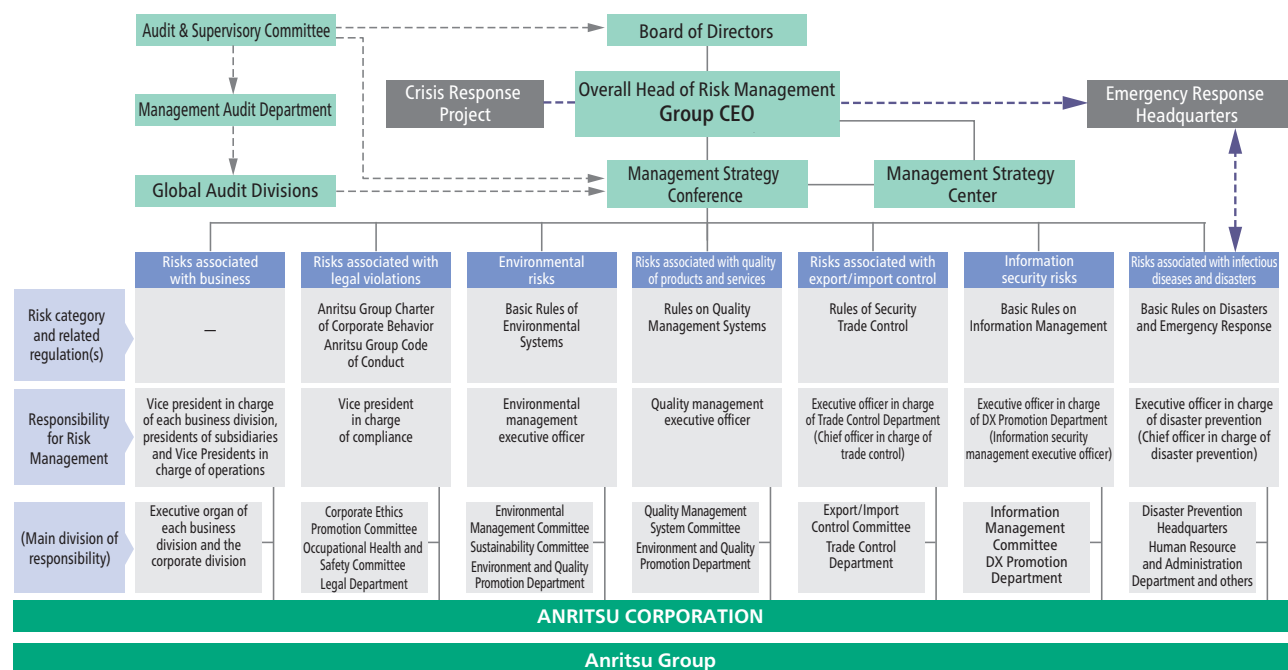
Five Axes of Human Resource Observation

Empathy and awareness towards the Company's vision and policy	While resonating with the Anritsu Group's Company philosophy, values, vision, policy, and the medium- to long-term management plan, being aware of what they should do for the organization and having the high aspirations to achieve it.
High character	Management leaders always inspire the organization with their positive mindset. They approach those under their management as equals and make a point of respecting the personality and individuality of everyone around them. They also create ways for themselves and their teams to grow together through the fruits of their labor.
Initiative, the Power of Action and Logical Thinking Power	Having the initiative and logical thinking to always think and act on their own without trying to imitate others. Having the ability to take up the challenge of creating new value by putting themselves in the customer's shoes and aggressively generating new demand instead of defensively taking demand for granted.
Strategic and Conceptual Thinking Power	Having the ability to read the signs of the times from a global perspective and measure its impact on business and results. Management leaders do not limit business opportunities to individual tactical-level action plans, but are strategically conceptualizing and drawing them up as larger business plans that can be shared across the organization and fit into the growth strategy story.
High Ethical Values	Anritsu Group must be a company with integrity that practices sincerity, harmony, and enthusiasm in order to fulfill and perpetuate its social mission. Management leaders must take the initiative and demonstrate integrity in their attitudes and actions to foster an organizational culture of corporate integrity, and must have high integrity, strong respectability, high ethical standards, and the ability to be inclusive of diverse values.

Risk Management

Anritsu Group recognizes that the appropriate management of risk is an extremely important managerial issue in order to continuously increase corporate value and fulfil its social responsibility, and has therefore established Group-level systems to manage it. Moreover, in order to maintain and increase our corporate value, fulfill our corporate social responsibility, and pursue sustainable development of Anritsu Group, the Company focuses on making management as well as all employees more sensitive to risk, and all hands-on initiatives that promote risk management.

■ Risk Management System



■ Potential Risks and Reposes

Main Risk Items	Potential Risks	Responses
(1) Business risks related to management decision-making and business execution	- Risks related to Anritsu Group's technology and marketing strategies - Risks related to market fluctuations - Risks related to strategic investments - Risks related to overseas business development - Risks related to product supply	- Risks related to foreign exchange fluctuations - Risks related to inventory obsolescence - Risks related to securing human resources - Risks related to deferred tax assets - Risks related to defined benefit plan obligations
(2) Risks associated with legal violations	- Risks related to overseas business development - Risks related to compliance - Risks related to litigation	- Understand customer needs and promote development - Use open innovation - Make investment decisions by verifying prior business plans and conducting due diligence. Develop and execute a Post-Merger Integration (PMI) plan for after the investment. Implement additional measures in response to changes in the business environment - Comply with the Basic Rules of Procurement. Diversify suppliers in various geographic areas. Stabilize procurement prices through the use of long-term contracts, etc. - Build a structure that is not affected by exchange rate fluctuations by establishing optimal procurement and production sharing linked to exchange rate fluctuations, and balancing imports and exports by currency - Actively recruit diverse human resources regardless of nationality, sex, or status as new graduates or mid-career workers; strengthen internal human resource development; and create a work environment that accommodates diverse human resources
(3) Environmental risk	Risks related to environmental issues	- Establish the Anritsu Group Code of Conduct as a behavioral guideline - Conduct educational and awareness activities as needed - As for overseas, establish a global promotion system in cooperation with the officers in charge of compliance for each company
(4) Risks associated with quality of products and services	Risks related to product quality	- In addition to compliance with international standards, set stricter voluntary control standards - Understand market trends and customer needs - Practice thorough energy conservation, improve energy efficiency by updating aging equipment and buildings, and actively introduce renewable energy
(5) Risks associated with export/import control	Risks related to overseas business expansion	Thoroughly implement the quality management system and PDCA
(6) Information security risks	Risks related to information security	Ensure compliance with the law and provide education and training
(7) Risks associated with infectious diseases and disasters	- Risks related to the supply of products - Risks related to the spread of infectious diseases - Risks related to disasters, etc.	- Strengthen information security systems, ensure confidentiality, limit access from outside the Company, maintain internal regulations, and provide education and training - Build strong relationships with suppliers, ensure strategic inventory of parts and switch to replacement parts - Establish a system to promptly grasp the situation - Create a BCP (Business Continuity Plan) for each department

* Please refer to p.73-76 for details.

Directors and Executive Officers



Representative Director
Hirokazu Hamada
■ Number of the Company shares owned 17,700

Apr. 1988 Joined the Company
Apr. 2004 Senior Manager of 1st Development Dept. of IP Network Div., Measurement Business Group
Apr. 2011 Vice President of Anritsu Company (USA)
Apr. 2015 Vice President of the Company General Manager of R&D Div.
Apr. 2016 Senior Vice President Vice President of Measurement Business Group General Manager of Measurement Business Div.
Apr. 2017 Executive Vice President President of Measurement Business Group
Jun. 2017 Director of the Company
Apr. 2018 Representative Director, President President (Executive Officer) (Incumbent)
Jun. 2018 Representative Director (Incumbent)
Apr. 2019 Anritsu Group CEO (Incumbent)



Director
Akifumi Kubota
■ Number of the Company shares owned 31,600

Apr. 1983 Joined the Company
Apr. 2007 Senior Manager of Accounting & Control Dept.
Apr. 2010 Vice President Chief Financial Officer (CFO) (Incumbent)
Jun. 2013 Director of the Company (Incumbent)
Apr. 2017 Senior Vice President
Apr. 2018 Chief Corporate Officer (Incumbent) General Manager of Global Corporate Headquarters
Apr. 2019 Executive Vice President (Incumbent)
Oct. 2019 President of Anritsu U.S. Holding, Inc.



Director
Masumi Niimi
■ Number of the Company shares owned 20,500

Apr. 1983 Joined the Company
Jun. 2006 Senior Manager of Manufacturing Dept., Manufacturing Div., Anritsu Industrial Solutions Co., Ltd. (Currently Anritsu Infivis Co., Ltd.)
Jun. 2008 President of Anritsu Industrial Solutions Thailand Co., Ltd. (Thailand)
Apr. 2011 Senior Manager of Planning Dept., Anritsu Industrial Solutions Co., Ltd. (Currently Anritsu Infivis Co., Ltd.)
Apr. 2012 Vice President of Anritsu Industrial Solutions Co., Ltd.
Apr. 2016 Vice President of the Company President of PQA Business Group Representative Director, President of Anritsu Infivis Co., Ltd.
Apr. 2018 Senior Vice President of the Company
Jun. 2018 Director of the Company (Incumbent)
Apr. 2021 Infivis Company President (Incumbent) General Manager of SCM Div., Infivis Company (Incumbent)



Director
Takeshi Shima
■ Number of the Company shares owned 6,100

Apr. 1988 Joined the Company
Apr. 2009 Senior Manager of APAC Team Business Development Dept., Marketing Div.
Apr. 2012 Senior Manager of Wireless Device Manufacturing Solution Dept., Marketing Div.
Apr. 2014 Senior Manager of Project Team 3 Product Marketing Dept., Marketing Div.
Apr. 2016 Director of Global Business Development Dept., Measurement Business Div.
Apr. 2017 Vice President Chief Global Sales Officer General Manager of Global Sales Center
Oct. 2017 General Manager of APAC Sales Center
Apr. 2019 President of Anritsu Americas Sales Company
Jun. 2019 Director of the Company (Incumbent)
Apr. 2020 Senior Vice President (Incumbent) Test & Measurement Company President (Incumbent)
Feb. 2021 Chairman of Anritsu A/S (Denmark) (Incumbent)



Director*
Tatsuro Masamura

Apr. 1976 Joined Nippon Telegraph and Telephone Public Corporation (Currently Nippon Telegraph and Telephone Corporation)
Jan. 1999 Senior Manager of Planning Dept., NTT Network Innovation Laboratories
Apr. 2002 Chief of Wireless Research Lab., NTT DOCOMO, INC.
May. 2005 Advisor of Japan Radio Co., Ltd.
Jun. 2005 Board Director in charge of R&D, Japan Radio Co., Ltd.
Apr. 2006 Board Director, General Manager of R&D, Japan Radio Co., Ltd.
Apr. 2011 Board Director and Executive Officer, Assistant Director of Business, Japan Radio Co., Ltd.
Jun. 2012 Board Director and Executive Officer, General Manager of Quality Assurance and in charge of research lab., Japan Radio Co., Ltd.
Apr. 2014 Board Director and Executive Officer, General Manager of R&D, Japan Radio Co., Ltd.
Jun. 2015 Advisor of Japan Radio Co., Ltd.
Jun. 2018 Resigned from Japan Radio Co., Ltd.
Jun. 2021 Outside Director of the Company (Incumbent)



Director*
Nozomi Ueda

Apr. 1999 Registration of attorney-at-law Joined Tokyo Themis Law Firm (Currently Kioizaka Themis)
Mar. 2013 Partner of Kioizaka Themis Law & Patent Firm (Currently Kioizaka Themis) (Incumbent)
Jun. 2019 Outside Audit and Supervisory Board Member of mixi, Inc. (Incumbent)
Jun. 2021 Outside Director of the Company (Audit & Supervisory Committee Member)
Jun. 2023 Outside Director of the Company (Incumbent)

Skills Matrix of Directors and Composition of the Audit & Supervisory Committee and Voluntary Committees

The main areas of knowledge, experience, expertise and expectations of each of Anritsu Group's directors and Audit & Supervisory Committee Members are as follows.

