

2nd Quarter of FY2016 Financial Results Q&A Summary

Q: Please explain the operating scale and acquisition amount of Azimuth systems, Inc. as well as the goodwill occurred from purchasing Azimuth systems, Inc., and the impact of consolidation from H2?

A: Anritsu's sales and profit forecast are not being influenced much at this moment by this acquisition. Goodwill is recognized approximately JPY 600M at the end of September. The information of acquisition amount is not disclosed.

Q: Please explain the reason that the announced T&M sales for H2 being higher than H1.

A: Anritsu expects an increase in the sales of IoT and automotive markets.

Q: Please confirm the definition of Development ROI under this severe market conditions.

A: Regarding the investment of 5G and IoT/Automotive related business, Anritsu will set up the unprecedented ROI indicator apart from the current practice.

Q: Is the R&D investment level appropriate if Anritsu decides to enlarge the 5G and IoT markets other than smartphone market?

A: Anritsu will implement R&D investment along with Business Portfolio and if it is necessary, we will cooperate with other companies in order to realize the TTM of value added products excessively.

Q: What is your view on the costs of R&D and SG&A beyond the financial year of 2017?

A: In addition to the optimized business structure reform last year, Anritsu will not increase expenses for the next financial year. We will make profit and control costs according to our Break-Even Point Improvement Project.

Q: There have been various business chances available other than smartphone related business. Is there any requirement for change in direction of management and rearrangement of resource, in the same way as Anritsu successively overcame IT Bubble Collapse?

A: Anritsu will rearrange Investment Portfolio (by the mean of inputting the return gained from LTE/LTE-Advanced into IoT/5G and NW Reshaping) and will gain business opportunities by new growth drivers.