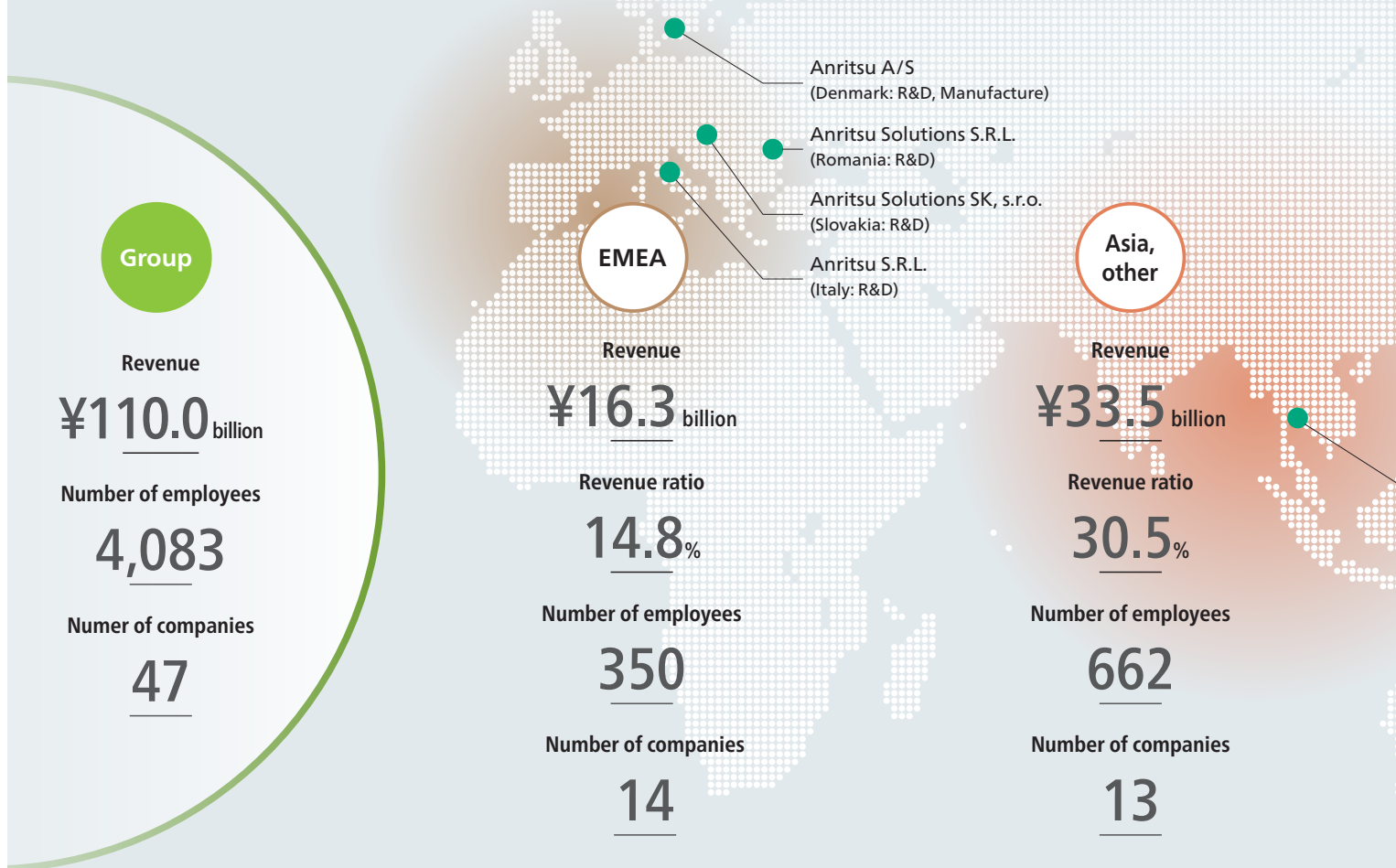


Global Business Structure (FY2023 or as of March 31, 2024)

Revenue outside Japan accounts for 68.9% 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.



*EMEA: Europe, Middle East, Africa

The Anritsu Group at a Glance

(FY2023 or as of March 31, 2024)

Ratio of Overseas Revenue

68.9%

Private Generation of Renewable Energy Ratio (PGRE 30)

10.4%

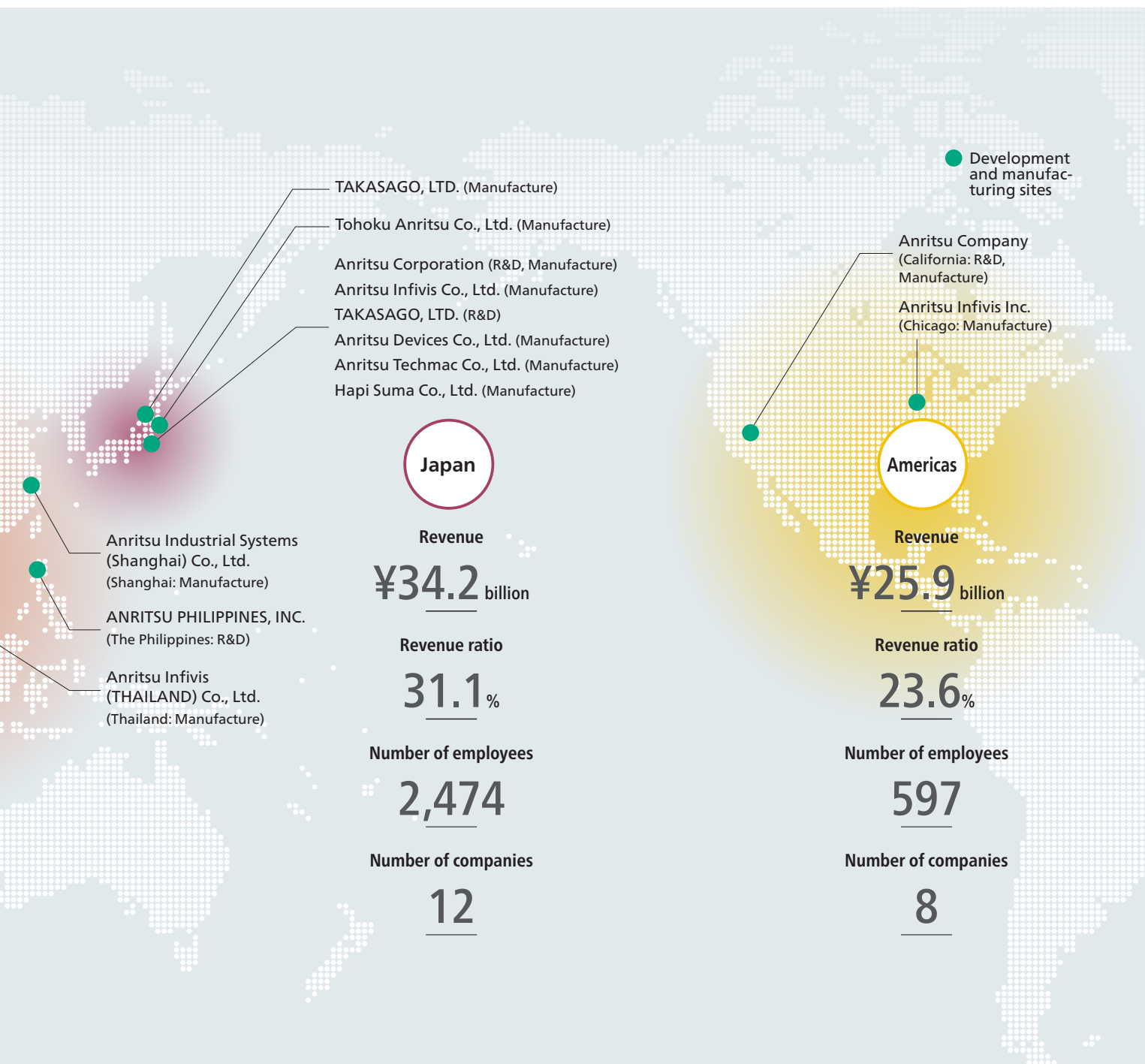
Operating Profit

¥9.0 billion

CO₂ Emissions (Scope 1+2)

11,572 t-CO₂

* Scope 2 Guidance uses the market-based method.



Operating Profit
Margin

8.2 %

Return on Equity
(ROE)

6.3 %

Dividends per Share

¥40

Equity Attributable to Owners
of Parent to Total Assets Ratio

77.9 %

CO₂ Emissions
(Scope 3)

115,505 t-CO₂

Percentage of
Female Managers
(Global)

11.2 %

Work Environment
Satisfaction Rate
(Anritsu Group in Japan)

