

Financial Results of FY2020 2Q: Q&A Summary

Q1: Please specifically tell us the drivers of demand for measuring instruments in Q2 (3 months).

A1: In Asia, development demand aimed at 5G commercialization grew, driven the 5G business. In addition, we acquired development and production demand for network speedup in data centers.

Q2: What is the ratio of sales by sub-segment of T&M business in Q2 (3 months)?

A2: Mobile: 55%, network infrastructure: 30%, electronics: 15%

Q3: Please tell us the reason for the decrease of "selling, general and administrative expenses" by 6% year-on-year in Q2 (3 months) along with your outlook for the second half in FY20.

A3: The main reason is the decrease in promotional expenses for exhibitions and other events, and business travel expenses. Expenses are expected to increase from the Q3 onwards 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. Introduction of IAB will enable to utilize base stations instead of backhaul equipment, so increasing base station would be easy. We can expect more business chance in installation and maintenance of base station.

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

A5: Introduction of URLLC*, a feature of Rel. 16, is critical to the realization of local 5G, and 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