

ADVANTEST®

FY2022 2Q
(Three months ended September 30th, 2022)
Financial Briefing

October 27th, 2022
Advantest Corporation

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NOTE

Accounting Standards

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

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- 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.

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Financial Results for FY2022 2Q

Atsushi Fujita

Director, Senior Executive Officer, CFO & CCO

(Chief Financial Officer & Chief Compliance Officer),

Executive Vice President, Corporate Administration Group

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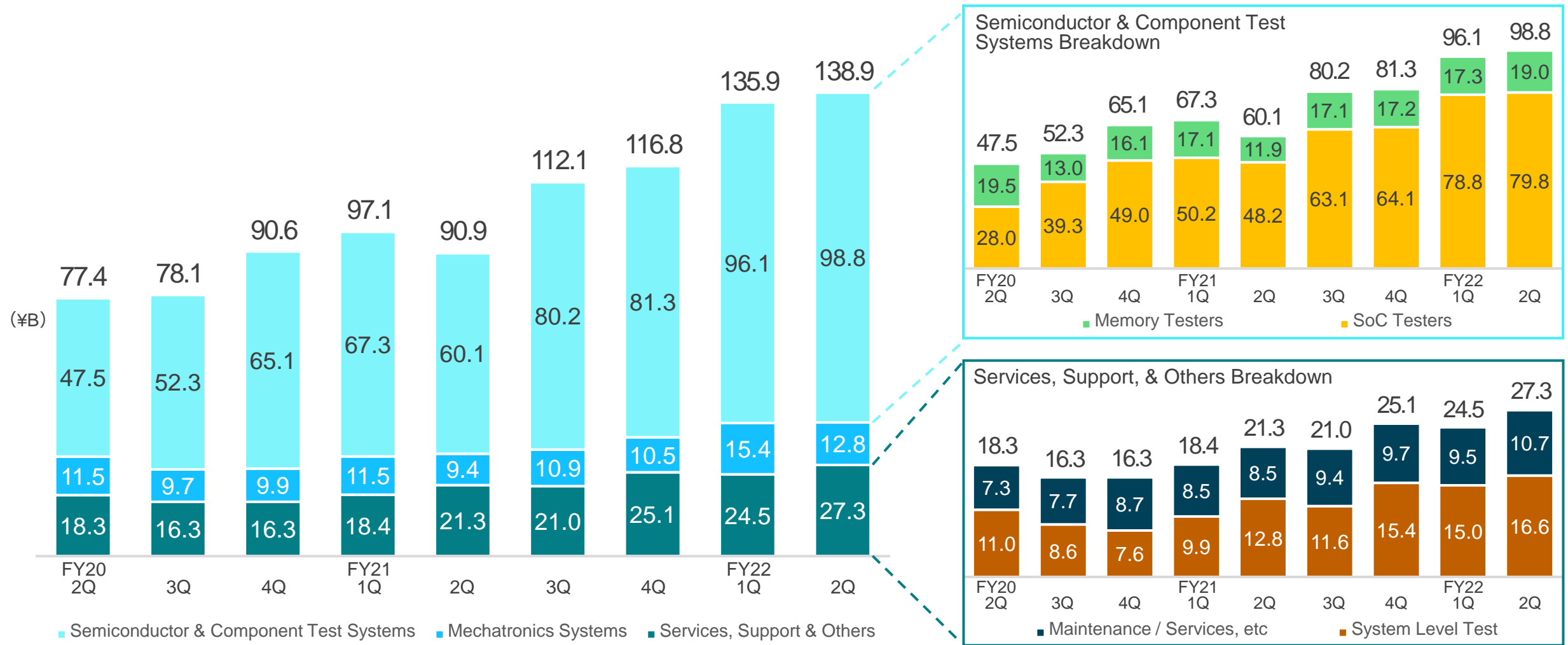
ADVANTEST[®]

FY22 2Q Summary of Results

(¥B)

	FY21				FY22						
	1Q	2Q	3Q	4Q	1Q	2Q		QoQ		YoY	
						Forecast	Results	(Δ)	(%)	(Δ)	(%)
Sales	97.1	90.9	112.1	116.8	135.9	134.1	138.9	+2.9	+2.1%	+48.0	+52.8%
Gross Profit	54.7	50.1	64.8	66.3	78.9	-	79.9	+0.9	+1.2%	+29.8	+59.7%
Gross Margin	56.4%	55.0%	57.9%	56.7%	58.1%	-	57.5%	-0.6pts		+2.5pts	
Operating Income	26.1	21.4	33.5	33.7	44.8	40.5	43.1	-1.7	-3.7%	+21.8	+2.0x
Operating Margin	26.9%	23.5%	29.9%	28.8%	32.9%	30.2%	31.1%	-1.8pts		+7.6pts	
Income Before Tax	25.7	21.6	34.0	35.0	48.4	40.9	46.8	-1.6	-3.3%	+25.3	+2.2x
Net Income	19.3	15.9	25.7	26.4	36.5	30.5	34.7	-1.8	-5.0%	+18.8	+2.2x
Net Income Margin	19.9%	17.5%	22.9%	22.6%	26.8%	22.7%	25.0%	-1.8pts		+7.5pts	
Exchange Rate	1 US\$	¥109	¥110	¥112	¥115	¥124	¥130	¥135	¥11 Depreciation		¥25 Depreciation
	1 Euro	¥131	¥131	¥130	¥130	¥134	¥140	¥139	¥5 Depreciation		¥8 Depreciation

