

ADVANTEST[®]

FY2020
(Period Ended March 31st, 2021)
Financial Briefing

April 27th, 2021
Advantest Corporation

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NOTE

Accounting Standards

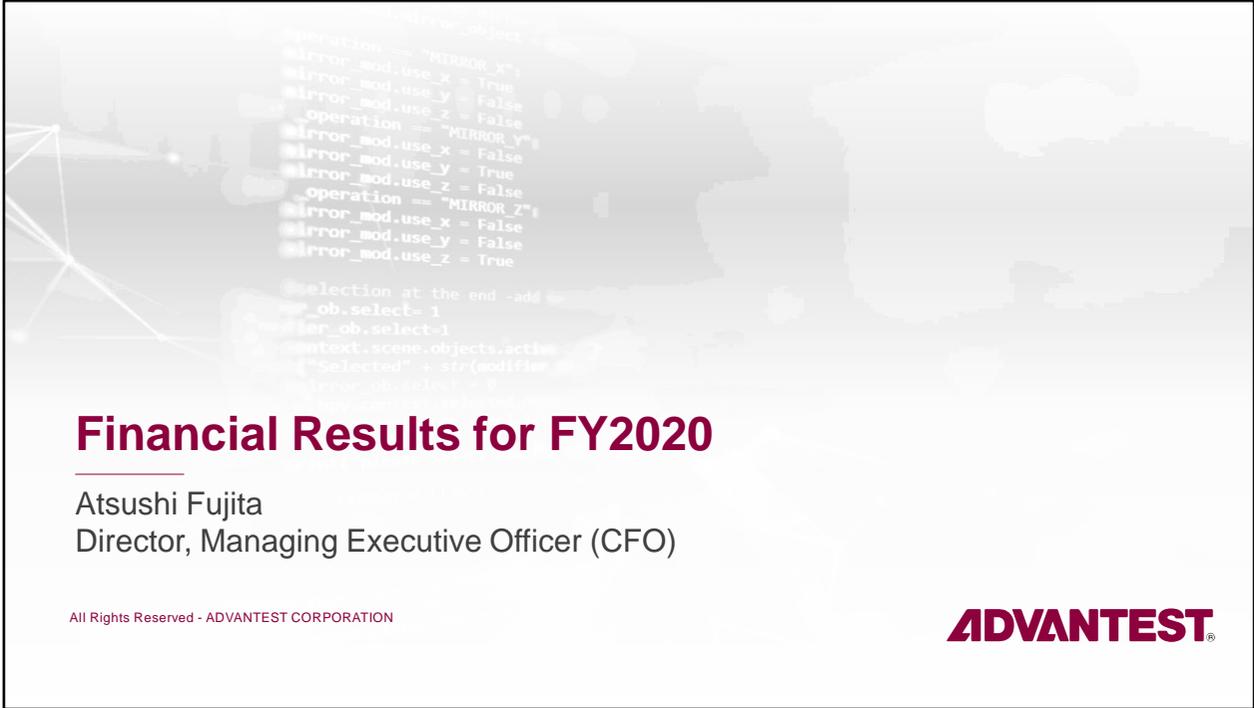
– Our results and outlook, described in this presentation, have been prepared in accordance with IFRS.

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

selection at the end -add
obj.select= 1
obj.select= 1
context.scene.objects.active
obj.select= 1
obj.select= 1
```

Financial Results for FY2020

Atsushi Fujita
Director, Managing Executive Officer (CFO)

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FY20 Results Highlights

- From the beginning of FY20 through the summer, uncertainty in the tester market increased due to external factors such as the COVID-19 pandemic and US-China conflict
- However, due to demand related to WFH (Work from Home) and competition among 5G smartphone makers, customers' appetite for investment rapidly recovered in the second half
- As a result, in FY20 Advantest achieved record-high orders, sales, and net income
- Full-year sales exceeded ¥300.0 billion for the first time in the company's history. We revised our dividend forecast to a year-end dividend of ¥80, including a commemorative dividend of ¥10 per share
- We significantly exceeded all the management metrics of our three-year mid-term management plan

○ FY2020 Results

- Advantest would like to express our deepest gratitude to all of our business partners, related parties, and employees who continue to support our business in this unprecedented business environment.
- The COVID-19 pandemic created difficulties in all of our lives this past year. In the first half of the fiscal year, conflict between the US and China had a major impact on our tester business.
- On the other hand, from the second half of FY20, demand related to WFH (Work from Home) continued amidst the mainstreaming of remote work, and demand for test equipment grew due to competition among 5G smartphone manufacturers.
- As a result, Advantest was able to achieve record-high orders, sales, and net income in FY20.
- In addition, in FY20, we achieved sales of over ¥300.0 billion for the first time in Advantest's history. Therefore, we have revised our dividend forecast to a year-end dividend of ¥80, including a commemorative dividend of ¥10.
- We were also able to achieve the management metrics of our three-year mid-term management plan.

