

FY2023 Consolidated Financial Results

(Advantest's consolidated financial statements are prepared in accordance with IFRS)
(Year ended March 31, 2024)

April 26, 2024

Company Name : **Advantest Corporation**
(URL <https://www.advantest.com/investors>)

Stock Exchange on which shares are listed : Prime Market of the Tokyo Stock Exchange

Stock Code Number : 6857

Company Representative : Koichi Tsukui, Representative Director,
Senior Executive Officer and President, Group COO

Contact Person : Yasuo Mihashi, Senior Executive Officer, CFO & CSO
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Date of General Shareholders' Meeting (as planned) : June 28, 2024

Dividend Payable Date (as planned) : June 7, 2024

Annual Report Filing Date (as planned) : June 26, 2024

Financial Results Supplemental Materials : Yes

Financial Results Presentation Meeting : Yes

(Rounded to the nearest million yen)

1. Consolidated Results of FY2023 (April 1, 2023 through March 31, 2024)

(1) Consolidated Financial Results

(% changes as compared to the previous fiscal year)

	Net sales		Operating income		Income before income taxes		Net income		Net income attributable to owners of the parent		Total comprehensive income for the year	
	Million yen	% increase (decrease)	Million yen	% increase (decrease)	Million yen	% increase (decrease)	Million yen	% increase (decrease)	Million yen	% increase (decrease)	Million yen	% increase (decrease)
FY2023	486,507	(13.2)	81,628	(51.3)	78,170	(54.4)	62,290	(52.2)	62,290	(52.2)	84,441	(42.5)
FY2022	560,191	34.4	167,687	46.2	171,270	47.2	130,400	49.4	130,400	49.4	146,882	36.9

	Basic earnings per share	Diluted earnings per share	Return on equity attributable to owners of the parent	Ratio of income before taxes to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
FY2023	84.45	84.16	15.6	12.3	16.8
FY2022	174.35	173.68	39.3	31.3	29.9

(Note) Advantest enacted a 4-for-1 share split of its common share with an effective date of October 1, 2023.

“Basic earnings per share” and “Diluted earnings per share” are calculated based on the assumption that the share split was implemented at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent	Equity attributable to owners of the parent per share
	Million yen	Million yen	Million yen	%	Yen
FY2023	671,229	431,178	431,178	64.2	584.25
FY2022	600,224	368,694	368,694	61.4	500.61

(Note) Advantest enacted a 4-for-1 share split of its common share with an effective date of October 1, 2023.

“Equity attributable to owners of the parent per share” is calculated based on the assumption that the share split was implemented at the beginning of the previous fiscal year.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	Million yen	Million yen	Million yen	Million yen
FY2023	32,668	(27,940)	10,760	106,702
FY2022	70,224	(26,706)	(77,434)	85,537

2. Dividends

	Dividend per share					Total dividend paid (annual)	Payout ratio (consolidated)	Cash dividend rate for equity attributable to owners of the parent (consolidated)
	First quarter end	Second quarter end	Third quarter end	Year end	Annual total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2022	—	65.00	—	70.00	135.00	25,057	19.4	7.6
FY2023	—	65.00	—	18.00	—	25,286	40.6	6.3
FY2024 (forecast)	—	—	—	—	—		—	

(Note) 1. The dividend forecast for FY2024 hasn't been decided yet.

2. Advantest enacted a 4-for-1 share split of its common share with an effective date of October 1, 2023.

FY2022 and FY2023 second quarter end dividend per share present the amount prior to the share split.

FY2023 annual total dividend per share is not presented considering the share split.

FY2023 annual total dividend per share before and after share split is (Y) 137.00 and (Y) 34.25, respectively.

3. Earnings Forecast for FY2024 (April 1, 2024 through March 31, 2025)

(% 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	%
FY2024	525,000	7.9	90,000	10.3	89,000	13.9	67,000	7.6	67,000	7.6

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 (common share) :

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

FY2023 766,141,256 shares; FY2022 766,169,060 shares.

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

FY2023 27,729,675 shares; FY2022 29,312,904 shares.

3) Average number of outstanding share for each period :

FY2023 737,560,501 shares; FY2022 747,912,124 shares.

(Note) 1. Advantest's shares (FY2022 648,732 shares), which is being kept as performance-based stock remuneration in trust account, is included in the number of treasury shares at the end of FY2022. Shares used for stock remuneration plans are considered in calculating average number of outstanding shares for each period.

