

# FY2020 First Quarter Consolidated Financial Results

(Advantest's consolidated financial statements are prepared in accordance with IFRS)  
(Period ended June 30, 2020)

July 30, 2020

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 and Managing Executive Officer  
 Executive Vice President, Corporate Administration Group  
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 Quarterly Report Filing Date (as planned) : August 13, 2020  
 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 FY2020 Q1 (April 1, 2020 through June 30, 2020)

### (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 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)
<b>FY2020 Q1</b>	<b>66,725</b>	<b>0.8</b>	<b>13,458</b>	<b>(11.2)</b>	<b>12,895</b>	<b>(13.7)</b>	<b>10,550</b>	<b>(12.7)</b>	<b>10,550</b>	<b>(12.7)</b>	<b>10,137</b>	<b>16.5</b>
FY2019 Q1	66,165	(6.7)	15,160	(4.2)	14,949	(9.6)	12,084	(13.0)	12,084	(13.0)	8,702	(44.8)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
<b>FY2020 Q1</b>	<b>53.16</b>	<b>52.89</b>
FY2019 Q1	61.07	60.93

### (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	%
<b>FY2020 Q1</b>	<b>359,061</b>	<b>234,242</b>	<b>234,242</b>	<b>65.2</b>
FY2019	355,777	231,452	231,452	65.1

## 2. Dividends

	Dividend per share				
	First quarter end	Second quarter end	Third quarter end	Year end	Annual total
	Yen	Yen	Yen	Yen	Yen
FY2019	—	41.00	—	41.00	82.00
FY2020	—	N/A	N/A	N/A	N/A
FY2020 (forecast)	N/A	—	—	—	—

(Note) Revision of dividends forecast for this period: **None**

**3. Projected Results for FY2020 (April 1, 2020 through March 31, 2021)**

(% 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	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2020	260,000	(5.8)	45,000	(23.3)	44,400	(24.2)	35,800	(33.1)	35,800	(33.1)

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

For details, please refer to the (4) Near-term Prospects, page 4.

**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):  
 FY2020 Q1 199,566,770 shares; FY2019 199,566,770 shares.  
 2) Number of treasury share at the end of each fiscal period:  
 FY2020 Q1 933,695 shares; FY2019 1,152,069 shares.  
 3) Average number of outstanding share for each period (cumulative term):  
 FY2020 Q1 198,481,834 shares; FY2019 Q1 197,881,414 shares.

(Note) Advantest's share (FY2020 Q1 537,352 shares, FY2019 537,830 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. 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.

**Status of Audit 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 FY2020 Q1 (April 1, 2020 through June 30, 2020)

(in billion yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020	As compared to the corresponding period of the previous fiscal year increase (decrease)
Orders received	65.9	61.5	(6.7%)
Net sales	66.2	66.7	0.8%
Operating income	15.2	13.5	(11.2%)
Income before income taxes	14.9	12.9	(13.7%)
Net income	12.1	10.6	(12.7%)

During Advantest's first quarter ended June 30, 2020, the global economy faced a major contraction due to the worldwide COVID-19 pandemic. In many countries, lockdowns of major urban areas have now been lifted, and economic activity is beginning to recover, but governments are still struggling with the balance between preventive measures against COVID-19 and reduction of economic impact. The pandemic continues to take a heavy toll on the global economy, with a historic global contraction expected in 2020 in both developed and emerging economies.

In the semiconductor market, demand fell and production stagnated across a wide range of sectors. In particular, from early spring, customer trends towards reduced investment in SoC semiconductor test systems were aggravated by slumping final demand for automobiles, industrial equipment, etc. caused by lockdowns and other restrictions on movement intended to contain the spread of COVID-19, and by the COVID-19-related stagnation of smartphone sales.

In addition, the US in May placed additional restrictions on trade with Chinese companies, triggering further uncertainty about the future of the smartphone market as a whole. As a result, concerns over future smartphone-related demand have emerged throughout the semiconductor industry, and the wait-and-see attitude toward capital investment has become even more pronounced, as customers, chiefly OSAT (Outsourced Semiconductor Assembly and Test) companies, which handle backend processing in the semiconductor supply chain, attempt to discern the likely impact of tightening US regulations.

Test demand for semiconductors related to data centers and game consoles remained strong against the backdrop of the worldwide adoption of remote work, distance learning, other measures to control the spread of COVID-19, and growth in home consumption due to lockdowns, but this did not compensate for the decrease in demand due to rising infections and exacerbated US-China friction.

