

Anritsu Integrated Report [Financial Statements]

2025

(Fiscal Year 2024)

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Management's Discussion and Analysis

The Anritsu Group has applied IFRS since the fiscal year ended March 31, 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, 43 consolidated subsidiaries and 2 affiliates at the end of fiscal year 2024.

Overview

In the field of information and communication, which is the main field of Test and Measurement Business, global shipments of smartphones are recovering, and introduction of new functions, such as advanced smartphones equipped with AI, is expected to stimulate the market.

In the area of 5G utilization, research and development for utilizing 5G in the automotive field has been advancing, and there are ongoing research and demonstration experiments for building 5G networks in private domains, such as private 5G. In the Internet of Things (IoT) field, demand for Customer-Premises Equipment (CPE) which is laid in last mile have been increasing. In response, demand for developing 5G wireless modules and Wi-Fi 7^{*1} has also been increasing. In the Non-Terrestrial Network (NTN) segment, satellite-based communication services are being rolled out one after another, and devices equipped with narrowband IoT (NB-IoT) using 4G systems are also being released. Release 18^{*2}, whose standardization was completed in June 2024, has undergone functional enhancements to eRedCap (enhanced Reduced Capability) designed for the IoT, NTN using 5G NR (New Radio), and more, and is being implemented in chipsets and devices. In addition, discussions by 3GPP for the specification of the next generation communication standard, 6G, has also begun, and research and development has been carried out.

In 5G networks, the O-RAN ALLIANCE, which is working to open up wireless access networks, has been developing specifications. 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.

There is an accelerating trend toward establishing new data centers and increasing data center capacity. For generative AI-oriented data centers, the upgrade to 800GE networks is gaining full steam, and optical device manufacturers are ramping up production of 800GE optical devices. Network equipment manufacturers are developing high-speed buses such as PCIe (Gen5/6)^{*3}, and the development of 1.6TE optical devices is underway. In addition, to connect data centers globally, hyper scalers are promoting the installation of optical submarine cables along new routes. Furthermore, the work of Innovative Optical and Wireless Network (IOWN)^{*4} has become more

active.

In the PQA business, investments in automation of food production lines are progressing due to labor shortages. Demand for automation and manpower savings in quality assurance processes, such as contamination inspection using X-rays and packaging quality inspection, has been strong, particularly in the United States.

^{*1} 7th generation Wi-Fi standard. Doubles the bandwidth used by the 6th generation Wi-Fi standard (Wi-Fi 6) from 160 MHz to 320 MHz for higher speed.

^{*2} Standard number used in 3GPP.

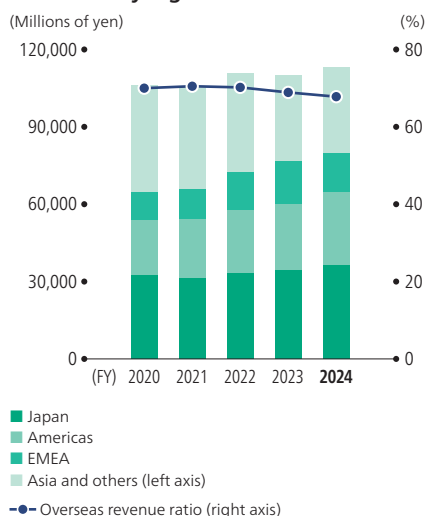
^{*3} 5th/6th generation PCI Express standard (interface standard for serial communication expansion slots)

^{*4} A new communication infrastructure that utilizes innovative technologies such as fully optical networks, which is under consideration by the IOWN Global Forum.

Revenue

The Anritsu Group's operating results were as follows. Orders increased 4.9% YoY to ¥112,585 million, and revenue increased 2.8% to ¥112,979 million. Operating profit increased 35.0% to ¥12,124 million. Profit before tax increased 28.0% to ¥12,737 million. Profit increased 20.7% YoY to ¥9,259 million, and profit attributable to owners of parent increased 20.6% to ¥9,257 million.

Revenue by region and overseas revenue ratio



Cost of sales and gross profit

Cost of sales decreased ¥330 million, or 0.6%, to ¥58,003 million. Cost of sales as a percentage of total revenue was 51.3%, down 1.8 percentage points year on year. Gross profit increased ¥3,357 million, or up 6.5%, to ¥54,975 million. The gross margin amounted to 48.7%.

Selling, general and administrative (SG&A) expenses and operating profit

SG&A expenses increased 2.1%, or ¥687 million, year on year, to ¥33,390 million. Research and development (R&D) expenses decreased 0.8%, or ¥79 million, to ¥9,249 million.

Management's Discussion and Analysis

and amounted to 8.2% of consolidated total revenue. As a result of the above factors, operating profit increased 35.0%, or ¥3,141 million, to ¥12,124 million. The operating profit ratio was 10.7%.

SG&A expenses

Year ended March 31	Millions of yen		YoY (%)
	FY2024	FY2023	
Personnel expenses	¥22,705	¥22,180	2.4
Travel and transportation expenses	1,104	1,130	-2.3
Advertising expenses	1,743	1,927	-9.5
Depreciation and amortization expenses	2,094	2,081	0.6
Others	5,743	5,383	6.7

Operating profit and operating profit margin



Profit before tax and profit

Operating profit increased 35.0%, or ¥3,141 million, year on year to ¥12,124 million, profit before tax increased 28.0%, or ¥2,786 million, year on year to ¥12,737 million. Profit increased 20.6%, or ¥1,585 million, year on year to ¥9,259 million, and profit attributable to owners of parent increased 20.6%, or ¥1,582 million year on year to ¥9,257 million. Comprehensive income for the period decreased ¥5,440 million, to ¥7,790 million.

Cost of sales, expenses, and profit as a percentage of revenue

Year ended March 31	%		
	FY2024	FY2023	FY2022
Revenue	100.0	100.0	100.0
Cost of sales	51.3	53.1	51.3
Gross profit	48.7	46.9	48.7
SG&A expenses	29.6	29.7	28.5
R&D expenses	8.2	8.5	9.9
Profit	8.2	7.0	8.3

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, the Company aims at a consolidated dividend payout ratio of 50% or more. The Company's basic policy is to make distributions of dividends, twice a year, consisting of a fiscal year-end dividend and an interim dividend by resolution of the General Meeting of Shareholders or by approval of the Board of Directors.

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.

The Company'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, 2025.

For the fiscal year ending March 31, 2026, due to the uncertainty regarding the potential impact of U.S. tariff measures, our current annual dividend forecast remains unchanged at ¥40 per share (including an interim dividend of ¥20).

Business Segments

Test and Measurement

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

During the fiscal year ended March 31, 2025, although the growth of generative AI drove strong measurement demand for increased network speeds in data centers, etc., investments in test instruments for base station construction and maintenance by communications operators were weak, and revenue fell YoY. Meanwhile, due to changes in our product mix, profitability improved. Consequently, segment revenue decreased 1.3% year on year to ¥70,109

million; operating profit increased 11.0% to ¥8,375 million.

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

In the Test and Measurement Business, which primarily serves the telecommunications sector, global smartphone shipments are recovering, and the market is expected to energize with the emergence of highly functional smartphones equipped with AI.

In the area of 5G utilization, research and development in the automotive field is progressing, and surveys and demonstration experiments for building private 5G networks, such as local 5G, continue to be conducted. In the IoT (Internet of Things) field, demand for customer premises equipment (CPE), used for last-mile applications in the United States and other countries, as well as development needs for 5G wireless modules and Wi-Fi 7(*1), are increasing.

Additionally, terminal devices utilizing NBIoT (Narrowband IoT) from 4G systems are being released as part of non-terrestrial networks telecommunications services using satellites, and related development demands are expected. In addition, in "Release 18," which was standardized in June 2024 (*2), functionality has been enhanced in areas such as eRedCap (enhanced Reduced Capability) for IoT and NTN using 5G NR (New Radio), and support for chipsets and devices is progressing. Furthermore, the 3GPP has started discussions on the specifications for 6G, the next-generation telecommunications standard, and research and development are underway.

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.

*1 7th generation Wi-Fi standard. Doubles the bandwidth used by the 6th generation Wi-Fi standard (Wi-Fi 6) from 160 MHz to 320 MHz for higher speed.

*2 Standard number used in 3GPP.

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 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. In data centers, upgrades to 800GE networks are becoming full-scale, and optical device manufacturers are increasing production capacity for 800GE optical devices. In addition, network equipment manufacturers are advancing the development of high-speed buses such as PCIe (Gen5/6), and development of optical devices for 1.6TE has begun. Furthermore, hyperscalers are proceeding with the installation of new optical submarine cables, and IOWN's activities aimed at full optical networking are becoming more active. In response to these developments, demand for related testing solutions is increasing.

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

Management's Discussion and Analysis

checkweighers, automatic combination weighers, and metal detectors, for the food, pharmaceutical and cosmetics industries.

During the fiscal year ended March 31, 2025, demand for capital investment aimed at automation and manpower savings in the quality assurance process in the food market was strong, and the business has captured major customers' demand for X-ray inspection equipment in the United States. As a result, revenue and operating profit increased. Consequently, segment revenue increased 11.3% year on year to ¥28,241 million; operating profit increased 119.0% to ¥2,836 million.

The Products Quality Assurance Business accounts for 25% 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 high speed food processing lines, as well as X-ray and other inspection systems that detect and remove metal fragments, stones, and other alien materials in the food processing process with high precision.

In the Japanese market, although there were order delays at the beginning of the period due to the high cost of raw materials, the market remained solid thanks to inbound demand and demand for automation.

In the overseas market, demand for X-ray inspection machines from major clients in the United States was captured, and capital investment demand for automation and labor-saving across various regions in Europe, the U.S., and Asia performed well. The overseas sales ratio for this business is approximately 60%.

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

This segment group develops, manufactures, and sells test systems for EVs and for batteries, as well as local 5G support services, and video surveillance monitoring solutions for roads, dams, rivers, and other applications.

During the fiscal year ended March 31, 2025, revenue and operating profit increased YoY because test demand for the EVs and batteries was strong in Japan. Consequently, segment revenue increased 14.9% year on year to ¥8,545 million, and operating profit increased

67.6% year on year to ¥900 million.

The Environmental Measurement Business operates in two areas—power electronics and networks—contributing to solving social issues, and accounts for 8% of our Group's revenue. The business develops, manufactures, and sells test equipment for EV/batteries, support services for local 5G, and remote monitoring devices for roads, dams, rivers, and other applications. Sales revenue from testing equipment for EVs and batteries accounts for a large proportion, and demand in this market is heavily affected by environmental changes in customer investment due to policies and tax incentives promoting the shift to EVs in each country.

In the field of power electronics, the global trend toward decarbonization is accelerating the shift to electric vehicles among automakers, and development investment in batteries, inverters, motors, etc. is expanding. Takasago Ltd., our subsidiary, has strengths in power supply systems utilizing advanced energy control technologies, providing EV drive system and battery testing equipment to automakers, auto parts manufacturers, and battery manufacturers, resulting in strong domestic demand for EV and battery testing. We are actively investing in development in this field, expanding new products and solutions, and accelerating efforts for global business deployment.

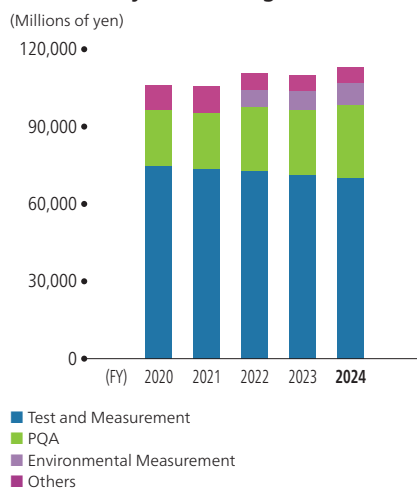
In the field of networks, demand for remote monitoring devices for roads, dams, rivers, and similar applications remained solid.

Others

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

Segment revenue decreased 0.9% year on year to ¥6,081 million, operating profit increased 79.7% year on year to ¥1,456 million.

