



ADVANTEST®

FY2022
(Period Ended March 31st, 2023)
Financial Briefing

April 26th, 2023
Advantest Corporation

All Rights Reserved - ADVANTEST CORPORATION

NOTE

Accounting Standards

- Our results and outlook, described in this presentation, have been prepared in accordance with IFRS.

Cautionary Statement with Respect to Forward-Looking Statements

- This presentation contains “forward-looking statements” that are based on Advantest’s current expectations, estimates and projections. These statements include, among other things, the discussion of Advantest’s business strategy, outlook and expectations as to market and business developments, production and capacity plans. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “project,” “should” and similar expressions. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause Advantest’s actual results, levels of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements.

Use of These Materials

- The information contained in this presentation is protected under intellectual property laws, such as copyright law, patent law, trademark law and design law, and other laws and statutes of each country and various treaties. Any use (modification, copying, diversion, etc.) of this information that goes beyond that which is clearly authorized by law and statutes, and is not approved in writing by our company in advance, is forbidden.



```
mirror_mod.mirror_object = ...
operation == "MIRROR_X":
mirror_mod.use_x = True
mirror_mod.use_y = False
mirror_mod.use_z = False
operation == "MIRROR_Y":
mirror_mod.use_x = False
mirror_mod.use_y = True
mirror_mod.use_z = False
operation == "MIRROR_Z":
mirror_mod.use_x = False
mirror_mod.use_y = False
mirror_mod.use_z = True

selection at the end -add ...
obj.select= 1
obj.select=1
context.scene.objects.active
["Selected" + str(modifier ...
mirror_ob.select = 0
 bpy.context.selected_obj

OPERATOR_CLASSES
```

Financial Results for FY2022

Atsushi Fujita

Director, Senior Executive Officer, CFO & CCO

(Chief Financial Officer & Chief Compliance Officer),

Executive Vice President, Corporate Administration Group

All Rights Reserved - ADVANTEST CORPORATION

ADVANTEST[®]

FY22 Results Highlights

- FY22 was a turbulent year. Amidst the end of the semiconductor demand spike triggered by COVID-19, global macroeconomic weakness, and a semiconductor market slowdown, the favorable business environment of 1H turned sharply downward in 2H.
- Nevertheless, Advantest's sales, operating income, and net income achieved record highs due to:
 - Market share gains enabled by further reinforcement of our broad product portfolio and global sales and support network
 - Strategic parts procurement and management of production and shipments
 - Significant boost from JPY depreciation
- ROE also reached a record high at 39.3% (30.4% in the previous fiscal year)

FY22 Summary of Results

(¥B)

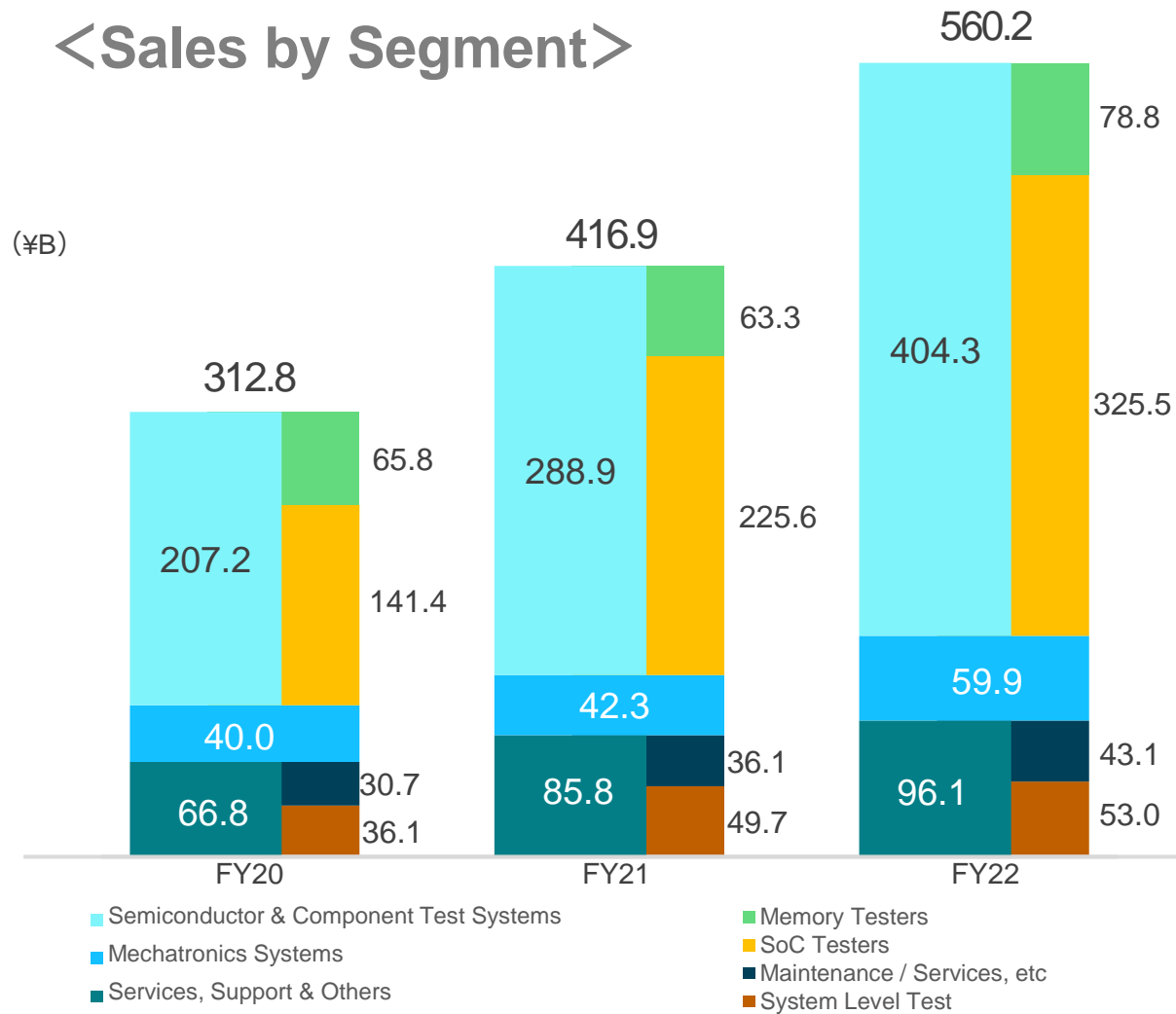
	FY21		FY22		
	Results	Forecast as of Jan. 2023	Results	vs. FY21	
				(Δ)	(%)
Sales	416.9	550.0	560.2	+143.3	+34.4%
Operating Income	114.7	170.0	167.7	+53.0	+46.2%
Operating Margin	27.5%	30.9%	29.9%	+2.4pts	
Income Before Tax	116.3	174.0	171.3	+54.9	+47.2%
Net Income	87.3	130.0	130.4	+43.1	+49.4%
Net Income Margin	20.9%	23.6%	23.3%	+2.4pts	
Exchange Rate	1 US\$	¥112	¥134	¥134	¥22 Depreciation
	1 Euro	¥130	¥139	¥140	¥10 Depreciation
Dividend Per Share	¥120	¥135	¥135*1	+¥15	
Share Repurchase	70.0	-	50.0	-20.0	
Total Shareholder Return Ratio*2	107%	-	58%	-49pts	

