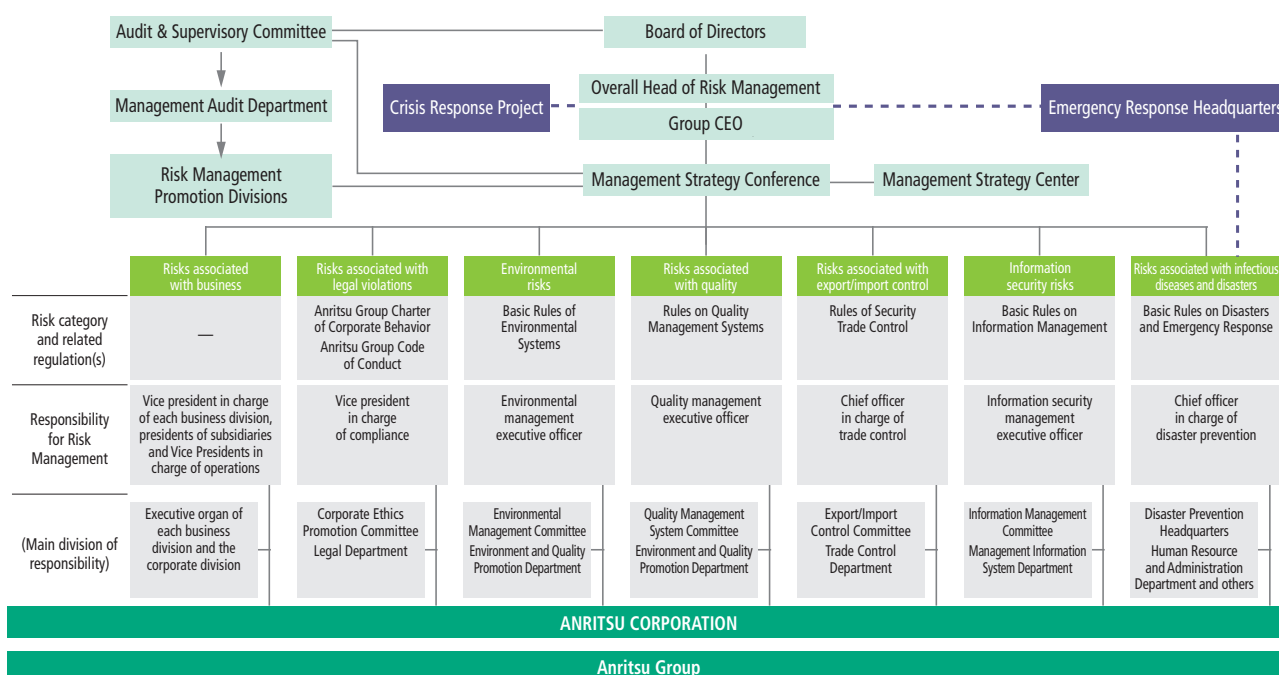


Risk Management

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

Risk Management System



Potential Risks and Reponses

Main Risk Items	Potential Risks	Responses
(1) Business risks related to management decision-making and business execution	<ul style="list-style-type: none"> Risks related to Anritsu Group's technology and marketing strategies Risks related to market fluctuations Risks related to strategic investments Risks related to overseas business development Risks related to product supply 	<ul style="list-style-type: none"> Risks related to foreign exchange fluctuations Risks related to inventory obsolescence Risks related to securing human resources Risks related to deferred tax assets Risks related to defined benefit plan obligations
(2) Risks associated with legal violations	<ul style="list-style-type: none"> Risks related to overseas business development Risks related to compliance Risks related to litigation 	<ul style="list-style-type: none"> Understand customer needs and promote development Use open innovation Make investment decisions by verifying prior business plans and conducting due diligence. Develop and execute a Post-Merger Integration (PMI) plan for after the investment. Implement additional measures in response to changes in the business environment Comply with the Basic Rules of Procurement. Diversify suppliers in various geographic areas. Stabilize procurement prices through the use of long-term contracts, etc. Build a structure that is not affected by exchange rate fluctuations by establishing optimal procurement and production sharing linked to exchange rate fluctuations, and balancing imports and exports by currency Actively recruit diverse human resources regardless of nationality, sex, or status as new graduates or mid-career workers; strengthen internal human resource development; and create a work environment that accommodates diverse human resources
(3) Environmental risk	<ul style="list-style-type: none"> Risks related to environmental issues 	<ul style="list-style-type: none"> Establish the Anritsu Group Code of Conduct as a behavioral guideline Conduct educational and awareness activities as needed As for overseas, establish a global promotion system in cooperation with the officers in charge of compliance for each company
(4) Risks associated with quality of products and services	<ul style="list-style-type: none"> Risks related to environmental issues 	<ul style="list-style-type: none"> In addition to compliance with international standards, set stricter voluntary control standards Understand market trends and customer needs Practice thorough energy conservation, improve energy efficiency by updating aging equipment and buildings, and actively introduce renewable energy
(5) Risks associated with export/import control	<ul style="list-style-type: none"> Risks related to product quality 	<ul style="list-style-type: none"> Thoroughly implement the quality management system and PDCA
(6) Information security risks	<ul style="list-style-type: none"> Risks related to overseas business expansion 	<ul style="list-style-type: none"> Ensure compliance with the law and provide education and training
(7) Risks associated with infectious diseases and disasters	<ul style="list-style-type: none"> Risks related to information security 	<ul style="list-style-type: none"> Strengthen information security systems, ensure confidentiality, limit access from outside the Company, maintain internal regulations, and provide education and training
	<ul style="list-style-type: none"> Risks related to the supply of products Risks related to the spread of infectious diseases Risks related to disasters, etc. 	<ul style="list-style-type: none"> Ensure strategic inventory of parts Establish a system to promptly grasp the situation Create a BCP (Business Continuity Plan) for each department

* Please refer to p.65-68 for details.