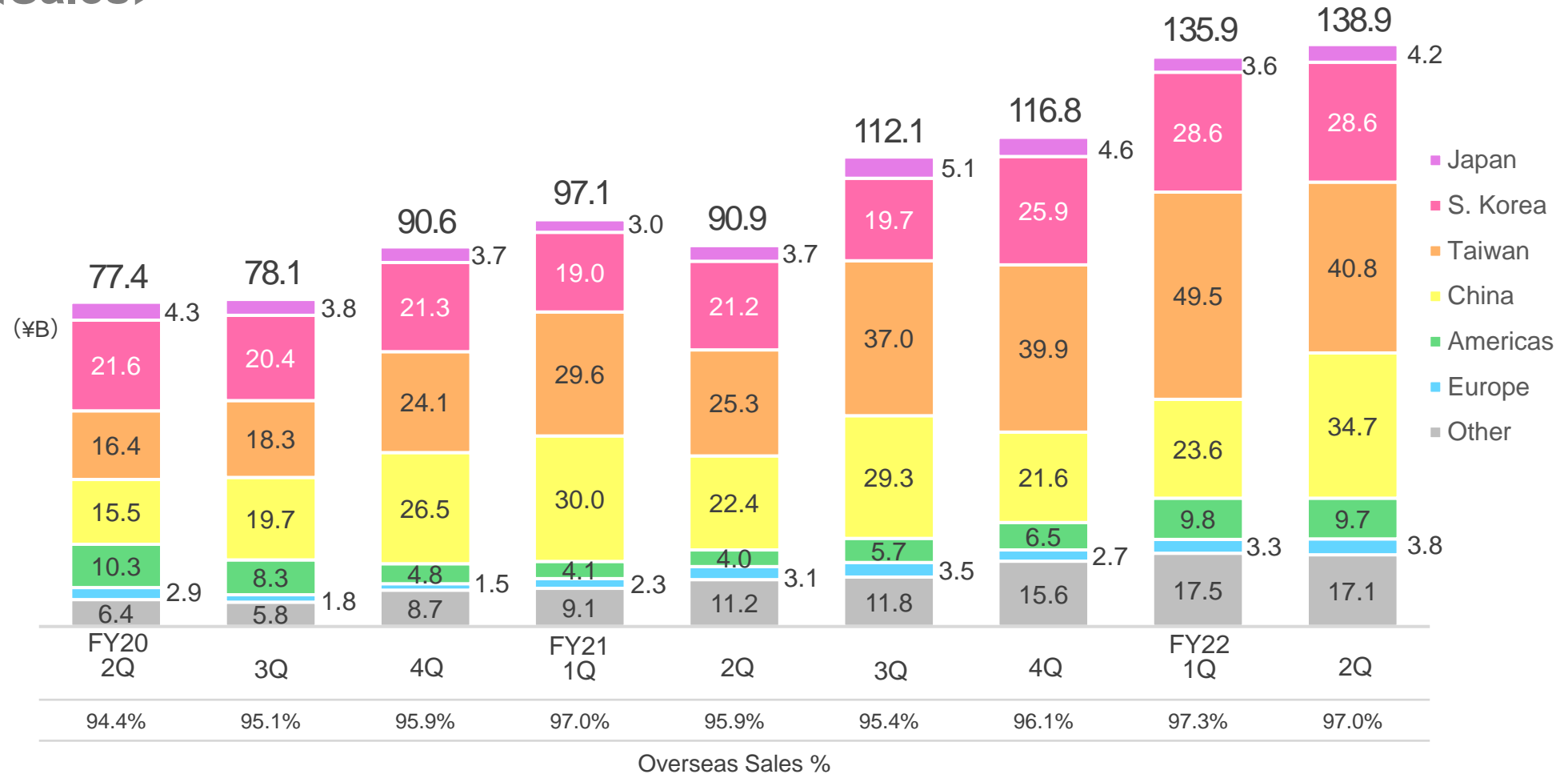
Quarterly Sales by Segment



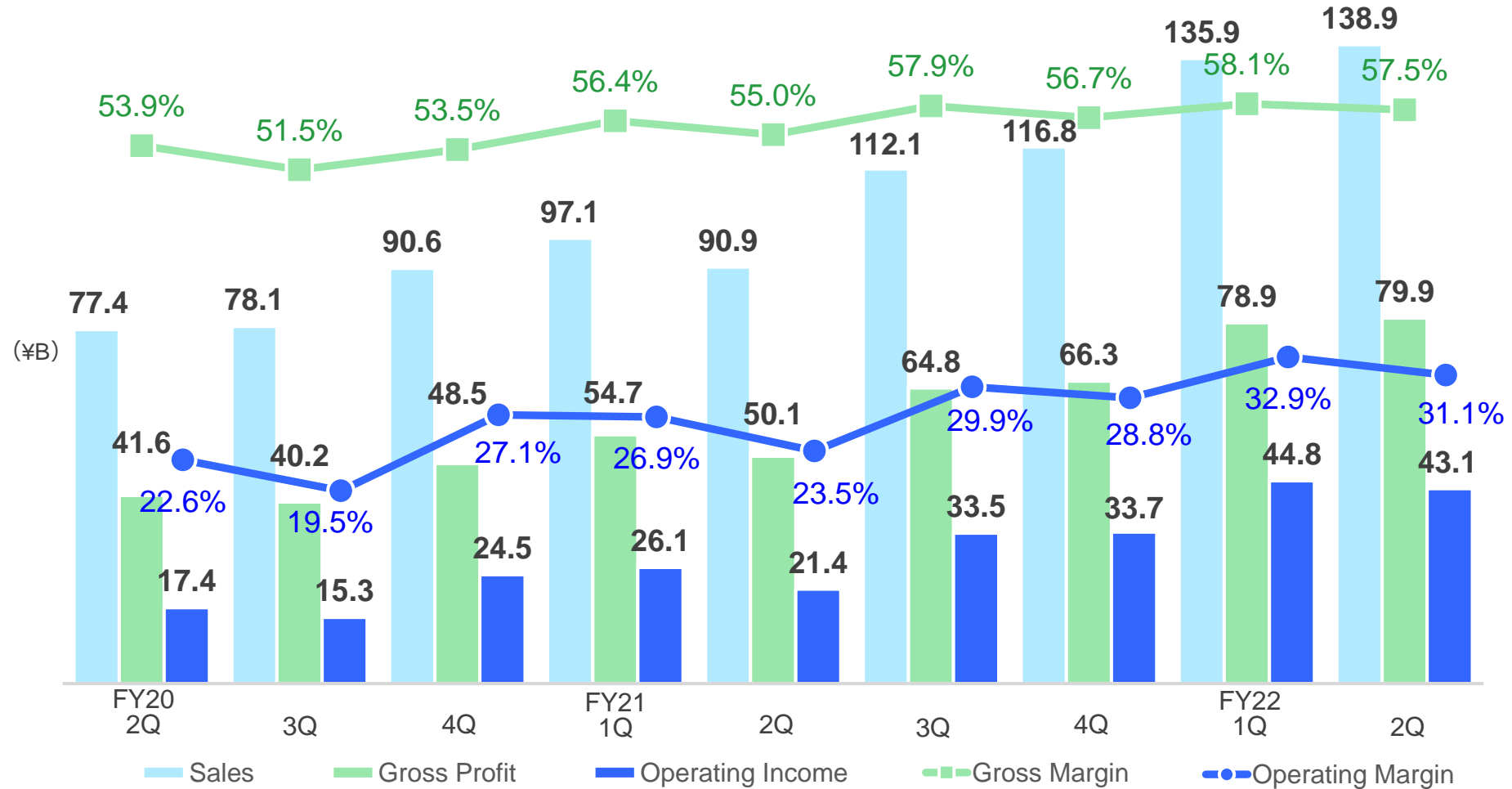
Note: Intersegment transactions have been eliminated from totals

