Anritsu
Advancing beyond

Anritsu Integrated Report

2024

(Fiscal Year 2023)

Corporate Philosophy

Anritsu

Company Philosophy

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

Company Vision

Beyond testing, beyond limits, for a sustainable future together

Company Policy

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

Editorial Policy

We have been publishing an integrated report that provides explanations that integrate financial and non-financial factors every year since FY2015 so that our customers, shareholders, investors, business partners, employees, and other stakeholders can deepen their understanding about the initiatives to realize Anritsu Group's vision of achieving a safe, secure, and prosperous global society. In the Anritsu Integrated Report 2024, our 10th report, we explain the long-term value creation story of Anritsu's competency, its testing technology, with a view to becoming a 200 billion yen company by FY2030 through the Global Long-term Management Plan (GLP2026). We also strived to explain ESG initiatives to balance business and sustainability in an easy-to-understand manner.

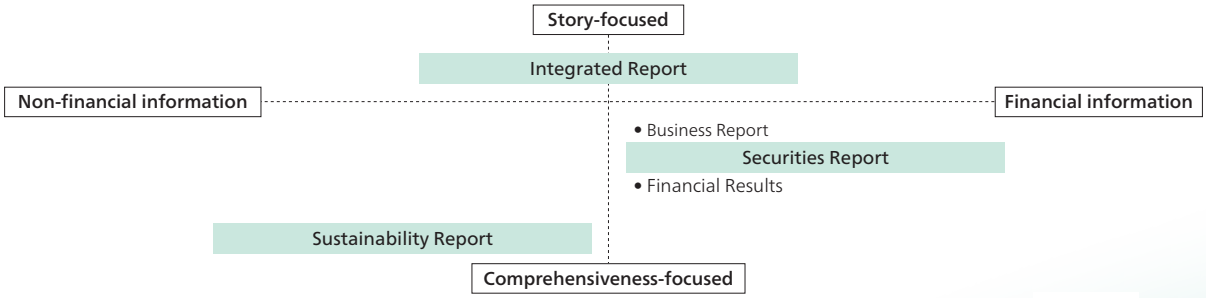
In editing this report, we referenced IIRC*1 and other international frameworks, the GRI*2 Standards, Guidance for Collaborative Value Creation of the Ministry of Economy, Trade and Industry of Japan, and other materials.

In addition, "Anritsu Group," "Anritsu," "domestic Anritsu Group," and "overseas Anritsu Group" refer to the following in this report.

- Anritsu Group: All Anritsu Group companies
- Anritsu: Anritsu Corporation only
- Domestic Anritsu Group: both Anritsu Corporation and Group companies in Japan
- Overseas Anritsu Group: Group companies outside Japan

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

Communication Tools



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

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

Sustainability Policy

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

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

Supporter of the UN Global Compact

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

WE SUPPORT UN GLOBAL COMPACT

THE GLOBAL COMPACT COMMUNICATION ON PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

Inclusion in Indices, External Evaluations

FTSE Blossom Japan Index

FTSE Blossom Japan Sector Relative Index

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

S&P/JPX Carbon Efficient Index

SOMPO Sustainability Index

iSTOXX MUTB Japan Platinum Career 150

CDP DISCLOSURE INSIGHT ACTION

CDP SUPPLIER ENGAGEMENT LEADER

Special award from the ESG-related awarding system hosted by the Ministry of Environment

Certified Health & Productivity Management Outstanding Organization (White 500)

"Eruboshi" certification

"Kurumin" certification

Kanagawa Support Care Company

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

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Notes regarding use of forecasts and other forward-looking information

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

Reporting Period

Fiscal Year 2023 (April 1, 2023 to March 31, 2024)

* This report also includes information about activities and other areas after April 1, 2024.

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

Revenue outside Japan accounts for 68.9% of the Anritsu Group's total revenue. In addition to our accumulated advanced technologies and proactive in-house development, we provide a range of social values globally through collaboration with our customers and partners.

Group

Revenue
¥110.0 billion

Number of employees
4,083

Numer of companies
47

Anritsu A/S
(Denmark: R&D, Manufacture)

Anritsu Solutions S.R.L.
(Romania: R&D)

Anritsu Solutions SK, s.r.o.
(Slovakia: R&D)

Anritsu S.R.L.
(Italy: R&D)

EMEA

Revenue
¥16.3 billion

Revenue ratio
14.8%

Number of employees
350

Number of companies
14

Asia, other

Revenue
¥33.5 billion

Revenue ratio
30.5%

Number of employees
662

Number of companies
13

*EMEA: Europe, Middle East, Africa

The Anritsu Group at a Glance

(FY2023 or as of March 31, 2024)

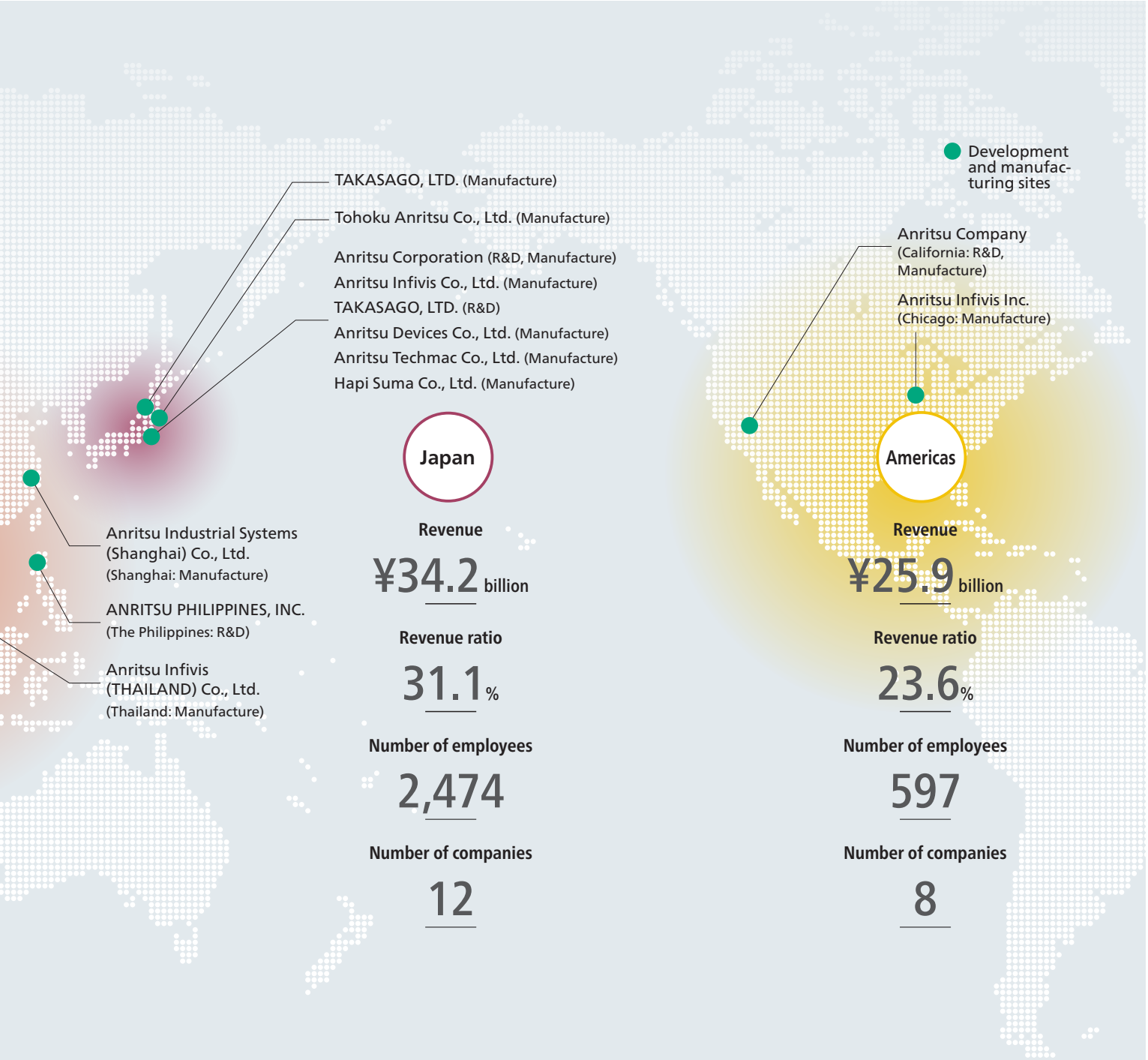
Ratio of Overseas Revenue
68.9%

Operating Profit
¥9.0 billion

Private Generation of Renewable Energy Ratio (PGRE 30)
10.4%

CO_2 Emissions (Scope 1+2)
11,572 t-CO_2

* Scope 2 Guidance uses the market-based method.



Operating Profit Margin

8.2%

Return on Equity (ROE)

6.3%

Dividends per Share

¥40

Equity Attributable to Owners of Parent to Total Assets Ratio

77.9%

CO_2 Emissions (Scope 3)

115,505 t-CO_2

Percentage of Female Managers (Global)

11.2%

Work Environment Satisfaction Rate (Anritsu Group in Japan)

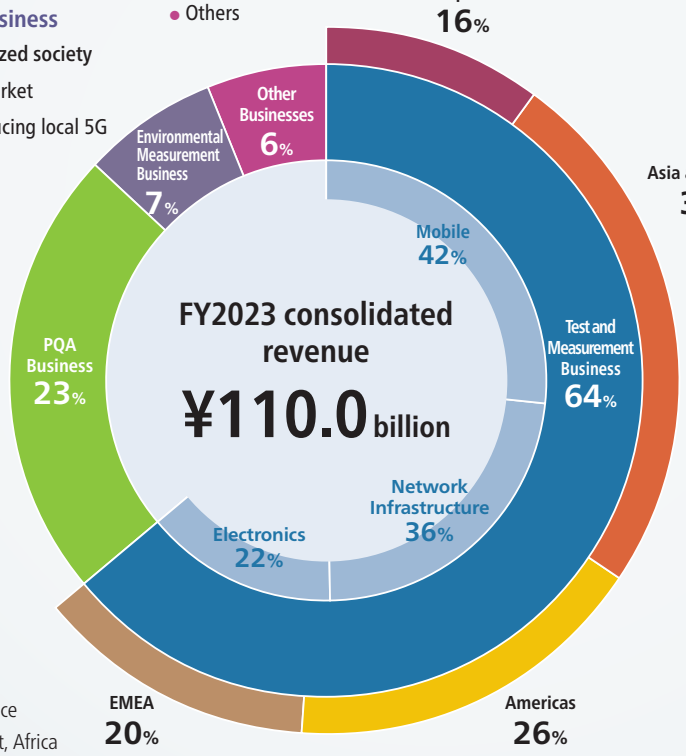
71.1%

Percentage of Outside Directors

10%

Anritsu Now

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



Other Businesses
- Sensing & Devices
- Others

Environmental Measurement Business

Toward a decarbonized society
- EV/battery test market
- Support for introducing local 5G

PQA Business

Safe and reliable food products and pharmaceuticals
- Food products inspection market
- Pharmaceuticals inspection market

Test and Measurement Business

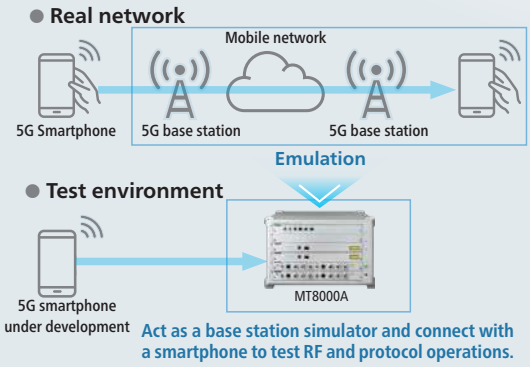
Evolution and development of network society
- Mobile: 5G, 5G utilization
- Network Infrastructure: data centers, optical/wireless networks, service assurance
- Electronics: Base Station construction and maintenance, Electronics parts, Wireless equipment

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

Test and Measurement Business

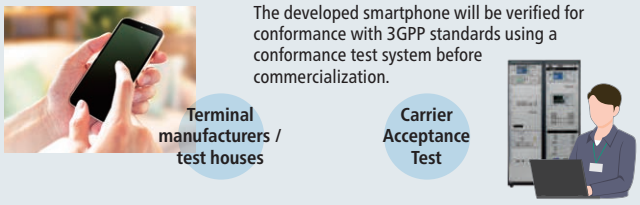
Providing Solutions for Smartphone Development

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



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

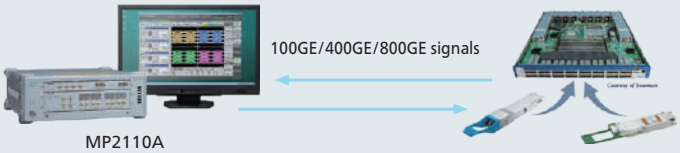
Development of chipsets and commercial terminals



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

Providing manufacturing solutions for optical transceivers

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



PQA Business

Providing Solutions for Food Safety and Security

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

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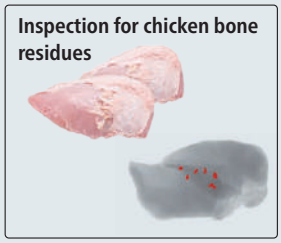


Inspection for foreign bodies
Detects stones, plastics, bone residues, etc. in food and other products.

Missing item inspection
Inspection for missing items in the bento lunch box.

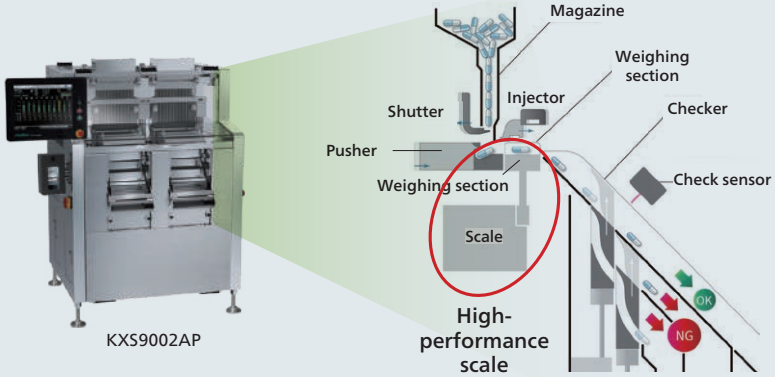
Check for perforation
Food packages are inspected to ensure that the contents have not pierced through the sealing area.

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

Providing solutions for the pharmaceutical market

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

* Based on our research results



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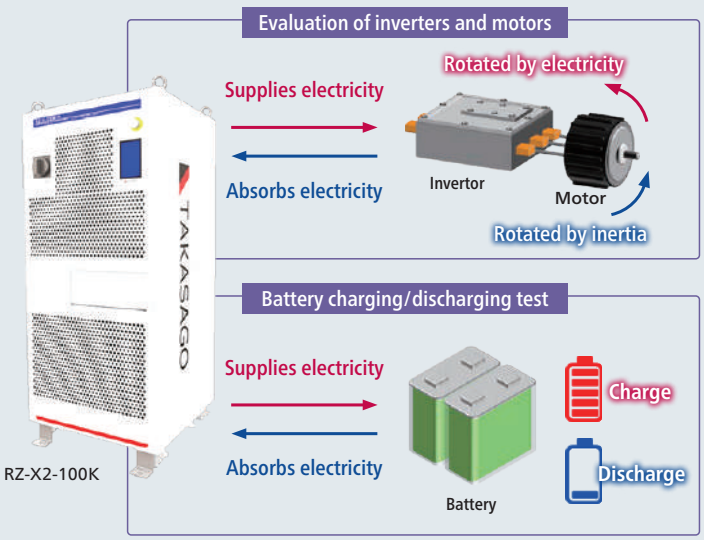
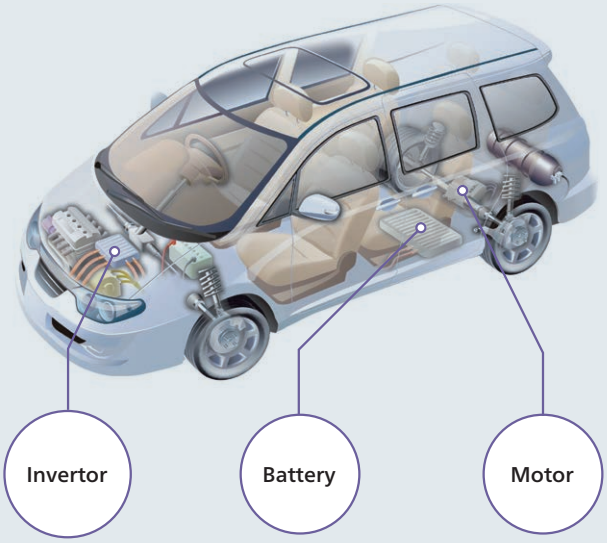
Environmental Measurement Business

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

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



RZ-X2-100K



Hirokazu Hamada

Representative Director,
President and Anritsu Group CEO

Group CEO Message

"Beyond Testing, Beyond Limits, for a Sustainable Future Together"
Anritsu Will Continue Evolving to Become a ¥200 Billion Company in FY2030

Values Consistent Across the Anritsu Group

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

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

Markets Anritsu Is Involved in and Recognition of Their Environment

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

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

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

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

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

Future Value That Anritsu Will Create

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

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

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

Requirements for Anritsu to Continue Evolving

Review of GLP2023

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

GLP2026 and Beyond

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

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

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

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

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

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

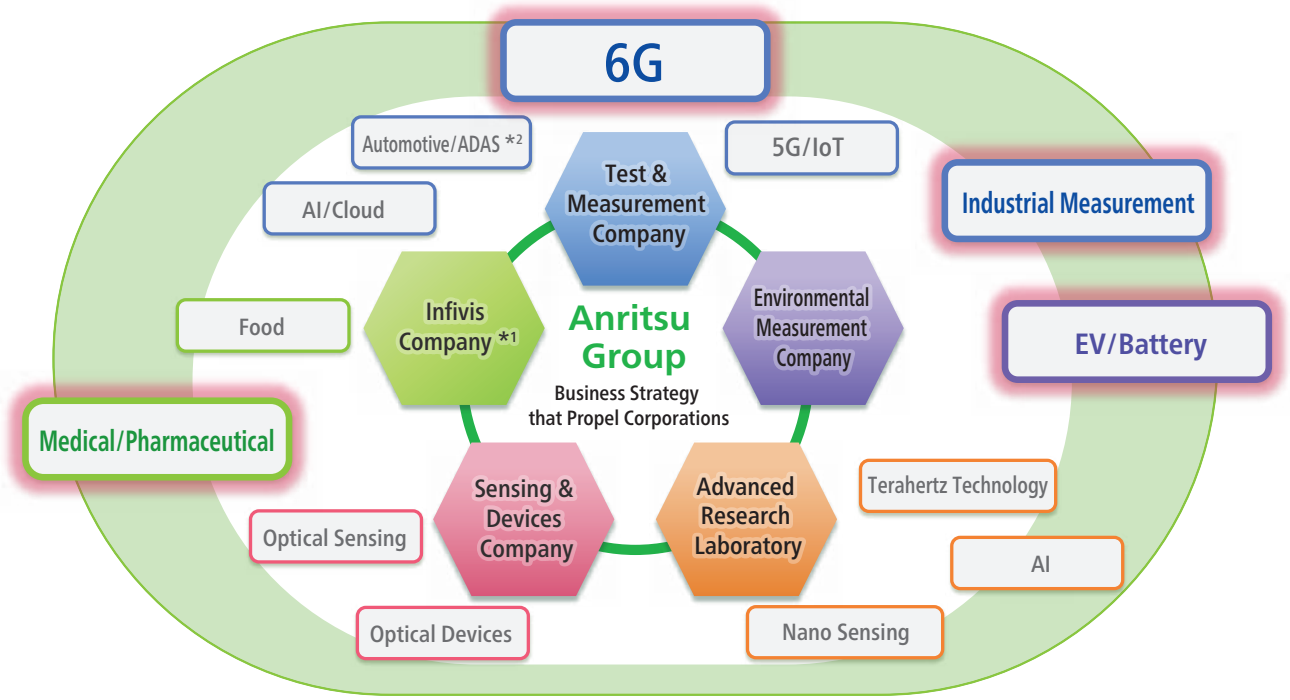
Mid-Term Business Plan ▶P.28

Human Resources Strategy That Supports Growth

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

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

6G and Three New Business Areas in GLP2026



*1 Infivis Company: PQA Business
*2 ADAS : Advanced Driver-Assistance Systems

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

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

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

Human Resources Strategy ▶P.36

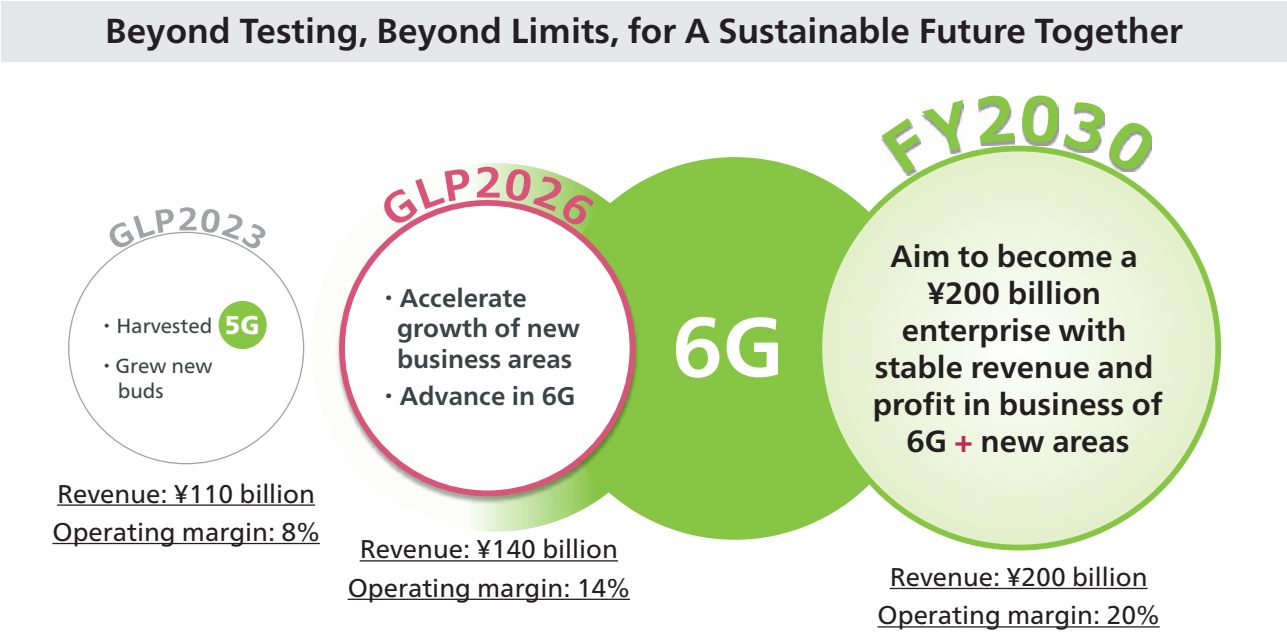
Future Envisioned Through Sustainability Management

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

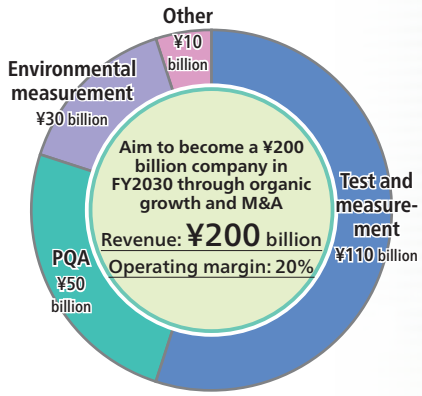
To increase the recyclability of products, building a waste recovery system is required. This initiative includes collecting products from our customers and is a new challenge for us. As there is a division at Anritsu that generates sales by reusing disposed parts, we will effectively coordinate these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

We are promoting private power generation to

GLP2026 and Our Vision for FY2030



Our Vision for FY2030



Growth drivers for test and measurement

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

Growth drivers for PQA

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

Growth drivers for environmental measurement

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

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

Environment ▶P.50

To Our Stakeholders

To become a ¥200 billion company by FY2030, we need to increase society's awareness of our Company and their trust in us. The U.S., Germany, and Japan have leading test instrument companies, and these companies are the foundation of the technological strength of these countries. I strive for Anritsu to also be recognized as an important test instrument company that supports the technological strength of Japan. For example, many Japanese technologies are used in the manufacturing of semiconductors. I hope to make Anritsu widely recognized as a similarly indispensable company. Our goal is to clarify our raison d'etre by making Anritsu widely known as an indispensable company throughout society by 2030.

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

Anritsu Value History

For 129 years, Anritsu has continuously led generational changes with "Sincerity, Harmony, and Enthusiasm," while providing society with new value created under our philosophy: "Original & High Level."

History of advancement

The Dawn of Information and Communication Technology in Japan	Integration of Wired and Wireless, Establishment of Anritsu Electric Co., Ltd.	Re-establishment by the New Anritsu Electric Co.	Business Expansion Through Diversification	An Era of Optical Anritsu
1895-1930	1931-1949	1950-1962	1963-1974	1975-1989

Advancement of products

1908
Started mass-production of common-battery telephones that do not require magnetic power generation. These later became public telephones.

1914
For the first time ever, TYK-type wireless telephones put to practical use sending telegraphs between Toba, Toshijima and Kamishima Island in Mie Prefecture.

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

1933
Produced Japan's first TV broadcast transmitter, supplied to Hamamatsu Advanced Technical School.

1939
Developed AC-bias magnetic sound recorder, the core technology for modern tape recorders.

1950
Completed ultra-short wave electrical field strength meter for electrical field strength calibration, which received designation as a national standard instrument.

1956
A coin storage/return switching mechanism was developed, and advance payment of charges was made possible on public telephone "Box No. 5."

1963
Developed a jitter measuring instrument to measure the signal quality of the new PCM* method of audio signal digitization.

1968
Began development of semiconductor lasers, a key component of optical communications.

1964
Developed the "Auto Checker," a checkweigher, by advancing on the technology of electronic micrometers.

*PCM: Pulse Code Modulation

1977
Acquisition of ultra-high-speed digital technology led to the completion of a 2Gb/s ultra high-speed Bit Error Rate Test System (BERTS).

1981
Developed world's first Optical Time Domain Reflectometer (OTDR).

1981
Developed metal detector through the introduction of magnetic sensor technology.

Advancement of the organization

1895
Sekisan-sha founded (by Keizaburo Ishiguro)

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

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

Merger

1931
Anritsu Electric Co., Ltd. established

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

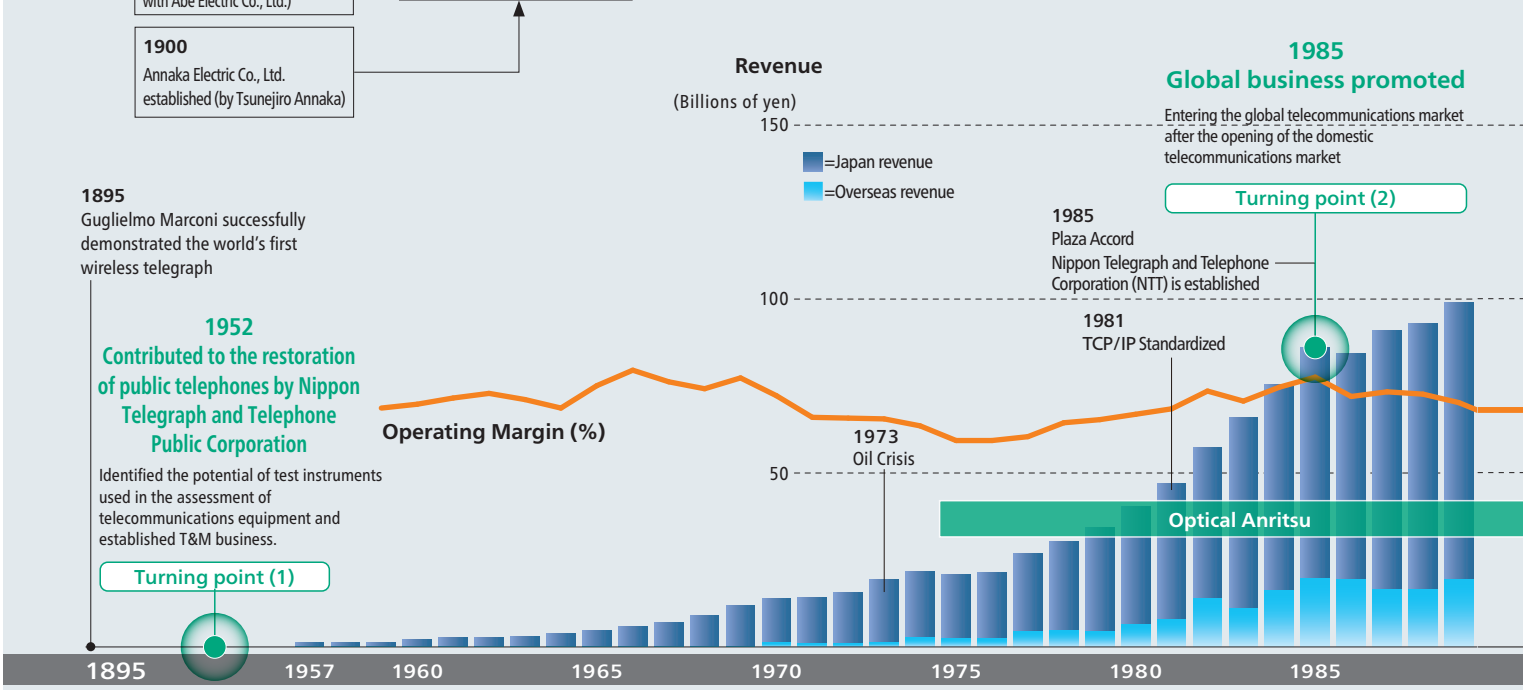
1961
Establishment of Atsugi Site (current head office location)

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

1970
Started import business of public telephones

1985
Changed Company name to ANRITSU CORPORATION

1985
Establishment of TOHOKU ANRITSU CO., LTD.



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

Building Foundations as a Multinational Company

1990-1999

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

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

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

21st Century: Path to Becoming a Global Brand

2000-2020

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

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

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

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

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

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

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

Beyond testing

2021-

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

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

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

1990
Acquired Wiltron Company (California, USA)
- Obtained high-frequency measurement technology

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

2000
Introduced executive officer system

2001
Mobile business set to become a mainstay
Advanced digital modulation technology, complex communication protocol technology acquired

2005
Invited outside directors

2005
Acquired NetTest (Denmark)
- Obtained network monitoring technology

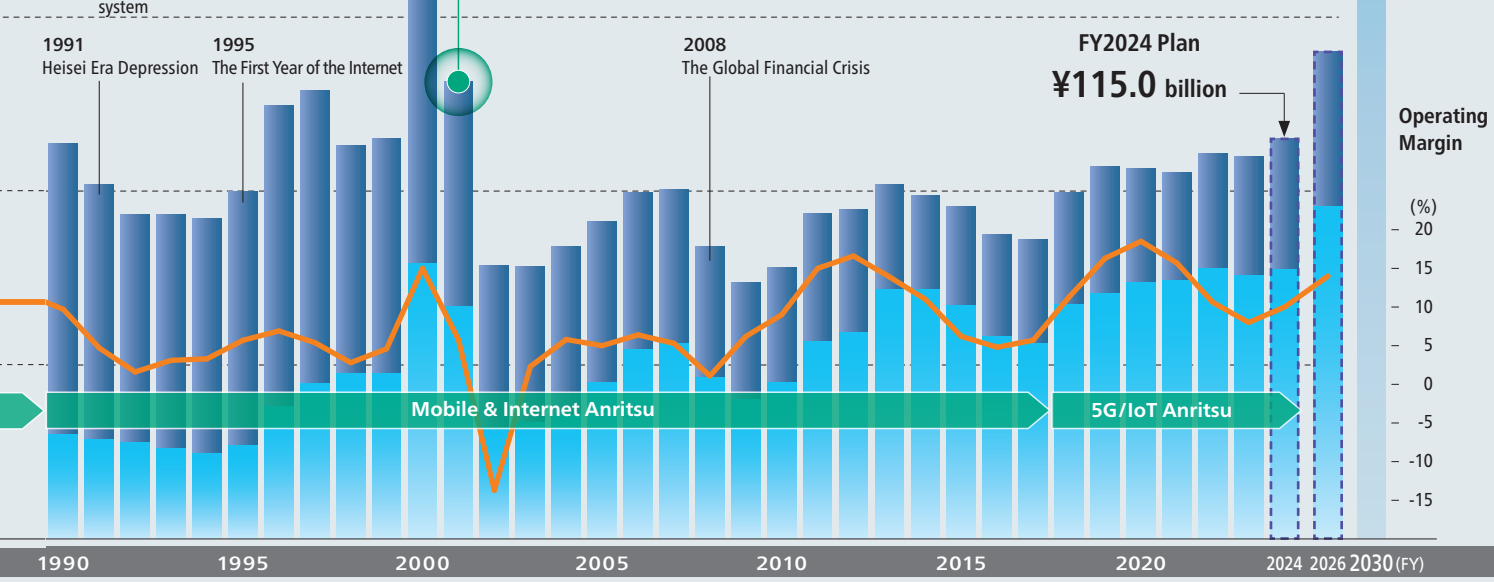
2015
Transitioned to a company with an Audit & Supervisory Committee

2016
Acquired Azimuth Systems, Inc. (Massachusetts, USA)
- Obtained advanced fading simulation technology

2021
Transitioned to the four-company system with merging subsidiaries

2022
Acquired TAKASAGO, LTD. (Japan)
- Obtained high-capacity electrical energy control technology

FY2030
Become a ¥200.0 billion enterprise



Important Management Issues, Risks and Opportunities

Recognition of Environmental Changes

Societal Changes

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

Industry Environment

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

Anritsu's Perspective	Important management issues	Relevant capital	Stakeholders	Stakeholder needs
Growth investment and business operations	**Establishment of a robust business foundation** • Appropriate financial management • Optimization of business portfolio by pioneering new domains	Financial capital, Intellectual capital, Human capital	• Shareholders • Investors • Employees	• Company growth • Appropriate shareholder returns • Work satisfaction • Wage increases
Customer and business environment	**Expanding to capture new business opportunities through digital innovation** • Provide solutions that contribute to the development of a robust IT infrastructure • Address innovation in DX technology	Intellectual capital, Human capital, Social and relationship capital	• Customers • Employees • Partners • Suppliers	• Provide timely solutions • Provide attentive support • Conduct initiatives for cutting-edge technology • Innovate through collaboration with other companies • Participate in industry associations • Highly accurate and stable test results
	Contributing to safe and secure food, medicine, and pharmaceutical products • Provide solutions that contribute to the reduction of food loss • Provide quality assurance solutions • Ensure healthy lifestyles	Intellectual capital, Human capital, Social and relationship capital	• Customers • Employees • Partners • Suppliers	• Provide cost-effective solutions • Provide prompt support • Initiatives for cutting-edge technology • Innovate through collaboration with other companies • Participate in industry associations • Highly accurate and stable test results
	Providing products that contribute to a decarbonized society	Intellectual capital, Human capital, Social and relationship capital	• Customers • Employees • Partners • Suppliers	• Provide timely solutions • Conduct initiatives for cutting-edge technology • Innovate through collaboration with other companies • Participate in industry associations • Highly accurate and stable test results
Environment	**Addressing climate change** • Reduce greenhouse gas emissions • Introduction of in-house generation of renewable energy	Human capital, Social and relationship capital, Manufactured capital, Natural capital	• Customers • Employees • Partners • Suppliers	• Reduce CO_2 emissions
Human resources Strengthening human-centric perspective, etc.	**Securing human resources supporting growth** • Promote diversity • Health and productivity management • Respect human rights	Human capital	• Employees • Partners	• Comfortable work environment • Skill improvement • Work satisfaction
Governance	**Strengthening governance** • Maintain management transparency	Human capital, Social and relationship capital	• Shareholders • Investors • Employees • Customers • Partners • Suppliers	• Management transparency