As a result, orders received were (Y) 61.5 billion (6.7% decrease in comparison to the corresponding period in the previous fiscal year). Sales were (Y) 66.7 billion (0.8% increase in comparison to the corresponding period in the previous fiscal year) due to the impact of requests for delivery extensions on certain products due to COVID-19, and restrictions on movement affecting other products. In terms of profit, operating income was (Y) 13.5 billion (11.2% decrease in comparison to the corresponding period in the previous fiscal year), income before income taxes was (Y) 12.9 billion (13.7% decrease in comparison to the corresponding period in the previous fiscal year), and net income was (Y) 10.6 billion (12.7% decrease in comparison to the corresponding period in the previous fiscal year), due to a less favorable product mix in Advantest's semiconductor and component test system segment compared to the corresponding period of the previous fiscal year. Average currency exchange rates in the period were 1 USD to 108 JPY (111 JPY in the corresponding period of the previous fiscal year) and 1 EUR to 118 JPY (125 JPY in the corresponding period

of the previous fiscal year). The percentage of net sales to overseas customers was 96.7% (95.9% in the corresponding period in the previous fiscal year).

Conditions of business segments are described below.

<Semiconductor and Component Test System Segment>

(in billion yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020	As compared to the corresponding period of the previous fiscal year increase (decrease)
Orders received	49.9	42.4	(15.0%)
Net sales	50.9	42.3	(16.9%)
Segment income	17.7	11.8	(33.1%)

In this segment, demand for SoC test systems turned around from the same period in the previous fiscal year, when the improved performance of 4G smartphones and the start of 5G investment generated strong demand. Due to stagnating smartphone sales and exacerbated US-China friction, SoC test demand related to smartphone and displays decreased this quarter. On the other hand, test demand for SoC semiconductors for HPC (high performance computing) applications stayed firm amidst the widespread adoption of remote work, distance learning, other measures to control the spread of COVID-19, and the growth of home consumption, and demand for memory semiconductors for servers also continued to sustain strong demand for memory test systems.

As a result of the above, orders received were (Y) 42.4 billion (15.0% decrease in comparison to the corresponding period in the previous fiscal year), net sales were (Y) 42.3 billion (16.9% decrease in comparison to the corresponding period in the previous fiscal year), and segment income was (Y) 11.8 billion (33.1% decrease in comparison to the corresponding period in the previous fiscal year).

< Mechatronics System Segment >

(in billion yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020	As compared to the corresponding period of the previous fiscal year increase (decrease)
Orders received	7.2	8.5	18.0%
Net sales	6.6	8.9	33.6%
Segment income (loss)	(1.0)	0.2	—

In this segment, sales of device interface products and other peripherals, which are closely correlated with the memory test business, grew as demand for memory test systems expanded.

As a result of the above, orders received were (Y) 8.5 billion (18.0% increase in comparison to the corresponding period in the previous fiscal year), net sales were (Y) 8.9 billion (33.6% increase in comparison to the corresponding period in the previous fiscal year), and segment income was (Y) 0.2 billion ((Y) 1.2 billion improvement in comparison to the corresponding period in the previous fiscal year).

## &lt;Services, Support and Others Segment&gt;

(in billion yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020	As compared to the corresponding period of the previous fiscal year increase (decrease)
Orders received	8.8	10.9	23.2%
Net sales	8.6	15.9	84.5%
Segment income	0.5	3.7	7.2 times

In this segment, business is expanding due to the consolidation effect of Advantest's acquisition of Essai, Inc., in January 2020. Sales of Essai products and SSD test systems have been robust, backed up by active investment in data centers. Advantest's SoC system level test business also posted increased sales against the backdrop of customer base expansion.

As a result of the above, orders received were (Y) 10.9 billion (23.2% increase in comparison to the corresponding period in the previous fiscal year), net sales were (Y) 15.9 billion (84.5% increase in comparison to the corresponding period in the previous fiscal year), and segment income was (Y) 3.7 billion (7.2 times increase in comparison to the corresponding period in the previous fiscal year).

