Anritsu
Advancing beyond

Anritsu Integrated Report [Financial Statements]

2024

(Fiscal Year 2023)

Contents

Financial Results Summary

1. Basis of Presenting Consolidated Financial Statements

(1) The consolidated financial statements of Anritsu Corporation ("the Company") have been prepared in accordance with International Financial Reporting Standards (IFRS) pursuant to the provision of Article 93 of "Regulations Concerning Terminology, Forms and Methods for Preparing Consolidated Financial Statements" ("Regulations on Consolidated Financial Statements").

(2) The financial statements of the Company have been prepared in accordance with "Regulations Concerning Terminology, Forms and Methods for Preparing Financial Statements" ("Regulations on Financial Statements").

As a company submitting financial statements prepared in accordance with special provisions, the Company prepares its financial statements pursuant to the provision of Article 127 of the Regulations on Financial Statements.

(3) The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2024, which was ¥151.33 to U.S. $1.00. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

2. Special Acts for Ensuring Appropriateness of Consolidated Financial Statements and System Improvement for Preparing Appropriate Consolidated Financial Statements Based on IFRS

The following acts are undertaken by the Company especially for ensuring the appropriateness of its consolidated financial statements and implementing the internal control over preparation of the consolidated financial statements appropriately based on IFRS:

(1) Joining the Financial Accounting Standards Foundation (FASF) and gathering information on revised accounting standards or attending seminars to fully understand the contents of accounting standards and to improve the Company's accounting system to accurately reflect revisions to accounting standards in the consolidated financial statements of the Company.

(2) To prepare appropriate consolidated financial statements based on IFRS, the Company evaluates the latest standards obtained from press releases and standards documentation of the International Accounting Standards Board and determines Group accounting policies in accordance with IFRS.

Consolidated Statement of Financial Position

March 31, 2023 and 2024

	Millions of yen		Thousands of U.S. dollars*
	End of FY2022 as of March 31, 2023	**End of FY2023 as of March 31, 2024**	**End of FY2023 as of March 31, 2024**
Assets			
Current assets:			
Cash and cash equivalents (Notes 8 and 37)	¥36,833	**¥45,657**	**$301,705**
Trade and other receivables (Notes 9 and 37)	25,798	**28,623**	**189,143**
Other financial assets (Notes 11 and 37)	21	**9**	**59**
Inventories (Note 10)	29,828	**27,860**	**184,101**
Income taxes receivables	395	**284**	**1,877**
Other current assets	5,204	**3,408**	**22,520**
Total current assets	98,081	**105,843**	**699,418**
Non-current assets:			
Property, plant and equipment (Notes 12 and 20)	29,004	**28,935**	**191,205**
Goodwill and intangible assets (Note 13)	8,483	**8,231**	**54,391**
Investment property (Note 14)	233	**236**	**1,560**
Trade and other receivables (Notes 9 and 37)	450	**512**	**3,383**
Investments accounted for using equity method (Note 16)	7	**7**	**46**
Other financial assets (Notes 11 and 37)	1,630	**2,177**	**14,386**
Deferred tax assets (Note 17)	5,418	**5,921**	**39,126**
Other non-current assets (Note 22)	8,929	**9,219**	**60,920**
Total non-current assets	54,156	**55,242**	**365,043**
Total assets (Note 6)	152,238	**161,085**	**1,064,462**
Liabilities and Equity			
Liabilities			
Current liabilities:			
Trade and other payables (Notes 18 and 37)	7,442	**6,459**	**42,682**
Bonds and borrowings (Notes 19 and 37)	1,144	**4,087**	**27,007**
Other financial liabilities (Notes 20, 21, and 37)	824	**1,009**	**6,668**
Income taxes payables	785	**1,269**	**8,386**
Employee benefits (Note 22)	7,634	**7,407**	**48,946**
Provisions (Note 23)	472	**574**	**3,793**
Other current liabilities (Notes 24 and 27)	8,881	**9,784**	**64,653**
Total current liabilities	27,184	**30,592**	**202,154**
Non-current liabilities:			
Trade and other payables (Notes 18 and 37)	597	**512**	**3,383**
Bonds and borrowings (Notes 19 and 37)	2,993	**—**	**—**
Other financial liabilities (Notes 20, 21, and 37)	1,624	**2,115**	**13,976**
Employee benefits (Note 22)	688	**685**	**4,527**
Provisions (Note 23)	104	**128**	**846**
Deferred tax liabilities (Note 17)	346	**319**	**2,108**
Other non-current liabilities (Notes 24 and 27)	1,183	**1,205**	**7,963**
Total non-current liabilities	7,537	**4,967**	**32,822**
Total liabilities	34,722	**35,559**	**234,977**
Equity:			
Share capital (Note 25)	19,218	**19,219**	**127,001**
Capital surplus (Note 25)	28,441	**28,580**	**188,859**
Retained earnings (Note 25)	63,074	**65,696**	**434,124**
Treasury shares (Note 25)	(6,177)	**(6,050)**	**(39,979)**
Other components of equity (Note 25)	12,729	**18,074**	**119,434**
Equity attributable to owners of parent	117,286	**125,520**	**829,446**
Non-controlling interests	229	**5**	**33**
Total equity	117,516	**125,525**	**829,479**
Total liabilities and equity	¥152,238	**¥161,085**	**$1,064,462**

* The U.S. dollar amounts in this report represent translations of Japanese yen, for convenience only, at the rate of ¥151.33 to U.S. $1.00, the approximate exchange rate on March 31, 2024.

Consolidated Statement of Comprehensive Income

Years ended March 31, 2023 and 2024

	Millions of yen		Thousands of U.S. dollars*
	FY2022 (From April 1, 2022 to March 31, 2023)	**FY2023 (From April 1, 2023 to March 31, 2024)**	**FY2023 (From April 1, 2023 to March 31, 2024)**
Revenue (Notes 6 and 27)	¥110,919	**¥109,952**	**$726,571**
Cost of sales (Notes 30)	56,864	**58,333**	**385,469**
Gross profit	54,054	**51,618**	**341,096**
Other revenue and expenses			
Selling, general and administrative expenses (Notes 28 and 30)	31,578	**32,703**	**216,104**
Research and development expense (Notes 29 and 30)	10,944	**9,328**	**61,640**
Other income (Note 31)	457	**277**	**1,830**
Other expenses (Note 31)	242	**880**	**5,815**
Operating profit (loss) (Note 6)	11,746	**8,983**	**59,360**
Finance income (Note 32)	1,170	**1,259**	**8,320**
Finance costs (Note 32)	482	**290**	**1,916**
Share of profit (loss) of investments accounted for using equity method (Note 16)	4	**(0)**	**(1)**
Profit (loss) before tax	12,438	**9,951**	**65,757**
Income tax expense (Note 17)	3,182	**2,277**	**15,047**
Profit (loss)	9,256	**7,674**	**50,710**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income (Note 33)	67	**384**	**2,538**
Remeasurements of defined benefit plans (Note 33)	909	**209**	**1,381**
Total	976	**594**	**3,925**
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations (Note 33)	3,093	**4,961**	**32,783**
Total	3,093	**4,961**	**32,783**
Total other comprehensive income	4,070	**5,556**	**36,714**
Comprehensive income (loss)	¥13,326	**¥13,230**	**$87,425**
Profit (loss), attributable to:			
Owners of parent	¥9,272	**¥7,675**	**$50,717**
Non-controlling interests	(16)	**(1)**	**(7)**
Total	¥9,256	**¥7,674**	**$50,710**
Comprehensive income (loss) attributable to:			
Owners of parent	¥13,342	**¥13,232**	**$87,438**
Non-controlling interests	(16)	**(1)**	**(7)**
Total	¥13,326	**¥13,230**	**$87,425**

	Yen		U.S. dollars*
Earnings per share			
Basic earnings per share (Note 34)	¥69.98	**¥58.29**	**$0.39**
Diluted earnings per share (Note 34)	69.97	**58.29**	**0.39**

* The U.S. dollar amounts in this report represent translations of Japanese yen, for convenience only, at the rate of ¥151.33 to U.S. $1.00, the approximate exchange rate on March 31, 2024.

Consolidated Statement of Changes in Equity

Years ended March 31, 2023 and 2024

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 (Note 33)	—	—	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 (Note 36)	29	8	20	22	—	80	—	80
Dividends (Note 26)	—	—	(5,332)	—	—	(5,332)	—	(5,332)
Purchase of treasury shares (Note 25)	—	—	—	(5,000)	—	(5,000)	—	(5,000)
Disposal of treasury shares (Note 25)	—	0	0	0	—	0	—	0
Cancellation of treasury shares (Note 25)	—	(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

FY2023 (From April 1, 2023 to March 31, 2024) — 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, 2023	**¥19,218**	**¥28,441**	**¥63,074**	**¥(6,177)**	**¥12,729**	**¥117,286**	**¥229**	**¥117,516**
Profit (loss)	**—**	**—**	**7,675**	**—**	**—**	**7,675**	**(1)**	**7,674**
Other comprehensive income (Note 33)	**—**	**—**	**209**	**—**	**5,346**	**5,556**	**0**	**5,556**
Total comprehensive income (loss)	**—**	**—**	**7,885**	**—**	**5,346**	**13,232**	**(1)**	**13,230**
Share-based payment transactions (Note 36)	**1**	**49**	**1**	**—**	**—**	**51**	**—**	**51**
Dividends (Note 26)	**—**	**—**	**(5,266)**	**—**	**—**	**(5,266)**	**—**	**(5,266)**
Purchase of treasury shares (Note 25)	**—**	**—**	**—**	**(0)**	**—**	**(0)**	**—**	**(0)**
Disposal of treasury shares (Notes 25, 36)	**—**	**(126)**	**—**	**126**	**—**	**—**	**—**	**—**
Changes in ownership interest in subsidiaries	**—**	**216**	**—**	**—**	**—**	**216**	**(221)**	**(5)**
Transfer from other components of equity to retained earnings	**—**	**—**	**1**	**—**	**(1)**	**—**	**—**	**—**
Total transactions with owners and other transactions	**1**	**139**	**(5,264)**	**126**	**(1)**	**(4,998)**	**(221)**	**(5,220)**
Balance at March 31, 2024	**¥19,219**	**¥28,580**	**¥65,696**	**¥(6,050)**	**¥18,074**	**¥125,520**	**¥5**	**¥125,525**

FY2023 (From April 1, 2023 to March 31, 2024) — 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, 2023	**$126,994**	**$187,940**	**$416,798**	**$(40,818)**	**$84,114**	**$775,035**	**$1,513**	**$776,555**
Profit (loss)	**—**	**—**	**50,717**	**—**	**—**	**50,717**	**(7)**	**50,710**
Other comprehensive income (Note 33)	**—**	**—**	**1,381**	**—**	**35,327**	**36,714**	**0**	**36,714**
Total comprehensive income (loss)	**—**	**—**	**52,105**	**—**	**35,327**	**87,438**	**(7)**	**87,425**
Share-based payment transactions (Note 36)	**7**	**324**	**7**	**—**	**—**	**337**	**—**	**337**
Dividends (Note 26)	**—**	**—**	**(34,798)**	**—**	**—**	**(34,798)**	**—**	**(34,798)**
Purchase of treasury shares (Note 25)	**—**	**—**	**—**	**(1)**	**—**	**(1)**	**—**	**(1)**
Disposal of treasury shares (Notes 25, 36)	**—**	**(833)**	**—**	**833**	**—**	**—**	**—**	**—**
Changes in ownership interest in subsidiaries	**—**	**1,427**	**—**	**—**	**—**	**1,427**	**(1,460)**	**(33)**
Transfer from other components of equity to retained earnings	**—**	**—**	**7**	**—**	**(7)**	**—**	**—**	**—**
Total transactions with owners and other transactions	**7**	**919**	**(34,785)**	**833**	**(7)**	**(33,027)**	**(1,460)**	**(34,494)**
Balance at March 31, 2024	**$127,001**	**$188,859**	**$434,124**	**$(39,979)**	**$119,434**	**$829,446**	**$33**	**$829,479**

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Consolidated Statement of Cash Flows

Years ended March 31, 2023 and 2024

	Millions of yen		Thousands of U.S. dollars*
	FY2022 (From April 1, 2022 to March 31, 2023)	**FY2023 (From April 1, 2023 to March 31, 2024)**	**FY2023 (From April 1, 2023 to March 31, 2024)**
Cash flows from operating activities			
Profit (loss) before tax	¥12,438	**¥9,951**	**$65,757**
Depreciation and amortization	5,693	**5,888**	**38,908**
Impairment losses	—	**256**	**1,692**
Interest and dividend income	(343)	**(600)**	**(3,965)**
Interest expenses	64	**78**	**515**
Loss (gain) on sale and retirement of fixed assets	(46)	**325**	**2,148**
Decrease (increase) in trade and other receivables	1,647	**(1,550)**	**(10,243)**
Decrease (increase) in inventories	(3,092)	**3,508**	**23,181**
Increase (decrease) in trade and other payables	(1,101)	**(1,607)**	**(10,619)**
Increase (decrease) in employee benefits	(2,474)	**(552)**	**(3,648)**
Other, net	(2,940)	**2,685**	**17,743**
Subtotal	9,845	**18,385**	**121,489**
Interest received	316	**573**	**3,786**
Dividends received	26	**27**	**178**
Interest paid	(59)	**(76)**	**(502)**
Income taxes paid	(4,159)	**(2,610)**	**(17,247)**
Income taxes refund	143	**274**	**1,811**
Net cash provided by (used in) operating activities	6,114	**16,573**	**109,516**
Cash flows from investing activities			
Purchase of property, plant and equipment	(4,142)	**(2,635)**	**(17,412)**
Proceeds from sale of property, plant and equipment	63	**1**	**7**
Purchase of intangible assets	(1,041)	**(1,151)**	**(7,606)**
Purchase of other financial assets	(150)	**—**	**—**
Proceeds from sale of other financial assets	5	**6**	**40**
Other, net	49	**134**	**885**
Net cash provided by (used in) investing activities	(5,216)	**(3,643)**	**(24,073)**
Cash flows from financing activities (Note 35)			
Net increase (decrease) in short-term borrowings	—	**(57)**	**(377)**
Repayments of lease liabilities	(1,123)	**(1,250)**	**(8,260)**
Purchase of treasury shares (Note 25)	(5,000)	**(0)**	**(1)**
Dividends paid	(5,332)	**(5,266)**	**(34,798)**
Other, net	46	**(3)**	**(20)**
Net cash provided by (used in) financing activities	(11,409)	**(6,578)**	**(43,468)**
Effect of exchange rate changes on cash and cash equivalents	1,655	**2,472**	**16,335**
Net increase (decrease) in cash and cash equivalents	(8,856)	**8,823**	**58,303**
Cash and cash equivalents at the beginning of period	45,689	**36,833**	**243,395**
Cash and cash equivalents at the end of period (Note 8)	¥36,833	**¥45,657**	**$301,705**

* The U.S. dollar amounts in this report represent translations of Japanese yen, for convenience only, at the rate of ¥151.33 to U.S. $1.00, the approximate exchange rate on March 31, 2024.

Notes to the Consolidated Financial Statements

1. Reporting Entity

Anritsu Corporation is an incorporated company located in Japan. The registrated address of headquarters is disclosed on Anritsu's website (https://www.anritsu.com). The Company's reporting date is March 31, 2024. The consolidated financial statements of the Company comprise the Company and its subsidiaries ("the Anritsu Group") and affiliates.

The Anritsu Group is primarily engaged in the Test and Measurement, PQA (Products Quality Assurance) and Environmental Measurement businesses. The main activities for each business are stated under 6. Segment Information.

2. Basis of Presentation

(1) Accounting Standards Adopted

The consolidated financial statements of the Anritsu Group have been prepared in accordance with IFRS pursuant to the provision of Article 93 of the "Regulations Concerning Terminology, Forms and Methods for Preparing Financial Statements" ("Regulations on Consolidated Financial Statements"). The Company meets the requirements of Article 1-2 of the "Regulations on Consolidated Financial Statements." The Company is a qualified company for filing its financial statements in IFRS in accordance with this article. The consolidated financial statements of the Anritsu Group have been approved by Hirokazu Hamada, Representative Director and President, and Shunichi Sugita, Chief Financial Officer of the Company.

(2) Functional and Presentation Currency

The consolidated financial statements are presented in Japanese yen which is the Company's functional currency. All financial information presented in Japanese yen has been rounded down to the nearest million.

(3) Changes in Accounting Policy

The material accounting policies applied in the consolidated financial statements are the same as the accounting policies applied in the previous fiscal year.

3. Material Accounting Policies

The material accounting policies applied in the preparation of the consolidated financial statements are summarized below:

(1) Basis of Consolidation

1. Subsidiaries

Subsidiaries are corporate entities that are controlled by the Anritsu Group. The Anritsu Group shall determine that it has control over a corporate entity when it is exposed to, or has rights to, variable returns from its involvement with the corporate entity and has the ability to affect those returns through its power over the corporate entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date when the Anritsu Group obtains control until the date when it loses control.

In the event that the accounting policies applied by a subsidiary differ from those applied by the Anritsu Group, they are, if necessary, adjusted in the financial statements of the subsidiary. Claims/obligations and transactions between Group companies, as well as unrealized gains/losses arising from inter-Group transactions, are eliminated in the preparation of the consolidated financial statements.

