

FY2021 Third Quarter Consolidated Financial Results

(Advantest's consolidated financial statements are prepared in accordance with IFRS)
(Period ended December 31, 2021)

January 27, 2022

Company Name : **Advantest Corporation**
(URL <https://www.advantest.com/investors>)
Stock Exchange on which shares are listed : First section 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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Quarterly Report Filing Date (as planned) : February 10, 2022
Dividend Payable Date (as planned) : —
Quarterly Results Supplemental Materials : Yes
Quarterly Results Presentation Meeting : Yes

(Rounded to the nearest million yen)

1. Consolidated Results of FY2021 Q3 (April 1, 2021 through December 31, 2021)

(1) Consolidated Financial Results (Accumulated)

(% 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		Total comprehensive income for the period	
	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 Q3	300,067	35.1	81,042	75.5	81,335	88.4	60,893	66.7	60,893	66.7	70,554	101.1
FY2020 Q3	222,174	7.0	46,178	(2.0)	43,168	(9.6)	36,518	(5.7)	36,518	(5.7)	35,081	(5.0)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2021 Q3	311.62	310.03
FY2020 Q3	184.91	183.91

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent
	Million yen	Million yen	Million yen	%
FY2021 Q3	462,315	281,460	281,460	60.9
FY2020	422,641	280,369	280,369	66.3

2. Dividends

	Dividend per share				
	First quarter end	Second quarter end	Third quarter end	Year end	Annual total
	Yen	Yen	Yen	Yen	Yen
FY2020	—	38.00	—	80.00	118.00
FY2021	—	50.00	—		
FY2021 (forecast)				—	—

(Note) Revision of dividends forecast for this period: **No**

3. Projected Results for FY2021 (April 1, 2021 through March 31, 2022)

(% 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	
	Million yen	% increase (decrease)	Million yen	% increase (decrease)	Million yen	% increase (decrease)	Million yen	% increase (decrease)	Million yen	% increase (decrease)
FY2021	410,000	31.1	115,000	62.6	115,000	65.2	86,300	23.7	86,300	23.7

(Note) Revision of earnings forecast for this period: **Yes**

For details, please refer to the (4) Outlook, page 5.

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 Q3 199,542,265 shares; FY2020 199,566,770 shares.
 2) Number of treasury share at the end of each fiscal period:
 FY2021 Q3 7,235,373 shares; FY2020 3,132,075 shares.
 3) Average number of outstanding share for each period (cumulative term):
 FY2021 Q3 195,408,739 shares; FY2020 Q3 197,495,822 shares.

(Note) Advantest's share (FY2021 Q3 426,227 shares, FY2020 694,832 shares), which is being kept as performance-based stock remuneration in trust account, is included in the number of treasury share at the end of each fiscal period. Shares used for stock remuneration plans are considered in calculating average number of outstanding share for each period.

Status of Quarterly Review Procedures

This quarterly financial results report is not subject to quarterly review 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

Consolidated Financial Results of FY2021 Q3 (April 1, 2021 through December 31, 2021)

(in billion yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021	As compared to the corresponding period of the previous fiscal year increase (decrease)
Orders received	220.7	501.3	2.3 times
Net sales	222.2	300.1	35.1%
Operating income	46.2	81.0	75.5%
Income before income taxes	43.2	81.3	88.4%
Net income	36.5	60.9	66.7%

During Advantest's nine-month period ended December 31, 2021, and especially in the second half of the calendar year, the global economy was burdened by the spread of new COVID-19 variants, prolonged shortages of materials and components, including semiconductors, and price pressures. However, vaccine uptake has accelerated the return to normal, especially in developed economies, and overall, the world has recovered from the historic recession triggered by the response to the COVID-19 pandemic.

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 semiconductors as well as in advanced technology.

In response to these industry trends, demand for semiconductor test equipment continued to grow. In particular, test demand for high-end SoC semiconductors for data centers and smartphones grew strongly, driving the expansion of the semiconductor test equipment market.

In this environment, Advantest steadily captured the expanding demand for semiconductor test equipment 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 semiconductor shortage is affecting a broad range of supply chains, Advantest is facing unprecedented difficulties in terms of parts procurement.