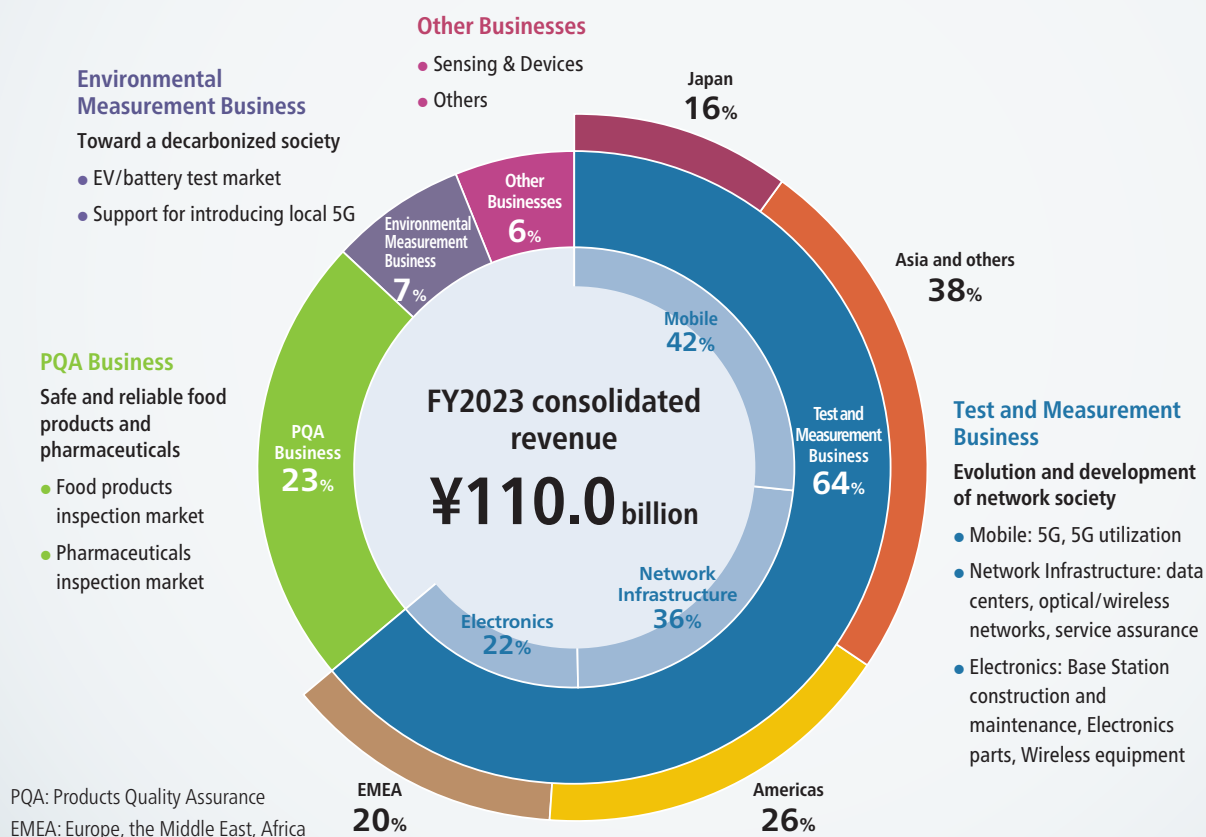
71.1 %

Percentage of Outside
Directors

10 %

Anritsu Now

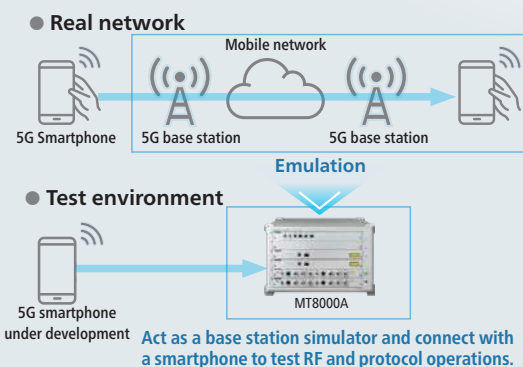
On top of our accumulated advanced technologies and enterprising in-house development, Anritsu also provides various social values globally in collaboration with our customers and partner companies.



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 simulator 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



Terminal manufacturers / test houses

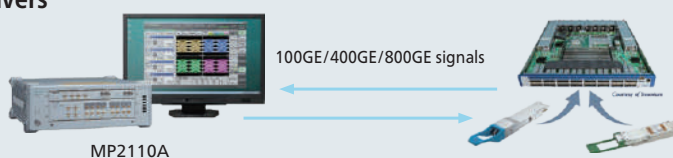
The developed smartphone will be verified for conformance with 3GPP standards using a conformance test system before commercialization.



Carrier Acceptance Test

Providing manufacturing solutions for optical transceivers

In response to the establishment of new data centers and an increase in capacity due to the proliferation of generative AI, the speed of optical transceivers and their demand are increasing. Anritsu provides an environment for evaluating the performance of 100GE/400GE/800GE optical transceivers to contribute to increasing the speed of communications between servers at data centers.



PQA Business

Providing Solutions for Food Safety and Security

More accurate and advanced foreign substance inspection is made possible by incorporating deep-learning AI developed for detecting foreign substances in X-ray inspections that penetrate the inspection items. In addition to foreign substances, deformations and deficiencies in quantity can also be inspected in various food product production lines.



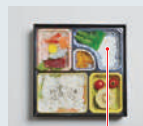
KXH7534ASGCD

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.



Missing Item



Check for perforation

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

Inspection of potato salad pouch packaging. Jammed food products absorb more X-rays than seals.

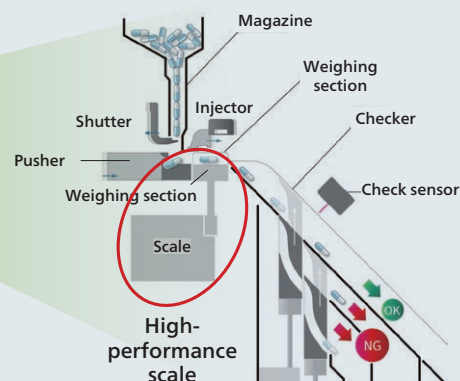
Providing solutions for the pharmaceutical market

Inspects weight of all capsule-type pharmaceuticals at a high speed and high precision. Our high-performance scales provide industry-leading measurement precision and contribute to the improvement of manufacturing efficiency in pharmaceutical production.

* Based on our research results



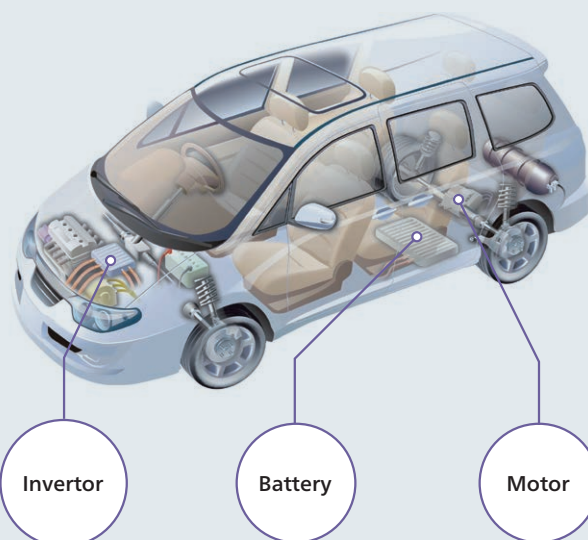
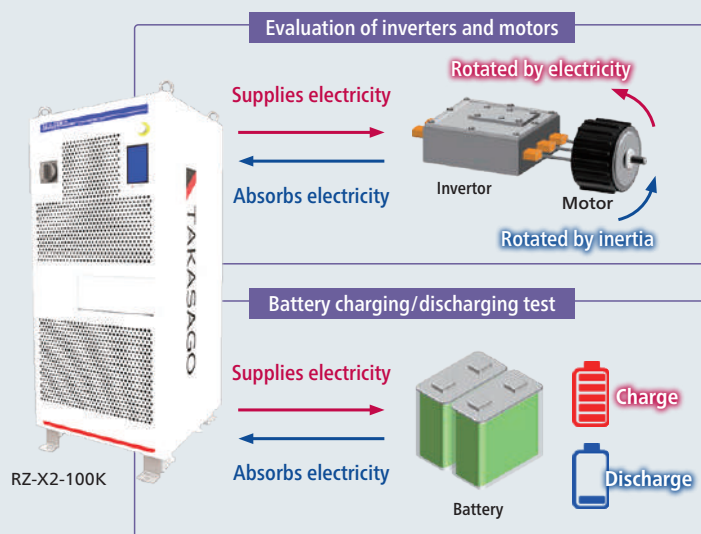
KXS9002AP



Environmental Measurement Business

Providing High-Performance Power Supplies for EV Motor Systems and Battery Testing

We have developed high-voltage power supplies for testing EV motor systems, which reach a few 100 volts, by utilizing our high-precision, high-response-speed, highly stable, and highly efficient power control technology that we have cultivated over the years. We support tests to enable safe and reliable use of batteries and motors for EVs.





Hirokazu Hamada

Representative Director,
President and Anritsu Group CEO

Group CEO Message

“Beyond Testing, Beyond Limits, for a Sustainable Future Together”

Anritsu Will Continue Evolving to Become a ¥200 Billion Company in FY2030

Values Consistent Across the Anritsu Group

Anritsu places importance on the value of pursuing the latest technologies. As new technologies are unmaturing and have numerous issues, overcoming them and providing support are the roles of test instruments. This is the value of our testing technology.

However, demand for testing technology, Anritsu's competency, will shrink as the market matures. For Anritsu to survive, we must promptly capture cutting-edge technology and support the spread of these latest technologies. The testing technology that we have been cultivating for years has been constantly shifting toward the cutting edge. We believe it is our mission to support the spread of new technologies promptly and smoothly.

Markets Anritsu Is Involved in and Recognition of Their Environment

Anritsu selected the mobile communication test field to focus its investments and aims to achieve greater growth. However, this strategy has two issues. Firstly, the business lacks stability because the mobile communication test market is extremely volatile. As such, performance may rise and rapidly fall like a roller coaster. These changes greatly impact the motivation of stakeholders and employees. When the performance is good, the Company is seen as a “good company,” but evaluation drops if the performance drops, and it takes time for that evaluation to recover. To achieve a stable growth trend, this volatile status needs to be improved. Secondly, focusing on mobile communication test instruments will lead to relying on a limited, niche

market. Furthermore, as there are only few competitors in the market, competition will become extremely severe in order to expand market share. Under such circumstances, growth in sales would be limited.

The market for the Test and Measurement Business is distinctive because the investment cycle repeats as the technology advances, and we expect large-scale investments will be made for the transition to 6G, similar to those made for the transition from 4G to 5G. The current size of the mobile-related test and measurement market is approximately ¥200 billion and this market is mainly occupied by two companies which include Anritsu.

What is interesting is that the size of investments for the transition between each generation such as 3G, 4G, and 5G are almost the same. This is because mobile operators are reinvesting their profit, so that funds circulate to smartphone manufacturers and other related companies. Even if the number of subscribers increases, the price of devices drops and funds allocated for capital investment stay constant, and the amount of investment does not greatly change. Meanwhile, as the development of test instruments requires technological expertise cultivated over the years and large-scale facilities, new entries are difficult and easier for existing companies to maintain their market share and make stable business expansion possible.