Revenue by business segment



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, 2025, the balance of interest-bearing debt was ¥6,072 million (compared with ¥7,193 million at the end of the previous fiscal year) and the debt-to-equity ratio was 0.05 (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, 2025, cash and cash equivalents (hereafter, "net cash") increased ¥4,437 million YoY to ¥50,094 million. Free cash flow, the sum of cash flows from operating activities and cash flows from

investing activities, was positive ¥17,154 million (positive ¥12,929 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 ¥21,071 million (in the previous fiscal year, operating activities provided net cash of ¥16,573 million). The cash increase was mainly due to reporting of profit before tax and decreasing inventories. Depreciation and amortization expense was ¥5,707 million (decrease of ¥181 million YoY).

• Cash flows from investing activities

Net cash used in investing activities was ¥3,916 million in the previous fiscal year, investing activities used net cash of ¥3,643 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 ¥12,257 million (in the previous fiscal year, financing activities used net cash of ¥6,578 million). The cash decrease was mainly due to payment of cash dividends totaling ¥5,270 million (in the previous fiscal year, cash dividends were ¥5,266 million), and purchase of treasury shares.

Assets, liabilities, and equity

Total assets decreased ¥1,258 million from the end of the previous fiscal year to ¥159,826 million. This decrease was mainly due to a ¥5,434 million decrease in Inventories. On the other hand, Cash and cash equivalents increased by ¥4,437 million.

Total liabilities decreased ¥1 million from the end of the previous fiscal year to ¥35,558 million. This decrease was mainly due to a ¥697 million decrease in Other current liabilities, a ¥612 million decrease in Other financial liabilities, and a ¥526 million decrease in Bonds and borrowings. On the other hand, Income taxes payable increased by ¥1,951 million.

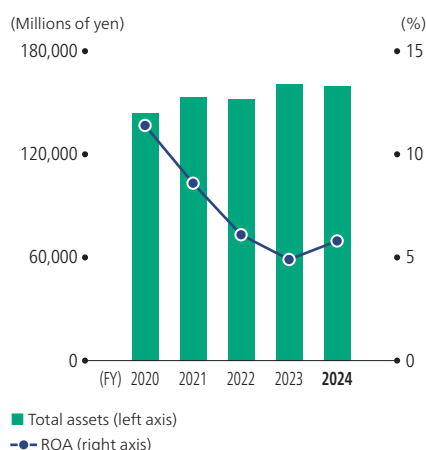
Total equity decreased ¥1,257 million from the end of the previous fiscal year to ¥124,268 million. This decrease was mainly due to a ¥3,819 million decrease because of purchase of treasury shares. On the other hand, Retained earnings increased by ¥3,210 million.

As a result, the equity attributable to owners of parent to total assets ratio was 77.8% (77.9% at the end of the previous fiscal year). Interest-bearing debt was ¥6,072 million (¥7,193 million at the end of the previous fiscal year).

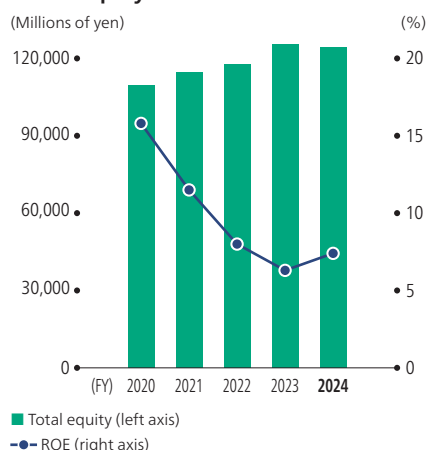
The debt-to-equity ratio was 0.05 (0.06 at the end of the previous fiscal year).

Management's Discussion and Analysis

Total assets and ROA



Total equity and ROE



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.

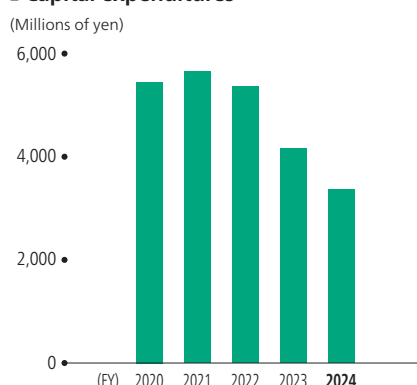
In other businesses, we invested primarily in the device business to maintain and increase production capacity. The breakdown of investments is shown in the following table. (Figures for tangible fixed assets and intangible

assets are on an acceptance basis. Figures exclude development costs of intangible assets.)

Overview of capital expenditures

Year ended March 31	Millions of yen		YoY (%)
	FY2024	FY2023	
Test and Measurement	¥2,176	¥3,023	72.0
PQA	617	543	113.5
Environmental Measurement	233	219	106.3
Subtotal	3,027	3,786	80.0
Others	344	381	90.2
Total	3,371	4,167	80.9

Capital expenditures



Research and Development

Research and development

Year ended March 31	Millions of yen		% of revenue	% of revenue
	FY2024	FY2023		
Test and Measurement	¥7,276	¥7,496	10.4	10.6
PQA	1,663	1,625	5.9	6.4
Environmental Measurement	512	417	6.0	5.6
Others	142	129	2.3	2.1
Basic Research	284	274	—	—
Total	¥9,879	¥9,943	8.7	9.0

* Includes development costs recorded in intangible assets.

Outlook and Management Issues for the Year Ending March 31, 2026

In the T&M business, our Group's main business segment, we expect the measurement demand will continue to grow in order to support increasing network speed in data centers as generative AI is becoming more popular. In the mobile market, global shipments of smartphones are recovering, and we aim to capture the measurement demand mainly driven by the accelerated adoption of advanced smartphones equipped with AI.

In the PQA business, we will seek to expand sales by launching new products to capture the demand for capital

investment aimed at automation and manpower savings in the quality assurance process in the food market. We will also promote development of new products and reinforce our sales capabilities in the pharmaceutical market.

In the Environmental Measurement business, we will ensure to capture test demand for EVs/batteries in Japan, which is expected to remain solid, and advance into overseas markets.

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

Management's Discussion and Analysis

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 the 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 CO₂ emissions of its offices and factories through reducing the energy usage from the perspective of preventing global warming and preserving biodiversity; reducing waste by promoting the 3Rs (reduce, reuse, and recycle); and setting self-management standards that are stricter than laws and ordinances related to preventing environmental pollution.

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.

Management's Discussion and Analysis

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.

Financial Results Summary

1. Basis of Presenting Consolidated Financial Statements

- (1) The consolidated financial statements of Anritsu Corporation ("the Company") have been prepared in accordance with International Financial Reporting Standards (IFRS) pursuant to the provision of Article 312 of "Regulations Concerning Terminology, Forms and Methods for Preparing Consolidated Financial Statements" ("Regulations on Consolidated Financial Statements").
- (2) The financial statements of the Company have been prepared in accordance with "Regulations Concerning Terminology, Forms and Methods for Preparing Financial Statements" ("Regulations on Financial Statements").

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

- (3) The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2025, which was ¥149.53 to U.S.\$1.00. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

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

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

- (1) Joining the Financial Accounting Standards Foundation (FASF) and gathering information on revised accounting standards or attending seminars to fully understand the contents of accounting standards and to improve the Company's accounting system to accurately reflect revisions to accounting standards in the consolidated financial statements of the Company.
- (2) To prepare appropriate consolidated financial statements based on IFRS, the Company evaluates the latest standards obtained from press releases and standards documentation of the International Accounting Standards Board and determines Group accounting policies in accordance with IFRS.

Consolidated Statement of Financial Position

March 31, 2024 and 2025

		Millions of yen	Thousands of U.S. dollars*
	FY2023 as of March 31, 2024	FY2024 as of March 31, 2025	FY2024 as of March 31, 2025
Assets			
Current assets:			
Cash and cash equivalents (Notes 8 and 37)	¥45,657	¥50,094	\$335,010
Trade and other receivables (Notes 9 and 37)	28,623	28,535	190,831
Other financial assets (Notes 11 and 37)	9	1,364	9,122
Inventories (Note 10)	27,860	22,425	149,970
Income taxes receivables	284	170	1,137
Other current assets	3,408	3,529	23,601
Total current assets	105,843	106,119	709,684
Non-current assets:			
Property, plant and equipment (Notes 12 and 20)	28,935	27,251	182,244
Goodwill and intangible assets (Note 13)	8,231	8,161	54,578
Investment property (Note 14)	236	236	1,578
Trade and other receivables (Notes 9 and 37)	512	505	3,377
Investments accounted for using equity method (Note 16)	7	314	2,100
Other financial assets (Notes 11 and 37)	2,177	2,208	14,766
Deferred tax assets (Note 17)	5,921	7,383	49,375
Other non-current assets (Note 22)	9,219	7,645	51,127
Total non-current assets	55,242	53,706	359,165
Total assets (Note 6)	161,085	159,826	1,068,856
Liabilities and Equity			
Liabilities			
Current liabilities:			
Trade and other payables (Notes 18 and 37)	6,459	6,642	44,419
Bonds and borrowings (Notes 19 and 37)	4,087	570	3,812
Other financial liabilities (Notes 20, 21, and 37)	1,009	946	6,326
Income taxes payables	1,269	3,220	21,534
Employee benefits (Note 22)	7,407	7,611	50,899
Provisions (Note 23)	574	575	3,845
Other current liabilities (Notes 24 and 27)	9,784	9,086	60,764
Total current liabilities	30,592	28,654	191,627
Non-current liabilities:			
Trade and other payables (Notes 18 and 37)	512	463	3,096
Bonds and borrowings (Notes 19 and 37)	—	2,991	20,003
Other financial liabilities (Notes 20, 21, and 37)	2,115	1,565	10,466
Employee benefits (Note 22)	685	652	4,360
Provisions (Note 23)	128	127	849
Deferred tax liabilities (Note 17)	319	25	167
Other non-current liabilities (Notes 24 and 27)	1,205	1,079	7,216
Total non-current liabilities	4,967	6,904	46,171
Total liabilities	35,559	35,558	237,798
Equity:			
Share capital (Note 25)	19,219	19,219	128,529
Capital surplus (Note 25)	28,580	28,622	191,413
Retained earnings (Note 25)	65,696	68,906	460,817
Treasury shares (Note 25)	(6,050)	(9,869)	(66,000)
Other components of equity (Note 25)	18,074	17,388	116,284
Equity attributable to owners of parent	125,520	124,268	831,057
Non-controlling interests	5	—	—
Total equity	125,525	124,268	831,057
Total liabilities and equity	¥161,085	¥159,826	\$1,068,856

* The U.S. dollar amounts in this report represent translations of Japanese yen, for convenience only, at the rate of ¥149.53 to U.S. \$1.00, the approximate exchange rate on March 31, 2025.

Consolidated Statement of Comprehensive Income

Years ended March 31, 2024 and 2025

		Millions of yen	Thousands of U.S. dollars*
	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)	FY2024 (From April 1, 2024 to March 31, 2025)
Revenue (Notes 6 and 27)	¥109,952	¥112,979	\$755,561
Cost of sales (Notes 30)	58,333	58,003	387,902
Gross profit	51,618	54,975	367,652
Other revenue and expenses			
Selling, general and administrative expenses (Notes 28 and 30)	32,703	33,390	223,300
Research and development expense (Notes 29 and 30)	9,328	9,249	61,854
Other income (Note 31)	277	333	2,227
Other expenses (Note 31)	880	544	3,638
Operating profit (loss) (Note 6)	8,983	12,124	81,081
Finance income (Note 32)	1,259	757	5,063
Finance costs (Note 32)	290	143	956
Share of profit (loss) of investments accounted for using equity method (Note 16)	(0)	(0)	(1)
Profit (loss) before tax	9,951	12,737	85,180
Income tax expense (Note 17)	2,277	3,478	23,260
Profit (loss)	7,674	9,259	61,921
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income (Note 33)	384	22	147
Remeasurements of defined benefit plans (Note 33)	209	(781)	(5,223)
Total	594	(759)	(5,076)
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations (Note 33)	4,961	(709)	(4,742)
Total	4,961	(709)	(4,742)
Total other comprehensive income	5,556	(1,469)	(9,824)
Comprehensive income (loss)	¥13,230	¥7,790	\$52,097
Profit (loss), attributable to:			
Owners of parent	¥7,675	¥9,257	\$61,907
Non-controlling interests	(1)	1	7
Total	¥7,674	¥9,259	\$61,921
Comprehensive income (loss) attributable to:			
Owners of parent	¥13,232	¥7,788	\$52,083
Non-controlling interests	(1)	1	7
Total	¥13,230	¥7,790	\$52,097
Earnings per share		Yen	U.S. dollars*
Basic earnings per share (Note 34)	¥58.29	¥70.42	\$0.47
Diluted earnings per share (Note 34)	58.29	70.42	0.47

* The U.S. dollar amounts in this report represent translations of Japanese yen, for convenience only, at the rate of ¥149.53 to U.S. \$1.00, the approximate exchange rate on March 31, 2025.