When subsidiary interests are partially disposed of, it is accounted for as an equity transaction if control continues. Any difference between the adjustment to the non-controlling interests and the fair value of the consideration is recognized directly in equity as "Equity attributable to owners of parent."

If the Anritsu Group loses control over a subsidiary, gains or losses that arise from the loss of control are recognized in profit or loss.

The account closing date of the following consolidated subsidiaries is December 31. Anritsu Eletrônica Ltda., Anritsu Company, S.A. de C.V., Anritsu (China) Co., Ltd., Anritsu Electronics (Shanghai) Co., Ltd., ANRITSU INDUSTRIAL SOLUTIONS (SHANGHAI) CO., LTD., and Anritsu Industrial Systems (Shanghai) Co., Ltd. In the event that the account closing date of a consolidated subsidiary differs from the Company's account closing date, the financial figures of the consolidated subsidiary based on a provisional settlement of accounts carried out as of the consolidated account closing date are used.

2. Associates

Associates are corporate entities of which the Anritsu Group has significant influence over the financial and operating policies, but which are not controlled or jointly controlled by the Anritsu Group. The Anritsu Group is presumed to have significant influence over another corporate entity when it holds 20-50% of the voting rights of the corporate entity.

Associates are accounted for using the equity method from the date when the Anritsu Group comes to have significant influence until the date when it loses significant influence.

3. Joint Ventures

Joint ventures are corporate entities in which multiple parties including the Anritsu Group share contractually agreed control over the economic activities, and strategic financial and operational decision-making related to those activities requires the agreement of all parties sharing control.

Joint ventures owned by the Anritsu Group are accounted for using the equity method.

(2) Business Combinations

The acquisition method is applied as the method of accounting for business combinations. The acquisition consideration is measured as the total of the acquisition-date fair values of the transferred assets in exchange for control of the acquiree, the liabilities assumed, and the equity instruments issued by the Company. In the event that the total amount of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of any equity interest in the acquiree previously held by the acquirer exceeds the net amount of the identifiable assets and liabilities acquired, goodwill is measured as that excess amount. If, by the contrary, the total amount is lower, it is immediately recorded as profit or loss in the consolidated statement of income.

Whether the non-controlling interests are measured at fair value or at their proportional share of the recognized amount of identifiable net assets is selected for each business combination.

Transaction expenses arising in relation to business combinations are expensed as incurred.

In the event that the initial accounting for business combinations has not been completed by the end of the fiscal year in which the business combination occurred, items that have not been completed are accounted for using provisional amounts, and the provisional amounts recognized at the acquisition date are retroactively corrected in the measurement period within one year from the acquisition date.

As for the additional acquisition of non-controlling interests after obtaining control, goodwill is not recognized from such transaction because it is accounted for as an equity transaction.

A business combination under common control is a business combination in which the corporate entities involved in the business combination or all of their businesses are ultimately controlled by the same corporate entity before and after the business combination, and such control is not temporary. The Anritsu Group accounts for all business combinations of corporate entities under common control based on the carrying amount on an ongoing basis.

(3) Foreign Currency Translation

1. Foreign Currency Transactions

Foreign currency transactions are translated into functional currencies of individual companies of the Anritsu Group using the spot exchange rate at the date of the transaction. At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are translated into functional currencies using the spot exchange rate at the end of the reporting period.

Non-monetary assets and liabilities measured at fair value and denominated in foreign currencies are translated into functional currencies using the spot exchange rate at the date that the fair value was determined. Non-monetary items that are measured at cost and denominated in foreign currencies are translated using the spot exchange rate on the date of the transaction.

Exchange differences arising from translation or settlement of accounts are recognized in profit or loss.

2. Financial Statements of Foreign Operations

Assets and liabilities of foreign operations are translated into Japanese yen using the spot exchange rate at the end of the reporting period. Income and expenses of foreign operations are translated into Japanese yen at average exchange rates for the period. Exchange differences arising from the translation of financial statements of foreign operations are recognized in "Other comprehensive income". Accumulated exchange differences on translation of foreign operations are recognized in profit or loss in the period of disposal of the foreign operations.

(4) Financial Instruments

1) Financial Assets

1. Initial recognition and measurement

The Anritsu Group classifies its financial assets as financial assets measured at fair value through profit or loss, or other comprehensive income, and financial assets measured at amortized cost. This classification is determined at the time of initial recognition.

The Anritsu Group initially recognizes trade and other receivables on the date that they are originated. All other financial assets are initially recognized at the date of the transaction when the Anritsu Group becomes a party to the contractual provisions of the financial assets.

All financial assets are measured at fair value plus transaction costs, except for those classified in the category measured at fair value through profit or loss.

Financial assets that meet the following conditions are measured at amortized cost.

- Assets are held based on business models in which the purpose is to hold assets in order to collect contractual cash flows.
- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest in the outstanding principal.

Financial assets other than those measured at amortized cost are measured at fair value.

Equity financial assets measured at fair value are classified as financial assets measured at fair value through other comprehensive income by making an irrevocable election at initial recognition to present subsequent changes in fair value in other comprehensive income for each equity financial asset.

Financial assets other than financial assets measured at amortized cost and equity financial assets measured at fair value through other comprehensive income are classified as financial assets measured at fair value through profit or loss.

2. Subsequent measurement

The measurement of financial assets after initial recognition is performed according to their classification as follows:

(i) Financial assets measured at amortized cost

Financial assets measured at amortized cost are measured at amortized cost using the effective interest method after initial recognition.

(ii) Financial assets measured at fair value

Changes in fair value of financial assets measured at fair value are recognized in profit or loss.

However, for equity financial assets designated as at fair value through other comprehensive income, changes in fair value are recognized in other comprehensive income. Dividends from the financial assets are recognized as part of finance income in profit or loss for the year.

3. Derecognition of Financial Assets

The Anritsu Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or when the Anritsu Group transfers substantially all the risks and rewards of ownership of the financial asset.

4. Impairment of financial assets

For financial assets measured at amortized cost, a provision for expected credit losses is recognized. The Anritsu Group recognizes a provision for doubtful accounts for "trade and other receivables" always in an amount equal to the lifetime expected credit losses. A provision for doubtful accounts on other financial assets is measured at an amount equal to the 12-month expected credit losses when the credit risk has not increased significantly, and measured at an amount equal to lifetime expected credit losses when the credit risk has increased significantly.

In measuring a provision for doubtful accounts, the Group regularly monitors the financial status of debtors and assesses deteriorating situations of debtors' financial positions, such as defaults, delinquencies, extension of payment deadlines, and bankruptcies or signs thereof. If such situation or sign is not identified, the Group estimates expected credit losses using past due information.

All individually significant financial assets are measured for impairment on an individual basis. Financial assets that are not individually significant are assessed collectively in groups that share similar risk characteristics and measured for impairment.

The amount of provision for doubtful accounts related to financial assets is recognized in net income or loss. When an event occurs that reduces the provision for doubtful accounts, a reversal of the provision for doubtful accounts is recognized in profit or loss.

2) Financial Liabilities

1. Initial recognition and measurement

The Anritsu Group classifies its financial liabilities as financial liabilities measured at fair value through profit or loss and financial liabilities measured at amortized cost. This classification is determined at the time of initial recognition.

The Anritsu Group initially recognizes issued debt securities on the date that they are originated. All other financial liabilities are initially recognized at the date of the transaction when the Anritsu Group becomes a party to the contractual provisions of the financial liabilities.

All financial liabilities are initially measured at fair value, but financial liabilities measured at amortized cost are measured at the amount, net of directly attributable transaction costs.

2. Subsequent measurement

The measurement of financial liabilities after initial recognition is performed according to their classification as follows:

(i) Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss are measured at fair value after initial recognition, and any changes in fair value are recognized in profit or loss for the year.

(ii) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost are measured at amortized cost using the effective interest method after initial recognition.

Gains or losses resulting from amortization using the effective interest method and derecognition are recognized as part of finance costs in profit or loss for the year.

3. Derecognition of Financial Liabilities

The Anritsu Group derecognizes financial liabilities when they are extinguished, i.e., when the obligation identified in a contract is discharged or canceled or expires.

3) Derivatives

Derivatives are initially recognized at fair value at the date the derivative contract is entered into and are subsequently remeasured at fair value, with gains and losses arising from changes in fair value recognized in profit or loss.

The Anritsu Group uses foreign exchange forward contracts to hedge foreign currency risks, but no hedge accounting is applied.

(5) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with maturities of three months or less from the date of acquisition that are readily convertible to cash and are subject to an insignificant risk of changes in value.

(6) Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value represents the estimated selling price for the inventories in the ordinary course of business, less all estimated costs of completion and estimated selling expenses. Cost is calculated primarily by the moving average method for raw materials and primarily by the specific identification method for finished goods and work in progress.

(7) Property, Plant and Equipment

Property, plant and equipment are measured applying the cost model after recognition, at acquisition cost less accumulated depreciation and accumulated impairment losses. Cost includes the expenses directly attributable to the acquisition of the assets, the costs related to dismantling and removal of the assets and restoration of the site on which the assets are located to its original condition as well as borrowing costs attributable to the assets.

Depreciation of each asset, other than land and construction in progress, is computed using the straight-line method over the respective estimated useful lives of the assets. The estimated useful lives of major assets are as follows:

- Buildings and Structures : 2–50 years
- Machinery and Vehicles : 2–17 years
- Tools, Furniture and Fixtures : 2–20 years

Estimated useful lives, residual values, and depreciation methods are reviewed at the end of each fiscal year and if there are any changes, they are applied prospectively as changes in accounting estimates.

(8) Goodwill

The Anritsu Group initially measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interests in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as at the acquisition date.

Goodwill is not amortized, and an impairment test is performed annually and each time in the event that indications of impairment exist.

Goodwill impairment losses are recognized in the consolidated statement of income and are not subsequently reversed.

In addition, goodwill is reported in the consolidated statement of financial position at acquisition cost less accumulated impairment loss.

Measurement of goodwill on initial recognition is described in (2) Business Combinations.

(9) Intangible Assets

Intangible assets are measured applying the cost model after recognition, at acquisition cost less accumulated amortization and accumulated impairment losses. Separately acquired intangible assets are measured at acquisition cost on initial recognition. Intangible assets acquired from business combinations are measured at fair value at the date of acquisition.

Expenses arising from development activities are recognized as assets only if the Anritsu Group has demonstrated all the following conditions:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete the intangible asset and use or sell it;
- Its ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial, and other resources to complete the development and to use or sell the intangible asset; and
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Except for intangible assets with indefinite useful lives, intangible assets other than goodwill are amortized using the straight-line method over their respective estimated useful lives after initial recognition, and are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses. The following are the estimated useful lives of major intangible assets.

- Capitalized development costs : 3–5 years
- Other intangible assets (mainly software) : 3–10 years

Estimated useful lives, residual values, and depreciation methods are reviewed at the end of each fiscal year and if there are any changes, they are applied prospectively as changes in accounting estimates.

(10) Investment Property

Investment property is property held for the purpose of earning rental income. The cost model is applied to investment property in which related assets are stated at acquisition cost less accumulated depreciation and accumulated impairment losses. Cost includes the expenditure that is directly attributable to the acquisition of the assets, the costs related to dismantling and removal of the assets and restoration of the site on which the assets are located to its original condition as well as borrowing costs attributable to the assets.

Depreciation of each asset, other than land, is computed using the straight-line method over the respective estimated useful lives of the assets (3-50 years).

Estimated useful lives, residual values, and depreciation methods are reviewed at the end of each fiscal year and if there are any changes, they are applied prospectively as changes in accounting estimates.

(11) Leases

The Anritsu Group determines whether a contract is a lease contract or a contract containing a lease at its inception. If the contract substantially involves transfer of the right to control the use of an identified asset for a certain period in exchange for consideration, such contract is determined to constitute a lease contract or a contract containing a lease.

When it is determined that a contract is a lease or contains a lease, the right-of-use assets and lease liabilities are recognized at the inception of the lease. Lease liabilities are measured at the present value of the total amount of lease payments payable, and right-of-use assets are measured at acquisition cost, which is the amount of the initial measurement of the lease liabilities, adjusted for initial direct costs incurred by the lessee, such as lease payments made prior to the commencement date, and for costs associated with obligations to restore to the original state, which are required under the contractual terms of the lease.

After initial recognition, right-of-use assets are depreciated on a straight-line method over the shorter of the useful lives or the lease terms. Lease liabilities are subsequently measured at an amount that reflects the interest rate on the lease liabilities, the lease payments paid, and, if applicable, a review of the lease liabilities or a change in the terms of the lease.

Lease payments are allocated to finance costs and repayments of lease liabilities based on the interest method, and finance costs are recognized in the consolidated statement of income.

However, in the case of short-term leases with a lease term of 12 months or less and leases for which the underlying asset is of low value, right-of-use assets and lease liabilities are not recognized, and lease payments are recognized as an expense on a straight-line basis over the lease term.

Lease liabilities are initially measured at the present value of the lease payments that have not been paid at the commencement date of the lease, discounted at the interest rate implicit in the lease or the Anritsu Group’s incremental borrowing rate in the event that the interest rate implicit cannot be easily calculated.

Right-of-use assets are reported at acquisition cost, net of accumulated depreciation and accumulated impairment losses in the consolidated statement of financial position included in “Property, plant and equipment.”

Lease liabilities are measured at the present value of the total amount of lease payments payable and are reported in the consolidated statement of financial position included in “Other financial liabilities.”

(12) Impairment on non-financial assets

The carrying amounts of the Anritsu Group’s non-financial assets, excluding inventories and deferred tax assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the non-financial assets is estimated. For goodwill and intangible assets with an indefinite useful life or intangible assets not yet available for use, the recoverable amount is estimated at the same time each year, regardless of whether there is any indication of impairment.

The recoverable amount of an asset or a cash-generating unit is the higher of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset. A cash-generating unit is the smallest group of assets which generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

A cash-generating unit of goodwill is determined based on the unit by which the goodwill is monitored for internal management purposes and does not exceed an operating segment before aggregation.

The Anritsu Group’s corporate assets do not generate independent cash inflows. If there is an indication that the corporate assets may be impaired, the recoverable amount is determined for the cash generating unit to which the corporate assets belong.

If the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount of it, an impairment loss is recognized in profit or loss. The impairment loss recognized related to a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to reduce the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit.

An impairment loss recognized for goodwill is not reversed in subsequent periods. Assets other than goodwill are reviewed at the end of each period to determine whether there is any indication that an impairment loss recognized in prior years may no longer exist or may have decreased. An impairment loss recognized in prior years for an asset is reversed to profit or loss if an event occurs to change the estimates used to determine the asset’s recoverable amount. A reversal of impairment loss does not exceed the carrying amount, net of depreciation and amortization, that would have been determined if no impairment loss had been recognized for the asset for prior years.

(13) Employee Benefits

The Anritsu Group has both a defined benefit plan and a defined contribution plan as a retirement benefit plan for employees.

A retirement lump-sum payment plan and a cash-balance pension plan (market interest reflecting type) have been adopted as defined benefit plans to cover the employees of the Company and some of its subsidiaries. Defined benefit obligation is calculated using the projected unit credit method with adjustments made using the straight-line method when a very high benefit level is incurred in the latter half of the number of years of service.

The discount rate is calculated based on the market yield of high-quality corporate bonds at the end of the fiscal year corresponding to the discount period, with the discount period set based on the period until the expected date of benefit payment in each future year.

The liability or asset for a defined benefit plan is calculated as the present value of the defined benefit plan obligation less the fair value of the plan assets. If a defined benefit plan is overfunded, the net amount of the defined benefit asset is the asset ceiling, which is the present value of the economic benefits available in the form of returns from the plan or reductions in future contributions to the plan.

The remeasurement amount of the defined benefit plan is recognized in other comprehensive income in the period in which it is incurred and immediately transferred from other components of equity to retained earnings.

Prior service cost is charged to net income or loss in the period in which it is incurred.

The expense associated with retirement benefits for the defined contribution plan is recognized as an expense at the time the contributions are made.

Short-term employee benefits are measured on an undiscounted basis and are recognized as an expense during the period when the service is rendered.

Bonuses and paid leave accruals are recognized as liabilities for the amount estimated to be paid based on the bonus and paid leave systems, when the Anritsu Group has present legal or constructive obligations to pay, and when reliable estimates of the obligation can be made.

In addition to its pension plans, the Anritsu Group has special leave and bonus systems awarded in accordance with a defined number of years of service. Obligations for other long-term employee benefits are recorded at an amount calculated by estimating the future amount of benefits that employees have earned in exchange for their service for the previous and current years discounted to determine the present value.

(14) Share-based Payment

The Anritsu Group has introduced stock option plans, the Performance-Related Stock Compensation Programs, and Restricted Stock-based Compensation System as equity-settled, share-based payment plans.

1) Stock option plans

Under the stock option plans, rights to share-based payments are vested at the grant date of the share-based payment. Consequently, the fair value of stock options at the grant date is recognized as a lump-sum expense at the grant date, and the same amount is recognized as a corresponding increase in equity. The fair value of the stock options is measured using the Black-Scholes model, taking into account the terms of the options granted.

2) The Performance-Related Stock Compensation Programs

Under the Performance-Related Stock Compensation Programs, the consideration for services received is measured at fair value of the Company's shares at the grant date, while the expenses and the corresponding increase in equity are recognized over the vesting period. The recognized increase in equity is reversed when the Company's shares are distributed after the date on which a right to receive the Company's shares was vested.