FY20 Summary of Results

(¥B)

| | FY19 | | FY20 | | |
|----------------------------------|---------|--------------------------|---------|----------|-----------------|
| | Results | Forecast as of Jan. 2021 | Results | vs. FY19 | |
| | | | | (Δ) | (%) |
| Orders | 287.8 | 310.0 | 330.6 | +42.8 | +14.9% |
| Sales | 275.9 | 305.0 | 312.8 | +36.9 | +13.4% |
| Operating Income | 58.7 | 67.0 | 70.7 | +12.0 | +20.5% |
| Operating Margin | 21.3% | 22.0% | 22.6% | +1.3pts | |
| Income Before Tax | 58.6 | 64.0 | 69.6 | +11.0 | +18.9% |
| Net Income | 53.5 | 61.5 | 69.8 | +16.3 | +30.4% |
| Net Income Margin | 19.4% | 20.2% | 22.3% | +2.9pts | |
| Backlog | 91.0 | 96.0 | 108.8 | +17.8 | +19.6% |
| Exchange Rate | 1 US\$ | ¥109 | ¥106 | ¥106 | ¥3 Appreciation |
| | 1 Euro | ¥121 | ¥122 | ¥123 | ¥2 Depreciation |
| Dividend Per Share | ¥82 | ¥95 | ¥118*1 | +¥36*1 | |
| Share Repurchase | - | - | 13.1 | +13.1 | |
| Total Shareholder Return Ratio*2 | 30% | - | 52% | +22% | |

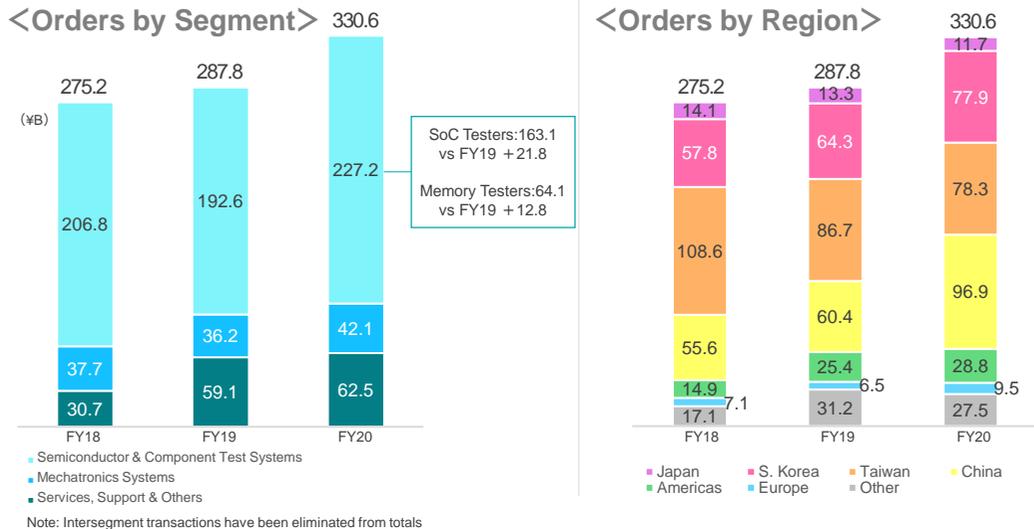
*1: The year-end dividends for FY20 will be formally resolved at the Board of Directors' meeting held on May 21, 2021

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

○ FY2020 Summary of Results

- Orders +14.9% YoY ¥330.6 billion
- Sales +13.4% YoY ¥312.8 billion
- Operating Income +20.5 % YoY ¥70.7 billion
- Net Income +30.4 % YoY ¥69.8 billion
- Due to higher orders in FY20, our backlog increased by ¥17.8 billion from the previous fiscal year to ¥108.8 billion.
- Tax expenses include the effect of posting deferred tax assets likely to be realized during a certain fixed period in the future of approximately ¥10.0 billion. Thus, net income was greater than income before taxes.
- Our year-end dividend forecast is ¥80, including a commemorative dividend of ¥10. Our interim dividend was ¥38, thus our annual dividend forecast is ¥118. Our total shareholder return ratio, consisting of total share repurchases and total dividends divided by net income, is 52%.
- ROE was 27.3%.

FY20 Orders by Segment / Region

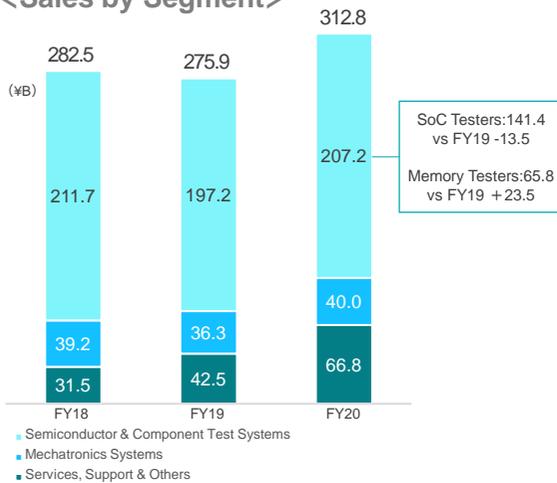


○ FY2020 Orders by Segment / Region

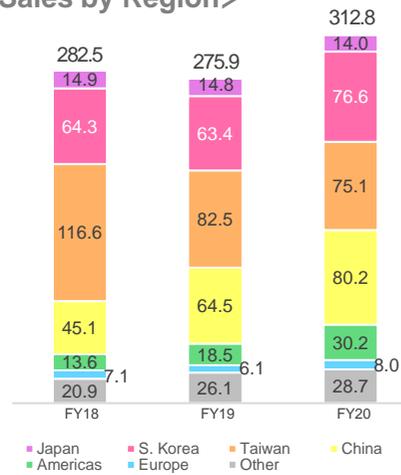
- Full-year orders by segment and region:
- In FY20, demand related to high performance computing (HPC) continued to be strong amidst the mainstreaming of remote work.
- In addition, smartphone performance gains drove a transition to higher-functionality display driver ICs (DDI) and CMOS image sensors (CIS), which has greatly increased test demand for these types of devices. This also contributed to the increase in orders.
- Orders for memory testers also increased, mainly related to data centers and game consoles.
- By region, China was the largest source of orders in FY20. Demand for both SoC testers and memory testers grew in China amidst increased investment by local semiconductor manufacturers, encouraged by the Chinese's government's push for domestic production of semiconductors.
- On the other hand, in Taiwan, which was our largest source of orders in FY19, orders declined as customers are temporarily cautious about investing due to the intensifying conflict between the United States and China.
- Memory-related orders from South Korea increased.

