

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 managed by each business segment called "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: We are engaged in the implementation of global purchasing and standardization of components to improve gross margin ratio. Furthermore, we are improving SG&A ratio through improving our business process and cost reduction.

Q: Could you provide your views on inventory level at the end of 1st quarter?

A: We recognize that both components 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 skillful in the area of measurement for mobile network that offers high communication quality and reliability. Regarding the demand for development of IoT, we will actively work to develop our business in a promising area in which our technology can be utilized, in addition to working on demand for development, which is initiated by communication operators.

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

A: 5G business in our company is expected to be launched from latter half of 2017, and we are proceeding R&D in order to be able to provide the T&M solutions to the market in a timely manner.