*1: The year-end dividends for FY22 will be formally resolved at the Board of Directors' meeting held on May 19, 2023

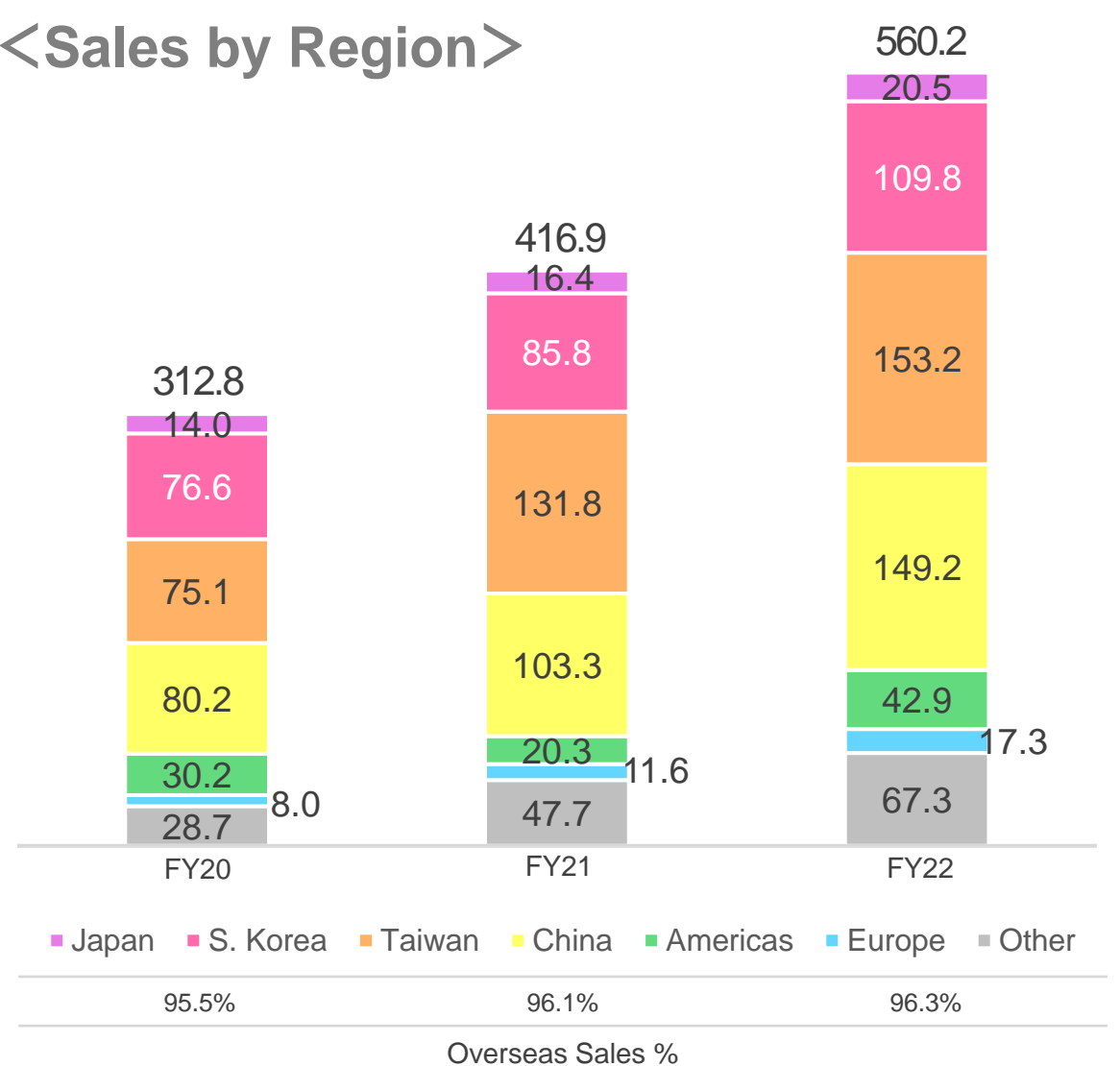
*2: Total shareholder return ratio = (Total dividends + Total share repurchases) ÷ Net Income

FY22 Sales by Segment / Region

<Sales by Segment>



<Sales by Region>



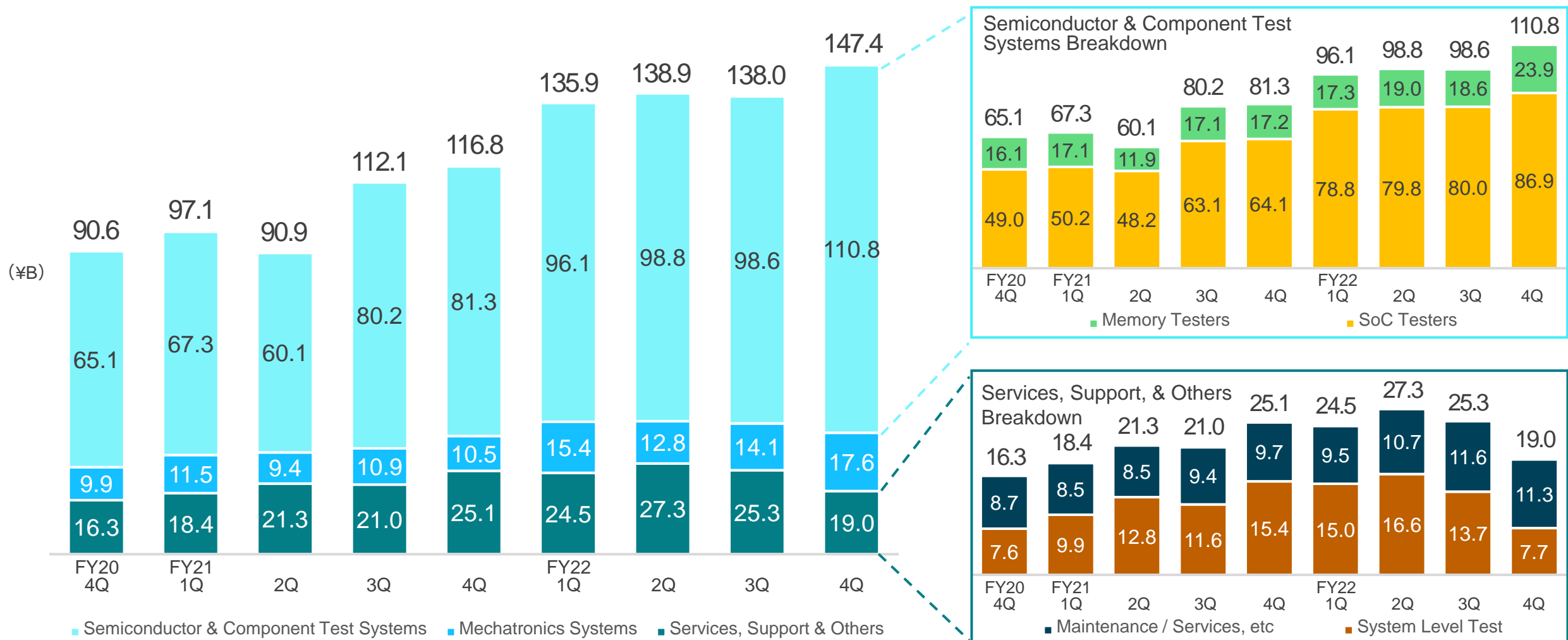
Note: Intersegment transactions have been eliminated from totals