## (2) Overview of Financial Condition

Total assets at June 30, 2020 amounted to (Y) 359.1 billion, an increase of (Y) 3.3 billion compared to March 31, 2020, primarily due to an increase of (Y) 8.0 billion in inventory, and (Y) 3.4 billion in goodwill and intangible assets, offset by a decrease of (Y) 7.8 billion in trade and other receivables. The amount of total liabilities was (Y) 124.8 billion, an increase of (Y) 0.5 billion compared to March 31, 2020, primarily due to an increase of (Y) 2.8 billion in other financial liabilities due to an increase of deposits received, and an increase of (Y) 2.6 billion in deferred tax liabilities offset by a decrease of (Y) 5.3 billion in trade and other payables. Total equity was (Y) 234.2 billion. Ratio of equity attributable to owners of the parent was 65.2%, an increase of 0.1 percentage points from March 31, 2020.

## (3) Overview of Cash Flows

Cash and cash equivalents held at June 30, 2020 were (Y) 126.2 billion, a decrease of (Y) 1.5 billion from March 31, 2020. Significant cash flows during the three-month period of this fiscal year and their causes are described below.

Net cash provided by operating activities was (Y) 9.8 billion (net cash inflow of (Y) 3.3 billion in the corresponding period of the previous fiscal year). This amount was primarily attributable to an increase of (Y) 8.0 billion in inventory, a decrease of (Y) 7.7 billion in trade and other receivables, a decrease of (Y) 4.8 billion in trade and other payables, and adjustments of non-cash items such as depreciation and amortization in addition to the income before income taxes of (Y) 12.9 billion.

Net cash used in investing activities was (Y) 3.0 billion (net cash outflow of (Y) 1.5 billion in the corresponding period of the previous fiscal year). This amount was primarily attributable to purchases of property, plant and equipment in the amount of (Y) 2.9 billion.

Net cash used in financing activities was (Y) 7.9 billion (net cash outflow of (Y) 8.4 billion in the corresponding period of the previous fiscal year). This amount was primarily attributable to dividends paid of (Y) 7.9 billion.

## (4) Near-term Prospects

US-China friction has further decreased forward visibility in the semiconductor test equipment market.

Currently, many SoC semiconductors installed in smartphones, servers, and game consoles are being mass-produced under fabless-foundry-OSAT model. This market structure causes any change in the demand outlook for some leading products or key companies to have strong knock-on effects on SoC semiconductor test equipment utilization rates and new investment across the entire semiconductor supply chain. It is extremely unclear how U.S.-China friction will affect business trends in the smartphone market and related major semiconductor manufacturers in the future, but given the possibility of declining test demand from the major chipmaker which is subject to US regulations, customers are likely to adjust their investments in SoC test equipment downwards for the foreseeable future. In addition, the spread of COVID-19 will probably restrict demand for semiconductor test equipment related to automobiles, industrial equipment, and displays for the time being. Although demand for memory testers is expected to increase year on year amidst increased data traffic volumes due to the widespread adoption of telecommuting, the 2020 semiconductor test equipment market as a whole is predicted to remain flat year-on-year as a result of exacerbated US-China friction and COVID-19.

Based on this market outlook, Advantest's consolidated financial forecasts for the current consolidated fiscal year are as follows: orders of (Y) 240.0 billion, sales of (Y) 260.0 billion, operating income of (Y) 45.0 billion, income before income taxes of (Y) 44.4 billion, and net income of (Y) 35.8 billion. The forecasted exchange rates for the nine months starting in the second quarter of the current consolidated fiscal year are 105 yen to the US dollar and 120 yen to the euro. Given that results from COVID-19 containment measures have been uncertain, and the global economy may slow down in response to a "second wave," Advantest has set flexible response to changes in the external environment during the current consolidated fiscal year as a top priority. In addition, while the consequences of the US-China economic decoupling are very hard to predict, the company will seek to craft an appropriate response to the situation without underestimating its impact.

In April, Advantest foresaw five major categories of business risk resulting from the COVID-19 pandemic:

- (1) Interruptions to business / reduced efficiency due to possible infection of employees of the Advantest Group, customers, and/or suppliers
- (2) Problems caused by long-term restrictions on movement and lockdowns around the world
  - i) Declines in product supply capacity due to shortages of manufacturing personnel at the Advantest Group / subcontractors
  - ii) Decreased ability to provide customer support due to restrictions on movement
  - iii) Declines in product supply capacity due to global supply chain disruptions causing difficulties in procurement of materials and components
- (3) Decreases in end-product demand due to the rapid deterioration of the world economy and the spread of the impact to the electronics industry as a whole, and a slowdown in the semiconductor and semiconductor manufacturing equipment markets
- (4) Potential significant mid-term changes in the structure of the semiconductor industry resulting from changes in customer supply chains
- (5) Changes in Advantest's business environment due to changes in human behavior and society in the post-COVID-19 period

It is estimated that as a result of risks (2) and (3) becoming realities, Advantest's revenues declined by approximately (Y) 3.5 billion in the first quarter.