3) Restricted Stock-based Compensation System

Under the Restricted Stock-based Compensation System, the consideration for services received is measured at fair value of the Company's shares at the grant date, while the expenses and the corresponding increase in equity are recognized over the vesting period.

(15) Provisions

Provisions are recognized when, as a result of past events, the Anritsu Group has legal or constructive obligations and it is probable that outflows of economic resources will be required to settle the obligations, and a reliable estimate can be made of the amount of the obligation.

When the time value of money is significant, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the time value of money and the risks specific to the liability. The unwinding of the discount with the passage of time is recorded as "Finance Costs."

(16) Revenue

The Anritsu Group recognizes revenue from contracts with customers, excluding interest and dividend income under IFRS 9 "Financial Instruments" and lease income under "IFRS 16 "Leases," based on the following five-step approach.

Step 1: Identify the contract with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when the performance obligation is satisfied or as the performance obligation is satisfied

The Anritsu Group mainly engages in the manufacturing and sale of products such as electronic measuring instruments, quality assurance systems for food and pharmaceuticals, environmental measuring instruments, and related devices., etc. While selling these products and software, the Group also provides associated services, including repair and support.

The Anritsu Group recognizes revenue from the sale of products and software at the time the performance obligations are satisfied through the transfer of the promised goods to the customers, the timing of which varies according to the terms of individual sales agreements, such as at the time of delivery, shipment, or inspection.

In the provision of services, for performance obligations satisfied at a point in time such as repairs, we deem our performance obligations to be satisfied and recognize revenue when such services have been rendered to the customers, such as when the customer conducts an acceptance inspection at the time of completion of the services. For performance obligations satisfied over a period of time such as support services, we deem our performance obligations to be satisfied over such period and recognize revenue on a straight-line basis over the period, as the customer receives benefits over the period in which the service is provided.

For multiple element transactions in which we provide multiple deliverables such as products, software, or support services, if the respective components are identified as having separate performance obligations, we allocate the transaction price proportionately based on the standalone selling price and recognize revenue for each performance obligation.

After the performance obligation has been satisfied, we normally receive payment within one year or less in accordance with payment terms and conditions determined separately. Accordingly, the contracts do not contain a significant financing component.

We recognize contract liabilities when considerations for promised products or services are received, or receipt of consideration thereof is finalized before such products or services are transferred to customers.

Contract liabilities of support services are reversed as the performance obligations of the contract are satisfied and revenue is recognized. Contract liabilities normally increase when the Group receives consideration from the customer before it transfers the product or services to the customer and decrease as the Group satisfies the performance obligations.

(17) Finance Income and Costs

Finance income comprises mainly interest income and dividend income. Finance costs comprise mainly interest payments on borrowings, corporate bonds and lease liabilities calculated using the effective interest method. Foreign exchange gains and losses are recorded in "Finance Income" or "Finance Costs" on a net basis.

Interest income is recognized when incurred using the effective interest method. Dividend income is recognized on the date when the right to receive payment is assured. Interest expense is recognized when incurred using the effective interest method.

(18) Government Grants

Government grants are recognized at fair value once the collateral conditions for the grants are met and the receipt of such grants is reasonably assured.

If a government grant is associated with an expense item, revenue is recognized on a systematic basis over the period in which the costs intended to be covered by such grant are recognized as expenses. Government grants in respect of assets are recorded as deferred income and recognized in profit or loss on a systematic basis over the estimated useful lives of the assets concerned.

(19) Income Tax Expense

Income tax expense is comprised of current taxes and deferred taxes. These are recognized in profit or loss, except when they arise from items recognized directly in other comprehensive income or equity, and when they arise from business combinations.

Current taxes are comprised of the adjustment amount of estimated tax payments or the adjustment amount of estimated refunds up until the previous fiscal year, added to the taxable profits for the year, calculated by multiplication by the tax rates that have been enacted or substantively enacted at the end of the reporting period, or to the amount of estimated tax payments or the amount of estimated tax refunds on losses.

Deferred taxes are recognized for temporary differences, which are differences between the tax bases of assets and liabilities and their carrying amounts for accounting purposes at the end of the reporting period, tax loss carry-forwards, and tax credit carry-forwards.

Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences, tax loss carry-forward, and tax credit carry-forward can be utilized. In principle, deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets and liabilities are not recorded for the following temporary differences.

- Taxable temporary differences arising from the initial recognition of goodwill;
- Temporary differences arising from the initial recognition of an asset or liability in a transaction, except for a business combination, that affects neither accounting profit nor taxable profit (tax loss) and that does not give rise to equal taxable and deductible temporary differences at the time of transaction;
- Deductible temporary differences associated with investments in subsidiaries and associates, and with interests in joint ventures when it is probable that such temporary differences will not reverse in the foreseeable future, or when it is not probable that there will be sufficient taxable profits against which the temporary differences can be utilized.
- Future temporary differences associated with investments in subsidiaries and associates, and with interests in joint ventures when the Anritsu Group is in a position to control the timing of the reversal of the temporary differences, and it is probable that such temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed annually, and the carrying amount is reduced to the extent that it is probable that sufficient taxable profit will not be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reviewed annually and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates and tax laws that are expected to be applied in the period when the assets are realized or the liabilities are settled, based on the tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when: (1) there is a legally enforceable right to offset current tax assets against current tax liabilities; and (2) income taxes are levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to settle current tax liabilities and assets on a net basis or to realize the assets and settle the liabilities simultaneously.

The Anritsu Group has applied a temporary exception from recognition and information disclosure requirements regarding the deferred tax assets and deferred tax liabilities for income taxes incurred from tax systems enacted or substantively enacted to adopt the Pillar Two Model Rules announced by the Organisation for Economic Co-operation and Development.

(20) Earnings Per Share (attributable to owners of parent)

Basic earnings per share are calculated by dividing the profit attributable to owners of the parent by the weighted average number of shares in issue during the period excluding shares purchased by the Company and held as treasury shares. Diluted earnings per share are calculated by adjusting for the effect of all dilutive potential common stock.

(21) Assets Held for Sale

Of the non-current assets or disposal groups that will be recovered principally through sale transactions rather than through continued use, they are classified as held for sale when it is highly probable that they will be sold within one year or less, they are available for immediate sale in their current condition, and the Anritsu Group's management is committed to selling them.

Non-current assets or disposal groups classified as held for sale are measured at the carrying amount or fair value less costs to sell, whichever is lower. Depreciation or amortization is not applied to the assets once they have been classified as held for sale.

(22) Equity

1. Common Stock

For common stock issued by the Company, the issuance value is recorded as "Share capital" and "Capital surplus." The direct issuance costs are deducted from "Capital surplus" after deducting the related tax effects.

2. Treasury Shares

Treasury shares are valued at acquisition cost and deducted from equity. No gains or losses are recognized on the purchase, sale, or cancellation of the Company's treasury shares. The difference between the carrying amount and the consideration at the time of sale is recognized as equity.

4. Significant Accounting Estimates and Judgments

The preparation of consolidated financial statements based on IFRS requires management to make judgments, estimates and assumptions that affect the application of account policies and the reported amounts of assets, liabilities, income, and expenses. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The influence from revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods in which the revision has an effect.

Items requiring judgment by management that have significant effects in the consolidated financial statements are as follows:

(1) Evaluation of Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is calculated primarily by the moving average method for raw materials and primarily by the specific identification method for finished goods and work in progress. Net realizable value represents the estimated selling price for the inventories in the ordinary course of business, less all estimated costs of completion and estimated selling expenses. In the industry to which the Group belongs, products and raw materials are at risk of becoming obsolete due to technical innovation. Accordingly, for inventories held for long periods, net realizable value is calculated assuming that a certain portion of such inventories will not be sold or used. Market demand for the Anritsu Group's finished products and repair and support services may fluctuate. If the market environment deteriorates more than expected, resulting in a significant fall in net realizable value, it may materially impact the amounts to be recognized in the consolidated financial statements for the following fiscal year or later.

Details of inventories are stated under 10. Inventories.

(2) Recognition of deferred tax assets

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized. In the recognition of deferred tax assets, we calculate the amounts by making a reasonable estimate of the timing and amount of possible future taxable profits to determine their probability. The timing and amount of taxable profits may be impacted by changes in uncertain future economic conditions. If the actual timing and amount differ from the estimates, they may materially impact the amounts to be recognized in the consolidated financial statements for the following fiscal year or later.

Description and amount of corporate income tax are stated under 17. Income Tax Expense.

(3) Measurement of defined benefit plan obligations

The Group has adopted the defined benefit plan. The present value of defined benefit pension plan obligations and the relevant service cost, etc., are calculated based on actuarial assumptions. Actuarial assumptions require estimates and judgment on various variables including discount rates, turnover rates, and mortality rates. Although actuarial assumptions are determined based on the best estimates and judgment of management, they may be impacted as a result of future changes in uncertain economic conditions and revisions and promulgations of relevant laws and regulations. If a review becomes necessary, it may materially impact the amounts to be recognized in the consolidated financial statements for the following fiscal year or later.

Actuarial assumptions and related sensitivities are stated under 22. Employee Benefits.

(4) Valuation of Goodwill

An impairment test for goodwill is performed by the Anritsu Group annually and each time in the event that indications of impairment exist. In calculating the recoverable amount in the impairment test, certain assumptions are made regarding future cash flows, discount rates, growth rates, etc. Although these assumptions are determined based on the best estimates and judgment of management, they may be impacted as a result of future changes in uncertain economic conditions. If a review becomes necessary, it may materially impact the amounts to be recognized in the consolidated financial statements for the following fiscal year or later.

Details related to goodwill are described under 13. Goodwill and Intangible Assets.

5. New Standards and Interpretations not yet Applied

The following are main new or revised standards and interpretation guidance that were announced by the date of approval of the consolidated financial statements, but that the Anritsu Group elected not to adopt early.

Impact of the adoption of IFRS 18 is under review and not estimable at present.

Standards	Name of standards	Year of mandatory adoption (Year in which adoption started)	Year of adoption by the Anritsu Group	Outline of the new or revised standards
IFRS 18	Presentation and disclosure in financial statements	January 1, 2027	The fiscal year ending March 31, 2028	New standards superseding IAS 1, the currently prevailing accounting standard regarding the presentation and disclosure in financial statements

6. Segment Information

(1) Outline of Reportable Segment

The reportable segments of the Anritsu Group are business segments which are classified based on products and services. Each business segment operates its business activities with a comprehensive strategic business plan for domestic and overseas. The board of directors meeting periodically makes decisions on allocation of operating resources and evaluates business performance based on segment financial information. The Anritsu Group's reportable segments are composed of "Test and Measurement," "PQA (Products Quality Assurance)," and "Environmental Measurement".

Main products and services by segment are as follows:

Test and Measurement	Measuring instruments for Digital communications and IP network, Optical communications equipment, Mobile communications equipment, RF / microwave and millimeter wave communications equipment / systems, Service assurance
PQA	Checkweighers, Automatic combination weighers, Inspection equipment, Comprehensive production management system
Environmental Measurement	Test systems for EVs and batteries, local 5G support services, video surveillance monitoring solutions for roads, dams, rivers, and other applications

(Change in reportable segment)

Effective from the current consolidated fiscal year, reportable segments have been changed from two segments, "Test and Measurement" and "PQA," to three segments, " Test and Measurement," "PQA," and "Environmental Measurement". This change classifies "Environmental Measurement," which was previously included in "Others," as a reportable segment, in consideration of its future significance.

Segment information for the previous fiscal year is prepared and disclosed based on the reportable segment classifications after the change.

(2) Information by Reportable Segment

Accounting policies for reportable segments are the same as the accounting policies for the Anritsu Group described in Note 3. Material Accounting Policies.

Inter-segment revenue is measured based on market price.

Millions of yen

FY2022 (From April 1, 2022 to March 31, 2023)	Reportable segment: Test and Measurement	PQA	Environmental Measurement	Subtotal	Others (Note 1)	Total	Adjustment (Notes 2, 3)	Consolidated
Revenue from external customers	¥72,753	¥24,849	¥6,376	¥103,979	¥6,939	¥110,919	—	¥110,919
Intersegment revenue	17	4	—	21	2,601	2,623	(2,623)	—
Total	¥72,770	¥24,853	¥6,376	¥104,001	¥9,541	¥113,542	¥(2,623)	¥110,919
Cost of sales, Other revenue and expenses	(61,896)	(23,522)	(6,325)	(91,743)	(8,981)	(100,724)	1,551	(99,172)
Operating profit (loss)	10,874	1,331	51	12,257	560	12,817	(1,071)	11,746
Finance income	—	—	—	—	—	—	—	1,170
Finance costs	—	—	—	—	—	—	—	482
Share of profit (loss) of investments accounted for using equity method	—	—	—	—	—	—	—	4
Profit (loss) before tax	—	—	—	—	—	—	—	12,438
Income tax expense	—	—	—	—	—	—	—	3,182
Profit (loss) for the year	—	—	—	—	—	—	—	9,256
Segment assets	100,973	26,103	10,738	137,815	9,381	147,197	5,040	152,238
Capital expenditures (Note 4)	4,379	1,049	184	5,613	373	5,987	(14)	5,973
Depreciation and amortization (Note 4)	4,426	671	188	5,286	417	5,704	(10)	5,693
Impairment losses	—	—	—	—	—	—	—	—

Notes: 1. Others: Sensing & Devices, Logistics, Welfare-related service, Leases on real estate and others.
2. Adjustment of operating profit includes elimination of inter-segment transactions (-7 million yen) and company-wide expenses not allocated to business segments (-1,064 million yen). Company-wide expenses are mainly composed of basic research expense as well as selling, general and administrative expenses not attributable to business segments.
3. Adjustment of segment assets includes excess investment capital not attributable to business segments (cash and cash equivalents), long-term investment capital (other financial assets (non-current assets)), and others.
4. Capital expenditures, Depreciation and amortization include amount related to right-of-use assets.

Millions of yen

FY2023 (From April 1, 2023 to March 31, 2024)	Reportable segment: Test and Measurement	PQA	Environmental Measurement	Subtotal	Others (Note 1)	Total	Adjustment (Notes 2, 3)	Consolidated
Revenue from external customers	**¥71,005**	**¥25,373**	**¥7,438**	**¥103,817**	**¥6,134**	**¥109,952**	**—**	**¥109,952**
Intersegment revenue	**13**	**3**	**—**	**16**	**2,584**	**2,601**	**(2,601)**	**—**
Total	**¥71,019**	**¥25,376**	**¥7,438**	**¥103,834**	**¥8,719**	**¥112,553**	**¥(2,601)**	**¥109,952**
Cost of sales, Other revenue and expenses	**(63,474)**	**(24,081)**	**(6,901)**	**(94,457)**	**(7,908)**	**(102,366)**	**1,397**	**(100,968)**
Operating profit (loss)	**7,544**	**1,295**	**537**	**9,376**	**810**	**10,187**	**(1,204)**	**8,983**
Finance income	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**1,259**
Finance costs	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**290**
Share of profit (loss) of investments accounted for using equity method	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(0)**
Profit (loss) before tax	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**9,951**
Income tax expense	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**2,277**
Profit (loss) for the year	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**7,674**
Segment assets	**101,685**	**27,911**	**11,114**	**140,711**	**9,210**	**149,921**	**11,163**	**161,085**
Capital expenditures (Note 4)	**3,927**	**543**	**219**	**4,691**	**402**	**5,093**	**(20)**	**5,072**
Depreciation and amortization (Note 4)	**4,534**	**740**	**201**	**5,476**	**424**	**5,900**	**(12)**	**5,888**
Impairment losses	**256**	**—**	**—**	**256**	**—**	**256**	**—**	**256**

Notes: 1. Others: Sensing & Devices, Logistics, Welfare-related service, Leases on real estate and others.
2. Adjustment of operating profit includes elimination of inter-segment transactions (0 million yen) and company-wide expenses not allocated to business segments (-1,205 million yen). Company-wide expenses are mainly composed of basic research expense as well as selling, general and administrative expenses not attributable to business segments.
3. Adjustment of segment assets includes excess investment capital not attributable to business segments (cash and cash equivalents), long-term investment capital (other financial assets (non-current assets)), and others.
4. Capital expenditures, Depreciation and amortization include amount related to right-of-use assets.

(3) Information regarding Products and Service

Revenue of products and service from external customers in the previous and current fiscal years are as described in (2).

(4) Information regarding Geographical Areas

Revenue and non-current assets (excluding financial instruments, deferred tax assets and retirement benefit assets) by geographic areas are indicated below.

		Millions of yen
FY2022 (From April 1, 2022 to March 31, 2023)	Revenue	Non-current assets
Japan	¥33,042	¥28,127
Americas	24,799	5,970
[United States]	*[20,905]*	—
EMEA	14,732	2,738
Asia and others	38,344	1,436
[China]	*[16,069]*	—
Eliminations and corporate	—	(391)
Total	¥110,919	¥37,880

Notes: 1. Revenue information is presented based on the geographical location of the customers, and it is classified by country or region.
2. Non-current assets information (excluding financial instruments, deferred tax assets and retirement benefit assets) is presented based on the geographical location of the assets.
3. EMEA: Europe, Middle East, and Africa
4. The Anritsu Group has not disclosed non-current assets (excluding financial instruments, deferred tax assets and retirement benefit assets) for the United States and China as the amounts are immaterial.