FY22 4Q Summary of Results

(¥B)

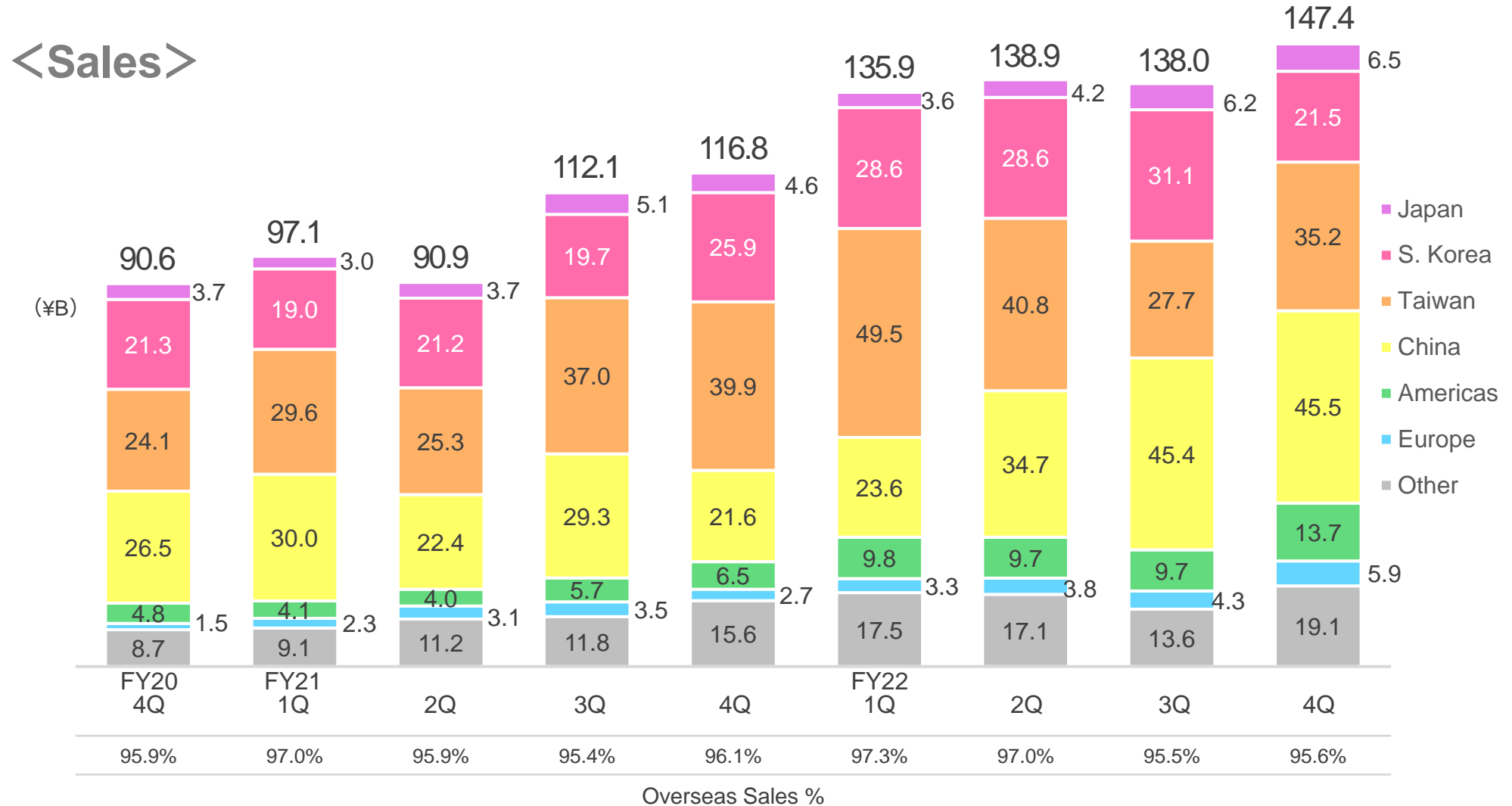
	FY21				FY22				QoQ		YoY	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	(Δ)	(%)	(Δ)	(%)
Sales	97.1	90.9	112.1	116.8	135.9	138.9	138.0	147.4	+9.4	+6.8%	+30.6	+26.2%
Gross Profit	54.7	50.1	64.8	66.3	78.9	79.9	81.6	78.7	-2.9	-3.6%	+12.4	+18.7%
Gross Margin	56.4%	55.0%	57.9%	56.7%	58.1%	57.5%	59.1%	53.4%	-5.7pts		-3.3pts	
Operating Income	26.1	21.4	33.5	33.7	44.8	43.1	41.2	38.6	-2.7	-6.5%	+4.9	+14.4%
Operating Margin	26.9%	23.5%	29.9%	28.8%	32.9%	31.1%	29.9%	26.2%	-3.7pts		-2.6pts	
Income Before Tax	25.7	21.6	34.0	35.0	48.4	46.8	37.7	38.4	+0.8	+2.1%	+3.4	+9.7%
Net Income	19.3	15.9	25.7	26.4	36.5	34.7	28.6	30.6	+1.9	+6.8%	+4.2	+15.9%
Net Income Margin	19.9%	17.5%	22.9%	22.6%	26.8%	25.0%	20.8%	20.8%	+0.0pts		-1.8pts	
Exchange Rate	1 US\$	¥109	¥110	¥112	¥115	¥124	¥135	¥144	¥133	¥11 Appreciation		¥18 Depreciation
	1 Euro	¥131	¥131	¥130	¥130	¥134	¥139	¥144	¥142	¥2 Appreciation		¥12 Depreciation

