

1st Quarter of FY2016 Financial Results Q&A Summary

Q: Regarding ACE (Anritsu Capital-cost Evaluation), is it managed by each business segment or at a consolidated group level?

A: Although we give a performance evaluation on a consolidated basis eventually, for internal management purposes, ACE is assessed and managed by each business segment which is named "SBU". A uniform cost of capital has been imposed on all business units.

(Note) $ACE = \text{Equity} \times \text{Equity Spread}$
 $= \text{Equity} \times (\text{ROE} - \text{Equity cost})$

Q: Could you provide Anritsu Group's efforts toward the improvement of profitability?

A: Anritsu Group has engaged in the implementation of global purchasing and standardization with respect to raw materials for improving gross margin ratio. Furthermore, we have improved SG&A ratio by improving our business process and cost reduction.

Q: Could you provide your views as to inventory level at the end of first quarter?

A: We recognize both raw materials and finished goods are controlled at an adequate level.

Q: Could you provide Anritsu Group's approach to demand for measurement in the field of IoT?

A: We are skilful in the area of measurement for mobile network which offers high communication quality and reliability. Regarding the demand for development of IoT, Anritsu Group will work to develop our business in a hopeful area in which our technology can be utilized in addition to demand for development which is initiated by communication operator.

Q: Could you provide Anritsu Group's approach to 5G?

A: 5G business in our company is expected to be launched from 2017 latter half of the year, and we have been proceeding R&D investment in order to provide the T&M solutions to the market.