As a result of the above, orders received were (Y) 501.3 billion (2.3 times increase in the corresponding period in the previous fiscal year), net sales were (Y) 300.1 billion (35.1% increase in comparison to the corresponding period in the previous fiscal year), operating income was (Y) 81.0 billion (75.5% increase in comparison to the corresponding period in the previous fiscal year), income before income taxes was (Y) 81.3 billion (88.4% increase in comparison to the corresponding period in the previous fiscal year) and net income was (Y) 60.9 billion (66.7% increase in comparison to the corresponding period in the previous fiscal year). Despite our present procurement challenges, all the above results reached record highs for this nine-month period.

Average currency exchange rates in the nine-month period ended December 31, 2021 were 1 USD to 111 JPY (107 JPY in the corresponding period of the previous fiscal year) and 1 EUR to 131 JPY (122 JPY in the corresponding period). The percentage of net sales to overseas customers was 96.1% (95.4% in the corresponding period of the previous fiscal year).

Conditions of business segments are described below.

<Semiconductor and Component Test System Segment>

(in billion yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021	As compared to the corresponding period of the previous fiscal year increase (decrease)
Orders received	154.0	388.3	2.5 times
Net sales	142.1	207.6	46.2%
Segment income	41.1	74.4	81.2%

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 semiconductor shortages. Orders for memory semiconductor test equipment also increased steadily as the performance of memory semiconductors continued to improve. On the other hand, although Advantest strove to secure sufficient components to keep up with the rapid increase in orders, we were forced to extend product lead times due to the shortage of semiconductors.

As a result of the above, orders received were (Y) 388.3 billion (2.5 times increase in comparison to the corresponding period in the previous fiscal year), net sales were (Y) 207.6 billion (46.2% increase in comparison to the corresponding period in the previous fiscal year), and segment income was (Y) 74.4 billion (81.2% increase in comparison to the corresponding period in the previous fiscal year).

< Mechatronics System Segment >

(in billion yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021	As compared to the corresponding period of the previous fiscal year increase (decrease)
Orders received	29.5	43.0	45.4%
Net sales	30.1	31.8	5.7%
Segment income	4.8	4.9	3.3%

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, our product mix improved.

As a result of the above, orders received were (Y) 43.0 billion (45.4% increase in comparison to the corresponding period in the previous fiscal year), net sales were (Y) 31.8 billion (5.7% increase in comparison to the corresponding period in the previous fiscal year), and segment income was (Y) 4.9 billion (3.3% increase in comparison to the corresponding period in the previous fiscal year). A gain of approximately (Y) 2.5 billion from the transfer of Advantest's probe card business was included in the segment income of the corresponding period of the previous fiscal year.

<Services, Support and Others Segment>

(in billion yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021	As compared to the corresponding period of the previous fiscal year increase (decrease)
Orders received	37.6	70.1	86.3%
Net sales	50.5	60.7	20.0%
Segment income	8.1	12.5	54.3%

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) 70.1 billion (86.3% increase in comparison to the corresponding period in the previous fiscal year), net sales were (Y) 60.7 billion (20.0% increase in comparison to the corresponding period in the previous fiscal year), and segment income was (Y) 12.5 billion (54.3% increase in comparison to the corresponding period in the previous fiscal year).

(2) Overview of Financial Condition

Total assets at December 31, 2021 amounted to (Y) 462.3 billion, an increase of (Y) 39.7 billion compared to the fiscal year ended March 31, 2021. This was primarily attributable to increases of (Y) 26.1 billion in goodwill and intangible assets, net, (Y) 21.5 billion in inventories, (Y) 5.7 billion in other financial assets due to increases in investment securities, and (Y) 5.3 billion in trade and other receivables, offset by a decrease of (Y) 27.5 billion in cash and cash equivalents. The amount of total liabilities was (Y) 180.9 billion, an increase of (Y) 38.6 billion compared to the fiscal year ended March 31, 2021. This was primarily attributable to increases of (Y) 28.7 billion in short-term borrowings and (Y) 8.3 billion in income tax payables. Total equity was (Y) 281.5 billion. Ratio of equity attributable to owners of the parent was 60.9%, a decrease of 5.4 percentage points from March 31, 2021. This was primarily attributable to increases of (Y) 43.0 billion in treasury shares and (Y) 28.7 billion in short-term borrowings.