Quarterly Sales by Region

<Sales>



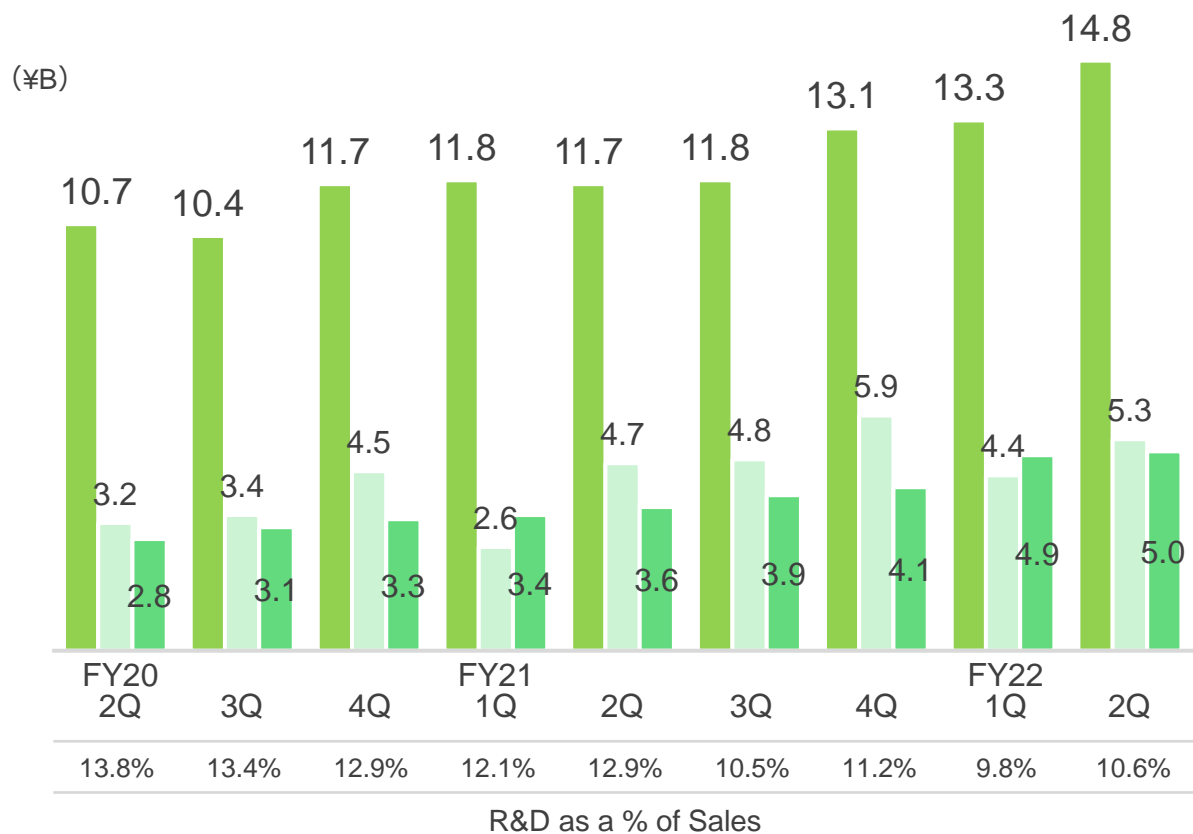
Sales / Gross Profit / Operating Income



Investments / Cash Flow

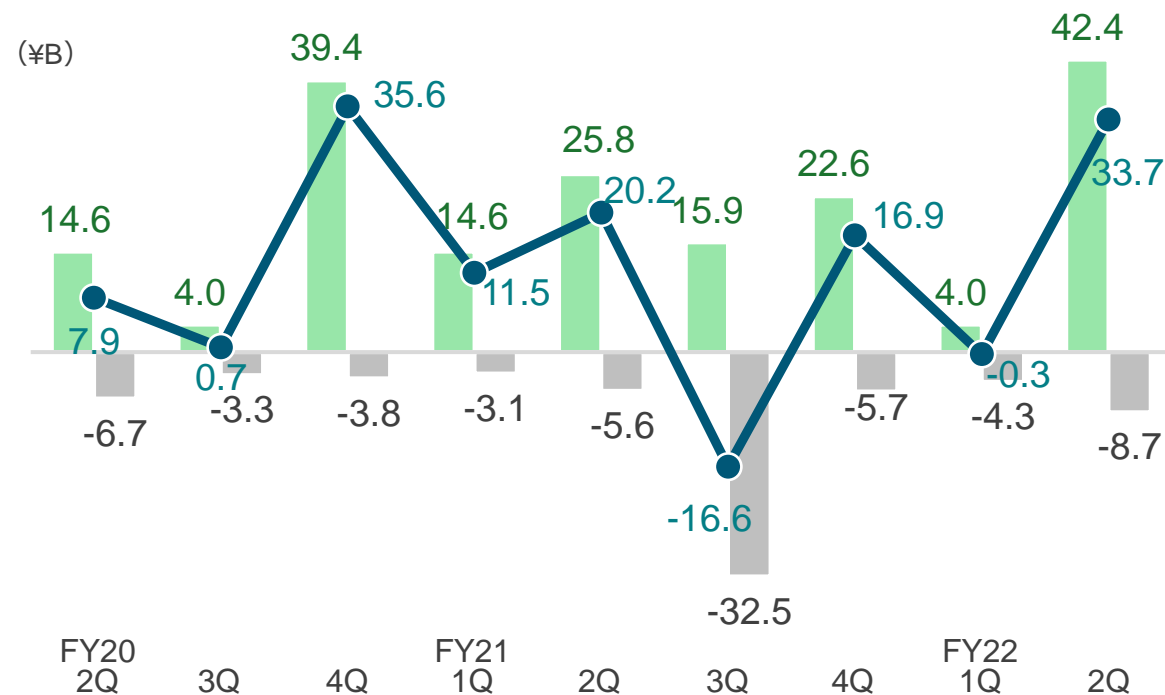