The Test and Measurement Business has been conducting business by constantly incorporating cutting-edge technologies. Anritsu has been a specialist in testing throughout the evolution of communication technologies. However, it is uncertain how long this state will continue. For example, computers have continued to evolve at the cutting edge for a long time but have become a commodity in the current era, and demand for the latest technology is diminishing. This also goes for smartphones, whose demand for cutting-edge functions is on the decline. As technologies become commodities, opportunities for testing will

Group CEO Message

decline and the continuity of our business will be at risk. We need to continue searching for the next technological field and are searching for testing needs in different fields such as automobiles and food products.

Future Value That Anritsu Will Create

For Anritsu to grow, we need to widen our possibilities by applying our competency of testing to a wider market. I believe the technology of testing can be used in a wider area. The message "Beyond testing, beyond limits, for a sustainable future together" does not mean forcing excessive efforts that exceed human limits, but to eliminate preconceptions and challenges toward new markets. In other words, it means to reassess what we thought were limits and expand the possibilities to build a path for new growth. Anritsu will maintain testing technology as its foundation while also expanding its range of applications to sustain its growth. This is Anritsu's vision for the future.

The strength of Anritsu is the ability we have as a group of engineers. A characteristic of the Company is our ability to understand the behaviors of both the hardware and software and the ability to keep track of new standards, allowing us to plan and design products by ourselves. We pride ourselves on our ability to materialize new technologies and products and create any product when given a clear direction. I hope to respond to future testing needs by utilizing these technological and manufacturing capabilities.

On the other hand, despite being able to support the market by specializing in testing, it is difficult to create a market by ourselves. For example, the smartphone market consists of various of our customers such as chipset vendors, device vendors, telecommunications operators, and other entities, but we cannot create that market itself. That is why we need to continue searching for growing markets.

Requirements for Anritsu to Continue Evolving

Review of GLP2023

In GLP2023, we did not achieve a consolidated revenue of ¥140 billion due to many external factors such as the COVID-19 pandemic and the Ukraine-Russia conflict, and the impact of investments related to 5G peaking earlier than expected in around 2020, leading to a downward trend. Despite this, we were able to head-start businesses in new areas having drawn a growth strategy based on an estimate that 5G-related investments will peak in 2023. We expect the effects to appear a year or two years earlier than initially planned.

GLP2026 and Beyond

In GLP2026, we have set the target for consolidated revenue at ¥140 billion again.

We think that the Test and Measurement Business can achieve ¥80 billion considering its market size, and have increased the target by ¥10 billion to ¥90 billion. We aim to achieve this by further horizontal expansion and cultivation of new areas through M&A. After achieving an upper trend in the three years going forward, I think accelerating the growth by responding to 6G is the path for the Test and Measurement Business to achieve the target of ¥110 billion in FY2030.

The PQA Business is on a growing trend, but the profit ratio is an issue. In addition to food products, which is our current focus, we are expanding into pharmaceuticals. As there are many barriers to entry into the pharmaceutical market, we are considering M&A to overcome such barriers and accelerate entry.

Under these circumstances, we have built a system to achieve results in the short term by promoting the growth strategy by focusing talented human resources in the management strategy division. We are aiming to grow the entire Company by advancing business through M&A. After finding a market, it is important to approach the players in that market. However, it is not easy to introduce new products at an optimal time. The key to success is to effectively develop new products that will be required by the market before they are actually needed by forecasting technological development. CTO Noda and the Advanced Research Laboratory are in

charge of making these forecasts and are conducting investigation and making forecasts on new technologies.

If we miss the timing, we will implement the strategy of accelerating the entry into the market through M&A. It is crucial for companies to sensitively detect the changes in the market and implement a flexible strategy to survive. A year or two pass by in an instant considering the time frame of M&A. We recognize that GLP2026 is a growth stage for the new seeds we planted in GLP2023 to become pillars of our businesses.

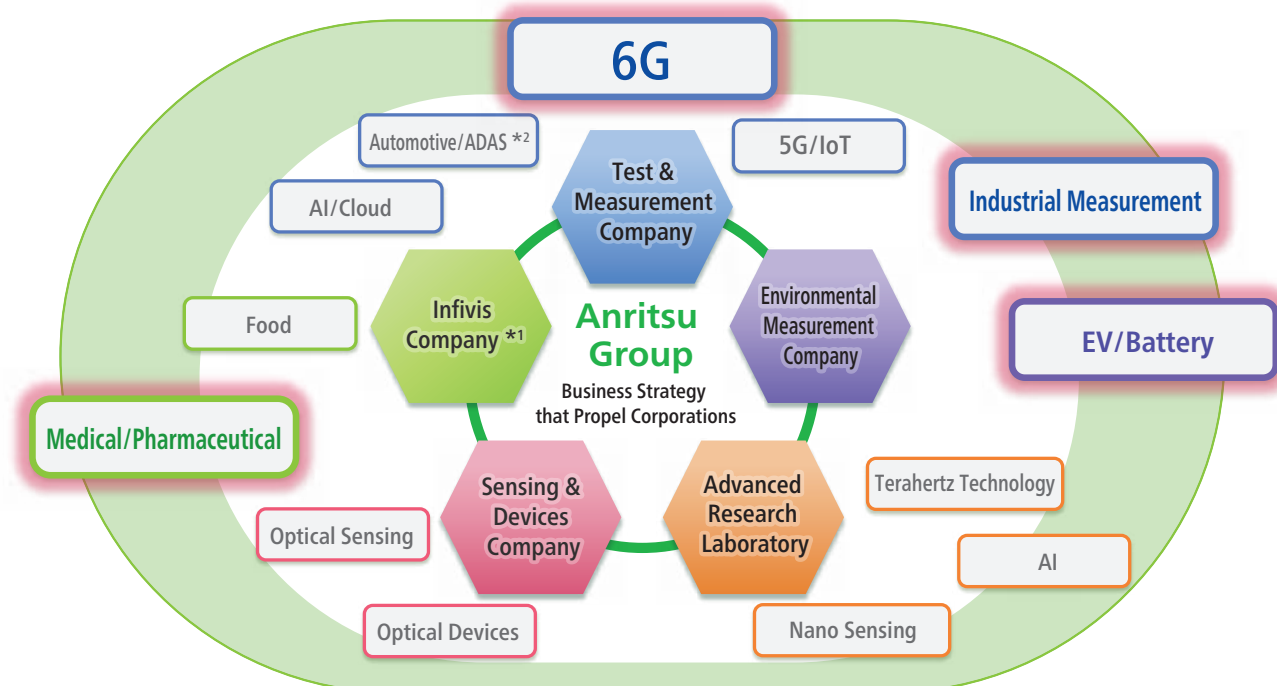
Global Long-term Management Plan ▶ P.28

Human Resources Strategy That Supports Growth

Human capital is also the most important asset for Anritsu. When considering the human resources strategy, I indicated two things: to think in anticipation of 2030 and to think globally.

Anritsu has traditionally been developing human resources on a business unit level through OJT but continuing conventional methods will not achieve net sales of ¥200 billion in FY2030. For example, when enhancing the EV/battery test business, growth in that field would be difficult if there were no human resources with the required expertise. We established A-SKILLS, an internal training organization, in April 2024 as we thought it was necessary to take on new challenges. The system is to invite internal and external instructors to pass down their knowledge and conduct systematic training until trainees receiving the certificate of completion. The aim is to train human resources that will be the foundation of the Company. Specifically, participants are trained on the principles of testing, advantages we have over our competitors, and knowledge required for sales as well as learning how to accurately answer customer questions through role-playing. We will not only utilize external instructors but also internal engineers to pass down the knowledge of senior human resources who have advanced skills.

6G and Three New Business Areas in GLP2026



*1 Infivis Company: PQA Business

*2 ADAS : Advanced Driver-Assistance Systems

Group CEO Message

In addition, we have formulated a human resources strategy that considers allocation of human resources that are necessary to achieve the ¥200 billion target in 2030. In the past, we asked each business unit about the required number of personnel, but we have now planned recruitment and training plans for the number of personnel and skills by calculating backwards from the FY2030 target. This is our first attempt, but we will strive to achieve our targets.

We are also considering changing our evaluation system. We are planning a system where participants can take tests so that the acquisition of skills is recorded, and activities using those skills are properly evaluated. Maintaining a record of skills acquisition is also an important element from the perspectives of skillsets required for the human resources and human resources portfolio.

Furthermore, we are hoping to increase our overall competitiveness by having the participants learn about our products in various businesses as well as promoting cross-sales and partnerships.

Human Resources Strategy ► P.36

Future Envisioned Through Sustainability Management

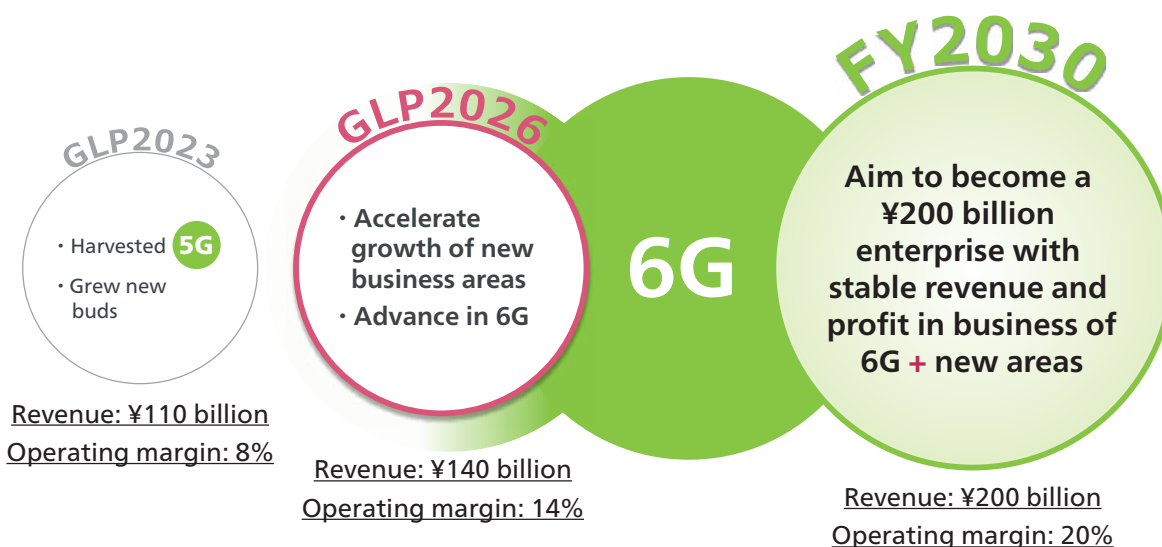
In terms of sustainability, we focused on fundamental activities that benefit the Company and society and avoided purely performative activities. There was distance between activities for business and sustainability, but we are aiming to integrate sustainability into business within the next three years. To be precise, we will focus on activities that help realize a circular economy, such as reducing the use of plastics in our products and promoting recycling.