Consolidated Statement of Changes in Equity

Years ended March 31, 2024 and 2025

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

FY2024 (From April 1, 2024 to March 31, 2025)								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, 2024	¥19,219	¥28,580	¥65,696	¥(6,050)	¥18,074	¥125,520	¥5	¥125,525
Profit (loss)	—	—	9,257	—	—	9,257	1	9,259
Other comprehensive income (Note 33)	—	—	(781)	—	(687)	(1,469)	(0)	(1,469)
Total comprehensive income (loss)	—	—	8,475	—	(687)	7,788	1	7,790
Share-based payment transactions (Note 36)	—	64	5	23	—	93	—	93
Dividends (Note 26)	—	—	(5,270)	—	—	(5,270)	—	(5,270)
Purchase of treasury shares (Note 25)	—	—	—	(3,857)	—	(3,857)	—	(3,857)
Disposal of treasury shares (Notes 25 and 36)	—	(14)	0	14	—	0	—	0
Changes in ownership interest in subsidiaries	—	(7)	—	—	0	(7)	(7)	(15)
Transfer from other components of equity to retained earnings	—	—	(1)	—	1	—	—	—
Total transactions with owners and other transactions	—	42	(5,265)	(3,819)	1	(9,041)	(7)	(9,048)
Balance at March 31, 2025	¥19,219	¥28,622	¥68,906	¥(9,869)	¥17,388	¥124,268	—	¥124,268

FY2024 (From April 1, 2024 to March 31, 2025)								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, 2024	\$128,529	\$191,132	\$439,350	\$(40,460)	\$120,872	\$839,430	\$33	\$839,464
Profit (loss)	—	—	61,907	—	—	61,907	7	61,921
Other comprehensive income (Note 33)	—	—	(5,223)	—	(4,594)	(9,824)	(1)	(9,824)
Total comprehensive income (loss)	—	—	56,678	—	(4,594)	52,083	7	52,097
Share-based payment transactions (Note 36)	—	428	33	154	—	622	—	622
Dividends (Note 26)	—	—	(35,244)	—	—	(35,244)	—	(35,244)
Purchase of treasury shares (Note 25)	—	—	—	(25,794)	—	(25,794)	—	(25,794)
Disposal of treasury shares (Notes 25 and 36)	—	(94)	0	94	—	0	—	0
Changes in ownership interest in subsidiaries	—	(47)	—	—	0	(47)	(47)	(100)
Transfer from other components of equity to retained earnings	—	—	(7)	—	7	—	—	—
Total transactions with owners and other transactions	—	281	(35,210)	(25,540)	7	(60,463)	(47)	(60,510)
Balance at March 31, 2025	\$128,529	\$191,413	\$460,817	\$(66,000)	\$116,284	\$831,057	—	\$831,057

* The U.S. dollar amounts in this report represent translations of Japanese yen, for convenience only, at the rate of ¥149.53 to U.S. \$1.00, the approximate exchange rate on March 31, 2025.

Consolidated Statement of Cash Flows

Years ended March 31, 2024 and 2025

		Millions of yen	Thousands of U.S. dollars*
	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)	FY2024 (From April 1, 2024 to March 31, 2025)
Cash flows from operating activities			
Profit (loss) before tax	¥9,951	¥12,737	\$85,180
Depreciation and amortization	5,888	5,707	38,166
Impairment losses	256	—	—
Interest and dividend income	(600)	(713)	(4,768)
Interest expenses	78	82	548
Loss (gain) on sale and retirement of fixed assets	325	11	74
Decrease (increase) in trade and other receivables	(1,550)	98	655
Decrease (increase) in inventories	3,508	5,356	35,819
Increase (decrease) in trade and other payables	(1,607)	21	140
Increase (decrease) in employee benefits	(552)	588	3,932
Other, net	2,685	(586)	(3,919)
Subtotal	18,385	23,304	155,848
Interest received	573	678	4,534
Dividends received	27	35	234
Interest paid	(76)	(88)	(589)
Income taxes paid	(2,610)	(3,001)	(20,070)
Income taxes refund	274	144	963
Net cash provided by (used in) operating activities	16,573	21,071	140,915
Cash flows from investing activities			
Purchase of property, plant and equipment	(2,635)	(2,438)	(16,304)
Purchase of intangible assets	(1,151)	(1,294)	(8,654)
Other, net	143	(183)	(1,224)
Net cash provided by (used in) investing activities	(3,643)	(3,916)	(26,189)
Cash flows from financing activities (Note 35)			
Net increase (decrease) in short-term borrowings	(57)	(520)	(3,478)
Proceeds from long-term borrowings	—	3,000	20,063
Repayments of long-term borrowings	—	(3,000)	(20,063)
Repayments of lease liabilities	(1,250)	(1,252)	(8,373)
Purchase of treasury shares (Note 25)	(0)	(3,857)	(25,794)
Decrease (increase) in deposit for purchase of treasury shares	—	(1,342)	(8,975)
Dividends paid	(5,266)	(5,270)	(35,244)
Other, net	(3)	(14)	(94)
Net cash provided by (used in) financing activities	(6,578)	(12,257)	(81,970)
Effect of exchange rate changes on cash and cash equivalents	2,472	(459)	(3,070)
Net increase (decrease) in cash and cash equivalents	8,823	4,437	29,673
Cash and cash equivalents at the beginning of period	36,833	45,657	305,337
Cash and cash equivalents at the end of period (Note 8)	¥45,657	¥50,094	\$335,010

* The U.S. dollar amounts in this report represent translations of Japanese yen, for convenience only, at the rate of ¥149.53 to U.S. \$1.00, the approximate exchange rate on March 31, 2025.

Notes to the Consolidated Financial Statements

1. Reporting Entity

Anritsu Corporation is an incorporated company located in Japan. The registered address of headquarters is disclosed on Anritsu's website (<https://www.anritsu.com>). The Company's reporting date is March 31, 2025. The consolidated financial statements of the Company comprise the Company and its subsidiaries ("the Anritsu Group") and the Company's interests in affiliates.

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

2. Basis of Presentation

(1) Accounting Standards Adopted

The consolidated financial statements of the Anritsu Group have been prepared in accordance with IFRS pursuant to the provision of Article 312 of the "Regulations Concerning Terminology, Forms and Methods for Preparing Financial Statements" ("Regulations on Consolidated Financial Statements"). The Company meets the requirements of Article 1-2 of the "Regulations on Consolidated Financial Statements." The Company is a qualified company for filing its financial statements in IFRS in accordance with this article. The consolidated financial statements of the Anritsu Group have been approved by Hirokazu Hamada, Representative Director and President, and Shunichi Sugita, Chief Financial Officer of the Company.

(2) Functional and Presentation Currency

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

(3) Changes in Accounting Policy

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

3. Material Accounting Policies

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

(1) Basis of Consolidation

1. Subsidiaries

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

The financial statements of subsidiaries are included in the

consolidated financial statements from the date when the Anritsu Group obtains control until the date when it loses control.

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

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

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

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

2. Associates

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

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

3. Joint Ventures

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

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

(2) Business Combinations

The acquisition method is applied as the method of accounting for business combinations. The acquisition

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

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

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

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

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

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

(3) Foreign Currency Translation

1. Foreign Currency Transactions

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

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

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

2. Financial Statements of Foreign Operations

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

(4) Financial Instruments

1) Financial Assets

1. Initial Recognition and Measurement

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

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

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

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

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

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

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

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

2. Subsequent Measurement

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

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(i) Financial assets measured at amortized cost

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

(ii) Financial assets measured at fair value

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

However, for equity financial assets designated as at fair value through other comprehensive income, changes in fair value are recognized in other comprehensive income.

Dividends from the financial assets are recognized as part of finance income in profit or loss for the year.

3. Derecognition of Financial Assets

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

4. Impairment of Financial Assets

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

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

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

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

2) Financial Liabilities

1. Initial Recognition and Measurement

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

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

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

2. Subsequent Measurement

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

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

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

(ii) Financial liabilities measured at amortized cost

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

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

3. Derecognition of Financial Liabilities

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

3) Derivatives

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

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

(5) Cash and Cash Equivalents

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

(6) Inventories

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

specific identification method for finished goods and work in progress.

(7) Property, Plant and Equipment

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

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

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

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

(8) Goodwill

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

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

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

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

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

(9) Intangible Assets

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

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

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

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

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

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

(10) Investment Property

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

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

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

(11) Leases

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

When it is determined that a contract is a lease or contains a lease, the right-of-use assets and lease liabilities are recognized at the inception of the lease. Lease liabilities are

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

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

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

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

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

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

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

(12) Impairment on Non-financial Assets

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

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

group of assets which generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

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

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

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

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

(13) Employee Benefits

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

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

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

The liability or asset for a defined benefit plan is calculated as the present value of the defined benefit plan obligation less the fair value of the plan assets. If a defined benefit plan is overfunded, the net amount of the defined benefit asset is the asset ceiling, which is the present value of the economic

benefits available in the form of returns from the plan or reductions in future contributions to the plan.

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

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

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

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

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

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

(14) Share-based Payment

1) Stock option plans

The Anritsu Group had introduced stock option plans as equity-settled, share-based payment plans. Following the introduction of the Performance-Related Stock Compensation Programs, however, the Anritsu Group already abolished the stock option plans.

2) The Performance-Related Stock Compensation Programs

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

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

3) Restricted Stock-based Compensation System

The Anritsu Group has introduced a Restricted Stock-based Compensation System as equity-settled, share-based payment plans.

Under the system, the consideration for services received is measured at fair value of the Company's shares at grant date,

while the expenses and the corresponding increase in equity are recognized over the vesting period.

(15) Provisions

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

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

(16) Revenue

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

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when the performance obligation is satisfied or as the performance obligation is satisfied

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

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

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

For multiple element transactions in which we provide multiple deliverables such as products, software, or support

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services, if the respective components are identified as having separate performance obligations, we allocate the transaction price proportionately based on the standalone selling price and recognize revenue for each performance obligation.

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

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

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

(17) Finance Income and Costs

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

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

(18) Government Grants

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

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

(19) Income Tax Expense

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

Current taxes are comprised of the adjustment amount of estimated tax payments or the adjustment amount of estimated refunds up until the previous fiscal year, added to the

taxable profits for the year, calculated by multiplication by the tax rates that have been enacted or substantively enacted at the end of the reporting period, or to the amount of estimated tax payments or the amount of estimated tax refunds on losses.

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

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

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

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

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

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

Deferred tax assets and liabilities are offset when: (1) there

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

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

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

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

(21) Assets Held for Sale

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

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

(22) Equity

1. Common Stock

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

2. Treasury Shares

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

4. Significant Accounting Estimates and Judgments

The preparation of consolidated financial statements based on IFRS requires management to make judgments, estimates and assumptions that affect the application of account

policies and the reported amounts of assets, liabilities, income, and expenses. Actual results could differ from these estimates.

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

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

(1) Evaluation of Inventories

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

Details of inventories are stated under 10. Inventories.

(2) Recognition of Deferred Tax Assets

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

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

(3) Measurement of Defined Benefit Plan Obligations

The Group has adopted the defined benefit plan. The present value of defined benefit pension plan obligations and the relevant service cost, etc., are calculated based on actuarial assumptions. Actuarial assumptions require estimates and

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judgment on various variables including discount rates, turnover rates, and mortality rates. Although actuarial assumptions are determined based on the best estimates and judgment of management, they may be impacted as a result of future changes in uncertain economic conditions and revisions and promulgations of relevant laws and regulations. If a review becomes necessary, it may materially impact the amounts to be recognized in the consolidated financial statements for the following fiscal year or later.