(1) Skills generally required

Corporate Management/Business Strategy Financial/Accounting Legal/Compliance

(2) Skills required for our global operations

Global/International experience

(3) Skills required to address business transformation and market-focused issues in light of our current business environment

Sales and Marketing Technology Research and Development Industry Knowledge

ESG/Sustainability

Skills Matrix

	name	Corporate Management Business Strategy	
Director	Hirokazu Hamada	○	
	Akifumi Kubota	○	
	Masumi Niimi	○	
	Takeshi Shima	○	
	Tatsuro Masamura (outside)	○	
	Nozomi Ueda (outside)		
Director who is an Audit & Supervisory Committee Member	Norio Igarashi (outside)	○	
	Junichi Aoyagi (outside)		
	Hidetoshi Saigo (outside)	○	
	Toru Wakinaga	○	

Note: The above list does not represent all of the knowledge, experience, etc. possessed by each director.



Director*
(Audit & Supervisory
Committee Member)
Norio Igarashi

Apr. 1977 Registration of CPA
Jul. 1988 Representative Partner of Aoyama Audit Corporation
Sep. 2006 Representative Partner of Aarata Audit Corporation
(Currently PricewaterhouseCoopers Aarata LLC)
Mar. 2007 Resigned from Aarata Audit Corporation
Apr. 2007 Professor, Graduate School of International Social
Sciences, YOKOHAMA National University
Mar. 2013 Outside Corporate Auditor of Kao Corporation
Apr. 2014 Visiting Professor, Center for Economic Growth
Strategy, YOKOHAMA National University
Jun. 2016 Outside Director (Audit & Supervisory Committee
Member) of Mitsubishi UFJ Securities Holdings Co.,
Ltd.
Jun. 2017 Outside Director of the Company (Audit &
Supervisory Committee Member) (Incumbent)



Director*
(Audit & Supervisory
Committee Member)
Junichi Aoyagi

Oct. 1986 Joined Tohmatsu Awoki & Sanwa (Currently Deloitte
Touche Tohmatsu LLC)
Mar. 1990 Registration of CPA
Jul. 1997 Deloitte & Touche Netherlands Japan desk manager
Sep. 2001 Tokyo office of Tohmatsu & Co.
(Currently Deloitte Touche Tohmatsu LLC)
Apr. 2004 Monitoring and Inspection Division of Executive
Bureau, Certified Public Accountants and Auditing
Oversight Board, Financial Services Agency
Jul. 2006 Partner of Tohmatsu & Co. (Currently Deloitte
Touche Tohmatsu LLC)
Aug. 2020 Resigned from Deloitte Touche Tohmatsu LLC
Sep. 2020 President of Junichi Aoyagi CPA Office (Incumbent)
Jun. 2021 Outside Director of the Company (Audit &
Supervisory Committee Member) (Incumbent)



Director*
(Audit & Supervisory
Committee Member)
Hidetoshi Saigo

Apr. 1977 Joined Nippon Telegraph and Telephone Public
Corporation (Currently Nippon Telegraph and
Telephone Corporation)
Jul. 1998 Senior Manager of IPNW Service BU Operations
Division, NTT Communications Corporation
Jul. 2004 Director, Senior Manager of EEIP Operations
Division, NTT Communications Corporation
Jul. 2007 EVP of Telecommunications Group, Executive Officer
of Oki Electric Industry Co., Ltd.
Apr. 2010 Senior Executive Officer, General Manager of
Communications Systems Business Headquarters of
Oki Electric Industry Co., Ltd.
Apr. 2011 CEO of Oki Networks Corporation
Aug. 2015 Advisor of Oki Electric Industry Co., Ltd.
Jun. 2017 Resigned from Oki Electric Industry Co., Ltd.



Director
(Audit & Supervisory
Committee Member)
Toru Wakinaga

■ Number of the Company shares
owned 9,700

Apr. 1984 Joined the Company
Oct. 2004 President of Anritsu Pte. Ltd (Singapore)
Apr. 2008 Assistant General Manager of APAC Sales Center,
Sales & CRM Strategy Group
Apr. 2014 Vice President
Chief of APAC Sales
General Manager of APAC Sales Center
Oct. 2017 Chief of Americas Business
President of Anritsu Company (USA)
Apr. 2018 Chief of USA Business
Apr. 2019 President of Anritsu U.S. Holding, Inc. (USA)
Oct. 2019 Senior Executive Officer
Management Audit Dept.
Jun. 2021 Director of the Company (Audit & Supervisory
Committee Member) (Incumbent)

* Outside Directors as specified in Japan's Company Act, Article 2 Item 15

	Global International Experience	Sales and Marketing	Technology Research and Development	Industry Knowledge	Financial Accounting	Legal Compliance	ESG Sustainability	Committee membership			
								Audit & Supervisory Committee	Nominating Committee	Compensation Committee	Independent Committee
	○	○	○	○			○		○	○	
	○			○	○	○	○		○	○	
	○	○		○							
	○	○		○							
			○	○					☆	○	☆
						○	○		○	☆	○
	○				○			☆	○	○	○
	○				○			○	○	○	○
			○	○				○	○	○	○
	○	○		○				○			

☆ Chairperson

Directors and Executive Officers

Executive Officers

Hirokazu Hamada[☆]

Representative Director,
President,
Group CEO

Akifumi Kubota[☆]

Director,
Executive Vice President,
CFO,
Chief Corporate Officer

Masumi Niimi[☆]

Director,
Senior Vice President,
Infivis Company President

Takeshi Shima[☆]

Director,
Senior Vice President,
Test & Measurement Company President

Yasunobu Hashimoto

Senior Vice President,
Sensing & Devices Company President

Hiroyuki Fujikake

Vice President,
Chief SCM Officer

Noboru Uchida

Vice President,
Vice Chief Corporate Officer

Tsutomu Tokuke

Vice President,
Environmental Measurement Company
President

Akihiro Harimoto

Vice President,
Test & Measurement Company Sales Officer

Masayoshi Fujiwara

Vice President,
Infivis Company Japan Div Officer

Takashi Sakamoto

Vice President,
Chief HR and Administration Officer

Shunichi Sugita

Vice President,
Chief Business Strategy Officer

Kenji Tanaka

Vice President,
Chief Global Sales Officer

Yukihiro Takahashi

Senior Executive Officer, CIO

Masahiko Kadowaki

Senior Executive Officer,
Management Audit Department

Yoshiyuki Amano

Senior Executive Officer,
Management Audit Department

Olaf Sieler

Executive Officer,
CBDO (Chief Business Development Officer)

Hanako Noda

Executive Officer,
CTO

Shinya Ajiro

Executive Officer,
EV & Battery Test Business Development,
Environmental Measurement Company
Vice President

Erik Brainard

Executive Officer,
Infivis Company Global Div Officer

Norikazu Murata

Executive Officer,
Infivis Company Marketing and Development
Officer

[☆] Concurrently serving as director

Stakeholder Engagement

Anritsu's Disclosure Policy declares to "disclose accurate information to every stakeholder with good faith fairly and positively according to the related laws or ordinances, irrespective of its content and whether circumstances surrounding the disclosure are favorable or not." Under the Policy, we are working to disclose corporate information in a fair, timely, and appropriate manner to the public, the shareholders, investors, and other related persons. We also establish partnerships with our stakeholders to conduct a variety of activities to resolve social issues.

Stakeholders	Examples of communication opportunities	Status of initiatives (FY2022)
Shareholders and Investors	- Financial results briefings - General Meeting of Shareholders - Investor relations individual meetings - Participation in conferences hosted by securities companies - Information shared via integrated reports and our website	- IR activities for overseas investors by top management Participated in 10 conferences hosted by securities companies Participated in 2 overseas IR remote roadshows Met with a total of 65 investor companies (the Americas: 19; EMEA: 9; Asia and others: 37) - Interviewed 201 Japanese investors and 130 overseas investors - Provided shareholder and investor feedback to the Board of Directors and the Management Strategy Conference and shared feedback on the intranet for managerial level employees - Made further refinements to the Integrated Report
Customers	Providing information via our customer contact points and website	- Created cutting-edge products and services with a high degree of safety and quality and provided appropriate product and service information, and enhanced customer contact points for inquiries - Provided solutions and services created through partnerships
Suppliers	- Suppliers Gathering - Partner QU (Quality Up) Activities - Information Exchange Meeting - Established a collaboration room - CSR Procurement Survey and onsite inspection - Interview questionnaires - Supplier product exhibitions	- Hosted a social gathering for our suppliers to explain our business policies and material procurement policy and present awards as well as information exchange meetings - Promoted CSR procurement and green procurement and conducted due diligence on human rights - Created business opportunities through activities such as supplier product exhibitions, seminars, and technical exchange meetings (including online meetings) - Promoted Partner QU (Quality Up) Activities to facilitate proposals for improvements and requests from suppliers - Conducted questionnaires to obtain feedback on business negotiations with our employees
Employees	- Reviewed and improved employee engagement - Identified and made improvements to the status of corporate ethics - Improved working environments and communication - Established a helpline (reporting and consultation service)	- Employee satisfaction survey (once a year) - Conducting role assessment interviews between a subordinate and his/her superior (twice a year) - Ethics questionnaire (once a year)
Local Communities	Information shared via our website	Developed community-based social contribution programs under the three pillars of "collaboration with activities of educating youth," "contributing to local communities," and "activities for protecting the environment (biodiversity conservation)"
NGOs and NPOs	- Shared information with and provided donations to Japan Platform (JPF), a registered NPO, in the event of a disaster - Sponsored Paralym Art, an event by the Shougaisha Jiritsu Suishin Kikou Association, which supports the economic independence and social engagement of artists with disabilities - Collaborated with initiatives to promote preventative measures against climate change	- Supported victims of the earthquake in southeastern Turkey - Continued sponsorship of Paralym Art; exhibited six works of art internally - Participated in Race to Zero, shared information with the Liaison Group of Japanese Electrical and Electronics Industries for Global Warming Prevention
Other	- Communicating with ESG-related assessment institutions and media - Information shared via our website	- Responding to various ESG surveys and questionnaires and exchanging opinions related to evaluation details - Responding to the CDP* questionnaire

*Carbon Disclosure Project (NPO)

11-Year Summary of Selected Financial Information

ANRITSU CORPORATION AND CONSOLIDATED SUBSIDIARIES Years ended March 31, 2013-2023.

International Financial Reporting Standards (IFRS)

GLP2014

Financial Information

	FY2012	FY2013	FY2014	FY2015
Revenue	94,685	101,853	98,839	95,532
Cost of sales	43,715	46,897	46,147	46,557
Gross profit	50,969	54,955	52,692	48,974
Selling, general and administrative expenses	24,346	28,621	29,605	29,621
Operating profit	15,714	14,123	10,882	5,897
Profit (loss) before tax	16,139	14,239	11,591	5,434
Profit from continuing operations	13,888	9,318	7,874	3,767
Net cash flows from (used in) operating activities	11,771	13,792	7,582	10,195
Net cash flows from (used in) investing activities	(5,030)	(5,312)	(6,049)	(9,042)
Net cash flows from (used in) financing activities	(10,035)	(4,359)	(11,234)	2,450
Free cash flow	6,740	8,480	1,533	1,153
Capital expenditures	4,562	5,355	9,612	5,399
Depreciation and amortization	2,562	2,863	3,186	3,736
R&D expense*1	10,323	12,488	13,366	13,089
Total assets	115,095	127,149	126,893	124,624
Total equity	64,539	74,896	78,665	75,862
Cash and cash equivalents	37,690	43,215	34,916	37,391
Interest-bearing debt	20,191	19,192	16,241	22,159

Segment information

Test and Measurement Business				
Revenue	71,232	75,962	73,443	67,729
Operating profit	15,048	13,011	8,943	4,706
Operating profit margin (%)	21.1	17.1	12.8	6.9
PQA Business				
Revenue	14,439	16,919	16,198	18,891
Operating profit	829	1,208	824	1,194
Operating profit margin (%)	5.7	7.1	5.5	6.3
Environmental Measurement Business*2				
Revenue	—	—	—	—
Operating profit	—	—	—	—
Operating profit margin (%)	—	—	—	—
Other Business				
Revenue	9,014	8,970	9,198	8,910
Operating profit	650	941	1,963	575
Operating profit margin (%)	7.2	10.5	21.3	6.4
Revenue ratio by Segment				
Test and Measurement Business	75	75	74	71
PQA Business	15	16	16	20
Environmental Measurement Business*2	—	—	—	—
Other Business	10	9	10	9

Revenue by region

Japan	35,293	30,133	27,116	28,565
Overseas	59,391	71,720	71,723	66,966
Americas	22,667	28,858	24,367	23,246
EMEA	12,615	14,601	15,885	13,537
Asia	24,107	28,260	31,470	30,182