Quarterly Sales by Segment

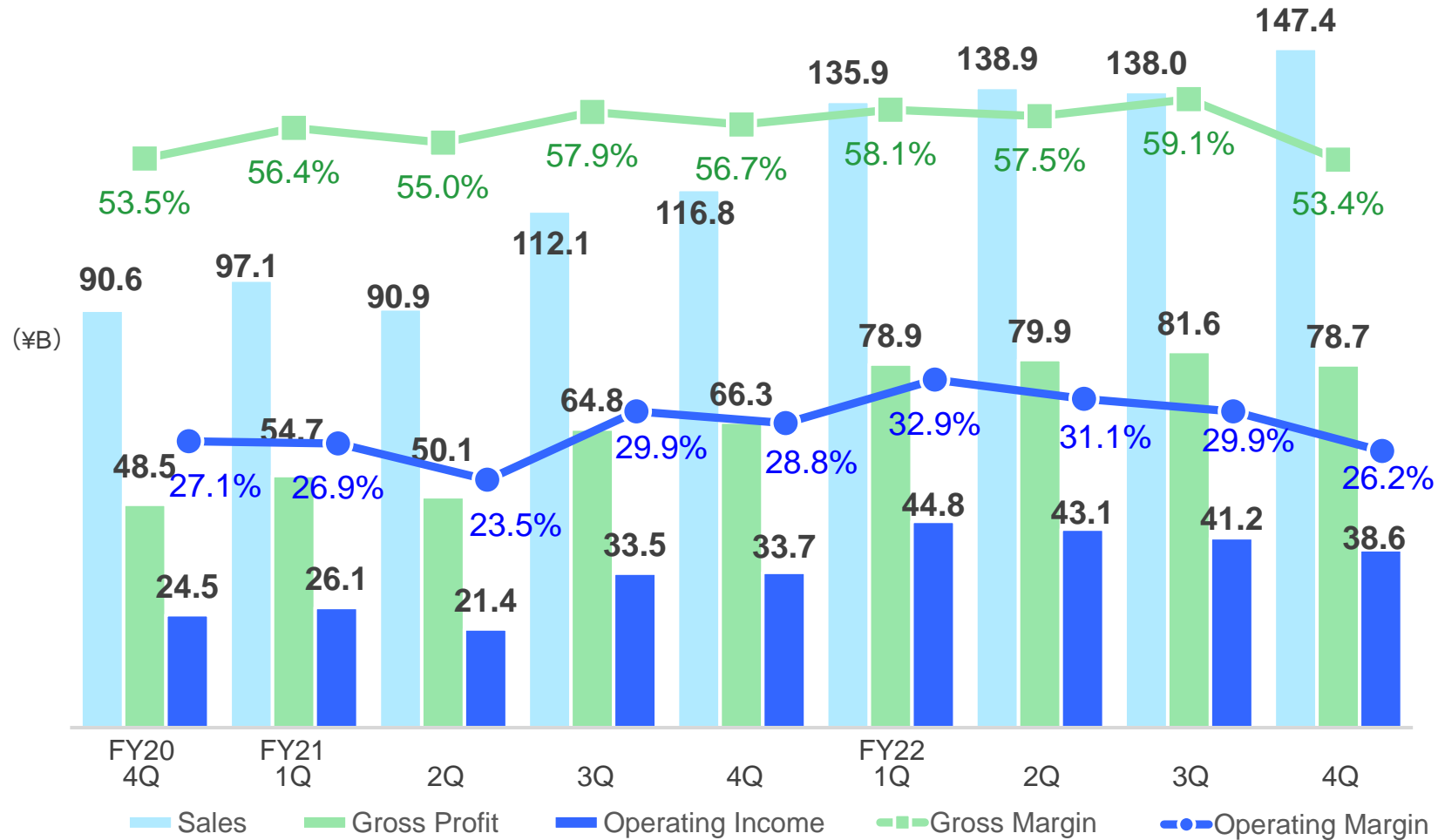


Note: Intersegment transactions have been eliminated from totals

Quarterly Sales by Region



Sales / Gross Profit / Operating Income



	(¥B)	
	FY21	FY22
Sales	416.9	560.2
Gross Profit	235.9	319.1
Gross Margin	56.6%	57.0%
SG&A*	121.2	151.4
Operating Income	114.7	167.7
Operating Margin	27.5%	29.9%

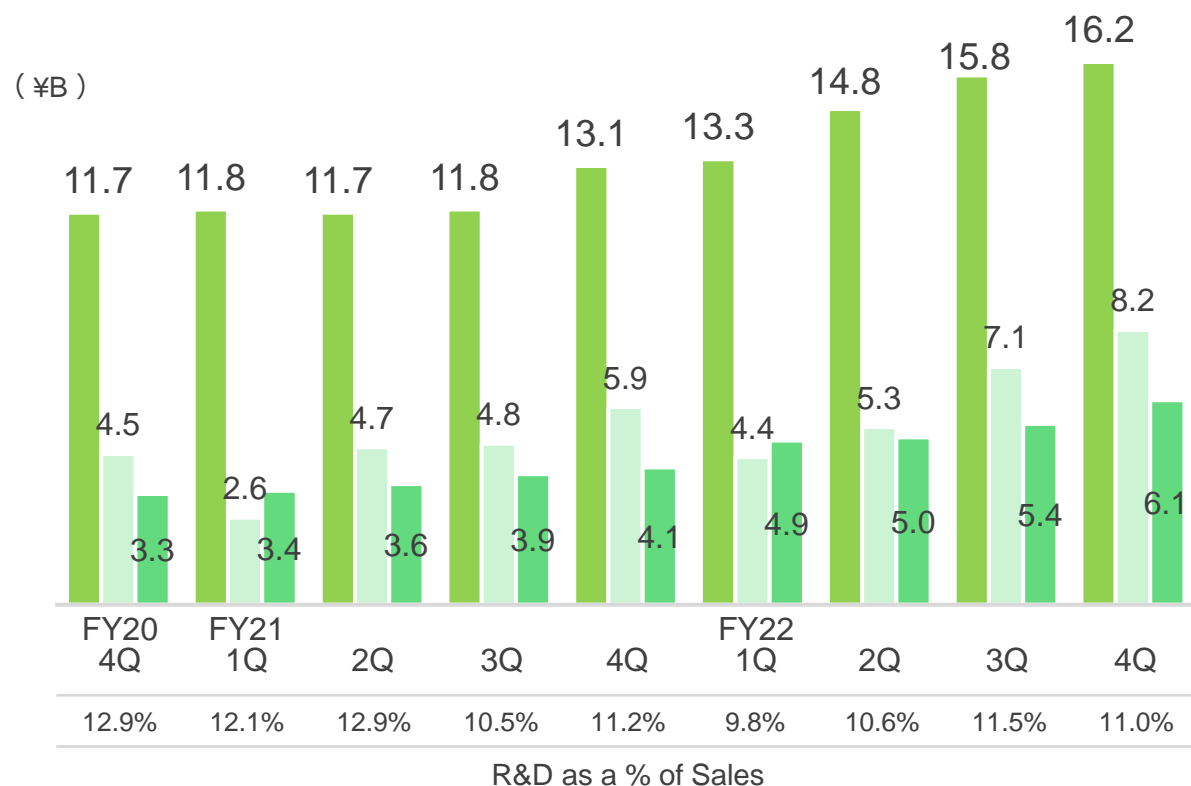
* SG&A includes total other income and expenses