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

(4) Valuation of Goodwill

An impairment test for goodwill is performed by the Anritsu Group annually and each time in the event that indications of impairment exist. In the impairment test, the recoverable amount is calculated based on the value in use. The value in use is calculated by discounting the estimated future cash flows based on a business plan approved by management by reflecting past experience and external information at a discount rate based on the pre-tax weighted average cost of capital of the cash-generating unit to determine the present value.

Details related to goodwill including key assumptions used to calculate the recoverable amount are described under 13. Goodwill and Intangible Assets.

5. New Standards and Interpretations not yet Applied

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

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

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

6. Segment Information

(1) Outline of Reportable Segment

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

Main products and services by segment are as follows:

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

(2) Information by Reportable Segment

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

Inter-segment revenue is measured based on market price.

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

Notes: 1. Others: Sensing & Devices, Logistics, Welfare-related service, Leases on real estate and others.

2. Adjustment of operating profit includes elimination of inter-segment transactions (0 million yen) and company-wide expenses not allocated to business segments (-1,205 million yen). Company-wide expenses are mainly composed of basic research expense as well as selling, general and administrative expenses not attributable to business segments.

3. Adjustment of segment assets includes excess investment capital not attributable to business segments (cash and cash equivalents), long-term investment capital (other financial assets (non-current assets)), and others.

4. Capital expenditures, Depreciation and amortization include amount related to right-of-use assets.

FY2024 (From April 1, 2024 to March 31, 2025)	Reportable segment						Millions of yen	
	Test and Measurement	PQA	Environmental Measurement	Subtotal	Others (Note 1)	Total	Adjustment (Notes 2, 3)	Consolidated
Revenue from external customers	¥70,109	¥28,241	¥8,545	¥106,897	¥6,081	¥112,979	—	¥112,979
Intersegment revenue	13	3	—	16	3,079	3,096	(3,096)	—
Total	¥70,123	¥28,244	¥8,545	¥106,914	¥9,161	¥116,075	¥(3,096)	¥112,979
Cost of sales, Other revenue and expenses	(61,748)	(25,408)	(7,645)	(94,803)	(7,704)	(102,507)	1,652	(100,855)
Operating profit (loss)	8,375	2,836	900	12,111	1,456	13,568	(1,444)	12,124
Finance income	—	—	—	—	—	—	—	757
Finance costs	—	—	—	—	—	—	—	143
Share of profit (loss) of investments accounted for using equity method	—	—	—	—	—	—	—	(0)
Profit (loss) before tax	—	—	—	—	—	—	—	12,737
Income tax expense	—	—	—	—	—	—	—	3,478
Profit (loss) for the year	—	—	—	—	—	—	—	9,259
Segment assets	96,877	28,917	10,540	136,336	8,895	145,231	14,595	159,826
Capital expenditures (Note 4)	3,066	617	233	3,917	351	4,268	(8)	4,260
Depreciation and amortization (Note 4)	4,314	766	207	5,289	431	5,720	(13)	5,707
Impairment losses	—	—	—	—	—	—	—	—

Notes: 1. Others: Sensing & Devices, Logistics, Welfare-related service, Leases on real estate and others.

2. Adjustment of operating profit includes elimination of inter-segment transactions (8 million yen) and company-wide expenses not allocated to business segments (-1,452 million yen). Company-wide expenses are mainly composed of basic research expense as well as selling, general and administrative expenses not attributable to business segments.

3. Adjustment of segment assets includes excess investment capital not attributable to business segments (cash and cash equivalents), long-term investment capital (other financial assets (non-current assets)), and others.

4. Capital expenditures, Depreciation and amortization include amount related to right-of-use assets.

(3) Information regarding Products and Service

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

Notes to the Consolidated Financial Statements

(4) Information regarding Geographical Areas

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

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

Notes: 1. Revenue information is presented based on the geographical location of the customers, and it is classified by country or region.

2. Non-current assets information (excluding financial instruments, deferred tax assets and retirement benefit assets) is presented based on the geographical location of the assets.

3. EMEA: Europe, Middle East, and Africa

4. The Anritsu Group has not disclosed non-current assets (excluding financial instruments, deferred tax assets and retirement benefit assets) for the United States and China as the amounts are immaterial.

FY2024 (From April 1, 2024 to March 31, 2025)	Millions of yen	
	Revenue	Non-current assets
Japan	¥36,378	¥25,752
Americas	28,129	5,021
<i>[United States]</i>	<i>[22,213]</i>	—
EMEA	15,449	3,811
Asia and others	33,022	1,538
<i>[China]</i>	<i>[12,981]</i>	—
Eliminations and corporate	—	(311)
Total	¥112,979	¥35,811

Notes: 1. Revenue information is presented based on the geographical location of the customers, and it is classified by country or region.

2. Non-current assets information (excluding financial instruments, deferred tax assets and retirement benefit assets) is presented based on the geographical location of the assets.

3. EMEA: Europe, Middle East, and Africa

4. The Anritsu Group has not disclosed non-current assets (excluding financial instruments, deferred tax assets and retirement benefit assets) for the United States and China as the amounts are immaterial.

(5) Information regarding Key Customers

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

7. Business Combinations

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

None

FY2024 (From April 1, 2024 to March 31, 2025)

None

8. Cash and Cash Equivalents

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

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

9. Trade and Other Receivables

Details of trade and other receivables are as follows:

	Beginning of FY2023 as of April 1, 2023	End of FY2023 as of March 31, 2024	Beginning of FY2024 as of April 1, 2024	Millions of yen End of FY2024 as of March 31, 2025
Accounts receivable–trade	¥22,499	¥25,290	¥25,290	¥25,916
Notes receivable–trade	3,006	3,173	3,173	2,427
Accounts receivable–other	97	113	113	89
Others	778	822	822	794
Less: Allowance for doubtful accounts	(133)	(264)	(264)	(186)
Total	¥26,249	¥29,135	¥29,135	¥29,040
Current assets	¥25,798	¥28,623	¥28,623	¥28,535
Non-current assets	450	512	512	505
Total	¥26,249	¥29,135	¥29,135	¥29,040

10. Inventories

Details of inventories are as follows:

	FY2023 as of March 31, 2024	Millions of yen FY2024 as of March 31, 2025
Raw materials	¥14,199	¥10,191
Work in process	7,371	6,518
Finished goods	6,288	5,715
Total	¥27,860	¥22,425

Notes: 1. The losses on valuation of inventories were included in "Cost of sales." Amounts of valuation loss included in the "Cost of sales" are 3,612 million yen in FY2023 and 3,921 million yen in FY2024.

2. Inventories recorded in "Cost of sales" as expenses were 54,923 million yen in FY2023 and 54,460 million yen in FY2024 (including the above losses on valuation).

11. Other Financial Assets

(1) Details of other financial assets

Details of other financial assets are shown below.

	FY2023 as of March 31, 2024	Millions of yen FY2024 as of March 31, 2025
Time deposits	¥9	¥9
Deposits paid	—	1,342
Derivative assets	—	12
Loans	10	10
Shares	2,167	2,198
Total	¥2,186	¥3,572
Current assets	¥9	¥1,364
Non-current assets	2,177	2,208
Total	¥2,186	¥3,572

Notes: 1. Derivative assets are classified as financial assets measured at fair value through profit or loss, shares are classified as financial assets measured at fair value through other comprehensive income, and time deposits and loans receivable are classified as financial assets measured at amortized cost, respectively.

2. Deposits paid represent money paid to securities firms for the purpose of purchasing treasury shares.

Notes to the Consolidated Financial Statements

(2) Details of Financial Assets Measured at Fair Value through Other Comprehensive Income

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

	Millions of yen	
	FY2023 as of March 31, 2024	FY2024 as of March 31, 2025
Listed shares		
Sumitomo Mitsui Financial Group, Incorporated	¥96	¥122
Others	77	75
Listed shares subtotal	173	198
Unlisted shares		
Communication equipment industry	1,108	991
Leasing industry	286	378
Telecommunications industry	114	138
Others	483	491
Unlisted shares subtotal	1,993	2,000
Total	¥2,167	¥2,198

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

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

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

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

Millions of yen			
FY2023 (From April 1, 2023 to March 31, 2024)		FY2024 (From April 1, 2024 to March 31, 2025)	
Fair value	Cumulative gain	Fair value	Cumulative gain
¥6	¥5	¥1	—

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

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

Millions of yen			
FY2023 (From April 1, 2023 to March 31, 2024)		FY2024 (From April 1, 2024 to March 31, 2025)	
Investments derecognized during the period	Investments held at the end of the period	Investments derecognized during the period	Investments held at the end of the period
¥0	¥27	—	¥35

12. Property, Plant and Equipment

(1) Fluctuation Table

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

	Millions of yen					
Acquisition cost	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
Balance at April 1, 2023	¥54,183	¥15,600	¥17,123	¥5,144	¥127	¥92,179
Acquisition	1,745	1,217	512	10	438	3,925
Sale and retirement	(1,199)	(889)	(578)	(5)	—	(2,673)
Effect of foreign currency exchange differences	1,041	1,348	186	156	12	2,745
Others	14	260	74	—	(407)	(58)
Balance at March 31, 2024	¥55,785	¥17,537	¥17,317	¥5,305	¥170	¥96,117
Acquisition	1,455	543	718	0	258	2,976
Sale and retirement	(591)	(815)	(829)	(7)	—	(2,243)
Effect of foreign currency exchange differences	(145)	(217)	(12)	(15)	(13)	(404)
Others	18	151	89	—	(261)	(1)
Balance at March 31, 2025	¥56,522	¥17,199	¥17,283	¥5,283	¥153	¥96,443

	Millions of yen					
Accumulated depreciation and accumulated impairment loss	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
Balance at April 1, 2023	¥(36,142)	¥(12,787)	¥(14,241)	¥(2)	—	¥(63,175)
Depreciation expense	(2,324)	(1,051)	(1,149)	(7)	—	(4,534)
Sale and retirement	1,127	872	568	3	—	2,571
Effect of foreign currency exchange differences	(712)	(1,181)	(166)	—	—	(2,059)
Others	—	15	0	—	—	15
Balance at March 31, 2024	¥(38,052)	¥(14,133)	¥(14,989)	¥(6)	—	¥(67,182)
Depreciation expense	(2,283)	(1,070)	(1,044)	(5)	—	(4,403)
Sale and retirement	499	777	822	7	—	2,107
Effect of foreign currency exchange differences	88	186	11	—	—	286
Others	0	—	—	—	—	0
Balance at March 31, 2025	¥(39,747)	¥(14,239)	¥(15,199)	¥(4)	—	¥(69,191)

	Millions of yen					
Carrying amount	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
Balance at April 1, 2023	¥18,040	¥2,812	¥2,881	¥5,141	¥127	¥29,004
Balance at March 31, 2024	17,733	3,404	2,328	5,298	170	28,935
Balance at March 31, 2025	¥16,775	¥2,959	¥2,083	¥5,278	¥153	¥27,251

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

Notes to the Consolidated Financial Statements

13. Goodwill and Intangible Assets

(1) Fluctuation Table

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

	Millions of yen				
Acquisition cost	Goodwill	Development assets	Software	Others	Total
Balance at April 1, 2023	¥4,364	¥4,183	¥6,856	¥653	¥16,057
Acquisition	—	—	231	6	237
Increases from internal development	—	904	1	—	905
Sale and retirement (Note)	(268)	(2,235)	(1,688)	(0)	(4,192)
Effect of foreign currency exchange differences	31	447	465	84	1,029
Others	—	—	0	(0)	0
Balance at March 31, 2024	¥4,126	¥3,300	¥5,866	¥745	¥14,039
Acquisition	—	—	395	—	395
Increases from internal development	—	888	—	—	888
Sale and retirement	—	—	(354)	(524)	(878)
Effect of foreign currency exchange differences	—	(33)	(39)	(2)	(75)
Others	—	—	0	(0)	(0)
Balance at March 31, 2025	¥4,126	¥4,155	¥5,868	¥217	¥14,369

