

Financial Results of FY2020 2Q: Q&A Summary

Q1: Please specify the drivers of demand for the T&M instruments in 2Q (3-month period).

A1: Development demand aimed at 5G commercialization grew in Asia, and drove the business. In addition, we acquired development and production demand for high-speed network in data centers, etc.

Q2: What was the ratio of sales by sub-segments of the T&M business in 2Q (3-month period)?

A2: Mobile: 55%, Network Infrastructure: 30%, Electronics: 15%.

Q3: Please tell us the reason for the 6% year-on-year decrease in "selling, general and administrative expenses" in 2Q (3-month period), along with your outlook for the second half of FY2020.

A3: The main reasons were decreases in promotional expenses for exhibitions and other events and in business-travel expenses. Expenses are expected to increase from 3Q onward compared to the first half of the fiscal year, as we plan our sales activities based on the assumption that the spread of COVID-19 will slow down.

Q4: Please tell us how the development of IAB will affect Anritsu's business.

A4: Millimeter wave is already used in the backhaul so the technical hurdle of introducing IAB is low. Its introduction will enable the use of base stations instead of backhaul equipment, so increasing the number of base stations will be easy. We can expect more business opportunities in the installation and maintenance of base stations.

Q5: How will Anritsu take advantage of local 5G business opportunities?

A5: The introduction of URLLC*, a feature of Rel. 16, is critical to the realization of local 5G. We believe it is essential to provide Rel. 16 compliant products at an early stage and to strengthen sales capabilities to accommodate a wider range of customers.

* URLLC: Ultra-Reliable and Low Latency Communications