<Investments>

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



<Cash flow>

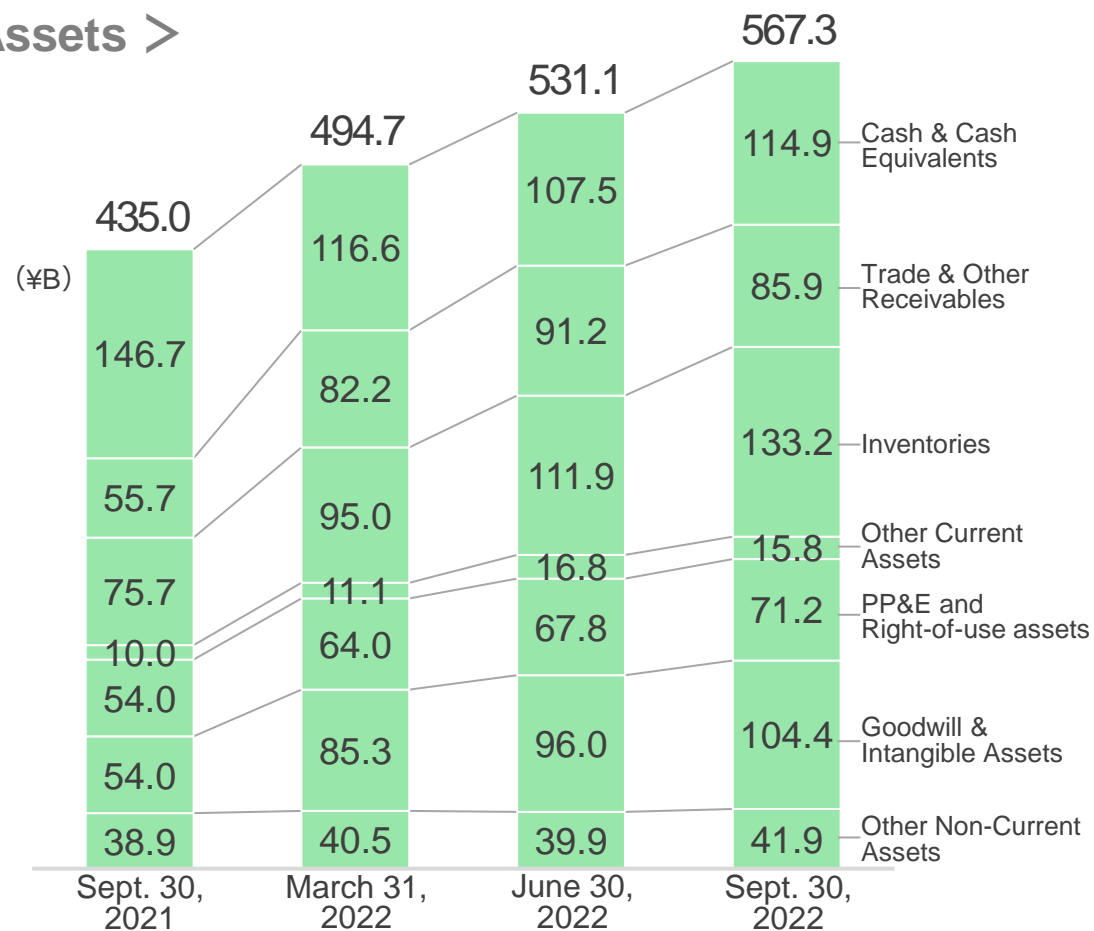
- Cash flows from operating activities