Earnings per share:

Basic earnings per share	98.41	64.93	55.72	27.38
Diluted earnings per share	97.03	64.89	55.72	27.38
Cash dividends	20.00	20.00	24.00	24.00
Equity attributable to owners of parent	450.36	522.54	572.04	552.26

Key financial indicators:

Operating profit margin (%)	16.6	13.9	11.0	6.2
Return on equity (%)*3	25.0	13.3	10.2	4.9
Return on assets (%)*4	12.3	7.7	6.2	3.0
Equity attributable to owners of parent to total assets ratio (%)	56.1	58.9	62.0	60.8
Debt-to-equity ratio (%)*5	31	26	21	29
Dividend payout ratio (%)	20.3	30.8	43.1	87.7
Ratio of total amount of dividends to equity attributable to owners of parent (%)*6	5.1	4.1	4.4	4.3

Note: 1. With amendment of IAS 19, FY2012 actual figures have been restated based on the revised accounting policies retrospectively

2. Amounts less than ¥1 million are rounded down

*1 R&D expense for FY2012 (IFRS) to FY2022 lists the amount invested in research and development, including partially capitalized development expenses. Accordingly, it is not the same as R&D expense listed on the Consolidated Statement of Profit or Loss and Other Comprehensive Income

GLP2017

GLP2020

GLP2023

Millions of yen

FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
87,638	85,967	99,659	107,023	105,939	105,387	110,919
45,168	44,023	48,807	48,948	48,734	49,915	56,864
42,469	41,943	50,852	58,075	57,204	55,472	54,054
27,198	26,563	27,944	28,036	26,793	27,913	31,578
4,234	4,912	11,246	17,413	19,651	16,499	11,746
3,628	4,602	11,362	17,181	19,838	17,150	12,438
2,734	2,898	8,991	13,397	16,143	12,841	9,256
9,246	7,946	12,247	14,721	20,481	16,031	6,114
(3,665)	(3,932)	(616)	(3,686)	(5,029)	(8,706)	(5,216)
(2,758)	(8,201)	(2,052)	(7,592)	(14,458)	(13,395)	(11,409)
5,581	4,014	11,631	11,035	15,452	7,324	897
2,588	3,430	2,436	4,518	5,449	5,658	5,369
3,935	3,964	4,031	4,732	4,545	4,628	5,128
11,212	10,556	12,008	13,321	11,246	11,386	11,420
125,054	121,190	130,467	138,873	144,100	153,261	152,238
76,485	78,313	85,678	94,331	109,455	114,442	117,516
39,682	35,452	45,097	47,669	49,810	45,689	36,833
22,228	16,165	16,435	14,594	5,848	6,521	6,584
59,333	54,433	68,168	75,165	74,809	73,320	72,753
2,130	1,825	9,413	15,148	17,714	15,202	10,874
3.6	3.4	13.8	20.2	23.7	20.7	14.9
19,588	22,549	23,074	22,575	21,419	21,978	24,849
1,302	1,969	1,609	1,287	1,340	1,173	1,331
6.6	8.7	7.0	5.7	6.3	5.3	5.4
—	—	—	—	—	—	6,376
—	—	—	—	—	—	51
—	—	—	—	—	—	0.8
8,716	8,984	8,416	9,282	9,709	10,089	6,939
992	1,458	1,145	1,900	1,797	1,123	560
11.4	12.4	13.6	20.5	18.5	11.1	8.1
68	63	68	70	71	70	66
22	26	23	21	20	21	22
—	—	—	—	—	—	6
10	11	9	9	9	9	6
29,338	29,753	32,183	36,293	32,202	31,036	33,042
58,299	56,213	67,475	70,729	73,736	74,350	77,876
19,633	17,419	26,429	20,773	21,380	23,065	24,799
12,520	12,781	12,170	10,693	11,021	11,605	14,732
26,145	26,012	28,876	39,262	41,334	39,679	38,344
yen						
19.65	20.97	65.20	97.20	117.18	93.98	69.98
19.65	20.97	65.16	97.16	117.12	93.95	69.97
15.00	15.00	22.00	31.00	40.00	40.00	40.00
556.40	569.54	622.87	685.25	794.88	846.15	890.75
4.8	5.7	11.3	16.3	18.5	15.7	10.6
3.5	3.7	10.9	14.9	15.8	11.5	8.0
2.2	2.4	7.1	9.9	11.4	8.6	6.1
61.1	64.6	65.6	67.8	75.8	74.5	77.0
29	21	19	15	5	6	6
76.3	71.5	33.7	31.9	34.1	42.6	57.2
2.7	2.7	3.7	4.7	5.4	4.9	4.6

*2 Environmental Measurement Business, which was included in Other Business, is now listed as a reportable segment.

*3 Return on equity: Profit attributable to owners of parent / Equity attributable to owners of parent (IFRS)

*4 Return on assets: Profit from continuing operations / Total assets (IFRS)

*5 Debt-to-equity ratio: Interest-bearing debt / Equity attributable to owners of parent (IFRS)

*6 Ratio of total amount of dividends to equity attributable to owners of parent: Total cash dividends / Net assets (IFRS: Total cash dividends / Total equity)

ESG Data

Non-Financial Information

Human resources		FY2018	FY2019	FY2020	FY2021	FY2022
Number of employees (figures in parentheses are the number of employees at overseas Group companies)		3,778(1,530)	3,881(1,609)	3,954(1,657)	4,168(1,662)	4,144(1,659)
Average annual salary and average age of employees (Average of Anritsu Corp.)	Average annual salary (thousand yen) Average age (years)	7,658 43.7	8,204 43.9	7,833 44.7	7,609 44.2	7,551 44.5
Gender pay gap (%) *1	ANRITSU CORPORATION	—	—	—	—	74.7
Ratio of mid-career hires (%) *2	ANRITSU CORPORATION	10.0	6.9	20.9	44.2	36.5
Ratio of mid-career female hires (%) *3	ANRITSU CORPORATION	66.7	0.0	11.1	32.4	30.4
Annual scheduled work hours (hours)	Japan Anritsu Group average	1,872.2	1,875.2	1,860.0	1,867.8	1,867.8
Ratio of women in management positions (Women in management positions ÷ total management positions) (%)	Japan Americas EMEA Asia, other Global total	1.1 20.2 23.5 24.1 10.5	1.8 18.3 21.6 23.4 10.4	2.3 17.9 24.2 24.0 10.8	2.8 21.6 20.3 23.7 10.9	3.1 17.4 20.3 22.3 10.5
Women in management positions	Japan	4	7	9	12	13
Women in management positions	Global total	71	72	75	81	79
ANRITSU CORPORATION	Male	2	2	4	7	14
Number of employees taking childcare leave	Female	4	7	5	7	9
ANRITSU CORPORATION Rate of employees who took paid childcare leave (%)	Male Female	8 100	14 100	17 166	36 87	45 100
ANRITSU CORPORATION Number of employees returning to work after childcare leave	Male Female	2 12	2 4	4 7	6 8	12 5
ANRITSU CORPORATION	Male	100	67	100	100	100
Ratio of employees returning to work after taking childcare leave (%)	Female	100	100	100	100	100
ANRITSU CORPORATION Retention rate of employees one year after coming back from childcare leave (%)	Male Female	100 100	100 100	100 100	100 100	100 100
Incidents of on-the-job accidents (cases)	Japan Anritsu Group total	6	4	5	4	6
Incidents resulting in absence (four or more days) (cases)	Japan Anritsu Group total	0	1	0	0	0
Occupational health and safety	Ratio of labor accidents (per one million hours)	0.00	0.65	0.22	0.00	0.23
Training hours per employee*4 (hours)	Japan Anritsu Group ANRITSU CORPORATION	8.8 —	7.4 —	5.3 —	7.0 —	12.6 14.0
Education costs per employee (yen)	Japan Anritsu Group ANRITSU CORPORATION	— —	— —	— —	— —	32,129 40,430
Employee satisfaction survey (%)	Response rate Satisfaction with the workplace Satisfaction with work Satisfaction with education system	92 88 70 40	98 87 70 51	98 90 75 52	97 90 75 54	98 90 72 54
Environmental:						
CO ₂ emissions (Scope 1, 2) (t-CO ₂)*5 *6	Global total	14,432	14,943	15,175	15,543	16,512
CO ₂ emissions (Scope 3)(t-CO ₂)	Global total	105,552	105,952	97,922	136,358	137,656
Energy consumption (crude oil conversion basis) (kJ)*6	Global total	7,774	8,274	8,436	8,841	9,072
Total energy consumption within the organization (GJ)	Global total	301,920	321,340	331,766	351,066	362,383
Subtotal of fuel derived from non-renewable energy sources*7		24,364	23,539	23,268	22,248	22,657
Solar power generated in-house		812	859	3,208	6,443	6,943
Purchased electricity*8		276,744	296,942	305,290	322,376	332,782
Water usage (m ³)	Global total	72,777	79,588	77,085	73,911	70,101
Total volume of discharged water (m ³)		58,530	64,978	63,105	59,117	57,681
Water discharged to sewers		47,167	53,267	53,497	48,566	47,184
Water discharged to rivers		11,363	11,711	9,608	10,551	10,497
Excellent eco-products						
Number of registered equipment (cumulative)		49	52	53	53	55
Governance						
Anritsu Group tax payments (billion yen)	Japan total Overseas total Total	— — —	2.7 0.7 3.5	4.4 0.9 5.3	3.6 0.6 4.2	— — —

*1 Calculated based on the provisions of the Act on Promotion of Women's Participation and Advancement in the Workplace (Law No. 64 of 2015). Employees on secondment are counted as employees of the company to which they have been seconded. Wages include base salary, bonuses, and other incentives. Note that there is no difference in wages for equal work. Gaps are due to differences in composition by position and job grade.

*2 Ratio of mid-career hires: Number of mid-career hires ÷ Number of new hires

*3 Ratio of mid-career female hires: Number of mid-career female hires ÷ Number of mid-career hires

*4 Until 2021, this figure represented hours of education held by the Human Resource and Administration Department. From 2022, this figure represents total education hours in programs held by the Human Resource and Administration Department and other units.

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

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

*7 A Heavy oil, light oil, gasoline, etc.

*8 Source on conversion factor: "Manual for preparing the Regular Reports and Medium- and Long-Term Plans for specific operators under the Act on the Rational Use of Energy," prepared by the Agency for Natural Resources and Energy.

Management's Discussion and Analysis

The Anritsu Group has adopted IFRS since the fiscal year ended March 31, 2013 and prepared consolidated financial statements in conformity with IFRS in the fiscal years 2015, 2016, 2017, 2018, 2019, 2020, 2021 and 2022.

The Scope of Consolidation

The Anritsu Group comprised 45 consolidated subsidiaries and 1 affiliate at the end of fiscal year 2022.

Overview

In the field of information and communication, which is the main field of Test and Measurement Business, 5G smartphone penetration is slow despite that operators in each country have already initiated 5G service. This is because killer application has yet to emerge, as well as some of the technical challenges in 5G via mmWave.

Meanwhile, the completion of the "Release 17^{*1}" standardization is increasing utilization of 5G. Research and development for 5G utilization in the automotive field has begun, as well as research and demonstration experiments for building 5G networks in private domains, such as private 5G. In IoT field, demand for Customer-Premises Equipment (CPE) which is laid in last mile is increasing. In response, demand for developing 5G wireless module and Wi-Fi 6E^{*2} has emerged. Furthermore, research and development for the next generation communication standard, 6G, has begun.

In 5G networks, the O-RAN ALLIANCE has been working to open up wireless access networks so that operators can build wireless networks more flexibly. By applying the O-RAN standard specifications to base station equipment that was previously configured with the manufacturer's proprietary interface, it has become easier to build multi-vendor radio access networks. As a result, operators around the world are introducing O-RAN.

Since the data traffic is expanding rapidly due to sophisticated cloud computing services and the progress of 5G services, the network infrastructure is under strain. To solve this issue, service providers that are pursuing higher-speed networks are concentrating on the promotion of 100Gbps services, and network equipment manufacturers are developing 400Gbps and 800Gbps network equipment. In addition, research and development of Innovative Optical and Wireless Network (IOWN)^{*3} is underway.

*1 Standard number used in 3GPP

*2 A wireless LAN Standard that specifies the extension of the bandwidth used by the 6th generation Wi-Fi 6 to the 6 GHz band

*3 The platform that the IOWN Global Forum will provide using cutting-edge technologies such as next-generation photonics-based technologies.