		Millions of yen
FY2023 (From April 1, 2023 to March 31, 2024)	Revenue	Non-current assets
Japan	**¥34,236**	**¥26,431**
Americas	**25,903**	**5,879**
[United States]	***[23,041]***	**—**
EMEA	**16,328**	**3,518**
Asia and others	**33,483**	**2,070**
[China]	***[12,764]***	**—**
Eliminations and corporate	**—**	**(322)**
Total	**¥109,952**	**¥37,578**

Notes: 1. Revenue information is presented based on the geographical location of the customers, and it is classified by country or region.
2. Non-current assets information (excluding financial instruments, deferred tax assets and retirement benefit assets) is presented based on the geographical location of the assets.
3. EMEA: Europe, Middle East, and Africa
4. The Anritsu Group has not disclosed non-current assets (excluding financial instruments, deferred tax assets and retirement benefit assets) for the United States and China as the amounts are immaterial.

(5) Information regarding Key Customers

The Anritsu Group has no revenue from transactions with a single external customer that amounts to 10% or more of revenue of the Anritsu Group.

7. Business Combinations

FY2022 (From April 1, 2022 to March 31, 2023)

None

FY2023 (From April 1, 2023 to March 31, 2024)

None

8. Cash and Cash Equivalents

The breakdown of "Cash and cash equivalents" for the previous fiscal year and the current fiscal year is cash and deposits (excluding time deposits with a deposit term of over three months).

The balances of cash and cash equivalents in the consolidated statement of financial position as of the previous fiscal year-end and the current fiscal year-end agree to the respective balances in the consolidated statement of cash flows.

9. Trade and Other Receivables

Details of trade and other receivables are as follows:

				Millions of yen
	Beginning of FY2022 as of April 1, 2022	End of FY2022 as of March 31, 2023	Beginning of FY2023 as of April 1, 2023	**End of FY2023 as of March 31, 2024**
Accounts receivable–trade	¥23,953	¥22,499	¥22,499	**¥25,290**
Notes receivable–trade	2,493	3,006	3,006	**3,173**
Accounts receivable–other	128	97	97	**113**
Others	724	778	778	**822**
Less: Allowance for doubtful accounts	(184)	(133)	(133)	**(264)**
Total	¥27,115	¥26,249	¥26,249	**¥29,135**
Current assets	¥26,622	¥25,798	¥25,798	**¥28,623**
Non-current assets	492	450	450	**512**
Total	¥27,115	¥26,249	¥26,249	**¥29,135**

10. Inventories

Details of inventories are as follows:

		Millions of yen
	End of FY2022 as of March 31, 2023	**End of FY2023 as of March 31, 2024**
Raw materials	¥15,127	**¥14,199**
Work in process	7,412	**7,371**
Finished goods	7,288	**6,288**
Total	¥29,828	**¥27,860**

Notes: 1. The losses on valuation of inventories were included in "Cost of sales." Amounts of valuation loss included in the "Cost of sales" are 2,458 million yen in FY2022 and 3,612 million yen in FY2023.
2. Inventories recorded in "Cost of sales" as expenses were 53,367 million yen in FY2022 and 54,923 million yen in FY2023 (including the above losses on valuation).

11. Other Financial Assets

(1) Details of other financial assets

Details of other financial assets are shown below.

		Millions of yen
	End of FY2022 as of March 31, 2023	**End of FY2023 as of March 31, 2024**
Time deposits	¥8	**¥9**
Derivative assets	12	**—**
Loans	10	**10**
Shares	1,620	**2,167**
Total	¥1,651	**¥2,186**
Current assets	¥21	**¥9**
Non-current assets	1,630	**2,177**
Total	¥1,651	**¥2,186**

Derivative assets are classified as financial assets measured at fair value through profit or loss, shares are classified as financial assets measured at fair value through other comprehensive income, and time deposits and loans receivable are classified as financial assets measured at amortized cost, respectively.

Notes to the Consolidated Financial Statements

(2) Details of Financial assets measured at fair value through other comprehensive income

The major stocks and their fair values of financial assets measured at fair value through other comprehensive income are as follows.

Millions of yen

	End of FY2022 as of March 31, 2023	**End of FY2023 as of March 31, 2024**
Listed shares		
Sumitomo Mitsui Financial Group, Incorporated	¥57	**¥96**
Others	55	**77**
Listed shares subtotal	112	**173**
Unlisted shares		
Communication equipment industry	771	**1,108**
Leasing industry	213	**286**
Telecommunications industry	217	**114**
Others	304	**483**
Unlisted shares subtotal	1,507	**1,993**
Total	¥1,620	**¥2,167**

Shares are primarily held for cross-shareholding purposes, so they are designated as financial assets measured at fair value through other comprehensive income.

(3) Derecognition of Financial Assets Measured at Fair Value through Other Comprehensive Income

The Anritsu Group derecognizes a portion of its financial assets measured at fair value through other comprehensive income by selling them for the purpose of improving the efficiency of its assets and reviewing its business relationships.

The fair value at the time of sale and the cumulative gains or losses associated with the sale in each consolidated year are as follows.

Millions of yen

FY2022 (From April 1, 2022 to March 31, 2023)		**FY2023 (From April 1, 2023 to March 31, 2024)**	
Fair value	Cumulative gain	Fair value	Cumulative gain
¥5	—	**¥6**	**¥5**

When financial assets measured at fair value through other comprehensive income are derecognized, the cumulative gains or losses recognized in other comprehensive income are transferred to retained earnings. The accumulated gains or losses (after tax) in other comprehensive income transferred to retained earnings amounted to -3 million yen in the current fiscal year. In the previous fiscal year, there were no cumulative gains or losses (after tax) in other comprehensive income that were transferred to retained earnings.

The breakdown of dividend income recognized from equity financial assets is as follows.

Millions of yen

FY2022 (From April 1, 2022 to March 31, 2023)		**FY2023 (From April 1, 2023 to March 31, 2024)**	
Investments derecognized during the period	Investments held at the end of the period	Investments derecognized during the period	Investments held at the end of the period
—	¥26	**¥0**	**¥27**

12. Property, Plant and Equipment

(1) Fluctuation table

The cost of property, plant and equipment, changes in accumulated depreciation and accumulated impairment losses, and their carrying amounts are as follows:

Millions of yen

Acquisition cost	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
Balance at April 1, 2022	¥51,834	¥13,926	¥16,674	¥5,054	¥664	¥88,155
Acquisition	2,917	758	905	10	157	4,748
Sale and retirement	(1,591)	(350)	(525)	(17)	—	(2,484)
Effect of foreign currency exchange differences	630	717	102	97	4	1,552
Others	392	548	(34)	—	(699)	206
Balance at March 31, 2023	¥54,183	¥15,600	¥17,123	¥5,144	¥127	¥92,179
Acquisition	**1,745**	**1,217**	**512**	**10**	**438**	**3,925**
Sale and retirement	**(1,199)**	**(889)**	**(578)**	**(5)**	**—**	**(2,673)**
Effect of foreign currency exchange differences	**1,041**	**1,348**	**186**	**156**	**12**	**2,745**
Others	**14**	**260**	**74**	**—**	**(407)**	**(58)**
Balance at March 31, 2024	**¥55,785**	**¥17,537**	**¥17,317**	**¥5,305**	**¥170**	**¥96,117**

Millions of yen

Accumulated depreciation and accumulated impairment loss	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
Balance at April 1, 2022	¥(34,824)	¥(11,720)	¥(13,455)	¥(4)	—	¥(60,005)
Depreciation expense	(2,218)	(787)	(1,204)	(4)	—	(4,215)
Sale and retirement	1,309	346	506	6	—	2,169
Effect of foreign currency exchange differences	(408)	(625)	(88)	—	—	(1,123)
Others	—	0	—	—	—	0
Balance at March 31, 2023	¥(36,142)	¥(12,787)	¥(14,241)	¥(2)	—	¥(63,175)
Depreciation expense	**(2,324)**	**(1,051)**	**(1,149)**	**(7)**	**—**	**(4,534)**
Sale and retirement	**1,127**	**872**	**568**	**3**	**—**	**2,571**
Effect of foreign currency exchange differences	**(712)**	**(1,181)**	**(166)**	**—**	**—**	**(2,059)**
Others	**—**	**15**	**0**	**—**	**—**	**15**
Balance at March 31, 2024	**¥(38,052)**	**¥(14,133)**	**¥(14,989)**	**¥(6)**	**—**	**¥(67,182)**

Millions of yen

Carrying amount	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
Balance at April 1, 2022	¥17,009	¥2,205	¥3,219	¥5,050	¥664	¥28,150
Balance at March 31, 2023	18,040	2,812	2,881	5,141	127	29,004
Balance at March 31, 2024	**¥17,733**	**¥3,404**	**¥2,328**	**¥5,298**	**¥170**	**¥28,935**

Notes: 1. Depreciation expense is recorded in "Cost of sales," "Selling, general and administrative expenses" and "Research and development expense."
2. Amounts for Property, plant and equipment under construction are presented in the construction in progress account.

13. Goodwill and Intangible Assets

(1) Fluctuation table

The cost of Goodwill and Intangible Assets, changes in accumulated depreciation and accumulated impairment losses, and their carrying amounts are as follows:

Millions of yen

Acquisition cost	Goodwill	Development assets	Software	Others	Total
Balance at April 1, 2022	¥4,344	¥3,341	¥6,655	¥629	¥14,970
Acquisition	—	—	399	—	399
Increases from internal development	—	603	3	—	606
Sale and retirement	—	—	(503)	(17)	(520)
Effect of foreign currency exchange differences	19	238	293	41	593
Others	—	—	7	(0)	7
Balance at March 31, 2023	¥4,364	¥4,183	¥6,856	¥653	¥16,057
Acquisition	**—**	**—**	**231**	**6**	**237**
Increases from internal development	**—**	**904**	**1**	**—**	**905**
Sale and retirement (Note)	**(268)**	**(2,235)**	**(1,688)**	**(0)**	**(4,192)**
Effect of foreign currency exchange differences	**31**	**447**	**465**	**84**	**1,029**
Others	**—**	**—**	**0**	**(0)**	**0**
Balance at March 31, 2024	**¥4,126**	**¥3,300**	**¥5,866**	**¥745**	**¥14,039**

Millions of yen

Accumulated amortization and accumulated impairment loss	Goodwill	Development assets	Software	Others	Total
Balance at April 1, 2022	¥(1,255)	¥(1,734)	¥(2,895)	¥(505)	¥(6,391)
Amortization expense	—	(564)	(861)	(30)	(1,455)
Impairment loss	—	—	—	—	—
Reversal of impairment loss	—	—	—	—	—
Sale and retirement	—	—	500	17	517
Effect of foreign currency exchange differences	—	(132)	(76)	(35)	(244)
Others	—	—	(0)	—	(0)
Balance at March 31, 2023	¥(1,255)	¥(2,432)	¥(3,332)	¥(553)	¥(7,574)
Amortization expense	**—**	**(550)**	**(790)**	**(14)**	**(1,354)**
Impairment loss	**(256)**	**—**	**—**	**—**	**(256)**
Reversal of impairment loss	**—**	**—**	**—**	**—**	**—**
Sale and retirement (Note)	**268**	**2,235**	**1,371**	**—**	**3,875**
Effect of foreign currency exchange differences	**(11)**	**(222)**	**(185)**	**(76)**	**(496)**
Others	**—**	**—**	**(0)**	**—**	**(0)**
Balance at March 31, 2024	**¥(1,255)**	**¥(969)**	**¥(2,937)**	**¥(644)**	**¥(5,807)**

(Note) The sale and retirement of goodwill reflect the increase/decrease associated with the liquidation of consolidated subsidiary Azimuth Systems, Inc.

Millions of yen

Carrying amount	Goodwill	Development assets	Software	Others	Total
Balance at April 1, 2022	¥3,088	¥1,606	¥3,760	¥124	¥8,579
Balance at March 31, 2023	3,108	1,751	3,523	99	8,483
Balance at March 31, 2024	**¥2,871**	**¥2,330**	**¥2,929**	**¥100**	**¥8,231**

Note: Development asset amortization is included in "Cost of sales," while amortization of other intangible assets is included in "Cost of sales," "Selling, general and administrative expenses," and "Research and development expense."

(2) Impairment of Goodwill

Goodwill arising from business combinations is allocated to the cash-generating units that are expected to benefit from the business combination at the date of acquisition.

The breakdown of the carrying amounts of material goodwill by segment are as follows.

			Millions of yen
Reportable segment	Cash-generating unit	End of FY2022 as of March 31, 2023	**End of FY2023 as of March 31, 2024**
Environmental Measurement	TAKASAGO, LTD.	¥2,871	**¥2,871**
Total		¥2,871	**¥2,871**

An impairment test for goodwill is performed by the Anritsu Group annually and each time in the event that indications of impairment exist. In the impairment test, the recoverable amount is calculated based on the value in use.

The value in use is calculated by discounting the estimated future cash flows based on a business plan approved by management by reflecting past experience and external information at a discount rate based on the pre-tax weighted average cost of capital of the cash-generating unit to determine the present value. The growth rate is determined by considering the average long-term growth rate in the industry or country to which the cash-generating unit belongs and does not exceed the market's average long-term growth rate.

The following pre-tax discount rates were used for calculating the value in use of the cash-generating unit to which material goodwill was allocated.

		%
	End of FY2022 as of March 31, 2023	**End of FY2023 as of March 31, 2024**
TAKASAGO, LTD.	9.4%	**11.0%**

As a result of the impairment test of material goodwill, the recoverable amount exceeds the carrying amount of the cash-generating unit in question, but there is a risk of impairment if the key assumptions used in the impairment test are changed. If, for example, the pre-tax discount rate increases by 4.5%, the carrying amount would exceed the recoverable amount.

As a result of the impairment test conducted in the fiscal year ended March 31, 2024, an impairment loss of goodwill amounting 256 million yen was recognized. In the Test and Measurement segment, an impairment test was conducted for some cash-generating units, including goodwill, following the commencement of liquidation procedures at the consolidated subsidiary Azimuth Systems, Inc. Since the recoverable amount was less than the carrying amount, an impairment loss was recorded.

14. Investment Property

(1) Fluctuation table

The cost of Investment Property, changes in accumulated depreciation and accumulated impairment losses, and their carrying amounts are as follows:

Millions of yen

Acquisition cost	Buildings and structures	Land	Total
Balance at April 1, 2022	¥9,198	¥309	¥9,508
Acquisition	—	—	—
Sale and retirement	—	—	—
Others	—	—	—
Balance at March 31, 2023	¥9,198	¥309	¥9,508
Acquisition	**—**	**3**	**3**
Sale and retirement	**—**	**—**	**—**
Others	**—**	**—**	**—**
Balance at March 31, 2024	**¥9,198**	**¥313**	**¥9,511**

Millions of yen

Accumulated amortization and impairment loss	Buildings and structures	Land	Total
Balance at April 1, 2022	¥(9,175)	¥(76)	¥(9,252)
Depreciation expense	(22)	—	(22)
Impairment loss	—	—	—
Sale and retirement	—	—	—
Others	—	—	—
Balance at March 31, 2023	¥(9,198)	¥(76)	¥(9,275)
Depreciation expense	**—**	**—**	**—**
Impairment loss	**—**	**—**	**—**
Sale and retirement	**—**	**—**	**—**
Others	**—**	**—**	**—**
Balance at March 31, 2024	**¥(9,198)**	**¥(76)**	**¥(9,275)**

Millions of yen

Carrying amount	Buildings and structures	Land	Total
Balance at April 1, 2022	¥22	¥233	¥255
Balance at March 31, 2023	0	233	233
Balance at March 31, 2024	**¥0**	**¥236**	**¥236**

Note: Depreciation expense is recorded in "Cost of sales."

(2) Fair Value

Millions of yen

	End of FY2022 as of March 31, 2023	**End of FY2023 as of March 31, 2024**
Fair value	¥18,770	**¥18,776**

Note: The fair value of investment property is calculated by making necessary time adjustments based on valuations by real estate appraisers. The fair value hierarchy of investment property has been categorized into Level 3, as it contains unobservable inputs. Details of the fair value hierarchy are stated under 37. Financial Instruments.

(3) Amounts Recognized as Profit or Loss

Millions of yen

	FY2022 (From April 1, 2022 to March 31, 2023)	**FY2023 (From April 1, 2023 to March 31, 2024)**
Rental income	¥2,033	**¥2,033**
Operating expenses related to investment property	1,046	**975**

15. Impairment Loss on Non-financial Assets

No material impairment losses and reversal of impairment losses occurred. Therefore, it is being omitted.

16. Investments Accounted for Using Equity Method

There are no affiliates or jointly controlled entities that are individually significant to the Group.

17. Income Tax Expense

(1) Deferred Tax Assets and Deferred Tax Liabilities

Breakdown of deferred tax assets and deferred tax liabilities by major cause and changes are as follows:

Millions of yen

	Beginning of FY2022 as of April 1, 2022	Amounts recognized in profits or loss	Amounts recognized in other comprehensive income	End of FY2022 as of March 31, 2023
Deferred tax assets:				
Inventories	¥2,526	¥327	—	¥2,854
Accrued expenses	1,534	(144)	—	1,389
Software	2,129	(323)	—	1,805
Property, plant and equipment	796	(49)	—	747
Investment securities	28	—	(3)	24
Loss carried forward	123	(70)	—	53
Research and development expense	305	999	—	1,305
Government grants	264	(17)	—	246
Others	1,406	(339)	—	1,066
Total deferred tax assets	¥9,115	¥381	¥(3)	¥9,492
Deferred tax liabilities:				
Property, plant and equipment	945	427	—	1,372
Investment securities	367	—	26	393
Assets related to post-employment benefits	528	472	397	1,397
Others	1,220	35	—	1,256
Total deferred tax liabilities	¥3,061	¥935	¥423	¥4,420

Notes: Foreign currency exchange differences are presented as amounts recognized in profit or loss.