- Cash flows from investing activities
- Free cash flows



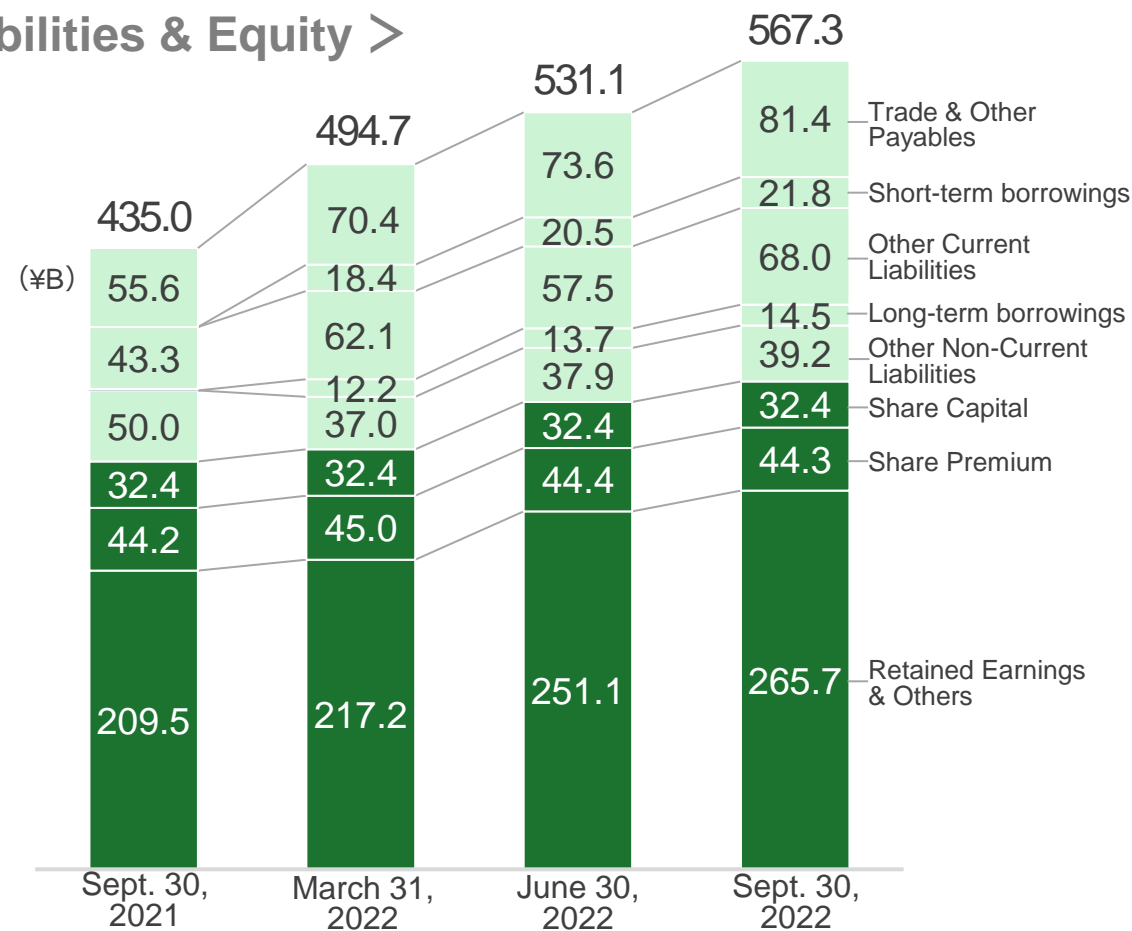
* Free Cash Flows = Cash flows from operating activities + Cash flows from investing activities