(3) Overview of Cash Flows

Cash and cash equivalents held at December 31, 2021 were (Y) 121.7 billion, a decrease of (Y) 27.5 billion from March 31, 2021. Significant cash flows during the nine months period of this fiscal year and details are described below.

Net cash provided by operating activities was (Y) 56.3 billion (net cash inflow of (Y) 28.4 billion in the corresponding period of the previous fiscal year). This amount was primarily attributable to an increase of (Y) 20.1 billion in inventories, income taxes paid of (Y) 14.3 billion and adjustments of non-cash items such as depreciation and amortization in addition to the income before income taxes of (Y) 81.3 billion.

Net cash used in investing activities was (Y) 41.2 billion (net cash outflow of (Y) 13.0 billion in the corresponding period of the previous fiscal year). This amount was primarily attributable to acquisition of subsidiaries in the amount of (Y) 29.0 billion and purchases of property, plant and equipment in the amount of (Y) 11.8 billion.

Net cash used in financing activities was (Y) 43.7 billion (net cash outflow of (Y) 30.1 billion in the corresponding period of the previous fiscal year). This amount was primarily attributable to purchase of treasury shares of (Y) 45.8 billion.

(4) Outlook

Looking at our market environment going forward, Advantest anticipates a continuous expansion of semiconductor test demand due to factors such as further growth of semiconductor demand driven by higher volumes of data processing and communications, higher semiconductor functionality, and increasing social requirements for semiconductor reliability, as set forth 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.

Based on this market outlook and business results for the nine-month period ended December 31, 2021, Advantest has revised our full-year consolidated business results forecast for FY2021 upwards, as follows. Orders received, (Y) 650.0 billion (was (Y) 565.0 billion in our forecast announced in October 2021); net sales, (Y) 410.0 billion (was (Y) 400.0 billion), operating income and income before income taxes, both (Y) 115.0 billion (both were (Y) 105.0 billion); net income, (Y) 86.3 billion (was (Y) 78.8 billion). Our earnings forecast for the fourth quarter of the current fiscal year is based on exchange rate assumptions of 1 USD to 115 JPY and 1 EUR to 130 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 in the nine-month period ended December 31, 2021. However, a good deal of uncertainty remains in the global economy and our business environment due to the spread of COVID-19 variants, the ongoing shortage of semiconductors, geopolitical risks, and the risk of natural disasters. Advantest will respond flexibly to changes in our external environment, with the immediate stabilization of parts procurement as a priority, and strive to achieve the targets set forth in our second mid-term management plan while promoting the strategic measures described by the plan.

2. Condensed Consolidated Financial Statements

(1) Condensed Consolidated Statement of Financial Position

	Millions of Yen	
	As of March 31, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	149,164	121,713
Trade and other receivables	57,028	62,306
Inventories	64,340	85,827
Other current assets	8,563	12,260
Subtotal	279,095	282,106
Assets held for sale	—	188
Total current assets	279,095	282,294
Non-current assets		
Property, plant and equipment, net	41,613	46,867
Right-of-use assets	11,668	10,921
Goodwill and intangible assets, net	54,543	80,664
Other financial assets	10,211	15,953
Deferred tax assets	25,242	25,226
Other non-current assets	269	390
Total non-current assets	143,546	180,021
Total assets	422,641	462,315

Millions of Yen

	As of March 31, 2021	As of December 31, 2021
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	58,558	56,800
Short-term borrowings	—	28,738
Income tax payables	8,619	16,968
Provisions	4,058	6,164
Lease liabilities	2,486	2,668
Other financial liabilities	3,509	6,889
Other current liabilities	12,581	19,444
Total current liabilities	<u>89,811</u>	<u>137,671</u>
Non-current liabilities		
Lease liabilities	9,364	8,460
Retirement benefit liabilities	36,891	28,787
Deferred tax liabilities	4,473	4,187
Other non-current liabilities	1,733	1,750
Total non-current liabilities	<u>52,461</u>	<u>43,184</u>
Total liabilities	<u>142,272</u>	<u>180,855</u>
Equity		
Share capital	32,363	32,363
Share premium	44,573	44,530
Treasury shares	(15,001)	(58,025)
Retained earnings	214,858	249,424
Other components of equity	3,576	13,168
Total equity attributable to owners of the parent	<u>280,369</u>	<u>281,460</u>
Total equity	<u>280,369</u>	<u>281,460</u>
Total liabilities and equity	<u><u>422,641</u></u>	<u><u>462,315</u></u>