Millions of yen

	Beginning of FY2023 as of April 1, 2023	Amounts recognized in profits or loss	Amounts recognized in other comprehensive income	**End of FY2023 as of March 31, 2024**
Deferred tax assets:				
Inventories	¥2,854	**¥488**	**—**	**¥3,342**
Accrued expenses	1,389	**(221)**	**—**	**1,167**
Software	1,805	**(426)**	**—**	**1,379**
Property, plant and equipment	747	**(28)**	**—**	**718**
Investment securities	24	**—**	**(12)**	**12**
Loss carried forward	53	**30**	**—**	**83**
Research and development expense	1,305	**326**	**—**	**1,631**
Government grants	246	**24**	**—**	**271**
Others	1,066	**410**	**—**	**1,476**
Total deferred tax assets	¥9,492	**¥603**	**¥(12)**	**¥10,084**
Deferred tax liabilities:				
Property, plant and equipment	1,372	**(62)**	**—**	**1,310**
Investment securities	393	**—**	**156**	**550**
Assets related to post-employment benefits	1,397	**16**	**92**	**1,507**
Others	1,256	**(143)**	**—**	**1,113**
Total deferred tax liabilities	¥4,420	**¥(188)**	**¥249**	**¥4,481**

Notes: Foreign currency exchange differences are presented as amounts recognized in profit or loss.

Details of deferred tax assets and liabilities in the consolidated statement of financial position are as follows:

Millions of yen

	End of FY2022 as of March 31, 2023	**End of FY2023 as of March 31, 2024**
Deferred tax assets	¥5,418	**¥5,921**
Deferred tax liabilities	346	**319**

Notes to the Consolidated Financial Statements

Although there are tax loss carry-forwards recognized as deferred tax assets as of the end of the previous fiscal year (March 31, 2023), and the end of the current fiscal year (March 31, 2024), the factors that caused these losses were transient and therefore unlikely to reoccur. Based on forecasts of the future taxable profit derived from the business plan that was approved by the Board of Directors, it was concluded that a tax benefit was very likely to be realized.

The amounts of future deductible temporary differences, tax loss carry-forwards, and tax credit carry-forwards for which no deferred tax assets are recognized were as follows:

		Millions of yen
	End of FY2022 as of March 31, 2023	**End of FY2023 as of March 31, 2024**
Future deductible temporary differences	¥7,926	**¥7,828**
Loss carried forward	13,895	**15,529**
Total	¥22,988	**¥24,664**
Tax credit carried forward	¥3,109	**¥3,496**

Unrecognized deferred tax assets related to the above are 7,164 million yen at the end of the previous fiscal year (March 31, 2023) and 7,681 million yen at the end of the current fiscal year (March 31, 2024), respectively.

Future deductible temporary differences and tax loss carry-forwards are measured based on a taxable profit basis, while tax credit carry-forwards are measured based on a tax basis.

The scheduled expirations of tax loss carry-forwards for which no deferred tax assets are recognized is as follows:

		Millions of yen
	End of FY2022 as of March 31, 2023	**End of FY2023 as of March 31, 2024**
First year	¥9	**—**
Second year	26	**—**
Third year	145	**—**
Fourth year	—	**—**
Fifth and subsequent years	13,714	**15,529**
Total	¥13,895	**¥15,529**

Notes: 1. The above tax loss carry-forwards are mainly generated by foreign subsidiaries.

2. Although the Anritsu Group applies Japanese group relief system, it is not applicable to regional taxes (inhabitant tax and business tax); therefore, the above amounts do not include future deductible temporary differences or tax loss carry-forwards related to such regional taxes for which no deferred tax assets are recognized. Future deductible temporary differences for regional taxes (inhabitant tax and business tax) are 6,660 million yen and 7,590 million yen at the end of the previous fiscal year (March 31, 2023) and the end of the current fiscal year (March 31, 2024), respectively. Tax loss carry-forwards related to regional taxes are 1,813 million yen for inhabitant tax and 1,813 million yen for business tax as of the end of the previous fiscal year (March 31, 2023) and 2,058 million yen for inhabitant tax and 2,058 million yen for business tax as of the end of the current fiscal year (March 31, 2024). Unrecognized deferred tax assets related to these amounts are 542 million yen and 556 million yen at the end of the previous fiscal year (March 31, 2023) and the end of the current fiscal year (March 31, 2024), respectively.

The expiration period for the loss carry-forwards related to inhabitant tax and business tax is 10 years.

(2) Income Tax Expense

Detailed information on Income Tax Expense is as follows:

		Millions of yen
	FY2022 (From April 1, 2022 to March 31, 2023)	**FY2023 (From April 1, 2023 to March 31, 2024)**
Current tax expense:		
Current fiscal year	¥2,608	**¥2,834**
Adjustment for prior years	(68)	**(39)**
Total	¥2,539	**¥2,795**
Deferred tax expense:		
Origination and reversal of temporary differences	531	**(496)**
Tax rate changes	—	**0**
Recognition of previously unrecognized tax loss carried forward and temporary differences	110	**(21)**
Total	642	**(517)**
Total Income tax expense	¥3,182	**¥2,277**

Reconciliations of the average effective tax rate and the effective statutory tax rate are as follows:

	FY2022 (From April 1, 2022 to March 31, 2023)	**FY2023 (From April 1, 2023 to March 31, 2024)**
		%
Effective Statutory Tax Rate	30.6%	**30.6%**
Non-deductible expenses	0.4	**0.9**
Effect of the different tax rates at foreign subsidiaries	(4.8)	**(4.9)**
Effect of unrecognized tax loss carried forward or temporary differences	0.9	**0.4**
Tax credit	(5.7)	**(4.1)**
Uncertain tax position on income taxes for U.S. subsidiaries	0.4	**1.1**
Others	3.8	**(1.2)**
Average actual tax rate	25.6%	**22.9%**

The Company is mainly subject to income tax, inhabitant tax and business tax. The effective statutory tax rate based on these taxes was 30.6% and 30.6% for the previous and current fiscal years, respectively. Foreign subsidiaries, however, are subject to income taxes where they are located.

In Japan, the 2023 tax reform introduced a corporate income tax in response to the Global Minimum Tax (GMT). The tax reform law, known as the "Act for Partially Amending the Income Tax Act, etc." (Act No. 3 of 2023) (hereinafter the "Amended Corporate Income Tax Act"), was enacted on March 28, 2023, which includes provisions related to the GMT. The Amended Corporate Income Tax Act introduces the Income Inclusion Rule (IIR) as part of the anti-BEPS (Base Erosion and Profit Shifting) measures under GMT. Starting from fiscal year beginning April 1, 2024, a Japanese parent company will be subject to a top-up tax to ensure that the tax burden of its subsidiaries meets the minimum tax rate of 15%.

The Anritsu Group neither recognizes nor includes in the disclosed amounts the deferred tax assets and deferred tax liabilities concerning corporate income tax arising from the GMT system, as it applies the temporary exceptions allowed under IAS 12 – Income Taxes. Adoption of the GMT rules is not expected to have a significant impact on the Group's consolidated financial statements.

18. Trade and Other Payables

Details of trade and other payables are as follows:

	End of FY2022 as of March 31, 2023	**End of FY2023 as of March 31, 2024**
		Millions of yen
Accounts payable - trade	¥5,187	**¥4,722**
Accounts payable - others	1,257	**868**
Accrued expenses	248	**413**
Others	1,345	**968**
Total	¥8,039	**¥6,972**
Current liabilities	¥7,442	**¥6,459**
Non-current liabilities	597	**512**
Total	¥8,039	**¥6,972**

19. Bonds and Borrowings

Details of bonds and borrowings are as follows:

	Millions of yen		%	
	End of FY2022 as of March 31, 2023	**End of FY2023 as of March 31, 2024**	Average interest rate	Repayment year
Short-term borrowings	¥1,144	**¥1,090**	**0.31%**	**—**
Long-term borrowings	2,993	**2,997**	**0.27%**	**2024**
Total	¥4,138	**¥4,087**	**—**	**—**
Current liabilities	¥1,144	**¥4,087**	**—**	**—**
Non-current liabilities	2,993	**—**	**—**	**—**
Total	¥4,138	**¥4,087**	**—**	**—**

Notes: 1. The average interest rate represents the weighted-average rate applicable to the ending balance.
2. Bonds and borrowings are classified as financial liabilities measured at amortized cost.
3. Long-term borrowings include the current portion due within one year.

20. Leases

The following table shows profit/loss and cash outflows related to leases.

	FY2022 (From April 1, 2022 to March 31, 2023)	**FY2023 (From April 1, 2023 to March 31, 2024)**
		Millions of yen
Depreciation of right-of-use assets		
Buildings and structures	¥766	**¥863**
Machinery and vehicles	199	**261**
Tools, furniture and fixtures	38	**33**
Land	4	**7**
Total	¥1,009	**¥1,165**
Interest expense on lease liabilities	¥38	**¥57**
Short-term lease payments	112	**119**
Payments for leases of low-value assets	153	**158**
Total cash outflow for leases	¥1,393	**¥1,535**

The following is a breakdown of the carrying amount of the right-of-use assets.

Carrying amount	End of FY2022 as of March 31, 2023	**End of FY2023 as of March 31, 2024**
		Millions of yen
Buildings and structures	¥1,814	**¥2,231**
Machinery and vehicles	384	**641**
Tools, furniture and fixtures	61	**33**
Land	7	**8**
Total	¥2,268	**¥2,915**

The increase in right-of-use assets for the years ended March 31, 2023, and 2024 amounted to 1,118 million yen and 1,697 million yen, respectively.

Maturity analysis of lease liabilities is presented in Note 37. Financial Instruments (4) Liquidity Risk Management.

21. Other Financial Liabilities

The breakdown of other financial liabilities is as follows.

	End of FY2022 as of March 31, 2023	**End of FY2023 as of March 31, 2024**
		Millions of yen
Lease liabilities	¥2,446	**¥3,106**
Derivative liabilities	1	**18**
Total	¥2,448	**¥3,125**
Current liabilities	¥824	**¥1,009**
Non-current liabilities	1,624	**2,115**
Total	¥2,448	**¥3,125**

Derivative liabilities are classified as financial liabilities measured at fair value through profit or loss.

22. Employee Benefits

(1) Postemployment Benefits

1. Defined Benefit Plans

A retirement lump-sum payment plan and a cash-balance pension plan (that reflects market interest) have been adopted as defined benefit plans to cover the employees of the Company and certain subsidiaries. The benefits of the defined benefit plan are determined based on the number of years of service, compensation at the time of retirement and other factors. These pension plans are exposed to general investment risk, interest rate risk, and inflation risk, etc.

Defined benefit plans are managed by a single pension fund legally separated from the Anritsu Group. The board of trustees of the pension fund comprises six representatives on behalf of the employer.

• Reconciliation of defined benefit obligations and plan assets

The relationship between the defined benefit plan obligations and plan assets and the amounts recognized in the consolidated statement of financial position is as follows.

		Millions of yen
	End of FY2022 as of March 31, 2023	**End of FY2023 as of March 31, 2024**
Present value of defined benefit obligations	¥27,049	**¥26,389**
Fair value of plan assets	(37,285)	**(40,200)**
The effect of the asset ceiling	1,319	**4,600**
Net defined benefit liability (asset)	¥(8,917)	**¥(9,210)**
Amounts in Consolidated Statement of Financial Position		
Retirement benefit liability	—	**—**
Retirement benefit asset	(8,917)	**(9,210)**
Net liabilities (assets)	¥(8,917)	**¥(9,210)**

• Reconciliations of Present value of defined benefit pension plan obligations

Changes in present value of defined benefit pension plan obligations are as follows:

		Millions of yen
	FY2022 (From April 1, 2022 to March 31, 2023)	**FY2023 (From April 1, 2023 to March 31, 2024)**
Present value of defined benefit pension plan obligations at the beginning of current period	¥30,448	**¥27,049**
Service cost	983	**635**
Interest expense	114	**282**
Remeasurements:		
Actuarial gains and losses arising from changes in demographic assumptions	80	**(15)**
Actuarial gains and losses arising from changes in financial assumptions	(2,760)	**(744)**
Actuarial gains and losses arising from changes in experience adjustment	(179)	**324**
Past service cost	(168)	**—**
Benefit payments	(1,468)	**(1,143)**
Present value of defined benefit pension plan obligations at the end of current period	¥27,049	**¥26,389**

• Fair value of the plan assets

Changes in fair value of the plan assets are as follows:

		Millions of yen
	FY2022 (From April 1, 2022 to March 31, 2023)	**FY2023 (From April 1, 2023 to March 31, 2024)**
Fair value of plan assets at the beginning of current period	¥(36,454)	**¥(37,285)**
Interest income	(145)	**(410)**
Remeasurements:		
Return on plan assets	233	**(3,149)**
Contributions by employer	(2,091)	**(411)**
Benefit payments	1,172	**1,056**
Fair value of plan assets at the end of current period	¥(37,285)	**¥(40,200)**

The Anritsu Group plans to contribute 37 million yen in the fiscal year ending March 31, 2025. The amount contributed from the retirement benefit trust to pension assets is not included.

• Breakdown of plan assets

Details of plan assets are as follows:

Millions of yen

	FY2022 (as of March 31, 2023)			FY2023 (as of March 31, 2024)		
	Assets with active quoted prices	Assets without active quoted prices	Total	Assets with active quoted prices	Assets without active quoted prices	Total
Cash and cash equivalents	¥848	—	¥848	**¥1,012**	**—**	**¥1,012**
Equity instruments	9,059	—	9,059	**12,313**	**—**	**12,313**
Japanese equity securities	4,966	—	4,966	**6,692**	**—**	**6,692**
Foreign equity securities	4,093	—	4,093	**5,620**	**—**	**5,620**
Debt instruments	14,751	—	14,751	**13,835**	**—**	**13,835**
Japanese bonds	12,466	—	12,466	**11,295**	**—**	**11,295**
Foreign bonds	2,285	—	2,285	**2,539**	**—**	**2,539**
Life insurance company general accounts	—	2,094	2,094	**—**	**1,783**	**1,783**
Insurance	—	2,255	2,255	**—**	**2,437**	**2,437**
Others	—	8,276	8,276	**—**	**8,818**	**8,818**
Total	¥24,659	¥12,626	¥37,285	**¥27,161**	**¥13,039**	**¥40,200**

• Reconciliation of Impact of Asset Ceilings

The changes in the impact of the asset ceiling are as follows:

Millions of yen

	FY2022 as of March 31, 2023	FY2023 as of March 31, 2024
The Opening Balance of The Effect of The Asset Ceiling	—	**¥1,319**
Remeasurements		
Change in The Effect of The Asset Ceiling	1,319	**3,281**
The Closing Balance of The Effect of The Asset Ceiling	¥1,319	**¥4,600**

• Principal Actuarial Assumptions

The principal actuarial assumptions are as follows:

%

	FY2022 as of March 31, 2023	FY2023 as of March 31, 2024
Financial assumptions		
Discount rate	1.1%	**1.3%**

The weighted average durations of the defined benefit pension plan obligations are 13.4 years and 12.7 years at the previous fiscal year-end and the current fiscal year-end, respectively.

• Sensitivity analysis

The impact on the present value of the defined benefit obligations, in case of a 0.5% fluctuation of the discount rate used in the actuarial calculations, is as follows. Although this analysis assumes that all other variables are constant, there is, however, a possibility that changes in other assumptions will affect the sensitivity analysis.

Millions of yen

	FY2022 as of March 31, 2023	FY2023 as of March 31, 2024
0.5% increase	¥(1,618)	**¥(1,504)**
0.5% decrease	1,789	**1,659**

2. Defined Contribution Plans

The amount of expense on defined contribution plans recognized as expense are as follows:

Millions of yen

	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
Amount of expenses	¥321	**¥338**

Note: The amount of expense on defined contribution plans recognized as profit or loss are recorded in "Cost of sales," "Selling, general and administrative expenses" and "Research and development expense."

(2) Other Employee Benefits

Short-term employee benefits and long-term employee benefits (other than ones related to defined benefit plans) presented in the consolidated statement of financial position are as follows:

	FY2022 as of March 31, 2023	FY2023 as of March 31, 2024
		Millions of yen
Employee benefits (current liabilities)	¥7,634	**¥7,407**
Employee benefits (non-current liabilities)	¥688	**¥685**

23. Provisions

Details of and changes in provisions are as follows:

	Provision for decommissioning, restoration and rehabilitation costs	Provision for product warranties	Total
			Millions of yen
Balance at April 1, 2023	¥116	¥460	¥577
Increase during the year	**25**	**345**	**370**
Decrease due to intended use	**(13)**	**(280)**	**(293)**
Increase due to passage of time	**1**	**—**	**1**
Exchange differences on translation	**2**	**45**	**47**
Balance at March 31, 2024	**¥132**	**¥570**	**¥703**

Details in the consolidated statement of financial position are as follows:

	FY2022 as of March 31, 2023	FY2023 as of March 31, 2024
		Millions of yen
Current liabilities:		
Provision for decommissioning, restoration and rehabilitation costs	¥12	**¥4**
Provision for product warranties	460	**570**
Non-current liabilities:		
Provision for decommissioning, restoration and rehabilitation costs	104	**128**
Total	¥577	**¥703**

Provision for decommissioning, restoration and rehabilitation costs is estimated amount for the costs of removing hazardous substances related to property, plant and equipment and restoring rented offices to the original condition. Although these expenses are expected to be paid after the estimated usage period has lapsed, it will be impacted by future plans and other factors.