Revenue

Rising prices and interest rates, increased geopolitical risks, and a prolonged global semiconductor shortage can have an important impact on our business performance. Amid such environment, we work to improve profitability by passing on cost increases due to inflation and other factors to our prices. We take measures

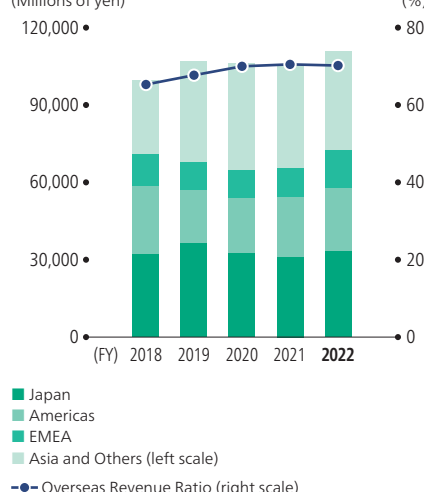
against parts procurement risk like semiconductor shortage, such as securing inventory in an organized way, creating structure like strong relationship with business partners in order to get information quickly.

Furthermore, we attempt to change high risk parts to alternative items for minimizing the risk.

Anritsu group's operating results were as follows.

Orders decreased 0.5% year on year to ¥110,107 million, and revenue increased 5.2% to ¥110,919 million. Operating profit decreased 28.8% to ¥11,746 million, profit before tax decreased 27.5% to ¥12,438 million. Profit decreased 27.9% to ¥9,256 million, and profit attributable to owners of parent decreased 27.5% to ¥9,272 million.

■ Revenue by Region and Overseas Revenue Ratio
(Millions of yen) (left scale) (%) (right scale)



Cost of Sales and Gross Profit

Cost of sales increased ¥6,949 million, or 13.9%, to ¥56,864 million. Cost of sales as a percentage of total revenue was 51.3%, up 3.9 percentage point year on year. Gross profit decreased ¥1,418 million, or down 2.6%, to ¥54,054 million. The gross margin amounted to 48.7%.

Selling, General and Administrative (SG&A) Expenses and Operating Profit

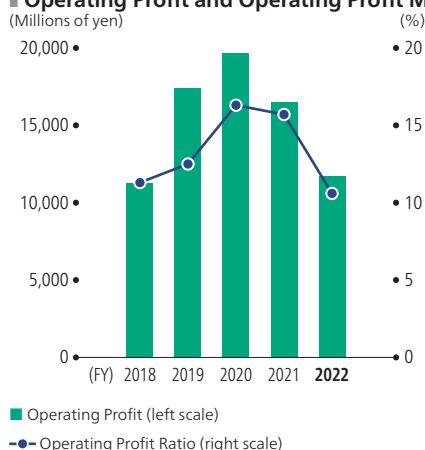
SG&A expenses increased 13.1%, or ¥3,665 million, year on year, to ¥31,578 million. Research and development (R&D) expenses decreased 0.3%, or ¥36 million, to ¥10,944 million and amounted to 9.9% of consolidated total revenue. As a result of the above factors, operating profit decreased 28.8%, or ¥4,753 million, to ¥11,746 million. The operating profit ratio was 10.6%.

Management's Discussion and Analysis

SG&A Expenses

Year ended March 31	Millions of yen		YoY (%)
	FY2022	FY2021	
Personnel expenses	¥21,060	¥19,465	8.2
Travel and transportation expenses	945	510	85.3
Advertising expenses	2,041	1,527	33.7
Depreciation and amortization expenses	2,088	1,713	21.9
Others	5,442	4,695	15.9

Operating Profit and Operating Profit Margin



Profit before Tax and Profit

Operating profit decreased 28.8%, or ¥4,753 million, year on year to ¥11,746 million, profit before tax decreased 27.5%, or ¥4,712 million, year on year to ¥12,438 million. Profit decreased 27.9%, or ¥3,585 million, year on year to ¥9,256 million, and profit attributable to owners of parent decreased 27.5%, or 3,524 year on year to ¥9,272 million. Comprehensive income for the period decreased ¥2,754 million, to ¥13,326 million.

Cost of Sales, Expenses, and Profit as a Percentage of Revenue

Year ended March 31	%		
	FY2022	FY2021	FY2020
Revenue	100.0	100.0	100.0
Cost of sales	51.3	47.4	46.0
Gross profit	48.7	52.6	54.0
SG&A expenses	28.5	26.5	25.3
R&D expenses	9.9	10.8	10.3
Profit	8.3	12.2	15.2

Shareholder Return Policies

Dividend Policy

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

With regard to dividends, while taking the basic approach of raising dividends on equity (DOE) in accordance with the increase in consolidated profits for the fiscal year, Anritsu aims at a consolidated dividend payout ratio of 50% or more. Anritsu's basic policy is to make distributions of dividends, twice a year, consisting of a fiscal year-end dividend and an interim dividend by resolution of the General Meeting of Shareholders and by approval of the Board of Directors.

Anritsu 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. Anritsu's basic policy is to apply retained earnings to research and development and capital investment in order to respond to rapid technological advances and changes in the market structure.

Cash Dividends per Share

Anritsu plans to pay a year-end dividend of 20.00 yen per share, and total dividends for the fiscal year will be 40 yen per share for the fiscal year ended March 31, 2023. For the fiscal year ending March 31, 2024, Anritsu plans to pay cash dividends of 40 yen per share (including an interim dividend of 20 yen per share)

Business Segments

The Anritsu Group classifies its operations into the segments of Test and Measurements, Products Quality Assurance, and Others. In order to evaluate each business segment more appropriately, the headquarters administrative expenses portion of general and administrative expenses for each business segment has been shifted to be included in company-wide expenses starting from the fiscal year ended March 31, 2021.

Test and Measurement

This segment group develops, manufactures and sells test instruments and systems for a variety of communication applications, and service assurance. The group delivers them to service providers, network equipment manufacturers, and maintenance and installation companies.

During the fiscal year ended March 31, 2023, we captured demand for measurement for high-speed network transmission in data centers and other facilities, as well as demand for general-purpose measuring instruments. However, the slowdown in the growth of the mobile market and the increase in fixed costs due to soaring raw material prices, global inflation, and rising labor costs, as well as higher sales promotion expenses, had a negative impact on both revenue and profits compared to the

same period of the previous fiscal year.

Consequently, segment revenue decreased 0.8% compared with the previous fiscal year to ¥72,753 million, operating profit decreased 28.5% to ¥10,874 million.

The Test and Measurement Business, which accounts for 66% of the Anritsu Group's revenue, is divided into the following 3 sub-segments.

1. Mobile

The Mobile sub-segment includes test instruments for mobile phone acceptance testing by mobile phone service providers, test instruments for design, production, function and performance verification, and maintenance of mobile handsets by manufacturers of mobile devices such as smartphones, IC chipsets and relevant components.

Demand in this sub-segment tends to be influenced by factors including the technological innovations in mobile phone services, market penetration, number of new subscribers as well as new entries in and withdrawals from the market by mobile phone and chipset manufacturers, and the number of model changes and shipments of mobile phones and chipsets. Currently, although services using 5G communication systems have started in many countries around the world, the spread of 5G smartphones remains at a gradual pace due to technical challenges with 5G millimeter waves, a delay in the arrival of killer applications and other factors.

Under this market environment, there is ongoing demand for test instruments for field use for R&D in the automotive areas and the survey for building 5G networks in private areas like local 5G networks and field trials, as for the utilization of 5G technologies.

In addition, while the creation of 3GPP Release 18 specification including satellite based non-terrestrial networks as well as lower power consumption/reduced cost methods is progressing, mobile communications technology development for creating new services is becoming apparent as a business opportunity. In addition, R&D for 6G, the next-generation communication standard that will take 5G performance to an even higher level, has also been started.

Anritsu will continue to develop and provide competitive leading-edge test solutions, as well as appropriately conduct development portfolio management, to strengthen the revenue base.

2. Network Infrastructure

The Network Infrastructure sub-segment includes network construction maintenance, monitoring and service quality assurance solutions for wireline and wireless service operators, and solutions for network equipment manufacturers in areas including design, production,

inspection and adjustment.

In this subsegment, data traffic is expanding rapidly due to the advancement of cloud computing services and the development of 5G services. Therefore, service providers that are pursuing higher-speed networks are introducing 100 Gbps services in earnest, and network equipment manufacturers are pushing development of 400 Gbps network equipment. Demand for related testing solutions has also been remaining steady in line with this trend. Further, the practical application of 800 Gbps and R&D for the complete opticalization of networks (IOWN) for the advancement of networks have begun, while the opening of radio access networks, which allows operators to build wireless networks more flexibly, is also progressing.

Anritsu is working to expand business by providing comprehensive solutions from construction and monitoring of communication infrastructure, to service assurances, in addition to research and development solutions for telecommunications equipment.

3. Electronics

The Electronics sub-segment includes general purpose test instruments widely used in the electronics industry applications, including design, production and evaluation of electronic devices used in telecommunications network-related communications equipment and other electronic equipment.

Demand in this sub-segment tends to be affected by the production scale of electronic components and electronic equipment used in communications equipment, smart home appliances, automobiles, and the like. The expansion of IoT services using WiFi/ Bluetooth devices has led to an increase in demand for test and measurement solutions for the development and manufacturing of wireless modules with diverse applications. In addition, demand for related test instruments is emerging with the beginning of research and development for 6G.

Anritsu will work to further expand the business in this sub-segment by offering a wider range of solutions for the electronics market.

Products Quality Assurance

This segment group develops, manufactures and sells production management systems and quality management systems, such as high-precision and high-speed auto checkweighers, automatic combination weighers and metal detectors, for the food, pharmaceutical and cosmetics industries.

In the fiscal year ended March 2023, demand for capital investment aimed at labor saving and automating quality assurance processes in the food market remained strong, particularly in the Americas. In terms of expenses,

Management's Discussion and Analysis

in addition to soaring raw material prices, sales promotion expenses and distribution expenses due to strengthened sales activities were also recorded. As a result, segment revenue increased 13.1% year on year to ¥24,849 million, and operating profit increased 13.5% to ¥1,331 million.

The Products Quality Assurance Business accounts for 22% of Anritsu Group's revenue. Since more than 80% of segment revenue is made of businesses from food manufacturers, this segment is substantially influenced by increased consciousness regarding food safety and security as well as changes in consumer spending levels which would affect food manufacturers' business performances.

Core products include high precision checkweighers for highspeed food processing lines, as well as X-ray and other inspection systems that detect and remove metal fragments, stones and other alien materials in the food processing process with high precision. In the Japanese market, although some customers were cautious about capital investment due to the surging raw material prices and prolonged impact of the COVID-19 pandemic, we saw stable level of capital investment for introducing automation and reducing manpower in the production lines because contaminant in the food has been a high degree of concern for customers.

In the overseas markets, the demand from important global customers in the Americas and other regions remained strong and the overseas sales ratio of this business was roughly 50%.

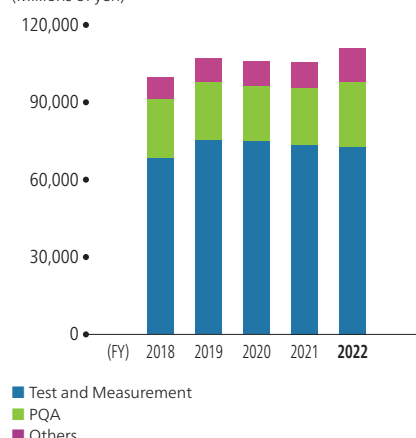
Food manufacturers have a high degree of interest in quality control inspection solutions. To satisfy this demand, Anritsu will develop and deliver new products and quality assurance solutions. We will also optimize the supply chain including local manufacturing outside Japan, and will promote efficiency of global operation. Anritsu will expand the business and increase profitability through those opportunities.

Others

This segment comprises Environmental Measurement, Sensing & Devices, Logistics, Welfare services, Real estate leasing and other businesses. Takasago Ltd. became a consolidated subsidiary on January 4, 2022, and is included in the scope of consolidation from the fourth quarter of the previous fiscal year.

As a result, segment revenue increased 32.0% year on year to ¥13,316 million, and operating profit decreased 45.5% to ¥611 million.