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

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

Anritsu's Corporate Environment

- Actions to achieve management conscious of capital cost and stock price
- Formulation of GLP2026
- Establishment of targets by segment for FY 2030
- Requests for greater transparency in governance
- Response to diversity of human resources
- Promotion of reforms in work styles
- Necessity of securing and training essential human resources
- Streamlining of operational processes

Risks Risk Management ▶P.67	Time axis	Opportunities
(1) Business risks: ・Decrease in profits due to deterioration of market environment caused by restrained customer investment or changes in investment strategies ・Decrease in profits due to rapid changes in the market environment, including the emergence of new technologies, products, and services, and intensified competition, containing market entrance of new players ・Deterioration of business environment or failure of PMI after completing M&A	Short Medium Long	・Entry into new business opportunities ・Acquisition of opportunities for growth and creation of demand through new technologies and products ・Expansion of business fields and accelerated structural transformation through the acquisition of new business resources (M&As, etc.)
(1) Business risks: ・Market environment deterioration due to restrained customer investment or changes in investment strategy ・Rapid changes of market environment, such as the emergence of new technologies, products, and services; and intensifying competition due to market entrance of new players ・Business activity restrictions due to more rigid laws and regulations in each region, changes in interpretations of laws and regulations and alterations of operational policies ・Deterioration of business environment or failure of PMI after completing M&A	Short Medium Long	・Entry into new business opportunities ・Acquisition of opportunities for growth and creation of demand through new technologies and products ・Foster customer loyalty and achieve customer satisfaction through the provision of high-quality test solutions ・Expand geographical business coverage by responding to Radio Acts of different countries ・Expansion of business fields and accelerated structural transformation through the acquisition of new business resources (M&As, etc.)
(2) Risks of legal violations: ・Failure to comply with stricter laws and regulations and respond to changes in interpretation of laws, and changes in operational policies in each region ・In case the Company is subject to compensation damage from safety-related problems with products **(4) Quality risks:** ・Damage to our brand image from safety-related problems with products		・Entry into new business opportunities ・Acquisition of opportunities for growth and creation of demand through new technologies and products ・Foster customer loyalty and achieve customer satisfaction through the provision of high-quality test solutions ・Provision of products and services that respond to customers fulfilling food quality-related laws and regulations such as HACCP requirements ・Expansion of business fields and accelerated structural transformation through the acquisition of new business resources (M&As, etc.)
(7) Risks of infectious diseases and disasters: ・Restrictions on business activities and deterioration of market conditions due to the spread of infectious diseases and natural disasters		・Entry into new business opportunities ・Acquisition of opportunities for growth and creation of demand through new technologies and products ・Foster customer loyalty and achieve customer satisfaction through the provision of high-quality test solutions ・Contribution to the creation of new battery safety standards ・Expansion of business fields and accelerated structural transformation through the acquisition of new business resources (M&As, etc.)
(2) Risks of legal violations: ・Failure to completely address regulations on the use and emission of greenhouse gases and stricter energy conservation standards due to the escalation of global environmental issues **(3) Environmental risks:** ・Addressing regulations on the use and emission of greenhouse gases and stricter energy conservation standards due to the escalation of global environmental issues	Short Medium Long	・Increased awareness of environmental initiatives among stakeholders
(1) Business risks: ・Loss of, or difficulty in acquiring human resources who possess the diversity and capabilities needed for the Anritsu Group's sustainable growth	Short Medium Long	・Acquisition of diverse human resources and innovation through employee skill improvement and review of working styles
(1) Business risks: ・Decreased corporate value when management transparency is judged low **(2) Risks of legal violations:** ・Failure to completely comply with laws and regulations, or cover-ups of the same, due to issues with or low transparency in corporate management **(5) Import/export control risks:** ・Failure to fully carry out import/export control procedures, or cover-ups of the incident, due to issues with or low transparency in corporate management **(6) Information security risks:** ・Leakage of internal information, or cover-ups of the incident, due to issues with or low transparency in corporate management	Short Medium Long	

Important Management Issues, Risks and Opportunities

Approval process for important management issues

STEP 1

Confirmation of important management issues

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

Anritsu's Perspective	Key management issues	Response	Targets for Business Issues
Growth investment and business operations	**Establishment of a robust business foundation** • Appropriate financial management • Optimization of business portfolio by pioneering new domains	• Strengthen investment for growth in 6G and three new areas • Established structure consisting of four internal companies and one Advanced Research Laboratory • Operate business with optimal capital structure • Capture growth opportunities through M&A	• Improve profitability and efficiency • Allocate cash mainly on strategic investments to achieve growth • Launch new businesses for four internal companies and Advanced Research Laboratory
Customer and business environment	**Expanding to capture new business opportunities through digital innovation** • Provide solutions that contribute to the development of a robust IT infrastructure • Address innovation in DX technology	• Develop solutions that meet customer needs • Build and strengthen customer support systems • Participate in industry associations, especially those that establish standards • Secure and maintain human resources capable of building relationships of trust with customers leading cutting-edge technologies • Promote M&As and alliances for technology acquisition • Produce key devices in-house	• Develop solutions that meet customer needs • Strengthen partnerships with leading industry players • Participate in industry associations • Promote M&As and alliances for technology acquisition
	Contributing to safe and secure food, medicine, and pharmaceutical products • Provide solutions that contribute to the reduction of food loss • Provide quality assurance solutions • Ensure healthy lifestyles	• Develop solutions that meet customer needs • Build and strengthen customer support systems • Participate in industry associations • Secure and maintain human resources capable of catching up with cutting-edge technologies • Promote M&As and alliances for technology acquisition	• Develop solutions that meet customer needs • Strengthen partnerships with leading industry players • Participate in industry associations • Promote M&As and alliances for technology acquisition
	Providing products that contribute to a decarbonized society	• Develop solutions that meet customer needs • Build and strengthen customer support systems • Participate in industry associations • Secure and maintain human resources capable of catching up with cutting-edge technologies • Promote M&As and alliances for technology acquisition	• Develop businesses in new areas where we can contribute to solving social issues • Create new value through collaboration with customers and partners • Improve technological competitiveness and encourage innovation • Participate in industry associations • Promote M&As and alliances for technology acquisition
Environment	**Addressing climate change** • Reduce greenhouse gas emissions • Introduction of in-house generation of renewable energy	• Corporate facilities aimed at reducing greenhouse gas emissions • Introduction of in house generation of renewable energy • Develop solutions to help reduce greenhouse gases (development of solutions that consume less power)	• Declaration of Carbon Neutrality in FY2050 • PGRE 30 • Develop environmentally friendly products
Human resources Strengthening human-centric perspective, etc.	**Securing human resources supporting growth** • Promote diversity • Health and productivity management • Respect human rights	• Implement global (e.g., Philippines) recruitment • Establish a working environment that supports diversity of values • Establish the Anritsu Group Health and Productivity Management Policy • Establish an education and training system which supports employees' autonomous growth • Create a comfortable work environment where employees can demonstrate their abilities • Strengthen supply chain due diligence	• Conduct recruitment free from race, gender, or age • Create a work environment where each individual can fulfill his or her potential • Create an education and training system that enables employees to acquire outstanding personal capabilities • Strengthen supply chain due diligence
Governance	**Strengthening governance** • Maintain management transparency	• Improve management transparency • Disclose information in an appropriate and timely manner • Strengthen management supervision • Nurture management resources	• Build a highly effective corporate governance structure

STEP 2

Review of important management issues

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

STEP 3

Approval of important management issues

Final approval at the Board of Directors meetings

KPIs	Achievements in FY2023	Initiatives for FY2024
• Rating (Rating and Investment Information, Inc.) • Sales growth rate • Operating profit margin • ROE • TSR	• Maintained "A" rating • Free cash flow: 12.9 billion yen • Consolidated dividend payout ratio: 68.6% ▶P.30	• Continue financial strategy • 40 billion yen or more in investment for growth (M&A + capital investments) • Strengthen investment for growth in 6G and three new areas • Create a business portfolio that consistently achieves ROE ≥ 10% ▶P.30
• Sales growth rate • Operating profit margin • Number of new products developed • R&D expenses • Number of patents • Number of M&As and alliances announced • Participation and contribution to industry associations	**Test and Measurement Business** • Sales growth rate: -2% • Operating profit margin: 11% • Number of new products developed: 5 models • R&D investment: 7,496 million yen • Participation in industry associations: 3GPP, O-RAN, IOWN ▶P.38 **Sensing & Devices Business** • Number of new products developed: 3 models ▶P.47	**Test and Measurement Business** • Secure demand for accelerating network speed (800GE, 1.6 TE) due to generative AI • Improve operating margin by expanding the software business • Strengthening business in 6G, IOWN, and other fields of cutting-edge development led by the government ▶P.38 **Sensing & Devices Business** • Entry into the FMCW LiDAR market ▶P.47
• Sales growth rate • Operating profit margin • Number of new products developed • R&D expenses • Number of patents • Number of M&As and alliances announced • Participation and contribution to industry associations	**PQA Business** • Sales growth rate: 2% • Operating profit margin: 5% • Number of new products developed: 15 models • R&D investment: 1,625 million yen • Industry association membership: Over 20 associations, including the Japan Measuring Instruments Federation ▶P.41 **Sensing & Devices Business** • Number of new products developed: 3 models ▶P.47	**PQA Business** • Expansion of business in the global market • Creation of solutions with high customer value by acquiring AI and other cutting-edge technologies • Improve the business portfolio by expanding our business into the pharmaceutical manufacturing market • Streamline internal processes ▶P.41 **Sensing & Devices Business** • Expand market share by enhancing performance of light sources for ophthalmic diagnostic equipment ▶P.47
• Sales growth rate • Operating profit margin • Number of new products developed • R&D expenses • Number of patents • Number of M&As and alliances announced • Participation and contribution to industry associations	**Environmental Measurement Business** • Sales growth rate: 17% • Number of new products developed: 2 models • R&D investment: 417 million yen • Operating profit margin: 7% ▶P.44	**Environmental Measurement Business** • Strengthen products and expanding evaluation technologies for EV battery development • Accelerate initiatives for global expansion of EV/battery trial and power supply businesses • Improve network optimization technology for the industrial DX field • Expand collaboration with new companies ▶P.44
• Reduction amount of greenhouse gas emissions (Scope 1, 2, 3) • Solar power generation amount/consumption, in-house generation of renewable energy ratio • Number of new environmentally friendly products	• Start operation of solar power generation storage batteries at the Koriyama district plant • Start of carport type solar power generation facility at the Head Office • Release of environmentally-friendly products: 56 models (cumulative) ▶P.50	• Release new environmentally friendly products • Develop and release products for new environmental business • Achieve resource recycling (circular economy) in our business activities ▶P.50
• Number of employees by region, ratio of female employees, ratio of female managers • Employment rate of people with disabilities, ratio of engineers, ratio of female employees to new graduate hires, ratio of experienced employees to new hires • Paid leave utilization ratio, employee turnover rate • Employee satisfaction • External evaluations (Kurumin mark accreditation grade, White 500 company certification, etc.) • Number of companies conducting due diligence in the supply chain	• Continued to hire engineers in the Philippines (global hiring of human resources/localization) • Statutory employment rate of people with disabilities: 2.66% • Ratio of female managers: 11.2% (global) • Childcare leave utilization ratio by male employees: 90.3% • Work satisfaction: 88.7% • Extended employment until age 70 and launched new compensation system • Percentage of experienced hires: 28.8% • Received the highest rating of 3 stars in the "Eruboshi" certification • Certified as a Health & Productivity Management Outstanding Organization (White 500) • Number of companies conducting due diligence in the supply chain: 8 ▶P.36	• Promote global recruitment • Establish an education and training system which supports employees' autonomous growth • Promote the Anritsu Group Health and Productivity Management Policy • Encourage hiring experienced personnel • Achieve a 15% ratio of female managers • Continue to conduct supply chain due diligence • Start of human resources development system (A-SKILLs) for new business areas ▶P.36
• Diversity of the Board of Directors • Ratio of outside directors • Number of intensive discussions on management issues at Board of Directors meetings • Number of items discussed and deliberated at Board of Directors meetings	• Disclosed our evaluation of the effectiveness of the Board of Directors • Ratio of female directors: 10% • Ratio of outside directors: Maintained at least 50% • Number of items discussed and deliberated at Board of Directors meetings: 149 ▶P.52	• Improve Board of Directors effectiveness • Promote diversity in the Board of Directors • Maintain at least 50% ratio of outside directors • Active deliberations by the Board of Directors • Intensive discussion on management issues at Board of Directors meetings ▶P.52

Anritsu Value Creation Model

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

Solving Social Issues through Business

T&M Business ▶P.38

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

PQA Business ▶P.41

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

Environmental Measurement

- Ensure access to affordable, reliable, sustainable and modern energy for all 7
- Put into place a safe and secure infrastructure which leads to the building of a sustainable society and encourages innovation 9

Recognition of Environmental Changes

▶P.14

Societal Changes

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

Industry Environment

- Increased sophistication and diversification of customer needs
- Decline in the productive population, progress in labor saving
- Development of data utilization and technological evolution, creation of business models using digital technology
- Structural changes in industry such as the market entry of new companies
- Changes in laws and regulations in various countries and regions
- Response to supply-chain fragmentation

Anritsu's Corporate Environment

- Actions to achieve management conscious of capital cost and stock price
- Formulation of GLP2026
- Establishment of targets by segment for FY 2030
- Requests for greater transparency in governance
- Response to diversity of human resources
- Promotion of reforms in work styles
- Necessity of securing and training essential human resources
- Streamlining of operational processes

Inputs

Intellectual Capital

129 Years of Knowledge Accumulation, Ability to Innovate

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

Human Capital

Global Organization and Human Resources

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

Social and Relationship Capital

Partnerships with Industry Leading Companies

- Strong relationships of trust with customers
- Connections with industry-leading companies
- Global suppliers
- Business continuity plan (BCP)-based facility and supply chain management (SCM*) SCM sites: 13 (6 overseas)

* SCM: Supply Chain Management

Financial Capital

Financial Stability in Preparation for Changes in Market Situation

- Interest-bearing debt: ¥6.6 billion
- Shareholder's equity: ¥117.5 billion

Manufactured Capital

"Original & High Level" Production Processes

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

Natural Capital

Environmental Management that Extends along the Entire Value Chain

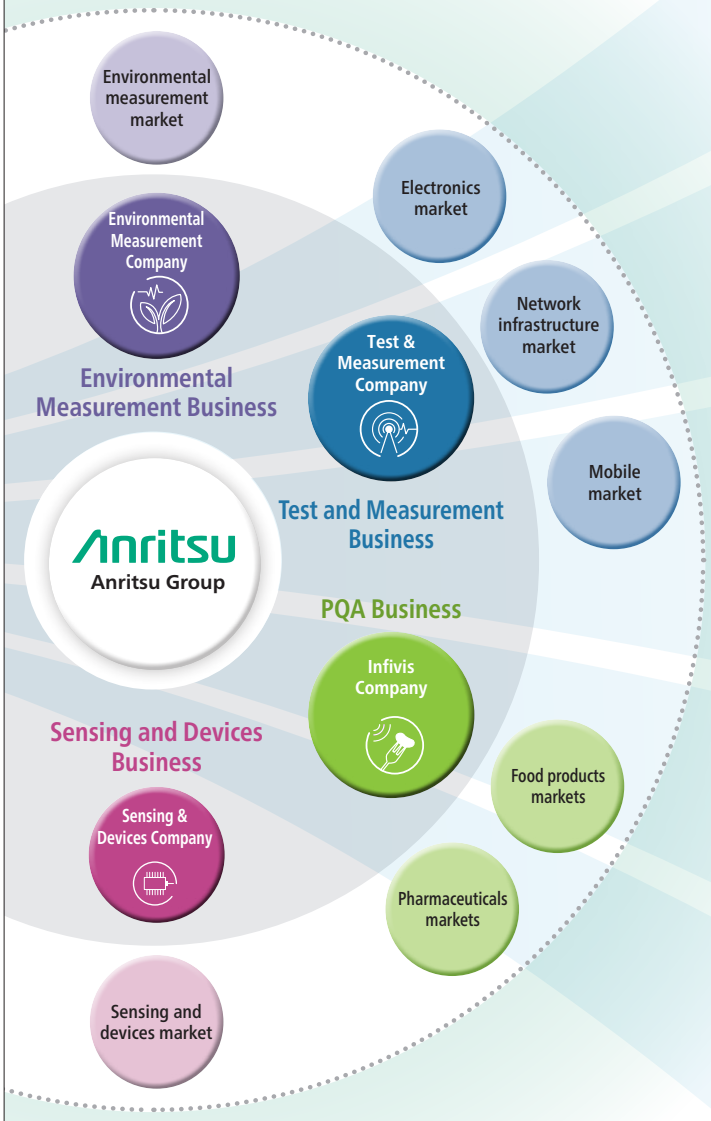
- Water consumption: 70,101 m^3
- Energy consumption: 9,072 kL

*Figures for FY2021 unless otherwise noted

Business Model

Company Vision

Beyond testing, beyond limits, for a



Impact

The Future Anritsu Aims to Create

Development of a safe, secure, and prosperous global society

Business ▶P.44

- Make cities and human settlements inclusive, safe, resilient and sustainable 11
- Take urgent action to combat climate change and its impacts 13

Sensing & Devices Business ▶P.47

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

sustainable future together

Company Policy

Sustainability Policy

Mid-Term Business Plan GLP2026

▶P.28

Outputs

Test and Measurement Business

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

▶P.38

PQA Business

Solutions for Assuring Quality of Food Products and Pharmaceuticals

▶P.41

Environmental Measurement Business

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

▶P.44

Sensing and Devices Business

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

▶P.47

Outcomes

Intellectual Capital

Employees

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

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

Human Capital

Employees

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

Social and Relationship Capital

Local communities, NGOs, NPOs · Business partners (partners and suppliers) · Customers

Providing Solutions Needed by Customers

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

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

Construction of a Sustainable Supply Chain

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

Financial Capital

Shareholders, investors

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

Manufactured Capital

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

Natural Capital

Contribution to the Preservation of the Global Environment

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

*Figures for FY2023 unless otherwise noted

Business Model

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

Test and Measurement Business — Test & Measurement Company

Main Customers

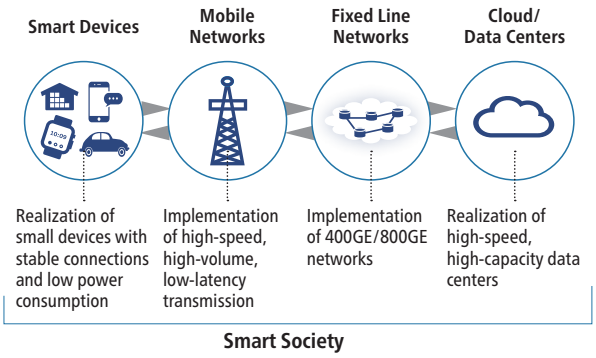
Mobile Market
- Smartphone/tablet terminal manufacturers
- Modem chipset manufacturers
- EMS (electronics manufacturing services)
- Telecommunications carriers
- Manufacturers of automobiles and vehicle-related equipment

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

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

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

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



PQA Business — Infivis Company

Main Customers

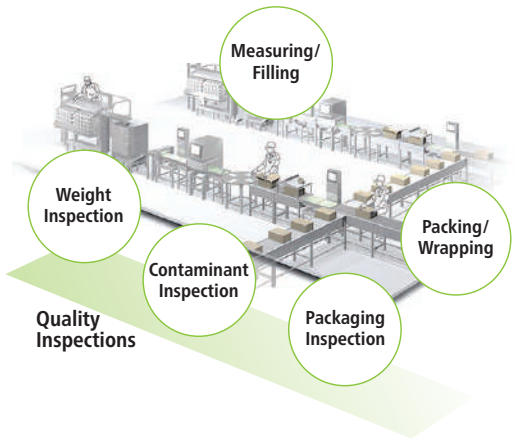
Food products inspection market
- Agricultural products, marine products, processed meat products, bread, confectioneries, frozen food, pre-packaged foods, boxed lunches, ready-made foods, etc.

Pharmaceuticals inspection market
- Pills, capsules, injections, nasal drops, patches, ointments, etc.

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

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

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



Environmental Measurement Business

Environmental Measurement Company

Main Customers

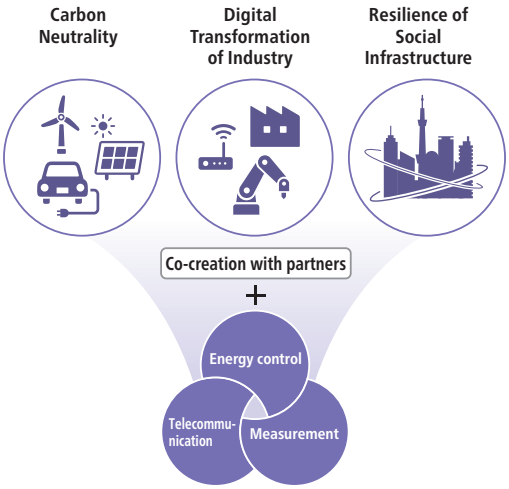
EV/Battery market
- EV-related manufacturers
- Battery-related manufacturers

Social infrastructure/IT market
- Government offices/public agencies
- IT-related service providers

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

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

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



Sensing and Devices Business

Sensing & Devices Company

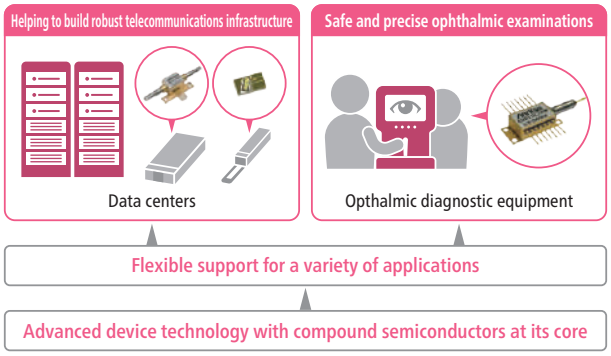
Main Customers

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

Medical device market
- Ophthalmic medical device manufacturers

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

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



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

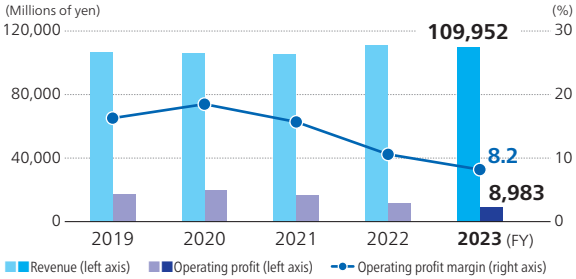
Anritsu aims to contribute to the creation of a sustainable future for global society through co-creating value with all stakeholders based on its Company philosophy, Company vision, Company policy, and sustainability policy. We will contribute to the development of global society by consistently tackling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

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

Initiatives for improvement	Co-creation of Value (Creation of Outcome)
• Strengthening partnerships with industry-leading customers • Participation in industry groups to pursue the latest technological trends • Expansion of solutions and services created through partnerships • Creation of products and services that are highly safe, high-quality, and highly advanced, provision of appropriate information on products and services, enhancement of contact points, etc.	• Provision of solutions required by customers • Release of new products • Contribution to the development of a safe, secure, and prosperous global society • Building safe and reliable communications infrastructure • Reduction of food loss • Realization of a decarbonized society
• Building work environments that are aligned with diverse values • Building a comfortable workplace environment that enables individuals to exert their abilities • Building a training system that supports the self-growth of employees • Implementation of role-sharing interviews between superiors and subordinates (twice a year) • Implementation of employee satisfaction survey (once a year) • Implementation of ethics survey (once a year)	• Building a vibrant workplace environment where the Company and diverse employees have the same vector, are motivated toward contributing to the business/Company, and balances work and private life • Sharing innovative ideas created from diverse relationships • Enhancement of employee satisfaction • Enhancement of employee training • Increase ratio of female managers
• Strengthening partnerships with industry-leading customers • Participation in industry groups and partnerships with university and research institutions to pursue the latest technological trends • Building a system for passing down accumulated technical skills • Acquisition and securing of human resources who can pursue the latest technologies • Maintain R&D investments at 12 to 14% of revenue • Nurture workplace culture to realize the management vision and human resources vision	• Technologies and know-how that support the world's leading communication infrastructure • Provision of timely solutions that lead to solving social issues through the pursuit of the latest technologies • Building innovative technologies that make us unique
• Conduct get-together meetings and information exchange meetings with partners to share our business policies and procurement policies as well as for award ceremonies • Implementation of CSR procurement, promotion of green procurement, and human rights due diligence • Creation of business opportunities through product exhibits by business partners, seminars, technical exchange forums (including online), etc. • Improvements, requests, and other proposals from business partners: promotion of Partner QU Activity	• Building a sustainable supply chain • Continuing appropriate relationships with business partners
• Implementation of social contribution activities rooted in local communities, focusing on the three major pillars of coordination with youth education, contribution to local communities, and environmental protection activities (conservation of biodiversity) • Activities to support areas affected by disasters • Continue sponsoring paralym arts exhibiting six works in the Company • Joining Race to Zero and sharing information with Liaison Group of Japanese Electrical and Electronics Industries for Global Warming Prevention • Activities toward carbon neutrality (corresponding with Scope 1, 2, 3 and PGRE 30)	• Vitalization of local communities • Reduction of environmental impact and conservation of the natural environment
• Increase dividend payout ratio from 30% to 50% • IR activities for overseas investors by top management Participation in conferences hosted by securities firms: 4 times Overseas IR remote roadshows: 2 times Interviews with investors of 32 companies (U.S.: 8, Europe: 9, Asia, etc.: 15) • Implemented a total of 308 meetings with investors (Japan: 198, Overseas: 110) • Held meeting for individual investors: 1 time • Held General Meeting of Shareholders • Feedback from shareholders and investors provided to the Board of Directors and Management Strategy Conference, and shared to managers on the Company intranet • Further improve the Integrated Report *FY2023 Results	• Improvement of corporate value • Dividends per share

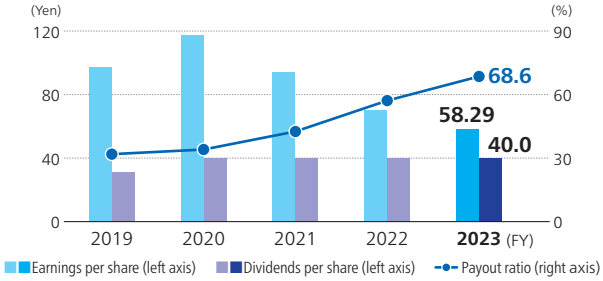
Financial and Non-Financial Highlights

Revenue / Operating profit / Operating profit margin



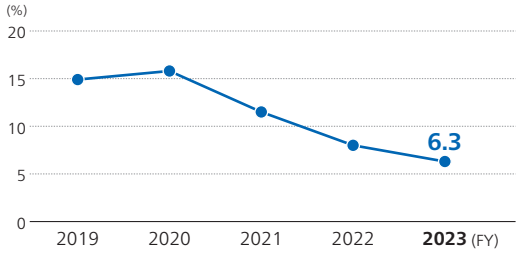
Looking at revenue over the five years from FY2019, revenue of mobile products in the Test and Measurement Business, our core business, gradually declined. However, due to the launch of new businesses in new markets, sales fluctuated around 110 billion yen. Consolidated operating margins have been on the decline since peaking at 19% in FY2020 due to a decrease in revenue of highly profitable mobile products.
In FY2023, revenue in the PQA Business and Environmental Measurement Business were favorable, resulting in year-on-year increases of 0.5 billion yen and 1.1 billion yen, respectively. Despite these increases, a continued cautious approach to investments in 5G development by customers in the Test and Measurement Business has decreased revenue by 1.7 billion yen year-on-year. As a result, consolidated revenue was 109.952 billion yen (0.9% decrease YoY).
In FY2023, operating profit in the Test and Measurement Business decreased by 3.4 billion yen year-on-year due to a decline in revenue of highly profitable mobile products caused by the stagnation of growth in the mobile market and impairment loss from some materials. As a result, operating profit was 8.983 billion yen (operating margin of 8.2%), a decrease of 23.5% year-on-year.

Earnings per Share / Dividends per Share / Payout Ratio



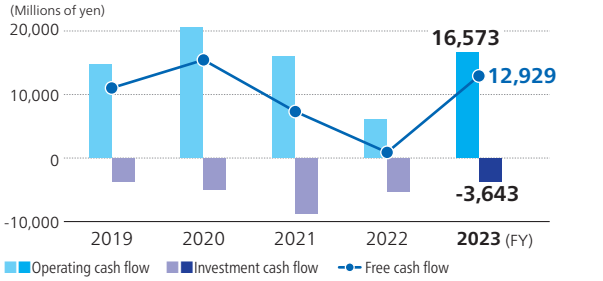
Looking at earnings per share over the five years from FY2019, they are gradually declining after peaking in FY2020, but the dividend per share has remained at 40 yen since FY2020. Earnings per share in FY2023 were 58.29 yen (decrease of 11.69 yen YoY), annual dividend was 40 yen (unchanged YoY), and dividend payout ratio was 68.6%. Our basic approach is to increase the dividend on equity ratio (DOE) in accordance with the increase in consolidated profits for the fiscal year, and aim at a consolidated dividend payout ratio of 50% or more.
The Company's basic policy is to pay dividends twice a year, one at the interim and another at the end of the year.
The Company intends to carry out the purchase of treasury stock appropriately as necessary, by taking into account its financial situation, the trends in stock prices, and other factors, in an effort to execute capital policies that respond flexibly to changes in the corporate environment.

Return on Equity (ROE)



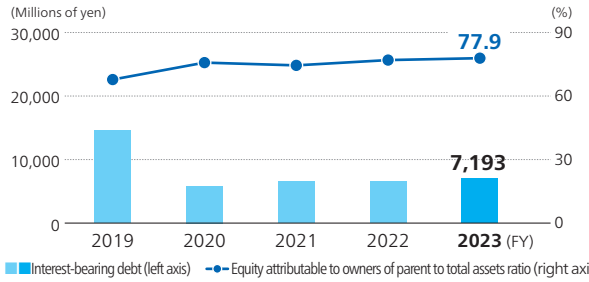
Looking at return on investment (ROE) over the five years from FY2019, profits for the fiscal year have been declining due to a decline in revenue of highly profitable mobile products in the Test and Measurement Business since peaking at 15.5% in FY2020.
ROE in FY2023 was 6.3% (decline of 1.7 points YoY) due to profits for the fiscal year decreasing by 1.582 billion yen year-on-year.
Anritsu strives to maximize corporate value in the mid- to long-term by setting ROE and equity attributable to owners of parent to total assets ratio (equity ratio) as KPIs, and improving the efficiency of investment capital and maintaining the stability of finances.

Cash Flow



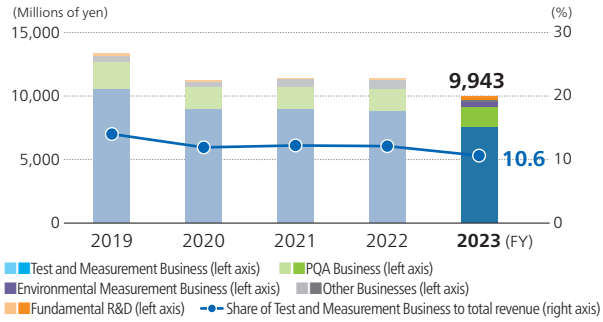
Looking at the trend of cash flows over the five years since FY2019, despite a decrease in capital due to an increase in inventories, the Company has maintained a positive free cash flow. Net cash provided by operating activities in FY2023 was 16.573 billion yen (6.114 billion yen in the previous fiscal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

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



Interest-bearing debt significantly decreased due to the redemption of 8 billion yen in corporate bonds in FY2020, but it is increasing due to an increase in lease liabilities.
In terms of equity attributable to owners of parent to total assets ratio, it maintains a ratio of over 75%, mainly due to increase of retained earnings and other components of equity and acquisition of treasury stock (5 billion in FY2021 and FY2022).
In FY2023, interest-bearing debt was 7.193 billion yen (increase of 0.609 billion yen from the end of the previous fiscal year) due to the increase in lease liabilities. In addition, equity attributable to owners of parent to total assets ratio was 77.9% (increase of 0.9 points from the end of the previous fiscal year) due to the increase of retained earnings and other components of equity.

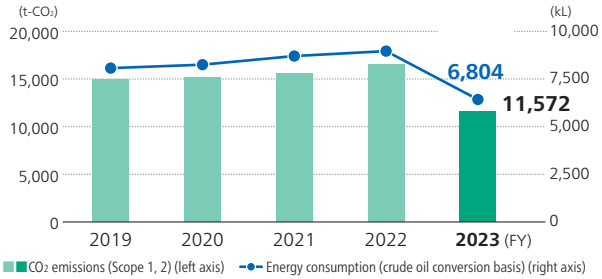
R&D expense



Looking at R&D expense over the five years since FY2019, it has been decreasing from 13.321 billion yen in FY2019. R&D expense in FY2020 was due to R&D expense being suppressed due to the impact of the COVID-19 pandemic and other factors. Since FY2021, R&D expense is controlled to match revenue.
R&D expense in FY2023 was 9.943 billion yen (decrease of 1.477 billion yen YoY). In addition, R&D expense in the Test and Measurement Business was 7.496 billion yen (decrease of 1.289 billion yen YoY), and was at 10.6% (decrease of 1.5 points YoY) of its revenue.
R&D expenses are managed at a level commensurate with revenue, and are controlled within 12-14% of revenue in the Test and Measurement Business. In FY2023, the rate was at 10.6% due to a decrease in the number of development projects due to a decrease in investments in 5G development by customers.

CO_2 Emissions (Scope 1, 2) / Energy Consumption (Crude Oil Conversion Basis)

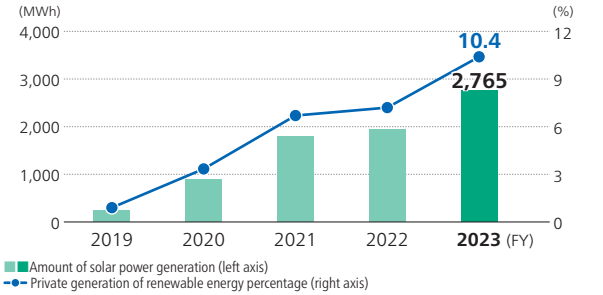
(Anritsu Group)



At the Anritsu Group, over 97% of the CO_2 emissions (Scope 1 + 2) are from energy consumption. In FY2023, we focused on Company-wide energy-saving activities, such as starting operations and expanding solar power generation facilities at the second factory at Tohoku Anritsu and Head Office. As a result, we were able to reduce CO_2 emissions (Scope 1 + 2) by 36.6% against the reduction target of 23% compared to FY2015, mainly due to the efficient operation of development test facilities and reduction of the CO_2 emission factor of power companies.