Financial Position

< Assets >



< Liabilities & Equity >



Equity Attributable to Owners of the Parent	286.1	294.6	327.9	342.4
Ratio of Equity Attributable to Owners of the Parent	65.8%	59.6%	61.7%	60.4%



FY2022 Outlook

Yoshiaki Yoshida
Representative Director, President and CEO

Business Environment / Semiconductor Tester Market Trends: Oct. 2022 Outlook

<Business Environment : Fears of recession are deepening>

- Uncertainty about the future of the global economy has increased further due to growing geopolitical risks, higher inflation, and rising interest rates. In addition, uncertainty in the semiconductor market is rising due to factors such as the new U.S. restrictions on chip exports to China

<Semiconductor Market : Overall picture of semiconductor demand is patchy by customers and applications >

- Demand for chips used in cornerstone consumer electronics products such as smartphones, personal computers, and televisions is declining, and suppliers of devices for these applications are adjusting their inventories and production equipment investment plans
- The digitalization macrotrend remains firm, supporting demand for chips used in data centers and AI-related products. Furthermore, in the medium to long term, growth in demand is expected in areas such as automotive and industrial semiconductors

<Semiconductor Tester Market : Same levels in CY21 are estimated for CY22>

- Despite the present decline in demand and altered investment plans for test equipment for devices used in consumer electronics, we expect that tester demand stemming from higher reliability needs and technological advances in the high-performance semiconductors used in high-performance computing (HPC) for data centers, AI-related applications, high-end memory, and other sectors will compensate

	CY21 Actual	CY22 Estimate
SoC Tester Market	Approx. \$4.3B	Approx. \$4.1-4.4B (July estimate: Approx. \$4.4B - 4.8B)
Memory Tester Market	Approx. \$1.3B	Approx. \$1.2-1.3B (July estimate: Approx. \$1.2B - 1.3B)

Source: Advantest

FY22 Forecast

(¥B)

	FY21	FY22						vs. FY21	
	Results	1H		2H		Full-Year Forecast	vs. FY21		
		1Q Results	2Q Results	1H Results	2H Forecast		(Δ)	(%)	
Sales*1	416.9	135.9	138.9	274.8	275.2	550.0	+133.1	+31.9%	
Operating Income	114.7	44.8	43.1	87.9	82.1	170.0	+55.3	+48.2%	
Operating Margin	27.5%	32.9%	31.1%	32.0%	29.8%	30.9%	+3.4pts		
Income Before Tax	116.3	48.4	46.8	95.2	78.8	174.0	+57.7	+49.6%	
Net Income	87.3	36.5	34.7	71.2	58.8	130.0	+42.7	+48.9%	
Net Income Margin	20.9%	26.8%	25.0%	25.9%	21.4%	23.6%	+2.7pts		
R&D Expenses	48.4	13.3	14.8	28.1	31.9	60.0	+11.6	+24.0%	
CapEx	18.0	4.4	5.3	9.7	17.3	27.0	+9.0	+50.0%	
D&A	15.0	4.9	5.0	9.9	11.1	21.0	+6.0	+40.0%	
Exchange Rate*2	1 US\$	¥112	¥124	¥135	¥130	¥130	¥130	¥18 Depreciation	
	1 Euro	¥130	¥134	¥139	¥137	¥140	¥138	¥8 Depreciation	

