

FY2021 Consolidated Financial Results

(Advantest's consolidated financial statements are prepared in accordance with IFRS)
(Year ended March 31, 2022)

April 27, 2022

Company Name : **Advantest Corporation**
(URL <https://www.advantest.com/investors>)
Stock Exchange on which shares are listed : Prime Market of the Tokyo Stock Exchange
Stock Code Number : 6857
Company Representative : Yoshiaki Yoshida, Representative Director, President and CEO
Contact Person : Atsushi Fujita, Director, Senior Executive Officer
Executive Vice President, Corporate Administration Group
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Date of General Shareholders' Meeting (as planned) : June 24, 2022
Dividend Payable Date (as planned) : June 3, 2022
Annual Report Filing Date (as planned) : June 22, 2022
Financial Results Supplemental Materials : Yes
Financial Results Presentation Meeting : Yes

(Rounded to the nearest million yen)

1. Consolidated Results of FY2021 (April 1, 2021 through March 31, 2022)

(1) Consolidated Financial Results

(% changes as compared to the previous fiscal year)

	Net sales		Operating income		Income before income taxes		Net income		Net income attributable to owners of the parent		Total comprehensive income for the year	
	Million yen	% increase (decrease)	Million yen	% increase (decrease)	Million yen	% increase (decrease)	Million yen	% increase (decrease)	Million yen	% increase (decrease)	Million yen	% increase (decrease)
FY2021	416,901	33.3	114,734	62.2	116,343	67.1	87,301	25.1	87,301	25.1	107,286	41.6
FY2020	312,789	13.4	70,726	20.5	69,618	18.9	69,787	30.4	69,787	30.4	75,757	58.7

	Basic earnings per share	Diluted earnings per share	Return on equity attributable to owners of the parent	Ratio of income before taxes to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
FY2021	449.56	447.26	30.4	25.4	27.5
FY2020	353.87	351.82	27.3	17.9	22.6

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent	Equity attributable to owners of the parent per share
	Million yen	Million yen	Million yen	%	Yen
FY2021	494,696	294,621	294,621	59.6	1,551.72
FY2020	422,641	280,369	280,369	66.3	1,427.29

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	Million yen	Million yen	Million yen	Million yen
FY2021	78,889	(46,907)	(68,736)	116,582
FY2020	67,830	(16,831)	(30,415)	149,164

2. Dividends

	Dividend per share					Total dividend paid (annual)	Payout ratio (consolidated)	Cash dividend rate for equity attributable to owners of the parent (consolidated)
	First quarter end	Second quarter end	Third quarter end	Year end	Annual total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2020	—	38.00	—	80.00	118.00	23,263	33.3	9.1
FY2021	—	50.00	—	70.00	120.00	23,100	26.7	8.1
FY2022 (forecast)	—	—	—	—	—		—	

(Note) The dividend forecast for FY2022 hasn't been decided yet.

3. Earnings Forecast for FY2022 (April 1, 2022 through March 31, 2023)

(% changes as compared to the corresponding period of the previous fiscal year)

	Net sales		Operating income		Income before income taxes		Net income		Net income attributable to owners of the parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2022	510,000	22.3	150,000	30.7	150,000	28.9	112,500	28.9	112,500	28.9

4. Others

(1) Material changes in subsidiaries during this period (changes in scope of consolidation resulting from changes in subsidiaries): None

(2) Changes in accounting policies and accounting estimates

- 1) Changes in accounting policies required by IFRS: None
- 2) Changes arising from factors other than 1: None
- 3) Changes in accounting estimates: None

(3) Number of issued and outstanding share (ordinary share):

1) Number of issued and outstanding share at the end of each fiscal period (including treasury share):

FY2021 199,542,265 shares; FY2020 199,566,770 shares.

2) Number of treasury share at the end of each fiscal period:

FY2021 9,634,859 shares; FY2020 3,132,075 shares.

3) Average number of outstanding share for each period:

FY2021 194,193,275 shares; FY2020 197,207,848 shares.

(Note) Advantest's share (FY2021 425,495 shares, FY2020 694,832 shares), which is being kept as performance share option compensation in trust account, is included in the number of treasury share at the end of each fiscal period. Moreover, the Advantest's share that mentioned above is also included in the treasury share which is deducted during the calculation of average number of outstanding share for each period.