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

(Anritsu Group)

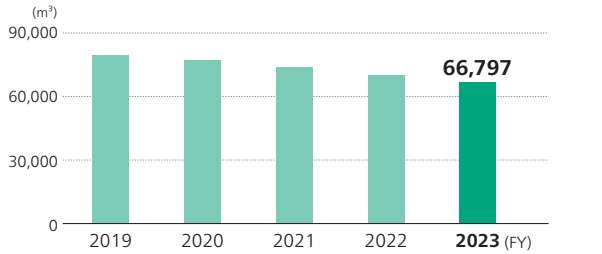


We aim to achieve the SBT Targets by formulating Anritsu Climate Change Action PGRE 30, which focuses on in-house power generation and consumption of renewable energy. In FY2023, we built and started operation of a large-scale power generation system by adding a large-capacity battery (NAS/Battery with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

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

Water Usage

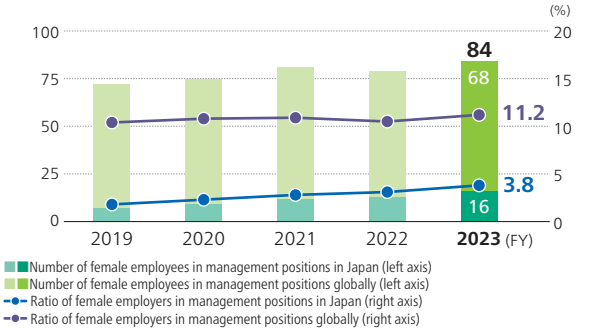
(Anritsu Group)



In FY2023, Anritsu Company (U.S.) worked to reduce the amount of water usage by introducing filtration equipment to reuse cleaning water, which is used in large quantities during the device manufacturing process. As a result, the amount of water used was 66,797 m^3, a 4.7% decline year-on-year for the amount of water used by the Anritsu Group in FY2023.

Number of Female Managers / Percentage of Female Managers

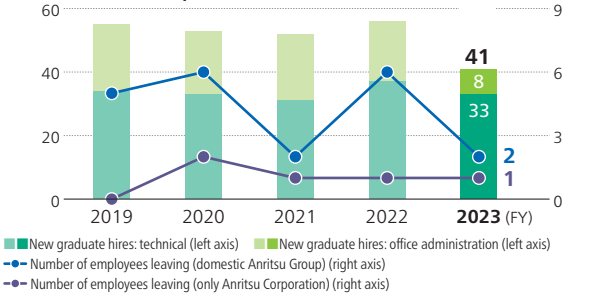
(Total of Japan and globally)



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

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

(Domestic Anritsu Group)



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

Employee Satisfaction Survey

(Domestic Anritsu Group)

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

Review of the Global Long-term Management Plan GLP2014-GLP2023

Medium- to Long-Term Vision

2020VISION

To be a global market leader
- Creating the value that only Anritsu can deliver
- Building a world-class, robust income structure

To create new business through emerging business
- Driving innovation in new business areas

GLP2014 (FY2012-2014)

Vision

- Becoming a cutting-edge, trusted global market leader
  – Capture growth drivers without fail, and realize "continuous profitable growth" –

Outline of the Mid-Term Business Plan

FY2014
Consolidated revenue of ¥110.0 billion and operating profit of ¥19.0 billion

Test and Measurement Business
- Strive to boost competitiveness, focusing on the mobile broadband service market and the Asian market, while achieving a 7% or higher sales growth rate

PQA Business
- In the food and pharmaceuticals quality assurance field, focus on Asia and North America—areas expected to grow into large markets—and achieve a 7% or higher sales growth rate

Looking Back

Test and Measurement Business
- As smartphones rapidly proliferate, they simultaneously rise in functions and spread as everyday devices; increasingly intense competition among smartphone players amid mergers and acquisitions, reorganization, and participant withdrawal. Japanese market contracts as other Asian players make gains
- Continuous evolution of mobile broadband. Anritsu seizes development demand by providing superior, cutting-edge solutions

PQA Business
- PQA Business reaches a 40% overseas sales ratio by strengthening local manufacturing and sales support

Results & Challenges

	FY2012		FY2014		
	Plan	Result	Plan	Result	Evaluation
Revenue (Billions of yen)	94.5	94.7	110.0	98.8	×
Operating Profit (Billions of yen)	15.5	15.7	19.0	10.9	×
Operating Profit Margin (Billions of yen)	1.6	1.7	1.7	1.1	×

○: Achieved ×: Not achieved

<Challenges>
- Ongoing "Growth & Global" improvements for the Anritsu Group
- Optimal utilization of overseas business resources within the Group

Test and Measurement Business
- Further improve our leading position in the mobile market
- Setting Japan and North America Test and Measurement Business back on a growth trajectory
- Developing new markets in China and India

PQA Business
- Enhancement of management resources for achieving North American PQA market strategies
- Profit improvement scenarios for the PQA Business

GLP2017 (FY2015-2017)

Vision

- Ongoing "Growth & Global" improvements and strengthening of Group management capabilities
  – Capture growth drivers without fail, and realize "continuous profitable growth"–

Outline of the Mid-Term Business Plan

FY2017
Consolidated revenue of ¥120.0 billion and operating profit of ¥17.0 billion

Test and Measurement Business
- Capture global business opportunities through solutions with high added value and solidify our position as a global market leader
- Customer-focus and business development through the strengthening of global management capabilities
- Leverage Anritsu's strengths in technologies and customer base in integrated wireless, opticals, and systems solutions

PQA Business
- Expand overseas businesses
- Develop markets in North America and Asia with X-ray inspection systems as a key solution

Looking Back

Test and Measurement Business
- Mobile test and measurement market sees a 40% slump (over the 2012 peak) amid structural changes in the smartphone market
- Progress in standardization of 5G and concrete moves toward 5G commercialization with the release of new 5G products in February 2018
- Establishment of the Philippines Development Center and finalization of preparations for delivering high-cost performance 5G support services

PQA Business
- Aggressive expansion in the PQA Business (launch of new X-ray inspection systems, strengthening of local manufacturing framework and sales support framework) leads to 1.4x revenue gain and 4.0x operating profit increase

Results & Challenges

	FY2015		FY2017		
	Plan	Result	Plan	Result	Evaluation
Revenue (Billions of yen)	103.0	95.5	120.0	86.0	×
Operating Profit (Billions of yen)	11.0	5.9	17.0	4.9	×
Operating Profit Margin (Billions of yen)	1.1	0.6	1.4	0.6	×

○: Achieved ×: Not achieved

<Challenges>

Test and Measurement Business
- Test and Measurement Business
- Thorough implementation of the management restructuring program
- Investment in 5G business
- Establishment of a division focusing on the IoT business
- Introduction of new optical and digital products in TTM

PQA Business
- Active investments in cutting-edge technologies to overcome quality assurance issues
- Development of new products that contribute to quality assurance
- Strengthening relationships with global companies

GLP2020 (FY2018-2020)

Vision

- "Prosecute the policy "Continuous profitable growth"
- Do our best to accomplish the 2020VISION
  – Capture growth drivers without fail, and realize "continuous profitable growth"–

Outline of the Mid-Term Business Plan

FY2020
Consolidated revenue of ¥105.0 billion and operating profit of ¥14.5 billion

Test and Measurement Business
- Become the No. 1 Test and Measurement vendor ahead of competitors in 5G
- Develop new profit bases in the IoT/automotive field, where growth is expected through the utilization of 5G
- Create test solutions that support the expansion of cloud services

PQA Business
- Develop the advanced market in Europe and North America with X-ray inspection systems as a key solution
- Accurately respond to market needs through localization and global business reform
- Strengthen profitability through value-added solutions and expansion of global business

Looking Back

Test and Measurement Business
- In 2018, immediately after 3GPP established 5G standards, there was a sharp rise in demand for 5G chipset and smartphone development
- In 2019, Intel's discontinuation of its 5G modems saw a slowing of the European market. However, development demand picked up in Asia when Chinese smartphone vendors overall shifted to developing smartphones in-house for the global market.
- In 2020, the 5G development market lost steam once again due to the effects of COVID-19. The expansion of millimeter wave services in the U.S. was pushed back because of technical issues

PQA Business
- There has been a global trend towards investing in safety and security as well as improving productivity and reducing food waste, which are social issues (SDGs).
  However, such investing slowed in 2020 as certain customers grew more cautious about capital investment due to the effects of COVID-19

Results & Challenges

	FY2018		FY2020		
	Plan	Result	Plan	Result	Evaluation
Revenue (Billions of yen)	92.0	99.7	105.0	105.9	○
Operating Profit (Billions of yen)	6.6	11.2	14.5	19.7	○
Operating Profit Margin (Billions of yen)	0.7	1.1	1.4	1.9	○

○: Achieved ×: Not achieved

<Challenges>

Test and Measurement Business
- Business expansion in the 5G utilization field and in network infrastructure
- Concentration on 5G and withdrawal from the wholesale/ retail business
- Expansion of investment in growth areas

PQA Business
- Identification of changes in customer needs and provision of best solutions
- Expansion of investment to acquire advanced technologies
- Transformation into a global company
- Entry into the pharmaceuticals market as a new business field

Management vision

Beyond testing, beyond limits, for a sustainable future together

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

GLP2023 (FY2021-FY2023)

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

FY2023
Consolidated revenue of ¥140 billion, operating profit of ¥27 billion

Test and Measurement Business

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

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

PQA Business

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

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

- As a result of business launches in new areas amidst the revenue of 5G-related test instruments stagnating due to the impact of the COVID-19 pandemic, the trade war between the U.S. and China, shortage of parts, and high inflation, the consolidated net sales reached 110 billion yen in FY2023

Test and Measurement Business

- The worldwide rise in prices and other uncertainties in the economy, technical issues in millimeter waves, and lack of killer apps have stagnated the spread of 5G smartphones. The 5G test instrument market has also been gradually declining since 2020 due to customers' cautious approach toward investments in 5G development
- In 2023, demand for increasing the speed of data centers accelerated due to the advancement of generative AI as well as demand for test instruments for optical devices expanded

PQA Business

- Capital investment for automation and labor-saving has continued to be favorable since FY2021. In 2022, revenue in the U.S. grew by 50% due to local plants starting operation. Demand for automation and labor-saving continue to be favorable from the impact of continued high inflation
- In Japan, customers' cautious approach toward capital investments continued throughout 2022 due to the impact of the COVID-19 pandemic. In 2023, capital investment for inbound demand recovered due to the liberalization of travel from overseas and contributed to record-high revenue for the PQA Business

	FY2021		FY2023		
	Plan	Result	Plan	Result	Evaluation
Revenue (Billions of yen)	114.0	105.4	140.0	110.0	×
Operating Profit (Billions of yen)	20.5	16.5	27.0	9.0	×
Operating Profit Margin (Billions of yen)	1.8	1.6	1.9	0.8	×

○: Achieved △: Partially Achieved ×: Not achieved

<Challenges>

Test and Measurement Business

- Secure demand for network acceleration through product enhancements
- Expand lineup of test instruments for high-frequency applications and strengthen human resources involved in these products
- Expand software business by strengthening partnerships in simulation, AI, network virtualization, etc.

PQA Business

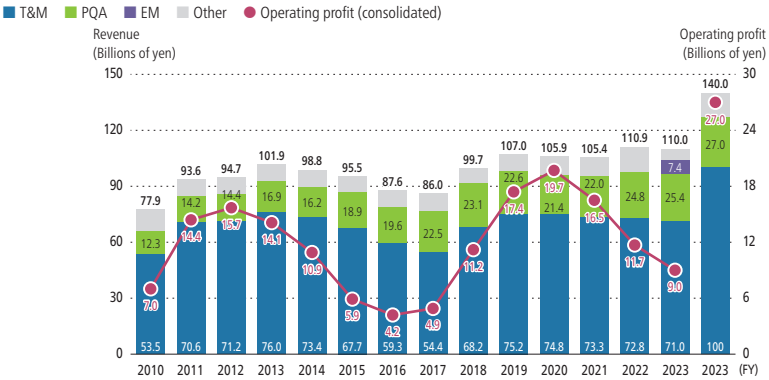
- Create solutions with high customer value by acquiring advanced technologies such as AI
- Improve business portfolio by expanding into new business areas such as pharmaceutical business
- Improve productivity through process reforms, including global optimization of supply chains

Planned Revenue and Operating Profit

Indicator		FY2020 (Results)	GLP2023 FY2021 (Results)	GLP2023 FY2022 (Results)	GLP2023 FY2023 (Results)
Revenue		¥105.9billion	¥105.4billion	¥110.9billion	¥110.0billion
Operating profit		¥19.7billion	¥16.5billion	¥11.7billion	¥9.0billion
Operating margin		19%	16%	11%	8%
Profit		¥16.1billion	¥12.8billion	¥9.3billion	¥7.7billion
ROE		16%	11%	8%	6%
T&M Business	Revenue	¥74.8billion	¥73.3billion	¥72.8billion	¥71.0billion
	Operating profit	¥17.7billion	¥15.2billion	¥10.9billion	¥7.5billion
	Operating margin	24%	21%	15%	11%
PQA Business	Revenue	¥21.4billion	¥22.0billion	¥24.8billion	¥25.4billion
	Operating profit	¥1.3billion	¥1.2billion	¥1.3billion	¥1.3billion
	Operating margin	6%	5%	5%	5%

Actual exchange rates for FY2021: 1 USD=112 JPY, 1 EUR=131 JPY
Actual exchange rates for FY2022: 1 USD=135 JPY, 1 EUR=141 JPY
Actual exchange rates for FY2023: 1 USD=145 JPY, 1 EUR=155 JPY

Changes in Revenue and Operating Profit



		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2023
Operating margin	Consolidated	9%	15%	17%	14%	11%	6%	5%	6%	11%	16%	19%	16%	11%	8%	19%
	T&M	9%	20%	21%	17%	12%	7%	4%	4%	14%	20%	24%	21%	15%	11%	23%
	PQA	5%	4%	6%	7%	5%	6%	7%	9%	7%	6%	6%	5%	5%	5%	10%
GLP Plans		GLP2012		GLP2014			GLP2017			GLP2020			GLP2023			

Results of Sustainability Targets (SDGs) in GLP2023

○: Achieved △: Not achieved but improved ×: No results

	KPI	GLP2023 Target	FY2023 Results	Evaluation
E Environment	Greenhouse gases (Scope 1+2)	23% reduction compared to FY2015	36.6% reduction	○
	Greenhouse gases (Scope 3)	13% reduction compared to FY2018	39.3% reduction	○
	In-house power generation ratio (PGRE 30*)	13% or more (compared to FY2018 power consumption)	10.4% (FY2020 result 3.3%)	△
S Social	Advancement of women	15% or more women in managerial positions	12.1 % (globally, as of April 1, 2024) (result at the end of March, 2021 10.8%)	△
	Advancement of the elderly	Extend employment until the age of 70 and establish a new compensation system	Extend employment until the age of 70 and continue operation of the new treatment system	○
	Promote employment of people with disabilities	Achievement of the legally mandated employment rate of 2.3% through job development	Employment rate of people with disabilities 2.66% (as of end of March, 2024)	○
	Strengthening of supply chain due diligence	A cumulative total of 10 or more companies, over 3 years	20 companies cumulatively in 3 years (implemented by 8 companies in FY2023)	○
	Developing awareness on CSR procurement to suppliers at least twice per year, and provide training at least once each year		Developed awareness 3 times, and provided training 2 times (Developed awareness 9 times, and provided training 4 times cumulatively in three years)	○
G Governance	Promoting the diversity of the Board of Directors, outside	Director ratio 50% or more	Maintained outside director ratio of 50% (5 out of 10 directors)	○
	Establishment of an internal control system at overseas subsidiaries	All overseas subsidiaries meet the criteria of Control Self Assessment (CSA)	Companies meeting all criteria: 90% (181 items)	△

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

Global Long-term Management Plan (GLP2026) —FY2024 to FY2026—

GLP2026 is an important milestone for the Company to become a 200-billion-yen company in FY2030 by growing the new buds we cultivated in GLP2023 into our business pillars. We will focus on the 6G and three new business areas of "EV and Battery," "Industrial Measurement," and "Medical and Pharmaceutical."

Global Long-term Management Plan (GLP2026) Basic Policy

The Group started its new three-year Global Long-term Management Plan (GLP2026) in April 2024. With GLP2026, we aim to achieve consolidated revenue of 140 billion yen, operating profit of 20 billion yen with an operating margin of 14% in the final year of the plan (FY2026) by growing the new buds we cultivated in GLP2023 into our business pillars.

We position the three years of GLP2026 as a transition period from 5G to 6G, and an important milestone for us to become a 200-billion-yen company in FY2030.

In GLP2026, we will focus on expanding businesses in 6G and three new areas, which are "EV and Battery", "Industrial Measurement", and "Medical and Pharmaceutical." We will accelerate business growth in new areas with the combination of M&A and organic growth as well as prepare to capture upcoming demand of the 6G business.

Basic Policy

1. Invest more than 40 billion yen in growth (M&A + capital investments)
2. Create a business portfolio that consistently achieves ROE 10% or higher
3. Create 25% of FY2026 operating profit in areas other than T&M
4. Strengthen human resources in businesses in new areas, and establish a company-wide human resource training structure
5. Achieve resource recycling (circular economy) in our business activities
6. Aim for a dividend payout ratio of 50% or more in shareholder returns

Planned Revenue and Operating Profit

Results of the consolidated financial year 2023 and major quantitative targets for management in GLP2026 are shown in the following table.

The Group will continue striving to realize the mid- to long-term management strategies and the Mid-Term Business Plan and work to improve KPI for corporate value (ROE) through investment for growth considering capital costs and improving capital efficiency.

Indicator		FY2023	GLP2026 FY2024	GLP2026 FY2026
Revenue		¥110.0 billion	¥115.0 billion	¥140.0 billion
Operating profit		¥9.0 billion	¥11.0 billion	¥20.0 billion
Operating margin		8%	10%	14%
Profit		¥7.7 billion	¥8.3 billion	¥15.0 billion
ROE		6%	7%	12%
T&M Business	Revenue	¥71.0 billion	¥73.8 billion	¥90.0 billion
	Operating profit	¥7.5 billion	¥9.2 billion	¥15.0 billion
	Operating margin	11%	12%	17%
PQA Business	Revenue	¥25.4 billion	¥26.7 billion	¥30.0 billion
	Operating profit	¥1.3 billion	¥1.9 billion	¥3.6 billion
	Operating margin	5%	7%	12%
EM Business	Revenue	¥7.4 billion	¥9.0 billion	¥13.0 billion
	Operating profit	¥0.5 billion	¥0.7 billion	¥1.4 billion
	Operating margin	7%	8%	11%

(Note) Exchange rate for GLP2026 (Forecast): 1USD = 145 Yen, 1Euro = 155 Yen

Accelerate growth of 6G and business in new areas with efforts across the Group

6G

Advance in 6G.
Differentiate by fundamental technology and key devices

- Business owner: Test and Measurement Company
- 300GHz fundamental technology: Advanced Research Laboratory
- Key devices: Sensing & Devices Company

EV/Battery

Test and Measurement Company cooperates globally in manufacturing and sales.
Accelerate growth.

- Business owner: Environmental Measurement Company
- Cooperates in production/sales: Test and Measurement Company

Industrial measurement

Test and Measurement Company and Environmental Measurement Company expand businesses for general purpose test instruments outside telecommunications industry.

- Business owner: Test and Measurement Company
- Cooperates in sales: Environmental Measurement Company

Medical/ Pharmaceutical

Infivis Company and Sensing & Devices Company develop the medical and pharmaceutical areas using technologies such as optical sensing.

- Business owner: Infivis Company*
- Optical sensing: Sensing & Devices Company

*Infivis Company: PQA Business

Strategies for New Business Areas

We aim to achieve a consolidated revenue of 200 billion yen in FY2030 by placing initiatives for our competency of testing technologies at the core of our business. In doing so, we will expand areas in which we can contribute to creating a sustainable society by expanding our existing businesses and cultivating the 6G and three new business areas through the four companies (Test and Measurement, Infivis, Environmental Measurement, and Sensing and Devices) collaborating with the Advanced Research Laboratory and making active investments for growth backed by our robust financial characteristics.

"Industrial Measurement" is a new initiative by the Company. In this area, we will expand the sales in the wide range of industries other than telecommunications such as automotive, electrical components, computing, and aerospace with the power of the entire Group with our general-purpose such as spectrum analyzers; network analyzers; and power supplies, adding third-party products to the lineup.

Securing and Training Human Resources in Growth Businesses/ Priority Areas

We established the Anritsu Skills Training Center (A-SKILLs) in April 2024 for the purpose of enhancing our human resources in preparation for the expansion of business in the new areas. We aim to approximately double the number of human resources for the new areas in three years by planning and providing training for employees to acquire technical and sales skills for EVs, batteries, and general-purpose test instruments.

Sustainability Goals

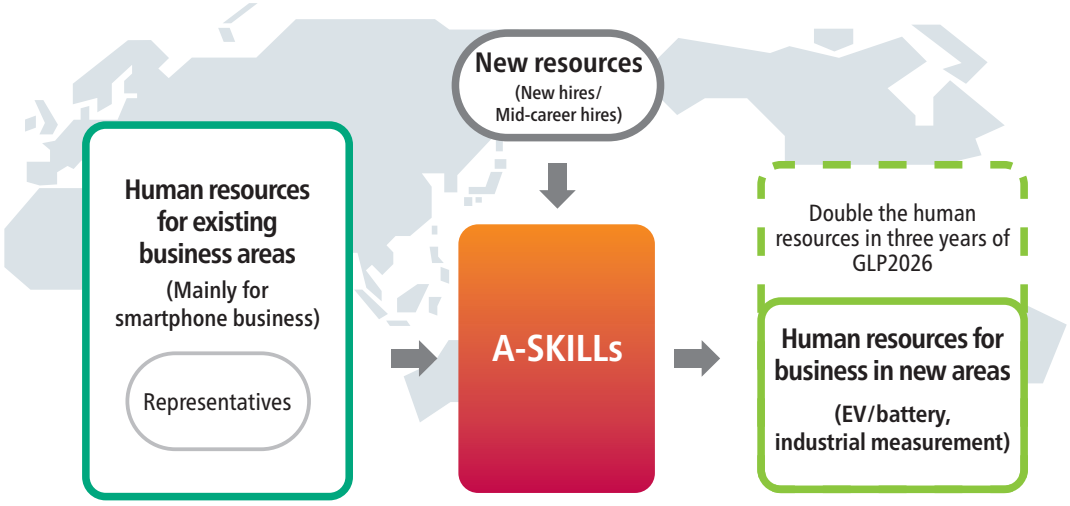
We have set sustainability goals in the GLP and are engaged in activities to solve social issues. In GLP2026, we have set the targets in the following table in consideration of the results of and issues of the GLP2023, and according to social trends.

	Goals and initiatives	GLP2026: KPI
E Environment	Reduce greenhouse gas emissions	• Greenhouse gases (Scope 1+2)*: : 23% or more reduction compared to FY2021 • Greenhouse gases (Scope 3)*: : 17.5% or more reduction compared to FY2019 …Scope 1+2: 42% or more, Scope 3: 27.5% or more reduction by FY2030
	Increase in the share of in-house power generation (PGRE 30)	• In-house power generation ratio: 14% or more …To be increased to around 30% by around 2030
	Realization of resource recycling (circular economy)	• Release products that support resource recycling • 100% material recycling of plastic waste
S Social	Promoting Diversity Management	• Advancement of women: A proportion of women in management positions of 15% or more • Promote employment of people with disabilities: Achieve the legally mandated employment rate of 2.7% through job development
	Realization of a rewarding work environment	• Positive response rate for job satisfaction in employee satisfaction survey: 80% or more
	Promote global CSR procurement (social responsibility in the environment, labor environment, human rights, etc.)	• Strengthening of supply chain due diligence: A cumulative total of 10 or more companies per year • Developing awareness on CSR procurement to suppliers at least three times per year, and provide training at least twice each year
G Governance	Improving global governance	• Promotion of diversity in the Board of Directors: Ratio of female directors: 20% or more • Intensive discussion of management issues at board meetings: 6 times/year

* Scope 1: Direct emissions of greenhouse gases by businesses themselves (fuel combustion, industrial processes), Scope 2: Indirect emissions from the use of electricity, heat, and steam supplied by other companies, Scope 3: Indirect emissions in Category 1 (purchased products and services) + Category 11 (use of sold products)

Anritsu Skills Training Center (A-SKILLs)

- Acquire technical and sales skills for new business areas.
- Strengthen human resources globally for EV/battery testing and industrial measurement.



CFO Message

Aiming to improve corporate value by optimizing capital allocation and enhancing management that considers capital costs to become a ¥200 billion company in FY2030

We launched our new Global Long-term Management Plan (GLP2026) in April 2024. GLP2026 is an important milestone for us to become a 200-billion-yen company in FY2030. As such, we completely revised our financial strategy to achieve the targets for 2026 as the halfway point. As one of the important measures, we have allocated 40 billion yen for growth investments in anticipation of M&As and alliances. We also clearly stated that we will continue to strengthen shareholder returns. Cash flow from operating activities and cash generation that utilizes robust and healthy financial characteristics are required to ensure that these measures can be implemented. Maintaining healthy financial characteristics that consider continuous growth over the long term will also be necessary. For these reasons, we will promote the optimization of capital allocation and management that considers capital costs to improve Anritsu's corporate value while paving the way for growth into FY2030.

Shunichi Sugita
Director, Senior Vice President, CFO

Review of GLP2023

The Mid-Term Business Plan (GLP2023) that focused on strengthening investments for growth and further enhancement of shareholder returns has ended. As a result of strengthening investments for growth, we have entered the new business area of EV/battery through the acquisition of Takasago, Ltd. and achieved steady growth in that business. We have also increased the production capability and achieved stable operation by expanding the second factory of Tohoku Anritsu (construction of a new building).

Furthermore, we have acquired treasury stock totaling 10 billion yen (acquisition worth 5 billion yen during September to October 2021 and acquisition worth 5 billion yen during June to July 2022) to increase shareholder returns.

Through these acquisitions of treasury stock, the average total dividend payout ratio during the three years from FY2021 to FY2023 was 87%, firmly indicating how much the Group places importance on acquiring treasury stock for the market. We have changed our target consolidated dividend payout ratio from 30% or more to 50% or more since FY2023, which indicates that we are implementing a financial strategy that focuses on shareholder returns.

Meanwhile, ROE, our most important KPI of GLP2023, was 11.5% in FY2021, 8.0% in FY2022, and 6.3% in FY2023, and did not reach our target of 15%.

Financial Strategy of GLP2026

We established basic policies for the new financial strategy upon the formulation of the new Mid-Term Business Plan (GLP2026).

Basic Policy

The basic policies for the financial strategy in GLP2026 are the following.

1. Invest more than 40 billion yen in growth (M&A + capital investments)
2. Establish a business portfolio that consistently achieves ROE ≥ 10%
3. Create 25% of FY2026 operating profit in areas other than T&M
4. Aim for a dividend payout ratio of 50% or more in shareholder returns

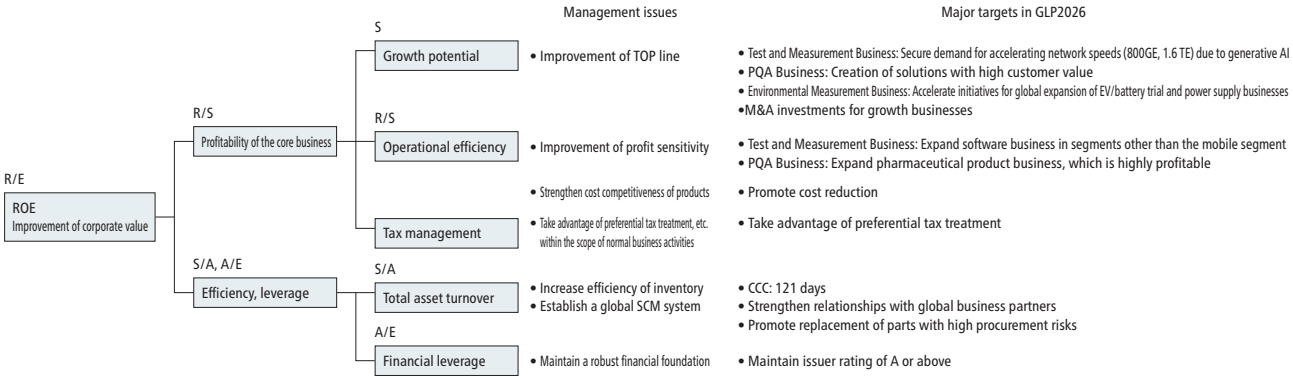
Each measure implemented based on these basic

Main financial indicators

	FY2019	FY2020	FY2021	FY2022	FY2023
Total Assets (Millions of yen)	138,873	144,100	153,261	152,238	161,085
Shareholders' Equity* (Millions of yen)	94,172	109,258	114,196	117,286	125,520
Equity Ratio	67.8%	75.8%	74.5%	77.0%	77.9%
Debt-to-equity Ratio	15%	5%	6%	6%	6%
ROE	14.9%	15.8%	11.5%	8.0%	6.3%
ROA	9.9%	11.4%	8.6%	6.1%	4.9%
Issuer Rating	A–	A–	A	A	A

* "Equity attributable to owners of parent to total assets" is presented.

Improvement of ROE/corporate value and management issues and major targets in GLP2026



ROE=(R/S)×(S/A)×(A/E)
* R:Profit S:Revenue E:Shareholders' equity A:Total assets

policies will contribute to improving the corporate value. An overview of the measures is provided in the following section.

For the improvement of corporate value

The activities to accelerate growth based on the financial strategy in GLP2026 are as follows.

(1) ROE as an indicator for improvement of corporate value

The Company has set ROE as an indicator for the improvement of corporate value and KPI and continuously manages targets.

We have set an ROE of 15%, one of our most important management issues, as a long-term target. To grow in the mid- to long-term in the global market, it is necessary to constantly create profit, which is the source of investments. ROE of 15% is a global standard that acts as an engine for realizing profitable growth.

However, due to the impacts of unrest in global affairs, shortage of parts, inflation, and other conditions, sales of 5G-related test instruments that have driven our growth during the past few years declined, resulting in an ROE of 6.3% in FY2023. In the new three-year Global Long-term Management Plan (GLP2026), we will strive to improve profitability and asset efficiency as we believe that stably achieving an ROE of 10% or more even under harsh conditions will contribute to improving the corporate value. In GLP2026, we plan to gradually increase the level of ROE to 12%. We will continue to work toward achieving ROE of 15% in FY2030.

ROE can be broken down into profitability, efficiency, and leverage.

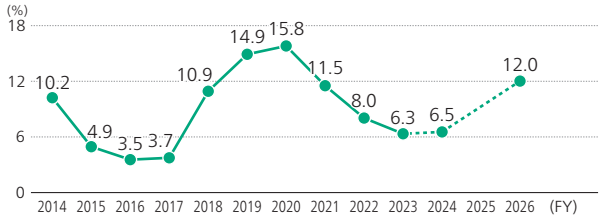
Improvement of profitability of businesses other than the Test and Measurement Business, expansion of scope of sales in Test and Measurement Business through M&A, and procurement of capital by capitalizing on the corporate bond rating of A are the main issues to be addressed in terms of profitability, efficiency, and leverage, respectively, to achieve net sales of ¥200 billion in FY2030.

(2)-1 Initiatives for setting standards for investment and improving cost structure: Improvement of profitability

We have incorporated development ROI (return on investment) as a standard for the level of investment, and aim to improve the investment efficiency with a target development ROI (gross profit/amount of investments for development) of 4.0 or more.

We are also actively engaged in the improvement of cost structure to increase profitability. For example, we accurately manage cost per order (CPO) by sales region to promote improvement thereof and revise the cost structure of each business segment, and actively work to increase the efficiency of sales activities and improve operational processes in the corporate department.

ROE plan for the period of GLP2026



Trends of ROE Factors

	Profitability	Efficiency	Leverage	ROE
FY2021	12.1%	0.71	1.33	11.5%
FY2022	8.4%	0.73	1.32	8.0%
FY2023	7.0%	0.70	1.29	6.3%
FY2024 (announced)	7.2%	0.71	1.28	6.5%
Model case of GLP2026	10.7%	0.82	1.36	12.0% or more
Model case: ROE of 15% in FY2030	13% or more	0.80% or more	1.50	15% or more

ROE Target Factor Breakdown

Profitability | Efficiency | Leverage

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

CFO Message

(2)-2 Thorough cash flow management: Improvement of efficiency

Enhancing the generation of cash flow is indispensable to achieve continuous investments for growth. The Company has set a KPI of improving the operating cash flow margin to 13% or more (achievable with an operating margin of 18% or more and avoiding the increase in working capital). In addition, we aim for CCC*, an indicator for improvement of cash flow, with 121 days (latest best value in FY2011) as our immediate target. We aim to achieve these targets by increasing profitability by promoting cost reduction and expense efficiency, as well as improving asset efficiency by reducing inventory and promoting collecting accounts receivable.

During GLP2023, due to the impact of a global parts shortage, inventory, mainly of parts and in-progress products, increased as a result of prioritizing on-time delivery to customers. Ultimately, CCC in FY2023 worsened by 26 days compared to FY2020. Our current initiatives to minimize risks include building strong relationships with business partners and creating a system that enables prompt understanding of information and replacing parts with high procurement risks. We will increase sales and shorten CCC by appropriately grasping the trend of product demand in the 5G market and other markets while also optimizing inventory balance based on the changes in the parts procurement environment.

* CCC: Cash conversion cycle

(3) Allocate cash with a focus on strategic investments to achieve growth

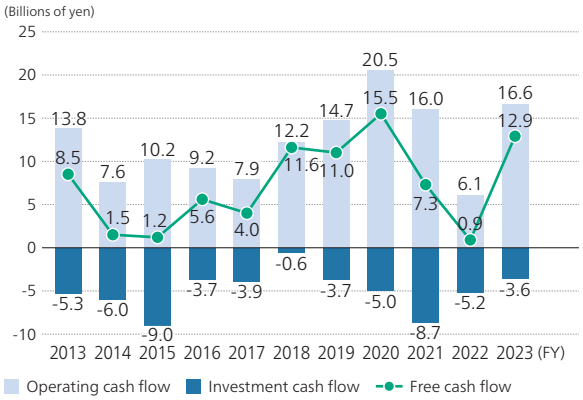
We will focus on allocating the cash generated through the improvement of profitability and efficiency for strategic investments for achieving growth while also implementing flexible financial measures. GLP2026 will inherit the basic policy of focusing investments in growth fields, as it was in GLP2023.