To increase the recyclability of products, building a waste recovery system is required. This initiative includes collecting products from our customers and is a new challenge for us. As there is a division at Anritsu that generates sales by reusing disposed parts, we will effectively coordinate these activities. In addition, we aim to provide high-quality services by cooperating with partners with the same mindset in the supply chain as well. Through these initiatives, we plan to increase our corporate value by balancing sustainability and business.

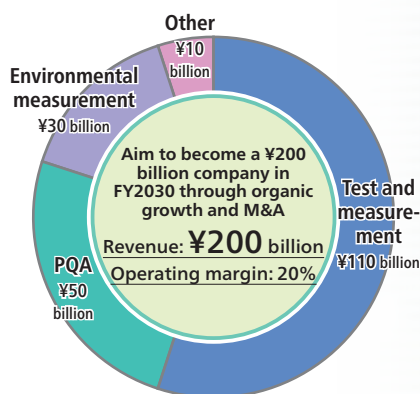
We are promoting private power generation to

GLP2026 and Our Vision for FY2030

Beyond Testing, Beyond Limits, for A Sustainable Future Together



Our Vision for FY2030



Growth drivers for test and measurement

- 6G and IOWN
- Utilization of 5G, automated driving, smart cities, smart factories, metaverse, and satellite communication
- O-RAN, V-RAN
- Next-generation computing
- Enhanced network speed due to the use of generative AI

Growth drivers for PQA

- Expansion of global business in the food product market
- Penetration of the pharmaceutical market
- Quality inspection business utilizing AI

Growth drivers for environmental measurement

- EV/battery and decarbonizing social infrastructure
- Industrial DX, local 5G, and smart factory
- Smartening of social infrastructure
- Global expansion



reduce greenhouse gas emissions under “Anritsu Climate Change Action PGRE 30.” Many companies are planning to utilize renewable energy with the aim of realizing a carbon-neutral society. For procuring electricity from natural energy, there is also a method of purchasing certificates for electricity derived from natural energy, which does not require capital investment. Anritsu aims to use sustainable energy in the true sense of its meaning by promoting power generation on our premises and, in FY2023, the ratio of private power generation was 10.4%. We have set a target to increase this ratio to about 30% by 2030.

Environment ► P.50

To Our Stakeholders

To become a ¥200 billion company by FY2030, we need to increase society’s awareness of our Company and their trust in us. The U.S., Germany, and Japan have

leading test instrument companies, and these companies are the foundation of the technological strength of these countries. I strive for Anritsu to also be recognized as an important test instrument company that supports the technological strength of Japan. For example, many Japanese technologies are used in the manufacturing of semiconductors. I hope to make Anritsu widely recognized as a similarly indispensable company. Our goal is to clarify our raison d’être by making Anritsu widely known as an indispensable company throughout society by 2030.

FY2024 is the starting year of GLP2026. We hope to leverage what we learned and the seeds we planted during the three years of GLP2023 and grow them into a solid business in the next three years. I will share this process with our employees and shareholders and materialize the strength we cultivated through steady implementation with the understanding of all our stakeholders, and achieve revenue of ¥200 billion in FY2030.

Anritsu Value History

For 129 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."

History of advancement

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

Advancement of products

1908

Started mass-production of common-battery telephones that do not require magnetic power generation. These later became public telephones.



1914

For the first time ever, TYK-type wireless telephones put to practical use sending telegraphs between Toba, Toshijima and Kamishima Island in Mie Prefecture.



* TYK method: Initials of the developers (Torigata, Yokoyama, and Kitamura)

1933

Produced Japan's first TV broadcast transmitter, supplied to Hamamatsu Advanced Technical School.



1939

Developed AC-bias magnetic sound recorder, the core technology for modern tape recorders.



1950

Completed ultra-short wave electrical field strength meter for electrical field strength calibration, which received designation as a national standard instrument.



1956

A coin storage/return switching mechanism was developed, and advance payment of charges was made possible on public telephone "Box No. 5."



1963

Developed a jitter measuring instrument to measure the signal quality of the new PCM* method of audio signal digitization.



1968

Began development of semiconductor lasers, a key component of optical communications.

1964

Developed the "Auto Checker," a checkweigher, by advancing on the technology of electronic micrometers.



* PCM: Pulse Code Modulation

1977

Acquisition of ultra-high-speed digital technology led to the completion of a 2Gb/s ultra high-speed Bit Error Rate Test System (BERTS).



1981

Developed world's first Optical Time Domain Reflectometer (OTDR).



1981

Developed metal detector through the introduction of magnetic sensor technology.



Advancement of the organization

1895
Sekisan-sha founded
(by Keizaburo Ishiguro)

1908
Kyoritsu Electric Co., Ltd.
established (merger of Sekisan-sha
with Abe Electric Co., Ltd.)

1900
Annaka Electric Co., Ltd.
established (by Tsunejiro Annaka)

1931
Anritsu Electric Co., Ltd.
established

1950
Restarted with the second
company method under the
Enterprise Reorganization Act

1961
Establishment of Atsugi Site
(current head office location)

1953
Promoted diversification of
business with the
six-business-unit system

1970
Started import business of
public telephones

1985
Changed Company name to
ANRITSU CORPORATION



1985
Establishment of TOHOKU ANRITSU CO., LTD.

1985

Global business promoted

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

Turning point (2)

1895
Guglielmo Marconi successfully
demonstrated the world's first
wireless telegraph

1952
Contributed to the restoration
of public telephones by Nippon
Telegraph and Telephone
Public Corporation

Identified the potential of test instruments
used in the assessment of
telecommunications equipment and
established T&M business.

Turning point (1)

Revenue

(Billions of yen)

■ =Japan revenue
■ =Overseas revenue

Operating Margin (%)

100

50

1973
Oil Crisis

1985
Plaza Accord
Nippon Telegraph and Telephone
Corporation (NTT) is established

1981
TCP/IP Standardized

Optical Anritsu

1895 1957 1960 1965 1970 1975 1980 1985

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.

Building Foundations as a Multinational Company

1990-1999

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.

*SONET: Synchronous Optical Network
SDH: Synchronous Digital Hierarchy
PDH: Plesiochronous Digital Hierarchy
ATM: Asynchronous Transfer Mode

21st Century: Path to Becoming a Global Brand

2000-2020

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



2000
Developed X-ray inspection device for foreign substances by incorporating X-ray and image processing technologies.



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

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.



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



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



Beyond testing

2021-

2022
Began providing test environments for development of electric powertrains for hybrid and electric vehicles.

* A product of Takasago, Ltd., which became a consolidated subsidiary in January 2022



2022
Began providing 4ch oscilloscope that evaluates ultra-high-speed 800G optical devices.



1990-
Integration and expansion of overseas development, manufacturing, and sales sites

1990
Acquired Wiltron Company (California, USA)

• Obtained high-frequency measurement technology

1997
Transitioned to a one-country, one-company system

2000
Introduced executive officer system

2001
Mobile business set to become a mainstay

Advanced digital modulation technology, complex communication protocol technology acquired

Turning point (3)

¥159.1 billion

2005
Invited outside directors

2005
Acquired NetTest (Denmark)

• Obtained network monitoring technology

2015
Transitioned to a company with an Audit & Supervisory Committee

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

• Obtained advanced fading simulation technology

2021
Transitioned to the four-company system with merging subsidiaries

2022
Acquired TAKASAGO, LTD. (Japan)

• Obtained high-capacity electrical energy control technology

FY2030
Become a
¥200.0 billion
enterprise



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

- 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 <ul style="list-style-type: none"> • Appropriate financial management • Optimization of business portfolio by pioneering new domains 		<ul style="list-style-type: none"> • Shareholders • Investors • Employees 	<ul style="list-style-type: none"> • Company growth • Appropriate shareholder returns • Work satisfaction • Wage increases
Customer and business environment	Expanding to capture new business opportunities through digital innovation <ul style="list-style-type: none"> • Provide solutions that contribute to the development of a robust IT infrastructure • Address innovation in DX technology 		<ul style="list-style-type: none"> • Customers • Employees • Partners • Suppliers 	<ul style="list-style-type: none"> • 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 <ul style="list-style-type: none"> • Provide solutions that contribute to the reduction of food loss • Provide quality assurance solutions • Ensure healthy lifestyles 		<ul style="list-style-type: none"> • Customers • Employees • Partners • Suppliers 	<ul style="list-style-type: none"> • 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		<ul style="list-style-type: none"> • Customers • Employees • Partners • Suppliers 	<ul style="list-style-type: none"> • 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 <ul style="list-style-type: none"> • Reduce greenhouse gas emissions • Introduction of in-house generation of renewable energy 		<ul style="list-style-type: none"> • Customers • Employees • Partners • Suppliers 	<ul style="list-style-type: none"> • Reduce CO₂ emissions
Human resources Strengthening human-centric perspective, etc.	Securing human resources supporting growth <ul style="list-style-type: none"> • Promote diversity • Health and productivity management • Respect human rights 		<ul style="list-style-type: none"> • Employees • Partners 	<ul style="list-style-type: none"> • Comfortable work environment • Skill improvement • Work satisfaction
Governance	Strengthening governance <ul style="list-style-type: none"> • Maintain management transparency 		<ul style="list-style-type: none"> • Shareholders • Investors • Employees • Customers • Partners • Suppliers 	<ul style="list-style-type: none"> • Management transparency