Investments / Cash Flow

<Investments>

- R&D Expenses
- Capital Expenditure
- Depreciation & Amortization

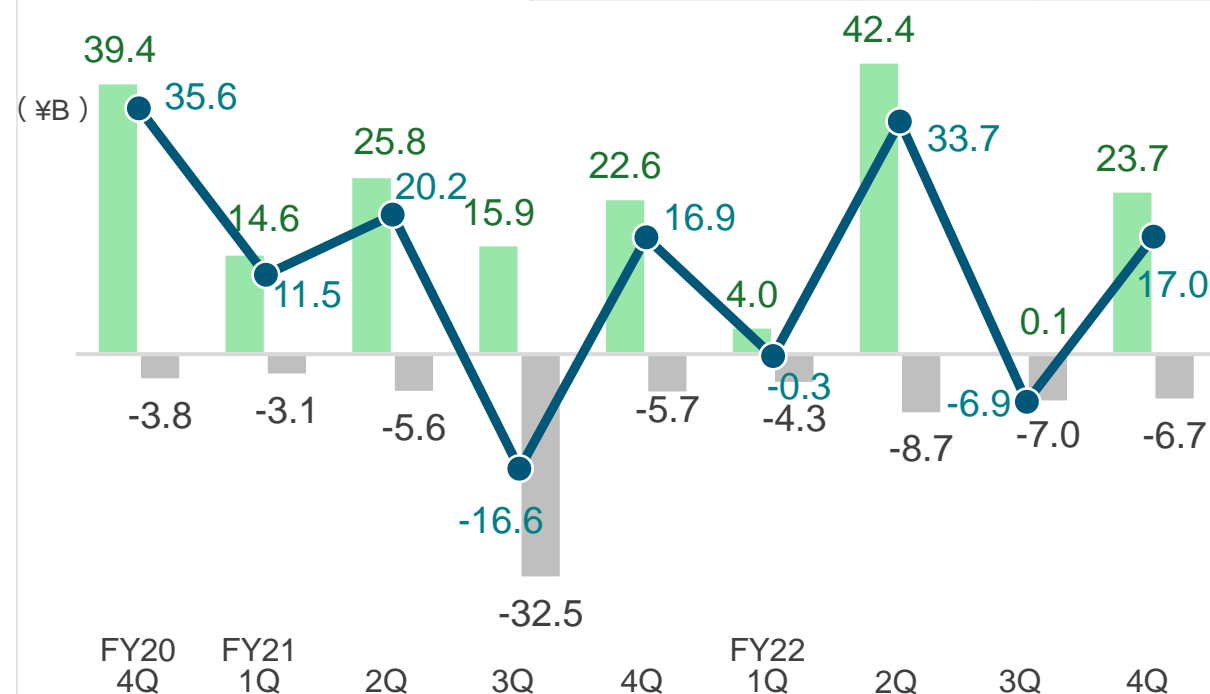
	FY21	FY22
R&D Expenses	48.4	60.1
R&D as a % of Sales	11.6%	10.7%
CapEx	18.0	25.0
D&A	15.0	21.4



<Cash Flow>

- Cash flows from operating activities
- Cash flows from investing activities
- Free cash flows

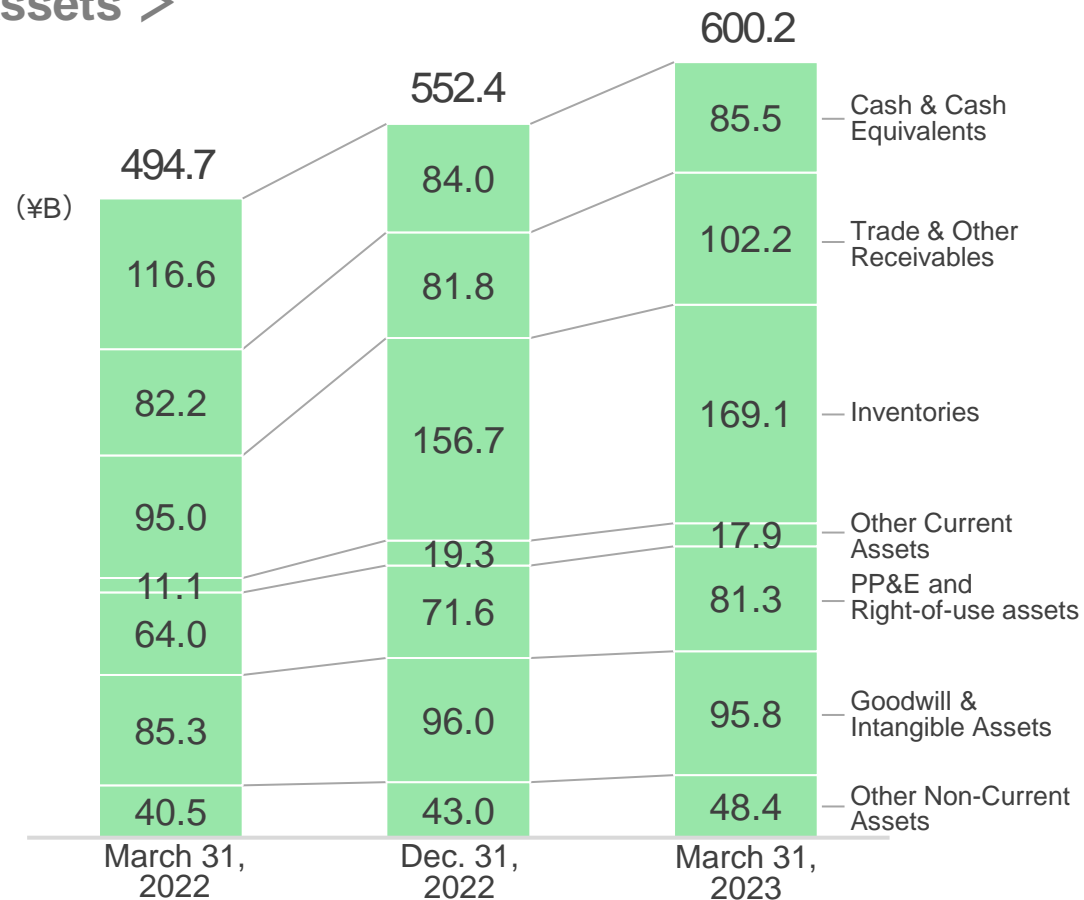
	FY21	FY22
Cash flows from operating activities	78.9	70.2
Cash flows from investing activities	-46.9	-26.7
Free cash flows*	32.0	43.5