During the three years of GLP2023, 37% of the cash (operating cash flow and cash at hand), or 18.3 billion yen, was used for strategic investments to achieve growth. In GLP2026, we will use over 50% of the cash, or 40 billion yen, that will be generated over the three years for strategic investments for growth, which may include M&A. In addition, we will continue working on active shareholder returns.

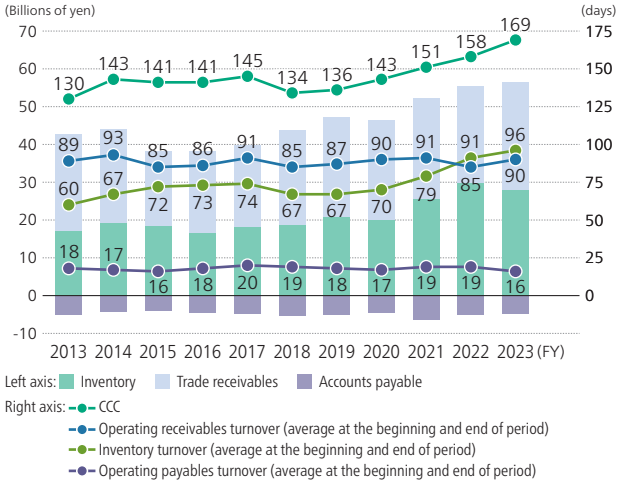
(4) Build an optimal business portfolio

To build an optimal business portfolio for the improvement of corporate value, we need to dynamically and accurately allocate various resources according to the market environment of the time. As a factor in decision-making, we are considering setting return on invested capital (ROIC) by business unit as a KPI. Therefore, we are aiming to formulate a unique KPI for corporate value by business unit in GLP2026. With this KPI, we will improve ROE, expand business through growth, and improve profitability and our business productivity.

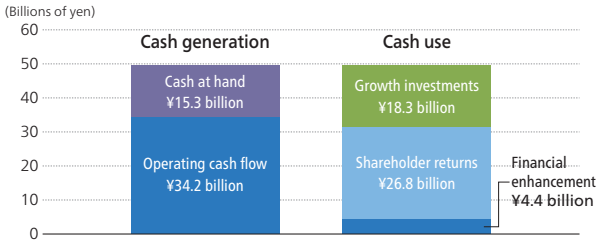
Trends in Cash Flow



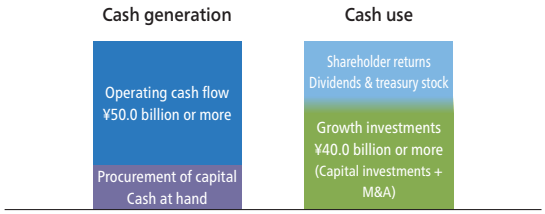
Trends in CCC



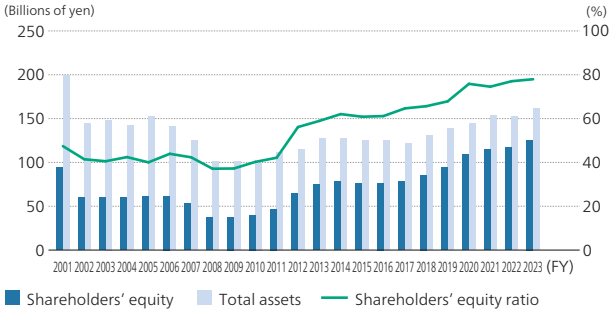
Results for cash allocation during GLP2023



Cash allocation during GLP2026



Shareholders' Equity and Shareholders' Equity Ratio



Shareholder Returns

For returning profits to shareholders, we have increased our target consolidated dividend payout ratio from 30% or more to 50% or more in FY2023, and set it as a basic policy for the financial strategy in GLP2026. This basic policy is to utilize the results of strengthening the financial characteristics for the next financial strategy and further clarifying shareholder returns, which is one of the pillars of the new financial strategy.

In terms of strengthening the financial characteristics, strengthening of shareholder capital progress has been backed by the expansion of the LTE market since FY2010. In FY2014, the conversion of euro-yen convertible bonds issued in FY2012 progressed and we were able to increase the shareholder capital by 10 billion yen. As for the speed of strengthening the shareholder capital, the speed is accelerating due to the expansion of the 5G business, and it exceeded a milestone of 100 billion yen at the end of FY2018. Furthermore, such strengthening of financial characteristics has contributed to achieving a corporate bond rank of a record high A rank in FY2021, which we continue to maintain.

Through these, we were able to build robust and healthy financial characteristics through these efforts that allowed us to further strengthen shareholder returns, prompted us to revise the target for the consolidated dividend payout ratio.

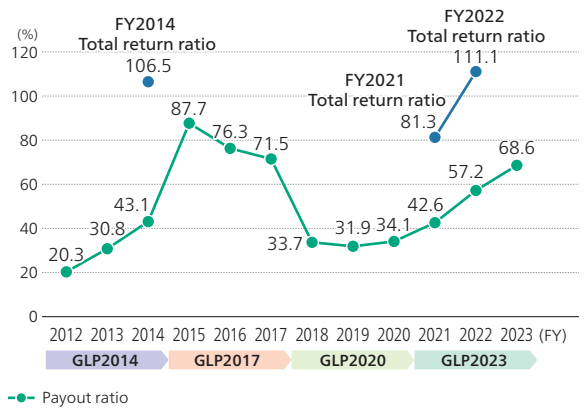
Our target for the consolidated dividend payout ratio of 50% or more is set based on the following calculations.

Consolidated dividend payout ratio of 50% × ROE 15% = DOE 7.5% > Capital cost 7%

Our Group considers ROE of 15% as one of its important management issues at a capital cost of 7%. Therefore, if a dividend payout ratio of 50% is set when ROE of 15% is achieved, DOE will exceed the capital cost and PBR will exceed 1.0.

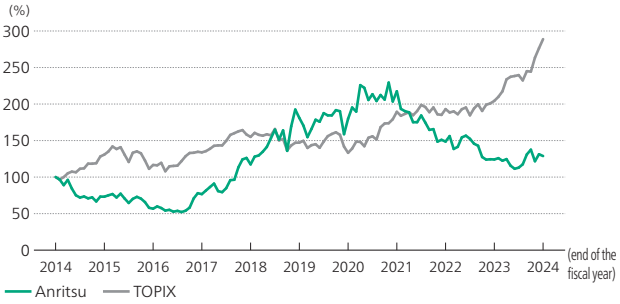
The results of the total shareholder return (TSR) including dividends over the past ten years are shown below. Our latest forecast for the consolidated business performance of FY2023 not reaching the planned figures in GLP2023 has impacted the share price, and our TSR fell below the TOPIX. We will continue our efforts to achieve TSR that exceeds the shareholder capital costs of 7% by implementing a growth strategy and accurate financial strategy. We will respond to the expectations of shareholders by expanding the Test and Measurement Business, our core business, into markets involved in increasing network speed, such as data centers in which the use of generative AI is spreading. In addition, we will also cultivate new growth areas, make strategic investments to acquire 6G and other next-generation technologies, and increase shareholder returns to further increase our corporate value.

Payout ratio and total return ratio



TSR

	One year	three years		five years		ten years	
		Cumulative	Annual rate	Cumulative	Annual rate	Cumulative	Annual rate
Anritsu	+4.5%	-43.9%	-17.5%	-30.4%	-7.0%	+28.7%	+2.6%
TOPIX	+41.3%	+52.5%	+15.1%	+96.2%	+14.4%	+188.6%	+11.2%



* Total Shareholder's Return (TSR): the total return on investment including capital gains and dividends.
* TSR is calculated based on cumulative dividends and stock price fluctuation for Anritsu, and based on the stock price index including dividends for TOPIX (prepared by the Company using Bloomberg data, etc.).
* The values in the graph are the market value indexed by TSR with the closing price data as of the end of March 2014 as 100 (the holding period is until the end of March 2024).

R&D/CTO Message

Anritsu regards the development of the latest technologies, products, and services as the core of its business, and maintains a corporate characteristic of incorporating changes that match the times. We will continue to develop values that go beyond conventional testing as well as enter new areas to contribute to building a sustainable global society for the future.

R&D activities

The results of the research and development activities in FY2023 are as follows.

Business Segment	Model	Product	Application	Contribution
Test and Measurement	MT8000A	Feature enhancements for radio communication test stations	Supports all frequency bands used by 5G and LTE with a single device. The base station simulator supports the functions of Release17 and earlier.	Contribute to the evaluation of 5G terminals that accommodate features such as RedCap (Reduced Capability) designated for IoT market, and NTN (Non-Terrestrial Network), a technology expected to provide network services in case of emergencies including disasters. It supports FR3 (7.125GHz to 24Ghz), which is being considered as the new frequency bandwidth for 5G-Advanced and 6G. Contributes to the advancement of 5G-Advanced and 6G through the use the frequency bandwidth in cooperation with partner companies.
	ME7873NR/ ME7834NR	Expanding the functions for RF/protocol conformance tests and telecommunications carrier acceptance test systems	Testing system supporting 5G conformance test that evaluates interconnectivity of both RF and protocol. Used for certification tests as the system is validated by GCF and PTCRB.	Acquired RedCap and NTN certifications, which are communication methods for 5G IoT devices, for both RF and protocol conformance testing. It supports the tests for expanding the Stand Alone (SA) services for telecommunications carriers. Contributes to improving the quality of 5G devices as the only manufacturer that provides device acceptance testing systems for seven major telecommunications carriers in Japan and the U.S.
	MP1900A	Signal Quality Analyzer Development of solutions supporting PCI Express 5.0 and 6.0	High-performance BERT*1 Scalable structure enables addition of optional PPG,*2 ED,*3 and jitter/noise functions depending on testing application. Supports physical layer testing function for high-speed network interfaces and testing of PCI Express and other bus interfaces.	It supports PCI Express 5.0 and 6.0 for increasing the speed of the internal interface of transmission equipment and servers that make up data centers. MP1900A has been implemented as certification equipment in device certification testing (workshops) and equipment for the PCI-SIG® certification test program. Contributes to the realization of ultra-high-speed and high-volume networks, high-speed and high-capacity data centers, and energy-saving coinciding with the spread of AI and machine learning (ML).
Products Quality Assurance	New product KXH7534ASGCD	Development of an X-ray inspection system with higher inspection capability through the integration of AI	X-ray inspection system that provides highly accurate and automatic detection of bones, metals, stones, and other foreign substances in meat and frozen foods.	Integrating deep-learning AI developed for detecting foreign substances has made it possible to detect foreign substances that were difficult to detect using conventional X-ray inspection, such as cartilage in chicken meat or broken sausage, even when layered. Contributes to increasing productivity by eliminating anomalies during raw material acceptance, processing stage, etc.
	New product AW9 Series	Development of ultra-high-speed automatic checkweigher	Automatic checkweigher that performs high-speed weighing of food and pharmaceutical products while they are being transferred on conveyor belts, to confirm that the weight is between the set upper and lower limits.	Realized the world's top-level checking speed of 1,000 items per minute (70% increase over conventional model) by improving the performance of electromagnetic balance type scales, in which we excel. We contribute to further increasing the productivity and quality of food and pharmaceutical manufacturers by increasing speed and automating their production lines.
Environmental Measurement	DZ-X Series RZ-XA Series	Development of high-capacity direct current power supply with zoom function (DZ-X) and power regeneration type bidirectional power supply (RZ-XA)	High-capacity power supply for characteristics tests for motors and inverters used in automobiles, construction machinery, agricultural machinery, and ships; discharge and charge tests for batteries; and tests for automotive electrical components.	Power control technology, which is a strength of our Company, realizes the power supply capacity required in the testing environments of customers by connecting multiple devices in series or parallel. In addition, these power supplies are capable of varied power output for diverse testing needs with a single device and with our unique zoom function.*4 Contributes to optimization of test environments by reducing the height of the device to one-third that of a conventional model.

*1 BERT: Bit Error Rate Tester *2 PPG: Pulse Pattern Generator *3ED: Error Detector *4 Zoom function: Function that enables step-less adjustment of output voltage and current within the rated power

Intellectual Property

Basic policy for intellectual property

Intellectual property is one of the important management assets for current and future business continuity. Our basic policy is to protect our intellectual propertes as well as respect the intellectual property rights of third parties, and improve the competitiveness and corporate value of the Anritsu Group.

Number of patent applications and patents held in FY2023

The number of patent applications in Japan and overseas in FY2023 totaled just over 180, and patents held was just over 1,600. We are strategically increasing patents overseas based on the business.

Specific initiatives

- Formulate an intellectual property strategy based on Anritsu Group's business and strengthen intellectual property
- Create patents in focus areas based on patent portfolio management analysis and cross-patents that competitors would want to use
- Conduct intellectual property surveys in new areas, formulate intellectual property, and secure unique technologies that strengthen price competitiveness
- Raise awareness about intellectual property through continuous education on intellectual property
- Share information, support, and cooperate within the Anritsu Group regarding intellectual property

CTO Message

Advanced Research Laboratory full of hopes and dreams "Beyond testing" through the pursuit of the latest technologies

Anritsu's Advanced Research Laboratory conducts research and development under two major themes to develop advanced testing technologies and expand the applicable areas to continue being a company that supports society for the 10 to 20 years ahead with testing technologies. The first theme is research in graphene, which enables ultra-high-sensitivity sensors. The second theme is research into 6G.

As recent results related to graphene, we have established a technology to perform fine processing (down to units of nanometers) and acquired technology to evaluate the physical properties of graphene. We will utilize these technologies to create sensors that have higher sensitivity than conventional sensing and ascertain their mechanism.

As a topic of research related to 6G, during research into full-duplex communication, we succeeded in separating radio waves that are received in the same frequency bandwidth by using AI technology. We can use this to visualize how radio wave signals are received from each device. In addition, we developed a technology that enables high-performance circuits for signals of frequencies above 100GHz, and presented the results at academic forums.

We will continue to promote research and development in an open and innovative research environment and strengthen Anritsu's "Original & High Level."

Graphene
Graphene is a substance that is shaped as an extremely thin sheet consisting of a single layer of carbon atoms arranged in a hexagonal honeycomb lattice structure. Its characteristics include extremely high strength (approx. 200 times that of steel), superior electrical and thermal conductivities, light weight, flexibility, and transparency. Based on these characteristics, it is expected to be used in next-generation electronics, energy, communications, medical, and other fields.

Full-duplex communication
Full-duplex communication is a communication method that simultaneously sends and receives data. Regular wireless communication sends and receives data separately on different frequencies or time slots while in-band full-duplex communication uses the same frequency band simultaneously. As the efficiency of frequency usage can be up to doubled with this method, it is expected to be used to improve the data processing capability of 6G networks.

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

R&D System

Policy for R&D costs

R&D costs are controlled to match sales. In the Test and Measurement Business, they are controlled to be between 12% and 14% of revenue, and other business segments have a similar policy.

R&D themes

Major development themes by business for GLP2026 and beyond are as follows.

List of major technologies under development (As of July 2024)

Business	Basic policy for development investments	Development themes
Test and measurement	Select development themes from the trend of 3GPP and other standards, results of market research by the marketing team, and information collected by partnerships with partner customers, and invest in development by prioritizing projects based on profitability	GLP2026 • Utilization of 5G and 6G • RedCap, NTN, and other stable fields in IoT • Demand related to data centers is increasing due to 800GE and optical-related communications, the spread of AI, and cloud service GLP2026 and beyond • Technology for testing sub-terahertz bandwidth and broadband testing for 6G • Testing technology for photoelectric fusion devices that realize APN (All Photonics Network) of IOWN
PQA	Increase the ratio of investments for the markets of pharmaceuticals and new areas, and invest in the development of highly competitive products that meet the needs of customers	• Establishment of quality inspection technology for pharmaceuticals • Establishment of new sensing technologies that utilize AI, IoT, and other technologies • Establishment of technologies for the detection of foreign fine metals in the raw materials of pharmaceuticals, films, etc.
Environmental measurement	Establish businesses with solutions that apply expertise acquired in the electrification area and invest in development to promote business expansion in the electrification and energy-saving areas	• Establishment of solutions for evaluating battery quality through collaboration with Takasago, Ltd.

Human Resources Strategy that Realizes "Beyond Testing"

Material Issues in Management

Securing Human Resources that Support Growth

■ Promotion of Diversity

Promoting Diversity to Become an Organization Where Everyone Can Actively Grow and Take on Challenges

Why Diversity is Important for Anritsu

Anritsu recognizes that the promotion of diversity is one of its important management issues as we need to grow in our current ever-changing, unpredictable, and complex age. Based on the Diversity Policy stating "Diverse employees with diverse values and ways of thinking will come together to create new value by leveraging diverse perspectives and strengths," we are promoting the creation of a corporate climate that enables workstyles that match lifestyles and diverse employees to exert their individuality and abilities regardless of their race, nationality, gender, age, work ethic, religion, sexual orientation, gender identity, sexual expression, or having or not having mental or physical disabilities without discrimination.

Creating Environment Toward Life-Work Balance

Anritsu strives to improve productivity by enabling each employee to work in a way that matches their lifestyle by setting workstyle reform as an important measure in the management strategy.

We are implementing initiatives toward diversifying workstyles and careers through implementing a teleworking system, increasing the number of days of teleworking due to childcare, nursing care, promoting the use of childcare leave by male employees, and establishing a course for management to enable flexible work according to life events. In promoting support for balancing childbirth, childcare, nursing care, and work, we discuss expanding systems and other matters by holding labor-management meetings through the Committee for Promoting Work-Life Balance.

Advancement of Workstyle Reform

From April 2020	• Discussion on a system to enable selecting diverse workstyles (teleworking, etc.) • Creation and promotion of an environment which it is easy for male employees to take childcare leave
From April 2022	• Implementation of a teleworking system (expansion of teleworking days due to childcare, nursing care, etc.) • Establishment of new course for management that enables flexible working according to life events
From October 2022	• Extending retirement age from 60 to 65 • Raising the employment extension age from 65 to 70

Initiatives for Increasing Motivation of Employees

To maximize the potential of each employee, it is important to increase engagement by improving satisfaction related to "workplace comfort" and "job satisfaction." The domestic Anritsu group conducts an annual engagement survey of all employees to understand the current status and identify issues as well as various measures to improve job satisfaction.

Results of the Engagement Survey (Domestic Anritsu Group)

(FY)	2019	2020	2021	2022	2023
Response rate	97.9%	97.6%	97.2%	98.3%	97.1%
Satisfaction with the workplace	87.4%	90.0%	90.4%	89.5%	88.7%
Satisfaction with work	70.6%	74.5%	75.0%	71.9%	71.1%

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

Establishment of Anritsu Skills Training Center (A-SKILLs)

We launched Anritsu Skills Training Center (A-SKILLs) in April 2024 to enhance human resources development for expanding business in new areas. A-SKILLs plans and implements training for improving technological expertise related to EV, batteries, and general purpose test instruments and sales skills. It aims to double the business personnel in new areas within three years.

Technical Training (Training System for Young Employees)

In FY2020, we launched a young software engineer development program to foster engineers who are capable of developing a variety of products and can apply their skills. New employees who wish to become software engineers are assigned to the Engineering Division, where they spend three years gaining experience in various product development projects across companies and learning the basic knowledge and skills necessary for software engineers. Upon completion of the training program, placement will be determined based on the individual's aptitude and career aspirations. The first graduates of the program were assigned to each business unit in April 2023. There was feedback from their assigned departments, such as: "Assigned personnel have a firm grasp of the basics of software design and has the ability to immediately start developing software by referring to past examples." and "Some assigned personnel have skills they gained from experiencing various fields, which are skills that they would not be able to acquire at our department, and they are good

WEB For more details about Anritsu's human resource development, please see our website:
https://www.anritsu.com/en-us/about-anritsu/sustainability/human-capital

motivation for existing engineers." Such feedback indicates the results that have been produced from the program.

Development of Global Human Resources

The development of human resources that can lead overseas business is an important issue for Anritsu. We are focusing not only on language skills, but also nurturing global mind and skill development. Our training for new employees provides courses on cross-cultural understanding and offers opportunities to interact with foreign employees, which deepens understanding of cross-cultural communication. We also develop human resources through overseas assignments, with the aim for them to acquire international business skills and build human networks. We actively dispatch employees from not only divisions but also employees from corporate divisions to overseas assignments in order to work in coordination with employees from overseas Anritsu group companies.

Advancement of Women

Anritsu Group has set a sustainability target of having 15% of management positions being held by female employees. Since FY2021, we have been actively recruiting mid-career employees to acquire candidates for female managers. We have established a new management course that allows employees to work according to their life stages and lifestyles and a new teleworking system during pregnancy, childbirth, and childcare. Through these measures, of the 32 employees promoted to management positions in April 2024, over 30% (ten) of the newly assigned managers were female. The ratio of female managers has reached 12.1% on a consolidated basis as of the end of FY2023.

In March 2023, Anritsu received the highest rating (three stars) of the Eruboshi certification, recognizing the Company's outstanding efforts in promoting women's participation in the workplace.

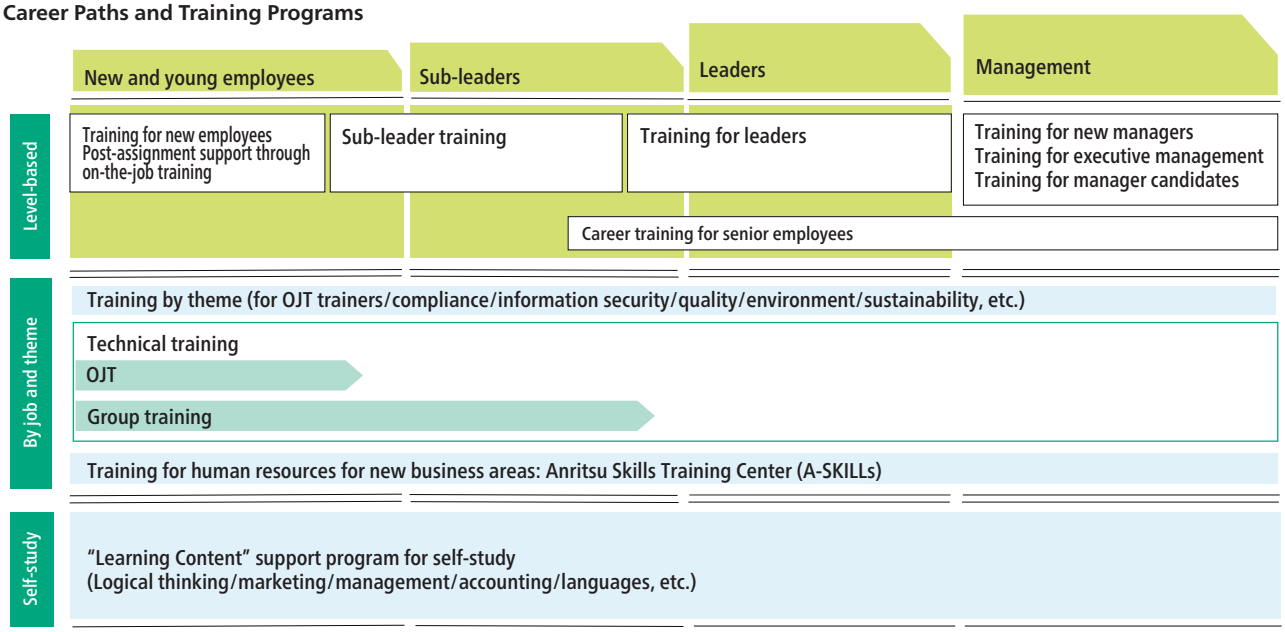
Salary Difference Between Male and Female Employees

We have been disclosing salary differences between male and female employees since FY2022. There is no difference due to salary for the same work and only differences due to the compositions by position and job rank.

The salary difference between male and female employees (ANRITSU CORPORATION)

FY2022	FY2023
74.7%	76.9%

Career Paths and Training Programs



Test and Measurement Business

Contributing to the Advancement of a Telecommunications Society through Advancing of Testing Solutions with Cutting-edge Technology

Countries facing labor shortages due to an aging society and rise in labor costs are implementing various measures for labor-saving and considering automation of social services through the use of DX. Therefore, the trend toward building new infrastructure using new technologies is in motion, particularly for logistics using telecommunications, automation of public transport, and use of 5G for automation and robotization in closed areas such as business sites.

Anritsu will accurately identify new needs that arise from changes in society and create unique and high-level testing solutions using cutting-edge technology to contribute to the development of telecommunications that provide a safe and reliable environment.

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

Key Management Issues

Expanding into new business opportunities through digital innovation

- Provide solutions that contribute to building a robust IT infrastructure
- Adapting to DX technological innovations

Strength of the Business

One-stop solution that encompasses test instruments and systems; which we have cultivated over 120 years through wired (optical and electrical), wireless, and protocols; to monitoring	Next-generation telecommunications methods such as 6G and IOWN, which promote fusion of optical and electronic telecommunications, require constant connection to control vast amounts of automated services. To meet this condition, a high-quality telecommunications environment must be built, and we offer test instruments to support such an environment.
Seamlessly supporting customers' businesses, from cutting-edge development to manufacturing and maintenance	Service providers and system vendors that offer new and highly technical services have an even larger requirement to have a system to ensure the quality of their services at each stage of development, manufacturing, and maintenance as well as a system to prevent malfunctions. Therefore, the importance of the role Anritsu plays as a test solution provider is increasing.
Global development and sales system that provides timely support to customer requests in each region	As the customers' services and development and manufacturing of devices globalize, achieving efficiency requires sharing information between each site and performing coordinated and cooperative activities. In such an environment, we not only offer support and services as a testing vendor, but at a high level and a standardized ways regardless of language or social custom of each country.
Rapid deployment of cutting-edge technology through partnerships with key customers and suppliers	In the current era of rapid change, even services and products that utilize new technologies need to chase the changes, which often determine the competitive edge of the customers. We work side by side with our customers to understand their needs at an early stage and promptly provide necessary solutions.

Recognizing the External Environment, Business Areas, and Business Opportunities

With the introduction of 5G, the role of telecommunications has changed from just a method of communication to an infrastructure that supports people's lives and social activities. Currently, industries have an urgent need for automation and labor-saving due to increases in the cost of living and labor costs as well as the progress of an aging society and labor shortage. In building an environment for automation and labor-saving, it is plausible to assume that communication networks will be mostly used, and reliable quality is required when providing such services. Going forward, as autonomous driving and other various services continue to advance via telecommunications network, ensuring constant connection, lowering latency to achieve real-time processing, and other elements that were not required before will be the most important issues in ensuring safety and efficiency.

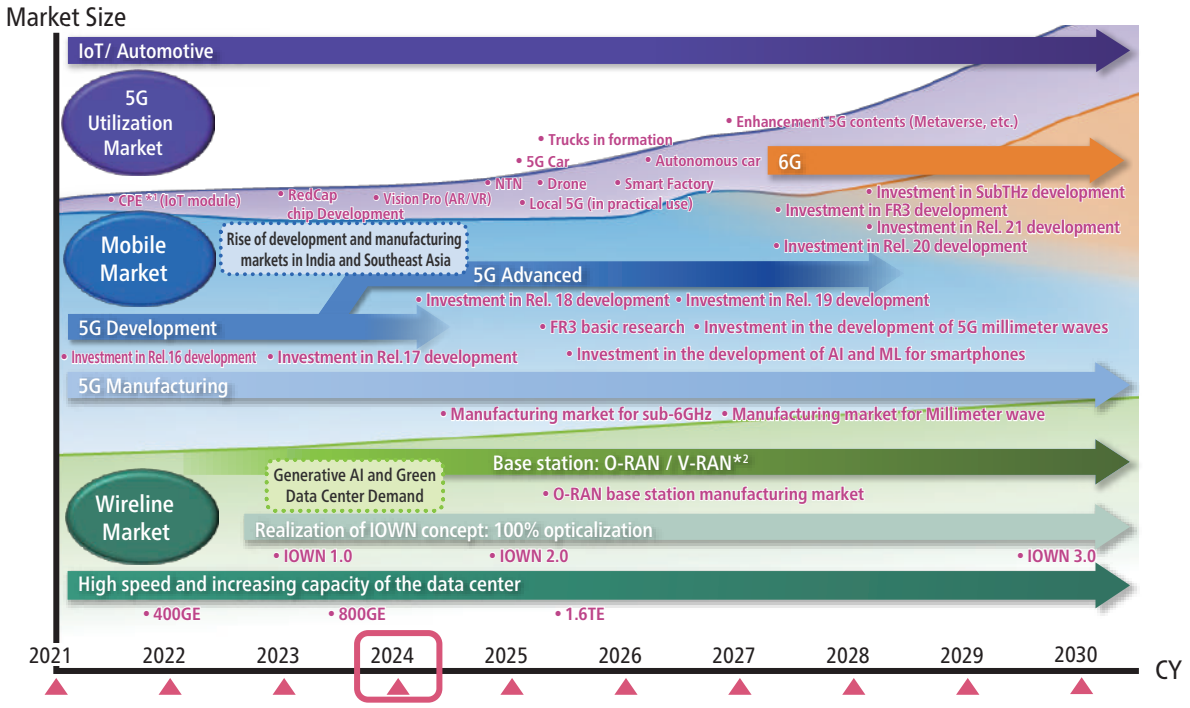
Under these conditions, end-to-end overall quality is in question, not just in the partial optimization in wireless, wired, or around base stations, and an overall network assurance is required. As we possess a product lineup that covers all areas and provide a one-stop solution to our customers, we will contribute to improving quality by improving each solution for the development of an automated society using telecommunications.

Review of GLP2023 and Strategy for GLP2026

Review of GLP2023

The initial plan for the Test and Measurement Business in GLP2023 were a revenue of 100 billion yen and an operating profit of 23 billion yen. We have set a target assuming that FY2023 was the peak for 5G, but the results were well under the target at a revenue of 71 billion yen and operating profit of 7.5 billion yen. 5G did not spread due to the global COVID-19 pandemic, which started in 2020, the trade conflict between the U.S. and China, and the shortage of parts originating from the Ukraine - Russia conflict leading to a sluggish market. On the other hand, initiatives for increasing the sales ratio of existing businesses other than the 5G smartphone-related business showed results due to the expansion of the data center-related business and general measuring instruments business focused on the initial development of 6G. Going forward, we need to develop businesses in a balanced way by securing 5G-Advanced and 6G businesses while also placing more weight on the 5G utilization business such as autonomous driving and general purpose test instruments business for aerospace and aviation.

Test and Measurement Business: Mobile market trends and Business opportunity



*1 CPE: Customer Premises Equipment
*2 V-RAN: Virtualized Radio Access Network

Test and Measurement Business

To Become a ¥200 billion Company in FY2030

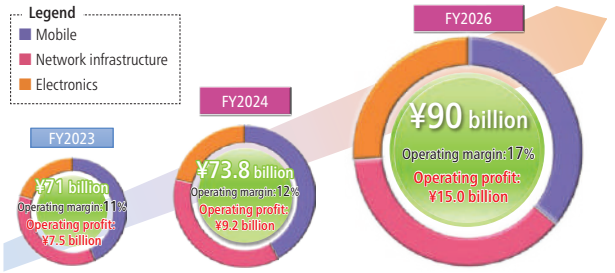
In GLP2026, we aim to achieve revenue of 90 billion yen, an operating profit of 15 billion yen, and an operating margin of 17%. In addition to data center-related business, 5G utilization business and 6G-related business will be major pillars. We aim to expand data centers as well as network infrastructure business through the commercialization of autonomous driving and realize the expansion of business that is beyond testing by establishing new solutions focused on simulation and monitoring. As the 5G utilization and development of 6G and IOWN are progressing and contact points with many of the customers and partners that plan to use these technologies are increasing, the contents of the partnerships are becoming more extensive. GLP2026 is the three years for these partnerships to achieve results. We are advancing initiatives toward commercializing the latest solutions through implementing AI and ML (machine learning) technologies, which can be utilized to analyze test results.

As the three years of GLP2026 is a period of transition between 5G and 6G, it is difficult for the mobile market to grow. Therefore, revenue would only be 80 billion yen through organic growth and will not reach the revenue target of 90 billion yen. To compensate for the difference, we planned to achieve the 90-billion-yen target through proactive M&A. Targets of M&A are companies that have high-frequency technologies and will have a direct effect on expanding business areas such as 6G, IOWN, and 5G utilization.

Our prediction on society in FY2030 is that there will be progress in the digital twin framework, in which networks will be designed in virtual space and implemented in the real world. Services such as autonomous driving will not start from the current method of trial and error in the field, but will shift to ensuring safety through repeated simulation using AI and field tests to reach a higher degree of completeness. We are engaged in the development of solutions that will be the core process for establishing such safety and reliability through collaboration with our customers and partners, and we plan to commercialize each model during the GLP2026 period. We will achieve business model reform by increasing such solution business of "ensuring safety and reliability of communication" by 2030 to the existing business of "showing measurement results".

Test and Measurement Business: Planned revenue and operating profit in GLP2026

- Secure demand for accelerating network speed (800GE, 1.6 TE) by generative AI
- Improve operating margin by expanding the software business
- Strengthen the lineup of test and measurement instruments for high-frequency-band and related technological systems (investment in human resources)



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Social Issues

Addressed by the Test and Measurement Business

Related SDGs

We are addressing issues for electricity demand which has become more severe by the year as well as actively working on initiatives for reducing waste plastics. Electric consumption has greatly increased due to the increase in the number of data centers supporting AI and increase in the speed and capacity of network devices. In addition to the efforts to reduce the amount of plastic bottles by the entire company, the Test and Measurement Business is working on the energy-saving in the solutions that we provide and reducing the use and amount of plastic packaging.

Initiatives Toward Softwarization

We conventionally provided testing functions mainly via hardware, but we are changing to a product composition that can reduce energy consumption, starting from the devices which such a change is feasible. We have already reduced the overall energy consumption of some products, such as WLAN testers, by operating the test instruments and analyzing data on general-purpose PCs, which use less energy, and making the test instrument mainframe smaller. Going forward, we will promote creating software for test solutions and create a common platform in which multiple software applications can operate on general-purpose hardware to increase the number of solutions with less hardware and lower energy consumption.

Initiatives on Waste Plastics

We have been using plastic cushioning when packaging products for a long time, but, as of FY2023, we have shifted to biomass in over 95% of our models. Specifically, we have changed the material used for cushioning to a material called "85% biomass PEF" (Paper - Ecological - Foam: cushioning material consisting of 85% used paper). We also use a vinyl packaging material called AirCap, which uses 70% biomass materials (70% of the material being recyclable organic resources derived from animals and plants). We will continue to promote the shift toward biomass for plastic bags to store accessories, as packaging tape, and for other applications.

PQA Business

Becoming the Most Trusted "First to Call" Company in Quality Assurance by Customers Around the World in Preparation for a Sustainable Future

All people want safety and reliability in their food and health. As the world's population reaches eight billion and continues to grow beyond that, maintaining the balance between the natural environment and building a sustainable social system to produce and consume high-quality food products and pharmaceuticals has become a pressing issue.

The PQA Business has been striving to ensure quality, safety, and reliability with food and pharmaceutical manufacturers for over half a century. The PQA Business will take on the challenge of creating solutions that solve important issues our customers face to gain the trust of our customers and partner companies around the world as a "First to Call" company for quality assurance.