FY20 Sales by Segment / Region

<Sales by Segment>



<Sales by Region>



○ FY2020 Sales by Segment / Region

- Full-year sales results:
- In addition to the consolidation effect of Advantest's acquisition of Essai in the Services, Support & Others segment, our system-level test business performed well overall, resulting in a significant increase in sales.
- By region, China was the largest source of sales as well as orders.

FY20 4Q Summary of Results

| | FY19 | | | | FY20 | | | | | | | | (¥B) |
|------------------------------|--------|-------|-------|-------|-------|-------|-------|----------|--------|----------|-----------------|-----------------|---------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | | QoQ | | YoY | |
| | | | | | | | | Forecast | Actual | (Δ) | (%) | (Δ) | (%) |
| Orders | 65.9 | 58.3 | 72.9 | 90.7 | 61.5 | 64.1 | 95.1 | 89.3 | 109.9 | +14.9 | +15.7% | +19.2 | +21.2% |
| Sales | 66.2 | 71.6 | 69.9 | 68.2 | 66.7 | 77.4 | 78.1 | 82.8 | 90.6 | +12.5 | +16.1% | +22.4 | +32.8% |
| Gross Profit | 39.4 | 41.0 | 39.4 | 36.7 | 38.0 | 41.6 | 40.2 | - | 48.5 | +8.3 | +20.6% | +11.8 | +32.0% |
| Gross Margin | 59.5% | 57.3% | 56.4% | 53.8% | 56.9% | 53.9% | 51.5% | - | 53.5% | +2.0pts | | -0.3pts | |
| Operating Income | 15.2 | 17.7 | 14.2 | 11.6 | 13.5 | 17.4 | 15.3 | 20.8 | 24.5 | +9.3 | +61.1% | +13.0 | +112.0% |
| Operating Margin | 22.9% | 24.8% | 20.4% | 17.0% | 20.2% | 22.6% | 19.5% | 25.1% | 27.1% | +7.6pts | | +10.1pts | |
| Income Before Tax | 14.9 | 18.4 | 14.5 | 10.8 | 12.9 | 16.4 | 13.9 | 20.8 | 26.4 | +12.6 | +91.0% | +15.6 | +144.5% |
| Net Income | 12.1 | 14.7 | 11.9 | 14.8 | 10.6 | 13.9 | 12.0 | 25.0 | 33.3 | +21.2 | +176.6% | +18.4 | +124.5% |
| Net Income Margin | 18.3% | 20.5% | 17.1% | 21.7% | 15.8% | 18.0% | 15.4% | 30.2% | 36.7% | +21.3pts | | +15.0pts | |
| Backlog increased due to M&A | | | | +4.2 | | | | | | | | | |
| Backlog | 74.6 | 61.3 | 64.3 | 91.0 | 85.7 | 72.5 | 89.5 | 96.0 | 108.8 | +19.3 | +21.6% | +17.8 | +19.6% |
| Exchange Rate | 1 US\$ | ¥111 | ¥108 | ¥108 | ¥110 | ¥108 | ¥107 | ¥105 | ¥105 | ¥104 | ¥1 Appreciation | ¥6 Appreciation | |
| | 1 Euro | ¥125 | ¥121 | ¥119 | ¥121 | ¥118 | ¥123 | ¥124 | ¥125 | ¥127 | ¥3 Depreciation | ¥6 Depreciation | |

○ FY2020 4Q Summary of Results

- Due to smartphone performance gains and the recent global shortage of semiconductors, orders and sales increased more than expected, boosting quarterly orders and sales to record highs.
- Operating income in 4Q includes a gain of approximately ¥5.6 billion from the revision of the pension system at Advantest's German subsidiary.
- As mentioned earlier, tax expenses for 4Q include the effect of posting deferred tax assets of approximately ¥10.0 billion.

Quarterly Orders by Segment



Note: Intersegment transactions have been eliminated from totals

○ FY2020 4Q Orders by Segment

○ Semiconductor & Component Test Systems

- ¥73.2 billion +9.5% QoQ
- Orders for SoC testers decreased by ¥6.1 billion to ¥48.1 billion. There was a decline in reaction to 3Q, when orders for DDI testers were especially strong, but growth in analog semiconductor demand helped to support total orders at a high level.
- Demand for memory testers for both DRAM and flash memory increased, boosting orders by ¥12.5 billion QoQ to ¥25.1 billion.
- In 1Q and 2Q, demand adjustments resulting from the spread of the COVID-19 pandemic and conflict between the US and China impacted orders, but in 3Q and 4Q the business environment improved, and tester demand also recovered sharply.

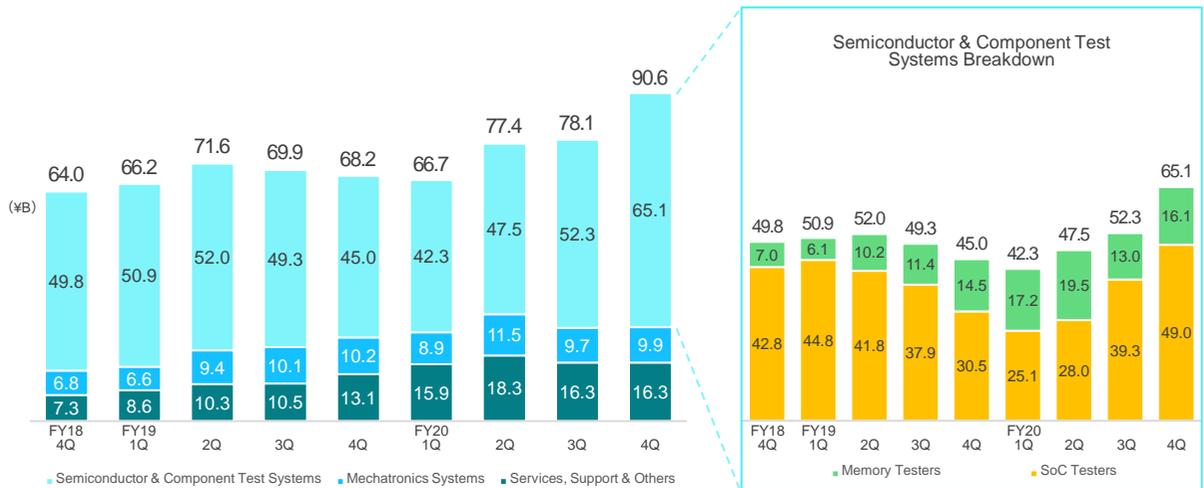
○ Mechatronics Systems

- ¥12.6 billion +5.5% QoQ

○ Services, Support & Others

- ¥24.9 billion +50.4% QoQ
- In addition to seasonal increases in annual maintenance contracts, orders for system-level test (SLT) products were also strong.