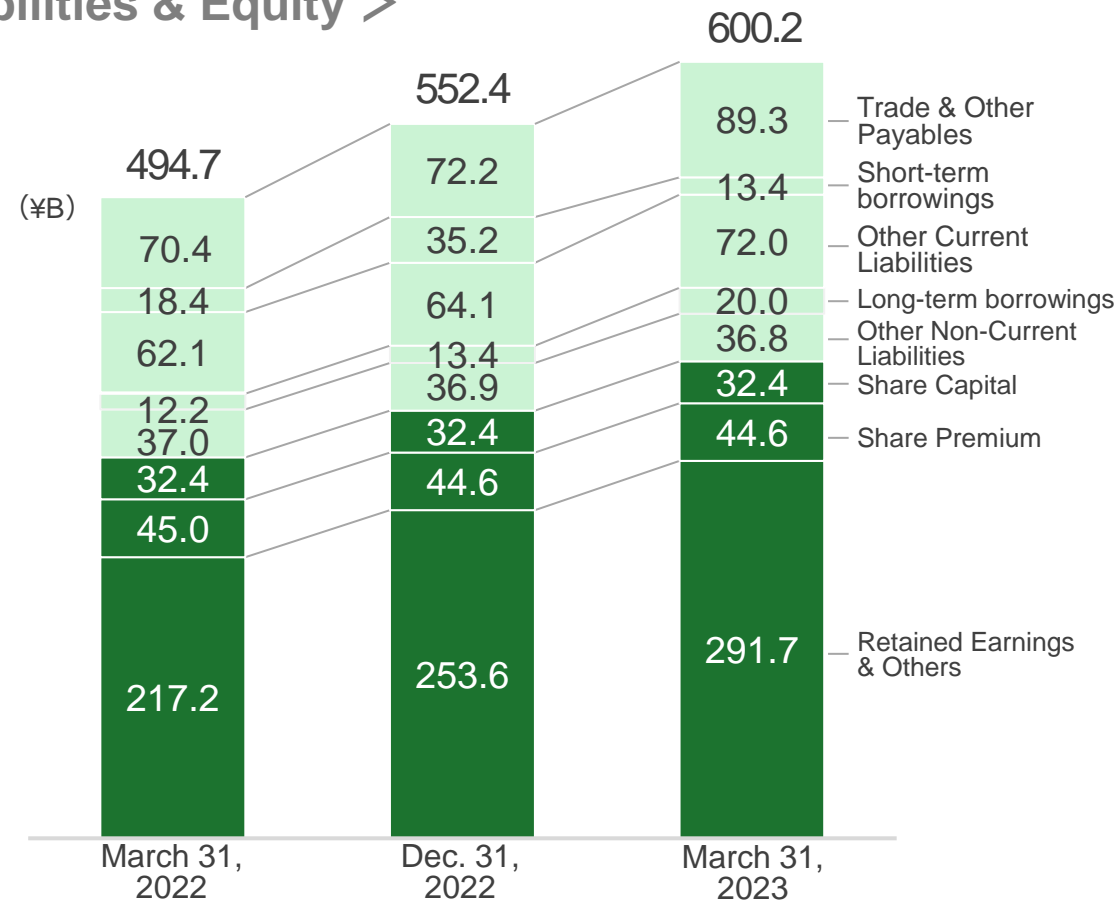
* Free Cash Flows = Cash flows from operating activities + Cash flows from investing activities

Financial Position

< Assets >



< Liabilities & Equity >



Equity Attributable to Owners of the Parent	294.6	330.6	368.7
Ratio of Equity Attributable to Owners of the Parent	59.6%	59.8%	61.4%
ROE	30.4%	-	39.3%



Second Mid-Term Business Plan Progress Report & FY2023 Outlook

Yoshiaki Yoshida
Representative Director, President and Group CEO

Results of 2nd Year of 2nd Mid-Term Management Plan

	MTP1 Results Avg. of FY18-20	Targets of MTP2 Avg. of FY21-23	FY21 Results	FY22 Results	FY21-22 Average
Sales	¥290.4B	¥480-520B	¥416.9B	¥560.2B	¥488.5B
Operating Margin	22.3%	27-30%	27.5%	29.9%	28.7%
Net Income	¥60.1B	¥98-120B	¥87.3B	¥130.4B	¥108.9B
ROE	29.1%	30-35%	30.4%	39.3%	34.9%
EPS	¥309	¥510-630	¥450	¥697	¥573

<Growth Investment>

	FY21-23 Investment Targets	FY21 Results	FY22 Results	FY21-22 Cumulative Results
Strategic Investments e.g. M&A	¥100B	¥29B	¥3.5B	¥32.5B
Capital Expenditure	¥70B	¥18B	¥25B	¥43.1B

<Shareholder Returns>

	FY21-23 (estimate)	FY21 Results	FY22 Results	FY21-22 Cumulative Results
Shareholder Returns (Dividend + Share buybacks)	¥210B or more	¥93B	¥75B	¥168.1B

MTP2 (FY2021-FY2023) Progress Report

In FY2022, we resolutely implemented our 5 Strategies from a mid/long-term perspective to strengthen our management base and business.

Strategies

- 1 Reinforce Core Businesses, Invest Strategically**
- 2 Seek Operational Excellence**
- 3 Explore Value to Reach a Higher Level**
- 4 Pioneer New Business Fields**
- 5 Enhance ESG initiatives**

Progress

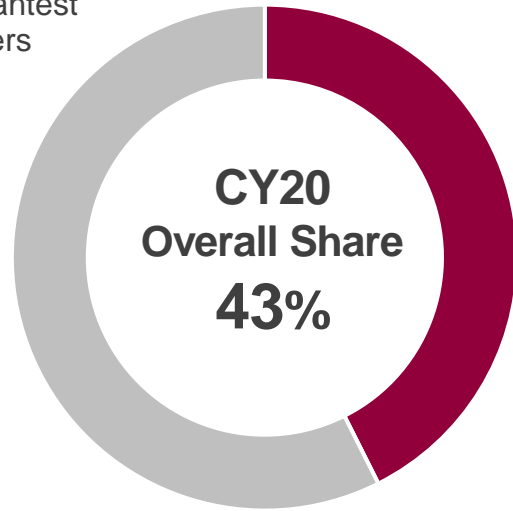
- 1** We continued to expand each of our test solutions, starting with the V93000 EXA Scale in FY21. In FY22, we further strengthened our growth foundation with the launch of the inteXcell, an innovative new memory test cell, and the acquisition of Italian company CREA, a major power semiconductor test equipment manufacturer.
We further enhanced our responsiveness to customer needs with ongoing sales / support hiring.
- 2** The TechInsights Customer Satisfaction Survey named Advantest the SPE industry leader for the third consecutive year.
Launched global business operation initiatives to enhance efficiency and aim for a business process reform.
- 3** We made progress in developing the AI/HPC, smartphone, and automotive markets for our SLT products.
We strengthened our test interface business by acquiring US company R&D Altanova in FY21, and Taiwanese company Shin Puu (scheduled for completion in FY23 1Q).
We continued to enhance the foundational services offered by Advantest Cloud Solutions™ (ACS).
- 4** We established a system for promoting new businesses, including medical equipment such as fluorescence detection systems.
- 5** Introduced a CxO system to clarify management accountability in order to reinforce a global HQ management system further.
We formulated and promoted an ESG Action Plan, which serves as the framework for our ESG initiatives. It helped us to expand our social contributions through our business and improve our ESG external evaluations in FY22.

