

Medium- to long-term business environment (opportunities and risks)



Expansion of the usage of electronics

- Continued growth of the telecommunication market, e.g., buildout of 5G infrastructure, spread of IoT, device diversification
- The definition of automobiles will change, along with the advance of automobile electrification and autonomous driving
- ▶ **Along with these changes, there will be big changes in industrial structure and the definition of customers**
- ▶ **We need to strengthen our intelligence function to respond to diversifying needs and produce continuous technical innovation**

Increasing geopolitical risks

- U.S.-China decoupling is underway and becoming an important precondition in managing business
- The combination of global tides (e.g., responding to environment and human rights) with regional economic policies will lead to new regulations
- Remarkable growth by the competitors in Greater China; intensifying battle to take world initiatives
- ▶ **Monozukuri and supply chain will be undergoing drastic reform**

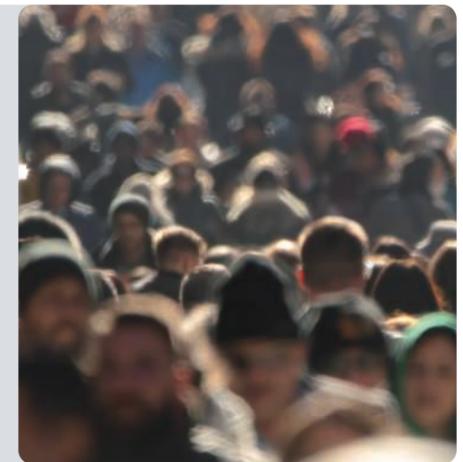


Transition to a sustainable society

- A shared awareness worldwide of the transition to a sustainable society; growing stakeholder demands and expectations of enterprises
- Growing awareness of environmental measures, stronger environmental regulations
- Strong demand to increase both economic value and social value
- ▶ **The pursuit of sustainable operations will be the source of our competitive advantage in the future**

Changing population structure and balance of power

- The population is declining in industrialized nations, but growing sharply in emerging countries. The world population structure is changing
- In particular, we expect India's economic growth to gain momentum and the systems of the international community to change
- Industrialized nations facing various problems relating to their population aging. People putting more value on health
- ▶ **Increasing importance of preparing for the very long term**



Advancement of digitalization

- Increasing use of big data, 5G, local 5G, etc.; reform of business activities themselves, mainly involving monozukuri
- Diversification of means of communication with outside parties. Most points of contact are shifting to the digital space
- ▶ **Speed of digitalization is increasing at customers and competitors; if we fall behind, we will be less competitive**

Response to post-pandemic society

- Merging of in-person and online in various settings
- Changes in values regarding work styles and workplaces
- Diversification and decentralization of business activities (procurement, production, logistics, etc.)
- ▶ **The pursuit of diversity in work styles and interfaces with the outside world will help increase work quality, productivity, and competitiveness**