■ Revenue by Business Segment
(Millions of yen)



Liquidity and Financial Condition

Fund Procurement and Liquidity Management

Anritsu Group's funding requirements are mainly for working capital to purchase materials and cover expenses incurred in the manufacturing, sales and marketing of products; for capital investments; and for research and development expenses.

Anritsu secures sufficient funding to cover these requirements from retained earnings, bank borrowings, and capital market funding. To ensure stability in funding, Anritsu Group arranged for a commitment line of ¥7.5 billion in March 2023, which is effective through March 2026. Looking forward, while preparing for unforeseen financial risks, both domestic and overseas, in a dramatically changing market environment, Anritsu Group will swiftly and flexibly meet its capital requirements for working capital, regular repayment of long-term borrowings and business growth.

As of March 31, 2023, the balance of interest-bearing debt was ¥6,584 million (compared with ¥6,521 million at the end of the previous fiscal year) and the debt-to-equity ratio was 0.06 (compared with 0.06 at the end of the previous fiscal year). Going forward, we will strive for capital efficiency and the maintenance of a strong financial standing by improving ROE and CCC* in order to generate cash flow, and by following a cash management system within the Group.

Anritsu has been evaluated by Rating and Investment Information, Inc. (R&I), receiving an issuer credit rating of "A" and a short-term rating of "a-1". We aim to further improve these ratings and, under our new company vision, aim to become a ¥200 billion company with stable earnings.

Our basic policy for distributing profits to shareholders is to pay dividends with a consolidated payout ratio of 50% or higher, primarily by raising the dividend on equity (DOE) in response to an increase in consolidated net income. We also flexibly implement other measures

regarding shareholder returns that take the total return ratio into account. Furthermore, we plan to use surpluses to satisfy the demand for funding for strategic investment (including M&A) toward strengthening our competitiveness in the 5G market, expanding business into industrial fields that employ IoT, developing business in the cloud services and other markets, unlocking new growth areas, and acquiring next-generation technologies such as 6G. We aim to further improve our corporate value through these types of investments in new business.

* CCC: Cash Conversion Cycle

Cash Flow

In the fiscal year ended March 31, 2023, cash and cash equivalents (hereafter, "net cash") decreased ¥8,856 million year on year to ¥36,833 million. Free cash flow, the sum of cash flows from operating activities and cash flows from investing activities, was positive ¥897 million (positive ¥7,324 million in the previous fiscal year).

Conditions and factors for each category of cash flow for the fiscal year were as follows:

• Cash Flows from Operating Activities

Net cash provided by operating activities was ¥6,114 million (¥16,031 million was provided in the same period of the previous fiscal year).

The cash increase was mainly due to reporting of profit before tax. On the other hand, the cash decrease was mainly due to income tax payment and increase in inventories. Depreciation and amortization expense was ¥5,693 million (increase of ¥560 million compared with the previous fiscal year).

• Cash Flows from Investing Activities

Net cash used in investing activities was ¥5,216 million (¥8,706 million used in the same period of the previous fiscal year). The cash decrease was mainly due to acquisition of property, plant and equipment.

• Cash Flows from Financing Activities

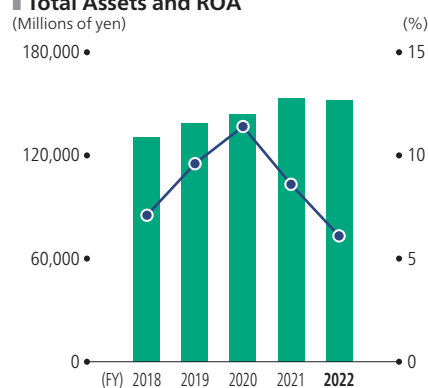
Net cash used in financing activities was ¥11,409 million (¥13,395 million used in the same period of the previous fiscal year). The primary reason was payment of cash dividends totaling ¥5,332 million (dividends paid in the same period of the previous year amounted to ¥6,077 million) and purchase of treasury stock of ¥5,000 million.

Assets, Liabilities, and Equity

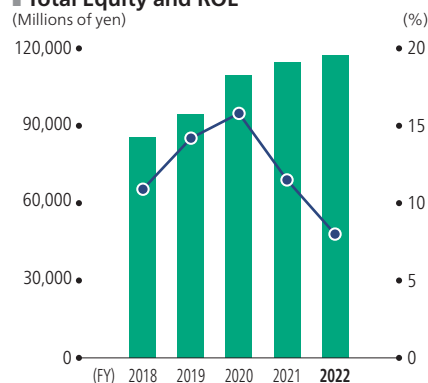
Total assets decreased ¥1,023 million year on year to ¥152,238 million. This was mainly due to decrease of cash and cash equivalents. On the other hand,

inventories increased. Total liabilities decreased ¥4,097 million year on year to ¥34,722 million. This was mainly due to decrease of income taxes payable. Equity increased ¥3,073 million year on year to ¥117,516 million. This was mainly due to increase of other components of equity, and acquisition of treasury shares ¥5,000 million. As a result, the equity attributable to owners of parent to total assets ratio was 77.0% (74.5% at the end of the previous fiscal year). Interest-bearing debt was ¥6,584 million (¥6,521 million at the end of the previous fiscal year). The debt-to-equity ratio was 0.06 (0.06 at the end of the previous fiscal year).

■ Total Assets and ROA



■ Total Equity and ROE



Capital Expenditures

Anritsu Group is making strategic investments such as new-product development focused on areas where long-term growth is expected, and systems-related investments aimed at labor saving and streamlining of operations in order to achieve sustainable growth and to improve profitability. In the Test and Measurement Business, we invested in the areas such as new-product development to cope with rapid technological innovation and sales competition as well as to realize cost reduction. We also constructed a new building at the Koriyama Second Factory and made investments to enhance our Business Continuity Planning (BCP) measures and production capacity. In the Products Quality

Management's Discussion and Analysis

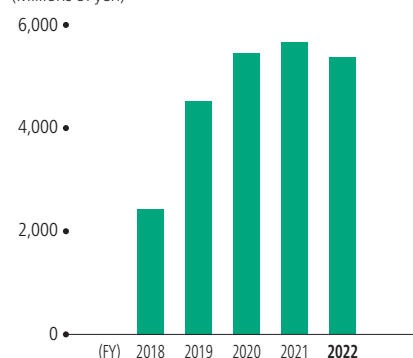
Assurance Business, we made investments mainly to improve productivity and R&D efficiency. In other businesses, we invested primarily in the device business to renew aging facilities in order to maintain and increase production capacity.

The breakdown of investments is shown in the following table. (Figures for tangible fixed assets and intangible assets are on an acceptance basis. Figures exclude development costs of intangible assets.)

■ Overview of Capital Expenditures

Year ended March 31	Millions of yen		YoY (%)
	FY2022	FY2021	
Test and Measurement	¥3,775	¥3,665	103.0
PQA	1,049	1,610	65.2
Subtotal	4,825	5,272	91.5
Others	544	383	142.1
Total	5,369	5,658	94.9

■ Capital Expenditures (Millions of yen)



Research and Development

■ Research and Development

Year ended March 31	Millions of yen		% of revenue	Millions of yen		% of revenue
	FY2022			FY2021		
Test and Measurement	¥ 8,785	12.1		¥ 8,964	12.2	
PQA	1,760	7.1		1,758	8.0	
Others	689	5.2		572	5.7	
Basic Research	184	-		91	-	
Total	11,420	10.3		11,386	10.8	

Principal results of R&D programs in each business segment are as follows.

Business Segment	Model	Product	Application	Contribution
Test and Measurement	MT8000A	Radio Communication Test Station	A single unit supporting all frequency bands used in 5G and LTE and with base station emulation functions supporting up to Release 17 requirements.	Supports advanced Release 17 technologies, including RedCap (Reduced Capability), expected to be introduced in the IoT market, and FR2 14CA, which enables throughput of over 10 Gbps. Supports all frequency bands used in 5G and LTE in a single unit. Contributes to the development of all types of terminals from low-end to high-end.
	ME7873NR/ME7834NR	New Radio RF Conformance Test System/5G NR Mobile Device Test Platform	These test systems support 5G conformance testing for evaluating interoperability for both RF and Protocol. These GCF and PTCRB approved systems are widely used for conformance testing.	They enable new test cases from the revision and evolution of communication standards, and have acquired 3CA and 4CA certification for terminal evaluation for SA services, and Power Class 1.5 certification for FWA service devices. Certification has also been acquired for Protocol functions for SA services, such as support for Dual Connectivity testing, in which FR1 and FR2 are simultaneously connected for high-speed communication, and support for network slicing. These will contribute to expanding the scope of terminal certification.
	MX770000PC / MX773000PC	New products O-RAN Radio Unit Test Solution	O-DU (O-RAN Distribution Unit) Emulator Platform Software	When combined with MT8000A for 5G base station manufacturing, it enables testing as specified in O-RAN.WG4. CONF. Furthermore, in combination with control software, it enables efficient verification of O-RAN fronthaul, contributing to the widespread use of O-RAN and the construction of highly scalable and flexible radio access networks.
	MT8870A	Universal Wireless Test Set	A test instrument for mass production of wireless devices, capable of testing multiple wireless communication devices simultaneously by installing up to four test units in a single chassis.	This test instrument is designed for mass production lines of wireless devices supporting various wireless communication standards such as 5G, LTE, NB-IoT, Cat-M, V2X 802.11p, and Bluetooth. It enables Wi-Fi 7 transmission/reception testing with a simple software upgrade on existing MT8870A that has IEEE802.11b/g/a/n/ac/ax testing capability installed. These features allow it to contribute to the mass production of high-quality smartphones and wireless devices.
PQA	KXE7534AMCLE	New products XR75 IP69K Waterproof Inspection X-ray inspection system	X-ray inspection system that automatically detects foreign bodies such as bones, metals, and stones mixed in meat and frozen foods with high accuracy	This X-ray inspection device is equipped with a newly-developed image processing function that improves the accuracy of bone detection in meat, and a chassis with excellent sanitation performance conforming to IP69K-grade chassis protection, capable of withstanding cleaning by high-pressure jets. It contributes to the reduction of food waste loss by detecting foreign objects with higher accuracy.

Outlook and Management Issues for the Year Ending March 31, 2024

In the telecommunications field, 5G-related demand is expected to grow going forward as further advancement of technology innovations and 5G utilization are progressed. We also expect to see growth in demand driven by the expansion and enhancement of network infrastructure in the areas such as data centers. On the other hand, we also expect to see ongoing component procurement risks due to the prolonged semiconductor shortage. In this business environment, the Group aims to establish a competitive advantage and become a leading company supporting 5G and IoT society by focusing on the 5G business and providing solutions in a timely manner that accurately respond to the expansion of 5G utilization fields and the growing demand for faster networks.

Furthermore, we have identified four priority new growth areas: “EV and battery measurement,” local 5G,” “optical sensing,” and “medical and pharmaceuticals.” We will accelerate growth in each of these areas through external collaboration and M&A.

Risk Information Policies and Systems

Anritsu Group recognizes that the appropriate management of risk is an extremely important managerial issue in order to continuously increase corporate value and fulfill its social responsibility, and has established Group-level systems to manage it. Moreover, in order to maintain and increase our corporate value, fulfill our corporate social responsibility, and pursue sustainable development of Anritsu Group, Anritsu focuses on making not only management executives but also all employees more sensitive to risk, and on all-hands initiatives that promote risk management.

Under the risk-management supervision of the Group CEO, Anritsu Group designates a risk management officer for each of the following recognized major risks: (1) business risk related to management decision-making and business execution; (2) risk of legal violations; (3) environmental risk; (4) risk to the quality of products and services; (5) import/export management risk; (6) information security risk; and (7) infectious disease and disaster risk. Each risk management officer heads a committee, consisting of representatives from Company departments and Group companies managers relevant to the risk in question. Each risk management office oversees the management of its designated risk for the Group as a whole; and reports the status of risk management measures, plans and operation and the results of the year-round management cycle to the Management Strategy Conference as appropriate. In addition, the Risk

Management Promotion Department leads such matters as creation of regulations and guidelines as well as training and education, and establishes systems necessary to raise the bar of risk management in order to ensure the sustainable development of the business. Each risk management officer supports the activities of Group companies overseas for their responsible field respectively. With regard to compliance risk, the compliance officer of each regional headquarters performs risk assessments and prepares and acts on an annual plan.