(Reference) Non-Consolidated Results of FY2021 (April 1, 2021 through March 31, 2022)

(1) Non-Consolidated Financial Results

(% changes as compared to the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	% increase (decrease)	Million yen	% increase (decrease)	Million yen	% increase (decrease)	Million yen	% increase (decrease)
FY2021	355,575	30.8	88,923	97.2	93,667	71.1	70,814	33.5
FY2020	271,875	7.1	45,098	(13.6)	54,736	(7.4)	53,031	(3.7)

	Net income per share - basic	Net income per share - diluted
	Yen	Yen
FY2021	364.61	363.54
FY2020	268.91	267.89

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity-to-assets ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2021	459,809	262,918	57.0	1,380.85
FY2020	414,128	285,409	68.8	1,449.74

(Reference) Shareholders' Equity at the end of each fiscal period: FY2021 (Y) 262,234 million; FY2020 (Y) 284,779 million

Status of Audit Procedures

This consolidated financial results report is not subject to audit procedures by independent auditors.

Explanation on the Appropriate Use of Future Earnings Projections and Other Special Instructions

This document 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.

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1. Overview of Business Results

(1) Overview of Business Results for FY2021

1) Consolidated Financial Results of FY2021 (April 1, 2021 through March 31, 2022)

(in billion yen)

	FY2020	FY2021	As compared to the previous fiscal year increase (decrease)
Orders received	330.6	700.3	2.1 times
Net sales	312.8	416.9	33.3%
Operating income	70.7	114.7	62.2%
Income before income taxes	69.6	116.3	67.1%
Net income	69.8	87.3	25.1%

During the consolidated fiscal year of 2021, while the COVID-19 pandemic continued to smoulder on, widespread access to vaccines facilitated a return to normal socializing, and the global economy overall recovered from the historic recession of the previous fiscal year. On the other hand, concerns about the future of the world economy intensified amidst prolonged shortages of semiconductors and other parts, rising inflation, and the crisis in Ukraine that erupted in the beginning of CY2022.

In the semiconductor market, demand for semiconductors related to data centers, AI, and personal computers remained firm, thanks to demand for at-home consumption and the ongoing digitalization of society overall. In addition, semiconductors for smartphones have become even more sophisticated, and demand increased in response to continued 5G smartphone performance evolution and higher sales volumes. Moreover, the noted shortage of semiconductors for automobiles, industrial equipment, and consumer electronics, arising from the post-COVID economic recovery, spurred active investment in production capacity increases for various semiconductor devices.

The booming semiconductor market spurred ongoing growth in demand for semiconductor test equipment. Suppliers of high-end SoC devices for data centers and smartphones invested in advanced technology and processes, contributing to strong growth in the SoC semiconductor test equipment market.

In this environment, Advantest has steadily captured semiconductor test equipment demand expansion by leveraging our broad product portfolio and our global sales and support network, which are among our greatest strengths. On the other hand, as the shortage of semiconductors and other parts is affecting a broad range of supply chains, Advantest continues to face unprecedented difficulties in terms of parts procurement.

As a result of the above, orders received in the consolidated fiscal year of 2021 were (Y)700.3 billion (2.1 times increase in comparison to the previous fiscal year), net sales were (Y) 416.9 billion (33.3% increase in comparison to the previous fiscal year), operating income was (Y) 114.7 billion (62.2% increase in comparison to the previous fiscal year), income before income taxes was (Y) 116.3 billion (67.1% increase in comparison to the previous fiscal year) and net income was (Y) 87.3 billion (25.1% increase in comparison to the previous fiscal year). Despite the parts procurement challenges Advantest faced during the period, all of the above figures mark record annual highs. Year-on-year net income growth slowed in the current consolidated fiscal year because in the previous fiscal year, in addition to the use of a loss carryforward accounting adjustment in Japan, tax expenses diminished due to the recording of approximately (Y) 10.0 billion in deferred tax assets. Average currency exchange rates in the current consolidated fiscal year were 1 USD to 112 JPY (106 JPY in the previous fiscal year) and 1 EUR to 130 JPY (123 JPY in the previous fiscal year). The percentage of net sales to overseas customers was 96.1% (95.5% in the previous fiscal year).

Conditions of business segments are described below.

<Semiconductor and Component Test System Segment>

(in billion yen)

	FY2020	FY2021	As compared to the previous fiscal year increase (decrease)
Orders received	227.2	537.5	2.4 times
Net sales	207.2	288.9	39.4%
Segment income	61.6	105.7	71.5%

In this segment, orders for SoC semiconductor test equipment dramatically increased amidst customers' plans for further miniaturization and improvement of high-end SoC semiconductors such as application processors and HPC (high performance computing) devices, and expanding investment in supply capacity as a response to shortages of semiconductors and other parts. Orders for memory semiconductor test equipment also increased steadily as the performance of memory semiconductors continued to improve. On the other hand, although parts shortages compelled product lead times to be extended, SoC semiconductor test equipment sales, principally for high-end SoC devices, grew during the period.