Semiconductor Tester Market and Market Share Report

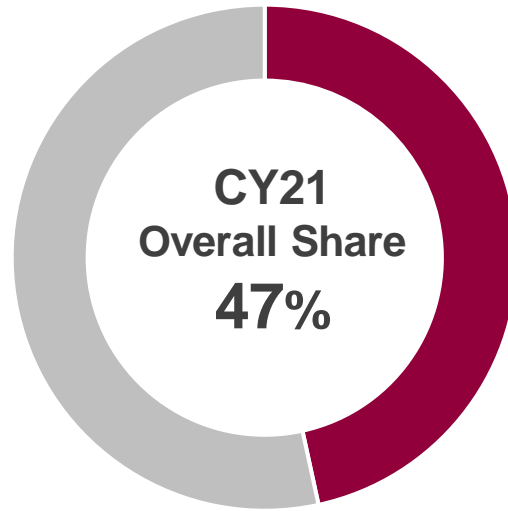
Market Size

Approx. \$4.2B $\xrightarrow{+32\% \text{ YoY}}$ Approx. \$5.6B $\xrightarrow{-6\% \text{ YoY}}$ Approx. \$5.2B

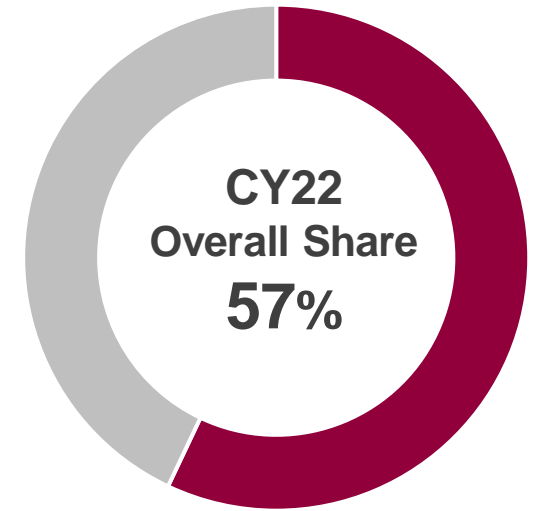
■ Advantest
■ Others



$\xrightarrow{+4\text{pts YoY}}$



$\xrightarrow{+10\text{pts YoY}}$



	Market Size	Advantest Share
SoC Testers	Approx. \$3.0B	38%
Memory Testers	Approx. \$1.2B	56%

	Market Size	Advantest Share
SoC Testers	Approx. \$4.3B	45%
Memory Testers	Approx. \$1.3B	51%

	Market Size	Advantest Share
SoC Testers	Approx. \$4.0B	58%
Memory Testers	Approx. \$1.2B	53%

Source: Advantest

Business Environment / Semiconductor Tester Market Trends: April 2023 Outlook

< Business Environment : Recessionary risks are intensifying >

- In addition to the increasing risk of global recession due to soaring inflation and interest rate hikes, concerns about expanding geopolitical risks and profound exchange rate fluctuations also continue.

< Semiconductor Market : YoY contraction expected >

- Due to the decline in demand for chips used in cornerstone consumer electronics products, semiconductor manufacturers are expected to continue their inventory and production adjustments for the time being.

< Semiconductor Tester Market : Contraction expected for the second straight year >

- Increasing high-performance semiconductor test volumes will support tester demand to some extent, but the market is expected to shrink year-on-year due to the ongoing semiconductor demand slowdown.

	CY21 Actual	CY22 Actual	CY23 Estimate
SoC Tester Market	Approx. \$4.3B	Approx. \$4.0B (January estimate: approx. \$3.9B - 4.1B)	Approx. \$3.4B-3.8B (January estimate: approx. \$3.5B - 4.2B)
Memory Tester Market	Approx. \$1.3B	Approx. \$1.2B (January estimate: approx. \$1.2B - 1.3B)	Approx. \$0.9B-1.1B (January estimate: approx. \$0.9B - 1.2B)

Source: Advantest

FY23 Forecast

(¥B)

	FY22 Results	FY23 Forecast	FY23 vs. FY22	
			(Δ)	(%)
			Sales*1	560.2
Operating Income	167.7	105.0	-62.7	-37.4%
Operating Margin	29.9%	21.9%	-8.0pts	
Income Before Tax	171.3	103.5	-67.8	-39.6%
Net Income	130.4	78.0	-52.4	-40.2%
Net Income Margin	23.3%	16.3%	-7.0pts	
R&D Expenses	60.1	63.0	+2.9	+4.8%
CapEx	25.0	21.0	-4.0	-16.0%
D&A	21.4	23.0	+1.6	+7.5%
Exchange Rate*2	1 US\$	¥134	¥130	¥4 Appreciation
	1 Euro	¥140	¥140	—

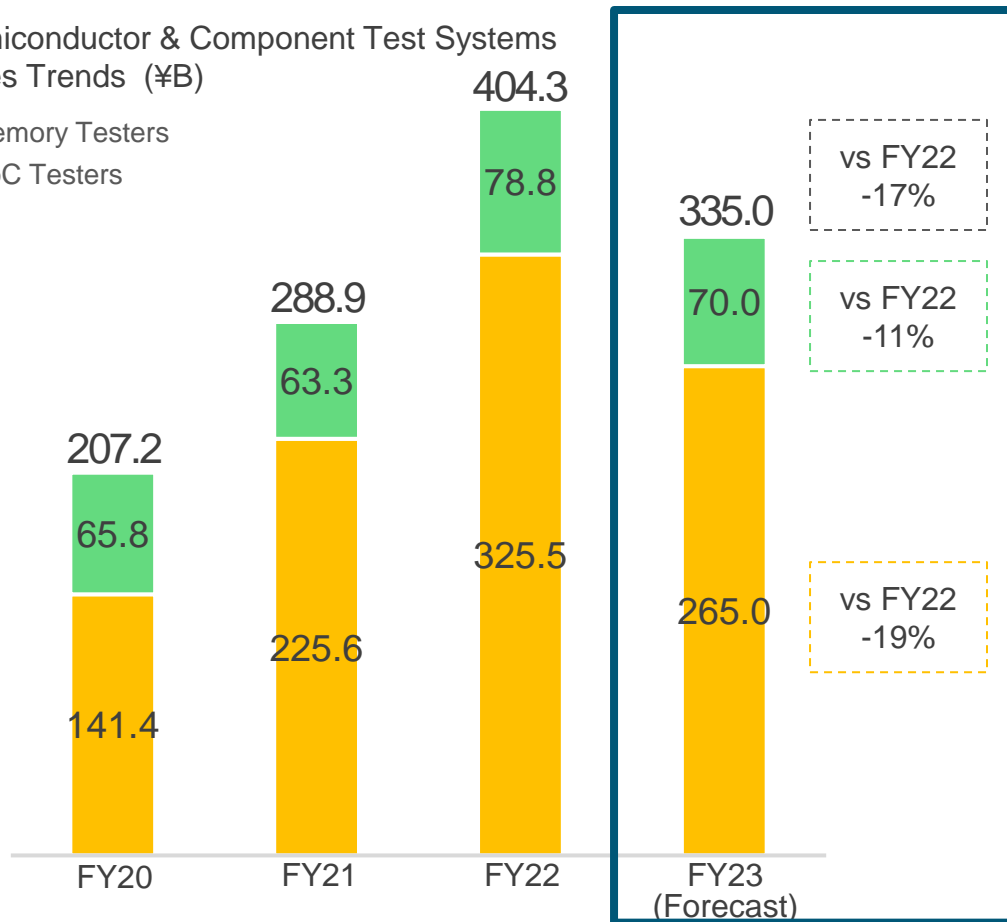
*1: Intersegment transactions have been eliminated from totals