	Millions of yen				
Accumulated amortization and accumulated impairment loss	Goodwill	Development assets	Software	Others	Total
Balance at April 1, 2023	¥(1,255)	¥(2,432)	¥(3,332)	¥(553)	¥(7,574)
Amortization expense	—	(550)	(790)	(14)	(1,354)
Impairment loss	(256)	—	—	—	(256)
Reversal of impairment loss	—	—	—	—	—
Sale and retirement (Note)	268	2,235	1,371	—	3,875
Effect of foreign currency exchange differences	(11)	(222)	(185)	(76)	(496)
Others	—	—	(0)	—	(0)
Balance at March 31, 2024	¥(1,255)	¥(969)	¥(2,937)	¥(644)	¥(5,807)
Amortization expense	—	(518)	(784)	(0)	(1,303)
Impairment loss	—	—	—	—	—
Reversal of impairment loss	—	—	—	—	—
Sale and retirement	—	—	354	521	875
Effect of foreign currency exchange differences	—	12	22	(7)	27
Others	—	—	—	—	—
Balance at March 31, 2025	¥(1,255)	¥(1,476)	¥(3,345)	¥(130)	¥(6,207)

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

	Millions of yen				
Carrying amount	Goodwill	Development assets	Software	Others	Total
Balance at April 1, 2023	¥3,108	¥1,751	¥3,523	¥99	¥8,483
Balance at March 31, 2024	2,871	2,330	2,929	100	8,231
Balance at March 31, 2025	¥2,871	¥2,679	¥2,523	¥86	¥8,161

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

(2) Impairment of Goodwill

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

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

		Millions of yen	
Reportable segment	Cash-generating unit	FY2023 as of March 31, 2024	FY2024 as of March 31, 2025
Environmental Measurement	TAKASAGO, LTD.	¥2,871	¥2,871
Total		¥2,871	¥2,871

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

The value in use is calculated by discounting the estimated future cash flows based on a business plan approved by management by reflecting past experience and external information at a discount rate based on the pre-tax weighted average cost of capital of the cash-generating unit to determine the present value. In the measurement of the value in use, key assumptions are set, such as forecast of the growth rate of sales (plan for expanding revenue through sales expansion measures, etc.) included in a business plan and an estimate of the growth rate after the period of the business plan. The plan period is limited to five years in principle. The growth rate after the period of the business plan is determined by considering the average long-term growth rate in the industry or country to which the cash-generating unit belongs and does not exceed the market's average long-term growth rate. Furthermore, in the estimation of the discount rate used to measure the value in use, a high level of expertise on valuation is required in selecting the calculation method and input data. Such assumptions involve uncertainty, as they are impacted as a result of future changes in uncertain economic conditions. If a review of these assumptions becomes necessary, it may materially impact the valuation of intangible assets including goodwill in the consolidated financial statements for the following fiscal year or later.

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

	%	
	FY2023 as of March 31, 2024	FY2024 as of March 31, 2025
TAKASAGO, LTD.	11.0%	12.2%

As a result of the impairment test of material goodwill, the recoverable amount exceeds the carrying amount of the cash-generating unit in question. However, if the pre-tax discount rate increases by 1.5%, or the total amount of estimated future cash flows including going-concern value decreases by 11.8%, the value in use may become lower than the carrying amount, resulting in an impairment loss.

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

Notes to the Consolidated Financial Statements

14. Investment Property

(1) Fluctuation Table

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

Acquisition cost	Millions of yen		
	Buildings and structures	Land	Total
Balance at April 1, 2023	¥9,198	¥309	¥9,508
Acquisition	—	3	3
Sale and retirement	—	—	—
Others	—	—	—
Balance at March 31, 2024	¥9,198	¥313	¥9,511
Acquisition	—	—	—
Sale and retirement	—	—	—
Others	—	—	—
Balance at March 31, 2025	¥9,198	¥313	¥9,511

Accumulated amortization and impairment loss	Millions of yen		
	Buildings and structures	Land	Total
Balance at April 1, 2023	¥(9,198)	¥(76)	¥(9,275)
Depreciation expense	—	—	—
Impairment loss	—	—	—
Sale and retirement	—	—	—
Others	—	—	—
Balance at March 31, 2024	¥(9,198)	¥(76)	¥(9,275)
Depreciation expense	—	—	—
Impairment loss	—	—	—
Sale and retirement	—	—	—
Others	—	—	—
Balance at March 31, 2025	¥(9,198)	¥(76)	¥(9,275)

Carrying amount	Millions of yen		
	Buildings and structures	Land	Total
Balance at April 1, 2023	¥0	¥233	¥233
Balance at March 31, 2024	0	236	236
Balance at March 31, 2025	¥0	¥236	¥236

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

(2) Fair Value

	Millions of yen	
	FY2023 as of March 31, 2024	FY2024 as of March 31, 2025
Fair value	¥18,776	¥19,006

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

(3) Amounts Recognized as Profit or Loss

	Millions of yen	
	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)
Rental income	¥2,033	¥2,054
Operating expenses related to investment property	975	1,007

15. Impairment Loss on Non-financial Assets

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

16. Investments Accounted for Using Equity Method

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

17. Income Tax Expense

(1) Deferred Tax Assets and Deferred Tax Liabilities

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

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

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

	Beginning of FY2024 as of April 1, 2024	Amounts recognized in profits or loss	Amounts recognized in other comprehensive income	Millions of yen End of FY2024 as of March 31, 2025
Deferred tax assets:				
Inventories	¥3,342	¥470	—	¥3,812
Accrued expenses	1,167	264	—	1,431
Software	1,379	(149)	—	1,229
Property, plant and equipment	718	293	—	1,012
Investment securities	12	(4)	(0)	8
Loss carried forward	83	5	—	89
Research and development expense	1,631	437	—	2,069
Government grants	271	(28)	—	242
Others	1,476	(312)	—	1,163
Total deferred tax assets	¥10,084	¥975	¥(0)	¥11,059
Deferred tax liabilities:				
Property, plant and equipment	1,310	(157)	—	1,153
Investment securities	550	—	10	560
Assets related to post-employment benefits	1,507	(2)	(359)	1,145
Others	1,113	(271)	—	841
Total deferred tax liabilities	¥4,481	¥(431)	¥(349)	¥3,701

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

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

	FY2023 as of March 31, 2024	Millions of yen FY2024 as of March 31, 2025
Deferred tax assets	¥5,921	¥7,383
Deferred tax liabilities	319	25

Notes to the Consolidated Financial Statements

Although there are tax loss carry-forwards recognized as deferred tax assets as of the end of the previous fiscal year (March 31, 2024), and the end of the current fiscal year (March 31, 2025), the factors that caused these losses were transient and therefore unlikely to reoccur. Based on forecasts of the future taxable profit derived from the business plan that was approved by the Board of Directors, it was concluded that a tax benefit was very likely to be realized.

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

	Millions of yen	
	FY2023 as of March 31, 2024	FY2024 as of March 31, 2025
Future deductible temporary differences	¥7,828	¥6,494
Loss carried forward	15,529	13,058
Total	¥23,358	¥19,552
Tax credit carried forward	¥3,496	¥2,842

Unrecognized deferred tax assets related to the above are 7,681 million yen at the end of the previous fiscal year (March 31, 2024) and 6,638 million yen at the end of the current fiscal year (March 31, 2025), respectively.

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

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

	Millions of yen	
	FY2023 as of March 31, 2024	FY2024 as of March 31, 2025
First year	—	—
Second year	—	—
Third year	—	—
Fourth year	—	—
Fifth and subsequent years	15,529	13,058
Total	¥15,529	¥13,058

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

2. Although the Anritsu Group applies the Japanese group relief system, it is not applicable to regional taxes (inhabitant tax and business tax); therefore, the above amounts do not include future deductible temporary differences or tax loss carry-forwards related to such regional taxes for which no deferred tax assets are recognized. Future deductible temporary differences for regional taxes (inhabitant tax and business tax) are 7,590 million yen and 8,092 million yen at the end of the previous fiscal year (March 31, 2024) and the end of the current fiscal year (March 31, 2025), respectively. Tax loss carry-forwards related to regional taxes are 2,058 million yen for inhabitant tax and 2,058 million yen for business tax as of the end of the previous fiscal year (March 31, 2024) and 968 million yen for inhabitant tax and 1,031 million yen for business tax as of the end of the current fiscal year (March 31, 2025). Unrecognized deferred tax assets related to these amounts are 556 million yen and 355 million yen at the end of the previous fiscal year (March 31, 2024) and the end of the current fiscal year (March 31, 2025), respectively.

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

(2) Income Tax Expense

Detailed information on Income Tax Expense is as follows:

	Millions of yen	
	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)
Current tax expense:		
Current fiscal year	¥2,834	¥4,714
Adjustment for prior years	(39)	163
Total	¥2,795	¥4,878
Deferred tax expense:		
Origination and reversal of temporary differences	(496)	(871)
Tax rate changes	0	14
Recognition of previously unrecognized tax loss carried forward and temporary differences	(21)	(542)
Total	(517)	(1,399)
Total Income tax expense	¥2,277	¥3,478

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

		%
	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)
Effective Statutory Tax Rate	30.6%	30.6%
Non-deductible expenses	0.9	1.2
Effect of the different tax rates at foreign subsidiaries	(4.9)	(2.4)
Effect of unrecognized tax loss carried forward or temporary differences	0.4	(5.3)
Tax credit	(4.1)	(5.2)
Uncertain tax position on income taxes for U.S. subsidiaries	1.1	3.1
Others	(1.2)	5.3
Average actual tax rate	22.9%	27.3%

The Company is mainly subject to income tax, inhabitant tax and business tax. The effective statutory tax rate based on these taxes was 30.6% and 30.6% for the previous and current fiscal years, respectively. Foreign subsidiaries, however, are subject to income taxes where they are located. Following the "Act for Partially Amending the Income Tax Act, etc." (Act No. 13 of 2025) enacted by the Diet on March 31, 2025, "Special Defense Corporation Tax" will be imposed from the fiscal year beginning on or after April 1, 2026. Accordingly, the effective statutory tax rate was changed from 30.6% to 31.5% for deferred tax assets and deferred tax liabilities related to temporary differences that are expected to be reversed in or after the fiscal year beginning on April 1, 2026.

In Japan where the Company is located, the 2023 tax reform has introduced the Income Inclusion Rule (IIR) as part of the anti-BEPS (Base Erosion and Profit Shifting) measures under the Global Minimum Tax. While a Japanese parent company is subject to a top-up tax to ensure that the tax burden of its subsidiaries meets the minimum tax rate of 15%, the impact is insignificant.

The Anritsu Group neither recognizes nor discloses deferred tax assets and deferred tax liabilities concerning corporate income tax under the Pillar Two, as it applies the temporary exceptions required under IAS 12 – Income Taxes.

18. Trade and Other Payables

Details of trade and other payables are as follows:

		Millions of yen
	FY2023 as of March 31, 2024	FY2024 as of March 31, 2025
Accounts payable - trade	¥4,722	¥4,653
Accounts payable - others	868	984
Accrued expenses	413	546
Others	968	921
Total	¥6,972	¥7,105
Current liabilities	¥6,459	¥6,642
Non-current liabilities	512	463
Total	¥6,972	¥7,105

19. Bonds and Borrowings

Details of bonds and borrowings are as follows:

		Millions of yen	%	
	FY2023 as of March 31, 2024	FY2024 as of March 31, 2025	Average interest rate	Repayment year
Short-term borrowings	¥1,090	¥570	0.69%	—
Long-term borrowings	2,997	2,991	0.59%	2027
Total	¥4,087	¥3,561	—	—
Current liabilities	¥4,087	¥570	—	—
Non-current liabilities	—	2,991	—	—
Total	¥4,087	¥3,561	—	—

Notes: 1. The average interest rate represents the weighted-average rate applicable to the ending balance.
2. Bonds and borrowings are classified as financial liabilities measured at amortized cost.

Notes to the Consolidated Financial Statements

20. Leases

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

	Millions of yen	
	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)
Depreciation of right-of-use assets		
Buildings and structures	¥863	¥820
Machinery and vehicles	261	270
Tools, furniture and fixtures	33	26
Land	7	5
Total	¥1,165	¥1,123
Interest expense on lease liabilities	¥57	¥51
Short-term lease payments	119	103
Payments for leases of low-value assets	158	157
Total cash outflow for leases	¥1,535	¥1,519

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

	Millions of yen	
	FY2023 as of March 31, 2024	FY2024 as of March 31, 2025
Carrying amount		
Buildings and structures	¥2,231	¥1,697
Machinery and vehicles	641	584
Tools, furniture and fixtures	33	21
Land	8	3
Total	¥2,915	¥2,307

The increase in right-of-use assets for the years ended March 31, 2024, and 2025 amounted to 1,697 million yen and 665 million yen, respectively.