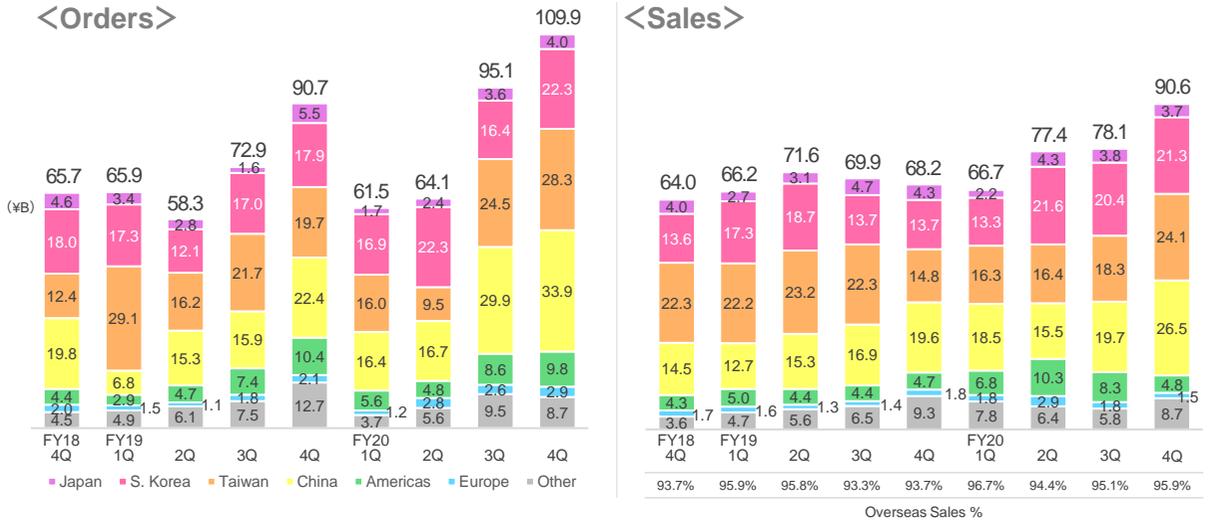
Quarterly Sales by Segment



Note: Intersegment transactions have been eliminated from totals

- FY2020 4Q Sales by Segment
- Semiconductor & Component Test Systems
 - ¥65.1 billion +24.8% QoQ
 - Sales breakdown: SoC testers ¥ 49.0 billion, memory testers ¥16.1 billion.
 - Sales of SoC testers increased not only for mobile-related products such as DDI devices, but also for automotive, industrial equipment, and consumer-related analog semiconductors.
 - Sales of memory testers for both DRAM and flash memory increased, similarly to orders.
- Mechatronics Systems
 - ¥9.9 billion Flat QoQ
- Services, Support & Others
 - ¥16.3 billion Flat QoQ

Quarterly Orders / Sales by Region



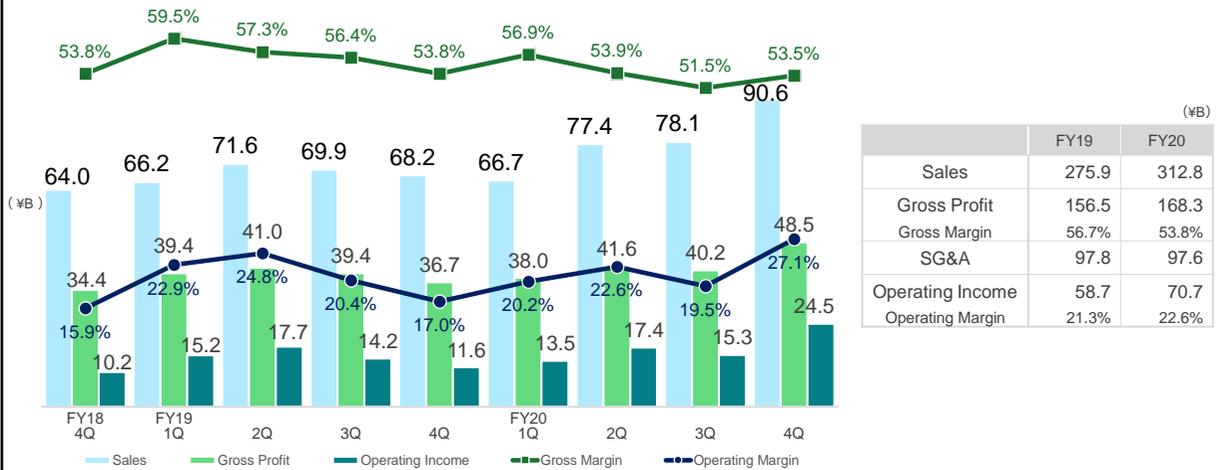
○ FY2020 4Q Orders / Sales by Region

- South Korea
Orders for memory testers increased for both DRAM and non-volatile memory.