As a result of the above, orders received were (Y) 537.5 billion (2.4 times increase in comparison to the previous fiscal year), net sales were (Y) 288.9 billion (39.4% increase in comparison to the previous fiscal year), and segment income was (Y) 105.7 billion (71.5% increase in comparison to the previous fiscal year).

< Mechatronics System Segment >

(in billion yen)

	FY2020	FY2021	As compared to the previous fiscal year increase (decrease)
Orders received	42.1	58.6	39.2%
Net sales	40.0	42.3	5.7%
Segment income	5.0	6.1	23.1%

In this segment, orders for device interface products, test handlers, and nanotechnology products increased due to strong customer motivation to invest in semiconductor test equipment and wider adoption of EUV lithography technology. In terms of sales, an improved product mix contributed to higher profitability in this segment.

As a result of the above, orders received were (Y) 58.6 billion (39.2% increase in comparison to the previous fiscal year), net sales were (Y) 42.3 billion (5.7% increase in comparison to the previous fiscal year), and segment income was (Y) 6.1 billion (23.1% increase in comparison to the previous fiscal year).

<Services, Support and Others Segment>

(in billion yen)

	FY2020	FY2021	As compared to the previous fiscal year increase (decrease)
Orders received	62.5	104.3	66.9%
Net sales	66.8	85.8	28.5%
Segment income	10.4	17.8	71.0%

In this segment, demand for system-level test products grew significantly amidst strong data center investment and smartphone performance gains. In addition, as our installed base grew, the demand for maintenance services continued at a high level.

As a result of the above, orders received were (Y) 104.3 billion (66.9% increase in comparison to the previous fiscal year), net sales were (Y) 85.8 billion (28.5% increase in comparison to the previous fiscal year), and segment income was (Y) 17.8 billion (71.0% increase in comparison to the previous fiscal year).

2) Overview of Non-Consolidated Financial Results for FY2021

During FY2021, demand for semiconductor test systems remained at high level throughout the year. Suppliers of high-end SoC devices invested in advanced technology, contributing to strong growth in the SoC semiconductor test equipment market. In this environment, SoC semiconductor test equipment sales, principally for high-end SoC devices, grew during the period. As a result, net sales were (Y) 355.6 billion (30.8% increase in comparison to the previous fiscal year), operating income was (Y) 88.9 billion (97.2% increase in comparison to the previous fiscal year), ordinary income was (Y) 93.7 billion (71.1% increase in comparison to the previous fiscal year) and net income was (Y) 70.8 billion (33.5% increase in comparison to the previous fiscal year). Year-on-year net income growth slowed in the current consolidated fiscal year because in the previous fiscal year, in addition to the use of a loss carryforward accounting adjustment in Japan, tax expenses diminished due to the recording of deferred tax assets.

(2) Overview of Financial Condition for FY2021

Total assets at the end of FY2021 were (Y) 494.7 billion, an increase of (Y) 72.1 billion compared to the previous fiscal year, primarily due to increases of (Y) 30.8 billion in goodwill and intangible assets, (Y) 30.7 billion in inventories, (Y) 25.1 billion in trade and other receivables, and (Y) 9.8 billion in property, plant and equipment, offset by a decrease of (Y) 32.6 billion in cash and cash equivalent. The total liabilities were (Y) 200.1 billion, an increase of (Y) 57.8 billion compared to the previous fiscal year, primarily due to increases of (Y) 30.6 billion in borrowings and (Y) 18.2 billion in income tax payables. Total equity was (Y) 294.6 billion. Ratio of equity attributable to owners of the parent was 59.6%, a decrease of 6.7 percentage points from March 31, 2021. This was primarily attributable to increases of (Y) 66.5 billion in treasury shares and (Y) 30.6 billion in borrowings.

(3) Overview of Cash Flows for FY2021

Cash and cash equivalents held at the end of FY2021 were (Y) 116.6 billion, a decrease of (Y) 32.6 billion from the previous fiscal year.

Significant cash flows during this fiscal year and details are described below.