The provision for product warranties is calculated to provide for anticipated service expenses arising within the warranty period of products sold and includes future warranty forecasts based on the actual results of past years. Almost all of these expenses are expected to be incurred within one year.

24. Government Grants

Details of government grants are as follows:

	FY2022 as of March 31, 2023	FY2023 as of March 31, 2024
		Millions of yen
Government grants for Koriyama 2nd Business Office (Note 1)		
Other liabilities – Current	¥46	**¥45**
Other liabilities – Non-current	696	**650**
Total	¥742	**¥696**
Other government grants		
Other liabilities – Current	8	**23**
Other liabilities – Non-current	54	**136**
Total	¥63	**¥159**

Notes: 1. The government grants for Koriyama 2nd Business Office are the grants on condition that a plant is to be acquired or established in a specified region. The recognized grants have been amortized over the useful life of each subject asset for which the grants are provided (not exceeding 38 years). Under the terms and conditions of the grants, the Anritsu Group is prohibited from disposing of the subject assets for which the grants are provided during the period scheduled in the Appended Table of the "Ministerial Ordinance Concerning the Useful Life of Depreciable Assets".

2. Government grants are recorded in "Other liabilities - Current" and "Other liabilities - Non-current" in the consolidated statement of financial position.

Notes to the Consolidated Financial Statements

25. Total Equity and Other Capital Items

(1) Number of Issued Shares and Authorized Shares

	Balance at March 31, 2023	**Balance at March 31, 2024**
The classification of shares	Ordinary shares with no par-value	Ordinary shares with no par-value
Number of authorized shares	400,000,000	**400,000,000**
Number of issued shares		
Balance at the beginning of the fiscal year	138,308,494	**135,868,594**
Increase (Note 1)	39,000	**2,000**
Decrease (Note 2)	(2,478,900)	**—**
Balance at the end of the fiscal year	135,868,594	**135,870,594**

Notes: 1. Increase during the period is due to the exercise of stock options.
2. Decrease during the period is due to the cancellation of treasury shares.

(2) Treasury Shares

	Balance at March 31, 2023	**Balance at March 31, 2024**
Treasury shares		
Balance at the beginning of the fiscal year	3,349,588	**4,197,095**
Increase (Note 1)	3,341,757	**182**
Decrease (Note 2)	(2,494,250)	**(84,800)**
Balance at the end of the fiscal year	4,197,095	**4,112,477**

Notes: 1. The increase of treasury shares during the fiscal year ended March 31, 2023 resulted from the acquisition of 3,341,700 shares and the purchase of 57 fractional shares. The increase of treasury shares during the fiscal year ended March 31, 2024 resulted from the purchase of 182 fractional shares.
2. The decrease of treasury shares during the fiscal year ended March 31, 2023 resulted from the cancellation of 2,478,900 shares, the issuance of 15,300 shares from the trust account to directors in relation to the trust for distribution of shares to officers under the performance-linked stock compensation program and the sale of 50 fractional shares. The decrease of treasury shares during the fiscal year ended March 31, 2024 resulted from the disposal of 84,800 shares as restricted stock compensation.

(3) Capital Surplus

1. Legal Capital Surplus

Japan's Company Law requires at least a half of contributions for the issuance of shares be classified as share capital, with the remaining portion to be classified as legal capital surplus. According to the Company Law, legal capital surplus may be incorporated into share capital by a resolution of the general meeting of shareholders.

(4) Retained Earnings

1. Legal Retained Earnings

The Company Law provides that a 10% of dividend of retained earnings shall be appropriated as legal capital surplus or legal retained earnings until an aggregate amount of legal capital surplus and legal retained earnings equals 25% of share capital. Legal retained earnings may be appropriated to compensate for deficits. Legal retained earnings may also be reversed by a resolution of the general meeting of shareholders.

2. Cumulative Exchange Differences at Transition Date

The cumulative exchange differences of foreign operations at the date of transition to IFRS are deemed zero as a result of the exemption under the first-time adoption of IFRS.

3. Remeasurement of Defined Benefit Plans

Remeasurements of the defined benefit plans comprise actuarial gains (losses), the return on plan assets excluding the net interest on the net defined benefit liabilities and any changes in the effect of the asset ceiling.

Actuarial gains (losses) are adjustments resulting from the effects of changes in actuarial assumptions and experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred).

The return on plan assets refers to the income derived from the plan assets, while changes in the effect of the asset ceiling refer to the adjustments from changes in the present value of the future economic benefit available to the entity in the form of a refund from the plan or a reduction in future contributions to the plan in the event of overfunding where the fair value of the plan assets exceeds the present value of defined benefit liabilities.

The return on plan assets and changes in the effect of the asset ceiling are recognized in a remeasurement of the defined benefit plans after excluding amounts included in net interest on the defined benefit liability, which is determined based on the discount rate used to calculate the present value of the defined benefit obligation and is recognized through profit or loss.

In accordance with IAS 19 "Employee Benefits," the Anritsu Group recognizes all actuarial gains and losses in other comprehensive income in the period in which they are incurred and immediately reclassifies them to retained earnings.

4. Other Retained Earnings

These include the general reserve and retained earnings brought forward. These accounts represent the Anritsu Group's cumulative earnings.

(5) Other Components of Equity

1. Exchange differences on translation of foreign operations

Exchange differences arising from the consolidation of the financial statements of foreign operations prepared in foreign currencies.

The balances of Exchange differences on translation of foreign operations at the beginning and end of previous and current periods are as follows:

	Millions of yen	
	FY2022 as of March 31, 2023	**FY2023 as of March 31, 2024**
Balance at the beginning of the fiscal year	¥8,777	**¥11,871**
Balance at the end of the fiscal year	11,871	**16,832**

2. Changes in Financial Assets Measured at Fair Value through Other Comprehensive Income

Changes in fair values of financial assets measured at fair value through other comprehensive income.

The balances of Changes in financial assets measured at fair value through other comprehensive income at the beginning and end of previous and current periods are as follows:

	Millions of yen	
	FY2022 as of March 31, 2023	**FY2023 as of March 31, 2024**
Balance at the beginning of the fiscal year	¥789	**¥858**
Balance at the end of the fiscal year	858	**1,241**

26. Dividends

Year ended March 31, 2023

(1) Amount of dividend paid

		Millions of yen	Yen		
Resolution	Classes of shares	Total dividends	Dividends per share	Record date	Effective date
June 28, 2022					
Ordinary general meeting of shareholders	Ordinary shares	¥2,703	¥20.00	March 31, 2022	June 29, 2022
October 28, 2022					
Board of Directors meeting	Ordinary shares	¥2,637	¥20.00	September 30, 2022	December 6, 2022

Note: Dividends approved at the ordinary general meeting of shareholders held on June 28, 2022, included dividends of 4 million yen paid to the treasury shares held by the trust account for distribution of shares to officers.
Dividends approved at the Board of Directors meeting held on October 28, 2022, included dividends of 4 million yen paid to the treasury shares held by the trust account for distribution of shares to officers.

(2) Amount of dividends in which the record date belongs to the fiscal year ended March 31, 2023, whereas its effective date belongs to the following fiscal year

		Millions of yen		Yen		
Resolution	Classes of shares	Total dividends	Sources of dividends	Dividends per share	Record date	Effective date
June 28, 2023						
Ordinary general meeting of shareholders	Ordinary shares	¥2,637	Retained earnings	¥20.00	March 31, 2023	June 29, 2023

Note: Dividends approved at the ordinary general meeting of shareholders held on June 28, 2023, included dividends of 4 million yen paid to the treasury shares held by the trust account for distribution of shares to officers.

Year ended March 31, 2024

(1) Amount of dividend paid

Resolution	Classes of shares	Millions of yen Total dividends	Yen Dividends per share	Record date	Effective date
June 28, 2023 Ordinary general meeting of shareholders	**Ordinary shares**	**¥2,637**	**¥20.00**	**March 31, 2023**	**June 29, 2023**
October 30, 2023 Board of Directors meeting	**Ordinary shares**	**¥2,637**	**¥20.00**	**September 30, 2023**	**December 5, 2023**

Note: Dividends approved at the ordinary general meeting of shareholders held on June 28, 2023, included dividends of 4 million yen paid to the treasury shares held by the trust account for distribution of shares to officers.
Dividends approved at the Board of Directors meeting held on October 30, 2023, included dividends of 4 million yen paid to the treasury shares held by the trust account for distribution of shares to officers.

(2) Amount of dividends in which the record date belongs to the fiscal year ended March 31, 2024, whereas its effective date belongs to the following fiscal year

Resolution	Classes of shares	Millions of yen Total dividends	Sources of dividends	Yen Dividends per share	Record date	Effective date
June 25, 2024 Ordinary general meeting of shareholders	**Ordinary shares**	**¥2,639**	**Retained earnings**	**¥20.00**	**March 31, 2024**	**June 26, 2024**

Note: Dividends approved at the ordinary general meeting of shareholders held on June 25, 2024, included dividends of 4 million yen paid to the treasury shares held by the trust account for distribution of shares to officers.

27. Revenue

(1) Revenue Decomposition

Revenue Decomposition and its relationship to reportable segments are as follows:

Millions of yen

FY2022 (From April 1, 2022 to March 31, 2023)	Reportable Segment Test and Measurement	PQA	Environmental Measurement	Others	Total
Revenue recognized from contracts with customers	¥72,753	¥24,849	¥6,376	¥4,905	¥108,885
Product revenue	57,241	21,557	5,860	4,504	89,164
Service revenue	15,511	3,291	515	401	19,720
Revenue recognized from other sources	—	—	—	2,033	2,033
Total	¥72,753	¥24,849	¥6,376	¥6,939	¥110,919

Notes: 1. There is no revenue recognized from performance obligation satisfied in past periods.
2. Revenue recognized from other sources represents lease income under IFRS 16.

Millions of yen

FY2023 (From April 1, 2023 to March 31, 2024)	Reportable Segment Test and Measurement	PQA	Environmental Measurement	Others	Total
Revenue recognized from contracts with customers	**¥71,005**	**¥25,373**	**¥7,438**	**¥4,100**	**¥107,918**
Product revenue	**53,036**	**21,633**	**6,853**	**3,717**	**85,241**
Service revenue	**17,969**	**3,739**	**584**	**383**	**22,676**
Revenue recognized from other sources	**—**	**—**	**—**	**2,033**	**2,033**
Total	**¥71,005**	**¥25,373**	**¥7,438**	**¥6,134**	**¥109,952**

Notes: 1. There is no revenue recognized from performance obligation satisfied in past periods.
2. Revenue recognized from other sources represents lease income under IFRS 16.

(2) Contract Balance

The balance of contract liabilities from contracts with customers is as follows:

Millions of yen

	Beginning of FY2022 as of April 1, 2022	End of FY2022 as of March 31, 2023	**End of FY2023 as of March 31, 2024**
Contract liabilities	¥7,192	¥5,913	**¥6,936**

Notes: 1. Contract liabilities are included in other current liabilities and other non-current liabilities in the consolidated statement of financial position.
2. The amounts included in the contract liability balance at the beginning of the period for revenue recognized in the previous and current fiscal years were 6,192 million yen and 4,808 million yen, respectively.
3. Contract liabilities mainly arose from advances received from customers related to support services.

(3) Transaction Price Allocated to the Remaining Performance Obligations

The total transaction price allocated to the remaining performance obligations and the expected period of revenue recognition are as follows:

	End of FY2022 as of March 31, 2023	End of FY2023 as of March 31, 2024
		Millions of yen
Within 1 year	¥4,808	**¥5,864**
Over 1 year	2,045	**4,384**
Total	¥6,853	**¥10,248**

Note: Practical expedients have not been applied. Additionally, the consideration from contracts with customers does not contain material amounts not included in the transaction price.

28. Selling, General and Administrative Expenses

Details of selling, general and administrative expenses are as follows:

	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
		Millions of yen
Personnel expenses	¥21,060	**¥22,180**
Travel and transportation expenses	945	**1,130**
Advertising expenses	2,041	**1,927**
Depreciation and amortization	2,088	**2,081**
Others	5,442	**5,383**
Total	¥31,578	**¥32,703**

29. Research and Development Expense

Details of research and development expense are as follows:

	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
		Millions of yen
Material expenses	¥2,145	**¥1,356**
Personnel expenses	7,802	**7,259**
Others	997	**713**
Total	¥10,944	**¥9,328**

30. Personnel Expenses

Details of personnel expenses are as follows:

	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
		Millions of yen
Salaries and wages	¥37,604	**¥38,636**
Welfare expenses	7,338	**7,808**
Retirement benefit expenses	1,273	**846**
Others	439	**482**
Total	¥46,655	**¥47,773**

Note: Personnel expenses are recorded in “Cost of sales,” “Selling, general and administrative expenses,” and “Research and development expense”.

Notes to the Consolidated Financial Statements

31. Other Income and Other Expenses

Details of other income and other expenses are as follows:

	FY2022 (From April 1, 2022 to March 31, 2023)	**FY2023 (From April 1, 2023 to March 31, 2024)**
		Millions of yen
Other income		
Government grant income	¥158	**¥68**
Gain on sale of fixed assets	46	**—**
Others	253	**208**
Total	¥457	**¥277**
Other expenses		
Loss on sale and retirement of fixed assets	—	**325**
Impairment losses	—	**256**
Others	242	**297**
Total	¥242	**¥880**

32. Finance Income and Costs

Details of finance income are shown below.

	FY2022 (From April 1, 2022 to March 31, 2023)	**FY2023 (From April 1, 2023 to March 31, 2024)**
		Millions of yen
Interest income:		
Financial assets measured at amortized cost	¥316	**¥573**
Dividend income:		
Financial assets measured at fair value through other comprehensive income	26	**27**
Foreign exchange gains	800	**652**
Other financial revenue	26	**5**
Total	¥1,170	**¥1,259**

Details of finance costs are as follows:

	FY2022 (From April 1, 2022 to March 31, 2023)	**FY2023 (From April 1, 2023 to March 31, 2024)**
		Millions of yen
Interest expenses:		
Financial liabilities measured at amortized cost	¥64	**¥78**
Other financial expenses	417	**211**
Total	¥482	**¥290**

33. Other Comprehensive Income

The amounts arising during the year for each item of other comprehensive income and reclassification adjustments to profit or loss, as well as the tax effect impact, are as follows.

		Millions of yen
	FY2022 (From April 1, 2022 to March 31, 2023)	**FY2023 (From April 1, 2023 to March 31, 2024)**
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income		
Increase during the fiscal year	¥96	**¥553**
Tax Effects	(28)	**(169)**
Total Financial assets measured at fair value through other comprehensive income	67	**384**
Remeasurements of defined benefit plans		
Increase during the fiscal year	1,306	**302**
Tax Effects	(397)	**(92)**
Total remeasurements of defined benefit plans	909	**209**
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations		
Increase during the fiscal year	3,093	**4,961**
Reclassification Adjustments	—	**—**
Before Taxes	3,093	**4,961**
Tax Effects	—	**—**
Total exchange differences on translation of foreign operations	3,093	**4,961**
Total other comprehensive income	¥4,070	**¥5,556**

34. Earnings Per Share

The basis for calculating basic earnings per share and diluted earnings per share is as follows:

		Millions of yen
	FY2022 (From April 1, 2022 to March 31, 2023)	**FY2023 (From April 1, 2023 to March 31, 2024)**
Profit attributable to owners of parent	¥9,272	**¥7,675**
Adjustments	—	**—**
Profit used to compute diluted earnings per share	9,272	**7,675**

		Shares
Weighted average number of ordinary shares outstanding during the period	132,507,752	**131,692,075**
Incremental Ordinary Shares		
Increase due to employee share options	18,561	**646**
Weighted average Diluted number of ordinary shares outstanding during the period	132,526,313	**131,692,721**

		Yen
Basic earnings per share	¥69.98	**¥58.29**
Diluted earnings per share	69.97	**58.29**

35. Cash Flow Information

(1) Changes in Liabilities arising from Financial Activities

Changes in liabilities arising from financing activities are as follows:

Millions of yen

Year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	April 1, 2022	Changes come with Cash Flow	Changes come without Cash Flow: Change in scope of consolidation	Changes come without Cash Flow: Changes in Fair Value	Changes come without Cash Flow: Others	March 31, 2023
Short-term borrowings	¥1,133	—	—	—	¥10	¥1,144
Long-term borrowings	2,990	—	—	3	—	2,993
Lease liabilities	2,397	(1,123)	—	—	1,173	2,446
Total	¥6,521	¥(1,123)	—	¥3	¥1,183	¥6,584

Millions of yen

Year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	April 1, 2023	Changes come with Cash Flow	Changes come without Cash Flow: Change in scope of consolidation	Changes come without Cash Flow: Changes in Fair Value	Changes come without Cash Flow: Others	**March 31, 2024**
Short-term borrowings	**¥1,144**	**¥(57)**	**—**	**—**	**¥3**	**¥1,090**
Long-term borrowings (Note)	**2,993**	**—**	**—**	**3**	**—**	**2,997**
Lease liabilities	**2,446**	**(1,250)**	**—**	**—**	**1,910**	**3,106**
Total	**¥6,584**	**¥(1,307)**	**—**	**¥3**	**¥1,913**	**¥7,193**

Note: Long-term borrowings include the current portion due within one year.