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

21. Other Financial Liabilities

The breakdown of other financial liabilities is as follows.

	Millions of yen	
	FY2023 as of March 31, 2024	FY2024 as of March 31, 2025
Lease liabilities	¥3,106	¥2,511
Derivative liabilities	18	1
Total	¥3,125	¥2,512
Current liabilities	¥1,009	¥946
Non-current liabilities	2,115	1,565
Total	¥3,125	¥2,512

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

22. Employee Benefits

(1) Postemployment Benefits

1. Defined Benefit Plans

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

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

- Reconciliation of defined benefit obligations and plan assets

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

	Millions of yen	
	FY2023 as of March 31, 2024	FY2024 as of March 31, 2025
Present value of defined benefit obligations	¥26,389	¥24,478
Fair value of plan assets	(40,200)	(39,559)
The effect of the asset ceiling	4,600	7,428
Net defined benefit liability (asset)	¥(9,210)	¥(7,652)
Amounts in Consolidated Statement of Financial Position		
Retirement benefit liability	—	—
Retirement benefit asset	(9,210)	(7,652)
Net liabilities (assets)	¥(9,210)	¥(7,652)

- Reconciliations of Present value of defined benefit pension plan obligations

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

	Millions of yen	
	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)
Present value of defined benefit pension plan obligations at the beginning of current period	¥27,049	¥26,389
Service cost	635	799
Interest expense	282	325
Remeasurements:		
Actuarial gains and losses arising from changes in demographic assumptions	(15)	(19)
Actuarial gains and losses arising from changes in financial assumptions	(744)	(2,109)
Actuarial gains and losses arising from changes in experience adjustment	324	174
Past service cost	—	—
Benefit payments	(1,143)	(1,082)
Present value of defined benefit pension plan obligations at the end of current period	¥26,389	¥24,478

- Fair value of the plan assets

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

	Millions of yen	
	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)
Fair value of plan assets at the beginning of current period	¥(37,285)	¥(40,200)
Interest income	(410)	(522)
Remeasurements:		
Return on plan assets	(3,149)	267
Contributions by employer	(411)	(60)
Benefit payments	1,056	957
Fair value of plan assets at the end of current period	¥(40,200)	¥(39,559)

The Anritsu Group plans to contribute 73 million yen in the fiscal year ending March 31, 2026. The amount contributed from the retirement benefit trust to pension assets is not included.

Notes to the Consolidated Financial Statements

- Breakdown of plan assets

Details of plan assets are as follows:

	Millions of yen					
	FY2023 (as of March 31, 2024)			FY2024 (as of March 31, 2025)		
	Assets with active quoted prices	Assets without active quoted prices	Total	Assets with active quoted prices	Assets without active quoted prices	Total
Cash and cash equivalents	¥1,012	—	¥1,012	¥720	—	¥720
Equity instruments	12,313	—	12,313	12,100	—	12,100
Japanese equity securities	6,692	—	6,692	6,593	—	6,593
Foreign equity securities	5,620	—	5,620	5,507	—	5,507
Debt instruments	13,835	—	13,835	13,712	—	13,712
Japanese bonds	11,295	—	11,295	10,717	—	10,717
Foreign bonds	2,539	—	2,539	2,995	—	2,995
Life insurance company general accounts	—	1,783	1,783	—	1,802	1,802
Insurance	—	2,437	2,437	—	2,584	2,584
Others	—	8,818	8,818	—	8,638	8,638
Total	¥27,161	¥13,039	¥40,200	¥26,533	¥13,025	¥39,559

- Reconciliation of Impact of Asset Ceilings

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

	Millions of yen	
	FY2023 as of March 31, 2024	FY2024 as of March 31, 2025
The Opening Balance of The Effect of The Asset Ceiling	¥1,319	¥4,600
Remeasurements:		
Change in The Effect of The Asset Ceiling	3,281	2,828
The Closing Balance of The Effect of The Asset Ceiling	¥4,600	¥7,428

- Principal Actuarial Assumptions

The principal actuarial assumptions are as follows:

	%	
	FY2023 as of March 31, 2024	FY2024 as of March 31, 2025
Financial assumptions		
Discount rate	1.3%	2.0%

The weighted average durations of the defined benefit pension plan obligations are 12.7 years and 11.9 years at the previous fiscal year-end and the current fiscal year-end, respectively.

- Sensitivity analysis

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

	Millions of yen	
	FY2023 as of March 31, 2024	FY2024 as of March 31, 2025
0.5% increase	¥(1,504)	¥(1,297)
0.5% decrease	1,659	1,424

2. Defined Contribution Plans

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

	Millions of yen	
	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)
Amount of expenses	¥338	¥381

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

(2) Other Employee Benefits

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

	Millions of yen	
	FY2023 as of March 31, 2024	FY2024 as of March 31, 2025
Employee benefits (current liabilities)	¥7,407	¥7,611
Employee benefits (non-current liabilities)	¥685	¥652

23. Provisions

Details of and changes in provisions are as follows:

	Millions of yen		
	Provision for decommissioning, restoration and rehabilitation costs	Provision for product warranties	Total
Balance at April 1, 2024	¥132	¥570	¥703
Increase during the year	1	295	296
Decrease due to intended use	(0)	(289)	(290)
Increase due to passage of time	1	—	1
Exchange differences on translation	(3)	(4)	(7)
Balance at March 31, 2025	¥130	¥571	¥702

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

	Millions of yen	
	FY2023 as of March 31, 2024	FY2024 as of March 31, 2025
Current liabilities:		
Provision for decommissioning, restoration and rehabilitation costs	¥4	¥3
Provision for product warranties	570	571
Non-current liabilities:		
Provision for decommissioning, restoration and rehabilitation costs	128	127
Total	¥703	¥702

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

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

24. Government Grants

Details of government grants are as follows:

	Millions of yen	
	FY2023 as of March 31, 2024	FY2024 as of March 31, 2025
Government grants for Koriyama 2nd Business Office (Note 1)		
Other liabilities – Current	¥45	¥45
Other liabilities – Non-current	650	605
Total	¥696	¥650
Other government grants		
Other liabilities – Current	23	23
Other liabilities – Non-current	136	113
Total	¥159	¥136

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

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

Notes to the Consolidated Financial Statements

25. Total Equity and Other Capital Items

(1) Number of Issued Shares and Authorized Shares

	Balance at March 31, 2024	Balance at March 31, 2025
The classification of shares	Ordinary shares with no par-value	Ordinary shares with no par-value
Number of authorized shares	400,000,000	400,000,000
Number of issued shares		
Balance at the beginning of the fiscal year	135,868,594	135,870,594
Increase (Note 1)	2,000	—
Decrease (Note 2)	—	—
Balance at the end of the fiscal year	135,870,594	135,870,594

Note: Increase during the period is due to the exercise of stock options.

(2) Treasury Shares

	Balance at March 31, 2024	Balance at March 31, 2025
Treasury shares		
Balance at the beginning of the fiscal year	4,197,095	4,112,477
Increase (Note 1)	182	2,792,025
Decrease (Note 2)	(84,800)	(25,980)
Balance at the end of the fiscal year	4,112,477	6,878,522

Notes: 1. The increase of treasury shares during the fiscal year ended March 31, 2024 resulted from the purchase of 182 fractional shares. The increase of treasury shares during the fiscal year ended March 31, 2025 resulted from the acquisition of 2,651,000 shares, the acquisition of 140,000 shares in the trust account in relation to the trust for distribution of shares to officers under the performance-related stock compensation program, the acquisition of 800 shares due to the acquisition of restricted stock without payment, and the purchase of 225 fractional shares.

2. The decrease of treasury shares during the fiscal year ended March 31, 2024 resulted from the disposal of 84,800 shares as restricted stock compensation. The decrease of treasury shares during the fiscal year ended March 31, 2025 resulted from the issuance of 16,200 shares from the trust account to directors in relation to the trust for distribution of shares to officers under the performance-related stock compensation program and disposal of 9,780 shares as restricted stock compensation.

(3) Capital Surplus

1. Legal Capital Surplus

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

(4) Retained Earnings

1. Legal Retained Earnings

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

2. Cumulative Exchange Differences at Transition Date

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

3. Remeasurement of Defined Benefit Plans

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

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

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

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

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

4. Other Retained Earnings

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

(5) Other Components of Equity

1. Exchange Differences on Translation of Foreign Operations

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

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

	Millions of yen	
	FY2023 as of March 31, 2024	FY2024 as of March 31, 2025
Balance at the beginning of the fiscal year	¥11,871	¥16,832
Balance at the end of the fiscal year	16,832	16,123

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

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

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

	Millions of yen	
	FY2023 as of March 31, 2024	FY2024 as of March 31, 2025
Balance at the beginning of the fiscal year	¥858	¥1,241
Balance at the end of the fiscal year	1,241	1,265

26. Dividends

Year ended March 31, 2024

(1) Amount of Dividend Paid

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

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

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

(2) Amount of Dividends in which the Record Date Belongs to the Fiscal Year Ended March 31, 2024, whereas its Effective Date Belongs to the Following Fiscal Year

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

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

Notes to the Consolidated Financial Statements

Year ended March 31, 2025

(1) Amount of Dividend Paid

Resolution	Classes of shares	Millions of yen	Yen		Record date	Effective date
		Total dividends	Dividends per share			
June 25, 2024						
Ordinary general meeting of shareholders	Ordinary shares	¥2,639	¥20.00	March 31, 2024	June 26, 2024	
October 30, 2024						
Board of Directors meeting	Ordinary shares	¥2,639	¥20.00	September 30, 2024	December 3, 2024	

Note: Dividends approved at the ordinary general meeting of shareholders held on June 25, 2024, included dividends of 4 million yen paid to the treasury shares held by the trust account for distribution of shares to officers.
Dividends approved at the Board of Directors meeting held on October 30, 2024, included dividends of 3 million yen paid to the treasury shares held by the trust account for distribution of shares to officers.

(2) Amount of Dividends in which the Record Date Belongs to the Fiscal Year Ended March 31, 2025, whereas its Effective Date Belongs to the Following Fiscal Year

Resolution	Classes of shares	Millions of yen	Yen		Record date	Effective date
		Total dividends	Sources of dividends	Dividends per share		
June 25, 2025						
Ordinary general meeting of shareholders	Ordinary shares	¥2,586	Retained earnings	¥20.00	March 31, 2025	June 26, 2025

Note: Dividends approved at the ordinary general meeting of shareholders held on June 25, 2025, included dividends of 6 million yen paid to the treasury shares held by the trust account for distribution of shares to officers.

27. Revenue

(1) Revenue Decomposition

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

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

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

	Reportable Segment					Millions of yen
	Test and Measurement	PQA	Environmental Measurement	Others	Total	
FY2024 (From April 1, 2024 to March 31, 2025)						
Revenue recognized from contracts with customers	¥70,109	¥28,241	¥8,545	¥4,026	¥110,924	
Product revenue	52,387	23,613	7,883	3,606	87,491	
Service revenue	17,722	4,628	662	420	23,432	
Revenue recognized from other sources	—	—	—	2,054	2,054	
Total	¥70,109	¥28,241	¥8,545	¥6,081	¥112,979	

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

(2) Contract Balance

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

	Beginning of FY2023 as of April 1, 2023		End of FY2023 as of March 31, 2024	End of FY2024 as of March 31, 2025
	¥5,913		¥6,936	¥6,329
Contract liabilities				

Notes: 1. Contract liabilities are included in other current liabilities and other non-current liabilities in the consolidated statement of financial position.
2. The amounts included in the contract liability balance at the beginning of the period for revenue recognized in the previous and current fiscal years were 4,808 million yen and 5,864 million yen, respectively.
3. Contract liabilities mainly arose from advances received from customers related to support services.