Net cash provided by operating activities was (Y) 78.9 billion (net cash inflow of (Y) 67.8 billion in the previous fiscal year). This amount was primarily attributable to an increase of (Y) 28.0 billion in inventories, an increase of (Y) 19.4 billion in trade and other receivables and adjustments of non-cash items such as depreciation and amortization in addition to the income before income taxes of (Y) 116.3 billion.

Net cash used in investing activities was (Y) 46.9 billion (net cash outflow of (Y) 16.8 billion in the previous fiscal year). This amount was primarily attributable to acquisition of subsidiaries in the amount of (Y) 29.0 billion and purchase of property, plant and equipment of (Y) 17.2 billion.

Net cash used in financing activities was (Y) 68.7 billion (net cash outflow of (Y) 30.4 billion in the previous fiscal year). This amount was primarily attributable to purchase of treasury shares of (Y) 70.1 billion.

(4) Outlook

Looking at our market environment going forward, semiconductor test demand will continue to grow due to factors such as further growth of semiconductor demand driven by higher volumes of data processing and communications handled by semiconductors, higher semiconductor functionality, and increasing social requirements for semiconductor reliability, as described in our second mid-term management plan, announced in May 2021. Amid high expectations for the flagship applications of the digital revolution, such as the “Metaverse,” and support for carbon-neutral measures, technologies that improve energy efficiency are becoming more important. Taking all of this together, Advantest expects the favorable environment for semiconductors and related markets to continue in the short and medium to long term, and Advantest anticipates further growth in the semiconductor test equipment market in 2022.

Regarding Advantest's full-year consolidated earnings forecast for FY2022, based on our future market outlook and the prospects for each of our businesses, as well as the exchange rate situation, Advantest anticipates net sales of (Y) 510.0 billion, operating income of (Y) 150.0 billion, income before income taxes of (Y) 150.0 billion, and net income of (Y) 112.5 billion for the period. This forecast is based on exchange rate assumptions of 1 USD to 120 JPY and 1 EUR to 135 JPY.

Regarding the impact of COVID-19, although business restrictions continue due to limitations on human movement and logistical bottlenecks, Advantest recognized a negligible impact on our business results during the consolidated fiscal year of 2021. However, uncertainty in the global economy and our business environment remains high due to the spread of new COVID-19 variants, the prolonged shortages of semiconductors and other parts, geopolitical risks, ongoing inflation, and risks related to climate change. Advantest will respond flexibly to changes in our external environment, with the immediate stabilization of parts procurement as a priority.

2. Basic Approach to the Selection of Accounting Standards

Advantest has adopted International Financial Reporting Standards (“IFRS”) since the fiscal year ended March 31, 2016 for the improvement of international comparability of its financial information in the capital markets as well as homogenization and efficiency of its financial information of its group companies.

3. Consolidated Financial Statements and Main Notes
 (1) Consolidated Statement of Financial Position

	Millions of Yen	
	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and cash equivalents	149,164	116,582
Trade and other receivables	57,028	82,155
Inventories	64,340	95,013
Other current assets	8,563	11,007
Subtotal	279,095	304,757
Assets held for sale	—	188
Total current assets	279,095	304,945
Non-current assets		
Property, plant and equipment, net	41,613	51,392
Right-of-use assets	11,668	12,645
Goodwill and intangible assets, net	54,543	85,307
Other financial assets	10,211	14,565
Deferred tax assets	25,242	25,494
Other non-current assets	269	348
Total non-current assets	143,546	189,751
Total assets	422,641	494,696

	As of March 31, 2021	As of March 31, 2022
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	58,558	70,352
Short-term borrowings	—	18,359
Income tax payables	8,619	26,814
Provisions	4,058	6,536
Lease liabilities	2,486	2,918
Other financial liabilities	3,509	3,276
Other current liabilities	12,581	22,627
Total current liabilities	<u>89,811</u>	<u>150,882</u>
Non-current liabilities		
Long-term borrowings	—	12,239
Lease liabilities	9,364	9,947
Retirement benefit liabilities	36,891	22,341
Deferred tax liabilities	4,473	3,445
Other non-current liabilities	1,733	1,221
Total non-current liabilities	<u>52,461</u>	<u>49,193</u>
Total liabilities	<u>142,272</u>	<u>200,075</u>
Equity		
Share capital	32,363	32,363
Share premium	44,573	44,995
Treasury shares	(15,001)	(81,547)
Retained earnings	214,858	279,828
Other components of equity	3,576	18,982
Total equity attributable to owners of the parent	<u>280,369</u>	<u>294,621</u>
Total equity	<u>280,369</u>	<u>294,621</u>
Total liabilities and equity	<u>422,641</u>	<u>494,696</u>