*2: Our latest forecast for the impact of exchange rate fluctuations on FY23 operating income is plus ¥1.1 billion per 1 yen of JPY depreciation vs USD, and minus ¥0.3 billion per 1 yen of JPY depreciation vs the euro

FY23 Outlook by Segment

Semiconductor & Component Test Systems Sales Trends (¥B)

■ Memory Testers
■ SoC Testers



Semiconductor & Component Test Systems

< SoC Testers >

– Customers are likely to slow the pace of tester investments across a wide range of applications. We expect demand for both advanced process and mature process products to decline.

Applications	FY20	FY21	FY22	FY23*2
Computing / Comms	55%	60%	65%	60%
Automotive / Industrial / Consumer / DDIC*1	45%	40%	35%	40%

Numbers are rounded to the nearest 5%

< Memory Testers >

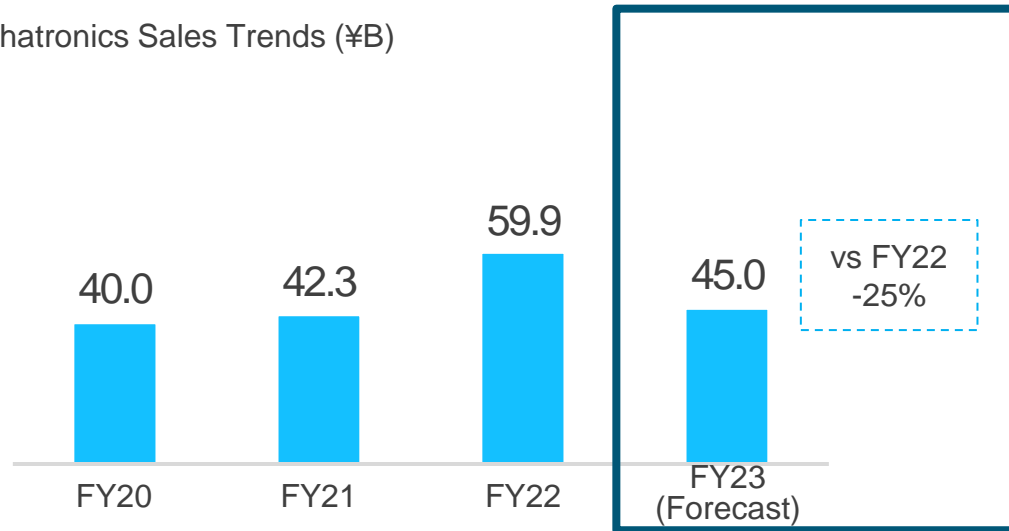
– Technology buys, mainly for high-end memory, will not vanish, but sales are expected to decline due to worsening memory semiconductor market conditions.

Applications	FY20	FY21	FY22	FY23*2
DRAM	60%	60%	60%	70%
Non-Volatile Memory	40%	40%	40%	30%

Numbers are rounded to the nearest 5%

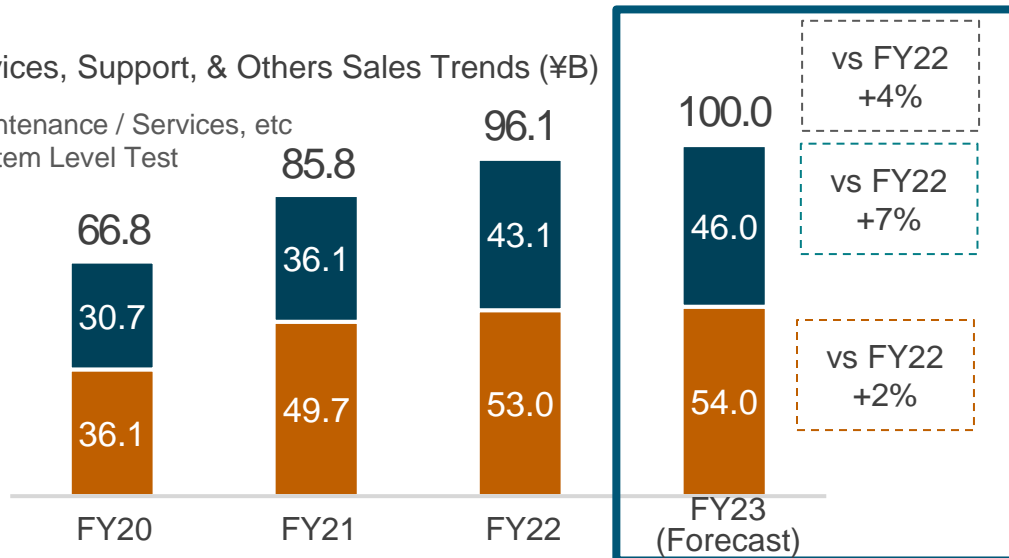
FY23 Outlook by Segment

Mechatronics Sales Trends (¥B)



Services, Support, & Others Sales Trends (¥B)

■ Maintenance / Services, etc
■ System Level Test



Mechatronics Systems

- Sales of device interface products and test handlers are expected to decline in step with the slowdown in tester investment.
- Sales of SEM metrology products are expected to stay flat year-on-year due to wider customer adoption of EUV lithography and increased demand for mature process photomasks.

Services, Support, & Others

- We expect strong demand for maintenance services due to the steady growth of our installed base.
- Our system-level test business is particularly exposed to the impact from the decline in consumer-related demand. Sales are expected to be flat year-on-year.

Key Measures for FY23

We will strive to achieve our MTP2 targets and build a stronger and more resilient management foundation by:

- **Creating added customer value through leading-edge test technology R&D**
 - Expanding our test solutions to meet the needs of leading customers in high-growth sectors such as AI and power semiconductors
 - Continuing to execute growth investment for our future business expansion
 - Further strengthening our data analytics business foundation through close collaborations with partners
- **Seeking operational excellence**
 - Refining our supply chain management to improve responsiveness to demand fluctuations
 - Actively utilizing DX to improve operational efficiency company-wide
(Reinforce global business operation initiatives activities to enhance efficiency)
- **Implementing proactive ESG initiatives, including the investment in our human capital from a mid/long-term perspective**

ADVANTEST®