Legend: Financial capital Intellectual capital Human capital Social and relationship capital Manufactured capital Natural capital

Anritsu's Corporate Environment

- 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

- Actions to achieve management conscious of capital cost and stock price
- Formulation of GLP2026
- 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.67	Time axis	Opportunities
(1) Business risks: <ul style="list-style-type: none"> 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 	Short Medium Long	<ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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 (2) Risks of legal violations: <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> Damage to our brand image from safety-related problems with products (7) Risks of infectious diseases and disasters: <ul style="list-style-type: none"> Restrictions on business activities and deterioration of market conditions due to the spread of infectious diseases and natural disasters 	Short Medium Long	<ul style="list-style-type: none"> 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 test 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: <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> Addressing regulations on the use and emission of greenhouse gases and stricter energy conservation standards due to the escalation of global environmental issues 	Short Medium Long	<ul style="list-style-type: none"> 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 test 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.)
(1) Business risks: <ul style="list-style-type: none"> Loss of, or difficulty in acquiring human resources who possess the diversity and capabilities needed for the Anritsu Group's sustainable growth 	Short Medium Long	<ul style="list-style-type: none"> Increased awareness of environmental initiatives among stakeholders
(1) Business risks: <ul style="list-style-type: none"> Decreased corporate value when management transparency is judged low (2) Risks of legal violations: <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> Leakage of internal information, or cover-ups of the incident, due to issues with or low transparency in corporate management 	Short Medium Long	<ul style="list-style-type: none"> Acquisition of diverse human resources and innovation through employee skill improvement and review of working styles

Important Management Issues, Risks and Opportunities

Approval process for important management issues

STEP

1

Confirmation of important management issues

Sort out the environment surrounding our business taking into account the corporate philosophy and targets of the Mid-Term Business Plan. Confirmation of important management issues

Anritsu's Perspective	Key management issues	Response	Targets for Business Issues
Growth investment and business operations	Establishment of a robust business foundation <ul style="list-style-type: none"> • Appropriate financial management • Optimization of business portfolio by pioneering new domains 	<ul style="list-style-type: none"> • Strengthen investment for growth in 6G and three 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 	<ul style="list-style-type: none"> • 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 <ul style="list-style-type: none"> • Provide solutions that contribute to the development of a robust IT infrastructure • Address innovation in DX technology 	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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 <ul style="list-style-type: none"> • Provide solutions that contribute to the reduction of food loss • Provide quality assurance solutions • Ensure healthy lifestyles 	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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 <ul style="list-style-type: none"> • Reduce greenhouse gas emissions • Introduction of in-house generation of renewable energy 	<ul style="list-style-type: none"> • 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) 	<ul style="list-style-type: none"> • Declaration of Carbon Neutrality in FY2050 • PGRE 30 • Develop environmentally friendly products
Human resources Strengthening human-centric perspective, etc.	Securing human resources supporting growth <ul style="list-style-type: none"> • Promote diversity • Health and productivity management • Respect human rights 	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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 <ul style="list-style-type: none"> • Maintain management transparency 	<ul style="list-style-type: none"> • Improve management transparency • Disclose information in an appropriate and timely manner • Strengthen management supervision • Nurture management resources 	<ul style="list-style-type: none"> • Build a highly effective corporate governance structure

STEP 2

Review of important management issues

Discuss validity among the Disclosure Policy Committee members, which consist of the CFO, Management Strategy Center, etc. The review is conducted twice. Disclose the content of discussion for each review to Outside Directors in advance

STEP 3

Approval of important management issues

Final approval at the Board of Directors meetings

KPIs	Achievements in FY2023	Initiatives for FY2024
<ul style="list-style-type: none"> Rating (Rating and Investment Information, Inc.) Sales growth rate Operating profit margin ROE TSR 	<ul style="list-style-type: none"> Maintained "A" rating Free cash flow: 12.9 billion yen Consolidated dividend payout ratio: 68.6% <p>▶ P.30</p>	<ul style="list-style-type: none"> Continue financial strategy 40 billion yen or more in investment for growth (M&A + capital investments) Strengthen investment for growth in 6G and three new areas Create a business portfolio that consistently achieves ROE ≥ 10% <p>▶ P.30</p>
<ul style="list-style-type: none"> 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 	<p>Test and Measurement Business</p> <ul style="list-style-type: none"> Sales growth rate: -2% Operating profit margin: 11% Number of new products developed: 5 models R&D investment: 7,496 million yen Participation in industry associations: 3GPP, O-RAN, IOWN <p>▶ P.38</p> <p>Sensing & Devices Business</p> <ul style="list-style-type: none"> Number of new products developed: 3 models <p>▶ P.47</p>	<p>Test and Measurement Business</p> <ul style="list-style-type: none"> Secure demand for accelerating network speed (800GE, 1.6 TE) due to generative AI Improve operating margin by expanding the software business Strengthening business in 6G, IOWN, and other fields of cutting-edge development led by the government <p>▶ P.38</p> <p>Sensing & Devices Business</p> <ul style="list-style-type: none"> Entry into the FMCW LiDAR market <p>▶ P.47</p>
<ul style="list-style-type: none"> 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 	<p>PQA Business</p> <ul style="list-style-type: none"> Sales growth rate: 2% Operating profit margin: 5% Number of new products developed: 15 models R&D investment: 1,625 million yen Industry association membership: Over 20 associations, including the Japan Measuring Instruments Federation <p>▶ P.41</p> <p>Sensing & Devices Business</p> <ul style="list-style-type: none"> Number of new products developed: 3 models <p>▶ P.47</p>	<p>PQA Business</p> <ul style="list-style-type: none"> Expansion of business in the global market Creation of solutions with high customer value by acquiring AI and other cutting-edge technologies Improve the business portfolio by expanding our business into the pharmaceutical manufacturing market Streamline internal processes <p>▶ P.41</p> <p>Sensing & Devices Business</p> <ul style="list-style-type: none"> Expand market share by enhancing performance of light sources for ophthalmic diagnostic equipment <p>▶ P.47</p>
<ul style="list-style-type: none"> 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 	<p>Environmental Measurement Business</p> <ul style="list-style-type: none"> Sales growth rate: 17% Number of new products developed: 2 models R&D investment: 417 million yen Operating profit margin: 7% <p>▶ P.44</p>	<p>Environmental Measurement Business</p> <ul style="list-style-type: none"> Strengthen products and expanding evaluation technologies for EV battery development Accelerate initiatives for global expansion of EV/battery trial and power supply businesses Improve network optimization technology for the industrial DX field Expand collaboration with new companies <p>▶ P.44</p>
<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Start operation of solar power generation storage batteries at the Koriyama district plant Start of carport type solar power generation facility at the Head Office Release of environmentally-friendly products: 56 models (cumulative) <p>▶ P.50</p>	<ul style="list-style-type: none"> Release new environmentally friendly products Develop and release products for new environmental business Achieve resource recycling (circular economy) in our business activities <p>▶ P.50</p>
<ul style="list-style-type: none"> 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 External evaluations (Kurumin mark accreditation grade, White 500 company certification, etc.) Number of companies conducting due diligence in the supply chain 	<ul style="list-style-type: none"> Continued to hire engineers in the Philippines (global hiring of human resources/localization) Statutory employment rate of people with disabilities: 2.66% Ratio of female managers: 11.2% (global) Childcare leave utilization ratio by male employees: 90.3% Work satisfaction: 88.7% Extended employment until age 70 and launched new compensation system Percentage of experienced hires: 28.8% 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: 8 <p>▶ P.36</p>	<ul style="list-style-type: none"> 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 Start of human resources development system (A-SKILLS) for new business areas <p>▶ P.36</p>
<ul style="list-style-type: none"> Diversity of the Board of Directors Ratio of outside directors Number of intensive discussions on management issues at Board of Directors meetings Number of items discussed and deliberated at Board of Directors meetings 	<ul style="list-style-type: none"> 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: 149 <p>▶ P.52</p>	<ul style="list-style-type: none"> 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 Intensive discussion on management issues at Board of Directors meetings <p>▶ P.52</p>

Anritsu Value Creation Model

Anritsu's tangible and intangible capital is the source of its corporate value, as well as the source of Anritsu's unique reliability, adaptability, and innovativeness. Anritsu will utilize its capital to the fullest extent in implementing corporate activities which contribute to the resolution of social issues.

Solving Social Issues through Business

T&M Business ▶ P.38

- 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.41

- 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**

Environmental Measurement

- 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**

Recognition of Environmental Changes

▶ P.14

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

- 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
- 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

- Actions to achieve management conscious of capital cost and stock price
- Formulation of GLP2026
- 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

Inputs



Intellectual Capital

129 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: 9



Human Capital

Global Organization and Human Resources

- Human resources who will drive leading-edge technologies
- Number of new graduate hires: 37 technical, 19 operational personnel (started April 2023)
- Number of employees (consolidated): 4,144 (1,659 overseas) (as of end of Mar. 2023)



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: ¥6.6 billion
- Shareholder's equity: ¥117.5 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: 70,101 m³
- Energy consumption: 9,072 kL

*Figures for FY2021 unless otherwise noted

Business Model

Company Vision

Beyond testing, beyond limits, for a



The Future Anritsu Aims to Create Development of a safe, secure, and prosperous global society



Business ▶ P.44

- 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.47

- 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**

sustainable future together

Company Policy

Sustainability Policy

Global Long-term Management Plan GLP2026

▶ P.28

Outputs

Test and Measurement Business

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

▶ P.38

PQA Business

Solutions for Assuring Quality of Food Products and Pharmaceuticals

▶ P.41

Environmental Measurement Business

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

▶ P.44

Sensing and Devices Business

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

▶ P.47

Outcomes



Intellectual Capital

Technology and Expertise to Support the Most Advanced Communications Infrastructure in the World

- Development ROI: Products aiming for 4.0 or higher
- R&D investment: ¥9.9 billion