(2) Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income

Consolidated Statement of Profit or Loss

	Millions of Yen	
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	312,789	416,901
Cost of sales	<u>(144,498)</u>	<u>(180,994)</u>
Gross profit	168,291	235,907
Selling, general and administrative expenses	(105,870)	(121,132)
Other income	8,499	606
Other expenses	<u>(194)</u>	<u>(647)</u>
Operating income	70,726	114,734
Financial income	767	1,912
Financial expenses	<u>(1,875)</u>	<u>(303)</u>
Income before income taxes	69,618	116,343
Income taxes	<u>169</u>	<u>(29,042)</u>
Net income	<u><u>69,787</u></u>	<u><u>87,301</u></u>
Net income attributable to:		
Owners of the parent	69,787	87,301
Earnings per share:	Yen	Yen
Basic	<u>353.87</u>	<u>449.56</u>
Diluted	351.82	447.26

Consolidated Statement of Comprehensive Income

	Millions of Yen	
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net income	69,787	87,301
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plan	2,309	4,509
Net change in fair value measurements of equity instruments at fair value through other comprehensive income	(666)	3,296
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	4,327	12,180
Total other comprehensive income (loss)	<u>5,970</u>	<u>19,985</u>
Total comprehensive income for the year	<u><u>75,757</u></u>	<u><u>107,286</u></u>
Comprehensive income attributable to:		
Owners of the parent	75,757	107,286

(3) Consolidated Statement of Changes in Equity

	Millions of Yen						
	Equity attributable to owners of the parent					Total	Total Equity
	Share capital	Share premium	Treasury shares	Retained earnings	Other components of equity		
Balance as of April 1, 2020	32,363	43,550	(4,179)	159,803	(85)	231,452	231,452
Net income				69,787		69,787	69,787
Other comprehensive income (loss), net of tax					5,970	5,970	5,970
Total comprehensive income for the year	—	—	—	69,787	5,970	75,757	75,757
Purchase of treasury shares		(47)	(13,954)			(14,001)	(14,001)
Disposal of treasury shares		(302)	3,132	(1,439)		1,391	1,391
Dividends				(15,602)		(15,602)	(15,602)
Share-based payments		1,170				1,170	1,170
Other		202				202	202
Transfer from other components of equity to retained earnings				2,309	(2,309)	—	—
Total transactions with the owners	—	1,023	(10,822)	(14,732)	(2,309)	(26,840)	(26,840)
Balance as of March 31, 2021	32,363	44,573	(15,001)	214,858	3,576	280,369	280,369
Net income				87,301		87,301	87,301
Other comprehensive income (loss), net of tax					19,985	19,985	19,985
Total comprehensive income for the year	—	—	—	87,301	19,985	107,286	107,286
Purchase of treasury shares		(85)	(70,013)			(70,098)	(70,098)
Disposal of treasury shares		(1,057)	3,401	(1,379)		965	965
Cancellation of treasury shares			66	(66)		—	—
Dividends				(25,470)		(25,470)	(25,470)
Share-based payments		1,574				1,574	1,574
Other		(10)		5		(5)	(5)
Transfer from other components of equity to retained earnings				4,579	(4,579)	—	—
Total transactions with the owners	—	422	(66,546)	(22,331)	(4,579)	(93,034)	(93,034)
Balance as of March 31, 2022	32,363	44,995	(81,547)	279,828	18,982	294,621	294,621