(3) Transaction Price Allocated to the Remaining Performance Obligations

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

	Millions of yen	
	FY2023 as of March 31, 2024	FY2024 as of March 31, 2025
Within 1 year	¥5,864	¥5,609
Over 1 year	4,384	1,606
Total	¥10,248	¥7,216

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

28. Selling, General and Administrative Expenses

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

	Millions of yen	
	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)
Personnel expenses	¥22,180	¥22,705
Travel and transportation expenses	1,130	1,104
Advertising expenses	1,927	1,743
Depreciation and amortization	2,081	2,094
Others	5,383	5,743
Total	¥32,703	¥33,390

29. Research and Development Expense

Details of research and development expense are as follows:

	Millions of yen	
	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)
Material expenses	¥1,356	¥1,253
Personnel expenses	7,259	7,346
Others	713	650
Total	¥9,328	¥9,249

30. Personnel Expenses

Details of personnel expenses are as follows:

	Millions of yen	
	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)
Salaries and wages	¥38,636	¥38,980
Welfare expenses	7,808	7,850
Retirement benefit expenses	846	984
Others	482	175
Total	¥47,773	¥47,990

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

Notes to the Consolidated Financial Statements

31. Other Income and Other Expenses

Details of other income and other expenses are as follows:

	Millions of yen	
	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)
Other income		
Government grant income	¥68	¥112
Others	208	220
Total	¥277	¥333
Other expenses		
Loss on sale and retirement of fixed assets	325	11
Impairment losses	256	—
Others	297	532
Total	¥880	¥544

32. Finance Income and Costs

Details of finance income are shown below.

	Millions of yen	
	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)
Interest income:		
Financial assets measured at amortized cost	¥573	¥678
Dividend income:		
Financial assets measured at fair value through other comprehensive income	27	35
Foreign exchange gains	652	38
Other financial revenue	5	6
Total	¥1,259	¥757

Details of finance costs are as follows:

	Millions of yen	
	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)
Interest expenses:		
Financial liabilities measured at amortized cost	¥78	¥82
Other financial expenses	211	61
Total	¥290	¥143

33. Other Comprehensive Income

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

	Millions of yen	
	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income		
Increase during the fiscal year	¥553	¥32
Tax Effects	(169)	(10)
Total Financial assets measured at fair value through other comprehensive income	384	22
Remeasurements of defined benefit plans		
Increase during the fiscal year	302	(1,141)
Tax Effects	(92)	359
Total remeasurements of defined benefit plans	209	(781)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations		
Increase during the fiscal year	4,961	(709)
Reclassification Adjustments	—	—
Before Taxes	4,961	(709)
Tax Effects	—	—
Total exchange differences on translation of foreign operations	4,961	(709)
Total other comprehensive income	¥5,556	¥(1,469)

34. Earnings Per Share

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

	Millions of yen	
	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)
Profit attributable to owners of parent	¥7,675	¥9,257
Adjustments	—	—
Profit used to compute diluted earnings per share	7,675	9,257

	Shares	
Weighted average number of ordinary shares outstanding during the period	131,692,075	131,455,549
Incremental Ordinary Shares		
Increase due to employee share options	646	—
Weighted average Diluted number of ordinary shares outstanding during the period	131,692,721	131,455,549

	Yen	
Basic earnings per share	¥58.29	¥70.42
Diluted earnings per share	58.29	70.42

Notes to the Consolidated Financial Statements

35. Cash Flow Information

(1) Changes in Liabilities arising from Financial Activities

Changes in liabilities arising from financing activities are as follows:

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

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

	Millions of yen					
Year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)	April 1, 2024	Changes come with Cash Flow	Changes come without Cash Flow			March 31, 2025
			Change in scope of consolidation	Changes in Fair Value	Others	
Short-term borrowings	¥1,090	¥(520)	—	—	—	¥570
Long-term borrowings (Note)	2,997	—	—	(6)	—	2,991
Lease liabilities	3,106	(1,252)	—	—	657	2,511
Total	¥7,193	¥(1,772)	—	¥(6)	¥657	¥6,072

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

(2) Non-cash Transactions

Details of non-cash transactions are as follows:

	Millions of yen	
	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)
Acquisition of right-of-use assets through leases	¥1,697	¥665
Total	¥1,697	¥665

36. Share-based Payment

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

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

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

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

The exercise period is determined in the allocation agreement. The relevant options expire if not exercised during that period. Grant recipients must be directors or employees of the Company or its subsidiaries, including when exercising the options.

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

	FY2023 (From April 1, 2023 to March 31, 2024)		FY2024 (From April 1, 2024 to March 31, 2025)	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Outstanding at the beginning of the period	8,000	¥956	—	—
Granted during the period	—	—	—	—
Cancelled during the period	—	—	—	—
Exercised during the period	2,000	956	—	—
Expired during the period	6,000	956	—	—
Outstanding at the end of period	—	—	—	—
Exercisable at the end of the period	—	—	—	—

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

There are no unexercised stock options at the end of the fiscal year ended March 31, 2025. No new stock options were granted during the period.

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

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

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

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

Under the Program, expenses are recognized based on the number of evaluation points expected to be granted over each evaluation period. After determining the performance for the relevant evaluation period, expenses are adjusted in the next fiscal year. The amounts recognized as expenses for the Program were 39 million yen in the previous fiscal year (from April 1, 2023 to March 31, 2024) and 53 million yen in the current fiscal year (from April 1, 2024 to March 31, 2025).

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

	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)
Number of points granted during the period	14,437	16,753
Weighted average fair value	¥2,386	¥2,386

Notes to the Consolidated Financial Statements

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

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

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

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

Under the System, expenses are recognized over each share transfer restriction period. The amounts recognized as expenses for the system were 10 million yen in the previous fiscal year (from April 1, 2023 to March 31, 2024) and 41 million yen in the current fiscal year (from April 1, 2024 to March 31, 2025).

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

	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)
Number of shares granted during the period	84,800	9,780
Weighted average fair value	¥1,326	¥1,172
Share transfer restriction period (years)	3	3

37. Financial Instruments

(1) Capital Management

The Anritsu Group prioritizes the following capital management benchmarks.

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

These indicators are periodically reported to management and monitored.

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

(2) Management of Financial Risks

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

(3) Credit Risk Management

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

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

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

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

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

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

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

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

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

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

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

	Millions of yen		
	Financial assets for which allowance for doubtful accounts are measured at an amount equal to lifetime expected credit losses	Credit-impaired financial assets	Total
FY2024 as of March 31, 2025			
No past due	¥25,663	—	¥25,663
Within 30 days past due	1,946	—	1,946
Past due more than 30 days but less than 6 months	1,494	—	1,494
Over 6 months past due	119	2	122
Total	¥29,224	¥2	¥29,227

Note: The above shows the carrying value before allowance for doubtful accounts. There are certain deposits 463 million yen, received as credit enhancements.

Notes to the Consolidated Financial Statements

Changes in the allowance for doubtful accounts are as follows:

	Millions of yen		
	Financial assets for which allowance for doubtful accounts are measured at an amount equal to lifetime expected credit losses	Credit-impaired financial assets	Trade and other receivables
Balance at April 1, 2023	¥105	¥28	¥133
Increase	167	27	194
Decrease due to intended use	(28)	—	(28)
Decrease due to reversal	(27)	(28)	(55)
Exchange differences on translation of foreign operations	19	0	20
Balance at March 31, 2024	¥237	¥27	¥264
Increase	185	2	187
Decrease due to intended use	(4)	(27)	(31)
Decrease due to reversal	(227)	—	(227)
Exchange differences on translation of foreign operations	(6)	0	(6)
Balance at March 31, 2025	¥183	¥2	¥186

(4) Liquidity Risk Management

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

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

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

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

FY2024 as of March 31, 2025	Millions of yen							
	Carrying amounts	Contractual cash flow	1 year or less	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Over 5 years
Non-derivative financial liabilities:								
Trade and other payables	¥7,105	¥7,105	¥6,642	¥0	—	—	—	¥463
Bonds and borrowings	3,561	3,649	603	30	3,015	—	—	—
Lease liabilities	2,511	2,617	977	674	374	234	150	206
Guarantee obligations	—	872	863	1	1	1	1	2
Derivative financial liabilities	1	1	1	—	—	—	—	—
Total	¥13,179	¥14,246	¥9,088	¥706	¥3,391	¥235	¥151	¥672

(5) Foreign Exchange Risk Management

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

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

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

	Millions of yen	
	FY2023 as of March 31, 2024	FY2024 as of March 31, 2025
U.S. dollar	¥8,829	¥8,399
Euro	1,010	2,262

Sensitivity analysis for foreign currency

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

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

	Millions of yen	
	FY2023 as of March 31, 2024	FY2024 as of March 31, 2025
U.S. dollar	¥(88)	¥(83)
Euro	(10)	(22)

(6) Interest Rate Risk Management

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

Sensitivity Analysis for Borrowings subject to Floating Rate

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

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

	Millions of yen	
FY2024 as of March 31, 2025	1% increase	1% decrease
Profit (loss) before tax	¥(35)	¥35

(7) Management of Market Price Fluctuation Risks

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

• Sensitivity Analysis for Equity Instruments

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

	Millions of yen	
	FY2023 as of March 31, 2024	FY2024 as of March 31, 2025
Other comprehensive income	¥(12)	¥(13)

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(8) Fair Value of Financial Instruments

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

Level 1: Market prices in active markets for identical assets or liabilities

Level 2: Fair value calculated, either directly or indirectly, using observable prices other than Level 1

Level 3: Fair value calculated using valuation techniques incorporating unobservable inputs

1. Fair Value Calculation Method

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

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

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

- Other Financial Assets and Other Financial Liabilities

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

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

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

- Bonds and Borrowings

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

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

2. Financial Instruments Measured at Amortized Cost

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

	Millions of yen			
	FY2023 as of March 31, 2024		FY2024 as of March 31, 2025	
	Carrying amounts	Fair value	Carrying amounts	Fair value
Financial assets measured at amortized cost:				
Long-term loans receivable	¥10	¥10	¥10	¥10
Total	¥10	¥10	¥10	¥10
Financial liabilities measured at amortized cost:				
Long-term borrowings (Note)	2,997	2,999	2,991	2,980
Total	¥2,997	¥2,999	¥2,991	¥2,980

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

3. Financial Assets Measured at Fair Value

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

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

FY2024 as of March 31, 2025	Millions of yen			
	Level 1	Level 2	Level 3	Total
Assets:				
Financial assets measured at fair value through other comprehensive income				
Other financial assets				
Stocks	¥198	—	¥2,000	¥2,198
Financial assets measured at fair value through profit or loss				
Other financial assets				
Derivatives	—	12	—	12
Total assets	¥198	¥12	¥2,000	¥2,211
Liabilities:				
Financial assets measured at fair value through profit or loss				
Other financial assets				
Derivatives	—	1	—	1
Total liabilities	—	¥1	—	¥1

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

4. Evaluation Process

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

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

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

5. Reconciliation from the Beginning Balances to the Ending Balances of Financial Instruments Classified in Level 3 of the Fair Value Hierarchy

	Millions of yen	
	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)
Balance at the beginning of the fiscal year	¥1,507	¥1,993
Other comprehensive income	493	7
Acquisition	—	—
Disposal	(6)	(1)
Balance at the end of the fiscal year	¥1,993	¥2,000

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38. Significant Subsidiaries

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

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

39. Related Parties

(1) Transactions with Related Parties

There are no significant related party transactions to be disclosed.

(2) Payments to Key Executives

	Millions of yen	
	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)
Short-term employee benefit	¥245	¥264
Share-based payments	12	18
Total	¥258	¥282

40. Commitments

There are no significant commitments to be disclosed.

41. Contingent Liabilities

• Guaranteed liabilities

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

	Millions of yen	
	FY2023 as of March 31, 2024	FY2024 as of March 31, 2025
Operationally contracted guarantees	¥827	¥861
Guarantees for employees	12	10
Total	¥840	¥872

(Operationally Contracted Guarantees)

The longest period of the guarantee is through CY2025. The guarantees cover operationally contracted performance and other obligations of the Company's subsidiaries. If a subsidiary fails to fulfill these obligations, the Company is required to cover the relevant obligations.

(Guarantees for Employees)

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

42. Subsequent Events

(Disposal of Treasury shares as Restricted Stock compensation)

At a meeting of the Board of Directors held on May 29, 2025, ANRITSU CORPORATION (hereinafter “Anritsu”) resolved to dispose of treasury shares as restricted stock (hereinafter, the “Treasury Shares Disposal” or “Disposal”) with the ANRITSU Group Employee Stockholding Association (hereinafter, the “Association”) as the scheduled allottee, in operating a restricted stock-based compensation system (hereinafter, the “System”), which grants restricted stock to employees of Anritsu and its subsidiaries through the Association, as described below.