Advantest considers that the present market contraction represents a phase that does not imply any need for change in the company's medium- to long-term growth strategy. The digital transformation led by 5G commercialization will continue to stimulate demand expansion over the medium to long term for semiconductors with higher performance and higher reliability, which are needed to create comfortable telework environments and advanced telemedicine environments, and consequently for semiconductor test equipment.

In response to this macrotrend, Advantest has been focused on expanding its business in adjacent markets, such as testing at the system / module level, in parallel with strengthening the company's existing businesses such as testing at the wafer level and package level. Advantest will continue to advance these initiatives, and also plans to expand its solutions in the data analytics sector. By creating an environment in which semiconductor test data can be utilized for semiconductor process analysis, the company aims to further embody its corporate vision of adding customer value in an evolving semiconductor value chain.

In addition to these plans, Advantest will continue to strive to reinforce its business foundation for long-term growth, improve profitability in the medium term, and efficiently use its capital resources, with the aim of achieving the company's "Grand Design" medium- to long-term management policy.



## 2. Condensed Consolidated Financial Statements

## (1) Condensed Consolidated Statement of Financial Position

	Millions of Yen	
	As of March 31, 2020	As of June 30, 2020
<b>Assets</b>		
Current assets		
Cash and cash equivalents	127,703	126,161
Trade and other receivables	46,426	38,650
Inventories	58,943	66,972
Other current assets	6,871	8,843
Subtotal	239,943	240,626
Assets held for sale	199	199
Total current assets	240,142	240,825
Non-current assets		
Property, plant and equipment, net	35,072	35,834
Right-of-use assets	11,184	10,604
Goodwill and intangible assets, net	51,025	54,392
Other financial assets	2,867	2,935
Deferred tax assets	15,351	14,120
Other non-current assets	136	351
Total non-current assets	115,635	118,236
Total assets	355,777	359,061

	Millions of Yen	
	As of March 31, 2020	As of June 30, 2020
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	46,660	41,358
Income tax payables	7,793	6,139
Provisions	3,335	3,317
Lease liabilities	2,275	2,265
Other financial liabilities	1,892	4,666
Other current liabilities	8,582	10,566
Total current liabilities	<u>70,537</u>	<u>68,311</u>
Non-current liabilities		
Lease liabilities	9,013	8,459
Retirement benefit liabilities	40,622	41,231
Deferred tax liabilities	1,563	4,190
Other non-current liabilities	2,590	2,628
Total non-current liabilities	<u>53,788</u>	<u>56,508</u>
Total liabilities	<u>124,325</u>	<u>124,819</u>
Equity		
Share capital	32,363	32,363
Share premium	43,550	43,755
Treasury shares	(4,179)	(3,353)
Retained earnings	159,803	161,975
Other components of equity	(85)	(498)
Total equity attributable to owners of the parent	<u>231,452</u>	<u>234,242</u>
Total equity	<u>231,452</u>	<u>234,242</u>
Total liabilities and equity	<u><u>355,777</u></u>	<u><u>359,061</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	
	Three months ended June 30, 2019	Three months ended June 30, 2020
Net sales	66,165	66,725
Cost of sales	<u>(26,814)</u>	<u>(28,772)</u>
Gross profit	39,351	37,953
Selling, general and administrative expenses	(24,215)	(24,532)
Other income	46	76
Other expenses	<u>(22)</u>	<u>(39)</u>
Operating income	15,160	13,458
Financial income	232	47
Financial expenses	<u>(443)</u>	<u>(610)</u>
Income before income taxes	14,949	12,895
Income taxes	<u>(2,865)</u>	<u>(2,345)</u>
Net income	<u>12,084</u>	<u>10,550</u>
Net income attributable to:		
Owners of the parent	12,084	10,550
Earnings per share:	Yen	Yen
Basic	<u>61.07</u>	<u>53.16</u>
Diluted	60.93	52.89

## Condensed Consolidated Statement of Comprehensive Income

	Millions of Yen	
	Three months ended June 30, 2019	Three months ended June 30, 2020
Net income	12,084	10,550
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	(18)	16
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	(3,364)	(429)
Total other comprehensive income (loss)	(3,382)	(413)
Total comprehensive income for the period	<u>8,702</u>	<u>10,137</u>
Comprehensive income attributable to:		
Owners of the parent	8,702	10,137