- China
DDI-related orders, which grew in 3Q, fell in reaction in 4Q, but orders for SoC testers for other applications were strong. Orders for memory testers also increased.
- Taiwan
DDI-related orders decreased here, too, but orders increased overall due to the recovery of orders for application processors (APU) and an increase in annual maintenance contracts in our services business.

○ FY2020 4Q Sales by Region

- China / Taiwan
Our DDI-related backlog, which increased in 3Q, continued to be converted into sales.

Sales / Gross Profit / Operating Income



12 | ADVANTEST

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○ FY2020 4Q Sales / Gross Profit / Operating Income

- Gross margin 53.5%
Gross profit margin improved due to a higher ratio of profitable products in our sales mix compared to the previous quarter.

- SG&A (including total other income and expenses) ¥24.0 billion

In Q4 we recorded a profit of approximately ¥5.6 billion from the revision of the pension system at Advantest's German subsidiary. Actual expenses after deducting this sum increased due to normal costs incurred at the end of the fiscal year.

- Operating income ¥24.5 billion
- Operating margin 27.1%

○ FY2020 Full Year Operating Income

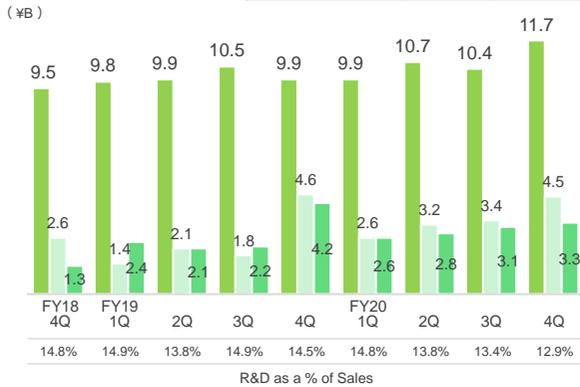
- Operating Income +20.5% YoY ¥70.7 billion
- FY20 operating income includes a total of approximately ¥8.1 billion in one-time gains, including the above-mentioned profit, recorded in 4Q, from the revision of the pension system at Advantest's German subsidiary, and the gain on the transfer of our probe card business, recorded in 2Q.
- Excluding other income and expenses related to these one-time gains, our "core operating income margin" was 20% for FY20.
- While sales increased, our operating profit margin actually decreased. The reason for this was that gross profit margin declined due to the deterioration of our smartphone-related business triggered by conflict between the United States and China. In addition, we have strategically increased our future-oriented R&D investments.

Investments / Cash Flow

<Investments>

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

| | FY19 | FY20 |
|---------------------|-------|-------|
| R&D Expenses | 40.1 | 42.7 |
| R&D as a % of Sales | 14.5% | 13.6% |
| Capex | 9.9 | 13.7 |
| D&A | 10.9 | 11.8 |



<Cash flow>

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

| | FY19 | FY20 |
|--------------------------------------|-------|-------|
| Cash flows from operating activities | 66.5 | 67.8 |
| Cash flows from investing activities | -38.8 | -16.8 |
| Free cash flows | 27.7 | 51.0 |



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

○ FY2020 4Q R&D Expenses/Capex/D&A

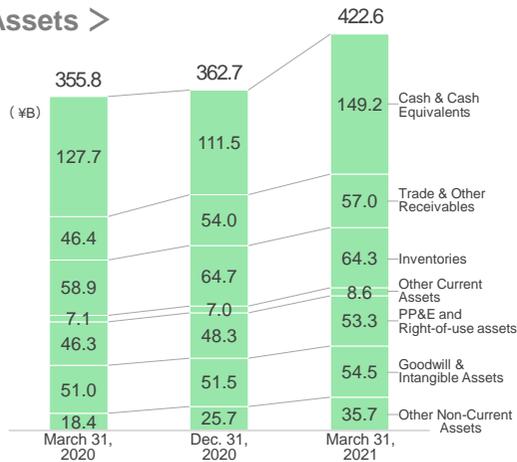
- R&D Expenses ¥11.7 billion
- R&D to sales ratio 12.9%
- Capex ¥4.5 billion
- Depreciation and Amortization ¥3.3 billion
- As 4Q was the last quarter of the fiscal year, R&D expenses and capital investment were high.

○ FY2020 4Q Cash Flow

- Free cash flow ¥35.6 billion
- The collection of receivables progressed in 4Q, operating cash flow increased significantly.