Human Capital

- Hours of training per employee: 15.8 hours
- Cost of training per employee: 36,510 yen
- Employee satisfaction survey:
Work environment satisfaction rate 88.7% (FY2022: 89.5%),
work satisfaction rate 71.1% (FY2022: 71.9%)
- Ratio of women in management positions: Japan 3.8%,
Global 11.2%



Social and Relationship Capital

Providing Solutions Needed by Customers

- Number of new products: Test and Measurement Business 5, PQA 15

(Representative examples presented on the R&D/CTO Message page (P.34))

Construction of a Sustainable Supply Chain

- Strengthening of supply chain due diligence: 8 companies (20 companies cumulatively in 3 years)
- Information sent three times and education provided once to suppliers concerning CSR procurement



Financial Capital

- Dividends: 40 yen per share (DOE 4.3%)
- TSR: 2.6% (10-year annualized rate)
- Shareholder's equity: ¥125.5 billion
- Issuer rating: A (R&I)
- Interest payments on interest-bearing debt: ¥78 million



Manufactured Capital

- Capital expenditures: ¥4.2 billion (FY2022: ¥5.4 billion)



Natural Capital

Contribution to the Preservation of the Global Environment

- Greenhouse gases (Scope 1 & 2): Reduced 36.6% compared to FY2015
- Greenhouse gases (Scope 3): Reduced 38.8% compared to FY2018
- Ratio of renewable energy produced in-house: 10.4% (Compared to FY2018 power consumption)

*Figures for FY2023 unless otherwise noted

Business Model

Anritsu aims to provide solutions required by the market and customers by continuously acquiring the latest technologies. Our business model is to contribute to the development of the market while also establishing our presence in the market through the aforementioned approach. We will continue to develop values that go beyond conventional testing as well as enter new areas to contribute to building a sustainable global society for the future.

Test and Measurement Business



Test & Measurement Company

Main Customers

Mobile Market

- Smartphone/tablet terminal manufacturers
- Modem chipset manufacturers
- EMS (electronics manufacturing services)
- Telecommunications carriers
- Manufacturers of automobiles and vehicle-related equipment

Network Infrastructure Market

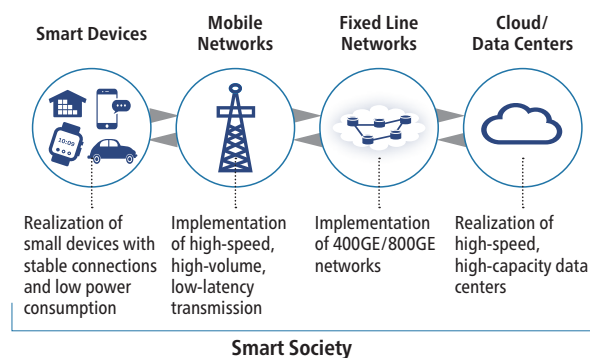
- Optical device/module manufacturers
- Communication equipment manufacturers
- IT service providers
- Telecommunications carriers
- Communication-related construction companies

Electronics Market

- Electronic device/component manufacturers
- Communication equipment manufacturers
- Electronic equipment manufacturers
- Government offices
- University/research institutions

The Test and Measurement Business engages in business in three markets. First is the mobile market, in which we provide test instruments for the development of telecommunication chipsets that are used in smartphones and other mobile devices for mobile communication systems and for the development and manufacturing of mobile devices. Second is the network infrastructure market, in which we provide optical and digital communication test instruments for the development and manufacturing of optical devices used for optical communication of servers, routers, and other communication devices installed in data centers. Third is the electronics market, in which we provide general purpose test instruments for electronic parts companies, universities and research institutions.

In particular, in the market for the development of 5G smartphones and part of the market for the development and manufacture of optical devices, we share a large portion of the market share with our competitor Keysight Technologies, which is based in the U.S.



PQA Business



Infivis Company

Main Customers

Food products inspection market

- Agricultural products, marine products, processed meat products, bread, confectioneries, frozen food, pre-packaged foods, boxed lunches, ready-made foods, etc.

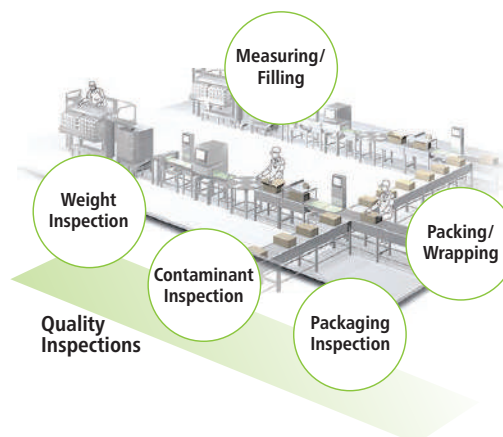
Pharmaceuticals inspection market

- Pills, capsules, injections, nasal drops, patches, ointments, etc.

The PQA Business mainly sells checkweighers, metal detectors, and X-ray inspection systems, primarily for the food products inspection market and pharmaceuticals inspection market.

We have been contributing to improving the quality of food products and pharmaceuticals that our customers manufacture by combining expertise that we have been cultivating over the years, such as signal processing, noise reduction technology, high-precision sensors, and image analysis with the latest AI technologies to realize high-speed weighing and detection of microscopic foreign substances. Recently, contributions to labor-saving have increased as inspections done by human eyes are being replaced by machines.

Anritsu has top-class market share in Japan, along with Ishida, and is also accelerating business growth overseas. We are competing over market share in North America, Europe, China, and other areas with METTLER, TOLEDO, Ishida, OCS, LOMA, Techik, etc.



Environmental Measurement Business



Environmental Measurement Company

Main Customers

EV/Battery market

- EV-related manufacturers
- Battery-related manufacturers

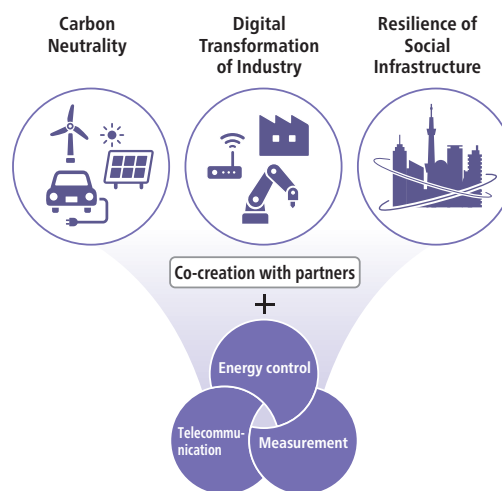
Social infrastructure/IT market

- Government offices/public agencies
- IT-related service providers

The Environmental Measurement Business aims to contribute to the utilization of digital technologies and reform into a decarbonized society, which are important issues in realizing a sustainable society. In doing so, it is engaged in businesses in the areas of carbon neutrality, digital innovation of industry, and resilience of social infrastructure.

In terms of business related to carbon neutrality, we will respond to the shift of automobile manufacturers to EVs, mainly with power supplies for testing for EV development that utilize the advanced energy control technology of Takasago, Ltd., a company we acquired as a subsidiary in January 2022, and Anritsu's testing technology. While the business currently has a large market share in Japan, we are still in the process of expanding into overseas markets. We aim to expand into overseas markets by utilizing our global business foundation.

In overseas markets, Chroma ATE in Taiwan and Elektro-Automatik in Germany are providing instruments that are similar to ours.



Sensing and Devices Business



Sensing & Devices Company

Main Customers

Devices Market

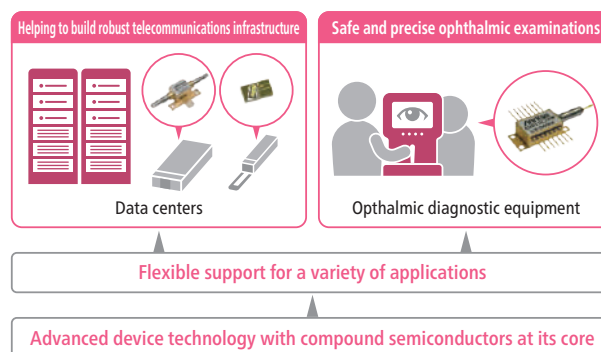
- Optical device/module manufacturers
- Electronic equipment manufacturers
- Communication equipment manufacturers

Medical device market

- Ophthalmic medical device manufacturers












The Sensing and Devices Business conducts business in the optical communications market utilizing device technology, with compound semiconductors at its core while also offering key devices for our Test and Measurement Business. At the same time, the business is also entering the sensing market to expand its business.

In terms of semiconductor optical amplifiers (SOA) for optical communications, we are contributing to the energy-saving of optical transceivers and data centers by providing chip-on-carrier type SOA and enabling operations under high temperatures. In addition, we will contribute to the early detection and treatment of eye diseases by enabling high-precision retinal examinations using our broadband Super Luminescent Diode (SLD) and high-coherence wavelength swept light sources in ophthalmology OCT equipment and axial length measurement equipment.



Co-creation of Value (Creation of Outcome) with Stakeholders

Anritsu aims to contribute to the creation of a sustainable future for global society through co-creating value with all stakeholders based on its Company philosophy, Company vision, Company policy, and sustainability policy. We will contribute to the development of global society by consistently tackling issues to improve value creation.