(4) Consolidated Statement of Cash Flows

	Millions of Yen	
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities:		
Income before income taxes	69,618	116,343
Adjustments to reconcile income before income taxes to net cash provided by (used in) operating activities:		
Depreciation and amortization	11,756	14,968
Share-based payment expense	1,624	1,782
Changes in assets and liabilities:		
Trade and other receivables	(9,365)	(19,368)
Inventories	(4,457)	(28,004)
Trade and other payables	11,048	9,823
Warranty provisions	707	2,437
Advance receipts	3,351	8,937
Retirement benefit liabilities	(3,176)	(10,808)
Other	(4,086)	(2,658)
Subtotal	<u>77,020</u>	<u>93,452</u>
Interest and dividends received	152	143
Interest paid	(183)	(220)
Income taxes paid	<u>(9,159)</u>	<u>(14,486)</u>
Net cash provided by (used in) operating activities	<u>67,830</u>	<u>78,889</u>
Cash flows from investing activities:		
Proceeds from sale of equity instruments	—	920
Purchases of equity instruments	(6,817)	(881)
Proceeds from sale of debt instruments	—	404
Proceeds from sale of property, plant and equipment	109	45
Purchases of property, plant and equipment	(12,415)	(17,158)
Purchases of intangible assets	(862)	(1,061)
Proceed from transfer of business	3,295	—
Acquisition of subsidiaries	(156)	(28,976)
Other	15	(200)
Net cash provided by (used in) investing activities	<u>(16,831)</u>	<u>(46,907)</u>
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	—	16,967
Proceeds from long-term borrowings	—	11,501
Proceeds from disposal of treasury shares	1,415	955
Purchases of treasury shares	(14,028)	(70,148)
Dividends paid	(15,594)	(25,456)
Payments for lease liabilities	(2,208)	(2,555)
Other	—	—
Net cash provided by (used in) financing activities	<u>(30,415)</u>	<u>(68,736)</u>
Net effect of exchange rate changes on cash and cash equivalents	<u>877</u>	<u>4,172</u>
Net change in cash and cash equivalents	<u>21,461</u>	<u>(32,582)</u>
Cash and cash equivalents at the beginning of year	<u>127,703</u>	<u>149,164</u>
Cash and cash equivalents at the end of year	<u>149,164</u>	<u>116,582</u>

(5) Notes to the Consolidated Financial Statements

(Notes on Going Concern): None

(Segment Information)

1. Operating Segment Information

Fiscal year ended March 31, 2021					Millions of Yen
	Semiconductor and Component Test System Business	Mechatronics System Business	Services, Support and Others	Elimination and Corporate	Consolidated
Net sales					
Net sales to unaffiliated customers	206,031	40,005	66,753	—	312,789
Inter-segment sales	1,172	—	—	(1,172)	—
Total	207,203	40,005	66,753	(1,172)	312,789
Segment income (loss) (operating income (loss) before share-based compensation expense)	61,617	4,955	10,419	(4,641)	72,350
Adjustment:					
Share-based compensation expense	—	—	—	—	(1,624)
Operating income	—	—	—	—	70,726
Financial income	—	—	—	—	767
Financial expenses	—	—	—	—	(1,875)
Income before income taxes	—	—	—	—	69,618

Fiscal year ended March 31, 2022					Millions of Yen
	Semiconductor and Component Test System Business	Mechatronics System Business	Services, Support and Others	Elimination and Corporate	Consolidated
Net sales					
Net sales to unaffiliated customers	288,793	42,305	85,803	—	416,901
Inter-segment sales	66	—	—	(66)	—
Total	288,859	42,305	85,803	(66)	416,901
Segment income (loss) (operating income (loss) before share-based compensation expense)	105,655	6,101	17,813	(13,053)	116,516
Adjustment:					
Share-based compensation expense	—	—	—	—	(1,782)
Operating income	—	—	—	—	114,734
Financial income	—	—	—	—	1,912
Financial expenses	—	—	—	—	(303)
Income before income taxes	—	—	—	—	116,343

(Notes)

- Advantest uses the operating income (loss) before share-based compensation expense for management's analysis of business segment results.
- Share-based compensation expense represents expenses for stock options, performance-based stock remuneration expense and restricted stock compensation expense.
- Segment income (loss) is presented on the basis of operating income (loss) before share-based compensation expense.
- Inter-segment sales are based on market prices.
- Adjustments to segment income (loss) in Corporate principally represent corporate general and administrative expenses and research and development expenses related to fundamental research activities that are not allocated to operating segments. Moreover, due to the transfer to one defined benefit corporate pension plan at Advantest Europe GmbH, the Company's subsidiary in Germany, (Y) 5,569 million income is included for the fiscal year ended March 31, 2021.
- For the mechatronics system business, (Y) 2,451 million income is included for the fiscal year ended March 31, 2021. This is due to the transfer of probe card business on July 30, 2020.

2. Consolidated Net Sales by Geographical Areas

	Millions of Yen	
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Japan	14,021	16,381
Americas	30,164	20,250
Europe	8,002	11,580
Asia	260,602	368,690
Total	312,789	416,901

(Notes)

1. Net sales to unaffiliated customers are based on the customer's location.
2. Each of the segment includes primarily the following countries or regions:
 - (1) Americas U.S.A., Costa Rica etc.
 - (2) Europe Germany, Israel etc.
 - (3) Asia Taiwan, China, South Korea, Malaysia etc.