Financial Position

< Assets >

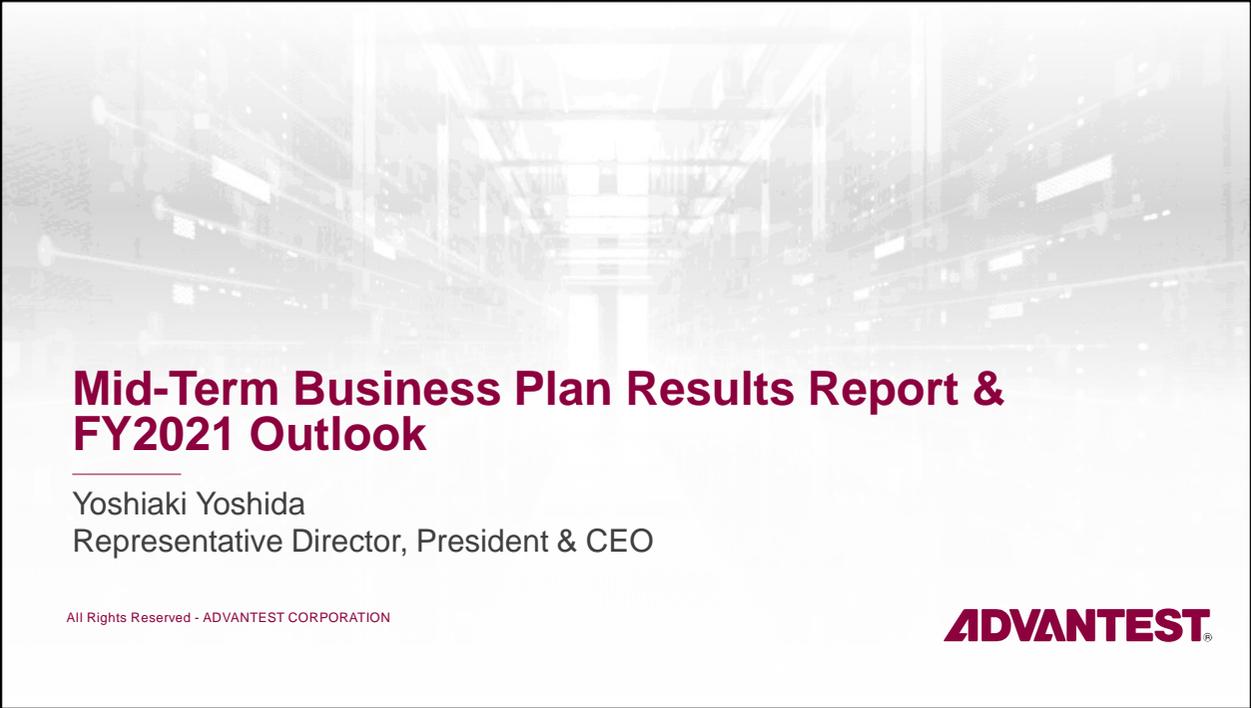


< Liabilities & Equity >



○ Balance Sheet for Period Ending March 31st, 2021

- Total Assets **¥422.6 billion**
- Cash & Cash Equivalents **¥149.2 billion**
Up ¥21.5 billion from the end of the previous fiscal year
- Equity Attributable to Owners of the Parent **¥280.4 billion**
- Ratio of Equity Attributable to Owners of the Parent **66.3%**
Up 1.2 points from the end of the previous fiscal year
- In FY20, Advantest repurchased 2.49 million shares for a total of ¥13.1 billion with the chief purpose of improving capital efficiency, but nevertheless, equity and cash holdings both increased at the end of the fiscal year due to better-than-expected business performance. We will continue to work on balance sheet management, while considering the optimal balance between growth investments and capital efficiency.



Mid-Term Business Plan Results Report & FY2021 Outlook

Yoshiaki Yoshida
Representative Director, President & CEO

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Mid/Long-Term Management Policy

Grand Design (Mid/Long-Term Management Policy: FY18-27)

<Long-Term Management Goals>

¥300B - ¥400B in annual sales

- Improve market share by 1% a year by focusing on growth areas and strengthening partnerships with customers (CY17 results: 36% → CY27 target: 46%)
- Develop new business around our core business area

<Cost / Profit Structure>

- Balancing sales growth with cost efficiency

| | Cost structure model @ ¥300B |
|-------------------------|---------------------------------|
| Sales | ¥300.0B |
| Cost of Sales | 46% |
| SG&A as % of Sales | 32% |
| (of which R&D expenses) | 13% |
| Operating Margin | 22% |



Mid-Term Management Plan (FY18-20)

- Product demand inevitably fluctuates on year, so numerical targets are three-year averages
- Expand our sales and market share by providing outstanding solutions for the next generation of test needs
- Aggressively invest in R&D and M&A for mid-to long-term sales growth
- While maintaining a consolidated payout ratio of 30%, based on our growth investment outlook, we will consider flexibility in our total shareholder return policy

| | Mid-Term Plan (FY18-FY20 Average) | |
|-----------------------------------|--------------------------------------|---------|
| | Conservative | Base |
| Yearly tester market growth ratio | 0% | 4% |
| Sales | ¥230.0B | ¥250.0B |
| Operating Margin | 15% | 17% |
| ROE | 15% | 18% |
| EPS | ¥135 | ¥170 |

○ Advantest's Management Policy

- A review of our mid/long-term management policy:
- In April 2018, Advantest set out our goals and principles for the medium to long term in our "Grand Design," a 10-year medium- to long-term management policy starting from FY18. We also formulated a mid-term management plan for the first three years of this period, and the whole Group has been working to achieve its targets.

Mid-Term Management Plan Results

| | FY15-17 Average | Mid-Term Plan (FY18-FY20 Average) | | Results significantly exceeded base scenario targets | | | |
|------------------|-----------------|-----------------------------------|---------|--|--------------|--------------|-----------------|
| | | Conservative | Base | FY18 Results | FY19 Results | FY20 Results | FY18-20 Average |
| Sales | ¥175.1B | ¥230.0B | ¥250.0B | ¥282.5B | ¥275.9B | ¥312.8B | ¥290.4B |
| Operating Margin | 9% | 15% | 17% | 22.9% | 21.3% | 22.6% | 22.3% |
| ROE | 12% | 15% | 18% | 35.3% | 24.9% | 27.3% | 29.1% |
| EPS | ¥74 | ¥135 | ¥170 | ¥302 | ¥270 | ¥354 | ¥309 |

- Advantest's overall market share grew faster than originally anticipated, amidst semiconductor market and semiconductor tester market growth spurred by the digital revolution (CY17: 36%, CY18-20 average: 50%)
- We also expanded our business in line with our Grand Design and vision, including two M&As that boosted our SLT business to higher growth than expected, so that it was rapidly able to contribute to sales and profits

○ Mid-Term Management Plan Results

- These are the results of the mid-term management plan executed over the three years from FY18.
- As shown on the righthand side of the slide, we achieved results greatly in excess of the management metrics set forth as our base scenario three years ago.
- We believe two main factors contributed to this accomplishment.
- Firstly, Advantest gained market share faster than originally expected, amidst the semiconductor and semiconductor tester market expansion spurred by the digital revolution.