Norikazu Murata
Executive Officer, PQA Business Group President

Key Management Issues

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

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

Strength of the Business

High-speed, high-precision, quality inspection technology for production lines	To inspect all mass-produced food products at factories, we have been cultivating unique dynamic inspection technologies for inspecting quality at each stage, from the raw material stage to the shipment of the items to be inspected. We will contribute to improving the productivity of our customers by providing stable, high-speed, and high-sensitivity inspection equipment for inspecting weight, foreign material contamination, external appearance, packaging, and other quality inspection items.
Engineering capability to adapt inspection equipment to various food manufacturing environments	As there are diverse food cultures and numerous types of food products around the world, the environments of production lines are all different. We have an engineering system that can provide customized inspection equipment that matches the needs of each site to enable customers to conduct the required quality inspections easily and accurately.
High-quality maintenance service system and experienced maintenance engineers	Quality inspection equipment that operates as part of the food product production lines is required to withstand harsh environments and be reliable to operate stably over the long term. To keep inspection equipment in a satisfactory state and allow our customers to restore the equipment in the event of malfunction, we provide 24-hour support by expert maintenance engineers and other high-quality maintenance services.
Extensive track record in the food inspection market and top-class market position in Japan	Since its establishment, the PQA Business has always been at production lines of food products with customers to overcome quality issues to ensure safety and reliability. We will grow the business in the global market by building on a foundation of a top-class track record and trust we have been cultivating in the Japanese market.

PQA Business

Recognizing the External Environment, Business Areas, and Business Opportunities

As reform into a sustainable society has become a pressing issue, companies that manufacture food products and pharmaceuticals are striving day after day to effectively use limited resources and efficiently manufacture safe, high-quality products.

Opportunity 1. Expanding demand for inspection equipment in the global market

Demand for safety and reliability for food products and pharmaceuticals will continue to grow mainly in areas with growing populations, such as Southeast Asia, India, and Central and South America. We except that providing the appropriate response in each country will allow us to expand our business. As the sentiment toward reducing food loss rises, food products such as ready-to-eat and frozen foods that are convenient and can be preserved for the long term are increasing, we expect the importance of inspection for packaging to increase going forward.

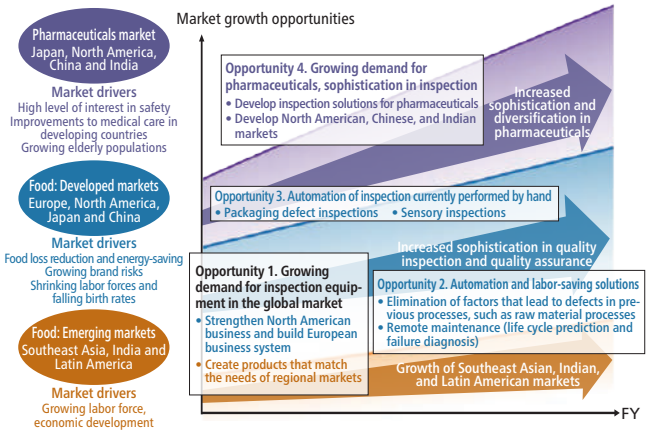
Opportunity 2. Automation and labor-saving needs in the production lines

Food production companies are required to address a constant labor shortage due to the fact that their production lines often tend to be in harsh labor environments due to heating and refrigeration. Companies require labor-saving solutions in production lines such as replacing inspections and operations that are not yet automated with automated equipment.

Opportunity 3. Automation of inspections that require manpower

There are various things to manage and inspect at food processing sites. Automation of inspection for temperature, weight, contamination by hard foreign materials, and other items is underway but inspection for taste, smell, color, shape, and other aspects still requires a human hand. Inspection by people has issues such as results being affected by health conditions and fatigue.

PQA Business: GLP2026 Market Growth Opportunities



Therefore, companies require methods to replace inspections that rely on people to machines that can acquire and manage quantitative data on quality.

Opportunity 4. Pharmaceutical market

There are over 600 cases of voluntary recall for pharmaceuticals on average each year, just in Japan. With some cases causing damage to health, pharmaceuticals require highly precise quality inspection and data management. As quality risks are different from food products such as minute foreign matter, and contamination of foreign materials, abnormal compositions, we will contribute to the safety and reliability of pharmaceuticals by providing inspection equipment that inspects all these items on the production line. We believe great growth can be achieved by providing optimal equipment for inspecting the quality of pharmaceuticals to the pharmaceutical market around the world, such as in North America, China, and India.

Review of GLP2023 and Strategy for GLP2026

Review of GLP2023

In GLP2023, we expected the market to recover from the worldwide economic stagnation due to the COVID-19 pandemic and focused on achieving the set targets of 27 billion yen in revenue and an operating margin of 10%.

The main results of the important issues set in the GLP2023 are as follows.

(1) Creation of solutions that solve critical customer issues

We have developed and started the sales of solutions such as an X-ray inspection system that enabled inspection of items that were difficult in the past by incorporating high-precision X-ray sensors using a new method and AI developed for detecting foreign contaminations and ultra-high-speed automatic checkweighers that achieved the world's highest level of accuracy to solve customers' important issues using our unique technology.

(2) Value creation beyond testing through localization

To deliver products that satisfy the customers and provide trusted services to customers around the world, we established a system for assembly inspection and engineering in the U.S. as well as a sales and maintenance system in Europe. In addition, we started online sales of maintenance parts to enable the purchase of required parts during holidays and late at night. This service is currently only available in Japan, but we will expand the service to major regions around the world.

(3) Strengthening of profit structure

With the aim to create a business structure that is resilient to changes in the external environment and constantly generates stable profits, we have engaged in activities to create advanced quality assurance solutions that pursue customer values, expand business into the pharmaceutical

market through high-quality solutions with high customer value, build optimal supply chains and operational processes for global expansion of business, and improve efficiency of internal processes for speeding up customer response and improving labor productivity.

Responding to changes in the external environment and future issues

During GLP2023, the market economy started to recover overall. However, the restart of the economy coincided with the Ukraine-Russia conflict as well as with the impact of price increases for fuel and food product ingredients, so time was required for food product manufacturers to recover their capital investments. In addition, the tightening of supply and demand of semiconductors, the rise in costs of metal parts, and the rise in personnel costs have tightened profits from the business.

To respond to changes in the external environment, we have revised sale prices based on the rise in material prices in each region, improved operation efficiency and reduced costs, and carefully selected investments for research and development. These did not result in us reaching the targets for revenue and operating margin, but we have achieved a record high revenue. As improvement of the operating margin is an issue for this business, we will accelerate initiatives towards creating a business structure that constantly generates stable profits.

Strategy of GLP2026

The business has positioned GLP2026 as the three years for the next leap forward by creating new value and fortifying a resilient business structure. We have set a performance target of 30 billion yen in revenue and an operating margin of 12% in FY2026, and strive to expand into the global market, create a unique quality assurance solution that solves issues customers face, and expand business into the pharmaceutical market.

Based on our track record with global food products companies in Japan and the U.S., we will strengthen the sales and maintenance system in the Europe, China, and Southeast Asia regions and increase market share in our existing business areas.

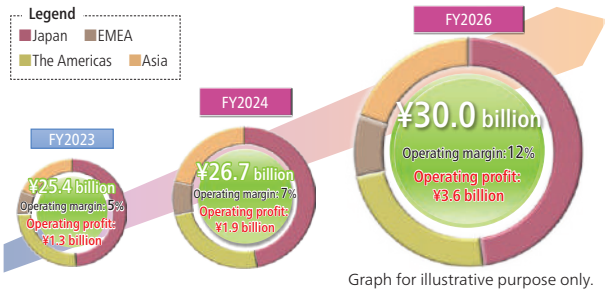
Through alliances with other companies, we will acquire AI and other cutting-edge technologies while also accelerating the creation of solutions for contributing to automation and labor-saving in customer production lines. We will create new demands for quality inspection by automating inspections that are currently performed by humans.

In the global pharmaceutical market, where we are a latecomer, we will strive to develop unique and advanced inspection equipment for pharmaceuticals so that we stand out from the vast competition.

We will expand the sales service system that supports quality assurance of customers in each region while improving our portfolio of new product lineups that have high added value and promoting the optimization of business processes globally to build a resilient profit structure that is not easily affected by the changes in the business environment.

PQA Business: Planned Revenue and Operating Profit in GLP2026

- **Creation of solutions with high customer value:**
  Acquisition of AI and other cutting-edge technology, and automation and labor-saving in manufacturing lines
- **Business expansion into high-value-added areas:**
  Automation of inspections that require manpower and the pharmaceutical manufacturing market
- **Building a resilient profit structure:**
  Optimization of the global supply chain and operational process innovation



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Toward FY2030

GLP2026 is the process of achieving the vision for FY2030. To become the most trusted "First to Call" company in quality assurance by customers around the world, we will further advance the solutions created in GLP2026 and provide them globally. We will build an efficient business system that can quickly respond to the demands of customers around the world.

Social Issues

Addressed by the PQA Business

Related SDGs

Products of PQA are relatively large among Anritsu's products and some weigh more than 700kg. We have been using wood frames for packaging when transporting products in remote locations that cross borders, but disposal of packaging materials after arriving at the destination was an issue. The PQA Business is promoting a switch from packaging using wooden frames to using reinforced cardboard as effort to reduce environmental impact from business activities. As cardboard is relatively easier to recycle overseas compared to wooden materials, this will lead to a reduction of wooden waste materials and contribute to the reduction of CO_2 emissions during transport through weight reduction and miniaturization.

We aim to achieve an adoption rate of 70% by FY2026 through gradually switching to reinforced cardboard packaging from products whose product protection performance during transport has been validated.

Environmental Measurement Business

Contributing to the Development of a Safe, Secure, and Prosperous Global Society Through Energy Control and Telecommunications Technologies

Anritsu has been contributing to the safe, secure, and prosperous lives of people for many years by providing high-quality telecommunications solutions for social infrastructure such as roads, rivers, and waterworks. In recent years, the number and severity of natural disasters have increased due to climate change caused by global warming as well as labor shortages at work sites caused by a decrease in the workforce and reassessment of work-life balance have become major social issues. The importance of improving resilience and efficiency through the use of digital technologies is increasing more than before. The Environmental Measurement Business will aim to realize a more resilient and productive society by utilizing the telecommunications technology we have cultivated over the years and contribute to the realization of carbon neutrality, which has become a more fundamental social issue, by bringing Takasago, Ltd., a leading company of power supplies for testing, to the Group.

Shinya Ajiro
Executive Officer, Environmental Measurement Company President

Key Management Issues

Providing products that contribute to a decarbonized society

Strength of the Business

Leading energy control technology that combines communication control and power supply technologies	Power supply for testing that uses Takasago's energy control technology, which combine communication control and power supply technologies, has been highly valued for being indispensable equipment for the development of EVs in the EV/battery market due to its high performance and quality. In addition, the highly flexible and adaptability of Takasago's power supplies, which can meet the diversifying test specifications accompanying the expansion of EV models, are new reason for the company's favorable reputation.
World's leading 5G testing and analysis technology and specialized testing solutions	Anritsu's test and measurement technologies and testing/analysis solutions are at the forefront of the world. This technology will not only greatly contribute to cutting-edge technological development but also to expanding the reach of the fields in which 5G is utilized. We support building an environment in which the superior characteristics of 5G, such as high speed, high bandwidth, super low latency, and multiple simultaneous connections, can be easily used in today's manufacturing sites that require efficiency.
Highly reliable network technology that supports the safety and security of society	Today's social life is built on the premises of stable operation of communication networks. Stable operation of communication networks requires prioritization of data to protect network functions from sudden increases in the amount of communications. Anritsu contributes to the realization of high-quality and stable networks by enabling the efficient selection of priority data with its unique technology.

Recognizing the External Environment, Business Areas, and Business Opportunities

The Environmental Measurement Business engages in business in the three areas of carbon neutrality, the resilience of social infrastructure, and digital innovation of industry.

(1) Carbon neutrality

Initiatives to prevent the severe effects of global warming are accelerating around the world. Anritsu has started a business of providing an optimal environment for evaluating EV/batteries to as many customers as possible through using Takasago's energy control technology, which is renowned in the EV development market and has an extensive track record, to contribute to the realization of carbon neutrality.

In EV development, the development of commercial models is about to fully start. Electric specifications of commercial models are designed according to the concept of each model. There is high voltage, which is beneficial for higher output and lighter weight, and low voltage, which is beneficial for improving handling and lowering costs. To that end, the need for highly versatile power supplies for testing that are compatible with various test specifications will increase as the number of commercial models increases.

(2) Resilience of social infrastructure

We provide a communications system for monitoring roads, rivers, electricity, waterworks, and other infrastructure network equipment. Conventionally, analog lines were used for social infrastructure networks, but maintaining analog lines will become difficult in the future and will all be replaced by digital lines. Furthermore, in response to the demand for improving resilience against disasters and the quality of public services, the number of infrastructure networks that are under monitoring is continuing to increase and the shortage of labor for monitoring equipment is becoming more critical. The important challenge in protecting people's safe and comfortable lives is how to strengthen social infrastructure networks and efficiently manage them with a limited budget and personnel. This is a major business opportunity for Anritsu to capitalize on the high-quality communication technologies and remote monitoring technologies it has been cultivating for many years.

(3) Digital innovation of industry

In recent years, the shortage of labor due to the decline of the workforce has become a major issue. In order for companies to continue their existence, they are required to collect and analyze data from manufacturing sites and improve productivity. Local 5G is receiving attention as a technology that can build a stable data collection environment without relying on the layout of the production line. Anritsu will contribute to the improvement of productivity in manufacturing sites utilizing the 5G testing and video analysis technologies cultivated through test and measurement business.

Review of GLP2023 and Strategy for GLP2026

Review of GLP2023

Of the important fields of GLP2023, the Environmental Measurement Business has engaged in the launch of two businesses in the new areas of local 5G and EV/battery.

As revenue of the Test and Measurement Business, our main business, is slowing down, the Environmental Measurement Business expanding its business area with the launch of businesses in new areas is the largest contribution to ensuring an overall revenue of 110 billion yen for the company in FY2023. On the other hand, in the three years of GLP2023, the severe shortage in the supply of parts (especially the worldwide shortage of power semiconductors, which are key parts for power supplies) that started in 2021 has greatly impacted the execution of the plan for the Environmental Measurement Business. We were able to manage minimizing the impact on our customers' businesses through delivery adjustments made possible by our customers' kind understanding, tremendous support from suppliers, and design changes to use replacement parts that

Areas Covered by the Environmental Measurement Business

Environmental Measurement Business

Major activities during the GLP2023 period

GLP2023 priority areas	Time	Content
Local 5G	April 2021	Established ANRITSU 5G LAB, a facility to experience local 5G, in the head office of Anritsu (Atsugi City, Kanagawa) to launch activities to expand reach
	June 2021	Jointly established AK Radio Design, Ltd. with the KOZO KEIKAKU ENGINEERING Inc. to realize improvement of productivity through the use of wireless communication technology in the industry
EV/Battery	January 2022	We acquired Takasago, Ltd., which has strong competitiveness in the Japanese EV/Battery market. From April 2023, we began disclosure as a separate reporting segment independent of "Other Businesses." In FY2023, the first fiscal year, revenue was 7.4 billion yen and the operating margin was 7.2%, achieving business growth was mostly as planned.

we could acquire. These responses to the shortage of semiconductors have led to initiatives for addressing fundamental issues that have existed in the processes of procurement of parts, manufacturing, and shipment, resulting in realizing a far more resilient and efficient production system compared to before the parts shortages.

To Become a ¥200 billion Company in FY2030

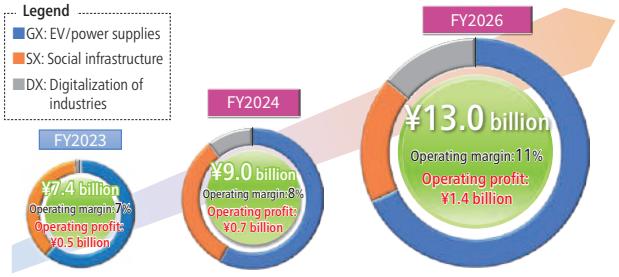
GLP2026 will promote activities aimed at expanding solutions for EV/battery as well as their applicable range. Going forward, changes in the supply chain will accelerate as EVs become more widespread. Anritsu will develop and provide even higher value-added solutions through accurately identifying changes in market needs based on a relationship of trust with automotive and parts manufacturers that we have cultivated over the years. We also aim to expand business by strengthening initiatives for the supply chain market which grows alongside the EV/battery market.

In GLP2026, we plan to work to expand into the overseas market. We will develop products that will be accepted in the overseas markets and actively promote the building of an organizational structure required for business expansion overseas to build a foundation for growth during GLP2026 and beyond. Through expansion into the overseas markets, we will accelerate the development of power electronic engineers that can play an active role on a global stage, which is indispensable in realizing carbon neutrality. The spread of local 5G is slower than the initial estimate due to issues including use cases and introduction costs. We expect the full launch of the market will be from 2026 or later. GLP2026 will aim to expand the customer base by focusing on labor-saving in manufacturing sites using video analysis technology and improving productivity while also continuing supporting the introduction of local 5G through the activities of AK Radio Design, Ltd. in preparation for the full spread of local 5G.

Through these initiatives, the Environmental Measurement Business will continue to work on solving the three social issues of carbon neutrality, the resilience of social infrastructure, and digital innovation of industry during GLP2026 and beyond. We will face fundamental social issues such as climate change and the decline of the workforce, and expand activities to a global scale to respond to demands for achieving a safe, secure, and prosperous society. Through this, the Environmental Measurement Business will achieve revenue of 30 billion yen in FY2030 to contribute to the realization of a ¥200 billion company in FY2030.

Environmental Measurement Business: Planned revenue and operating profit in GLP2026

- Maintain advantageous positions in the EV power train testing market and markets that support EVs in Japan
- Accelerate initiatives for global expansion of EV/Battery trial and power supply businesses
- Business expansion and manufacturing site video solution "AccelVision"
- Expansion of network solutions that protect people's safety and security



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Social Issues

Addressed by the Environmental Measurement Business

Related SDGs

Development of various types of EVs/PHVs are accelerating around the world. There are now more types of evaluations for the performance and reliability of the main components such as batteries, inverters, and motors, and the spread of these vehicles requires shortening the evaluation times. Takasago's hybrid (bidirectional current/discharge and charge) power supply can replicate the complexity of these core parts, enabling the creation of a test environment that does not require actual vehicles and vastly shortening the evaluation time. This power supply is capable of direct and parallel connection of up to 20 vehicles and efficiently uses equipment for development projects with different electrical specifications. As it can mitigate the use of electricity with regenerative electric power technology that reuses generated electricity, it contributes to the reduction of CO_2 emissions from power generation.

Sensing and Devices Business

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

Yasunobu Hashimoto
Executive Officer, Sensing & Devices Company President

Key Management Issues

Provide solutions that contribute to the development of a robust infrastructure

Strength of the Business

Development from the element design stage of compound semiconductors and possessing a manufacturing line from the wafer processing stage	We utilize element design technology to respond to the needs of new markets. For example, applications for ensuring the safety of cities and roads are expected. It is possible for us to supply an optimal device for increasing the output of the semiconductor laser required for FMCW type LiDAR which can detect the relative speed of objects from a further distance than the current LiDAR by customizing the semiconductor gain chip we cultivated in the communications market.
Possessing high-speed electronic device technology with superior high-frequency properties	The communications market is progressing toward higher speeds and bandwidth and demand for semiconductors with faster processing speed is expected to continue growing. By further increasing the speed of our InP HBT element technology, which is the foundation of such semiconductors, and continuing to promote increasing the performance of electronic devices and modules, we can contribute to building 6G and IOWN communications infrastructure.

Recognizing the External Environment, Business Areas, and Business Opportunities

While the Sensing and Devices Business conducts business in the optical communications market utilizing device technology, with compound semiconductors at its core, it is also working on expanding into the sensing market to expand its business with a focus on light sources for ophthalmological examination devices. We are expanding our business by offering optimal light sources for each type of examination as demand for examining eyes increases because the number of patients suffering from ophthalmic diseases rises due to aging population and the number of models increases the purpose of inspection diversifies.

On the other hand, semiconductor optical amplifiers installed in optical transceivers for long-distance transmission in optical communications to prevent deterioration of light signal reception are in steady demand for use in optical communication networks that connect data centers. As such, we are working on making our devices supporting expected increase in speed and new methods.

Review of GLP2023 and Strategy for GLP2026

This business aims to contribute to a sustainable future by creating new value in the communications field by utilizing device technology it has been cultivating in the communications market and advancing the sensing field toward what society expects at that time.

In GLP2023, Anritsu addressed new trends in the optical amplifier market, where its strength lies, with our main product of optical devices. We also launched the light source business for ophthalmological examination devices and officially entered the sensing market.

In GLP2026, we have added the social infrastructure market as a target and are promoting the supply of optimal optical devices for fiber sensing implemented for FMCW LiDAR, which is expected to be applied for ensuring the safety of cities and roads as well as managing the maintenance of bridges and tunnels.

Furthermore, we will also engage in developing devices for 6G and IOWN as growth drivers toward FY2030.

Social Issues

Addressed by the Sensing and Devices Business

Related SDGs

In recent years, the importance of ophthalmological examinations has increased due to an increase in the number of patients suffering from eye diseases in an aging society, and due to an increase in the number of near-sightedness among the younger generation from prolonged use of smartphones. As there is higher demand for high-depth and high-resolution examinations and examination environments that have a lower burden on the patients, we will contribute to the early detection of age-related macular degeneration and glaucoma, cataract treatment, and prevention of axial myopia by providing the light sources required for each examination.

In addition, there are more cases of fiber sensing technology being used to check for deformations and other issues in bridges, buildings, and other social infrastructure to ensure safety. We are also contributing to structural health monitoring, which is currently gaining traction, by supplying optimal optical devices that require long-distance measurement and precise measurement to detect deformations in each field.

Respect for Human Rights/Supply Chain Management

Key Management Issue

Securing human resources supporting growth

■ Respect human rights

Policy and Promotion System Related to Human Rights

Anritsu established the Anritsu Group Human Rights Policy in December 2022. This policy is the highest level of the Anritsu Group's commitment to respecting human rights. We will respect the human rights of all stakeholders involved in the Anritsu Group's business by faithfully carrying out the initiatives outlined in this policy, including compliance with international norms, conducting due diligence for human rights, complying with laws and regulations, and establishing a system for handling complaints. Respect for human rights at Anritsu is the responsibility of the Group CEO, under the supervision of the Board of Directors, with each responsible officer promoting relevant issues.

Promoting Due Diligence for Human Rights

Assessing risk to human rights

With the cooperation of the NPO Caux Round Table (CRT) Japan, we used the following process to conduct a human rights risk assessment.

Steps in human rights risk assessment

Country risk assessment	Based on CRT's Global Human Rights Risk Database, Anritsu evaluated risks to human rights by country and by human rights indicators for the 24 countries and regions where the Anritsu Group has business locations, and identified countries with high risk.
Business risk survey	• For all operations in high-risk countries, we assessed the impact on risks to human rights based on the size of operations (sales, procurement, and number of employees) per country, and conducted an additional assessment for countries with a higher degree of risk. • A workshop was held by members of internal departments that deal with human rights issues to identify specific elements of risks to human rights related to our business and to organize the status of management.

Identifying risks to human rights to be prepared

Through the assessment of risks to human rights, we identified the following five risks to human rights to be prepared for: human rights violations in the supply chains of parts and equipment suppliers; use of products for other purposes at the stage of use or disposal; human rights violations against foreign workers; unacceptance of diversity in the workplace; and insufficient response to changes in the work environment and work styles.

Human rights issues to be prioritized in the future

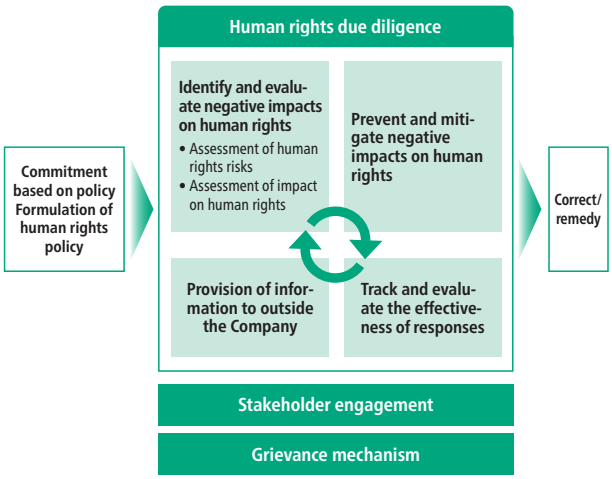
The identified risks were evaluated by each risk management department and relevant risk owners, and as a result, the following three human rights issues were identified as priority issues to be addressed in the future: "acceptance of diversity in the workplace," "response to changes in the work environment and work style," and "promotion of work environment surveys at parts and equipment suppliers."

In FY2023, risk management departments started to address these issues. We will continue to enhance our efforts to respect human rights in accordance with the UN Guiding Principles on Business and Human Rights.

Providing a grievance system

Anritsu has an inquiry form on its website for all stakeholders to consult and file complaints regarding human rights to establish a grievance system as outlined in the Group Human Rights Policy. Complaints and reports can be made anonymously, and we will ensure confidentiality and protection of the interests of all concerned. We are striving to prevent human rights violations by establishing a system that allows a quick response against risks to human rights. There were six inquiries in FY2023 but none were human rights-related inquiries deemed to be addressed by Anritsu.

PDCA cycle for human rights due diligence



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

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

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

Policy and Promotion Structure Related to Supply Chain Management

Through its procurement activities, Anritsu considers suppliers as partners in solving social issues as stated in its Sustainability Policy, and believes it is important for both parties to grow together. To build a partnership based on mutual trust, we established the Anritsu Basic Rules for Procurement in 2005. We also request cooperation from suppliers based on the Anritsu Group Human Rights Policy, the Anritsu Group CSR Procurement Guidelines, and the Anritsu Group Global Green Procurement Specification. We are building a supply chain that takes into consideration human rights, occupational health and safety, the environment, fair trade, and ethics, including compliance with the Modern Slavery Act and responsible mineral sourcing.

Results of GLP2023

KPI	Target	FY2023 results
Strengthening of supply chain due diligence	Conduct on-site surveys on CSR procurement at a minimum of 10 companies cumulatively over three years	Cumulative total of 20 companies over 3 years (8 companies in FY2023)
Disclose information related to CSR procurement: 2 times or more/year Training: 1 time or more/year		Dissemination of information: 3 times/year Training: 2 times/year

GLP2026 Targets

Target	KPI
Promotion of global CSR procurement (social responsibility in the environment, labor environment, human rights, etc.)	• Strengthening of supply chain due diligence: 10 companies or more/year • Disclose information on CSR procurement to suppliers: 3 times/year, training: 2 times or more/year

Supply Chain Due Diligence

CSR procurement survey

Anritsu conducts credit control, quality control, and environmental control surveys for new suppliers. For existing suppliers, Anritsu conducts surveys in the form of questionnaires to confirm the status of Anritsu Group CSR Procurement Guidelines and conducts on-site surveys of suppliers selected based on the responses.

Since FY2023, we added suppliers in China and Thailand, which were identified to have risks to address in the human rights risks assessment.

CSR procurement survey results

	FY2021	FY2022	FY2023
Number of companies surveyed	418	422	399
Number of companies responded	372	363	356
Number of companies not responded	46	59	43
Response rate	88.9%	86.0%	89.2%

On-site survey of suppliers

In FY2023, on-site surveys were conducted for eight suppliers in Japan, China, Thailand, and Germany. This resulted in a cumulative total of 20 companies, which is double the target of ten companies set in GLP2023. Each supplier confirmed that there are no significant risks regarding human rights, labor, or health and safety. There have been no compliance violations by suppliers in the surveys conducted so far. In GLP2026, we have set a target of conducting on-site surveys of ten companies or more every year. In FY2024, we plan to conduct on-site surveys of five companies in Japan and five companies overseas.

Maintaining healthy relationships with our suppliers

Anritsu defines compliance for material procurement operations in the "Anritsu Group Charter of Corporate Behavior", the "Anritsu Group Code of Conduct", and the "Anritsu Basic Rules for Procurement." We conduct fair and transparent transactions with our suppliers by adhering to a code of conduct that includes "not accepting gifts" and "not trading stocks based on insider information."

Global recommended supplier system

Anritsu has established a global recommended supplier system to recognize suppliers that can do business with the entire Anritsu Group. This enables us to streamline procurement activities and share development roadmaps and technical issues with suppliers to shorten the time-to-market (TTM) for product development.

Anritsu selects global recommended suppliers based on the level of cooperation, such as whether they are delivering major parts or not; quality, cost, and delivery (QCD); and technical support. We have certified 12 suppliers so far.

Initiatives for the Environment and Climate Change

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

Key Management Issues

Addressing climate change

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

Mid-Term Business Plan for Environmental Management

- **Anritsu has formulated a three-year mid-term business plan (GLP) to promote environmental management. In GLP2023, which covered FY2021 to FY2023, we formulated Anritsu's vision for FY2030 and selected and worked on themes from the risks and opportunities related to social issues discussed based on their importance to stakeholders and Anritsu. Going forward, we will work to realize GLP2026, which was formulated as the second step in realizing Anritsu's vision for FY2030.**

GLP2026 Targets

Targets	KPI
Responding to climate change	• Reduce the amount of CO_2 emissions under Scope 1 and 2 by 23% or more compared to FY2021 by FY2026 • Reduce the amount of CO_2 emissions under Category 1 and 11 of Scope 3 by 17.5% or more compared to FY2019 by FY2026 • Improve the ratio of private solar power generation (Anritsu Climate Change Action PGRE 30): 14% or more
Realization of resource environment (circular economy)	• Release products that support resource recycling • Reduce plastic product packaging by 50% per unit of sales compared to FY2021 by FY2026 • Realize 100% material recycling of plastic waste by FY2026 • Reduce industrial waste emissions by 3.5% or more per unit of sales compared to FY2019 by FY2026 • Reduce the total amount of water used in the domestic Anritsu Group, Anritsu Company (U.S.), and Anritsu EMEA Limited (UK) by 2.2% or more compared to FY2019 by FY2026
Complying with new environmental regulations related to products	• Replace with parts that do not use substances restricted by the U.S. Toxic Substance Control Act (PIP3: 1) • Comply with the tightening of PFAS*1 regulations in each country • Comply with battery regulations in the EU • Comply with packaging and packaging waste regulations in the EU
Maintain the brand as a leading environmental company	• Further strengthen initiatives through the evaluation of "Risks and Opportunities" of the TCFD and the use of feedback received by related departments • Maintain CDP*2 evaluation rank of A- • Increase the usage ratio of primary data on Scope 3 • Endorse TNFD,*3 and evaluate and disclose risks and opportunities related to biodiversity

*1 Abbreviation of "Per- and Poly-fluoroalkyl substances." General term for chemical substances that have carbon and fluorine atoms (per-fluoroalkyl substances and poly-fluoroalkyl substances).
*2 A British NGO that operates a global disclosure system to help investors, companies, and nations manage their environmental impact.
*3 Abbreviation for "Task Force on Nature-related Financial Disclosures." The TNFD is an international initiative to establish a framework for private companies and financial institutions to properly assess and disclose risks and opportunities related to natural capital and biodiversity.

Responding to Climate Change

Disclosure in Accordance with the TCFD Recommendations

Anritsu endorses the TCFD and discloses information related to climate change in compliance with its recommendations.

WEB **Please refer to the Sustainability Report 2024 for the details on TCFD disclosure.**

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

Governance and Risk Management

At Anritsu, the Board of Directors oversees general issues and initiatives related to climate change. The Group CEO and CFO are responsible for promoting various initiatives. The management of risks and opportunities is included in the comprehensive risk management of the entire Group, and the Chief Environment Officer is responsible for managing risks. The Chief Environment Officer oversees the Environment and Quality Promotion Department, which is responsible for the Group's environmental strategy, while also acting as a chair of the Environmental Management Committee and host of the Global Environmental Management Meetings, and evaluates and manages risks and opportunities globally. Since April 2022, in consideration of the importance of addressing climate change, the Group CEO has acted as the Chief Environment Officer. The Chief Environment Officer periodically reports the results of the annual management cycle of risks and opportunities to the Management Strategy Conference and the Board of Directors and receives guidance and necessary instructions.

The Board of Directors makes decisions on items discussed at Management Strategy Conferences such as submission of plans for SBT initiatives, and investment projects, such as renewable energy generation and energy-saving facilities implemented based on the Anritsu Climate Change Action PGRE 30. Also, it checks the progress of the greenhouse gas emissions reduction target and PGRE 30. The disclosure of information

WEB For more details about Anritsu's initiatives for the environment and climate change, please see our website:
https://www.anritsu.com/en-us/about-anritsu/sustainability/environment

related to climate change is discussed and approved by the Management Strategy Conference each fiscal year as part of the development or review of the Mid-Term Business Plan (GLP) and reported to the Board of Directors, which supervises such disclosure.

Calculation of short-term incentive compensation included in the officer compensation uses revenue, operating profit, and rate of achieving the Sustainability Targets as indicators for measuring the contribution of each officer. Sustainability Targets include targets related to climate change (reduction of greenhouse gas emissions and improvement of the ratio of private power generation).

Strategy

Anritsu Group considers addressing climate change as an important material issue and identifies potential risks and opportunities in the short-term (1 year), medium-term (3 years), and long-term (up to 30 years) time frames based on scenarios of a 1.5°C or 4°C increase in temperature to conduct analyses. The results are used to formulate response measures that take into account the impact on our business strategies and financial plan.

Initiatives to Increase the Ratio of Private Solar Power Generation

Progress on Anritsu Climate Change Action PGRE 30

Anritsu formulated the Anritsu Climate Change Action PGRE 30 (PGRE 30) in FY2019 as an initiative to reduce the amount of CO_2 emissions. PGRE 30 is an initiative to increase the ratio of private solar power generation, which was 0.8% in FY2018, to approximately 30% by around 2030. In FY2023, the operation of a large-capacity battery (NAS battery with a rated output of 400 kW and rated capacity of 2,400 kW) started at the second factory of Tohoku Anritsu.

The solar power generation facility at the factory in FY2022 generated more electricity than the amount of electricity used by the factory, and excess electricity was being wasted before this rechargeable battery started operation. By building and fully starting the operation of a system that incorporates a rechargeable battery, power generated during the daytime can be used without waste by using it during the night, thereby enabling the use of the facility and power at maximum efficiency.

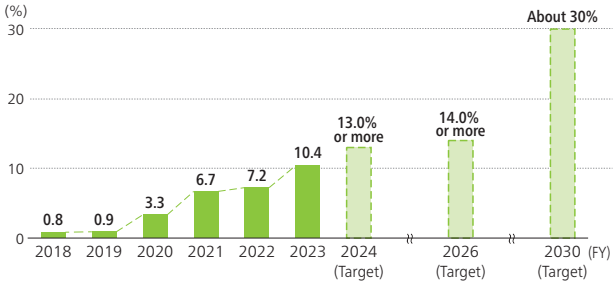
This not only contributes as a measure to address the risk of power shortages from the evening when the amount of solar power generation declines, but it can also act as an emergency power supply during power outages and enhance business continuity management.