(Per Share Information)

The basis of calculation of basic earnings per share and diluted earnings per share were as follows:

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net income attributable to owners of the parent (Millions of Yen)	69,787	87,301
Net income not attributable to owners of the parent (Millions of Yen)	—	—
Net income to calculate basic earnings per share (Millions of Yen)	69,787	87,301
Net income adjustment (Millions of Yen)	—	—
Net income to calculate diluted earnings per share (Millions of Yen)	69,787	87,301
Weighted average number of ordinary shares—basic	197,207,848	194,193,275
Dilutive effect of stock options	746,925	548,325
Dilutive effect of performance-based stock remuneration	401,433	422,937
Dilutive effect of restricted stock compensation	—	25,143
Weighted average number of ordinary shares—diluted	198,356,206	195,189,680
Basic earnings per share (Yen)	353.87	449.56
Diluted earnings per share (Yen)	351.82	447.26
Financial Instruments not included in the calculation of diluted earnings per share because they have anti-dilutive effect	—	—

(Significant Subsequent Events): None

Change in Directors and Executive Officers

(To be effective on June 24, 2022)

1. Nominees for Directors (excluding Directors who are Audit and Supervisory Committee members)

Director	Yoshiaki Yoshida
Director	Osamu Karatsu
Director	Toshimitsu Urabe
Director	Nicholas Benes
Director	Soichi Tsukakoshi
Director	Atsushi Fujita
Director	Koichi Tsukui
Director	Douglas Lefever

Mr. Yoshida is to be elected as Representative Director at the extraordinary meeting of the board of directors meeting to be held on June 24, 2022 after the 80th ordinary general meeting of shareholders of Advantest Corporation.

2. Nominee for Director who is an Audit and Supervisory Committee member

Director who is an Audit and Supervisory Committee member Sayaka Sumida

3. Nominees for Executive Officers

President and CEO	Yoshiaki Yoshida	
Senior Executive Officer	Soichi Tsukakoshi	
Senior Executive Officer	Atsushi Fujita	
Senior Executive Officer	Koichi Tsukui	
Senior Executive Officer	Douglas Lefever	
Senior Executive Officer	Keith Hardwick	
Senior Executive Officer	Kimiya Sakamoto	
Senior Executive Officer	Yasuo Mihashi	
Senior Executive Officer	Juergen Serrer	
Senior Executive Officer	Sanjeev Mohan	
Senior Executive Officer	Richard Junger	
Senior Executive Officer	Yong Xu	
Executive Officer	Kazuhiro Yamashita	
Executive Officer	Michael Stichlmair	
Executive Officer	Suan Seng Sim (Ricky Sim)	
Executive Officer	Makoto Nakahara	
Executive Officer	Masayuki Suzuki	
Executive Officer	Naruo Tanaka	
Executive Officer	Toshiaki Adachi	
Executive Officer	Wan-Kun Wu (Alex Wu)	
Executive Officer	Chien-Hua Chang (Titan Chang)	
Executive Officer	Akio Osawa	(to be newly elected)
Executive Officer	Yasushi Yoshimoto	(to be newly elected)
Executive Officer	Jaehyuk Cha	(to be newly elected)

4. Expiration of term of office

Executive Officer	Isao Sasaki
Executive Officer	Toshiyuki Okayasu
Executive Officer	Toshio Goto

Nominees for New and to be Promoted Executive Officers [Biography]

Akio Osawa (Date of Birth: August 17, 1965)

- Mar. 1989 Graduated from Department of Applied Science, Faculty of Engineering, Muroran Institute of Technology
- Apr. 1989 Joined Advantest Corporation
- Apr. 2012 Department Manager, Local Operation, Customer System Engineering, System Solution Group
- Apr. 2013 Department Manager, SoC Solution, System Solution Group
- Apr. 2015 Department Manager, SoC System Engineering, System Solution Group
- Jan. 2017 Department Manager, 1st SoC System Engineering, System Solution Group
- Jun. 2017 Department Manager, 1st SoC System Engineering, System Solution Division, Sales Group
- Jun. 2019 Department Manager, T2000 SE, System Solution Division, Sales Group
- Jun. 2019 Division Manager, System Solution Division, Sales Group (present position)

Yasushi Yoshimoto (Date of Birth: July 9, 1966)