(2) Non-cash Transactions

Details of non-cash transactions are as follows:

Millions of yen

	FY2022 (From April 1, 2022 to March 31, 2023)	**FY2023 (From April 1, 2023 to March 31, 2024)**
Acquisition of right-of-use assets through leases	¥1,118	**¥1,697**
Total	¥1,118	**¥1,697**

36. Share-based Payment

The Anritsu Group has a stock option plan, a Performance-Related Stock Compensation Program and the Restricted Stock-based Compensation System. The objectives of these plans are to motivate the directors and employees of the Company and its subsidiaries to improve business performances, encourage management in keeping with the interests of shareholders and stock prices and boost the Anritsu Group's corporate value.

(1) Details of the Stock Option Plan (Equity-settled, Share-based Payment)

The Company has been granting stock options to Directors and Executive Officers of the Company as shown below. Following the introduction of the Performance-Related Stock Compensation Programs, however, the Company abolished stock option plans except for those already granted.

Under this plan, blocks of 100 ordinary shares with subscription warrants are granted at no charge to recipients as of the grant date. The exercise price of these warrants is 1.05 multiplied by the average closing price (with fractions of less than one yen rounded up) in regular trading of the Company's ordinary shares on the Tokyo Stock Exchange on each day (excluding days on which there are no transactions) of the month prior to the allotment date of the subscription warrants. If, however, the amount is less than the closing price (or if there are no trades, the immediately preceding closing price) of regular trading of the Company's ordinary shares on the subscription warrant allotment date, the exercise price shall be the relevant closing price.

The exercise period is determined in the allocation agreement. The relevant options expire if not exercised during that period. Grant recipients must be directors or employees of the Company or its subsidiaries, including when exercising the options. Recipients losing status by resigning or retiring during the options' exercise period may exercise the options for up to one year after such loss of status. Recipients of No. 14 and No. 15 stock options granted on September 1, 2014, losing their positions by resigning or retiring by August 31, 2017, may exercise the options for up to one year from September 1, 2017.

The Anritsu Group's stock option plans for the current fiscal years are as follows:

	Number of shares granted	Grant date	Exercise period	Yen Exercise price
No. 14	42,000	September 1, 2014	September 1, 2017 through August 31, 2023	¥956
No. 15	85,500	September 1, 2014	September 1, 2017 through August 31, 2023	956

Total Number of Exercisable Shares and Average Exercise Price for the previous and current fiscal year are as follows:

	FY2022 (From April 1, 2022 to March 31, 2023)		**FY2023 (From April 1, 2023 to March 31, 2024)**	Yen
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Outstanding at the beginning of the period	94,500	¥1,212	**8,000**	**¥956**
Granted during the period	—	—	**—**	**—**
Cancelled during the period	4,000	956	**—**	**—**
Exercised during the period	39,000	1,199	**2,000**	**956**
Expired during the period	43,500	1,295	**6,000**	**956**
Outstanding at the end of period	8,000	956	**—**	**—**
Exercisable at the end of the period	8,000	956	**—**	**—**

The exercise price of stock options unexercised at the end of the previous fiscal year is 956 yen. The weighted average remaining contractual period was 0.4 years. The weighted average share price as of the exercise dates for stock options exercised during the previous fiscal year was 1,535 yen.

There are no unexercised stock options at the end of the fiscal year ended March 31, 2024. The weighted average share price as of the exercise dates for stock options exercised during the current fiscal year was 1,034 yen.

The Company adopts the Black-Scholes model to assess the fair value of stock options. The assumptions used to measure fair value are shown below. The projected volatility is calculated by collecting daily share price information based on the most recent period corresponding to the expected length of time since the grant date.

	No. 14 and No. 15
Fair value at the grant date	¥199
Share price at the grant date	¥885
Exercise price	¥956
Projected volatility (%)	36.40%
Expected remaining period (years)	4.8
Dividend yield (%)	2.26%
Risk-free rate (%)	0.15%

(2) Details of Performance-Related Stock Compensation Program (Equity-settled, Share-based Payment)

The Anritsu Group has introduced the Performance-Related Stock Compensation Program as an equity-settled, share-based payment plan for the Company's Directors, Executive Officers, and Vice Presidents (excluding Outside Directors and members of the Audit & Supervisory Committee; hereinafter the "Directors, etc.").

The Program involves a trust for distribution of shares to officers, which has been established based on the funds contributed by the Company for the purpose of acquiring shares in the Company. In accordance with the Rules on Distribution of Shares, the Company grants evaluation points to the individual Directors, etc. on the grant date, commensurate with position as well as the level of achievement of performance targets. One evaluation point is equivalent to one share in the Company. The number of shares equivalent to the number of evaluation points granted to each Director, etc. shall be delivered upon retirement via the trust to each retiring Director, etc. who meets the vesting conditions set out by the Rules on Distribution of Shares.

As set out by the Rules on Distribution of Shares, shares in the Company under the Program shall be delivered, provided that, (1) the eligible beneficiary scheduled to retire following the necessary procedures by the date of retirement, and that (2) in the event of voluntary resignation or dismissal or resignation as a result of having caused damage to the Company, the eligible beneficiary shall forfeit all or part of the evaluation points granted up to that time. The Program is designed to deliver shares and does not involve an exercise price.

Under the Program, expenses are recognized based on the number of evaluation points expected to be granted over each evaluation period. After determining the performance for the relevant evaluation period, expenses are adjusted in the next fiscal year. The amounts recognized as expenses for the Program were 33 million yen in the previous fiscal year (from April 1, 2022 to March 31, 2023) and 39 million yen in the current fiscal year (from April 1, 2023 to March 31, 2024).

The fair value of evaluation points is calculated based on the market value of shares in the Company on the grant date. Under IFRS, "grant date" is the date on which a company and another party agree to a share-based payment arrangement. The number of evaluation points granted during the fiscal years concerned and the corresponding weighted average fair value of evaluation points are as follows.

	FY2022 (From April 1, 2022 to March 31, 2023)	**FY2023 (From April 1, 2023 to March 31, 2024)**
Number of points granted during the period	18,494	**14,437**
Weighted average fair value	¥2,386	**¥2,386**

(3) Details of the Restricted Stock-based Compensation System (Equity-settled, Share-based Payment)

The Anritsu Group has introduced the Restricted Stock-based Compensation System (hereinafter the "System") involving an employee stockholding association, as an equity-settled, share-based payment plan for the employees of the Company and its subsidiaries. Restricted stock shall be granted exclusively to the members of the Company's employee stockholding association, the Anritsu Group Employee Stockholding Association (hereinafter the "Association"), who have consented to the acquisition of the interest in stock allotted to the Association, and are residents of Japan (hereinafter, the "Subject Employee").

Under the System, the Company will pay monetary claims (hereinafter, the "Monetary Claims") for granting restricted stock to the Subject Employees and the Subject Employees will contribute their Monetary Claims to the Association. Subsequently, the Association can receive the issuance or disposal of the Company's common stock as restricted stock by making a contribution in-kind to the Company of the Monetary Claims contributed by the Subject Employees.

When issuing or disposing of the Company's common stock based on the System, the Company and the Association have concluded the restricted stock allotment agreement, the terms of which include (1) the Association is prohibited from transferring, creating any security interest on, or otherwise disposing of the allotted shares to a third party (hereinafter the "Restriction") during a certain period, (2) the Restriction shall be lifted on the expiry date of the share transfer restriction period for the number of allocated shares corresponding to the equity interest in restricted stock held by the Subject Employee who meets the eligibility criterion of continuous membership in the Association throughout the share transfer restriction period; and (3) the Company shall acquire without payment the whole or part of the number of the allocated shares corresponding to the equity interest in restricted stock held by the Subject Employee if certain events, including his/her voluntary resignation, occur. The System is designed to deliver shares and does not involve an exercise price.

Under the System, expenses are recognized over each share transfer restriction period. Expenses recorded in the fiscal year ended March 31, 2024, were 10 million yen.

The fair value of the restricted stock that are granted is calculated based on the market price of shares in the Company on the grant date. The number of restricted stock granted during the fiscal year ended March 31, 2024, and their weighted average fair value are as follows.

	FY2023 (From April 1, 2023 to March 31, 2024)
Number of shares granted during the period	**84,800**
Weighted average fair value	**¥1,326**
Share transfer restriction period (years)	**3**

37. Financial Instruments

(1) Capital Management

The Anritsu Group prioritizes the following capital management benchmarks.

- Return On Equity
- Free cash flow
- Equity attributable to owners of the parent (%)
- Debt-to-equity ratio

These indicators are periodically reported to management and monitored.

There are no significant capital regulations that apply to the Anritsu Group.

(2) Management of Financial Risks

The Anritsu Group is exposed to financial risks (credit risk, liquidity risk, foreign exchange risk, interest rate risk, and market price fluctuation risk) in the process of carrying out its management activities, so it conducts risk management based on certain policies in order to mitigate the financial risks. The Anritsu Group uses derivatives transactions to hedge foreign currency risks and does not engage in speculative transactions.

(3) Credit Risk Management

Credit risk is the Anritsu Group's risk of financial losses if a customer or financial instrument counterparty cannot fulfill contractual obligations.

The credit risks for transactions in cash and cash equivalents are limited because they are with financial institutions that have high credit standings.

The Anritsu Group is exposed to credit risks from customers for trade and other receivables. In keeping with its credit management regulations, the Company addresses the risks for trade and other receivables by having its sales department and sales management department regularly monitor situations with key business partners and manage due dates and balances for each of these partners while swiftly identifying and reducing recovery concerns stemming from deteriorating financial positions. Consolidated subsidiaries perform similar oversight in keeping with the Company's credit management regulations.

The Anritsu Group is exposed to the credit risks of financial institutions with which it has contracted for derivatives included in other financial assets and other financial liabilities. Contracts associated with such financial instruments are entered into only with financial institutions, etc. with high credit ratings, and their impact on credit risk is limited.

The carrying value of financial assets, in the consolidated financial statements is the maximum exposure to credit risk of the financial assets of the Anritsu Group.

As for guarantee obligations, the balance of guarantee obligations recorded in Note "41. Contingent liabilities" is the maximum exposure to credit risk of the Anritsu Group.

Receivables that are determined to be wholly or partially unrecoverable or extremely difficult to recover are considered as defaulted receivables.

Additionally, the Anritsu Group determines that a credit impairment has occurred when the reason for late payment is not due to any temporary capital demand but due to the obligor having fallen into serious financial difficulty, and there are concerns for the loan's recoverability.

The credit risk exposure for trade and other receivables is as follows.

			Millions of yen
End of FY2022 as of March 31, 2023	Financial assets for which allowance for doubtful accounts are measured at an amount equal to lifetime expected credit losses	Credit-impaired financial assets	Total
No past due	¥23,010	—	¥23,010
Within 30 days past due	1,371	—	1,371
Past due more than 30 days but less than 6 months	1,701	27	1,728
Over 6 months past due	268	4	272
Total	¥26,351	¥32	¥26,383

Note: The above shows the carrying value before allowance for doubtful accounts. There are certain deposits 421 million yen, received as credit enhancements.

			Millions of yen
End of FY2023 as of March 31, 2024	Financial assets for which allowance for doubtful accounts are measured at an amount equal to lifetime expected credit losses	Credit-impaired financial assets	Total
No past due	**¥25,288**	**¥0**	**¥25,288**
Within 30 days past due	**1,869**	**—**	**1,869**
Past due more than 30 days but less than 6 months	**1,929**	**2**	**1,932**
Over 6 months past due	**284**	**23**	**308**
Total	**¥29,372**	**¥27**	**¥29,399**

Note: The above shows the carrying value before allowance for doubtful accounts. There are certain deposits 440 million yen, received as credit enhancements.

Changes in the allowance for doubtful accounts are as follows:

	Millions of yen		
	Trade and other receivables		
	Financial assets for which allowance for doubtful accounts are measured at an amount equal to lifetime expected credit losses	Credit-impaired financial assets	Total
Balance at April 1, 2022	¥147	¥36	¥184
Increase	99	28	127
Decrease due to intended use	(55)	(2)	(57)
Decrease due to reversal	(98)	(34)	(133)
Exchange differences on translation of foreign operations	12	0	12
Balance at March 31, 2023	¥105	¥28	¥133
Increase	**167**	**27**	**194**
Decrease due to intended use	**(28)**	**—**	**(28)**
Decrease due to reversal	**(27)**	**(28)**	**(55)**
Exchange differences on translation of foreign operations	**19**	**0**	**20**
Balance at March 31, 2024	**¥237**	**¥27**	**¥264**

(4) Liquidity Risk Management

Liquidity risk is the risk that, in performing the obligations to repay financial liabilities that have become due, the Anritsu Group will not be able to execute payment on the due date.

The Anritsu Group manages liquidity risk by adopting a cash management system and appropriately prepares funds required for repayment by efficiently utilizing funds within the Group, while securing credit lines from financial institutions, which can be utilized when necessary, and continuously monitoring cash flow plans and actual results.

The analysis below shows the remaining contractual maturities of financial liabilities at the end of the reporting period. The stated contractual cash flows are on an undiscounted basis, including interest payments.

								Millions of yen
End of FY2022 as of March 31, 2023	Carrying amounts	Contractual cash flow	1 year or less	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Over 5 years
Non-derivative financial liabilities:								
Trade and other payables	¥8,039	¥8,039	¥7,442	¥109	¥65	—	—	¥421
Bonds and borrowings	4,138	4,138	1,144	2,993	—	—	—	—
Lease liabilities	2,446	2,571	859	594	342	225	157	390
Guarantee obligations	—	765	743	4	3	2	1	10
Derivative financial liabilities	1	1	1	—	—	—	—	—
Total	¥14,625	¥15,515	¥10,190	¥3,702	¥412	¥227	¥159	¥823

								Millions of yen
End of FY2023 as of March 31, 2024	Carrying amounts	Contractual cash flow	1 year or less	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Over 5 years
Non-derivative financial liabilities:								
Trade and other payables	**¥6,972**	**¥6,972**	**¥6,459**	**¥72**	**—**	**—**	**—**	**¥440**
Bonds and borrowings	**4,087**	**4,098**	**4,098**	**—**	**—**	**—**	**—**	**—**
Lease liabilities	**3,106**	**3,261**	**1,100**	**882**	**476**	**304**	**175**	**322**
Guarantee obligations	**—**	**840**	**829**	**2**	**1**	**1**	**1**	**4**
Derivative financial liabilities	**18**	**18**	**18**	**—**	**—**	**—**	**—**	**—**
Total	**¥14,184**	**¥15,191**	**¥12,507**	**¥956**	**¥477**	**¥305**	**¥176**	**¥767**

(5) Foreign Exchange Risk Management

The Anritsu Group operates globally and is therefore exposed to foreign currency exchange risks on transactions that are denominated in a currency other than the respective functional currencies of group companies. The primary currencies in such transactions are the Japanese yen, the U.S. dollar and the Euro.

Although trade receivables denominated in foreign currencies are exposed to exchange rate fluctuations, the Company and some consolidated subsidiaries generally use forward exchange contracts to hedge the risk of currency fluctuations. The Anritsu Group is also exposed to foreign currency exchange risk for trade payables from transactions that are denominated in foreign currencies for raw materials and other imports.

The Anritsu Group's exposures to foreign currency exchange risk are as follows:

		Millions of yen
	End of FY2022 as of March 31, 2023	**End of FY2023 as of March 31, 2024**
U.S. dollar	¥7,329	**¥8,829**
Euro	1,409	**1,010**

Sensitivity analysis for foreign currency

The impact on profit (loss) before tax in the consolidated statement of comprehensive income, in case of a 1% appreciation of the Japanese yen, is as follows.

However, in this analysis, other variable factors are assumed to remain constant.

		Millions of yen
	End of FY2022 as of March 31, 2023	**End of FY2023 as of March 31, 2024**
U.S. dollar	¥(73)	**¥(88)**
Euro	(14)	**(10)**

(6) Interest Rate Risk Management

Bonds and borrowings and lease liabilities included in other financial liabilities are mainly due to financing for working capital. The Anritsu Group's business activities are exposed to various interest rate fluctuation risks, and interest rate fluctuations especially impact borrowing costs.

Sensitivity Analysis for Borrowings subject to Floating Rate

The Anritsu Group's sensitivity analysis to interest rate exposure is shown below. This analysis assumes that all other variables are constant and presents the impact on profit (loss) before tax in the consolidated statement of comprehensive income in case of a 1% increase or decrease in interest rates.

		Millions of yen
End of FY2022 as of March 31, 2023	1% increase	1% decrease
Profit (loss) before tax	¥(41)	¥41

		Millions of yen
End of FY2023 as of March 31, 2024	1% increase	1% decrease
Profit (loss) before tax	**¥(40)**	**¥40**

(7) Management of Market Price Fluctuation Risks

The Anritsu Group owns shares in corporate entities with which it has business relationships, and is exposed to share price fluctuation risk arising from equity instruments. The rationale for retention is confirmed every year, and the status of retention is reviewed on an ongoing basis.