We also added a 616-kW solar power generation facility in the Atsugi district in January 2024.

This brings the total solar power generation capacity of the Anritsu Group to 3,094 kW.

We have set the target ratio of private solar power generation of 13% or more in FY2023, but the result was 10.4% as the addition of the solar power generation facility to the Head Office and the start of operation of the rechargeable battery at the second factory of Tohoku Anritsu delayed from the plan. In GLP2026, the target ratio of private solar power generation for FY2026 is 14% or more.

PGRE 30: Private Solar Power Generation Ratio



Screen for monitoring electricity at Tohoku Anritsu

Result of Climate Change Survey Results by CDP

CDP sends questionnaires to companies and local governments and uses the responses to evaluate their efforts to combat climate change, protect water resources, preserve forests, and for other activities. In the survey for FY2023, our score related to climate change did not change from FY2022, at "A-: Leadership Level," and we were recognized to be conducting best practices in managing environmental issues.

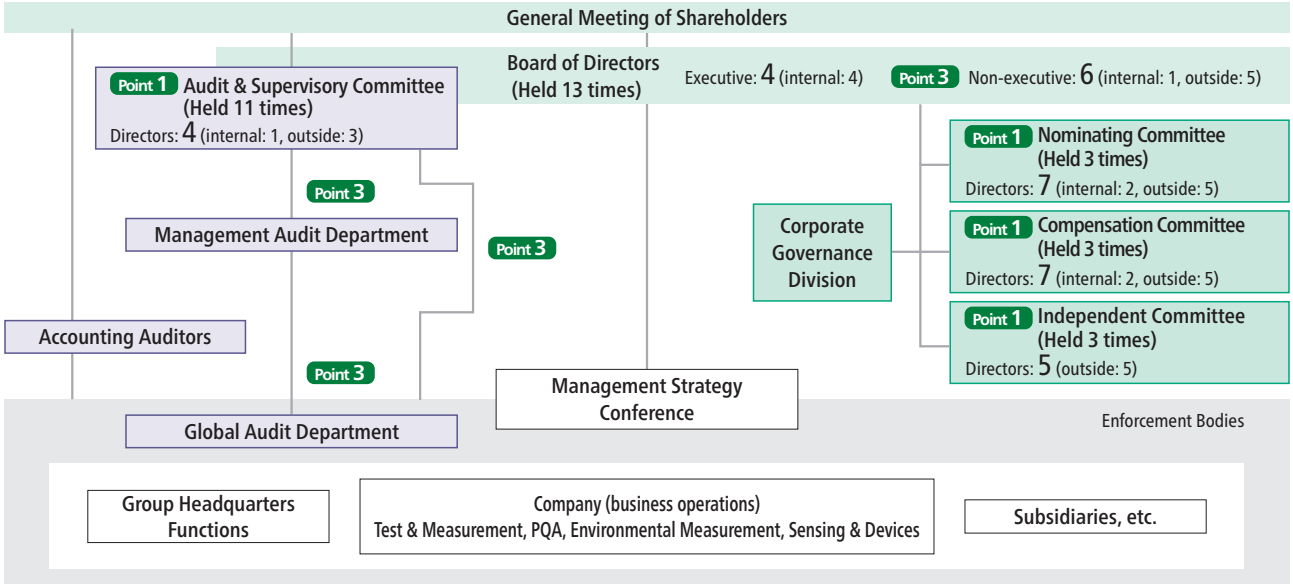
Resource Recycling

The Anritsu Group believes that, in addition to proper management and disposal, the most important solution to the waste problem is to avoid producing waste. In April 2023, we established the Zero Plastics Waste Policy, which aims to realize zero plastic waste by FY2030, to address the global issue of plastic waste.

Corporate Governance

Anritsu's Corporate Governance Structure and Features

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



(as of July 1, 2024)

Point 1 Greater management transparency

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

Point 2 Appropriate and timely disclosure of information

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

Point 3 Stronger management supervision

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

Point 4 Management resources development

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

▶P.60

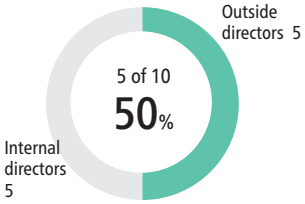
Board of Directors

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

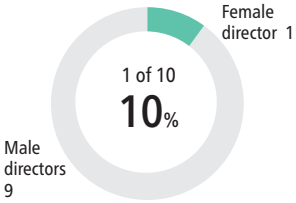
Anritsu has strengthened the monitoring and supervision functions of the Board of Directors through the inclusion of multiple outside directors into the board. In Board of Directors' meetings, directors who possess wide-ranging knowledge and experience express opinions regarding agenda items proposed by company management from their respective viewpoints and engage in active discussion. The current Board of Directors consists of five internal directors and five outside directors (with both groups including directors who are Audit & Supervisory Committee members), for a total of ten Board of Directors members. In fiscal year 2023, the attendance rate of outside directors at Board of Directors meetings was 100%.

Composition of the Board of Directors

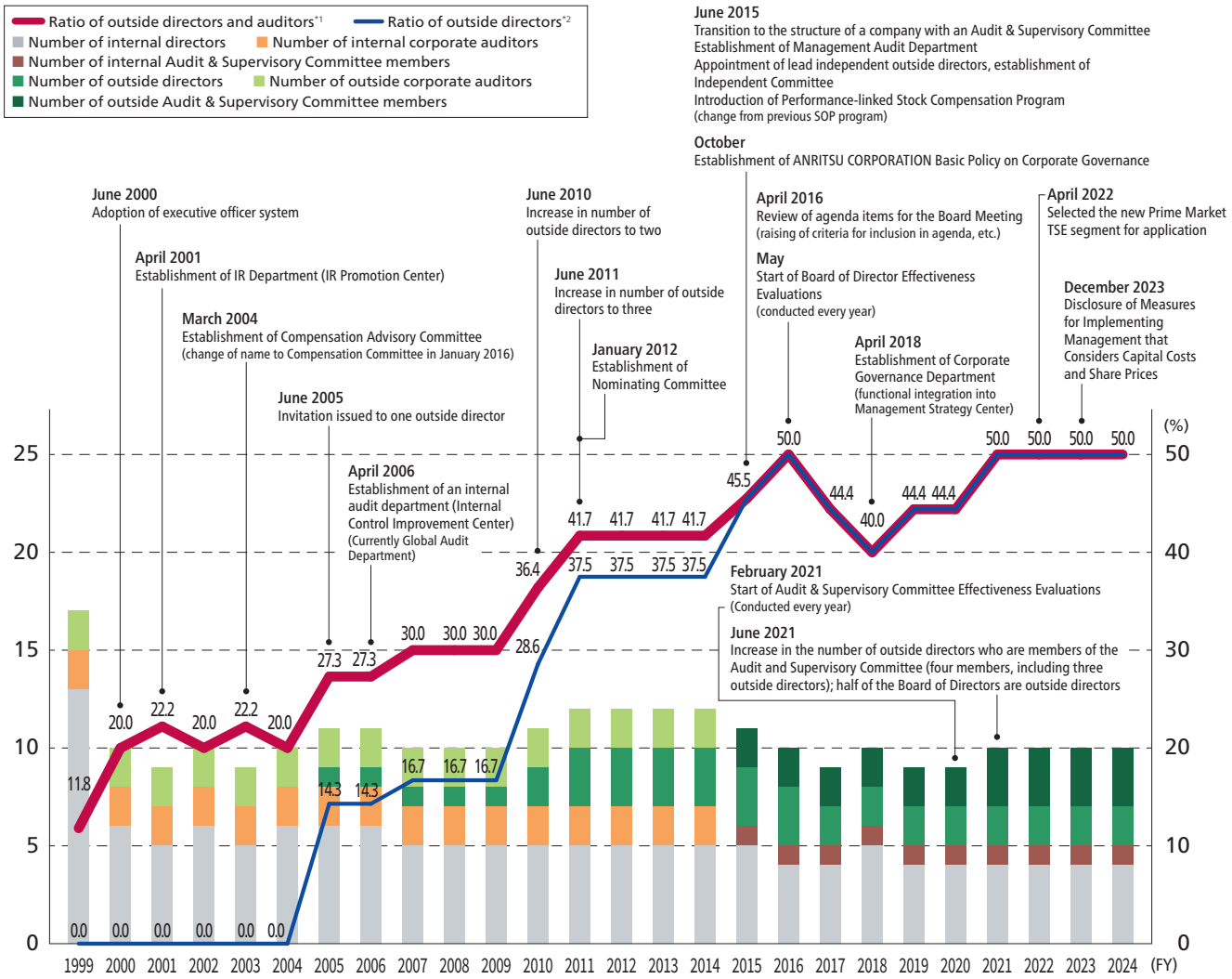
Independence Ratio of outside directors



Diversity Ratio of female directors



Initiatives to Strengthen Corporate Governance



*1 Ratio of outside directors and auditors = (number of outside directors + number of outside Audit & Supervisory Board members) / (number of directors + number of Audit & Supervisory Board members)
*2 Ratio of outside directors = number of outside directors / number of directors
* Due to the transition to a company with an Audit & Supervisory Committee in June 2015, the names "Audit & Supervisory Board member" and "outside Audit & Supervisory Board member" have been changed since fiscal year 2015 to "Audit & Supervisory Committee member" and "outside Audit & Supervisory Committee member," respectively.

Composition of the Audit & Supervisory Committee and Voluntary Committees

Organization	Purpose and Role	Attendance rate in FY2023
Audit & Supervisory Committee	The Audit & Supervisory Committee reviews audit results, evaluates risks of management issues, and deliberates on and formulates audit policies, priority audit items, annual audit plans, and other items. In fiscal year 2022, the committee conducted audit activities focusing on the status of the development and operation of the internal control system and the status of efforts to address management issues.	100%
Nominating Committee	The Nominating Committee is an advisory body to the Board of Directors that provides advice and recommendations on the appointment and dismissal of directors, executive officers, and non-Board directors, as well as on the development of executives. In order to enhance transparency, objectivity, and fairness in matters such as the appointment and dismissal of directors and the advancement and retirement of representative directors, all outside directors participate in the Nominating Committee as members, supplementing the role of the Board of Directors.	100%
Compensation Committee	The Compensation Committee is an advisory body to the Board of Directors that reports on the compensation of directors, executive officers, and non-Board directors. It deliberates on amounts for performance-linked bonus compensation, the executive compensation scheme, as well as the content, level, and balance of distributions. All outside directors participate in the Compensation Committee as members and are responsible for improving the fairness, validity, and transparency of compensation.	100%
Independent Committee	Composed of five independent outside directors, the Independent Committee holds twice-yearly regular meetings as well as conferences before and after meetings of the Board of Directors as needed, with the aim of ensuring the supervisory functions of the Company from an independent standpoint.	100%

Corporate Governance

Criteria for Selection of Directors

Selection of Internal Directors

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

Selection of Outside Directors

In appointing outside directors, the Company gives consideration to the diversity of the candidates' areas of expertise and backgrounds in order to achieve a balance of knowledge and experience on the Board of Directors as a whole.

In this appointment, the Company also makes a comprehensive judgment in the interest of incorporating the viewpoints of diverse stakeholders into the supervision and proper management of the Anritsu Group's business activities, as well as the candidates' independence from Anritsu.

Reasons for Selection of Internal Directors

Name	Reason for selection
Hirokazu Hamada	Having been engaged in product development and domestic and overseas marketing at the Test and Measurement Business, which is a core business of the Anritsu Group, Mr. Hamada has extensive knowledge and experience concerning business, including industry and technology trends. He is currently the President and Representative Director of Anritsu and has displayed leadership as Group CEO, including leading the Group in its global expansion. Mr. Hamada was deemed qualified as a director for his abundant knowledge and experience as an executive.
Akifumi Kubota	Mr. Kubota has been in charge of accounting and finance at Anritsu and its overseas subsidiaries, and assumed the position of CFO since April 2010. Mr. Kubota is currently responsible for Group management as the Chief Corporate Officer. Mr. Kubota was deemed qualified as a director for his diverse knowledge and experience related to finance, accounting, and corporate governance.
Shunichi Sugita	Having been engaged in marketing in the Test and Measurement Business, which is a core business of the Anritsu Group, and responsible for planning mid- to long-term strategies, including M&A, as Chief Business Strategy Officer, Mr. Sugita has diverse knowledge and experience related to management planning, including industry and technological trends. Mr. Sugita was deemed qualified as a director because he has diverse knowledge and experience related to management planning, including industry and technological trends, and as he is currently the CFO of the Group and responsible for its financial strategy.
Takeshi Shima	Mr. Shima currently serves as head of the Test & Measurement Company, has wide-ranging knowledge and abundant experience in global business. Mr. Shima was deemed qualified as a director due to his current demonstration of leadership in the Test and Measurement Business, which is a core business of the Anritsu Group.
Toru Wakinaga	Mr. Wakinaga was deemed qualified as a director and Audit & Supervisory Committee member for his wide-ranging knowledge and abundant experience concerning Anritsu's global business, in addition to his support for the Audit & Supervisory Committee at the Management Audit Department, and for his abundant experience concerning auditing processes.

Reasons for Selection of Outside Directors

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

Skills Matrix ▶P.65

Meetings Held for the Board of Directors and its Advisory Committees

Month	Meetings Held	Main Themes for Deliberation at the Board of Directors
April	BD AS FD	Financial performance, dividends, and other financial matters, basic management policy, sustainability, human resources, effectiveness of Audit & Supervisory Committee, individual projects
May	BD AS AS	Financial performance, dividends, and other financial matters, General Meeting of Shareholders, internal control, IR, Audit & Supervisory Committee, business, individual projects
June	BD AS AS	Financial performance, dividends, and other financial matters, personnel, assignment, and compensation, IR, business, individual projects
July	BD AS FD	Financial performance, dividends, and other financial matters, basic management policy, human resources, human rights, business, individual projects
August	BD C	Financial performance and other financial matters, sustainability, General Meeting of Shareholders, IR, business, individual projects
September	BD AS	Budget, financial results, and other financial matters, sustainability, risk management, human resources, IR, stock incentives for employees, business, individual projects
October	BD AS I FD	Financial performance, dividends, and other financial matters, human resources, business, individual projects
November	BD N	Financial performance and other financial matters, risk management, IR, individual projects
December	BD BD AS	Financial performance and other financial matters, risk management, IR, business
January	BD AS N I FD	Financial performance, dividends, and other financial matters, sustainability, effectiveness of Board of Directors, business
February	BD C N	Financial performance and other financial matters, sustainability, Mid-Term Business Plan, effectiveness of Board of Directors, human resources, IR, individual projects
March	BD AS I C	Budget, financial results, and other financial matters, personnel and assignment, Mid-Term Business Plan, effectiveness of Board of Directors, compliance, IR, business

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

Providing Information to Outside Directors

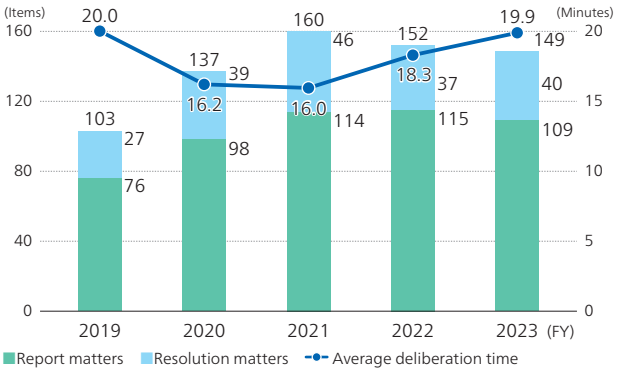
To deepen discussions at the Board of Directors meetings, we use a web system to provide materials on the meetings faster and to provide other related information. In addition, the corporate governance promotion department explains agenda items of the Board of Directors meetings before the meetings to the outside directors.

Furthermore, we incorporate a system that enables outside directors who are not Audit & Supervisory Committee members to attend the on-site audits in Japan as well as quarterly reviews by accounting auditors. We encourage outside directors to gain a better understanding of our status of operational execution through participating in on-site audits and other events as well as our Group's governance environment through discussion and exchanging opinions with accounting auditors, the finance department, and the internal control department. The outside directors are fulfilling the appropriate supervision at the Board of Directors meetings through deepening the understanding of the Group's business and management environment and information shared among all participants on management issues provided by each participant via an independent committee.

Evaluating the Efficacy of the Board of Directors

We evaluate the effectiveness of the Board of Directors by conducting a questionnaire survey on all directors from January of each year and discuss their results at the Board of Directors meetings. In FY2023, we confirmed that our Board of Directors continues to be composed of an appropriate number of internal and external management personnel, that a system is in place for constructive discussion and decision-making as well as supervision of the directors' duties, and that each director is fully aware of their role and engages in lively discussions based on their diverse experience, expertise, etc. We also identified issues to further increase the effectiveness and shared them, along with initiatives toward improving them, among all directors. We aim to achieve effective management supervision by conducting efficient and effective discussions at the Board of Directors and promoting the use of the Nominating Committee, Compensation Committee.

Number of Agenda Items and Average Deliberation Time



Corporate Governance

Analysis and Evaluation Process

December

Review of status in addressing issues in fiscal year 2022 and discussion of how to proceed with the evaluation in fiscal year 2023

- Review at the Board of Directors on status of addressing issues based on the evaluation results of the previous effectiveness assessment in fiscal year 2022
- Discussion on how to proceed with the FY2023 evaluation (including evaluation methods, validity of questionnaire items, etc.)

January

Conducting and tabulating questionnaires

- Survey was conducted for all ten directors (including directors that are Audit & Supervisory Committee members) that held the position as of the end of FY2023.

February

Exchange of opinions by all directors

- All directors exchanged opinions and engaged in constructive discussions, including the identification of issues, in order to analyze and verify the results of the questionnaire responses.

March

Sharing of issues, discussion of future initiatives, etc.

- Review at the Board of Directors on the current evaluation and sharing of issues, as well as deliberation on future initiatives

Main items of the survey

- Roles and responsibilities of the Board of Directors (validity of matters to be deliberated and decided, etc.)
- Participation and contribution by each director
- Knowledge, experience, competence, balance, and diversity of (the board of) directors
- Operation of Board of Directors meetings (provision of information, allocation of time, environment for free and vigorous discussion)
- Stakeholder perspective
- Operation, etc. of meetings of the Audit & Supervisory Committee, Independent Committee, Nominating Committee, and Compensation Committee

This survey added questions on the appropriate involvement of the Board of Directors and ways it should proceed as part of the initiatives to achieve management that considers capital costs and share price. We also added questions and open comments related to measures, etc. that the Independent Committee and the Board of Directors should have in place before responding to a hostile takeover.

Results of Evaluating the Efficacy of the Board of Directors (FY2023)

Major Shared Issues for FY2022	• Discussions in consideration of optimizing the business portfolio with a focus on the efficiency of invested capital, and consideration of an appropriate portfolio analysis method for the Company to refer to when formulating medium- to long-term strategies • Discussions on recruitment, training plans, and personnel system reform regarding human resources to be secured over the medium to long term • Simple supplementary presentations regarding internal meeting discussions that took place leading up to deliberation at the Board of Directors, and regarding matters and contexts considered important within the organization at the time of the proposal • Discussions in the interest of grasping the state of communication with stakeholders other than shareholders and those in consideration of appropriate collaboration with stakeholders based on this understanding • Regular reporting by executive officers and non-Board directors to the Board of Directors on the status of management of risks for which they are responsible The Board of Directors will work to further improve its effectiveness by implementing and improving necessary initiatives without being bound by past practices.
Actions for the Above Issues	• Among the important risk items, discussions on the status of management of each risk (disaster, infectious diseases, information security, and quality of products and services) were held. • Progress on identifying the status of communication with stakeholders other than shareholders and management status of execution on risks that the Company faces
Summary of FY2023 Evaluation	• The Board of Directors affirmed that its composition is appropriate in terms of the presence and number of internal and outside management personnel. This is to enhance the Company's global management structure with the aim of business expansion and taking into account the source of the Group's corporate value. It also affirmed that structures are in place for conducting constructive discussions and decision-making concerning key matters involving the management of the Group and for supervising business execution by directors. • The board further confirmed that directors who are constituent members of the Board of Directors, Audit & Supervisory Committee, Independent Committee, Nominating Committee, and Compensation Committee fully understand the roles that they should carry out to achieve improvement of corporate value over the medium to long term, and that, in respective committee meetings, the directors display insight and expert knowledge based on diverse experience and that all, internal and outside directors alike, engage in active discussions.
Issues Identified in FY2023 and Future Response	• Management issues recognized by each director are gathered and themes that should take priority for discussion are selected. Then, opportunity to discuss the selected theme is organized. • We work to create concise and organized materials that cover important points of the proposals, reports, etc. as well as consider the use of summaries and other ways of providing clear and easy-to-understand explanations to enable efficient and focused discussion within a limited time. • The annual agenda is formulated before the Nominating Committee to create an environment where effective discussions can be carried out on an annual basis. • Evaluation method that considers roles expected of outside directors, methods for inviting outside directors who are suitable for the Company, and other matters are considered in formulating the above agenda. • Information on the status of activities of the Nominating Committee are also provided to the directors who are not committee members. We implement initiatives that are necessary, regardless of past customs, to make improvements and further increase the effectiveness of the Board of Directors.

Specific Discussions at the Board of Directors

1

Formulation of the Mid-Term Business Plan (GLP2026)

• Items reported at the Board of Directors

The executive department explained the following points to the Board of Directors.

1. Overall review of GLP2023
   - Comparison with the initial plan, factor analysis, investigation, etc.
2. Vision for FY2030 and GLP2026 Targets
   - Vision for the Anritsu Group
   - Forecast of external and business environments
   - Basic policies of GLP2026, optimization of the business portfolio, financial strategy, human resources strategy, new business areas, growth scenarios, etc.
   - Measures for enhancing initiatives to ensure and improve corporate value and the profits shared with shareholders
   - Mid- to long-term guidelines for each company, targets and issues of GLP2026, initiatives, etc.

• Major discussions at the Board of Directors

- The Test and Measurement Business discussed the target market and customers, each resource included human resources, and other matters related to industrial measurement, which is one of the areas of focus in GLP2026.
- The PQA Business discussed on specific initiatives for improving the profit ratio, setting KPIs for each initiative, appropriate personnel composition, etc.
- The Environmental Measurement Business, Sensing and Devices Business, and Corporate department also discussed their targets and strategy.
- Discussions at the Board of Directors meetings were more thorough as meetings were held not only at the final stage of formulating the Mid-Term Business Plan but also during the development stage.

2

Granting restricted stock to regular employees

• Items reported at the Board of Directors

The executive department explained the following points to the Board of Directors.

1. Purpose of introduction
   - Nurturing awareness of contributing to business performance
   - Vitalization of Employee Stock Ownership Association
   - Enhancement of welfare and wellness
2. Overview of system

• Major discussions at the Board of Directors

- Aim of the system, example of introduction at other companies, whether issues exist from the perspective of shareholder fairness, and other matters were discussed.
- Reasons why some Group companies were not included, their prospects, and other matters were discussed.

3

Survey results of FY2023 ES Survey (employee satisfaction)

• Items reported at the Board of Directors

The executive department made the following reports to the Board of Directors.

- Purpose of ES Survey
- Revision of questions in FY2023
  Added questions to confirm if the workplace culture is as intended to achieve the management strategy
  (1) Does the workplace culture embrace growth and taking on challenges?
  (2) Does the workplace culture embrace diversity?
  (3) Does the workplace culture embrace work-life balance?
- Status of ease of work, motivation, and satisfaction, and the analyses thereof
- Difference in satisfaction by organization and attributes, and the analyses thereof
- About open comments

• Major discussions at the Board of Directors

- For organizations with low satisfaction, specific issues by attribute were identified, and their connections to turnover rate and other factors were analyzed, and there was discussion on future initiatives including personnel policies, such as handling of flexible working hours and teleworking.
- There was a discussion on adding employee's satisfaction with work as one of the Sustainability Goals in GLP2026.

Corporate Governance

Officers' Compensation

Basic Policy

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

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

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

Process for Determining Compensation

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

Compensation Structure

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

Performance-linked compensation is intended to contribute to motivating each officer to strive to achieve performance targets toward the realization of the company vision. Here, we have adopted appropriate indicators for short-term incentive compensation (i.e., bonuses, set at 30% of basic remuneration) and medium- to long-term incentive compensation (i.e., stock compensation, set at 20% of basic remuneration). The total amount of short-term incentive compensation is determined based on consolidated net income, and individual amounts are determined based on indicators such as revenue, operating profit, and the degree of achievement of ESG/SDGs targets within the officer's respective department or unit of responsibility. Medium- to long-term incentive compensation is designed to motivate officers to be as profit-conscious as shareholders and engage in management with awareness of the Company's business performance from the medium- to long-term viewpoint and its stock value.

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

Details of Stock Compensation

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

Main Evaluation Indicators for Performance-linked Compensation

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

Short-term incentive compensation (bonus) evaluation indicators

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

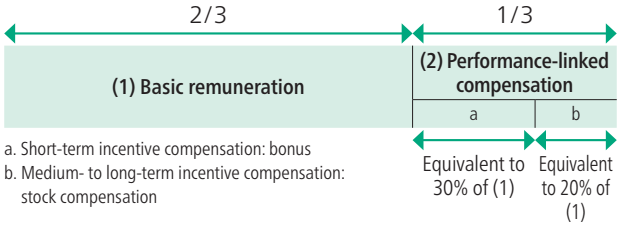
Medium- to long-term incentive compensation (stock compensation) evaluation indicators

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

Intensive Discussion of Management Issues

A resolution was made to hold six times or more intensive discussions per year on important management issues that were added to the Sustainability Goals of GLP2026. The agenda items include basic management policy and growth strategy, improvement of corporate value and shareholder return, and other matters related to basic policy and management plan. They also include matters related to violations of laws and regulations and matters such as quality, information security, environmental conservation, and other matters related to internal control and risk management.

Image of Officers' Compensation Structure



Percentage of Total Annual Compensation

		FY2023
Ratio of median value of total annual compensation of employees to total annual compensation of the organization's highest-paid member	ANRITSU CORPORATION	1:10
Percentage increase in median value of total annual compensation of employees versus percentage increase in total annual compensation of the organization's highest-paid member (FY2022 to FY2023)	ANRITSU CORPORATION	1:0.9

Financial Indicators (FY2023)

	Plan	Results	Compared to Plan
Sales revenue	115.5 billion yen	110.0 billion yen	-5.5 billion yen
Operating profit	13.7 billion yen	9.0 billion yen	-4.7 billion yen
Operating profit margin	12%	8.2%	-3.8 points
ROE	9%	6.3%	-2.7 points

Non-financial Indicators (FY2023)

○: Achieved △: Not achieved but improved ×: Not improved

	KPI	GLP2023 Target	FY2023 Results	Results
Environment	Greenhouse gases (Scope 1 + 2)*	23% reduction compared to FY2015	36.6% reduction	○
	Greenhouse gases (Scope3)*	13% reduction compared to FY2018	39.3% reduction	○
	Private generation of renewable energy ratio (PGRE 30)	13% or more (compared to FY2018 power consumption)	10.4% (FY2020 result: 3.3%)	△
Social	Advancement of women	Proportion of female managers: 15% or more	12.1% (Global; as of April 1, 2024) (Result as of March 31, 2021: 10.8%)	△
	Advancement of the elderly	Extend employment until the age of 70 and establish a new compensation system	Extended employment until the age of 70 and launched a new compensation system	○
	Promote employment of people with disabilities	Achievement of the legally mandated employment rate of 2.3% through job development	Employment rate of people with disabilities: 2.66% (As of March 31, 2024)	○
	Strengthening of supply chain due diligence	A cumulative total of 10 or more companies, over 3 years	Cumulative total of 20 companies over 3 years (8 companies in FY2023)	○
	Disseminating information on CSR procurement to suppliers at least twice per year, and providing training at least once each year		Disseminated information 3 times, and provided training 2 times (Cumulative total of nine times for developing awareness and four times for training over three years)	○
Governance	Promoting the diversity of the Board of Directors	Outside director ratio: 50% or more	Maintained outside director ratio of 50% (5 out of 10 directors)	○
	Establishment of an internal control system at overseas subsidiaries	All overseas subsidiaries meet the criteria of Control Self Assessment (CSA).	Companies that meet all criteria: 90% (Number of items: 181)	△

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

Total Amount of Compensation for Directors

Position	Number of directors	Amount of compensation, etc.			
		Monetary compensation		Non-monetary compensation	Total
		Basic remuneration	Bonus (performance-linked)	Stock compensation (performance-linked)	
Directors (excluding Audit & Supervisory Committee Members)	7	145 million yen	47 million yen	12 million yen	204 million yen
Of which, outside directors	3	19 million yen	—	—	19 million yen
Directors (who are Audit & Supervisory Committee Members)	5	53 million yen	—	—	53 million yen
Of which, outside directors	4	29 million yen	—	—	29 million yen
Total	12	198 million yen	47 million yen	12 million yen	258 million yen
Of which, outside directors	7	49 million yen	—	—	49 million yen

Notes: 1. The non-monetary remuneration, etc. will consist of Anritsu shares to be delivered under the stock compensation plan.
2. Anritsu does not pay bonuses or stock-based compensation to outside directors and directors who are Audit & Supervisory Committee Members.
3. None of the officers of the Company receives a total of 100 million yen or more in consolidated compensation, etc. (including compensation as officers at consolidated major subsidiaries)

Corporate Governance

Cross-held Stocks

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

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

Number of Stock Names and Amount on Balance Sheet

	Number of stock names	Total amount on the balance sheet (million yen)
Unlisted stocks	12	134
Stocks other than unlisted stocks	2	96

Number of Issues Whose Shares Increased in FY2023

	Number of stock names	Total sales amount of decreased shares (Million yen)
Unlisted stocks	1	5

Note: There are no stocks whose number issued increased in FY2023.

Succession Plan

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

Criteria for CEO Selection

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

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

CEO Appointment Process

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

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

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

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

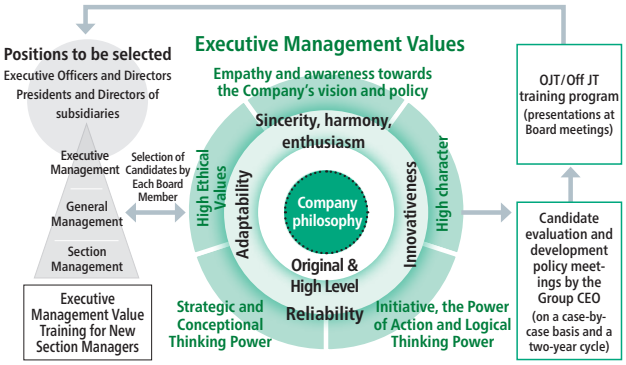
Five Axes of Human Resource Observation

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

Succession Planning Program

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

Selection and Training System for Executive Management



Internal Control

Policy

Inappropriate accounting and compliance violations by companies have become social problems, and companies are required to strengthen their internal controls. Anritsu is developing and ensuring the operation of the system based on the "Basic Policy for Establishing Internal Control System," which was a resolution made by the Board of Directors with the main objectives of ensuring the reliability of financial reporting and improving and enhancing the compliance system. To respond to changes in the nature of our business and the increasing complexity and diversity of the business environment, we will continually review our internal control system to ensure its effectiveness.

System

The Anritsu Group has established an executive body for each risk category as shown in the diagram of the risk management promotion structure. Each executive body deliberates on various measures, develops and operates internal control systems across domestic and overseas Group companies, and promotes activities to ensure their effectiveness. Activities are reported by each executive body to the Management Strategy Conference and, if required, to the Board of Directors.

Anritsu's Audit & Supervisory Committee, Management Audit Department, Internal Audit Department, and the internal audit departments of Group companies conduct audits that lead to the evaluation of the activities of each committee and internal control system and make recommendations to the relevant organizations.

Tax Compliance

The Anritsu Group complies with all applicable tax-related laws and regulations in the countries and jurisdictions in which it operates. We do not intentionally avoid paying tax through the use of tax havens or tax savings based on interpretations that deviate from the spirit of the law. For foreign-related transactions, the Company calculates arm's length pricing based on the OECD Transfer Pricing Guidelines and prepares transfer pricing documentation in accordance with the laws and regulations of each country. The Anritsu Group strives to ensure that it has a reasonable tax burden by taking advantage of preferential tax treatment within the scope of normal business activities. We strive to reduce tax uncertainties by consulting with tax authorities and tax professionals in advance and disclosing the relevant information.

Tax Governance

The Anritsu Group holds the CFO ultimately responsible for establishing and maintaining the Anritsu Group's tax governance, tax risk management, and significant tax issues. When faced with tax issues, we work with the regional headquarters and applicable Group companies to address the issues as necessary. The issues deemed to be of high importance are brought to the Board of Directors for deliberation and decision-making to ensure transparency in tax affairs.

The tax management of the entire Anritsu Group is handled by the head office accounting department. A system and environment have been put in place to ensure adequate communication between the relevant head office departments and each Group company. The Board of Directors oversees organizations that execute business, and its coverage includes tax matters. The Audit & Supervisory Committee, which consists of persons with expertise in finance, accounting, and legal matters, is responsible for monitoring the execution of operations related to taxation.

Interview with an Outside Director

Monitoring the Effectiveness of Governance and Continuously Supporting the Foundation for Growth to Realize Further Growth at Anritsu

Hidetoshi Saigo
Outside Director,
Audit & Supervisory Committee Member

We interviewed Outside Director Hidetoshi Saigo, who has a wealth of experience in the telecommunications industry, about his impression of the Board of Directors and what it discusses, and how he will be contributing to the improvement of Anritsu's sustainability and growth of corporate value as an outside director.

Based on your experience in corporate management, what is your impression of the corporate culture and human resources at Anritsu?

Throughout my career, I have always been involved in telecommunications-related companies. Nippon Telegraph and Telephone Public Corporation (current Nippon Telegraph and Telephone Corporation), which I first worked for, provides telecommunication services, Oki Electric Industry manufactured telecommunication equipment for such services, and Anritsu's testing technologies were used for the development of such equipment. I experienced firsthand the interconnectedness of the communications business through my experience of being engaged in various facets of the business. On the other hand, the communications market has matured and companies engaged in the communication business face a common issue of the need to provide added value and create new services for their users. Anritsu is no exception in that regard.

In addressing this issue, Anritsu possesses the strengths of technological capability, diligence, willingness to realize things in line with the Company's policy, and a stance of making advancements together as one company. The keys to leveraging these strengths are supervision and leadership with a clear direction, and developing and securing human resources that can take the lead are important aspects. As exerting leadership requires talent, experience, and affinity, I believe it is ideal for experts to provide advice and for the Company to provide support. I believe promoting these initiatives will lead to the further growth of Anritsu.

It has been a year since you assumed the position of outside director and Audit & Supervisory Committee member in June 2023. What is your impression of Anritsu's current Board of Directors?

Anritsu's Board of Directors consists of the suitable

number of members for discussion (ten members), and the open atmosphere is pleasing. I also think that every meeting uses the sufficient amount of time to discusses matters thoroughly. It goes without saying that the content of the resolutions is extensive, but reported items are also extensive and I am able to keep track of the status of business execution at a monthly level.