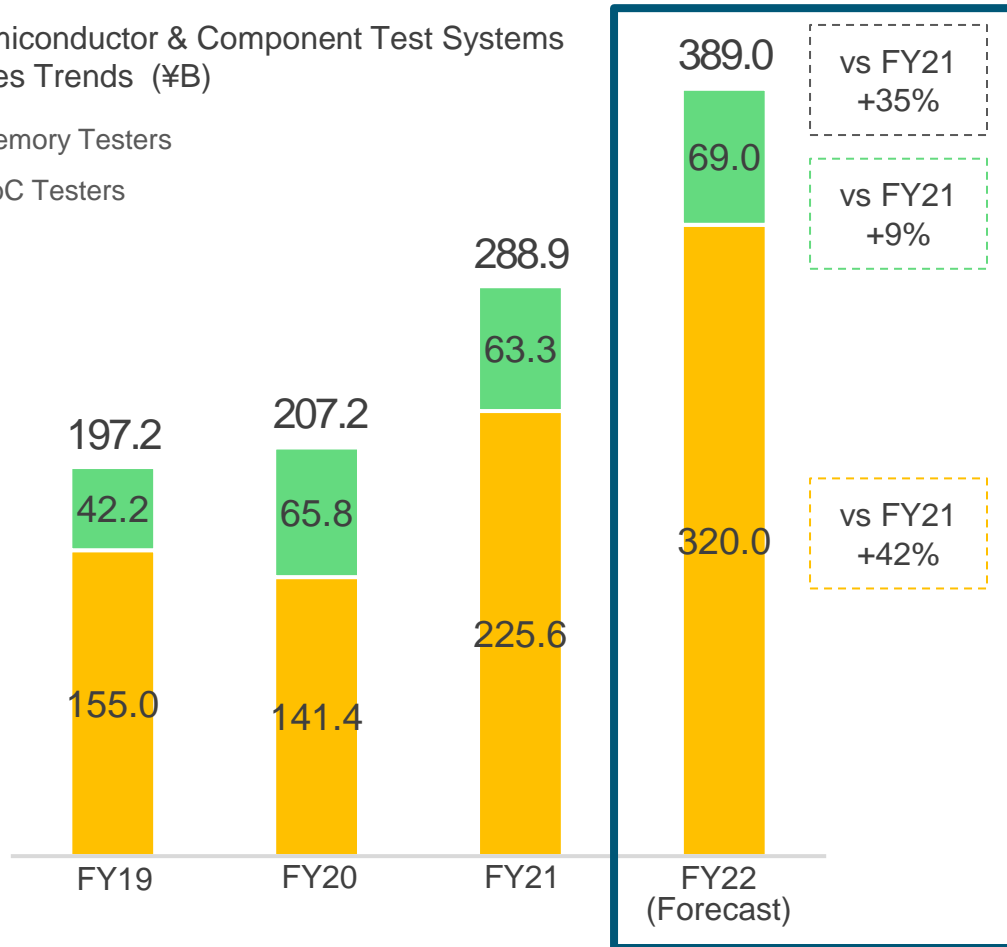
*1: Intersegment transactions have been eliminated from totals

*2: Our latest forecast for the impact of exchange rate fluctuations on FY22 operating income is plus ¥1.3 billion per 1 yen of JPY depreciation vs USD, and minus ¥0.2 billion per 1 yen of JPY depreciation vs Euro

FY22 Outlook by Segment

Semiconductor & Component Test Systems Sales Trends (¥B)

- Memory Testers
- SoC Testers



Semiconductor & Component Test Systems

< SoC Testers > (+¥5.5B vs July forecast)

- Declining tester demand for consumer electronics such as smartphones will be offset by solid demand from data centers, AI-related products, and the automotive sector

Applications	FY19	FY20	FY21	FY22*2
Computing / Comms	70%	55%	60%	70%
Automotive / Industrial / Consumer / DDIC*1	30%	45%	40%	30%

Numbers are rounded to the nearest 5%

< Memory Testers > (-¥1.5B vs July forecast)

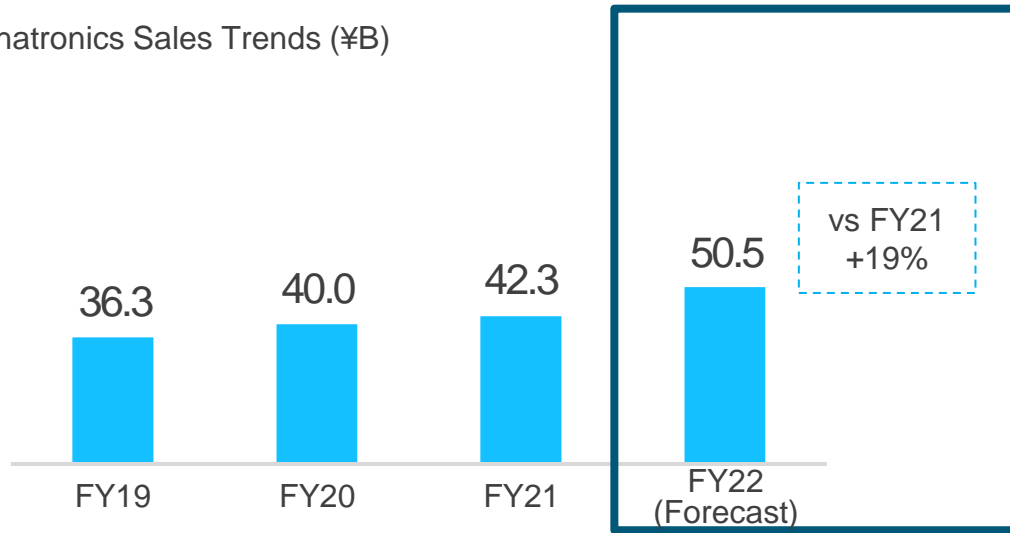
- Although we expect softer market conditions to have a certain amount of impact on tester demand, customers have a strong strategic investment stance, mainly for high-end memory semiconductors, and we estimate demand trends will stay firm

Applications	FY19	FY20	FY21	FY22*2
DRAM	70%	60%	60%	65%
Non-Volatile Memory	30%	40%	40%	35%