(Individual Risks)

1. Inherent Risks in the Anritsu Group’s Technology and Marketing Strategies (1) business risk

Anritsu Group works to deploy its well-developed technological capabilities to promptly provide cutting-edge products and services that offer value to customers. However, the rapid pace of technological innovation in Anritsu Group’s core information and communication markets and Anritsu Group’s ability to deliver products and services in a timely manner to meet the needs and wants of customers are factors that have the potential to exert a material impact on Anritsu Group’s financial condition and operating results.

2. Market Fluctuation Risk (1) business risk

External factors including changes in the economy or market conditions and technological innovation affect the profitability of product lines the Group develops and have the potential to exert a significant material impact on Anritsu Group’s financial condition and operating results.

Because a high percentage of Test and Measurement segment revenue comes from the telecommunications market, capital investment trends among service providers, network equipment manufacturers, mobile phone manufacturers, and electronic component manufacturers have the potential to exert an effect on business results. Telecom operators make a cost-effective capital investment in order to adopt technologies to handle rapid increases in data traffic, and to build networks that meet the various needs of IoT service and cloud service. Moreover, business results for the mobile communications measuring instrument field, the cornerstone of earnings for Anritsu Group, are affected by changes in technological innovation in mobile phone services, the number of subscribers and the replacement ratio for smartphones.

In the Products Quality Assurance Business, sales to food manufacturers constitute more than 80% of revenue. Capital investment of food manufacturers may influence the performance of Products Quality Assurance Business potentially.

Management's Discussion and Analysis

3. Risks related to strategic investments (1) Business risk

The Group is strengthening strategic growth investments, including external collaborations and M&A, in order to grow the next pillar of its business. It will do so by further multiplying different ideas and technologies from inside and outside the Company, developing new areas of value and new business fields beyond the conventional "testing", while continuing to master its "testing" competency. Before making an investment decision, it verifies the business plan and conducts due diligence. The Group also formulates and implements post-merger integration (PMI) plans after investment, and takes all possible measures to launch businesses after investment. However, there is a risk that initially expected results may not be achieved due to unforeseen changes in the external environment or changes in the market environment or competitive landscape. These factors have the potential to exert a material impact on Anritsu Group's financial condition and operating results.

4. Global Business Development Risk (1) business risk, (2) risk of legal violations, and (5) import/export management risk

Anritsu Group markets its products globally. The overseas sales ratio is 70%, and many customers likewise operate on a global scale. As a result, economic trends in countries worldwide, changes in international conditions, and compliance with required laws have the potential to exert a material impact on the Group's financial position and results of operations.

5. Risks related to product supply (1) business risk, (7) infectious disease and disaster risk

Aiming for stable procurement of electronic parts and components, the Group strives to build strong relationships with suppliers, and takes measures such as establishing a system to promptly identify risks in parts procurement and strategically securing parts inventories. In addition, the Group is working to minimize risk by replacing high-risk parts with alternative parts.

However, in the event of supply chain disruptions caused by disasters or other events, or a tight supply of parts due to a rapid increase in demand, there is a risk that procurement of electronic parts and other components or manufacturing of major products may become difficult, resulting in delays or stoppages in the supply of products. These factors have the potential to exert a material impact on the Anritsu Group's financial condition and operating results.

6. Risk of Spread of Infectious Diseases (7) infectious disease and disaster risk

Uncertain social and economic conditions due to the spread of COVID-19 are still continuing. Anritsu Group places top priority on ensuring the safety of its employees, and halting the spread of the virus internally and externally to Anritsu Group. Anritsu Group has also established a COVID-19 Prevention Task Force, which is collecting information and taking necessary measures in order to minimize the virus's impact on its operations. However, depending on how the spread of COVID-19 progresses, it has the potential to exert a material impact on Anritsu Group's financial condition and operating results, due to the disruption of supply chains, and restrictions on business activities of the Group, its customers, and its suppliers, including the halt of factory operations and business location closures.

7. Disaster Risk (7) infectious disease and disaster risk

Anritsu Group carries out production and sales activities globally. As such, natural disasters such as earthquakes, typhoons, and abnormal weather events induced by climate change, as well as fire, war, terrorism, riots, and other events have the potential to exert a material impact on Anritsu Group's financial condition and operation results by impeding our business activities due to impact on the major facilities of the Group, its suppliers, or its customers, or by causing political or economic instability.

Each division of Anritsu Group has created a Business Continuity Plan (BCP) aimed at ensuring the smooth continuity of our businesses by minimizing the damage from disasters and emergencies, and fast recovery of business activities after the events. Tohoku Anritsu Co., Ltd., which is a Group manufacturing facility, has created a BCP for natural disasters, including river flooding due to earthquakes and torrential rains, as one of its major risks. This BCP clearly defines the actions to take after a natural disaster, broken up into specific processes. Taking the lessons learned from actual large-scale disasters, Anritsu is reviewing the criteria for emergency BCP activation to prepare for a wider range of risks and refine the response procedures when each risk occurs.

8. Foreign Exchange Risk (1) business risk

Anritsu Group hedges foreign exchange risk using instruments including forward foreign exchange contracts for foreign exchange transactions that occur upon collection of accounts receivable and other events. However, rapid changes in foreign exchange rates have the potential to exert a material impact on Anritsu Group's financial condition and operating results.

9. Long-Term Inventory Obsolescence Risk (1) business risk

Anritsu Group works to provide products and services that precisely meet customer needs and wants. However, particularly in the Test and Measurement Instruments market, product lines are subject to frequent changes in order to follow technology evolution, which can easily result in obsolescence of products and parts, and could cause inventory to be held for long periods to lose its value. These factors have the potential to exert a material impact on the Anritsu Group's financial condition and operating results.

10. Human Resource Acquisition Risk (1) business risk

Acquiring, ensuring, and developing human resources are very important requirements for the sustainable development of Anritsu Group. Anritsu Group strives to acquire talented human resources by actively hiring diverse human resources regardless of nationality, gender or other natures, and continues to develop an education and training system that supports the self-motivated growth of employees. Anritsu Group also focuses on work-life balance, and strives to create working environments that support diverse work styles and values. However, if human resource acquisition and development do not proceed as planned, it has the potential to exert a material impact on Anritsu Group's financial condition and operating results.

11. Compliance Risk (2) risk of legal violations

Anritsu Group is subject to the laws and regulations of the countries in which it conducts business. Violation of these laws and regulations, or actions that violate the demands of society, has the potential to exert a material impact on Anritsu Group's financial condition and operating results through factors including legal punishment, lawsuits, social sanctions, and damage to the brand.

Anritsu Group has established Anritsu Group Code of Conduct, which serves as a guide for the conduct to take in order for us to fulfill our social responsibility. Anritsu also carries out educational and awareness-raising

activities as needed, as it strives to improve its corporate ethics and strengthen legal compliance. The Group CEO, who chairs the Management Strategy Conference, leads the promotion of compliance of Domestic Anritsu Group. Additionally, the Corporate Ethics Promotion Committee, chaired by the executive officer in charge of compliance and with the participation of employees from Anritsu Group companies in Japan as members, operates under the supervision of the Management Strategy Conference, and oversees the compliance promotion activities of each company in Japan in Anritsu Group. The Corporate Ethics Promotion Committee and the Legal Department, which serve as its secretariat, coordinate with relevant committees that promote legal compliance to advocate ethical and legal compliance to Anritsu Group companies overseas in accordance with their national and regional laws, cultures, and customs. They provide necessary support, and coordinate with compliance officers at each Anritsu Group company overseas to build a global compliance promotion system. Internal audit departments perform audits to determine whether the compliance promotion system is functioning appropriately, and provide advice and request improvements as necessary.

12. Environmental Risk (3) environmental risk

Anritsu Group is subject to a variety of laws and regulations relating to the environment, including climate change, energy, the atmosphere, water, hazardous substances, waste, and product recycling. The Group tackles the efforts to prevent climate change, create a recycling society, and prevent environmental pollution, in addition to ensuring the thorough environmental compliance of its business activities and products.

However, it is possible for tightened environmental regulations or past actions to trigger environmental liability, and for natural disasters and other events to cause environmental pollution. Such events have the potential to exert a material impact on Anritsu Group's financial condition and operating results due to additional costs required for legal compliance or environmental measures.

In order to meet the demands of its stakeholders, Anritsu Group develops and offers products with an awareness of the environment throughout the entire product life cycle. Anritsu Group is also committed to reducing its environmental pollution risk by reducing the CO₂ emissions of its offices and factories through reducing the energy usage from the perspective of preventing global warming and preserving biodiversity; reducing waste by promoting the 3Rs (reduce, reuse, and recycle); and setting self-management standards that are stricter than laws and ordinances related to preventing environmental pollution.

Management's Discussion and Analysis

13. Product-Quality Risk (4) risk to the quality of products and services

Anritsu Group has been ISO 9001 (an international standard for quality management systems) accredited since 1993. It operates integrated quality management, from product design and development to manufacture, service, and maintenance, at a global level. However, if an unforeseen event that causes a major quality defect or product liability is incurred, it has the potential to exert a material impact on Anritsu Group's financial condition and operating results, such as loss of society's trust, lawsuits, social sanctions, and damage to the brand, as well as the cost of compensation and countermeasures.

Anritsu Group has established committees to maintain, improve, and assure product quality, and operate the quality management system appropriately, including the Quality Management System Committee and the Internal Quality Audit Committee. Anritsu Group is also considering the establishment of systems in the event of a product incident, a system to prevent product incidents, and initiatives to prevent recurrence.

14. Information Security (6) information security risk

Anritsu Group has the social responsibility to appropriately protect the information of all of its stakeholders, including customers, partners, shareholders, and employees in its business activities. Anritsu Group also recognizes that information assets are vital assets of Anritsu Group and its stakeholders. If an information security incident were to occur with these information assets, due to a cyberattack, it has the potential to exert a material impact on Anritsu Group's financial condition and operating results due to effects such as loss of the trust of society, lawsuits, social sanctions, and damage to the brand.

Anritsu Group works continuously to build its information security management system, carry out initiatives to maintain and improve thorough management and security, and carry out information security education. As a company operating globally, Anritsu connects offices worldwide via networks and promotes sharing of information between them. As a single vulnerability in information security impacts the overall security level, Anritsu is working to build a strong and consistent security system on a global scale.

15. Risk Related to Deferred Tax Assets (1) business risk

Anritsu Group applies deferred tax accounting and recognizes deferred tax assets. Calculation of deferred tax assets is based on projections that include estimates of future taxable profit, and the actual benefit may differ from the projection. If the tax benefits based on the estimate of future taxable profit are judged to be unavailable, these deferred tax assets are written down, which has the potential to exert a material impact on Anritsu Group's financial condition and operating results.

16. Risk Related to Defined-Benefit Pension Plan (1) business risk

The amounts of retirement benefit payments and obligations incurred in connection with employee defined-benefit pension plans of the parent company and certain of its subsidiaries are calculated based on assumptions, including discount rates, made for actuarial calculations. If the discount rates and other assumptions, which were made for the actuarial calculations of the expected amount of obligations under these defined-benefit pension plans undergo change, this has the potential to exert a material impact on Anritsu Group's financial condition and operating results.

Consolidated Statement of Financial Position

March 31, 2022 and 2023

		Millions of yen	Thousands of U.S. dollars*
	End of FY2021 as of March 31, 2022	End of FY2022 as of March 31, 2023	End of FY2022 as of March 31, 2023
Assets			
Current assets:			
Cash and cash equivalents	¥45,689	¥36,833	\$275,820
Trade and other receivables	26,622	25,798	193,186
Other financial assets	17	21	157
Inventories	25,591	29,828	223,364
Income taxes receivables	105	395	2,958
Other current assets	3,962	5,204	38,970
Total current assets	101,989	98,081	734,469
Non-current assets:			
Property, plant and equipment	28,150	29,004	217,193
Goodwill and intangible assets	8,579	8,483	63,524
Investment property	255	233	1,745
Trade and other receivables	492	450	3,370
Investments accounted for using equity method	3	7	52
Other financial assets	1,378	1,630	12,206
Deferred tax assets	6,379	5,418	40,572
Other non-current assets	6,031	8,929	66,864
Total non-current assets	51,271	54,156	405,541
Total assets	153,261	152,238	1,140,018
Liabilities and Equity			
Liabilities			
Current liabilities:			
Trade and other payables	8,426	7,442	55,729
Bonds and borrowings	1,133	1,144	8,567
Other financial liabilities	964	824	6,170
Income taxes payables	1,901	785	5,878
Employee benefits	8,181	7,634	57,166
Provisions	438	472	3,535
Other current liabilities	10,244	8,881	66,504
Total current liabilities	31,290	27,184	203,564
Non-current liabilities:			
Trade and other payables	414	597	4,471
Bonds and borrowings	2,990	2,993	22,413
Other financial liabilities	1,489	1,624	12,161
Employee benefits	783	688	5,152
Provisions	113	104	779
Deferred tax liabilities	326	346	2,591
Other non-current liabilities	1,410	1,183	8,859
Total non-current liabilities	7,529	7,537	56,440
Total liabilities	38,819	34,722	260,012
Equity:			
Share capital	19,189	19,218	143,912
Capital surplus	28,432	28,441	212,977
Retained earnings	63,206	63,074	472,323
Treasury shares	(6,199)	(6,177)	(46,256)
Other components of equity	9,566	12,729	95,320
Equity attributable to owners of parent	114,196	117,286	878,284
Non-controlling interests	246	229	1,715
Total equity	114,442	117,516	880,006
Total liabilities and equity	¥153,261	¥152,238	\$1,140,018

* The U.S. dollar amounts in this report represent translations of Japanese yen, for convenience only, at the rate of ¥133.54 to U.S. \$1.00, the approximate exchange rate on March 31, 2023.