## (3) Condensed Consolidated Statement of Changes in Equity

Three months ended June 30, 2019

	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 at April 1, 2019	32,363	43,018	(6,262)	125,927	3,685	198,731	198,731
Net income				12,084		12,084	12,084
Other comprehensive income (loss), net of tax					(3,382)	(3,382)	(3,382)
Total comprehensive income for the period	—	—	—	12,084	(3,382)	8,702	8,702
Purchase of treasury shares			(0)			(0)	(0)
Disposal of treasury shares		(35)	363	(181)		147	147
Dividends				(8,309)		(8,309)	(8,309)
Share-based payments		128				128	128
Transfer from other components of equity to retained earnings				111	(111)	—	—
Total transactions with the owners	—	93	363	(8,379)	(111)	(8,034)	(8,034)
Balance at June 30, 2019	32,363	43,111	(5,899)	129,632	192	199,399	199,399

Three months ended June 30, 2020

	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 at April 1, 2020	32,363	43,550	(4,179)	159,803	(85)	231,452	231,452
Net income				10,550		10,550	10,550
Other comprehensive income (loss), net of tax					(413)	(413)	(413)
Total comprehensive income for the period	—	—	—	10,550	(413)	10,137	10,137
Purchase of treasury shares			(1)			(1)	(1)
Disposal of treasury shares		(83)	827	(243)		501	501
Dividends				(8,135)		(8,135)	(8,135)
Share-based payments		288				288	288
Total transactions with the owners	—	205	826	(8,378)	—	(7,347)	(7,347)
Balance at June 30, 2020	32,363	43,755	(3,353)	161,975	(498)	234,242	234,242

## (4) Condensed Consolidated Statement of Cash Flows

	Millions of Yen	
	Three months ended June 30, 2019	Three months ended June 30, 2020
Cash flows from operating activities:		
Income before income taxes	14,949	12,895
Adjustments to reconcile income before income taxes to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,389	2,646
Changes in assets and liabilities:		
Trade and other receivables	(5,635)	7,737
Inventories	(2,514)	(7,978)
Trade and other payables	(4,750)	(4,806)
Warranty provisions	1	(19)
Deposits received	2,463	2,702
Advance receipt	1,826	1,852
Retirement benefit liabilities	353	341
Other	342	(1,725)
Subtotal	9,424	13,645
Interest and dividends received	229	54
Interest paid	(38)	(44)
Income taxes paid	(6,288)	(3,901)
Net cash provided by (used in) operating activities	3,327	9,754
Cash flows from investing activities:		
Proceeds from sale of equity instruments	111	—
Purchases of property, plant and equipment	(1,652)	(2,862)
Purchases of intangible assets	(17)	(172)
Other	32	16
Net cash provided by (used in) investing activities	(1,526)	(3,018)
Cash flows from financing activities:		
Proceeds from disposal of treasury shares	147	503
Dividends paid	(7,981)	(7,882)
Payments for lease liabilities	(578)	(554)
Other	(0)	(0)
Net cash provided by (used in) financing activities	(8,412)	(7,933)
Net effect of exchange rate changes on cash and cash equivalents	(1,974)	(345)
Net change in cash and cash equivalents	(8,585)	(1,542)
Cash and cash equivalents at the beginning of period	119,943	127,703
Cash and cash equivalents at the end of period	111,358	126,161

## (5) Notes to the Condensed Consolidated Financial Statements

(Notes on Going Concern): None

(Segment Information)

Three months ended June 30, 2019

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	50,909	6,645	8,611	—	66,165
Inter-segment sales	10	—	—	(10)	—
Total	50,919	6,645	8,611	(10)	66,165
Segment income (loss) (operating income (loss) before share-based compensation expense)	17,659	(952)	513	(1,911)	15,309
Adjustment: Share-based compensation expense	—	—	—	—	(149)
Operating income	—	—	—	—	15,160
Financial income	—	—	—	—	232
Financial expenses	—	—	—	—	(443)
Income before income taxes	—	—	—	—	14,949

Three months ended June 30, 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	41,959	8,879	15,887	—	66,725
Inter-segment sales	332	—	—	(332)	—
Total	42,291	8,879	15,887	(332)	66,725
Segment income (loss) (operating income (loss) before share-based compensation expense)	11,814	183	3,713	(1,877)	13,833
Adjustment: Share-based compensation expense	—	—	—	—	(375)
Operating income	—	—	—	—	13,458
Financial income	—	—	—	—	47
Financial expenses	—	—	—	—	(610)
Income before income taxes	—	—	—	—	12,895

(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 and performance-based stock remuneration 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.