1. Outline of the Disposal

(1) Date of disposal	August 29, 2025
(2) Class and number of shares to be disposed of	34,640 shares of ordinary shares of Anritsu (Note)
(3) Disposal price	1,638.0 yen per share
(4) Total value of disposal	56,740,320 yen
(5) Method of disposal	Third-party allotment
(6) Allottee	ANRITSU Group Employee Stockholding Association: 34,640 shares
(7) Other	This treasury shares disposal is subject to Article 2-12-1 of the Enforcement Order of the Financial Instruction and Exchange Act and does not require notification of an offering or sale of securities.

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

2. Purpose and the Reasons for the Disposal

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

(Purchase of Treasury Shares)

Concerning purchase of treasury shares in accordance with the provisions of Article 36 of the Articles of Incorporation complying with Article 459, Paragraph 1 of the said Act, Anritsu announces its progress on purchase of treasury shares as follows.

And Anritsu has completed the purchase of treasury shares resolved by the Board of Directors meeting held on January 30, 2025.

1. Class of the shares to be purchased: Ordinary shares
2. Number of shares purchased: 1,053,400 shares
3. Total amount of purchase in yen: 1,342,346,100 yen
4. Purchase period: From April 1, 2025 to April 10, 2025 (on a contract basis)

For reference

1. Details of the resolution approved at the Board of Directors meeting held on January 30, 2025
 - (1) Class of the shares to be purchased: Ordinary shares
 - (2) Number of shares that can be purchased: 5,000,000 shares (upper limit)
(Ratio to the number of issued and outstanding shares (excluding treasury shares): 3.7%)
 - (3) Total amount of purchase in yen: 5,000,000,000 yen (upper limit)
 - (4) Purchase period: From January 31, 2025 to April 30, 2025
2. Cumulative number of treasury shares acquired in accordance with the above resolution of the Board of Directors (As of April 10, 2025)
 - (1) Number of shares purchased: 3,704,400 shares
 - (2) Total amount of purchase in yen: 4,999,979,300 yen

Notes to the Consolidated Financial Statements

(Acquisition of a company through the purchase of shares)

ANRITSU CORPORATION (the “Company”) announces that its Board of Directors has approved the acquisition of 100% of shares in DEWETRON GmbH, a leading Austrian provider of power measurement and data collection instruments based in Grambach, Austria on April 25, 2025. The share transfer agreement was signed with TKH Group N.V., a shareholder, on April 26, 2025.

1. Purpose of the Share Acquisition

DEWETRON specializes in high-speed power measurement and data-collection instruments that analyze various physical quantities. DEWETRON delivers comprehensive solutions combining sophisticated test instruments with tailored software to meet customer requirements across multiple sectors, including automotive, aerospace, renewable energy, and industrial applications. This acquisition responds to accelerating worldwide efforts toward building a sustainable society, particularly in electric and plug-in hybrid vehicle development, solar and wind renewable power, and infrastructure power optimization. These rapidly growing sectors require systems that simultaneously measure physical quantities and control data, alongside high-precision test instruments capable of evaluating even the smallest power losses with high accuracy. This acquisition directly supports the Company's GLP2026 medium-term management plan, which identifies electric vehicles and battery technology as key development focus areas. Welcoming DEWETRON into the Anritsu Group will create significant synergies with high-capacity power supplies and charge/discharge test equipment developed by the Company's subsidiary TAKASAGO, LTD., as well as with the Company's existing test solutions. The combined expertise will strengthen the Company's contribution to advancing technologies essential for achieving a carbon-neutral future.

2. Overview of DEWETRON GmbH

1. Name	DEWETRON GmbH	
2. Head office	Parkring 4 8074 Grambach, Austria	
3. Representative	CEO Christoph Wiedner	
4. Main business	Research, development, manufacturing, and sales of measuring instruments for power measurement, data acquisition systems, and their measurement software.	
5. Capital stock	€500,000	
6. Establishment	August 18, 1989	
7. Major shareholders and shareholding ratio	TKH Group N.V.100.0%	
8. Relationship between the Company and this company	Capital relationship	N/A
	Personal relationship	N/A
	Trade relationship	N/A

3. Overview of the Counterparty to the Acquisition of Shares

1. Name	TKH Group N.V.	
2. Head office	Spinnerstraat 15 7481 KJ, Haaksbergen, The Netherlands	
3. Representative	CEO J. M. Alexander Van Der Lof	
4. Main business	Development, manufacturing, and sales of industrial equipment for communication solutions, building solutions, and industrial solutions.	
5. Capital stock	EUR 11 million (As of December 31, 2024)	
6. Establishment	September 23, 1980	
7. Net assets	EUR 883 million	
8. Total assets	EUR 2,213 million	
9. Major shareholders and shareholding ratio	Vinke Amsterdam BV 5.8% Lucerne Capital Management, LP 5.7% HAL Trust 5.2% Janus Henderson Group plc 5.1% ASR Nederland N.V. 5.1% FMR LLC 5.1% Teslin Participaties Coöperatief U.A. 5.0%	
10. Relationship between the Company and this company	Capital relationship	N/A
	Personal relationship	N/A
	Trade relationship	N/A
	Related party	N/A

4. Number of Shares Acquired and the Status of Shareholding before and after Acquisition

1. Number of shares held before the change	0%
2. Number of shares to be acquired	100%
3. Acquisition cost	EUR 54 million
4. Number of shares held after the change	100%

5. Procurement of Acquisition Funds

The Company plans to use its own funds for the acquisition.

6. Schedule

1. Date of resolution at the Board of Directors	April 25, 2025
2. Date of conclusion of the agreement	April 26, 2025
3. Month of share transfer	August 2025 (scheduled)

(Reference Information)

Semi-annual information for the fiscal year ended March 31, 2025

	Millions of yen	
	For the six months ended September 30, 2024	For the year ended March 31, 2025
Revenue	¥53,309	¥112,979
Profit before tax	3,381	12,737
Profit attributable to owners of parent	2,237	9,257
Basic earnings per share (yen)	16.98	70.42

Non-consolidated Balance Sheet

March 31, 2024 and 2025

		Millions of yen	Thousands of U.S. dollars*
	FY2023 as of March 31, 2024	FY2024 as of March 31, 2025	FY2024 as of March 31, 2025
Assets			
Current assets			
Cash and deposits	¥18,805	¥22,979	\$153,675
Notes receivable–trade	2,702	2,198	14,699
Accounts receivable–trade	17,030	17,898	119,695
Finished goods	2,045	1,985	13,275
Work in process	1,186	1,473	9,851
Raw materials	9,018	5,169	34,568
Prepaid expenses	404	443	2,963
Other current assets	5,327	6,008	40,179
Allowance for doubtful accounts	(29)	(44)	(294)
Total current assets	56,490	58,113	388,638
Non-current assets			
Property, plant and equipment			
Buildings	12,874	12,795	85,568
Structures	242	206	1,378
Machinery and equipment	954	815	5,450
Vehicles	1	0	0
Tools, furniture and fixtures	1,987	1,629	10,894
Land	1,903	1,903	12,727
Construction in progress	45	23	154
Total property, plant and equipment	18,008	17,374	116,191
Intangible assets			
Software	775	820	5,484
Other intangible assets	1	1	7
Total intangible assets	777	821	5,491
Investments and other assets			
Investment securities	316	337	2,254
Shares of subsidiaries and associates	45,211	45,534	304,514
Long-term loans receivable	5,541	5,542	37,063
Prepaid pension costs	8,220	8,713	58,269
Deferred tax assets	3,303	3,530	23,607
Others	210	161	1,077
Allowance for doubtful accounts	(33)	(9)	(60)
Total investments and other assets	62,770	63,809	426,730
Total non-current assets	81,555	82,005	548,418
Total	¥138,046	¥140,119	\$937,063

* The U.S. dollar amounts in this report represent translations of Japanese yen, for convenience only, at the rate of ¥149.53 to U.S. \$1.00, the approximate exchange rate on March 31, 2025.

March 31, 2024 and 2025

		Millions of yen	Thousands of U.S. dollars*
	FY2023 as of March 31, 2024	FY2024 as of March 31, 2025	FY2024 as of March 31, 2025
Liabilities			
Current liabilities			
Accounts payable–trade	¥4,630	¥5,174	\$34,602
Short-term borrowings	1,090	570	3,812
Current portion of long-term borrowings	3,000	—	—
Lease liabilities	8	1	7
Accounts payable–other	1,490	1,560	10,433
Accrued expenses	2,981	3,618	24,196
Income taxes payable	1,119	2,239	14,974
Advances received	2,341	1,915	12,807
Deposits received	13,573	15,467	103,437
Provision for product warranties	87	84	562
Provision for bonuses for directors	47	65	435
Other current liabilities	427	521	3,484
Total current liabilities	30,798	31,218	208,774
Non-current liabilities			
Long-term borrowings	—	3,000	20,063
Long-term income taxes payable	—	16	107
Lease liabilities	3	1	7
Other non-current liabilities	506	535	3,578
Total non-current liabilities	509	3,553	23,761
Total liabilities	31,307	34,772	232,542
Net assets			
Shareholders' equity			
Share capital	19,219	19,219	128,529
Capital surplus			
Legal capital surplus	28,169	28,169	188,384
Total capital surplus	28,169	28,169	188,384
Retained earnings			
Legal retained earnings	2,468	2,468	16,505
Other retained earnings	62,860	65,269	436,494
Reserve for open innovation promotion	25	25	167
General reserve	21,719	21,719	145,248
Retained earnings brought forward	41,116	43,525	291,079
Total retained earnings	65,328	67,737	452,999
Treasury shares	(6,050)	(9,869)	(66,000)
Total shareholders' equity	106,667	105,257	703,919
Valuation and translation adjustments			
Valuation difference on available-for-sale securities	71	89	595
Total valuation and translation adjustments	71	89	595
Total net assets	106,738	105,346	704,514
Total	¥138,046	¥140,119	\$937,063

* The U.S. dollar amounts in this report represent translations of Japanese yen, for convenience only, at the rate of ¥149.53 to U.S. \$1.00, the approximate exchange rate on March 31, 2025.

Non-consolidated Statement of Income

Years ended March 31, 2024 and 2025

		Millions of yen	Thousands of U.S. dollars*
	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)	FY2024 (From April 1, 2024 to March 31, 2025)
Net sales	¥62,618	¥67,984	\$454,651
Cost of sales	37,224	39,071	261,292
Gross profit	25,393	28,913	193,359
Selling, general and administrative expenses	19,971	20,693	138,387
Operating income (loss)	5,421	8,220	54,972
Interest and dividend income	4,014	2,136	14,285
Other non-operating income	635	78	522
Non-operating income	4,650	2,214	14,806
Interest expenses	15	33	221
Other non-operating expenses	115	125	836
Non-operating expenses	130	158	1,057
Ordinary income (loss)	9,941	10,276	68,722
Subsidy income	47	—	—
Gain on sales of investment securities	4	—	—
Gain on reversal of share acquisition rights	1	—	—
Extraordinary income	53	—	—
Loss on retirement of non-current assets	317	—	—
Extraordinary loss	317	—	—
Income (loss) before income taxes	9,677	10,276	68,722
Income taxes—current	1,608	2,818	18,846
Income taxes—deferred	6	(233)	(1,558)
Net income (loss)	¥8,063	¥7,690	\$51,428

* The U.S. dollar amounts in this report represent translations of Japanese yen, for convenience only, at the rate of ¥149.53 to U.S. \$1.00, the approximate exchange rate on March 31, 2025.

This Annual Report is prepared for investors as supplementary information of “2025 Anritsu Integrated Reporting” to provide financial highlights of Anritsu. This report excerpts main financial information from the Annual Securities Report (“*Yukashoken Hokokusho*”) filed with the Director of the Kanto Local Finance Bureau via Electronic Disclosure for Investors’ NETwork (“EDINET”) pursuant to the Financial Instruments and Exchange Act of Japan. For convenience of readers outside Japan, certain information is only included in this report and not included in the original Annual Securities Report. Should there be any inconsistency between the English text of Annual Report and the official Japanese text of Annual Securities Report (“*Yukashoken Hokokusho*”), the latter shall prevail.



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