

Risks and Opportunities

Risks
<ul style="list-style-type: none"> 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)
<ul style="list-style-type: none"> Damage to the brand image and incurring compensation costs from unexpected safety-related problems with products
<ul style="list-style-type: none"> 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
<ul style="list-style-type: none"> Loss of or difficulty in acquiring human resources who possess the diversity and capabilities needed for the Anritsu Group's sustainable growth
<ul style="list-style-type: none"> 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
<ul style="list-style-type: none"> Tightening of regulations for use/emission of greenhouse gases and standards for energy-saving due to the exacerbation of global environmental problems
<ul style="list-style-type: none"> 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
<ul style="list-style-type: none"> 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
<ul style="list-style-type: none"> Expansion and development of businesses not dependent on investment cycles (reevaluation of business portfolio)
<ul style="list-style-type: none"> Quality management systems and thorough implementation of PDCA(Plan-Do-Check-Action cycle) Provision of measurement solutions of superior quality
<ul style="list-style-type: none"> 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
<ul style="list-style-type: none"> 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
<ul style="list-style-type: none"> Identify legal requirements concerning each business, and resolve relevant issues
<ul style="list-style-type: none"> 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)
<ul style="list-style-type: none"> 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
<ul style="list-style-type: none"> 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
 - MEMS
 - 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 technologies

- 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.



Creation of a global organization



Development of environmentally conscious solutions

- Environmentally friendly products and services



Socially and environmentally conscious production systems