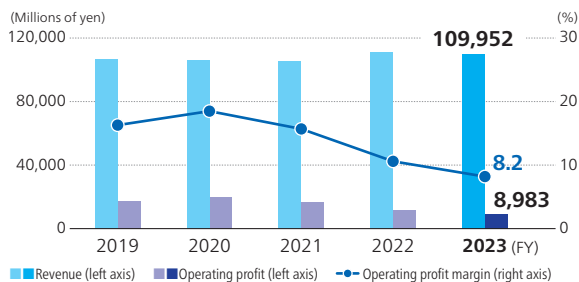
Stakeholders	Relevant capital	Strengths and issues of capital	
 Customers	 Social and relationship capital	Strengths Partnerships with top companies in their industries • Strong relationship of trust with customers • Connections with industry top companies	Issues • Timely provision of solutions • Initiatives for latest technologies • Provision of highly precise and stable test results • Innovations through partnerships with other companies • Participation in industry groups • Provision of meticulous support
 Employees	 Human capital	Strengths Global organization and human resources	Issues • Promotion of diversity • Building a comfortable workplace environment • Provision of training environment for skill-building • Provision of satisfying missions • Appropriate increase in salary
	 Intellectual capital	Strengths Accumulation of knowledge over 129 years and innovativeness • Accumulation of wireless and wired communication technologies • Network quality assurance technology • Development and manufacture of ultra-high-speed and optical devices • Scale application and foreign substance detection technology • High-voltage, high-current, large-capacity electric power control technology • R&D investments: 12% to 14% of revenue • Global development system	Issues • Continuous pursuit of the latest technologies • Passing down of accumulated technical skills • Continuation of high-level investments in R&D • Nurturing a culture that supports cutting-edge development • Continuous creation of innovations
 Business partners (Partners, suppliers)	 Social and relationship capital	Strengths Global business partners (partners and suppliers)	Issues • Impartial, fair, and transparent transactions • Socially and environmentally conscious transactions • Transactions that respect human rights • Promotion of CSR procurement • Coordination during disasters
 Local communities, NGOs, NPOs	 Social and relationship capital	Strengths Strong relationship of trust with local communities, NGOs, NPOs	Issues • Co-existence and co-prosperity with local communities • Creation of employment and contribution to the development of regional communities • Information sharing with certified NPOs and donations in case of disaster • Coordination with initiatives for promoting measures against climate change
 Shareholders, investors	 Financial capital	Strengths Stable financial foundation in preparation for changes in the market environment	Issues • Improvement of corporate value • Appropriate shareholder return • Realization of shareholder returns that exceed costs of shareholder capital • Information disclosure that complies with the fair disclosure rules

Initiatives for improvement	Co-creation of Value (Creation of Outcome)
<ul style="list-style-type: none"> Strengthening partnerships with industry-leading customers Participation in industry groups to pursue the latest technological trends Expansion of solutions and services created through partnerships Creation of products and services that are highly safe, high-quality, and highly advanced, provision of appropriate information on products and services, enhancement of contact points, etc. 	<ul style="list-style-type: none"> Provision of solutions required by customers Release of new products Contribution to the development of a safe, secure, and prosperous global society Building safe and reliable communications infrastructure Reduction of food loss Realization of a decarbonized society
<ul style="list-style-type: none"> Building work environments that are aligned with diverse values Building a comfortable workplace environment that enables individuals to exert their abilities Building a training system that supports the self-growth of employees Implementation of role-sharing interviews between superiors and subordinates (twice a year) Implementation of employee satisfaction survey (once a year) Implementation of ethics survey (once a year) 	<ul style="list-style-type: none"> Building a vibrant workplace environment where the Company and diverse employees have the same vector, are motivated toward contributing to the business/Company, and balances work and private life Sharing innovative ideas created from diverse relationships Enhancement of employee satisfaction Enhancement of employee training Increase ratio of female managers
<ul style="list-style-type: none"> Strengthening partnerships with industry-leading customers Participation in industry groups and partnerships with university and research institutions to pursue the latest technological trends Building a system for passing down accumulated technical skills Acquisition and securing of human resources who can pursue the latest technologies Maintain R&D investments at 12 to 14% of revenue Nurture workplace culture to realize the management vision and human resources vision 	<ul style="list-style-type: none"> Technologies and know-how that support the world's leading communication infrastructure Provision of timely solutions that lead to solving social issues through the pursuit of the latest technologies Building innovative technologies that make us unique
<ul style="list-style-type: none"> Conduct get-together meetings and information exchange meetings with partners to share our business policies and procurement policies as well as for award ceremonies Implementation of CSR procurement, promotion of green procurement, and human rights due diligence Creation of business opportunities through product exhibits by business partners, seminars, technical exchange forums (including online), etc. Improvements, requests, and other proposals from business partners: promotion of Partner QU Activity 	<ul style="list-style-type: none"> Building a sustainable supply chain Continuing appropriate relationships with business partners
<ul style="list-style-type: none"> Implementation of social contribution activities rooted in local communities, focusing on the three major pillars of coordination with youth education, contribution to local communities, and environmental protection activities (conservation of biodiversity) Activities to support areas affected by disasters Continue sponsoring paralym arts exhibiting six works in the Company Joining Race to Zero and sharing information with Liaison Group of Japanese Electrical and Electronics Industries for Global Warming Prevention Activities toward carbon neutrality (corresponding with Scope 1, 2, 3 and PGRE 30) 	<ul style="list-style-type: none"> Vitalization of local communities Reduction of environmental impact and conservation of the natural environment
<ul style="list-style-type: none"> Increase dividend payout ratio from 30% to 50% IR activities for overseas investors by top management Participation in conferences hosted by securities firms: 4 times Overseas IR remote roadshows: 2 times Interviews with investors of 32 companies (U.S.: 8, Europe: 9, Asia, etc.: 15) Implemented a total of 308 meetings with investors (Japan: 198, Overseas: 110) Held meeting for individual investors: 1 time Held General Meeting of Shareholders Feedback from shareholders and investors provided to the Board of Directors and Management Strategy Conference, and shared to managers on the Company intranet Further improve the Integrated Report 	<ul style="list-style-type: none"> Improvement of corporate value Dividends per share

*FY2023 Results

Financial and Non-Financial Highlights

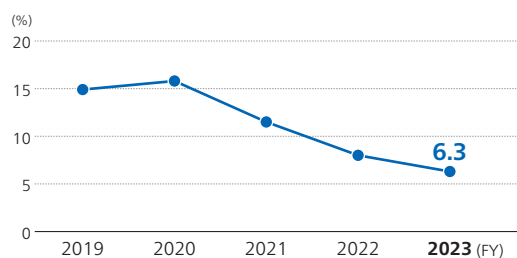
Revenue / Operating profit / Operating profit margin



Looking at revenue over the five years from FY2019, revenue of mobile products in the Test and Measurement Business, our core business, gradually declined. However, due to the launch of new businesses in new markets, sales fluctuated around 110 billion yen. Consolidated operating margins have been on the decline since peaking at 19% in FY2020 due to a decrease in revenue of highly profitable mobile products.

In FY2023, revenue in the PQA Business and Environmental Measurement Business were favorable, resulting in year-on-year increases of 0.5 billion yen and 1.1 billion yen, respectively. Despite these increases, a continued cautious approach to investments in 5G development by customers in the Test and Measurement Business has decreased revenue by 1.7 billion yen year-on-year. As a result, consolidated revenue was 109.952 billion yen (0.9% decrease YoY). In FY2023, operating profit in the Test and Measurement Business decreased by 3.4 billion yen year-on-year due to a decline in revenue of highly profitable mobile products caused by the stagnation of growth in the mobile market and impairment loss from some materials. As a result, operating profit was 8.983 billion yen (operating margin of 8.2%), a decrease of 23.5% year-on-year.

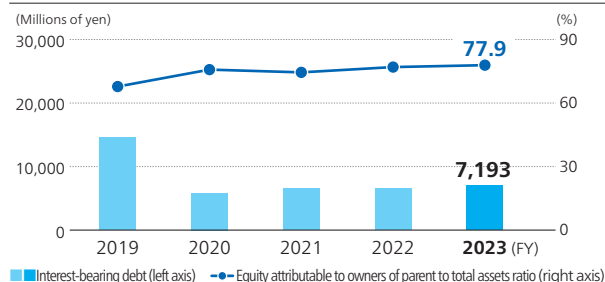
Return on Equity (ROE)



Looking at return on investment (ROE) over the five years from FY2019, profits for the fiscal year have been declining due to a decline in revenue of highly profitable mobile products in the Test and Measurement Business since peaking at 15.5% in FY2020. ROE in FY2023 was 6.3% (decline of 1.7 points YoY) due to profits for the fiscal year decreasing by 1.582 billion yen year-on-year.

Anritsu strives to maximize corporate value in the mid- to long-term by setting ROE and equity attributable to owners of parent to total assets ratio (equity ratio) as KPIs, and improving the efficiency of investment capital and maintaining the stability of finances.

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

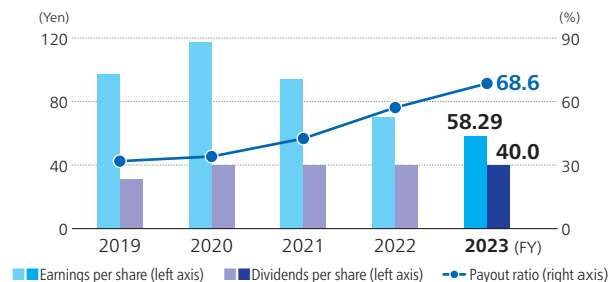


Interest-bearing debt significantly decreased due to the redemption of 8 billion yen in corporate bonds in FY2020, but it is increasing due to an increase in lease liabilities.

In terms of equity attributable to owners of parent to total assets ratio, it maintains a ratio of over 75%, mainly due to increase of retained earnings and other components of equity and acquisition of treasury stock (5 billion in FY2021 and FY2022).

In FY2023, interest-bearing debt was 7.193 billion yen (increase of 0.609 billion yen from the end of the previous fiscal year) due to the increase in lease liabilities. In addition, equity attributable to owners of parent to total assets ratio was 77.9% (increase of 0.9 points from the end of the previous fiscal year) due to the increase of retained earnings and other components of equity.