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

Condensed Consolidated Statement of Profit or Loss

	Millions of Yen	
	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Net sales	222,174	300,067
Cost of sales	(102,364)	(130,463)
Gross profit	119,810	169,604
Selling, general and administrative expenses	(76,253)	(88,471)
Other income	2,736	516
Other expenses	(115)	(607)
Operating income	46,178	81,042
Financial income	858	422
Financial expenses	(3,868)	(129)
Income before income taxes	43,168	81,335
Income taxes	(6,650)	(20,442)
Net income	<u>36,518</u>	<u>60,893</u>
Net income attributable to:		
Owners of the parent	36,518	60,893
Earnings per share:	Yen	Yen
Basic	<u>184.91</u>	<u>311.62</u>
Diluted	<u>183.91</u>	<u>310.03</u>

Millions of Yen

	Three months ended December 31, 2020	Three months ended December 31, 2021
Net sales	78,072	112,077
Cost of sales	(37,888)	(47,226)
Gross profit	40,184	64,851
Selling, general and administrative expenses	(25,000)	(31,400)
Other income	90	172
Other expenses	(33)	(57)
Operating income	15,241	33,566
Financial income	781	565
Financial expenses	(2,174)	(56)
Income before income taxes	13,848	34,075
Income taxes	(1,821)	(8,428)
Net income	12,027	25,647
Net income attributable to:		
Owners of the parent	12,027	25,647
Earnings per share:	Yen	Yen
Basic	61.29	132.50
Diluted	60.97	131.91

Condensed Consolidated Statement of Comprehensive Income

	Millions of Yen	
	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Net income	36,518	60,893
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to profit or loss		
Net change in fair value measurements of equity instruments at fair value through other comprehensive income	664	5,347
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	(2,101)	4,314
Total other comprehensive income (loss)	(1,437)	9,661
Total comprehensive income for the period	<u>35,081</u>	<u>70,554</u>
Comprehensive income attributable to:		
Owners of the parent	35,081	70,554

	Millions of Yen	
	Three months ended December 31, 2020	Three months ended December 31, 2021
Net income	12,027	25,647
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to profit or loss		
Net change in fair value measurements of equity instruments at fair value through other comprehensive income	997	3,362
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	(674)	3,473
Total other comprehensive income (loss)	323	6,835
Total comprehensive income for the period	<u>12,350</u>	<u>32,482</u>
Comprehensive income attributable to:		
Owners of the parent	12,350	32,482

(3) Condensed Consolidated Statement of Changes in Equity

Nine months ended December 31, 2020

	Millions of Yen						
	Equity attributable to owners of the parent						Total Equity
	Share capital	Share premium	Treasury shares	Retained earnings	Other components of equity	Total	
Balance as of April 1, 2020	32,363	43,550	(4,179)	159,803	(85)	231,452	231,452
Net income				36,518		36,518	36,518
Other comprehensive income (loss), net of tax					(1,437)	(1,437)	(1,437)
Total comprehensive income for the period	—	—	—	36,518	(1,437)	35,081	35,081
Purchase of treasury shares		(47)	(13,947)			(13,994)	(13,994)
Disposal of treasury shares		(207)	2,037	(867)		963	963
Dividends				(15,602)		(15,602)	(15,602)
Share-based payments		774				774	774
Total transactions with the owners	—	520	(11,910)	(16,469)	—	(27,859)	(27,859)
Balance as of December 31, 2020	<u>32,363</u>	<u>44,070</u>	<u>(16,089)</u>	<u>179,852</u>	<u>(1,522)</u>	<u>238,674</u>	<u>238,674</u>