## FY2020 First Quarter Consolidated Financial Results Overview

### 1. Orders received and Backlog

(in billion yen)

	FY2019				FY2020			FY2020 Forecast	
	1Q	2Q	3Q	4Q	1Q	vs.FY2019 1Q increase (decrease)	vs.FY2019 4Q increase (decrease)	Annual total	vs. FY2019 increase (decrease)
Orders received	<b>65.9</b>	<b>58.3</b>	<b>72.9</b>	<b>90.7</b>	62.0 <b>61.5</b>	(6.7%)	(32.3%)	<b>240.0</b>	(16.6%)
Backlog	<b>74.6</b>	<b>61.3</b>	<b>64.3</b>	4.2 (Note 2) <b>91.0</b>	83.0 <b>85.7</b>	14.9%	(5.8%)	<b>71.0</b>	(22.0%)

Note 1. Upper data is the forecast amount released on April 24, 2020.

Note 2. 4Q Backlog has been adjusted 4.2 billion yen due to the United States of America base Essai, Inc. acquisition.

### 2. Profit or Loss

(in billion yen)

	FY2019				FY2020			FY2020 Forecast	
	1Q	2Q	3Q	4Q	1Q	vs.FY2019 1Q increase (decrease)	vs.FY2019 4Q increase (decrease)	Annual total	vs. FY2019 increase (decrease)
Net sales	<b>66.2</b>	<b>71.6</b>	<b>69.9</b>	<b>68.2</b>	70.0 <b>66.7</b>	0.8%	(2.2%)	<b>260.0</b>	(5.8%)
Cost of sales	(26.8)	(30.6)	(30.5)	(31.5)	(28.7)	7.3%	(8.7%)	-	-
Selling, general and administrative expenses	(24.2)	(23.4)	(25.0)	(25.2)	(24.5)	1.3%	(2.8%)	-	-
Other income - expenses	0.0	0.1	(0.2)	0.1	0.0	54.2%	(63.4%)	-	-
Operating income	<b>15.2</b>	<b>17.7</b>	<b>14.2</b>	<b>11.6</b>	13.0 <b>13.5</b>	(11.2%)	16.2%	<b>45.0</b>	(23.3%)
Sales ratio	22.9%	24.8%	20.4%	17.0%	20.2%			17.3%	
Financial income - expenses	(0.3)	0.7	0.3	(0.8)	(0.6)	166.8%	(25.9%)	-	-
Income before income taxes	14.9	18.4	14.5	10.8	13.0 12.9	(13.7%)	19.2%	44.4	(24.2%)
Sales ratio	22.6%	25.6%	20.7%	15.9%	19.3%			17.1%	
Income taxes	(2.8)	(3.7)	(2.6)	4.0	(2.3)	(18.2%)	-	-	-
Net income	<b>12.1</b>	<b>14.7</b>	<b>11.9</b>	<b>14.8</b>	10.5 <b>10.6</b>	(12.7%)	(28.8%)	<b>35.8</b>	(33.1%)
Sales ratio	18.3%	20.5%	17.1%	21.7%	15.8%			13.8%	

(Note) Upper data is the forecast amount released on Apr 24, 2020.

### 3. Financial Condition

(in billion yen)

	FY2019				FY2020	
	1Q End	2Q End	3Q End	4Q End	1Q End	vs.FY2019 4Q increase (decrease)
Total assets	<b>310.8</b>	<b>323.6</b>	<b>329.8</b>	<b>355.8</b>	<b>359.1</b>	0.9%
Equity attributable to owners of the parent	<b>199.4</b>	<b>213.6</b>	<b>220.3</b>	<b>231.5</b>	<b>234.2</b>	1.2%
Ratio of equity attributable to owners of the parent	<b>64.2%</b>	<b>66.0%</b>	<b>66.8%</b>	<b>65.1%</b>	<b>65.2%</b>	-

### 4. Dividends

(in yen)

(Record Date)	FY2019			FY2020 Forecast		
	Interim	Year end	Annual total	Interim	Year end	Annual total
Dividend per share	<b>41.00</b>	<b>41.00</b>	<b>82.00</b>	N/A	N/A	N/A

(Note) The dividend forecast for FY2020 hasn't been decided yet. It will be disclosed as soon as the forecast is available based on the business performance.