• Sensitivity Analysis for Equity Instruments

The Anritsu Group's sensitivity analysis to fluctuations in equity instrument prices is shown below. This analysis assumes that all other variables are constant and presents the impact of a 10% decline in the prices of listed shares on other comprehensive income (after tax) in the consolidated statement of comprehensive income.

		Millions of yen
	End of FY2022 as of March 31, 2023	**End of FY2023 as of March 31, 2024**
Other comprehensive income	¥(7)	**¥(12)**

Notes to the Consolidated Financial Statements

(8) Fair Value of Financial Instruments

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used in calculating fair value.

Level 1: Market prices in active markets for identical assets or liabilities
Level 2: Fair value calculated, either directly or indirectly, using observable prices other than Level 1
Level 3: Fair value calculated using valuation techniques incorporating unobservable inputs

1. Fair Value Calculation Method

The fair value calculation methods for financial instruments are as follows:

• Cash and Cash Equivalents, Trade and Other Receivables, other financial assets, and Trade and Other Payables

Since current items are settled in a short period, and non-current items are subject to market interest rate, the carrying amount is used because the fair value is approximately equal to the carrying amount.

• Other Financial Assets and Other Financial Liabilities

The fair value of listed shares is calculated based on the market price at the end of the fiscal year. The fair value of unlisted shares is calculated using the comparable listed company analysis method (a method in which multiples of various financial figures are calculated against the market share price of comparable listed companies and necessary adjustments are made).

The fair value of long-term loans receivable is measured by discounting future cash flows at the interest rate expected to be applied to an identical new loan.

Derivatives are calculated as financial assets or financial liabilities measured at fair value through profit or loss based on observable market data, such as forward exchange rates at the end of the fiscal year provided by correspondent financial institutions, etc.

• Bonds and Borrowings

Since short-term borrowings are settled in a short period, the carrying amount is used because the fair value is approximately equal to the carrying amount.

Long-term borrowings are calculated using a method that discounts the future cash flows at the interest rate expected to be applied if a new similar contract were to be entered into.

2. Financial instruments measured at amortized cost

The carrying amounts and fair values of financial instruments measured at amortized cost are as follows. Financial instruments that approximate their fair value and carrying amount in the consolidated statement of financial position are not included in the following table.

Millions of yen

	End of FY2022 as of March 31, 2023		**End of FY2023 as of March 31, 2024**	
	Carrying amounts	Fair value	Carrying amounts	Fair value
Financial assets measured at amortized cost:				
Long-term loans receivable	¥10	¥10	**¥10**	**¥10**
Total	¥10	¥10	**¥10**	**¥10**
Financial liabilities measured at amortized cost:				
Long-term borrowings (Note)	2,993	2,994	**2,997**	**2,999**
Total	¥2,993	¥2,994	**¥2,997**	**¥2,999**

Note: Long-term borrowings include the current portion due within one year.

3. Financial assets measured at fair value

The fair value hierarchy for financial instruments measured at fair value is as follows.

				Millions of yen
End of FY2022 as of March 31, 2023	Level 1	Level 2	Level 3	Total
Assets:				
Financial assets measured at fair value through other comprehensive income				
Other financial assets				
Stocks	¥112	—	¥1,507	¥1,620
Financial assets measured at fair value through profit or loss				
Other financial assets				
Derivatives	—	12	—	12
Total assets	¥112	¥12	¥1,507	¥1,632
Liabilities:				
Financial assets measured at fair value through profit or loss				
Other financial assets				
Derivatives	—	1	—	1
Total liabilities	—	¥1	—	¥1

				Millions of yen
End of FY2023 as of March 31, 2024	Level 1	Level 2	Level 3	Total
Assets:				
Financial assets measured at fair value through other comprehensive income				
Other financial assets				
Stocks	**¥173**	**—**	**¥1,993**	**¥2,167**
Financial assets measured at fair value through profit or loss				
Other financial assets				
Derivatives	**—**	**—**	**—**	**—**
Total assets	**¥173**	**—**	**¥1,993**	**¥2,167**
Liabilities:				
Financial assets measured at fair value through profit or loss				
Other financial assets				
Derivatives	**—**	**18**	**—**	**18**
Total liabilities	**—**	**¥18**	**—**	**¥18**

Transfers between levels of the fair value hierarchy are recognized on the date of the event that caused the transfer or the change in circumstances that caused the transfer. During the current and previous fiscal years, there were no significant transfers between fair value Level 1 and Level 2.

4. Evaluation process

Financial instruments classified as Level 3 are comprised of unlisted shares. The fair value of unlisted shares is measured quarterly by the department in charge within the Anritsu Group, in accordance with its accounting policies, etc.

Unlisted shares are measured at fair value using the comparable listed company analysis method. The significant unobservable input used in the fair value measurement is the illiquidity discount, and the fair value decreases when the illiquidity discount increases.

The increase or decrease in fair value that is expected when unobservable inputs are changed to reasonably possible alternative assumptions is not significant.

5. Reconciliation from the beginning balances to the ending balances of financial instruments classified in Level 3 of the fair value hierarchy.

		Millions of yen
	FY2022 (From April 1, 2022 to March 31, 2023)	**FY2023 (From April 1, 2023 to March 31, 2024)**
Balance at the beginning of the fiscal year	¥1,300	**¥1,507**
Other comprehensive income	61	**493**
Acquisition	150	**—**
Disposal	(5)	**(6)**
Balance at the end of the fiscal year	¥1,507	**¥1,993**

Notes to the Consolidated Financial Statements

38. Significant Subsidiaries

The status of major subsidiaries as of the end of the current fiscal year is as follows.

Name	Location	Business	Percentage ownership
Anritsu U.S. Holding, Inc.	California, USA	Test and Measurement	100%
Anritsu Company	California, USA	Test and Measurement	100%
Anritsu Americas Sales Company	California, USA	Test and Measurement	100%
Anritsu EMEA GmbH	Vienna, Austria	Test and Measurement	100%
ANRITSU COMPANY LIMITED	Kowloon, Hong Kong	Test and Measurement	100%
Anritsu A/S	Copenhagen, Denmark	Test and Measurement	100%

39. Related Parties

(1) Transactions with Related Parties

There are no significant related party transactions to be disclosed.

(2) Payments to Key Executives

	Millions of yen	
	FY2022 (From April 1, 2022 to March 31, 2023)	**FY2023 (From April 1, 2023 to March 31, 2024)**
Short-term employee benefit	¥257	**¥245**
Share-based payments	12	**12**
Total	¥270	**¥258**

40. Commitments

There are no significant commitments to be disclosed.

41. Contingent Liabilities

• Guaranteed liabilities

The Anritsu Group provides guarantees to financial institutions for Group employees' housing loans, operationally contracted performance and as shown below:

	Millions of yen	
	End of FY2022 as of March 31, 2023	**End of FY2023 as of March 31, 2024**
Operationally contracted guarantees	¥739	**¥827**
Guarantees for employees	26	**12**
Total	¥765	**¥840**

(Operationally Contracted Guarantees)

The longest period of the guarantee is through CY2024. The guarantees cover operationally contracted performance and other obligations of the Company's subsidiaries. If a subsidiary fails to fulfill these obligations, the Company is required to cover the relevant obligations.

(Guarantees for Employees)

The longest period of the guarantee is through CY2032. If Anritsu Group employees fail to repay their housing loans which are subject to a guarantee, the Anritsu Group is required to cover the debt. These guaranty obligations are secured by each employee's house as collateral.

42. Subsequent Events

(Disposal of Treasury shares as Restricted Stock compensation)

At a meeting of the Board of Directors held on May 30, 2024, ANRITSU CORPORATION (hereinafter "Anritsu") resolved to dispose of treasury shares as restricted stock (hereinafter, the "Treasury Shares Disposal" or "Disposal") with the ANRITSU Group Employee Stockholding Association (hereinafter, the "Association") as the scheduled allottee, in operating a restricted stock-based compensation system (hereinafter, the "System"), which grants restricted stock to employees of Anritsu and its subsidiaries through the Association, as described below.

1. Outline of the Disposal

(1) Date of disposal	August 30, 2024
(2) Class and number of shares to be disposed of	19,920 shares of common stock of Anritsu (Note)
(3) Disposal price	1,169.5 yen per share
(4) Total value of disposal	23,296,440 yen
(5) Method of disposal	Third-party allotment
(6) Allottee	ANRITSU Group Employee Stockholding Association: 19,920 shares
(7) Other	The Treasury Stock Disposal is subject to effectuation of a Securities Registration Statement pursuant of the Financial Instruments and Exchange Act.

Note: In view of the purpose of the System, the Association will use promotional activities against employees of Anritsu and subsidiaries to invite applicants for membership in the Association over a period long enough for the dissemination of the System. For this reason, the figures for the "number of shares to be disposed of" and "Total value of Disposal" specified above represent the maximum amount and the actual number of shares to be disposed of and total value of Disposal will be determined based on the acceptance of new members and the number of employees of Anritsu and its subsidiaries whose consent to the System is confirmed.

2. Purpose and the Reasons for the Disposal

Anritsu expects that the System will further encourage the employees of Anritsu and its subsidiaries to join the Association and motivate them to contribute to the enhancement of the Anritsu 's corporate value.

(Reference Information)

Consolidated quarterly information for the current fiscal year.

Millions of yen

	1st Quarter	2nd Quarter	3rd Quarter	FY2023
Cumulative period				
Revenue	**¥22,742**	**¥50,895**	**¥77,781**	**¥109,952**
Quarterly (annual) profit before tax	**427**	**3,603**	**5,636**	**9,951**
Quarterly (annual) profit attributable to owners of parent	**250**	**2,789**	**3,924**	**7,675**
Quarterly (annual) basic earnings per share (yen)	**1.90**	**21.19**	**29.80**	**58.29**

Yen

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Accounting period				
Quarterly earnings per share: Basic (yen)	**¥1.90**	**¥19.28**	**¥8.62**	**¥28.48**

Non-consolidated Balance Sheet

March 31, 2023 and 2024

	Millions of yen		Thousands of U.S. dollars*
	FY2022 as of March 31, 2023	**FY2023 as of March 31, 2024**	**FY2023 as of March 31, 2024**
Assets			
Current assets			
Cash and deposits	¥13,474	**¥18,805**	**$124,265**
Notes receivable–trade	2,659	**2,702**	**17,855**
Accounts receivable–trade	14,692	**17,030**	**112,536**
Finished goods	2,497	**2,045**	**13,514**
Work in process	1,131	**1,186**	**7,837**
Raw materials	10,414	**9,018**	**59,592**
Prepaid expenses	316	**404**	**2,670**
Other current assets	6,928	**5,327**	**35,201**
Allowance for doubtful accounts	(69)	**(29)**	**(192)**
Total current assets	52,046	**56,490**	**373,290**
Non-current assets			
Property, plant and equipment			
Buildings	13,383	**12,874**	**85,072**
Structures	277	**242**	**1,599**
Machinery and equipment	939	**954**	**6,304**
Vehicles	3	**1**	**7**
Tools, furniture and fixtures	2,605	**1,987**	**13,130**
Land	1,903	**1,903**	**12,575**
Construction in progress	33	**45**	**297**
Total property, plant and equipment	19,147	**18,008**	**118,998**
Intangible assets			
Software	1,243	**775**	**5,121**
Other intangible assets	0	**1**	**7**
Total intangible assets	1,243	**777**	**5,134**
Investments and other assets			
Investment securities	283	**316**	**2,088**
Shares of subsidiaries and associates	45,206	**45,211**	**298,758**
Long-term loans receivable	5,541	**5,541**	**36,615**
Prepaid pension costs	7,720	**8,220**	**54,318**
Deferred tax assets	3,308	**3,303**	**21,826**
Others	163	**210**	**1,388**
Allowance for doubtful accounts	(25)	**(33)**	**(218)**
Total investments and other assets	62,199	**62,770**	**414,789**
Total non-current assets	82,590	**81,555**	**538,922**
Total	¥134,637	**¥138,046**	**$912,218**

* The U.S. dollar amounts in this report represent translations of Japanese yen, for convenience only, at the rate of ¥151.33 to U.S. $1.00, the approximate exchange rate on March 31, 2024.

March 31, 2023 and 2024

	FY2022 as of March 31, 2023 (Millions of yen)	FY2023 as of March 31, 2024 (Millions of yen)	FY2023 as of March 31, 2024 (Thousands of U.S. dollars*)
Liabilities			
Current liabilities			
Accounts payable–trade	¥4,753	**¥4,630**	**$30,595**
Short-term borrowings	1,090	**1,090**	**7,203**
Current portion of long-term borrowings	—	**3,000**	**19,824**
Lease liabilities	15	**8**	**53**
Accounts payable–other	2,031	**1,490**	**9,846**
Accrued expenses	3,335	**2,981**	**19,699**
Income taxes payable	174	**1,119**	**7,394**
Advances received	2,085	**2,341**	**15,470**
Deposits received	13,355	**13,573**	**89,691**
Provision for product warranties	74	**87**	**575**
Provision for bonuses for directors	59	**47**	**311**
Other current liabilities	353	**427**	**2,822**
Total current liabilities	27,327	**30,798**	**203,515**
Non-current liabilities			
Long-term borrowings	3,000	**—**	**—**
Lease liabilities	8	**3**	**20**
Other non-current liabilities	480	**506**	**3,344**
Total non-current liabilities	3,489	**509**	**3,364**
Total liabilities	30,816	**31,307**	**206,879**
Net assets			
Shareholders' equity			
Share capital	19,218	**19,219**	**127,001**
Capital surplus			
Legal capital surplus	28,168	**28,169**	**186,143**
Other capital surplus	0	**—**	**—**
Total capital surplus	28,168	**28,169**	**186,143**
Retained earnings			
Legal retained earnings	2,468	**2,468**	**16,309**
Other retained earnings	60,106	**62,860**	**415,384**
Reserve for open innovation promotion	25	**25**	**165**
General reserve	21,719	**21,719**	**143,521**
Retained earnings brought forward	38,362	**41,116**	**271,698**
Total retained earnings	62,574	**65,328**	**431,692**
Treasury shares	(6,177)	**(6,050)**	**(39,979)**
Total shareholders' equity	103,784	**106,667**	**704,864**
Valuation and translation adjustments			
Valuation difference on available-for-sale securities	34	**71**	**469**
Total valuation and translation adjustments	34	**71**	**469**
Subscription rights to shares	1	**—**	**—**
Total net assets	103,820	**106,738**	**705,333**
Total	¥134,637	**¥138,046**	**$912,218**

* The U.S. dollar amounts in this report represent translations of Japanese yen, for convenience only, at the rate of ¥151.33 to U.S. $1.00, the approximate exchange rate on March 31, 2024.

Non-consolidated Statement of Income

Years ended March 31, 2023 and 2024

	Millions of yen		Thousands of U.S. dollars*
	FY2022 (From April 1, 2022 to March 31, 2023)	**FY2023 (From April 1, 2023 to March 31, 2024)**	**FY2023 (From April 1, 2023 to March 31, 2024)**
Net sales	¥69,224	**¥62,618**	**$413,784**
Cost of sales	39,421	**37,224**	**245,979**
Gross profit	29,803	**25,393**	**167,799**
Selling, general and administrative expenses	22,240	**19,971**	**131,970**
Operating income (loss)	7,563	**5,421**	**35,822**
Interest and dividend income	4,241	**4,014**	**26,525**
Other non-operating income	401	**635**	**4,196**
Non-operating income	4,642	**4,650**	**30,728**
Interest expenses	19	**15**	**99**
Other non-operating expenses	132	**115**	**760**
Non-operating expenses	151	**130**	**859**
Ordinary income (loss)	12,054	**9,941**	**65,691**
Gain on sales of non-current assets	44	**—**	**—**
Gain on reversal of share acquisition rights	16	**1**	**7**
Subsidy income	—	**47**	**311**
Gain on sales of investment securities	—	**4**	**26**
Extraordinary income	60	**53**	**350**
Loss on valuation of shares of subsidiaries and associates	13	**—**	**—**
Loss on retirement of non-current assets	—	**317**	**2,095**
Extraordinary loss	13	**317**	**2,095**
Income (loss) before income taxes	12,101	**9,677**	**63,946**
Income taxes–current	1,109	**1,608**	**10,626**
Income taxes–deferred	1,037	**6**	**40**
Net income (loss)	¥9,955	**¥8,063**	**$53,281**

* The U.S. dollar amounts in this report represent translations of Japanese yen, for convenience only, at the rate of ¥151.33 to U.S. $1.00, the approximate exchange rate on March 31, 2024.

This Annual Report is prepared for investors as supplementary information of "2024 Anritsu Integrated Reporting" to provide financial highlights of Anritsu. This report excerpts main financial information from the Annual Securities Report ("*Yukashoken Hokokusho*") filed with the Director of the Kanto Local Finance Bureau via Electronic Disclosure for Investors' NETwork ("EDINET") pursuant to the Financial Instruments and Exchange Act of Japan. For convenience of readers outside Japan, certain information is only included in this report and not included in the original Annual Securities Report. Should there be any inconsistency between the English text of Annual Report and the official Japanese text of Annual Securities Report ("*Yukashoken Hokokusho*"), the latter shall prevail.

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