Nine months ended December 31, 2021

	Millions of Yen						
	Equity attributable to owners of the parent						Total Equity
	Share capital	Share premium	Treasury shares	Retained earnings	Other components of equity	Total	
Balance as of April 1, 2021	32,363	44,573	(15,001)	214,858	3,576	280,369	280,369
Net income				60,893		60,893	60,893
Other comprehensive income (loss), net of tax					9,661	9,661	9,661
Total comprehensive income for the period	—	—	—	60,893	9,661	70,554	70,554
Purchase of treasury shares		(43)	(45,711)			(45,754)	(45,754)
Disposal of treasury shares		(1,018)	2,621	(865)		738	738
Cancellation of treasury shares			66	(66)		—	—
Dividends				(25,470)		(25,470)	(25,470)
Share-based payments		1,018				1,018	1,018
Other				5		5	5
Transfer from other components of equity to retained earnings				69	(69)	—	—
Total transactions with the owners	—	(43)	(43,024)	(26,327)	(69)	(69,463)	(69,463)
Balance as of December 31, 2021	<u>32,363</u>	<u>44,530</u>	<u>(58,025)</u>	<u>249,424</u>	<u>13,168</u>	<u>281,460</u>	<u>281,460</u>

(4) Condensed Consolidated Statement of Cash Flows

	Millions of Yen	
	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Cash flows from operating activities:		
Income before income taxes	43,168	81,335
Adjustments to reconcile income before income taxes to net cash provided by (used in) operating activities:		
Depreciation and amortization	8,470	10,879
Changes in assets and liabilities:		
Trade and other receivables	(7,872)	(2,093)
Inventories	(5,763)	(20,060)
Trade and other payables	(5,115)	(2,260)
Warranty provisions	156	2,087
Deposits received	2,144	1,851
Advance receipt	1,099	6,413
Retirement benefit liabilities	1,201	(8,388)
Other	(166)	874
Subtotal	37,322	70,638
Interest and dividends received	128	53
Interest paid	(136)	(102)
Income taxes paid	(8,879)	(14,293)
Net cash provided by (used in) operating activities	28,435	56,296
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
Purchases of property, plant and equipment	(8,818)	(11,801)
Purchases of intangible assets	(571)	(767)
Proceed from transfer of business	3,295	—
Acquisition of subsidiaries	(156)	(28,991)
Other	60	(132)
Net cash provided by (used in) investing activities	(13,007)	(41,248)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	—	28,468
Proceeds from disposal of treasury shares	989	726
Purchases of treasury shares	(14,022)	(45,779)
Dividends paid	(15,392)	(25,260)
Payments for lease liabilities	(1,697)	(1,897)
Other	—	—
Net cash provided by (used in) financing activities	(30,122)	(43,742)
Net effect of exchange rate changes on cash and cash equivalents	(1,515)	1,243
Net change in cash and cash equivalents	(16,209)	(27,451)
Cash and cash equivalents at the beginning of period	127,703	149,164
Cash and cash equivalents at the end of period	111,494	121,713

(5) Notes to the Condensed Consolidated Financial Statements

(Notes on Going Concern): None

(Segment Information)

Nine months ended December 31, 2020

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	141,531	30,110	50,533	—	222,174
Inter-segment sales	520	—	—	(520)	—
Total	142,051	30,110	50,533	(520)	222,174
Segment income (loss) (operating income (loss) before share-based compensation expense)	41,069	4,773	8,095	(6,740)	47,197
Adjustment: Share-based compensation expense	—	—	—	—	(1,019)
Operating income	—	—	—	—	46,178
Financial income	—	—	—	—	858
Financial expenses	—	—	—	—	(3,868)
Income before income taxes	—	—	—	—	43,168

Nine months ended December 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	207,564	31,840	60,663	—	300,067
Inter-segment sales	66	—	—	(66)	—
Total	207,630	31,840	60,663	(66)	300,067
Segment income (loss) (operating income (loss) before share-based compensation expense)	74,402	4,930	12,493	(9,576)	82,249
Adjustment: Share-based compensation expense	—	—	—	—	(1,207)
Operating income	—	—	—	—	81,402
Financial income	—	—	—	—	422
Financial expenses	—	—	—	—	(129)
Income before income taxes	—	—	—	—	81,335

Three months ended December 31, 2020					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	52,032	9,729	16,311	—	78,072
Inter-segment sales	186	—	—	(186)	—
Total	52,218	9,729	16,311	(186)	78,072
Segment income (loss) (operating income (loss) before share-based compensation expense)	16,257	1,126	1,130	(2,856)	15,657
Adjustment: Share-based compensation expense	—	—	—	—	(416)
Operating income	—	—	—	—	15,241
Financial income	—	—	—	—	781
Financial expenses	—	—	—	—	(2,174)
Income before income taxes	—	—	—	—	13,848