If I were to make a suggestion, I feel that the speed of management could be a bit faster. This may be the flip side of Anritsu's strength as various issues are discussed and considered thoroughly using time as necessary, and a vast amount of materials are created. From the perspective of an outside director, I propose simplifying materials for thoroughly considering agenda items during Board of Directors meetings, which have a time limit. However, there are cases in which detailed materials are required for making decisions and there are sometimes cases in which I make requests for detailed materials myself. There are two types of agenda items for the Board of Directors meetings: items for resolutions and regular performance reports. I think the work for the latter can be reduced as I mentioned earlier. Methods such as using a consistent format and highlighting the items that changed are some examples. By reflecting on the results and revisions based on an annual plan, directors can just check the changes and the discussion will be more efficient.

What is the agenda item at the Board of Directors meetings that you remember the most during the past year?

That would be the discussion on the Global Long-term Management Plan (GLP2026) that was to start in FY2024. In the formulation of GLP2026, I believe finding ways to tackle"Beyond testing," our next target, was an important issue for management. The validity of numerical targets and the degree of feasibility of the M&A strategy to achieve those targets were discussed by the Board of Directors, but we tried a different approach for the discussion process regarding this matter.

Conventionally, Anritsu discussed the Mid-term Business Plan during the final stage of its formulation at the Board of Directors meeting. In contrast, outside directors thought it was preferable to join the discussion at an earlier stage and confirm the progress at each milestone. This is because we thought that, if there was a place for the inside and outside directors to discuss matters at an undetermined stage, we could brush up on things from various perspectives up to the completion of the Mid-term Business Plan. To that end, we have made the interim report of GLP2026 and included it in the agenda to discuss it part way in its formulation, so that we can engage in deeper discussions.

What is your opinion on ways to achieve one of our sustainability goals of improving global governance?

For the sustainability goal of improving global governance, as the Board of Directors, we have strengthened our involvement with business executions and other matters of the Group by such ways as receiving explanations about the strategy and progress of overseas subsidiaries and other management issues from business executives at subsidiaries each year. Local visits have been suspended during the past few years due to the COVID-19 pandemic, but President Hamada restarted local visits in FY2022 to reaffirm the status overseas. He visited the U.S. and Europe in FY2023. Audit & Supervisory Committee members also visited the U.S. in FY2023 and are also planning to visit Europe in FY2024.

Going forward, I believe it is important to properly discuss what is optimal and what we should do.

Lastly, could you provide a message for our stakeholders?

Companies are founded on their relationship with numerous stakeholders such as customers who purchase their products and services, shareholders, financial institutions, and partner companies. I recognize that building all-around good relationships with all stakeholders is important in conducting smooth management and achieving profit.

The role of outside officers and Audit & Supervisory Committee members is to contribute to improving the effectiveness of corporate governance. This is important to continue along with internal control and risk management as these lead to the sustainability of a company. As a representative of the stakeholders, I will cooperate in improving the corporate value of Anritsu and meet your expectations.

Hidetoshi Saigo

Outside Director,
Audit & Supervisory Committee Member

He has worked at Nippon Telegraph and Telephone Public Corporation (current Nippon Telegraph and Telephone Corporation), NTT Communications Corporation, and Oki Electric Industry Co., Ltd., and then became the Representative Director and President of OKI Networks Co., Ltd. in 2011. He has expert knowledge of telecommunications and a wealth of experience and knowledge in management. He was appointed Outside Director and Audit & Supervisory Committee Member of the Company in 2023.

Directors and Executive Officers

Representative Director

Hirokazu Hamada

Number of the Company shares
18,400

Attendance

Board of Directors	13/13
Nominating Committee	3/3
Compensation Committee	3/3

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

Director

Akifumi Kubota

Number of the Company shares
32,100

Attendance

Board of Directors	13/13
Nominating Committee	3/3
Compensation Committee	3/3

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

Director

Shunichi Sugita

Number of the Company shares
6,200

Attendance

Board of Directors	–/–

Apr. 1986 Joined the Company
Oct. 2005 Senior Manager of Strategic Planning Dept., Strategic Marketing Div., Measurement Business Group
Apr. 2006 Senior Manager of Corporate Business Strategy Dept., Corporate Strategy Center
Apr. 2009 Senior Manager of New Technology Measuring Equipment Team 4 Product Planning Center, Marketing Div.
Apr. 2010 Senior Manager of Management Strategy Center
Apr. 2014 Senior Manager of Project Team 1 Product Marketing Dept., Marketing Div.
Apr. 2017 General Manager of Service Infrastructure Solutions Div., Measurement Business Div.
Apr. 2019 Representative Director, President of Anritsu Engineering Co., Ltd.
Apr. 2020 Executive Officer of the Company, Chief Business Strategy Officer, General Manager of Management Strategy Center
Apr. 2022 Vice President
Apr. 2024 Senior Vice President (Incumbent), Chief Financial Officer (CFO) (Incumbent), President of Anritsu U.S. Holding, Inc. (Incumbent)
Jun. 2024 Director of the Company (Incumbent)

Director

Takeshi Shima

Number of the Company shares
7,500

Attendance

Board of Directors	13/13

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

Director*

Tatsuro Masamura

Attendance

Board of Directors	13/13
Nominating Committee	3/3
Compensation Committee	3/3
Independent Committee	3/3

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

Director*

Nozomi Ueda

Attendance

Board of Directors	13/13
Nominating Committee	3/3
Compensation Committee	3/3
Independent Committee	3/3

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

Director*
(Audit & Supervisory Committee Member)

Norio Igarashi

Attendance

Board of Directors	13/13
Audit & Supervisory Committee	11/11
Nominating Committee	3/3
Compensation Committee	3/3
Independent Committee	3/3

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

Director*
(Audit & Supervisory Committee Member)

Junichi Aoyagi

Attendance

Board of Directors	13/13
Audit & Supervisory Committee	11/11
Nominating Committee	3/3
Compensation Committee	3/3
Independent Committee	3/3

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

Director*
(Audit & Supervisory Committee Member)

Hidetoshi Saigo

Attendance

Board of Directors	11/11
Audit & Supervisory Committee	7/7
Nominating Committee	3/3
Compensation Committee	3/3
Independent Committee	3/3

Apr. 1977 Joined Nippon Telegraph and Telephone Public Corporation (Currently Nippon Telegraph and Telephone Corporation)
Jul. 1998 Senior Manager of IPNW Service BU Operations Division, NTT Communications Corporation
Jul. 2004 Director, Senior Manager of EEIP Operations Division, NTT Communications Corporation
Jul. 2007 EVP of Telecommunications Group, Executive Officer of Oki Electric Industry Co., Ltd.
Apr. 2010 Senior Executive Officer, General Manager of Communications Systems Business Headquarters of Oki Electric Industry Co., Ltd.
Apr. 2011 CEO of Oki Networks Corporation
Aug. 2015 Advisor of Oki Electric Industry Co., Ltd.
Jun. 2017 Resigned from Oki Electric Industry Co., Ltd.
Jun. 2023 Outside Director of the Company (Audit & Supervisory Committee Member) (Incumbent)

Note 1: Number of attendance at the Board of Directors, Audit & Supervisory Committee, and other committee meetings are for meetings held from April 1, 2023 to March 31, 2024.
Note 2: Number of attendance of Hidetoshi Saigo at the Board of Directors and Audit & Supervisory Committee meetings is for meetings held after June 28, 2023.

Director*
(Audit & Supervisory Committee Member)

Toru Wakinaga

Number of the Company shares
10,000

Attendance

Board of Directors	13/13
Audit & Supervisory Committee	11/11

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

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

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

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

(1) Skills generally required
Corporate Management/Business Strategy | Financial/Accounting | Legal/Compliance

(2) Skills required for our global operations
Global/International experience

(3) Skills required to address business transformation and market-focused issues in light of our current business environment
Sales and Marketing | Technology Research and Development | Industry Knowledge | ESG/Sustainability

Skills Matrix

	Name	Date of birth	Years as Director	Corporate Management Business Strategy	Global International Experience	Sales and Marketing	Technology Research and Development	Industry Knowledge	Financial Accounting	Legal Compliance	ESG Sustainability
Director	Hirokazu Hamada	Aug. 17, 1964	7	○	○	○	○	○			○
	Akifumi Kubota	Jan. 27, 1960	11	○	○			○	○	○	○
	Shunichi Sugita	Jul. 29, 1961	—	○		○	○	○	○	○	
	Takeshi Shima	May 25, 1964	5	○	○	○		○			
	Tatsuro Masamura (Outsider)	Apr. 2, 1951	3	○			○	○			
	Nozomi Ueda (Outsider)	Feb. 19, 1974	3*							○	○
Director who is an Audit & Supervisory Committee Member	Norio Igarashi (Outsider)	Jul. 16, 1948	7	○	○				○		
	Junichi Aoyagi (Outsider)	May 11, 1963	3		○				○		
	Hidetoshi Saigo (Outsider)	Sep. 3, 1952	1	○			○	○			
	Toru Wakinaga	Feb. 4, 1961	3	○	○	○		○			

Note: The above list does not represent all of the knowledge, experience, etc. possessed by each director.
* Two years as a Director who is also an Audit & Supervisory Committee member

Directors and Executive Officers

Reason for selecting fields of expertise and expectations for directors and directors who are also an Audit & Supervisory Committee member

Fields	Reason for selection
Corporate Management Business Strategy	We believe knowledge and experience related to corporate management and strategy are necessary to make appropriate management decisions as well as for realizing sustainable growth and improvement of corporate value.
Global/International Experience	We believe having practical, global experience is necessary for directors of companies that conduct business in the international market.
Sales and Marketing	We believe knowledge and experience in sales and marketing are necessary for expanding and developing our business by responding to customer needs.
Technology Research and Development	We believe knowledge and experience in technologies and research and development are necessary to pursue the testing business, which is our competency, and to combine various ideas from within and outside to cultivate new areas.
Industry Knowledge	We believe expert knowledge and experience in our Test and Measurement Business and other businesses as well as business areas for future growth are necessary as in-depth knowledge about our business areas to make final decisions on important matters.
Financial/Accounting	We believe knowledge and experience in finance and accounting are necessary for accurate financial reporting, building a resilient financial foundation, and promoting growth and investment strategies for continuous improvement of corporate value.
Legal/Compliance	We believe knowledge and experience in legal compliance and corporate governance are necessary to manage risks that emerge from changes in the business environment and enhance the corporate governance system to meet changes in the times.
ESG/Sustainability	We believe knowledge and experience in ESG and sustainability are necessary to promote solving issues in achieving a sustainable society through business activities based on the Sustainability Policy.

Executive Officers

Representative Director, President,
Group CEO
Hirokazu Hamada☆

Director, Executive Vice President,
Chief Corporate Officer
Akifumi Kubota☆

Director, Senior Vice President,
CFO
Shunichi Sugita☆

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

Senior Vice President,
Sensing & Devices Company President
Yasunobu Hashimoto

Vice President,
Chief Business Strategy Officer
Tsutomu Tokuke

Vice President,
Chief SCM Officer
Hiroyuki Fujikake

Vice President,
Test & Measurement Company Sales Officer
Akihiro Harimoto

Vice President,
Infivis Company Japan Div Officer
Masayoshi Fujiwara

Vice President,
Chief HR and Administration Officer
Takashi Sakamoto

Vice President,
Chief Global Sales Officer
Kenji Tanaka

Vice President,
Infivis Company President
Norikazu Murata

Vice President,
Infivis Company Global Div Officer
Erik Brainard

Vice President,
Environmental Measurement Company President,
EV & Battery Test Business Development
Shinya Ajiro

Senior Executive Officer,
CIO
Yukihiro Takahashi

Senior Executive Officer,
Management Audit Dept.
Masahiko Kadowaki

Senior Executive Officer,
Management Audit Dept.
Yoshiyuki Amano

Senior Executive Officer,
Management Audit Dept.
Noboru Uchida

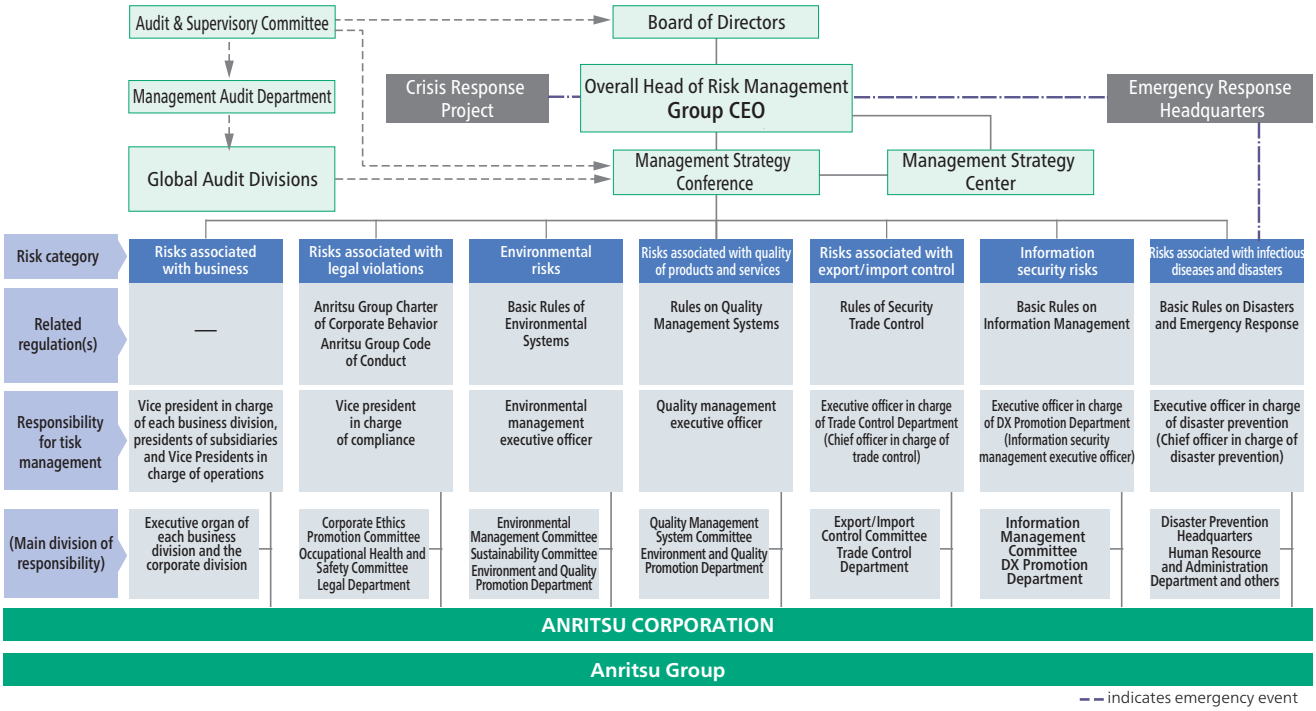
Executive Officer,
CTO
Hanako Noda

☆ Concurrently serving as director

Risk Management

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

Risk Management System



Potential Risks and Reponses

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

* Please refer to p.77-80 for details.

11-Year Summary of Selected Financial Information

ANRITSU CORPORATION AND CONSOLIDATED SUBSIDIARIES Years ended March 31, 2014-2024.

International Financial Reporting Standards (IFRS) GLP2014 GLP2017

Financial Information

	FY2013	FY2014	FY2015	FY2016
Revenue	101,853	98,839	95,532	87,638
Cost of sales	46,897	46,147	46,557	45,168
Gross profit	54,955	52,692	48,974	42,469
Selling, general and administrative expenses	28,621	29,605	29,621	27,198
Operating profit	14,123	10,882	5,897	4,234
Profit (loss) before tax	14,239	11,591	5,434	3,628
Profit from continuing operations	9,318	7,874	3,767	2,734
Net cash flows from (used in) operating activities	13,792	7,582	10,195	9,246
Net cash flows from (used in) investing activities	(5,312)	(6,049)	(9,042)	(3,665)
Net cash flows from (used in) financing activities	(4,359)	(11,234)	(2,450)	(2,758)
Free cash flow	8,480	1,533	1,153	5,581
Capital expenditures	5,355	9,612	5,399	2,588
Depreciation and amortization	2,863	3,186	3,736	3,935
R&D expense*1	12,488	13,366	13,089	11,212
Total assets	127,149	126,893	124,624	125,054
Total equity	74,896	78,665	75,862	76,485
Cash and cash equivalents	43,215	34,916	37,391	39,682
Interest-bearing debt	19,192	16,241	22,159	22,228
Segment information				
Test and Measurement Business				
Revenue	75,962	73,443	67,729	59,333
Operating profit	13,011	8,943	4,706	2,130
Operating profit margin (%)	17.1	12.8	6.9	3.6
PQA Business				
Revenue	16,919	16,198	18,891	19,588
Operating profit	1,208	824	1,194	1,302
Operating profit margin (%)	7.1	5.5	6.3	6.6
Environmental Measurement Business*2				
Revenue	—	—	—	—
Operating profit	—	—	—	—
Operating profit margin (%)	—	—	—	—
Other Business				
Revenue	8,970	9,198	8,910	8,716
Operating profit	941	1,963	575	992
Operating profit margin (%)	10.5	21.3	6.4	11.4
Revenue ratio by Segment				
Test and Measurement Business	75	74	71	68
PQA Business	16	16	20	22
Environmental Measurement Business*2	—	—	—	—
Other Business	9	10	9	10
Revenue by region				
Japan	30,133	27,116	28,565	29,338
Overseas	71,720	71,723	66,966	58,299
Americas	28,858	24,367	23,246	19,633
EMEA	14,601	15,885	13,537	12,520
Asia and others	28,260	31,470	30,182	26,145
Earnings per share:				
Basic earnings per share	64.93	55.72	27.38	19.65
Diluted earnings per share	64.89	55.72	27.38	19.65
Cash dividends	20.00	24.00	24.00	15.00
Equity attributable to owners of parent	522.54	572.04	552.26	556.40
Key financial indicators:				
Operating profit margin (%)	13.9	11.0	6.2	4.8
Return on equity (%)*3	13.3	10.2	4.9	3.5
Return on assets (%)*4	7.7	6.2	3.0	2.2
Equity attributable to owners of parent to total assets ratio (%)	58.9	62.0	60.8	61.1
Debt-to-equity ratio (%)*5	26	21	29	29
Dividend payout ratio (%)	30.8	43.1	87.7	76.3
Ratio of total amount of dividends to equity attributable to owners of parent (%)*6	4.1	4.4	4.3	2.7

Note: Amounts less than ¥1 million are rounded down

*1 R&D expense for FY2013 (IFRS) to FY2024 lists the amount invested in research and development, including partially capitalized development expenses. Accordingly, it is not the same as R&D expense listed on the Consolidated Statement of Profit or Loss and Other Comprehensive Income

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

GLP2020				GLP2023		
						Millions of yen
FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	**FY2023**
85,967	99,659	107,023	105,939	105,387	110,919	**109,952**
44,023	48,807	48,948	48,734	49,915	56,864	**58,333**
41,943	50,852	58,075	57,204	55,472	54,054	**51,618**
26,563	27,944	28,036	26,793	27,913	31,578	**32,703**
4,912	11,246	17,413	19,651	16,499	11,746	**8,983**
4,602	11,362	17,181	19,838	17,150	12,438	**9,951**
2,898	8,991	13,397	16,143	12,841	9,256	**7,674**
7,946	12,247	14,721	20,481	16,031	6,114	**16,573**
(3,932)	(616)	(3,686)	(5,029)	(8,706)	(5,216)	**(3,643)**
(8,201)	(2,052)	(7,592)	(14,458)	(13,395)	(11,409)	**(6,578)**
4,014	11,631	11,035	15,452	7,324	897	**12,929**
3,430	2,436	4,518	5,449	5,658	5,369	**4,167**
3,964	4,031	4,732	4,545	4,628	5,128	**5,338**
10,556	12,008	13,321	11,246	11,386	11,420	**9,943**
121,190	130,467	138,873	144,100	153,261	152,238	**161,085**
78,313	85,678	94,331	109,455	114,442	117,516	**125,525**
35,452	45,097	47,669	49,810	45,689	36,833	**45,657**
16,165	16,435	14,594	5,848	6,521	6,584	**7,193**
54,433	68,168	75,165	74,809	73,320	72,753	**71,005**
1,825	9,413	15,148	17,714	15,202	10,874	**7,544**
3.4	13.8	20.2	23.7	20.7	14.9	**10.6**
22,549	23,074	22,575	21,419	21,978	24,849	**25,373**
1,969	1,609	1,287	1,340	1,173	1,331	**1,295**
8.7	7.0	5.7	6.3	5.3	5.4	**5.1**
—	—	—	—	—	6,376	**7,438**
—	—	—	—	—	51	**537**
—	—	—	—	—	0.8	**7.2**
8,984	8,416	9,282	9,709	10,089	6,939	**6,134**
1,458	1,145	1,900	1,797	1,123	560	**810**
12.4	13.6	20.5	18.5	11.1	8.1	**13.2**
63	68	70	71	70	66	**64**
26	23	21	20	21	22	**23**
—	—	—	—	—	6	**7**
11	9	9	9	9	6	**6**
29,753	32,183	36,293	32,202	31,036	33,042	**34,236**
56,213	67,475	70,729	73,736	74,350	77,876	**75,715**
17,419	26,429	20,773	21,380	23,065	24,799	**25,903**
12,781	12,170	10,693	11,021	11,605	14,732	**16,328**
26,012	28,876	39,262	41,334	39,679	38,344	**33,483**
						Yen
20.97	65.20	97.20	117.18	93.98	69.98	**58.29**
20.97	65.16	97.16	117.12	93.95	69.97	**58.29**
15.00	22.00	31.00	40.00	40.00	40.00	**40.00**
569.54	622.87	685.25	794.88	846.15	890.75	**952.66**
5.7	11.3	16.3	18.5	15.7	10.6	**8.2**
3.7	10.9	14.9	15.8	11.5	8.0	**6.3**
2.4	7.1	9.9	11.4	8.6	6.1	**4.9**
64.6	65.6	67.8	75.8	74.5	77.0	**77.9**
21	19	15	5	6	6	**6**
71.5	33.7	31.9	34.1	42.6	57.2	**68.6**
2.7	3.7	4.7	5.4	4.9	4.6	**4.3**

*3 Return on equity: Profit attributable to owners of parent / Equity attributable to owners of parent (IFRS)
*4 Return on assets: Profit from continuing operations / Total assets (IFRS)
*5 Debt-to-equity ratio: Interest-bearing debt / Equity attributable to owners of parent (IFRS)
*6 Ratio of total amount of dividends to equity attributable to owners of parent: Total cash dividends / Net assets (IFRS: Total cash dividends / Total equity)

ESG Data

Non-Financial Information

		FY2019	FY2020	FY2021	FY2022	FY2023
Human resources						
Number of employees (figures in parentheses are the number of employees at overseas Anritsu Group companies)		3,881(1,609)	3,954(1,657)	4,168(1,662)	4,144(1,659)	**4,083(1,609)**
Average annual salary and average age of employees (Average of Anritsu Corp.)	Average annual salary (thousand yen)	8,204	7,833	7,609	7,551	**7,442**
	Average age (years)	43.9	44.7	44.2	44.5	**45.1**
Gender pay gap (%) *1	ANRITSU CORPORATION	—	—	—	74.7	**76.9**
Ratio of mid-career hires (%) *2	ANRITSU CORPORATION	6.9	20.9	44.2	36.5	**28.8**
Ratio of mid-career female hires (%) *3	ANRITSU CORPORATION	0.0	11.1	32.4	30.4	**70.6**
Annual scheduled work hours (hours)	Japan Anritsu Group average	1,875.2	1,860.0	1,867.8	1,867.8	**1,852.3**
Ratio of women in management positions (Women in management positions ÷ total management positions) (%)	Japan	1.8	2.3	2.8	3.1	**3.8**
	Americas	18.3	17.9	21.6	17.4	**22.7**
	EMEA	21.6	24.2	20.3	20.3	**17.3**
	Asia, other	23.4	24.0	23.7	22.3	**21.6**
	Global total	10.4	10.8	10.9	10.5	**11.2**
Women in management positions	Japan Anritsu Group total	7	9	12	13	**16**
Women in management positions	Global total	72	75	81	79	**84**
ANRITSU CORPORATION Number of employees taking childcare leave	Male	2	4	7	14	**28**
	Female	7	5	7	9	**8**
ANRITSU CORPORATION Rate of employees who took paid childcare leave (%)	Male	14.3	17.4	36.8	45.2	**90.3**
	Female	100	166.7	100	100	**114.3**
ANRITSU CORPORATION Number of employees returning to work after childcare leave	Male	2	4	6	12	**23**
	Female	4	7	8	5	**9**
ANRITSU CORPORATION Ratio of employees returning to work after taking childcare leave (%)	Male	66.7	100	100	100	**100**
	Female	100	100	100	100	**100**
ANRITSU CORPORATION Retention rate of employees one year after coming back from childcare leave (%)	Male	100	100	100	100	**100**
	Female	100	100	100	100	**100**
Incidents of on-the-job accidents (cases)	Japan Anritsu Group total	4	5	4	6	**9**
Incidents resulting in absence (four or more days) (cases)	Japan Anritsu Group total	1	0	0	0	**0**
Occupational health and safety	Ratio of labor accidents (per one million hours)	0.65	0.22	0.00	0.23	**0.24**
Training hours per employee (hours)	ANRITSU CORPORATION	—	—	—	14.0	**15.8**
Education costs per employee (yen)	ANRITSU CORPORATION	—	—	—	40,430	**36,510**
Employee satisfaction survey (%)	Response rate	97.9	97.6	97.2	98.3	**97.1**
	Satisfaction with the workplace	87.4	90.0	90.4	89.5	**88.7**
	Satisfaction with work	70.6	74.5	75.0	71.9	**71.1**
	Satisfaction with education system	50.6	52.1	53.9	53.9	**69.6**
Environmental:						
CO_2 emissions (Scope1, 2) (t-CO_2)*4 *5	Global total	14,943	15,175	15,543	16,512	**11,572**
CO_2 emissions (Scope 3)(t-CO_2)	Global total	105,952	97,922	136,358	137,656	**115,505**
Energy consumption (crude oil conversion basis) (kL)	Global total	8,274	8,436	8,841	9,072	**6,804**
Total energy consumption within the organization (GJ)	Global total	321,340	331,766	351,066	362,383	**276,222**
Subtotal of fuel derived from non-renewable energy sources*5		23,539	23,268	22,248	22,657	**20,973**
Solar power generated in-house		859	3,208	6,443	6,943	**9,724**
Purchased electricity*6		296,942	305,290	322,376	332,782	**245,526**
Water usage (m^3)	Global total	79,588	77,085	73,911	70,101	**66,797**
Total volume of discharged water (m^3)		64,978	63,105	59,117	57,681	**55,183**
Water discharged to sewers		53,267	53,497	48,566	47,184	**46,229**
Water discharged to rivers		11,711	9,608	10,551	10,497	**8,954**
Excellent eco-products Number of registered equipment (cumulative)		52	53	53	55	**56**
Governance						
Anritsu Group tax payments (billion yen)	Japan total	27	44	36	37	—
	Overseas total	7	9	6	6	—
	Total	35	53	42	44	—

*1 Calculated based on the provisions of the Act on Promotion of Women's Participation and Advancement in the Workplace (Law No. 64 of 2015). Employees on secondment are counted as employees of the company to which they have been seconded. Wages include base salary, bonuses, and other incentives. Note that there is no difference in wages for equal work. Gaps are due to differences in composition by position and job grade.
*2 Ratio of mid-career hires: Number of mid-career hires ÷ Number of new hires
*3 Ratio of mid-career female hires: Number of mid-career female hires ÷ Number of mid-career hires
*4 Scope 2 Guidance uses the market-based method.
*5 A Heavy oil, light oil, gasoline, etc.
*6 Source on conversion factor: "Manual for preparing the Regular Reports and Medium- and Long-Term Plans for specific operators under the Act on the Rational Use of Energy," prepared by the Agency for Natural Resources and Energy.

Management's Discussion and Analysis

The Anritsu Group has applied IFRS since the year ended 31 March 2013 and has prepared its consolidated financial statements in accordance with IFRS in each of the financial years since 2015.

The Scope of Consolidation

The Anritsu Group comprised Anritsu Corporation, 45 consolidated subsidiaries and 1 affiliate at the end of fiscal year 2023.

Overview

In the field of information and communication, which is the main field of Test and Measurement Business, shipments of smartphones continue to decrease worldwide due to factors such as soaring prices of 5G smartphones caused by inflation. However, the release of advanced smartphones equipped with AI is expected to stimulate the market in the future.

Meanwhile, in the area of 5G utilization, standardization of "Release 17"*1 has been completed and various progresses have been made. Research and development for utilizing 5G in the automotive field has begun. Research and demonstration experiments for building 5G networks in private domains, such as private 5G have also begun. In the IoT field, demand for Customer-Premises Equipment (CPE) which is the laid in last mile has been increasing. In response, demand for developing 5G wireless modules and Wi-Fi 7*2 has been emerging. In the Non-Terrestrial Network, satellite-based communication services are being rolled out one after another, and the release of devices that support 5G standards is anticipated. Release 18*1 was completed in June 2024 and includes formulation of AI/ML (machine learning) specifications that lead to implementation of AI in many fields of application. In addition, at the WRC-23 (World Radiocommunication Conference 2023) held in December 2023, a consensus was reached regarding the frequencies to be used for 5G-Advanced. Furthermore, research and development for the next generation communication standard, 6G, has also begun.

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

In addition, there is an accelerating trend toward establishing new data centers and increasing data center capacity. This is to deal with the rapid growth in data traffic as generative AI becomes more prevalent. Internet service providers are further upgrading their networks, and 100 Gbps services are prevalent. Network equipment manufacturers are also making progress in developing PCIe (Gen5/6)*3, 400GE and 800GE network equipment. Furthermore, fundamental research and development of Innovative Optical and Wireless Network (IOWN)*4 is underway.

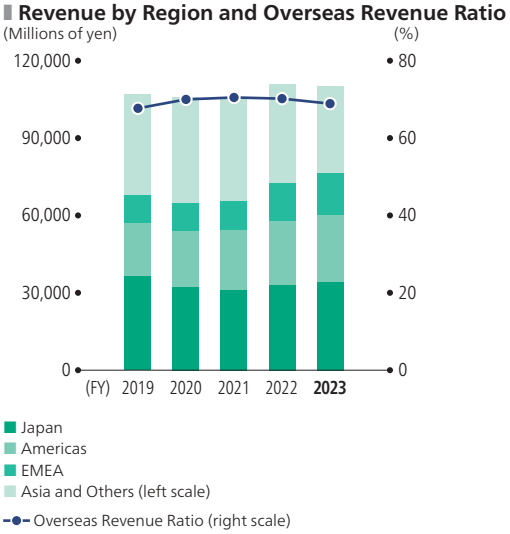
*1 Standard number used in 3GPP.
*2 7th generation Wi-Fi standard, doubling the bandwidth used by Wi-Fi 6 to 320 MHz for higher speed.
*3 5th/6th generation PCI Express standard (interface standard for serial communication expansion slots).
*4 A new communication infrastructure that utilizes innovative technologies such as fully optical networks, which is under consideration by the IOWN Global Forum.

Revenue

Amid the above-mentioned decline in revenue in the Test and Measurement Business due to the sluggish mobile market, the Anritsu Group passed on cost increases due to inflation and other factors to our prices and worked to conduct our operations more efficiently.

The Anritsu Group's operating results were as follows. Orders decreased 2.6% year on year to ¥107,277 million, and revenue decreased 0.9% to ¥109,952 million. Operating profit decreased 23.5% to ¥8,983 million. Profit before tax decreased 20.0% to ¥9,951 million. Profit decreased 17.1% year on year to ¥7,674 million and profit attributable to owners of parent decreased 17.2% to ¥7,675 million.

Revenue by Region and Overseas Revenue Ratio



Cost of Sales and Gross Profit

Cost of sales increased ¥1,469 million, or 2.6%, to ¥58,333 million. Cost of sales as a percentage of total revenue was 53.1%, down 1.8 percentage points year on year. Gross profit decreased ¥2,436 million, or down 4.5%, to ¥51,618 million. The gross margin amounted to 46.9%.

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

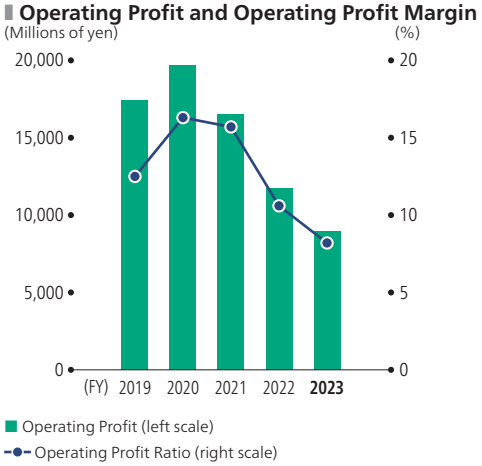
SG&A expenses increased 3.6%, or ¥1,125 million, year on year, to ¥32,703 million. Research and development (R&D) expenses decreased 14.8%, or ¥1,616 million, to ¥9,328 million and amounted to 8.5% of consolidated total revenue. As a result of the above factors, operating

profit decreased 23.5%, or ¥2,763 million, to ¥8,983 million. The operating profit ratio was 8.2%.

SG&A Expenses

Year ended March 31	Millions of yen FY2023	FY2022	YoY (%)
Personnel expenses	**¥22,180**	¥21,060	5.3
Travel and transportation expenses	**1,130**	945	19.6
Advertising expenses	**1,927**	2,041	-5.6
Depreciation and amortization expenses	**2,081**	2,088	-0.3
Others	**5,383**	5,442	-1.1

Operating Profit and Operating Profit Margin



Profit before Tax and Profit

Operating profit decreased 23.5%, or ¥2,763 million, year on year to ¥8,983 million, profit before tax decreased 20.0%, or ¥2,487 million, year on year to ¥9,951 million. Profit decreased 17.1%, or ¥1,582 million, year on year to ¥7,674 million, and profit attributable to owners of parent decreased 17.2%, or ¥1,597 million year on year to ¥7,675 million. Comprehensive income for the period decreased ¥96 million, to ¥13,230 million.

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

Year ended March 31	FY2023	FY2022	FY2021
			%
Revenue	**100.0**	100.0	100.0
Cost of sales	**53.1**	51.3	47.4
Gross profit	**46.9**	48.7	52.6
SG&A expenses	**29.7**	28.5	26.5
R&D expenses	**8.5**	9.9	10.8
Profit	**7.0**	8.3	12.2

Shareholder Return Policies

Dividend Policy

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

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

Anritsu intends to carry out the purchase of treasury stock appropriately as necessary, by taking into account its financial situation, the trends in stock prices and other factors, in an effort to execute capital policies that respond flexibly to changes in the corporate environment. Anritsu's basic policy is to apply retained earnings to a variety of investments. These include research and development, capital investment in order to respond to rapid technological advances and changes in the market structure, investment to improve support services, and investment to expand our business.

Cash Dividends per Share

Anritsu plans to pay a year-end dividend of ¥20 per share, and total dividends for the fiscal year will be ¥40 per share for the fiscal year ended March 31, 2024.