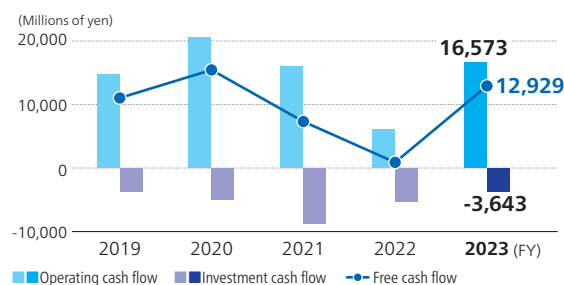
Earnings per Share / Dividends per Share / Payout Ratio



Looking at earnings per share over the five years from FY2019, they are gradually declining after peaking in FY2020, but the dividend per share has remained at 40 yen since FY2020. Earnings per share in FY2023 were 58.29 yen (decrease of 11.69 yen YoY), annual dividend was 40 yen (unchanged YoY), and dividend payout ratio was 68.6%. Our basic approach is to increase the dividend on equity ratio (DOE) in accordance with the increase in consolidated profits for the fiscal year, and aim at a consolidated dividend payout ratio of 50% or more. The Company's basic policy is to pay dividends twice a year, one at the interim and another at the end of the year.

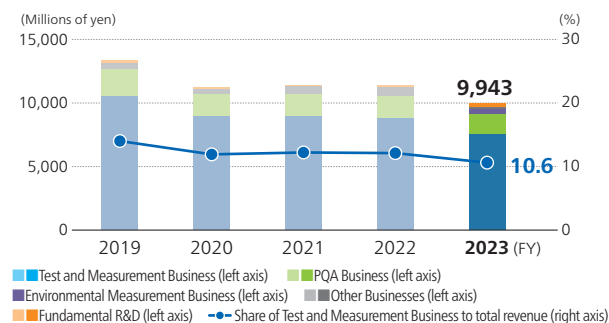
The Company intends to carry out the purchase of treasury stock appropriately as necessary, by taking into account its financial situation, the trends in stock prices, and other factors, in an effort to execute capital policies that respond flexibly to changes in the corporate environment.

Cash Flow



Looking at the trend of cash flows over the five years since FY2019, despite a decrease in capital due to an increase in inventories, the Company has maintained a positive free cash flow. Net cash provided by operating activities in FY2023 was 16.573 billion yen (6.114 billion yen in the previous fiscal year) due to capital increasing mainly from reporting of profit before tax and decrease in inventories. Net cash used in investment activities was 3.643 billion yen, mainly due to the purchase of property, plant and equipment and the purchase of intangible assets. As a result, free cash flow was positive 12.929 billion yen.

R&D expense

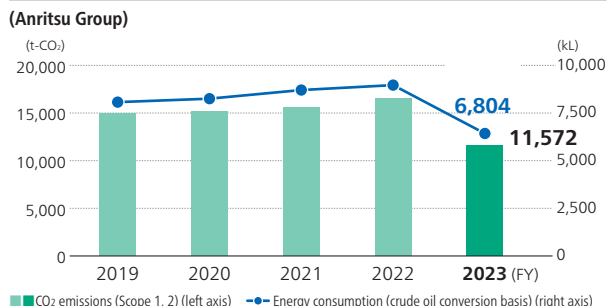


Looking at R&D expense over the five years since FY2019, it has been decreasing from 13.321 billion yen in FY2019. R&D expense in FY2020 was due to R&D expense being suppressed due to the impact of the COVID-19 pandemic and other factors. Since FY2021, R&D expense is controlled to match revenue.

R&D expense in FY2023 was 9.943 billion yen (decrease of 1.477 billion yen YoY). In addition, R&D expense in the Test and Measurement Business was 7.496 billion yen (decrease of 1.289 billion yen YoY), and was at 10.6% (decrease of 1.5 points YoY) of its revenue.

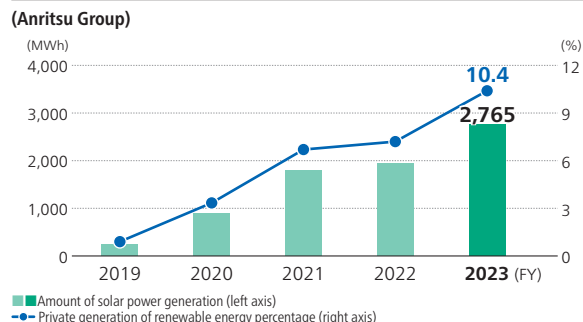
R&D expenses are managed at a level commensurate with revenue, and are controlled within 12-14% of revenue in the Test and Measurement Business. In FY2023, the rate was at 10.6% due to a decrease in the number of development projects due to a decrease in investments in 5G development by customers.

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



At the Anritsu Group, over 97% of the CO₂ emissions (Scope 1 + 2) are from energy consumption. In FY2023, we focused on Company-wide energy-saving activities, such as starting operations and expanding solar power generation facilities at the second factory at Tohoku Anritsu and Head Office. As a result, we were able to reduce CO₂ emissions (Scope 1 + 2) by 36.6% against the reduction target of 23% compared to FY2015, mainly due to the efficient operation of development test facilities and reduction of the CO₂ emission factor of power companies.

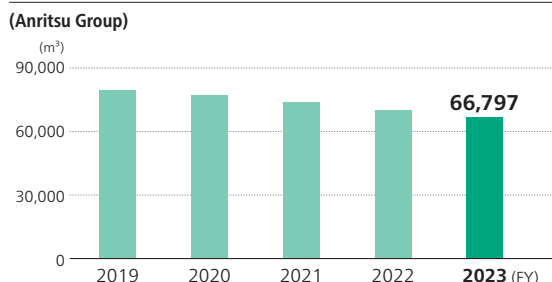
Amount of Solar Power Generation / Private Generation of Renewable Energy Ratio



We aim to achieve the SBT Targets by formulating Anritsu Climate Change Action PGRE 30, which focuses on in-house power generation and consumption of renewable energy. In FY2023, we built and started operation of a large-scale power generation system by adding a large-capacity battery (NAS/Battery with a rated output of 400 kW and rated capacity of 2,400 kWh) to an existing solar power generation facility in the Koriyama district to capitalize on the full potential of the power generation facility. We have also added a 616 kW solar power generation facility in the Atsugi district. As a result, the amount of electricity generated by solar power generation in FY2023 was 2,765 MWh, an increase of 42.5% year-on-year, and the ratio of in-house power generation increased from 7.2% to 10.4%.

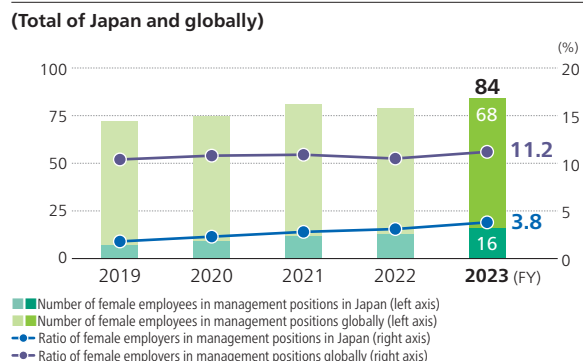
* Ratio of in-house power generation: Amount of solar power generation/Amount of power consumed in FY2018

Water Usage



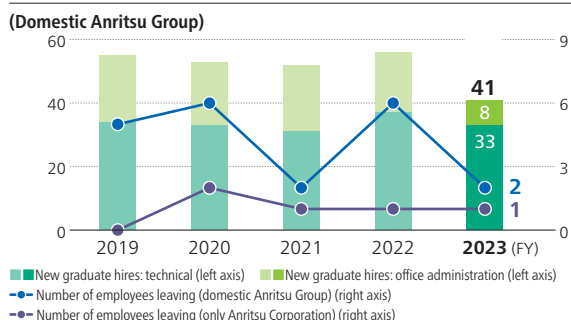
In FY2023, Anritsu Company (U.S.) worked to reduce the amount of water usage by introducing filtration equipment to reuse cleaning water, which is used in large quantities during the device manufacturing process. As a result, the amount of water used was 66,797 m³, a 4.7% decline year-on-year for the amount of water used by the Anritsu Group in FY2023.

Number of Female Managers / Percentage of Female Managers



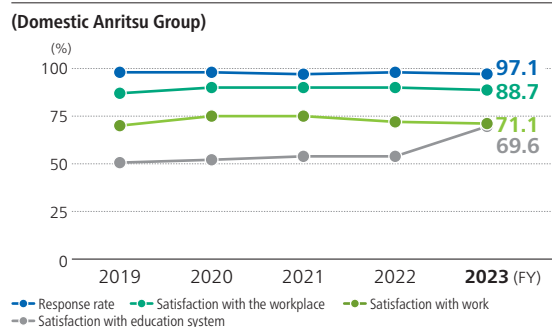
Anritsu Group aims to achieve a global ratio of female managers at 15% or more by FY2026 as a KPI for promoting diversity in the Global Long-term Management Plan (GLP2026). In FY2023, the number of female managers increased by three year-on-year, to 3.8% (increase of 0.7 points YoY) of our managers in Japan. Overseas, the number of female managers increased by two year-on-year to 11.2% (increase of 0.7 points YoY) of our managers globally.

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



The number of new graduates recruited in FY2023 (joining the Group in FY2024) by the Anritsu Group in Japan was 41 graduates (33 engineers and 8 administrative staff) against the target of 74 graduates. The ratio of engineers was at 80%, exceeding the 66% of the previous year. The number of employees who left the Company within three years of joining the Company is about zero to two every year for ANRITSU CORPORATION alone. The number of employees leaving the Group companies in Japan was on the rise from FY2018, but there were only two in FY2023. Anritsu Group in Japan started a unified recruitment policy in FY2020. The policy is to recruit based on merit, not for numbers, and implement training on the premise of making all new graduate recruits work-ready. We will continue to enhance our training program to improve the retention rate of new graduate recruits.

Employee Satisfaction Survey



Anritsu Group in Japan conducts a satisfaction survey (ES survey) targeting all employees every year. The response rate in FY2023 was 88.7%, maintaining a high level. Satisfaction with the workplace was 89%, maintaining a high level as the previous fiscal year. Satisfaction with work was 71.1%, a decrease of one point from the previous fiscal year. For satisfaction with work, we are aiming for a positive response rate of 80% or more by FY2026 as a KPI for diversity promotion in the Global Long-term Management Plan (GLP2026). In addition, satisfaction with training was 69.6% (increase of 15.7 points YoY). In addition to this survey item on the training system, we added a survey item on support by superiors and colleagues since the FY2023 survey.