- Thanks to our steady focus on cultivating and reinforcing our customer base, and our solution-oriented product strategy, we were able to grow sales rapidly in the smartphone-related, HPC, and memory markets, where Advantest has always been strong, and where tester demand has been expanding. In CY17, our overall market share was 36%, but over the period of the mid-term management plan it grew to approximately 50%.
- The second factor is the business expansion we carried out in line with the vision of our Grand Design. Specifically, our SLT business, boosted by two M&As, grew more than expected on the back of semiconductor performance improvements, and rapidly contributed to sales and profits.
- We plan to deliver a more detailed report on the results of our mid-term management plan over the past three years, and announce our new mid-term management plan starting in FY21, next month.

Semiconductor Tester Market Trends: April 2021 Outlook

CY20 Actual

- SoC tester market: In addition to strong HPC-related demand for testers, competition from smartphone makers stimulated demand for testers across a wide range of applications
- Memory tester market: The market grew and expanded on rising demand principally related to data centers and game consoles, and on growing Chinese memory investments

CY21 Estimate

- SoC tester market: Demand is expected to grow, mainly driven by smartphones and HPC, amidst ongoing active technological investment in leading-edge semiconductors
- Memory tester market: Technology investments in areas such as advanced nodes, multilayer NAND, and higher speeds / bandwidths are driving tester demand

| | CY20 Actual | CY21 Estimate |
|----------------------|--|--|
| SoC Tester Market | Approx. \$3,000M (January estimate: approx. \$2,800M) | Approx. \$3,400M~ (January estimate: \$2,800M-3,000M) |
| Memory Tester Market | Approx. \$1,200M (January estimate: approx. \$1,100M) | Approx. \$1,300M~ (January estimate: \$1,100M-1,300M) |

○ Semiconductor Tester Market Trends

- According to Advantest's research, the CY20 tester market grew significantly in comparison to CY19, with the SoC tester market totaling about \$3,000M, and the memory tester market reaching about \$1,200M.
- Regarding Advantest's overall market share, we captured over 50% of the market in CY18 and CY19, but in CY20 we estimate that that fell to around 43%.
- The structure of the tester market is such that the investment trends of a few major customers cause significant market share fluctuations. In CY20, one North American industry player where our competitor has a high share drove large-scale tester investments, while conversely, Advantest was affected by the demand adjustments resulting from US-China conflict. As a result, our share of the SoC tester market fell 17 points YoY to around 38%.
- In memory testers, we maintained our existing high share at 56%, 1 point up YoY.
- We have raised our outlook for SoC testers in CY21 to incorporate expectations for higher growth, principally led by leading-edge devices for 5G smartphones and HPC, whose production volumes are increasing, and display driver ICs, which are becoming more highly functional. Demand for analog semiconductors for automotive and other applications is also increasing, and the market may grow further on an overall basis.
- We can expect our SoC tester market share to recover in CY21 amidst predicted growth in 5G and HPC, which are among our areas of strength.
- Considering that CY20 was a year of active investment in the memory tester market, we do not expect it to grow as strongly in CY21 as the SoC tester market, but the development of technologies in areas such as advanced nodes and higher speeds should continue to promote tester demand growth, creating opportunities for share gains in this sector, as well.

FY21 Forecast

| | (¥B) | | | |
|-------------------|-----------------|------------------|----------|-----------------|
| | FY20 Results | FY21 Forecast | vs. FY20 | |
| | | | (Δ) | (%) |
| Orders | 330.6 | 350.0 | +19.4 | +5.9% |
| Sales*1 | 312.8 | 350.0 | +37.2 | +11.9% |
| Operating Income | 70.7 | 85.0 | +14.3 | +20.2% |
| Operating Margin | 22.6% | 24.3% | +1.7pts | |
| Income Before Tax | 69.6 | 85.0 | +15.4 | +22.1% |
| Net Income | 69.8 | 64.0 | -5.8 | -8.3% |
| Net Income Margin | 22.3% | 18.3% | -4.0pts | |
| Backlog | 108.8 | 108.8 | - | - |
| R&D Expenses | 42.7 | 46.0 | +3.3 | +7.7% |
| Capex | 13.7 | 15.0 | +1.3 | +9.5% |
| D&A | 11.8 | 13.5 | +1.7 | +14.4% |
| Exchange Rate*2 | 1 US\$ | ¥106 | ¥105 | ¥1 Appreciation |
| | 1 Euro | ¥123 | ¥130 | ¥7 Depreciation |

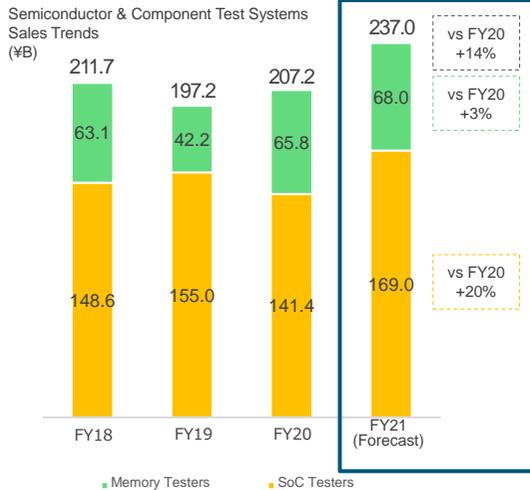
*1: Intersegment transactions have been eliminated from totals

*2: Our latest forecast for the impact of exchange rate fluctuations on FY21 operating income is plus ¥800 million per 1 yen of JPY depreciation vs USD, and minus ¥150 million per 1 yen of JPY depreciation vs the euro

○ FY2021 Forecast

- Advantest's forecast for FY21 calls for orders of ¥350.0 billion, sales of ¥350.0 billion, operating income of ¥85.0 billion, income before taxes of ¥85.0 billion, and net income of ¥64.0 billion.