Consolidated Statement of Comprehensive Income

Years ended March 31, 2022 and 2023

		Millions of yen	Thousands of U.S. dollars*
	FY2021 (From April 1, 2021 to March 31, 2022)	FY2022 (From April 1, 2022 to March 31, 2023)	FY2022 (From April 1, 2022 to March 31, 2023)
Revenue	¥105,387	¥110,919	\$830,605
Cost of sales	49,915	56,864	425,820
Gross profit	55,472	54,054	404,778
Other revenue and expenses			
Selling, general and administrative expenses	27,913	31,578	236,468
Research and development expense	10,980	10,944	81,953
Other income	309	457	3,422
Other expenses	388	242	1,812
Operating profit (loss)	16,499	11,746	87,959
Finance income	970	1,170	8,761
Finance costs	318	482	3,609
Share of profit (loss) of investments accounted for using equity method	(1)	4	30
Profit (loss) before tax	17,150	12,438	93,141
Income tax expense	4,309	3,182	23,828
Profit (loss)	12,841	9,256	69,313
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income	(318)	67	502
Remeasurements of defined benefit plans	69	909	6,807
Total	(248)	976	7,309
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	3,487	3,093	23,162
Total	3,487	3,093	23,162
Total other comprehensive income	3,238	4,070	30,478
Comprehensive income (loss)	¥16,080	¥13,326	\$99,790
Profit (loss), attributable to:			
Owners of parent	¥12,796	¥9,272	\$69,432
Non-controlling interests	45	(16)	(120)
Total	¥12,841	¥9,256	\$69,313
Comprehensive income (loss) attributable to:			
Owners of parent	¥16,035	¥13,342	\$99,910
Non-controlling interests	45	(16)	(120)
Total	¥16,080	¥13,326	\$99,790

		Yen	U.S. dollars*
Earnings per share			
Basic earnings per share	¥93.98	¥69.98	\$0.52
Diluted earnings per share	93.95	69.97	0.52

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Consolidated Statement of Changes in Equity

Years ended March 31, 2022 and 2023

FY2021 (From April 1, 2021 to March 31, 2022)								Millions of yen
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at April 1, 2021	¥19,171	¥28,391	¥56,402	¥(1,120)	¥6,413	¥109,258	¥196	¥109,455
Profit (loss)	—	—	12,796	—	—	12,796	45	12,841
Other comprehensive income	—	—	69	—	3,169	3,238	(0)	3,238
Total comprehensive income (loss)	—	—	12,865	—	3,169	16,035	45	16,080
Share-based payment transactions	17	41	0	—	—	59	—	59
Dividends	—	—	(6,077)	—	—	(6,077)	—	(6,077)
Purchase of treasury shares	—	—	—	(5,079)	—	(5,079)	—	(5,079)
Obtaining of control of subsidiaries	—	—	—	—	—	—	4	4
Dividends to non-controlling interests	—	—	—	—	—	—	(0)	(0)
Transfer from other components of equity to retained earnings	—	—	16	—	(16)	—	—	—
Total transactions with owners and other transactions	17	41	(6,061)	(5,079)	(16)	(11,097)	3	(11,093)
Balance at March 31, 2022	¥19,189	¥28,432	¥63,206	¥(6,199)	¥9,566	¥114,196	¥246	¥114,442

FY2022 (From April 1, 2022 to March 31, 2023)								Millions of yen
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at April 1, 2022	¥19,189	¥28,432	¥63,206	¥(6,199)	¥9,566	¥114,196	¥246	¥114,442
Profit (loss)	—	—	9,272	—	—	9,272	(16)	9,256
Other comprehensive income	—	—	909	—	3,160	4,070	0	4,070
Total comprehensive income (loss)	—	—	10,182	—	3,160	13,342	(16)	13,326
Share-based payment transactions	29	8	20	22	—	80	—	80
Dividends	—	—	(5,332)	—	—	(5,332)	—	(5,332)
Purchase of treasury shares	—	—	—	(5,000)	—	(5,000)	—	(5,000)
Disposal of treasury shares	—	0	0	0	—	0	—	0
Cancellation of treasury shares	—	(0)	(4,999)	4,999	—	—	—	—
Dividends to non-controlling interests	—	—	—	—	—	—	(0)	(0)
Transfer from other components of equity to retained earnings	—	—	(2)	—	2	—	—	—
Total transactions with owners and other transactions	29	8	(10,314)	22	2	(10,251)	(0)	(10,252)
Balance at March 31, 2023	¥19,218	¥28,441	¥63,074	¥(6,177)	¥12,729	¥117,286	¥229	¥117,516

FY2022 (From April 1, 2022 to March 31, 2023)								Thousands of U.S. dollars*
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at April 1, 2022	\$143,695	\$212,910	\$473,311	\$(46,421)	\$71,634	\$855,145	\$1,842	\$856,987
Profit (loss)	—	—	69,432	—	—	69,432	(120)	69,313
Other comprehensive income	—	—	6,807	—	23,663	30,478	0	30,478
Total comprehensive income (loss)	—	—	76,247	—	23,663	99,910	(120)	99,790
Share-based payment transactions	217	60	150	165	—	599	—	599
Dividends	—	—	(39,928)	—	—	(39,928)	—	(39,928)
Purchase of treasury shares	—	—	—	(37,442)	—	(37,442)	—	(37,442)
Disposal of treasury shares	—	0	0	0	—	0	—	0
Cancellation of treasury shares	—	(0)	(37,434)	37,434	—	—	—	—
Dividends to non-controlling interests	—	—	—	—	—	—	(0)	(0)
Transfer from other components of equity to retained earnings	—	—	(15)	—	15	—	—	—
Total transactions with owners and other transactions	217	60	(77,235)	165	15	(76,764)	(0)	(76,771)
Balance at March 31, 2023	\$143,912	\$212,977	\$472,323	\$(46,256)	\$95,320	\$878,284	\$1,715	\$880,006

* The U.S. dollar amounts in this report represent translations of Japanese yen, for convenience only, at the rate of ¥133.54 to U.S. \$1.00, the approximate exchange rate on March 31, 2023.

Consolidated Statement of Cash Flows

Years ended March 31, 2022 and 2023

		Millions of yen	Thousands of U.S. dollars*
	FY2021 (From April 1, 2021 to March 31, 2022)	FY2022 (From April 1, 2022 to March 31, 2023)	FY2022 (From April 1, 2022 to March 31, 2023)
Cash flows from operating activities			
Profit (loss) before tax	¥17,150	¥12,438	\$93,141
Depreciation and amortization	5,132	5,693	42,631
Interest and dividend income	(104)	(343)	(2,569)
Interest expenses	65	64	479
Loss (gain) on sale and retirement of fixed assets	336	(46)	(344)
Decrease (increase) in trade and other receivables	1,008	1,647	12,333
Decrease (increase) in inventories	(3,398)	(3,092)	(23,154)
Increase (decrease) in trade and other payables	544	(1,101)	(8,245)
Increase (decrease) in employee benefits	(1,713)	(2,474)	(18,526)
Other, net	961	(2,940)	(22,016)
Subtotal	19,984	9,845	73,723
Interest received	81	316	2,366
Dividends received	22	26	195
Interest paid	(71)	(59)	(442)
Income taxes paid	(4,379)	(4,159)	(31,144)
Income taxes refund	393	143	1,071
Net cash provided by (used in) operating activities	16,031	6,114	45,784
Cash flows from investing activities			
Purchase of property, plant and equipment	(2,941)	(4,142)	(31,017)
Proceeds from sale of property, plant and equipment	84	63	472
Purchase of other financial assets	(30)	(150)	(1,123)
Proceeds from sale of other financial assets	57	5	37
Payments for acquisition of subsidiaries	(4,012)	—	—
Other, net	(1,864)	(992)	(7,428)
Net cash provided by (used in) investing activities	(8,706)	(5,216)	(39,059)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	(1,361)	—	—
Proceeds from long-term borrowings	3,000	—	—
Repayments of long-term borrowings	(3,000)	—	—
Repayments of lease liabilities	(904)	(1,123)	(8,409)
Purchase of treasury shares	(5,079)	(5,000)	(37,442)
Dividends paid	(6,077)	(5,332)	(39,928)
Other, net	28	46	344
Net cash provided by (used in) financing activities	(13,395)	(11,409)	(85,435)
Effect of exchange rate changes on cash and cash equivalents	1,949	1,655	12,393
Net increase (decrease) in cash and cash equivalents	(4,120)	(8,856)	(66,317)
Cash and cash equivalents at the beginning of period	49,810	45,689	342,137
Cash and cash equivalents at the end of period	¥45,689	¥36,833	\$275,820

* The U.S. dollar amounts in this report represent translations of Japanese yen, for convenience only, at the rate of ¥133.54 to U.S. \$1.00, the approximate exchange rate on March 31, 2023.