Numbers are rounded to the nearest 5%

FY22 Outlook by Segment

Mechatronics Sales Trends (¥B)

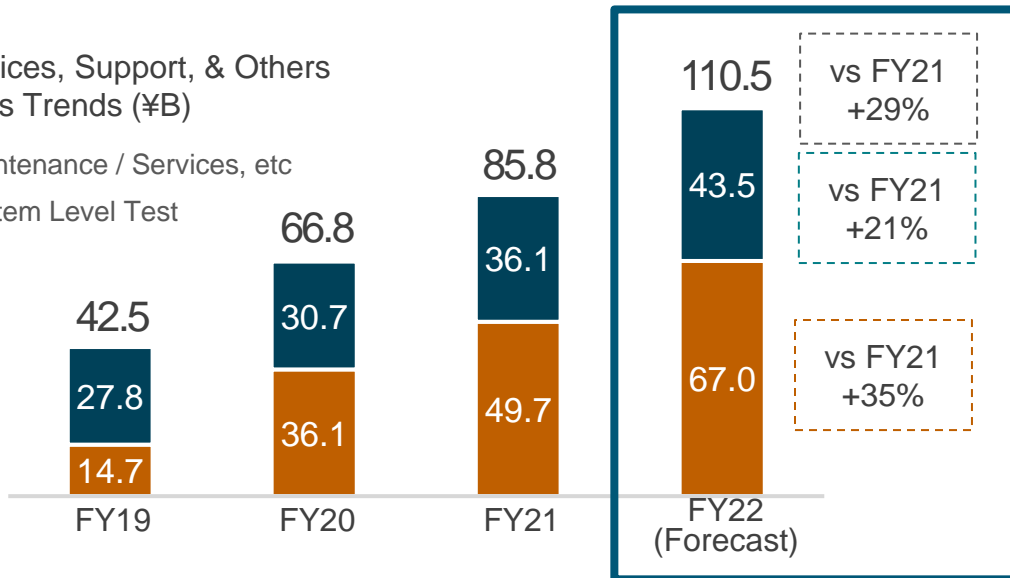


Mechatronics Systems (-¥3.5B vs July forecast)

- We expect strong demand for device interface products to track tester demand
- In addition to the spreading adoption of EUV lithography, growing demand for masks for mature processes is driving demand for SEM metrology products

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

- Maintenance / Services, etc
- System Level Test



Services, Support, & Others (-¥0.5B vs July forecast)

- Higher demand for device reliability is driving the adoption of system-level test for an increased number of product types, and spurring growth in demand for high-precision consumables
- Demand for maintenance services is increasing due to steady growth in our installed base

Summary

- Fears of a global recession are intensifying due to growing geopolitical risks, higher inflation, and rising interest rates
- Uncertainty in the semiconductor market is increasing due to the new U.S. restrictions on chip exports to China
- Adjustments to inventories of semiconductors for cornerstone consumer electronics, and revisions of customer investment plans, have had a certain impact on tester demand
- Increased testing volume has been brought by the technological evolution of semiconductors. In addition, solid tester demand continues in areas such as automotive and industrial semiconductors
- The outlook for FY2022 remains unchanged

Structural Changes in the Semiconductor / Semiconductor Tester Markets & Advantest's Value Add

Changes Affecting Our Customers & the Semiconductor Market

- ✓ Semiconductors becoming social infrastructure
- ✓ More new applications
- ✓ More emerging players in the semiconductor market
- ✓ Innovations in semiconductor energy efficiency and performance
- ✓ Customers' long-term strategic investments in R&D and CapEx



Advantest's Accumulated Strengths & Assets

- ✓ Continuous, aggressive R&D investment
- ✓ Platform strategy & product portfolio covering a wide range of applications
- ✓ Solid customer base
- ✓ Global customer support
- ✓ Sound financial structure
- ✓ A cohesive and dynamic corporate culture



Solutions for Customer Issues

- ✓ Comprehensive test solutions that accelerate innovation
↓
- ✓ Better semiconductor R&D and supply through faster time to market, time to quality, and time to volume
↓
- ✓ Test is transforming from a cost to a value-add that boosts the performance, quality and profitability of semiconductors

**Smaller fluctuations
in tester demand**

**Our sustainable
competitive advantage**

**Test becomes a value-enhancing
contributor to increased profit**

**Business negotiations with customers have already shifted out to 2024 and beyond
We are investing in sustainable growth in line with the long-term expansion of the semiconductor market**

Integrated Annual Report 2022 Published

Highlights from the 2022 Edition

Based on feedback from our stakeholders on the previous editions, we have enhanced the descriptions of our value creation initiatives as well as our financial results, and added outside directors' perspectives on our corporate governance.

- **MTP2 Progress Report**
 - CEO Message (P.5-9)
 - Second Mid-Term Management Plan (MTP2) (P.14-16)
- **Strengths that Lead to Non-Financial Capital Value Creation (P.22-37)**
- **A Conversation With Outside Directors (P.65-68)**



Integrated Annual Report 2022 ([Link](#))
Sustainability Data Book 2022 ([Link](#))

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