Three months ended December 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	80,252	10,896	20,929	—	112,077
Inter-segment sales	18	—	—	(18)	—
Total	80,270	10,896	20,929	(18)	112,077
Segment income (loss) (operating income (loss) before share-based compensation expense)	30,806	1,933	4,795	(3,514)	34,020
Adjustment: Share-based compensation expense	—	—	—	—	(454)
Operating income	—	—	—	—	33,566
Financial income	—	—	—	—	565
Financial expenses	—	—	—	—	(56)
Income before income taxes	—	—	—	—	34,075

(Notes)

1. Advantest uses the operating income (loss) before share-based compensation expense for management's analysis of business segment results.
2. Share-based compensation expense represents expenses for stock options, performance-based stock remuneration expense and restricted stock compensation expense.
3. Segment income (loss) is presented on the basis of operating income (loss) before share-based compensation expense.
4. Inter-segment sales are based on market prices.
5. 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.
6. For the mechatronics system business, (Y) 2,451 million income is included for the nine months ended December 31, 2020. This is due to the transfer of probe card business on July 30, 2020.

FY2021 Third Quarter Consolidated Financial Results Overview

1. Orders received and Backlog

(in billion yen)

	FY2020	FY2021						FY2021 Forecast	
		1Q	2Q	3Q	vs. FY2021 2Q increase (decrease)	FY2021 9 months total	vs. FY2020 9 months total increase (decrease)	Annual total	vs. FY2020 increase (decrease)
Orders received	330.6	161.2	203.8	136.3	(33.1%)	501.3	2.3 times	565.0 650.0	96.6%
Backlog	108.8	172.9	285.8	^{2.4 (Note 2)} 312.5	9.3%	^{2.4 (Note 2)} 312.5	3.5 times	273.8 351.2	3.2 times

Note 1. Upper data is the forecast amount released on Oct 28, 2021.

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						FY2021 Forecast	
		1Q	2Q	3Q	vs. FY2021 2Q increase (decrease)	FY2021 9 months total	vs. FY2020 9 months total increase (decrease)	Annual total	vs. FY2020 increase (decrease)
Net sales	312.8	97.1	90.9	112.1	23.3%	300.1	35.1%	400.0 410.0	31.1%
Cost of sales	(144.5)	(42.4)	(40.8)	(47.3)	15.6%	(130.5)	27.5%	-	-
Selling, general and administrative expenses	(105.9)	(28.2)	(28.9)	(31.4)	9.0%	(88.5)	16.0%	-	-
Other income - expenses	8.3	(0.4)	0.2	0.1	(20.1%)	(0.1)	-	-	-
Operating income	70.7	26.1	21.4	33.5	57.2%	81.0	75.5%	105.0 115.0	62.6%
Sales ratio	22.6%	26.9%	23.5%	29.9%		27.0%		28.0%	
Financial income - expenses	(1.1)	(0.4)	0.2	0.5	3.0 times	0.3	-	-	-
Income before income taxes	69.6	25.7	21.6	34.0	58.3%	81.3	88.4%	105.0 115.0	65.2%
Sales ratio	22.3%	26.5%	23.7%	30.4%		27.1%		28.0%	
Income taxes	0.2	(6.4)	(5.7)	(8.3)	50.0%	(20.4)	3.1 times	-	-
Net income	69.8	19.3	15.9	25.7	61.3%	60.9	66.7%	78.8 86.3	23.7%
Sales ratio	22.3%	19.9%	17.5%	22.9%		20.3%		21.0%	

Upper data is the forecast amount released on Oct 28, 2021.

3. Financial Condition

(in billion yen)

	FY2020	FY2021				vs. FY2021 2Q increase (decrease)
		4Q End	1Q End	2Q End	3Q End	
Total assets	422.6	428.2	435.0	462.3	6.3%	
Equity attributable to owners of the parent	280.4	285.0	286.1	281.5	(1.6%)	
Ratio of equity attributable to owners of the parent	66.3%	66.6%	65.8%	60.9%	-	

4. Dividends

(in yen)

(Record Date)	FY2020			FY2021		
	Interim	Year end	Annual total	Interim	Year end (Forecast)	Annual total (Forecast)
Dividend per share	38.00	80.00	118.00	50.00	TBD	TBD

The dividends forecast for FY2021 Year end hasn't been decided. We will disclose promptly after considering the results based on the business performance.