

Recognition of Environmental Changes, Risks and Opportun

Recognition of Environmental Changes

Societal Changes

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

Industry Environment

- Change in lifestyles due to the global COVID-19 pandemic (stay-at-home economy, change in the scenarios wherein telecommunications are used)
- Increased sophistication and diversification of customer needs
- Decline in the productive population, progress in labor saving

Anritsu's Perspective

Risks and Opportunities

Customer and Business Environment

- Risks** Market environment deterioration due to restrained customer investment or changes in investment strategy (fear of slowdown in 5G commercialization, performance fluctuations due to customer capital expenditure cycles)
- Opportunities** Advancement into new business opportunities [1]

Quality

- Risks** Damage to our brand image and incurring compensation costs from unexpected safety-related problems with products
- Opportunities** Foster customer loyalty and achieve customer satisfaction through the provision of high-quality measurement solutions [2]

Competition

- Risks** Rapid changes of market environment, such as the emergence of new technologies, products, and services; and intensifying competition due to market entrance of new players
- Opportunities** Acquisition of opportunities for growth and creation of demand through new technologies and products [3]

Human Resources

- Risks** Loss of, or difficulty in acquiring human resources who possess the diversity and capabilities needed for the Anritsu Group's sustainable growth
- Opportunities** Innovation achieved through the acquisition of diverse human resources thanks to employee skill improvement and reevaluations of working styles [4]

Legal Regulations

- Risks** 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
- Opportunities** Expand geographical business penetration by supporting requirements of Radio Acts of different countries. (Test and Measurement Business) [5]
Provision of products and services that support customers fulfilling food quality-related laws and regulations such as HACCP* requirements. (PQA Business) [5]

Environment

- Risks** Tightening of regulations for use/emission of greenhouse gases and standards for energy-saving due to the exacerbation of global environmental problems
- Opportunities** Entry into environmental business (Environmental Test and Measurement Business) [6]
 - Dam and river monitoring
 - Energy-related business (electric vehicles, evaluation of battery safety, etc.)

Procurement

- Risks** Deterioration in business conditions of suppliers, tight supply of raw materials and parts due to natural disasters, accidents, and other factors, as well as procurement price hikes
- Opportunities** Enhanced competitiveness and increased profits from procurement of new materials or components [7]
 - Supply chain (decentralized procurement)

M&A

- Risks** Financial risks due to the payment of improper premiums
- Risks** Deteriorating market environment following alliances, collaborations, or M&As
- Risks** Insufficient of due diligence, post-merger integration failure
- Opportunities** Expansion of business fields and accelerated structural transformation through the acquisition of new business resources (M&As, etc.) [8]
 - Electric vehicles and battery testing

* HACCP: Hazard Analysis and Critical Control Point Food hygiene control methods mandated since June 2020

- Development of data utilization and technological evolution, creation of business models using digital technology
- Structural changes in industry such as new companies entering
- Changes in laws and regulations in various countries and regions
- Response to supply-chain fragmentation

Anritsu's Corporate Environment

- Establishment of FY2030 goals and a new Company Vision
- Requests for greater transparency in governance
- Response to diversity of human resources
- Promotion of reforms in work styles
- Necessity of securing and training essential human resources
- Streamlining of operational processes

Materiality



Establishment of a robust business foundation

- Appropriate financial management
- Optimization of business portfolio by pioneering new domains [1] [3] [6] [8]



Building and maintaining strong relationships of trust with customers and partners

- Sincere attitude towards testing [2]
- Accurately identifying customer needs [2]
- Dealing directly with global customers [2]
- Provision of solutions suitable for the latest technologies [2] [3] [5]



Acquisition and utilization of leading edge technologies

- Utilization of new domains which contribute to the optimization of our business portfolio [1] [3] [6] [8]
- Development of services which can resolve social issues [3] [5] [6] [8]
- Next-generation technologies (6G, NEMS, etc.) [3] [8]



Diverse human resources

- New ideas, innovation generation [4]
- Diverse acquisition of outstanding capabilities in human resources [4]
- Utilization of human resources regardless of race, gender, age, etc. [4]



Creation of a global organization

- Management system utilizing global human resources [4]



Development of environmentally friendly solutions

- Environmentally friendly products and services [6]
- Launch environmental businesses [1] [6] [8]



Sustainability-conscious production system

- Production sites utilizing new technologies [3]
- Sophistication in the supply chain [7]