Glossary

Term	Description
3GPP (3rd Generation Partnership Project)	A project that was established to set third-generation (3G) mobile communications technology standards and LTE, LTE-Advanced (4G), and is now developing international standards for 5G.
5G-Advanced	This term is used for 3GPP defined 5G specification "Release 18" and beyond. This 5G extension standard employs some of 6G expected technologies so that it achieves even greater speed.
5G New RAT (5G New Radio Access Technology)	A new wireless communications technology for use with 5G. It can handle ultra-high speed communications in excess of 10Gbps.
6G (Six Generation)	Sixth-generation mobile communications technology. The name given to next-generation mobile communications technology which is being researched in various countries with the aim of launching services around 2030.
C-band	5G services offered in the U.S. that use frequencies in the Sub6GHz band from 3.7GHz~4.0GHz; the FCC (U.S. Federal Communications Commission) called this band the C-band when auctioning frequencies.
Coherence	Natural light waves cannot be superimposed because of the light's randomized phase. In contrast, laser light waves can be superimposed since their phases can be aligned. This state of phase-aligned waves is called coherence.
Edge Computing	A type of networking with a distributed network of servers near the terminals, and where data processing is performed near users and terminals to reduce load and communication delays in upper-level systems.
GCF (Global Certification Forum) certification	A certification from GCF, an organization comprising telecommunications operators, mobile device manufacturers, and test houses, is recognized to conform with 3GPP standards for mobile devices and mobile device testing environments.
Graphene	A sheet-like material with a single atom of thickness, consisting of carbon atoms bonded together in a hexagonal, beehive-like shape. It has high strength and flexibility, conducts electricity more easily than metals, has high thermal conductivity, and is thin and transparent.
InP (Indium Phosphide) Semiconductors	Compared to silicon semiconductors, these semiconductors offer high electron mobility and high saturation electron velocity, and are used in high-frequency devices. These are capable of emitting light similarly to GaAs semiconductors.
IOWN (Innovative Optical and Wireless Network)	New communication infrastructure using innovative technologies, including All-Optical Network IOWN Global Forum, is in the process of examining.
LiDAR (Light Detection And Ranging)	Technology that measures the distance to and shape of an object based on information gathered from reflected laser light.
Local 5G	The system developed by the Ministry of Internal Affairs and Communications of Japan that builds communication environments utilizing the Non-Public Networks (NPN) introduced in the 3GPP Release 16. This differs from private 5G, a system with a similar mechanism being studied overseas, as it requires licences for using radio waves.
NEMS (Nano Electro Mechanical Systems)	These devices have a nano-order machine structure and are even smaller than micro electro mechanical systems (MEMS), which are built with semiconductor processing technologies.
NTN (Non-Terrestrial Networks)	Multilayered systems with connectivity between not only communications satellites, but also all moving objects, whether land, sea, air, or space-based, including HAPS (High Altitude Platform System) devices, drones, and ships.
OCT (Optical Coherence Tomography)	A technology that uses the phenomenon of interferometry to determine the three-dimensional structure of objects. When applied to retinal examination, it enables easy tomographic observations of the retina and other portions of the rear of the eye, enabling early detection and precise examination of various eye diseases, such as glaucoma and macular disease.
O-RAN (Open-Radio Access Network)	The O-RAN Alliance is developing specifications for each unit that makes up a base station, as well as interface specifications between units. The goal is to standardize specifications that have differed from vendor to vendor.
Powertrain	A generic term for devices that efficiently transfer rotational energy generated by an engine to the driving wheels. Specifically, it refers to the engine, electric motor, clutch, transmission, and ancillary elements. This powertrain is responsible for all vehicle movements, including driving, turning, and stopping.
Private 5G	A mechanism for building a communication environment using non-public networks (NPN), introduced in the 3GPP Release 16 standard. Though it offers all 5G NR features, a private 5G network is built in an environment that is physically and virtually disconnected from public networks.
RedCap (Reduced Capability)	A specification introduced in the 3GPP Release 17 standard for operating 5G at narrower bandwidths, lower peak data rates, and fewer antennas in order to facilitate use in wearable devices, surveillance cameras, industrial sensors, and other devices. Also called NR-Light.
Resilience	The ability to provide and maintain an acceptable level of service even in the face of various failures and challenges to normal operations.
Sidelink	A function that enables direct communication between pedestrians and vehicles without the need for a base station. This function enables communication even when base stations are not available, such as in the event of a disaster.
SLD (Super Luminescent Diode) Light Source	A broadband light source with the dual characteristics of a light emitting diode (LED) and a semiconductor laser diode (LD). While it can emit light with a broad spectrum like LEDs, its light has the phase-aligned qualities of LDs. It is used for OCT and other applications.
SOA (Semiconductor Optical Amplifier)	A semiconductor element that amplifies light. Antireflective processing is applied on both facets of a semiconductor laser to eliminate the resonator structure. When light enters from outside the semiconductor, the light is amplified by stimulated emission.
Sub 6GHz (Sub6)	The name used for bands of 6GHz or less when referring to frequency ranges used in 5G systems. These are low band compared to millimeter wave bands. In 5G standards, bands of 6GHz or less have been defined as FR1, while millimeter wave bands have been defined as FR2.
V2X (Vehicle to everything)	V2X is a specification that enables cars to communicate with any devices, and consists of those such as vehicle-to-vehicle (V2V), vehicle-to-infrastructure (V2I), and vehicle-to-pedestrian (V2P). Furthermore, one that realizes it with cellular communication is called C-V2X.
V-RAN (Virtualized Radio Access Network)	A virtualized wireless access network, in which the Base-Band Unit (BBU) is implemented by software in a base station system that separates the BBU and the Remote Radio Head (RRH).
Wavelength Swept Light Source	A light source that emits laser light with a continuously sweeping wavelength. Wavelength swept light sources use the coherence of laser light and are utilized as light sources for sensing in a wide range of fields, such as precision width measurement, vibration measurement, surface inspection, and other industrial applications, as well as medical applications such as ophthalmology OCT and intravascular OCT, and infrastructure/plant measurement applications such as displacement/fluctuation of large structures.
WDM (Wavelength Division Multiplexing)	An optical communications technology for transmitting large-capacity signals.

Third-Party Assurance/Statement of Responsibility

Third-Party Assurance

To ensure the reliability of the information disclosed in Anritsu's Integrated Report 2023, Anritsu Group has received third-party assurance in accordance with ISAE 3000 and ISAE 3410 of the International Standard on Assurance Engagements from Sustainability Accounting Co., Ltd. for the following published information.

- CO₂ emissions (Scope 1, 2, and 3) (P.4, 7, 17, 46, 47, 66)
- Total energy consumption (P.6, 66)
- Annual renewable energy generation (P.4, 7, 17, 46, 47, 66)

WEB Third-party assurance reports regarding the Anritsu Group Sustainability Report 2023 are available on our website.
<https://www.anritsu.com/en-gb/about-anritsu/sustainability/library>

Statement of Responsibility



On the Release of Anritsu's Integrated Report 2023

Akifumi Kubota

Director
Executive Vice President
CFO

Anritsu has released integrated reports since fiscal year 2015, and this report will be our 9th publishing. We will continue to improve the quality of our integrated reports with the aim of furthering our stakeholders' understanding of the value creation story Anritsu is aiming to achieve in our medium and long-term efforts to contribute to the development of a safe, secure, and prosperous global society by offering "Original and High Level" products and services with "Sincerity, Harmony, and Enthusiasm," as stated in our Company Philosophy.

In this fiscal year's integrated report, we describe our scenario for becoming a ¥200 billion company by FY2030 and our Mid-Term Business Plan GLP2023, which lays the foundation for this scenario. The report also clarifies our key management issues and their targets, and presents our approach to solving these issues by presenting our initiatives and KPIs for each fiscal year. In addition, further information is now provided concerning our ESG efforts, which include our approach to the environment, climate change, and human capital, as well as information on corporate governance, in response to social demands.

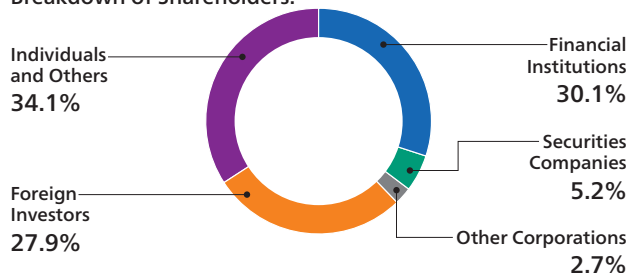
This report was prepared primarily by the Corporate Branding Department's IR Team while engaging in sincere discussion with relevant departments. As an officer in charge of the Corporate Branding Department with responsibility for integrated report preparation, I attest to the legitimacy of the report production process and the accuracy of the information contained herein.

We welcome any feedback you may have upon reading the report. We will continue to refine this report and strive to make it a valuable resource for communication with our stakeholders. I hope this report will be of use in better understanding the Anritsu group.

Investor Information (As of March 31, 2023)

Head Office:	ANRITSU CORPORATION 5-1-1 Onna, Atsugi-shi, Kanagawa 243-8555, Japan Tel: +81-46-223-1111 URL: https://www.anritsu.com
Founded (Sekisan-sha)	1895
Established	March 17, 1931
Paid-in Capital:	¥19.218 billion
Number of Employees:	4,144 (Consolidated) 1,750 (Non-Consolidated)
Stock Listing:	Tokyo (Ticker Symbol No: 6754)
Transfer Agent:	Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo 100-8233, Japan
Number of Shareholders:	68,896
Rating: (Updated on May 31, 2021)	Rating and Investment Information, Inc. Issuer Rating: A Short-Term Rating: a-1
Authorized Shares:	400,000,000
Issued Shares:	135,868,594

Breakdown of Shareholders:



Major Shareholders

Shareholder Name	Number of Shares (in Thousands)	Percentage of Total Shares Issued
The Master Trust Bank of Japan, Ltd. (Trust Account)	20,966	15.90
Custody Bank of Japan, Ltd. (Trust Account)	9,095	6.90
Sumitomo Life Insurance Company	2,314	1.75
Custody Bank of Japan, Ltd. Retirement payment account of Sumitomo Mitsui Trust Bank	2,000	1.52
JP MORGAN CHASE BANK 385781	1,790	1.36
SMBC Nikko Securities Inc.	1,707	1.29
STATE STREET BANK WEST CLIENT - TREATY 505234	1,663	1.26
JUNIPER	1,497	1.14
STATE STREET BANK AND TRUST COMPANY 505223	1,422	1.08
Mitsui Sumitomo Insurance Co., Ltd.	1,334	1.01

Note: The shareholding ratio is calculated by excluding the number of treasury stock (3,988,795 shares).

Major Subsidiaries (As of March 31, 2023)

Japan	Principal Businesses
Tohoku Anritsu Co., Ltd.	Manufacture of Test & Measurement instruments and environment measurement equipment
Anritsu Customer Support Co., Ltd.	Calibration, repair, and maintenance of Test & Measurement instruments
Anritsu Invis Co., Ltd.	Manufacture of PQA equipment
TAKASAGO, LTD.	R&D, manufacture, sales and maintenance of environment measurement equipment
Anritsu Devices Co., Ltd.	Manufacture of optical devices
Anritsu Kousan Co., Ltd.	Management of facilities, welfare services, and -production of catalogs and other materials
Anritsu Real Estate Co., Ltd.	Real estate leasing
Hapi Suma Co., Ltd.	Contract manufacturing
AT Techmac Co., Ltd.	Manufacture and sales of processed products and unit assembly articles

Americas	Principal Businesses
Anritsu U.S. Holding, Inc. (U.S.A.)	Holding company for American subsidiaries
Anritsu Company (U.S.A.)	R&D, manufacture, sales and maintenance of Test & Measurement instruments
Anritsu Americas Sales Company (U.S.A.)	Sales and maintenance of Test & Measurement instruments
Azimuth Systems, Inc. (U.S.A.)	R&D, manufacture, and maintenance of Test & Measurement instruments
Anritsu Electronics, Ltd. (Canada)	Sales of Test & Measurement instruments
Anritsu Eletrônica Ltda. (Brazil)	Sales and maintenance of Test & Measurement instruments
Anritsu Company, S.A. de C.V. (Mexico)	Sales of Test & Measurement instruments
Anritsu Invis Inc. (U.S.A.)	Sales and maintenance of PQA equipment

EMEA	Principal Businesses
Anritsu EMEA GmbH (Austria)	Sales of Test & Measurement instruments
Anritsu EMEA Ltd. (U.K.)	Sales and manufacture of Test & Measurement instruments
Anritsu GmbH (Germany)	Sales and maintenance of Test & Measurement instruments
Anritsu S.A. (France)	Sales of Test & Measurement instruments
Anritsu S.r.l. (Italy)	Sales of Test & Measurement instruments
Anritsu AB (Sweden)	Sales of Test & Measurement instruments
Anritsu A/S (Denmark)	R&D, manufacture, sales, and maintenance of Test & Measurement instruments
Anritsu Solutions S.r.l. (Italy)	R&D of Test & Measurement instruments
Anritsu Solutions S.R.L. (Romania)	R&D of Test & Measurement instruments
Anritsu Solutions SK, s.r.o. (Slovakia)	R&D and maintenance of Test & Measurement instruments
Anritsu Invis Ltd. (U.K.)	Sales and maintenance of PQA equipment
Anritsu Invis B.V. (Netherlands)	Sales and maintenance of PQA equipment

Asia & Others	Principal Businesses
Anritsu Company Ltd. (Hong Kong)	Sales and maintenance of Test & Measurement instruments
Anritsu (China) Co., Ltd. (China)	Sales and maintenance of Test & Measurement instruments
Anritsu Electronics (Shanghai) Co., Ltd. (China)	Maintenance of Test & Measurement instruments
Anritsu Corporation, Ltd. (Korea)	Sales and maintenance of Test & Measurement instruments
Anritsu Company, Inc. (Taiwan)	Sales and maintenance of Test & Measurement instruments
Anritsu Pte. Ltd. (Singapore)	Sales and maintenance of Test & Measurement instruments
Anritsu India Private Ltd. (India)	Sales and maintenance of Test & Measurement instruments
Anritsu Pty. Ltd. (Australia)	Sales and maintenance of Test & Measurement instruments
Anritsu Company Ltd. (Vietnam)	Sales and maintenance of Test & Measurement instruments
Anritsu Philippines, Inc. (Philippines)	R&D of Test & Measurement instruments
Anritsu Industrial Solutions (Shanghai) Co., Ltd. (China)	Sales and maintenance of PQA equipment
Anritsu Industrial Systems (Shanghai) Co., Ltd. (China)	Manufacture of PQA equipment
Anritsu Invis (THAILAND) Co., Ltd. (Thailand)	Manufacture and maintenance of PQA equipment



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