For the fiscal year ending March 31, 2025, Anritsu plans to pay cash dividends of ¥40 per share (including an interim dividend of ¥20 per share), assuming achievement of the business forecast.

Business Segments

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

Test and Measurement

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

During the fiscal year ended March 31, 2024, the Test and Measurement business has seen strong testing demand for increasing network speeds in data centers, driven by the increased adoption and growth of generative AI. However, worldwide investment demand for 5G smartphones development has decreased. As a result, revenue and operating profit decreased compared with the previous fiscal year. Consequently, segment revenue decreased 2.4% year on year to ¥71,005 million and operating profit decreased 30.6% to ¥7,544 million.

The Test and Measurement Business, which accounts for 65% of the Anritsu Group's revenue, is divided into the following 3 sub-segments.

1. Mobile

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

Demand in this sub-segment tends to be influenced by factors including the technological innovations in mobile phone services, market penetration, number of new subscribers as well as new entries in and withdrawals from the market by mobile phone and chipset manufacturers, and the number of model changes and shipments of mobile phones and chipsets.

Although services using 5G communication systems are currently being launched around the world, the number of shipped smartphones has declined due to the rise in the price of 5G smartphones caused by inflation and other factors. The market is expected to bounce back in the future with the arrival of highly functional smartphones that include AI features.

In the areas of 5G utilization, there is continued demand for research and development in the automotive field, surveys on building 5G networks in the private field, and field measurement equipment for demonstration experiments. In other areas, demand for customer premises equipment (CPE) used for the last one mile is increasing in the U.S. and other countries.

In addition, we expect to start seeing demand for development related to the formulation of 3GPP Release18 specifications for non-terrestrial networks and other satellite communication services. The agreement on the frequency of 5G-Advanced at the World Radiocommunication Conference 2023 (WRC-23) held in December 2023 has also initiated research and development of 6G, the next-generation communication standard that has better performance than 5G in all aspects.

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

2. Network Infrastructure

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

To handle the sophistication of cloud services, advancement of 5G services, and rapid increase in data traffic due to the spread of generative AI, markets are seeing acceleration in the number of new data centers and in the expansion of data center capacity. Service providers that are working on further increasing the network speeds are starting the full introduction of 100Gbps services, while the development of compliance tests for PCIe (Gen5/6) and 400GE/800GE network equipment by network device manufacturers is underway. In response to these developments, demand for related testing solutions is increasing. Furthermore, there is progress toward making wireless access networks publicly open to enable operators to build wireless networks more flexibly, while research and development of IOWN for shifting all networks to fiber optics.

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

3. Electronics

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

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

Anritsu will work to further expand the business in this

sub-segment by offering a wider range of solutions for the electronics market.

Products Quality Assurance

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

During this period, capital investment for automation and labor-saving of quality assurance processes in the food products market was favorable and increased profit year-on-year. In terms of costs, due to the loss on retirement of non-current assets of ¥317 million during the fourth quarter, operating profit was the same level as the previous year. As a result, segment revenue increased 2.1% year on year to ¥25,373 million, and operating profit decreased 2.7% to ¥1,295 million.

The Products Quality Assurance Business accounts for 23% of the Anritsu Group's revenue. Since more than 80% of segment revenue is made of businesses from food manufacturers, this segment is substantially influenced by increased consciousness regarding food safety and security as well as changes in consumer spending levels which would affect food manufacturers' business performances.

Core products include high precision checkweighers for highspeed food processing lines, as well as X-ray and other inspection systems that detect and remove metal fragments, stones and other alien materials in the food processing process with high precision. In the Japanese market, some customers are hesitant to make capital investments due to the high raw material and energy costs, but there continue to be great concerns about contamination of foreign substances. As a result, capital investments for automation and labor-saving of food product production lines increased, backed by the recovery of inbound demand and other factors.

In the overseas market, despite the impact of the stagnation in the meat market in Europe and the U.S. and continued repression of capital investments in Asia, market demand for processed foods in each region continued to be strong. The overseas sales ratio of the business was about 50%.

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

Environmental Measurement Business

The business develops, manufactures, and sells EV and battery testing devices, support services for local 5G, and video monitoring solutions for roads, dams, rivers, etc.

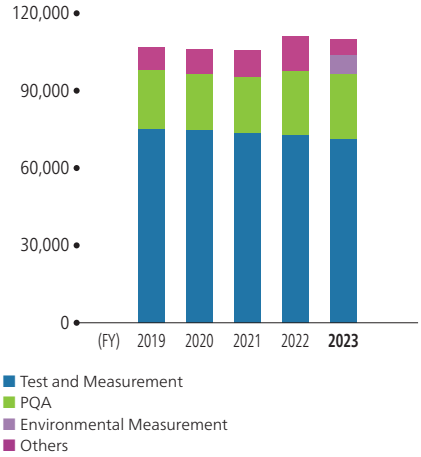
During the current period, sales and profits increased year on year due to the steady demand for EV and battery testing in Japan. As a result, sales revenue was ¥7,438 million (16.7% increase YoY) and operating profit of ¥537 million (943.9% increase YoY).

Others

This segment comprises Sensing & Devices, Logistics, Welfare services, Real estate leasing and other businesses.

As a result, segment revenue decreased 11.6% year on year to ¥6,134 million, and operating profit increased 44.8% to ¥810 million.

Revenue by Business Segment
(Millions of yen)



Liquidity and Financial Condition

Fund Procurement and Liquidity Management

The Anritsu Group's funding requirements are mainly for working capital to purchase materials and cover expenses incurred in the manufacturing, sales and marketing of products; for capital investments; and for research and development expenses. Anritsu secures sufficient funding to cover these requirements from retained earnings, bank borrowings, and capital market funding. To ensure stability in funding, the Anritsu Group arranged for a commitment line of ¥7.5 billion in March 2023, which is effective through March 2026. Looking forward, while preparing for unforeseen financial risks, both domestic and overseas, in a dramatically changing market environment, the Anritsu Group will swiftly and flexibly meet its capital requirements for working capital, regular repayment of long-term borrowings and business growth.

As of March 31, 2024, the balance of interest-bearing debt was ¥7,193 million (compared with ¥6,584 million at the end of the previous fiscal year) and the debt-to-equity ratio was 0.06 (compared with 0.06 at the end of the previous fiscal year). Going forward, we will strive for capital efficiency and the maintenance of a strong financial standing by improving ROE and CCC* in order to generate cash flow, and by following a cash management system within the Group.

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

Our basic policy for distributing profits to shareholders is to pay dividends with a consolidated payout ratio of 50% or higher, primarily by raising the dividend on equity (DOE) in response to an increase in consolidated net income. We also flexibly implement other measures regarding shareholder returns that take the total return ratio into account. Furthermore, we plan to use surpluses to satisfy the demand for funding for strategic investment (including M&A) toward strengthening our competitiveness in the 5G market, expanding business into industrial fields that employ IoT, developing business in the cloud services and other markets, unlocking new growth areas, and acquiring next-generation technologies such as 6G. We aim to further improve our corporate value through these types of investments in new business.

* CCC: Cash Conversion Cycle

Cash Flow

In the fiscal year ended March 31, 2024, cash and cash equivalents (hereafter, "net cash") increased ¥8,823 million year on year to ¥45,657 million. Free cash flow, the sum of cash flows from operating activities and cash flows from investing activities, was a positive ¥12,929 million (a positive ¥897 million in the previous fiscal year).

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

• Cash Flows from Operating Activities

Net cash provided by operating activities was ¥16,573 million (in the previous fiscal year, operating activities provided net cash of ¥6,114 million). The cash increase was mainly due to reporting of profit before tax and decreasing in inventories. Depreciation and amortization expense was ¥5,888 million (an increase of ¥195 million year on year).

• Cash Flows from Investing Activities

Net cash used in investing activities was ¥3,643 million (in the previous fiscal year, investing activities used net cash of ¥5,216 million). The cash decrease was mainly due to purchase of property, plant and equipment and purchase of intangible assets.

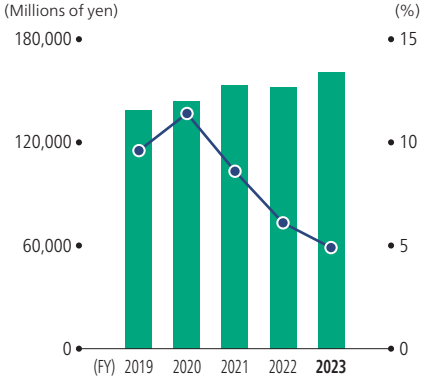
• Cash Flows from Financing Activities

Net cash used in financing activities was ¥6,578 million (in the previous fiscal year, financing activities used net cash of ¥11,409 million). The cash decrease was mainly due to payment of cash dividends totaling ¥5,266 million (in the previous fiscal year, cash dividends was ¥5,332 million), and repayments of lease liabilities.

Assets, Liabilities, and Equity

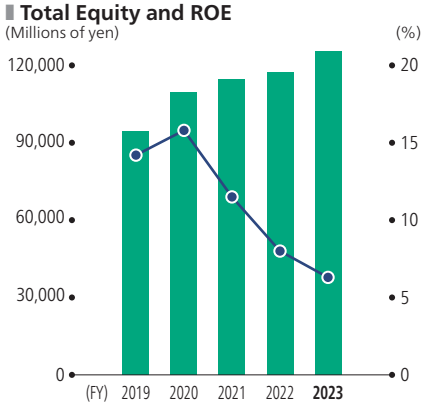
Total assets increased ¥8,847 million year on year to ¥161,085 million. This was mainly due to an increase of cash and cash equivalents. Total liabilities increased ¥837 million year on year to ¥35,559 million. This was mainly due to an increase of other current liabilities and other financial liabilities. On the other hand, trade and other payables were decreased. Equity increased ¥8,009 million year on year to ¥125,525 million. This was mainly due to an increase of other components of equity and retained earnings. As a result, the equity attributable to owners of parent to total assets ratio was 77.9% (77.0% at the end of the previous fiscal year). Interest-bearing debt was ¥7,193 million (¥6,584 million at the end of the previous fiscal year). The debt-to-equity ratio was 0.06 (0.06 at the end of the previous fiscal year).

Total Assets and ROA

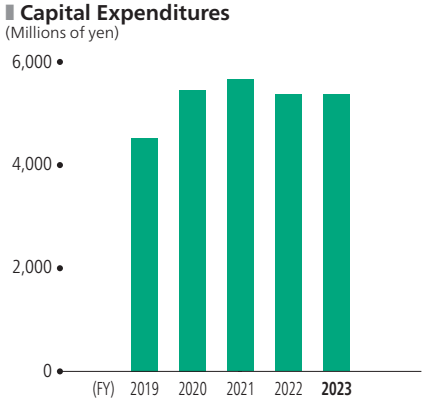


Management's Discussion and Analysis

Total Equity and ROE



Capital Expenditures



Capital Expenditures

The Anritsu Group is making strategic investments such as new product development focused on areas where long-term growth is expected, and systems-related investments aimed at labor saving and streamlining of operations in order to achieve sustainable growth and to improve profitability. In the Test and Measurement Business, we invested in the areas such as new product development to cope with rapid technological innovation and sales competition as well as to realize cost reduction.

In the Products Quality Assurance Business, we made investments mainly to improve productivity and promote products.

In the Environmental Measurement Business, we invested primarily to enter new markets and to develop new products and improve productivity in the environmental measurement business.

In other businesses, we invested primarily in the device business to maintain and increase production capacity.

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

Overview of Capital Expenditures

Year ended March 31	Millions of yen FY2023	Millions of yen FY2022	YoY (%)
Test and Measurement	**¥3,023**	¥3,775	80.1
PQA	**543**	1,049	51.8
Environmental Measurement	**219**	184	118.7
Subtotal	**3,786**	5,008	75.6
Others	**381**	359	106.0
Total	**¥4,167**	¥5,369	77.6

Research and Development

Research and Development

Year ended March 31	Millions of yen FY2023	% of revenue	Millions of yen FY2022	% of revenue
Test and Measurement	**¥ 7,496**	10.6	¥ 8,785	12.1
PQA	**1,625**	6.4	1,760	7.1
Environmental Measurement	**417**	5.6	—	—
Others	**129**	2.1	689	5.2
Basic Research	**274**	—	184	—
Total	**¥ 9,943**	9.0	¥11,420	10.3

Outlook and Management Issues for the Year Ending March 31, 2025

In the T&M business, our group's main business segment, we expect the test demand will continue to grow in order to support increasing network speed in data centers as generative AI is becoming more popular. Also, we aim to capture test demand in the areas such as development of 5G equipped cars, NTN (*1) related development, preparation for use of millimeter wave in 5G, as well as 5G-Advanced and 6G which will be standardized after 3GPP Release 18.

In the PQA business, we aim to expand sales in the overseas market by capturing capital investment demand aimed at automation and manpower savings in the quality assurance process in the food market.

In the Environmental Measurement business, we ensure capturing test demand for EVs and batteries in Japan, which is expected to be strong.

(*1) Non-Terrestrial Network

Risk Information

Policies and Systems

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

Under the risk-management supervision of the Group CEO, the Anritsu Group designates a risk management officer for each of the following recognized major risks: (1) business risk related to management decision-making and business execution; (2) risk of legal violations; (3) environmental risk; (4) risk to the quality of products and services; (5) import/export management risk; (6) information security risk; and (7) infectious disease and disaster risk. Each risk management officer heads a committee, consisting of representatives from Company departments and Group companies managers relevant to the risk in question. Each risk management office oversees the management of its designated risk for the Group as a whole; and reports the status of risk management measures, plans and operation and the results of the year round management cycle to the Management Strategy Conference as appropriate. In addition, the Risk Management Promotion Department leads such matters as creation of regulations and guidelines as well as training and education, and establishes systems necessary to raise the bar of risk management in order to ensure the sustainable development of the business. Each risk management officer supports the activities of Group companies overseas for their responsible field respectively. With regard to compliance risk, the compliance officer of each regional headquarters performs risk assessments and prepares and acts on an annual plan.

(Individual Risks)

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

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

2. Market Fluctuation Risk (1) business risk

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

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

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

As the ratio of EV and battery testing devices make up a large percentage of the sales of the Environmental Measurement Business, performance may be affected by the capital investment trend of automobile, automotive parts, and battery manufacturers.

3. Risks Related to Strategic Investments (1) business risk

The Group is strengthening strategic growth investments, including external collaborations and M&A, in order to grow the next pillar of its business. It will do so by further multiplying different ideas and technologies from inside and outside the Company, developing new areas of value and new business fields beyond the conventional "testing", while continuing to master its "testing" competency. Before making an investment decision, it verifies the business plan and conducts due diligence. The Group also formulates and implements post-merger integration (PMI) plans after investment, and takes all possible measures to launch businesses after investment.

However, there is a risk that initially expected results may not be achieved due to unforeseen changes in the external environment or changes in the market environment or competitive landscape. These factors have the potential to exert a material impact on the Anritsu Group's financial condition and operating results.

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

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

5. Risks Related to Product Supply (1) business risk, (7) infectious disease and disaster risk

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

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

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

Our Group will prioritize ensuring the safety of our employees and mitigation of infection in and outside the Company if a large-scale pandemic occurs. We will also establish a response headquarters as necessary to collect the required information to mitigate impact on business. However, depending on the spread of infection, impacts from disruption of the supply chain, suspension of operations at the factories of the Company, our customers, or business partners, suspension of business sites, and other limitations to business activities have the potential to exert a material impact on the Anritsu Group's financial condition and operating results.

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

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

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

8. Foreign Exchange Risk (1) business risk

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

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

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

10. Human Resource Acquisition Risk (1) business risk

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

11. Compliance Risk (2) risk of legal violations

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

The Anritsu Group has established the Anritsu Group Code of Conduct, which serves as a guide for the conduct to take in order for us to fulfill our social responsibility. Anritsu also carries out educational and awareness-raising activities as needed, as it strives to improve its corporate ethics and strengthen legal compliance. The Group CEO, who chairs the Management Strategy Conference, leads the promotion of compliance of Domestic Anritsu Group. Additionally, the Corporate Ethics Promotion Committee, chaired by the executive officer in charge of compliance and with the participation of employees from Anritsu Group companies in Japan as members, operates under the supervision of the Management Strategy Conference, and oversees the compliance promotion activities of each company in Japan in the Anritsu Group. The Corporate Ethics Promotion Committee and the Legal Department, which serve as its secretariat, coordinate with relevant committees that promote legal compliance to advocate ethical and legal compliance to Anritsu Group companies overseas in accordance with their national and regional laws, cultures, and customs.

They provide necessary support, and coordinate with compliance officers at each Anritsu Group company overseas to build a global compliance promotion system. Internal audit departments perform audits to determine whether the compliance promotion system is functioning appropriately, and provide advice and request improvements as necessary.

12. Environmental Risk (3) environmental risk

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

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

In order to meet the demands of its stakeholders, the Anritsu Group develops and offers products with an awareness of the environment throughout the entire product life cycle. The Anritsu Group is also committed to reducing its environmental pollution risk by reducing the CO_2 emissions of its offices and factories through reducing the energy usage from the perspective of preventing global warming and preserving biodiversity; reducing waste by promoting the 3Rs (reduce, reuse, and recycle); and setting self-management standards that are stricter than laws and ordinances related to preventing environmental pollution.

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

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

The Anritsu Group has established committees to maintain, improve, and assure product quality, and operate the quality management system appropriately, including the Quality Management System Committee and the Internal Quality Audit Committee. The Anritsu

Group is also considering the establishment of systems in the event of a product incident, a system to prevent product incidents, and initiatives to prevent recurrence.

14. Information Security (6) information security risk

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

The Anritsu Group works continuously to build its information security management system, carry out initiatives to maintain and improve thorough management and security, and carry out information security education.

As a company operating globally, Anritsu connects offices worldwide via networks and promotes sharing of information between them. As a single vulnerability in information security impacts the overall security level, Anritsu is working to build a strong and consistent security system on a global scale.

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

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

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

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

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	¥ 36,833	**¥ 45,657**	**$ 301,705**
Trade and other receivables	25,798	**28,623**	**189,143**
Other financial assets	21	**9**	**59**
Inventories	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	29,004	**28,935**	**191,205**
Goodwill and intangible assets	8,483	**8,231**	**54,391**
Investment property	233	**236**	**1,560**
Trade and other receivables	450	**512**	**3,383**
Investments accounted for using equity method	7	**7**	**46**
Other financial assets	1,630	**2,177**	**14,386**
Deferred tax assets	5,418	**5,921**	**39,126**
Other non-current assets	8,929	**9,219**	**60,920**
Total non-current assets	54,156	**55,242**	**365,043**
Total assets	¥152,238	**¥161,085**	**$1,064,462**
Liabilities and Equity			
Liabilities			
Current liabilities:			
Trade and other payables	¥ 7,442	**¥ 6,459**	**$ 42,682**
Bonds and borrowings	1,144	**4,087**	**27,007**
Other financial liabilities	824	**1,009**	**6,668**
Income taxes payables	785	**1,269**	**8,386**
Employee benefits	7,634	**7,407**	**48,946**
Provisions	472	**574**	**3,793**
Other current liabilities	8,881	**9,784**	**64,653**
Total current liabilities	27,184	**30,592**	**202,154**
Non-current liabilities:			
Trade and other payables	597	**512**	**3,383**
Bonds and borrowings	2,993	**—**	**—**
Other financial liabilities	1,624	**2,115**	**13,976**
Employee benefits	688	**685**	**4,527**
Provisions	104	**128**	**846**
Deferred tax liabilities	346	**319**	**2,108**
Other non-current liabilities	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	19,218	**19,219**	**127,001**
Capital surplus	28,441	**28,580**	**188,859**
Retained earnings	63,074	**65,696**	**434,124**
Treasury shares	(6,177)	**(6,050)**	**(39,979)**
Other components of equity	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	¥110,919	**¥109,952**	**$726,571**
Cost of sales	56,864	**58,333**	**385,469**
Gross profit	54,054	**51,618**	**341,096**
Other revenue and expenses			
Selling, general and administrative expenses	31,578	**32,703**	**216,104**
Research and development expense	10,944	**9,328**	**61,640**
Other income	457	**277**	**1,830**
Other expenses	242	**880**	**5,815**
Operating profit (loss)	11,746	**8,983**	**59,360**
Finance income	1,170	**1,259**	**8,320**
Finance costs	482	**290**	**1,916**
Share of profit (loss) of investments accounted for using equity method	4	**(0)**	**(1)**
Profit (loss) before tax	12,438	**9,951**	**65,757**
Income tax expense	3,182	**2,277**	**15,047**
Profit (loss)	9,256	**7,674**	**50,710**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income	67	**384**	**2,538**
Remeasurements of defined benefit plans	909	**209**	**1,381**
Total	976	**594**	**3,925**
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	3,093	**4,961**	**32,783**
Total	3,093	**4,961**	**32,783**
Total other comprehensive income	4,070	**5,556**	**36,714**
Comprehensive income (loss)	¥ 13,326	**¥ 13,230**	**$ 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	¥69.98	**¥58.29**	**$0.39**
Diluted earnings per share	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	—	—	909	—	3,160	4,070	0	4,070
Total comprehensive income (loss)	—	—	10,182	—	3,160	13,342	(16)	13,326
Share-based payment transactions	29	8	20	22	—	80	—	80
Dividends	—	—	(5,332)	—	—	(5,332)	—	(5,332)
Purchase of treasury shares	—	—	—	(5,000)	—	(5,000)	—	(5,000)
Disposal of treasury shares	—	0	0	0	—	0	—	0
Cancellation of treasury shares	—	(0)	(4,999)	4,999	—	—	—	—
Dividends to non-controlling interests	—	—	—	—	—	—	(0)	(0)
Transfer from other components of equity to retained earnings	—	—	(2)	—	2	—	—	—
Total transactions with owners and other transactions	29	8	(10,314)	22	2	(10,251)	(0)	(10,252)
Balance at March 31, 2023	¥19,218	¥28,441	¥63,074	¥(6,177)	¥12,729	¥117,286	¥229	¥117,516

	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	0	—	7,675	(1)	7,674
Other comprehensive income	—	—	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	1	49	1	—	—	51	—	51
Dividends	—	—	(5,266)	—	—	(5,266)	—	(5,266)
Purchase of treasury shares	—	—	—	(0)	—	(0)	—	(0)
Disposal of treasury shares	—	(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	0	—	50,717	(7)	50,710
Other comprehensive income	—	—	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	7	324	7	—	—	337	—	337
Dividends	—	—	(34,798)	—	—	(34,798)	—	(34,798)
Purchase of treasury shares	—	—	—	(1)	—	(1)	—	(1)
Disposal of treasury shares	—	(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

* 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 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			
Net increase (decrease) in short-term borrowings	—	**(57)**	**(377)**
Repayments of lease liabilities	(1,123)	**(1,250)**	**(8,260)**
Purchase of treasury shares	(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	¥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.

Glossary

Term	Description
3GPP (3rd Generation Partnership Project)	A project that was established to set third-generation (3G) mobile communications technology standards and LTE, LTE-Advanced (4G), and is now developing international standards for 5G.
5G-Advanced	This term is used for 3GPP defined 5G specification "Release 18" and beyond. This 5G extension standard employs some of 6G expected technologies so that it achieves even greater speed.
5G NR/5G New RAT (5G New Radio Access Technology)	A new wireless communications technology for use with 5G. It can handle ultra-high speed communications in excess of 10Gbps.
6G (Six Generation)	Sixth-generation mobile communications technology. The name given to next-generation mobile communications technology which is being researched in various countries with the aim of launching services around 2030.
EV (Electric Vehicle)	Abbreviation for electric vehicle. A vehicle that runs by a motor powered by electricity stored in an internal rechargeable battery. The term includes hybrid vehicles and fuel cell battery vehicles.
Frequency Modulated Continuous Wave (FMCW) Method	A transmission wave method used for radars and other purposes. It transmits a continuous wave of modulated frequency to determine the distance from the frequency difference between the transmitted wave and reflected wave. Unlike the pulse method, which determines the distance based on the width of the pulse, this method determines distance based on the frequency deviation. It has a sufficient signal-to-noise ratio and it can be acquired at a lower transmission power than the pulse method.
FR3	A new term for defining the new frequency bandwidth between 7.125 GHz to 24.25 GHz used for 6G, similar to 600 MHz to 7.125 GHz (FR1) and 24.25 GHz to 43.5 GHz (FR2), used for 5GNR.
GCF (Global Certification Forum) certification	A certification from GCF, an organization comprising telecommunications operators, mobile device manufacturers, and test houses, which recognizes conformity with 3GPP standards for mobile devices and mobile device testing environments.
GLP (Global Long-term management Plan)	An Anritsu's term for our mid-term business plan.
HACCP	Stands for Hazard Analysis Critical Control Point. It is a method for hygiene management for ensuring food product safety. All food product manufacturers are required to implement hygiene management that complies with HACCP.
InP HBT	Stands for heterojunction bipolar transistors that use InP (indium phosphide) semiconductors, and are used in high-speed optical communication devices. It is a promising technology for the integrated circuits that will make up the next-generation photonic networks.
IOWN (Innovative Optical and Wireless Network)	New communication infrastructure using innovative technologies, including All-Optical Network, that the IOWN Global Forum is in the process of examining.
LiDAR (Light Detection And Ranging)	Technology that measures the distance to and shape of an object based on information gathered from reflected laser light.
Local 5G	The system developed by the Ministry of Internal Affairs and Communications of Japan that builds communication environments utilizing the Non-Public Networks (NPN) introduced in the 3GPP Release 16 standard. This differs from private 5G, a system with a similar mechanism being studied overseas, as it requires licences for using radio waves.
NAS battery	Rechargeable battery (secondary battery) that uses fine ceramics as an electrolyte that separates the negative (sodium) and positive (sulfur) electrodes. Its characteristics are high capacity, high energy density, and long life, and they can stably supply electricity for a long time with about one-third of the size of lead rechargable batteries.
NTN (Non-Terrestrial Network)	Multilayered systems with connectivity between not only communications satellites, but also all moving objects, whether land, sea, air, or space-based, including HAPS (High Altitude Platform System) devices, drones, and ships.
OCT (Optical Coherence Tomography)	A technology that uses the phenomenon of interferometry to determine the three-dimensional structure of objects. When applied to retinal examination, it enables easy tomographic observations of the retina and other portions of the rear of the eye, enabling early detection and precise examination of various eye diseases, such as glaucoma and macular disease.
Optical transceiver	A device that acts as an optical transmitter and receiver that converts electric signals to and from light. As an optical transmitter and receiver is packaged into a single device, it can be used for both transmission and reception.
O-RAN (Open-Radio Access Network)	The O-RAN Alliance is developing specifications for each unit that makes up a base station, as well as interface specifications between units. The goal is to standardize specifications that have differed from vendor to vendor.
PGRE 30	Refers to Anritsu Climate Change Action PGRE 30, Anritsu's unique initiative to increase the ratio of private solar power generation. PGRE stands for "Private Generation of Renewable Energy," and the "30" refers to the target of achieving a ratio of private solar power generation of approximately 30% and the target year of around 2030.
Power regeneration	A technology for reusing surplus energy generated from devices by converting them to electricity. For example, trains normally drive the train car using the rotational force from energizing the motor with electricity, but instead, the motor will act as a generator when the train car is slowing down. Reusing the generated electricity is called regeneration.
Powertrain	A generic term for devices that efficiently transfer rotational energy generated by an engine to the driving wheels. Specifically, it refers to the engine, electric motor, clutch, transmission, and ancillary elements. This powertrain is responsible for all vehicle movements, including driving, turning, and stopping.
RedCap (Reduced Capability)	A specification introduced in the 3GPP Release 17 standard for operating 5G at narrower bandwidths, lower peak data rates, and fewer antennas in order to facilitate use in wearable devices, surveillance cameras, industrial sensors, and other devices. Also called NR-Light.
Resilience	The ability to provide and maintain an acceptable level of service even in the face of various failures and challenges to normal operations.
SLD (Super Luminescent Diode) Light Source	A broadband light source with the dual characteristics of a light emitting diode (LED) and a semiconductor laser diode (LD). While it can emit light with a broad spectrum like LEDs, its light has the phase-aligned qualities of LDs. It is used for OCT and other applications.
SOA (Semiconductor Optical Amplifier)	A semiconductor element that amplifies light. Antireflective processing is applied on both facets of a semiconductor laser to eliminate the resonator structure. When light enters from outside the semiconductor, the light is amplified by stimulated emission.
Sub-terahertz	Sub-terahertz refers to the electromagnetic spectrum between 100 GHz to 300 GHz, which is within the spectrum of terahertz (100 GHz to 10 THz). This spectrum is aimed to be utilized as a wireless communications bandwidth for 6G.
Wavelength Swept Light Source	A light source that emits laser light with a continuously sweeping wavelength. Wavelength swept light sources use the coherence of laser light and are utilized as light sources for sensing in a wide range of fields, such as precision width measurement, vibration measurement, surface inspection, and other industrial applications, as well as medical applications such as ophthalmology OCT and intravascular OCT, and infrastructure/plant measurement applications such as displacement/fluctuation of large structures.

Third-party Verification/Statement of Responsibility

Third-Party Verification

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

- CO_2 emissions (Scope 1, 2, and 3) (P.2, 3, 19, 25, 27, 59, 70)
- Total energy consumption (P.18, 25, 70)
- Annual renewable energy generation (P.2, 19, 25, 27, 51, 59, 70)

WEB For more information about third-party assurance reports, please visit our website.
https://dl.cdn-anritsu.com/en-en/about-anritsu/environment/susa-en.pdf

Statement of Responsibility

On the Release of Anritsu's Integrated Report 2024

Shunichi Sugita

Director
Senior Vice President
CFO

Anritsu has released integrated reports since fiscal year 2015, and this report will be our 10th publishing. We will continue to improve the quality of our integrated reports with the aim of furthering our stakeholders' understanding of the value creation story Anritsu is aiming to achieve in our medium and long-term efforts to contribute to the development of a safe, secure, and prosperous global society by offering "Original and High Level" products and services with "Sincerity, Harmony, and Enthusiasm," as stated in our Company Philosophy.

In the Anritsu Integrated Report 2024, we explain the scenario for achieving our goal of becoming a 200 billion yen company by FY2030 and explain the Global Long-term Management Plan (GLP2026) that we formulated in April 2024. We also explain our approach toward solving the issues we face by clarifying our important management issues and targets for them, as well as initiatives taken each year and their KPIs. In addition, we worked to enhance the disclosure of ESG information, such as information about the environment, climate change, approach toward human resources, and corporate governance, in response to social demand.

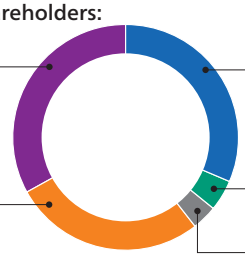
This report was prepared primarily by the IR Department while engaging in sincere discussion with relevant departments. As an officer in charge of the IR Department with responsibility for integrated report preparation, I attest to the legitimacy of the report production process and the accuracy of the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

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

Investor Information (As of March 31, 2024)

Head Office:	ANRITSU CORPORATION 5-1-1 Onna, Atsugi-shi, Kanagawa 243-8555, Japan Tel: +81-46-223-1111 URL: https://www.anritsu.com
Founded (Sekisan-sha)	1895
Established	March 17, 1931
Paid-in Capital:	¥19.219 billion
Number of Employees:	4,083 (Consolidated) 1,732 (Non-Consolidated)
Stock Listing:	Tokyo (Ticker Symbol No: 6754)
Transfer Agent:	Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo 100-8233, Japan
Number of Shareholders:	59,272
Rating: **(Updated on May 31, 2021)**	Rating and Investment Information, Inc. Issuer Rating: A Short-Term Rating: a-1
Authorized Shares:	400,000,000
Issued Shares:	135,870,594

Breakdown of Shareholders:



Major Shareholders

Shareholder Name	Number of Shares (in Thousands)	Percentage of Total Shares Issued
The Master Trust Bank of Japan, Ltd. (Trust Account)	21,239	16.09
Custody Bank of Japan, Ltd. (Trust Account)	11,922	9.03
NORTHERN TRUST CO. (AVFC) RE UKUC UCITS CLIENTS NON LENDING 10PCT TREATY ACCOUNT	2,418	1.83
JUNIPER	2,385	1.81
Sumitomo Life Insurance Company	2,314	1.75
Custody Bank of Japan, Ltd. Retirement payment account of Sumitomo Mitsui Trust Bank	2,000	1.52
JP MORGAN CHASE BANK 385781	1,856	1.41
STATE STREET BANK WEST CLIENT - TREATY 505234	1,632	1.24
NORTHERN TRUST CO. (AVFC) RE THE HIGHCLERE INTERNATIONAL INVESTORS SMALLER COMPANIES FUND	1,469	1.11
Goldman Sachs (Japan) Ltd. BNYM	1,438	1.09

Note: The shareholding ratio is calculated by excluding the number of treasury stock (3,904,177 shares).

Major Subsidiaries (As of March 31, 2024)

Japan	Principal Businesses
TOHOKU ANRITSU CO. LTD.	Manufacture of Test & Measurement instruments and environment measurement equipment
ANRITSU CUSTOMER SUPPORT CO., LTD.	Calibration, repair, and maintenance of Test & Measurement instruments
ANRITSU INFIVIS CO., LTD.	Manufacture of PQA equipment
TAKASAGO, LTD.	R&D, manufacture, sales and maintenance of environment measurement equipment
ANRITSU DEVICES CO., LTD.	Manufacture of optical devices
ANRITSU KOUSAN CO., LTD.	Management of facilities, welfare services, and production of catalogs and other materials
ANRITSU REAL ESTATE CO., LTD.	Real estate leasing
Hapi Sma Co., Ltd.	Contract manufacturing
ANRITSU TECHMAC CO., LTD.	Manufacture and sales of processed products and unit assembly articles

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

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

Asia & Others	Principal Businesses
ANRITSU COMPANY LIMITED (Hong Kong)	Sales of Test & Measurement instruments
Anritsu (China) Co., Ltd. (China)	Sales of Test & Measurement instruments
Anritsu Electronics (Shanghai) Co., Ltd. (China)	Maintenance of Test & Measurement instruments
Anritsu Corporation Limited (Korea)	Sales and maintenance of Test & Measurement instruments
ANRITSU COMPANY, INC. (Taiwan)	Sales and maintenance of Test & Measurement instruments
ANRITSU PTE LTD (Singapore)	Sales and maintenance of Test & Measurement instruments
ANRITSU INDIA PRIVATE LIMITED (India)	Sales and maintenance of Test & Measurement instruments
Anritsu Pty Ltd (Australia)	Sales and maintenance of Test & Measurement instruments
ANRITSU COMPANY LIMITED (Vietnam)	Sales and maintenance of Test & Measurement instruments
ANRITSU PHILIPPINES, INC. (Philippines)	R&D of Test & Measurement instruments
Anritsu Industrial Solutions (Shanghai) Co., Ltd. (China)	Sales and maintenance of PQA equipment
Anritsu Industrial Systems (Shanghai) Co., Ltd. (China)	Manufacture of PQA equipment
Anritsu Infivis (THAILAND) Co., Ltd. (Thailand)	Manufacture and maintenance of PQA equipment

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