- Mar. 1990 Graduated from Department of Law, Faculty of Law and Politics, Rikkyo University
- Apr. 1990 Joined Advantest Corporation
- Sep. 2012 Department Manager, Business Development Department, SoC Test Business Group
- Sep. 2014 Functional Manager, Corporate Planning Department, Corporate Relations Group
- Apr. 2015 Leader, 425 Project, Corporate Relations Group
- Jun. 2017 Division Manager, Corporate Communication Division, Corporate Relations Group
- Apr. 2022 Department Manager, Human Resources Department, Corporate Administration Group (present position)

Jaehyuk Cha (Date of Birth: January 5, 1971)

- Feb. 1996 Bachelors of Electronic Engineering, Kyunghee University
- Jan. 1996 Joined Hyundai Electronics Co., Ltd
- Jun. 1998 Joined Alps Korea Co., Ltd
- Nov. 1999 Joined Advantest Korea Co., Ltd
- Jun. 2013 Advantest Korea Co., Ltd Department Manager Memory Sales
- Jul. 2017 Advantest Korea Co., Ltd Sales Group Deputy Manager
- Apr. 2020 Advantest Korea Co., Ltd Sales Group Manager (present position)

FY2021 Consolidated Financial Results Overview

1. Orders received and Backlog

(in billion yen)

	FY2020	FY2021				650.0	vs. FY2020 increase (decrease)	
		1Q	2Q	3Q	4Q			
Orders received	330.6	161.2	203.8	136.3	199.0	700.3	369.7	2.1 times
Backlog	108.8	172.9	285.8	^{2.4 (Note 2)} 312.5	394.7	^{351.2} 394.7	285.8	3.6 times

Note 1. Upper data is the forecast amount released on Jan 27, 2022.

Note 2. 3Q Backlog has been adjusted for 2.4 billion yen due to R&D Altanova, Inc. acquisition.

2. Profit or Loss

(in billion yen)

	FY2020	FY2021				410.0	vs. FY2020 increase (decrease)		FY2022 Forecast	
		1Q	2Q	3Q	4Q		Annual total	vs. FY2021 increase (decrease)		
Net sales	312.8	97.1	90.9	112.1	116.8	416.9	104.1	33.3%	510.0	22.3%
Cost of sales	(144.5)	(42.4)	(40.8)	(47.3)	(50.5)	(181.0)	(36.5)	25.3%	-	-
Selling, general and administrative expenses	(105.9)	(28.2)	(28.9)	(31.4)	(32.7)	(121.2)	(15.3)	14.4%	-	-
Other income - expenses	8.3	(0.4)	0.2	0.1	0.1	0	(8.3)	-	-	-
Operating income	70.7	26.1	21.4	33.5	33.7	115.0	44.0	62.2%	150.0	30.7%
Sales ratio	22.6%	26.9%	23.5%	29.9%	28.8%	27.5%			29.4%	
Financial income - expenses	(1.1)	(0.4)	0.2	0.5	1.3	1.6	2.7	-	-	-
Income before income taxes	69.6	25.7	21.6	34.0	35.0	115.0	46.7	67.1%	150.0	28.9%
Sales ratio	22.3%	26.5%	23.7%	30.4%	30.0%	27.9%			29.4%	
Income taxes	0.2	(6.4)	(5.7)	(8.3)	(8.6)	(29.0)	(29.2)	-	-	-
Net income	69.8	19.3	15.9	25.7	26.4	86.3	17.5	25.1%	112.5	28.9%
Sales ratio	22.3%	19.9%	17.5%	22.9%	22.6%	20.9%			22.1%	

Upper data is the forecast amount released on Jan 27, 2022.

3. Financial Condition

(in billion yen)

	FY2020	FY2021				vs. FY2020 increase (decrease)
		4Q End	1Q End	2Q End	3Q End	
Total assets	422.6	428.2	435.0	462.3	494.7	17.0%
Equity attributable to owners of the parent	280.4	285.0	286.1	281.5	294.6	5.1%
Ratio of equity attributable to owners of the parent	66.3%	66.6%	65.8%	60.9%	59.6%	-

4. Dividends

(in yen)

(Record Date)	FY2021			FY2022 Forecast		
	Interim	Year end	Annual total	Interim	Year end	Annual total
Dividend per share	50.00	70.00	120.00	TBD	TBD	TBD

Note 1. Refer to "Revisions of Dividends Forecast for the Fiscal Year Ended March 31, 2022" regarding FY2021 year end dividend.

Note 2. The dividend forecast for FY2022 hasn't been decided yet. We will disclose promptly after considering the results based on the business performance.