# **Risks and Opportunities**

# Risks

- Market environment deterioration due to curbed customer investment or changes in investment strategy
  (fear of slowdown in 5G commercialization, performance fluctuations due to customer capital expenditure cycles)
- Damage to the brand image and incurring compensation costs from unexpected safety-related problems with products
- Rapid changes of market environment, such as the emergence of new technologies, products, and services; and intensifying competition due to market entrance by new players
- Loss of or difficulty in acquiring human resources who possess the diversity and capabilities needed for the Anritsu Group's sustainable growth
- Business activity restrictions due to more rigid laws and regulations in each region, changes in interpretations of laws and regulations, or changes to operational policies
- Tightening of regulations for use/emission of greenhouse gases and standards for energy-saving due to the exacerbation of global environmental problems
- Raw material and component supply shortages due to deteriorating business conditions at suppliers, or from natural disasters or accidents, etc.
- Surging procurement costs due to rapidly changing supply/demand environment, exchange rate fluctuations, etc.
- Some suppliers do not fully support CSR procurement requirements
- Financial risks due to the payment of improper premiums
- Deteriorating market environment following alliances, collaborations, or M&As are carried out
- Insufficient of due diligence, post-merger integration failure

# Responses

- Expansion and development of businesses not dependent on investment cycles (reevaluation of business portfolio)
- Quality management systems and thorough implementation of PDCA(Plan-Do-Check-Action cycle)
- Provision of measurement solutions of superior quality
- Understand customer needs and promote development
- Utilize open innovation
- Establishment of the Advanced Technology Research Center
- Promote M&As and alliances in order to expand businesses
- Proactive employment of diverse human resources
- Establishment of an education and training system which supports employees' autonomous growth
- Establishment of a work environment which emphasizes work-life balance and which can respond to the diversification in working styles and values
- Identify legal requirements concerning each business, and resolve relevant issues
- Strictly adhere to international standards; establish more rigorous self-designated standards
- Implement a long-term plan to reduce greenhouse gases (improve ratio of renewable energy produced in-house: PGRE 30)
- Observe procurement basic policy
- Buy from multiple sources and find those suppliers in different regions
- Stabilize procurement costs by leveraging long-term contracts, etc.
- Strengthen supply chain due diligence
- Send information and provide education to suppliers concerning CSR procurement
- Verify business plans and carry out sufficient due diligence before executing actions
- Thoroughly follow up after acquisitions and execute additional measures in response to business environment changes

# **Opportunities**

- Advancement into new business opportunities
- Foster customer loyalty and achieve customer satisfaction through the provision of high-quality measurement solutions
- Acquisition of opportunities for growth and creation of demand through new technologies and products
- Innovation achieved through the acquisition of diverse human resources thanks to employee skill improvement and reevaluations of working styles
- Expand geographical business penetration by supporting requirements of Radio Acts of different countries.(Test and Measurement Business)
- Provision of products and services that support customers meeting food quality-related laws and regulations such as HACCP requirements. (PQA Business)
- Entry into environmental business (Environmental Test and Measurement Business)
  - Dam and river monitoring
  - Energy-related business (electric vehicles, evaluation of battery safety and etc.)
- Enhanced competitiveness and increased profits from procurement of new materials/components

  - Supply chain (decentralized procurement)
- Expansion of business fields and accelerated structural transformation through the acquisition of new business resources (M&As, etc.)
  - Electric vehicles and battery testing

# Materialities



### Establishment of a robust business foundation

- Appropriate financial management
- Optimization of business portfolio by pioneering new domains

# Building and maintaining of strong relationships of trust with customers



- Sincere attitude towards testing
- Accurately identifying customer needs
- Dealing directly with global customers
- Provision of solutions suitable for the latest technologies

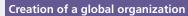
# Acquisition and utilization of leading-edge



- Utilization of new domains which contribute to the optimization of our business portfolio
- Development of services which can resolve social issues
- Next-generation technologies (6G, NEMS, etc.)

# **Diverse human resources**

- New ideas, innovation generation
- Wide acquisition of outstanding capabilities in human resources
- Utilization of human resources without regard for race, gender, or age, etc.





# **Development of environmentally conscious**



• Environmentally friendly products and

Socially and environmentally conscious production systems