- Gross profit margin for the full year is expected to be approximately 55% due to product mix improvements.
- During our previous mid-term management plan, Advantest's effective tax rate was low due to the tax reduction effect of using a loss carryforward accounting adjustment, but the balance of those losses was consumed last fiscal year. Therefore, our effective tax rate for FY21 is expected to be approximately 25%.
- As a result, sales are expected to increase YoY, while profit decreases, in FY21. However, considering the approximately ¥10.0 billion one-time profit from posting deferred tax assets and the one-time profit associated with the revision of the pension system at Advantest's German subsidiary that were recorded in FY20, profits are actually expected to increase in FY21 as well.
- This forecast assumes exchange rates of 1 USD to 105 JPY and 1 euro to 130 JPY.

FY21 Outlook by Segment



Semiconductor & Component Test Systems

< SoC Testers >

– Competition among smartphone players will drive growth in tester demand via migration to application processors produced on advanced nodes and the adoption of organic EL displays (OLED)

< Memory Testers >

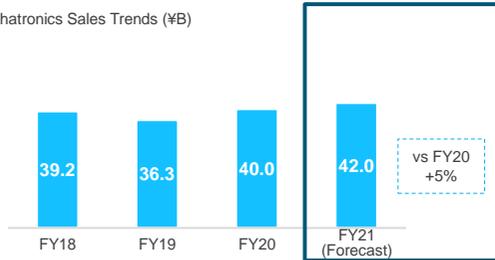
– Customers will continue to make technology investments in areas such as miniaturization and multilayer NAND in 2021, which should sustain a high level of tester demand

○ FY2021 Semiconductor & Component Test Systems Outlook

- Advantest's FY21 full-year SoC tester sales forecast is ¥169.0 billion.
- Customers are currently making active tester investments in smartphone-related fields, and this favorable environment is expected to continue in 1Q.
- In CY21, production of leading-edge SoC semiconductors such as APU and HPC devices will increasingly migrate to advanced nodes. It is expected that tester demand will continue to increase throughout the year due to the increasing complexity of these semiconductors and the difficulty of manufacturing them.
- In addition, in the automotive, industrial machinery, and consumer segments, the increasing complexity and sophistication of testing necessitated by higher-pixel count CIS devices and the adoption of organic EL displays (OLED) will continue to drive tester demand.
- Advantest's FY21 full-year memory tester sales forecast is ¥68.0 billion.
- As explained in our market outlook, memory customers are making technology investments in areas such as advanced nodes, greater density, and higher speeds / bandwidths.
- In addition, they are positive about increasing production volumes, and we anticipate strong inquiries for both DRAM and NAND testers.

FY21 Outlook by Segment

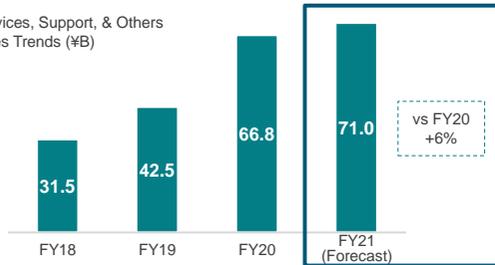
Mechatronics Sales Trends (¥B)



Mechatronics Systems

–High-level demand for device interface products is expected to continue in line with the performance of Advantest's memory tester business

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



Services, Support, & Others

–Strong SoC-related system-level test demand is expected

–Our field services business should also perform solidly due to increasing installations

○ FY2021 Mechatronics / Services, Support, & Others Business Outlook

- In our mechatronics-related business, Advantest anticipates continued high-level demand for interface products in line with the performance of our memory tester business. We forecast FY21 full-year sales of ¥42.0 billion.
- For our services and other business, our FY21 full-year sales forecast is ¥71.0 billion. We anticipate steady growth in our system-level test business and steadily increasing demand for services and maintenance.

Key Measures for FY21

- Promote the development of high value-added semiconductor test solutions and explore the test solution space at the system / module level amidst increasing needs for the higher-performance, higher-reliability semiconductors that are set to drive test demand over the medium to long term
- Build out our production and support system to meet the current high level of orders and anticipated demand growth
- Strengthen the foundations of operational excellence at the global level through inculcation of The Advantest Way and further human resources development
- Continue to enhance ESG management
- A briefing session will be held next month to announce the new mid-term management plan starting this year

○ Key Measures for FY2021

- In conclusion, a brief look at our key measures for this year.
- Our corporate mission is to enable leading-edge technologies. The source of our future profits is the development of solutions that appeal to customers by offering them close support for the development of their advanced semiconductor technologies with cutting-edge test technology. In the future, production volumes of high-performance, highly reliable semiconductors will continue to grow. Our R&D and sales activities will continue to focus on delivering semiconductor testers that optimally support this trend, as well as system-level test solutions.
- CY21 is likely to be a good year for both the semiconductor market and the semiconductor tester market. On the other hand, it is crucial to keep an eye out for macro risks such as changes in the world economy and supply chain and market disruption triggered by economic nationalism.
- With backlog at a high level, we are taking a forward-looking approach to parts procurement and production, and will also take measures to prevent risks from manifesting.
- Both development and production are driven by the strengths of our employees, so this year we plan to focus on human resources initiatives as a part of our ESG management. Naturally, governance, which is the basis of corporate growth, will also be further enhanced.
- Finally, our three-year mid-term management plan that ran from FY18 through FY20 ended successfully, and positioned us to make a strong start on the mid-term management plan that will cover the next three years. Today, we explained our financial results for FY20 and our outlook for FY21, but we plan to hold a briefing session next month to announce the new plan. In that session, we will also touch on the revision of our capital policy and shareholder return policy.
- That completes my presentation today. Thank you for your attention.