2. Advantest enacted a 4-for-1 share split of its common share with an effective date of October 1, 2023.

"Number of issued and outstanding shares at the end of each fiscal period", "Number of treasury shares at the end of each fiscal period" and "Average number of outstanding shares for each period" are calculated based on the assumption that the share split was implemented at the beginning of the previous fiscal year.

(Reference) Non-Consolidated Results of FY2023 (April 1, 2023 through March 31, 2024)

(1) Non-Consolidated Financial Results

(% changes as compared to the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	% increase (decrease)	Million yen	% increase (decrease)	Million yen	% increase (decrease)	Million yen	% increase (decrease)
FY2023	394,694	(18.2)	55,081	(58.9)	58,068	(61.4)	49,394	(57.4)
FY2022	482,576	35.7	134,083	50.8	150,368	60.5	115,834	63.6

	Net income per share - basic	Net income per share - diluted
	Yen	Yen
FY2023	66.93	66.80
FY2022	154.81	154.45

(Note) Advantest enacted a 4-for-1 share split of its common share with an effective date of October 1, 2023.

“Net income per share - basic” and “Net income per share - diluted” are calculated based on the assumption that the share split was implemented at the beginning of the previous fiscal year.

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity-to-assets ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2023	586,204	332,607	56.7	450.14
FY2022	533,860	305,989	57.2	414.65

(Reference) Shareholders' Equity at the end of each fiscal period: FY2023 (Y) 332,390 million; FY2022 (Y) 305,539 million

(Note) Advantest enacted a 4-for-1 share split of its common share with an effective date of October 1, 2023.

“Net assets per share” is calculated based on the assumption that the share split was implemented at the beginning of the previous fiscal year.

Status of Audit Procedures

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

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

This document contains “forward-looking statements” that are based on Advantest’s current expectations, estimates and projections. These statements include, among other things, the discussion of Advantest’s business strategy, outlook and expectations as to market and business developments, production and capacity plans. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “project,” “should” and similar expressions. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause Advantest’s actual results, levels of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements.

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1. Overview of Business Results

(1) Overview of Business Results for FY2023

1) Consolidated Financial Results of FY2023 (April 1, 2023 through March 31, 2024)

(in billion yen)

	FY2022	FY2023	As compared to the previous fiscal year increase (decrease)
Net sales	560.2	486.5	(13.2%)
Operating income	167.7	81.6	(51.3%)
Income before income taxes	171.3	78.2	(54.4%)
Net income	130.4	62.3	(52.2%)

During Advantest's fiscal year ended March 31, 2024, despite the post-COVID normalization, the global economy experienced further deceleration due to factors such as monetary tightening mainly in the U.S. and Europe and slowing growth in the Chinese economy.

Under such global economic situation, due to deceleration in investments in data centers in addition to slowdown in demand for semiconductors used in cornerstone consumer electronics products such as smartphones, personal computers, and televisions, the semiconductor market experienced a decline in demand for related semiconductors. While demand for some semiconductors, such as those related to generative AI, has been increasing and semiconductor sales turned around to an increase in the second half of the year, on a full-year basis, they were in line with the previous fiscal year.

In Advantest's semiconductor test equipment business, investment by customers over the last three years had been robust. However, the weakening of the semiconductor market conditions led to excess capacity among many customers' supply chains, causing demand for our products to decline significantly compared to the previous fiscal year.

As a result of the above, in the consolidated fiscal year ended March 31, 2024, net sales were (Y) 486.5 billion (13.2% decrease in comparison to the previous fiscal year). In terms of profit, operating income was (Y) 81.6 billion (51.3% decrease in comparison to the previous fiscal year) due to factors including a decrease in sales, a change in product mix, an increase in raw material cost, and an impairment loss for a portion of goodwill of approximately (Y) 9.0 billion in the fourth quarter. Income before income taxes was (Y) 78.2 billion (54.4% decrease in comparison to the previous fiscal year) due to an increase in financial expenses caused by foreign exchange losses. Net income was (Y) 62.3 billion (52.2% decrease in comparison to the previous fiscal year) as deferred tax assets of approximately (Y) 3.8 billion, which are likely to be realized in Japan within a certain period in the future, were recognized in the fourth quarter. Average currency exchange rates in the consolidated fiscal year were 1 USD to 143 JPY (134 JPY in the previous fiscal year) and 1 EUR to 155 JPY (140 JPY in the previous fiscal year). The percentage of net sales to overseas customers was 95.9% (96.3% in the previous fiscal year).

In May 2021, Advantest unveiled the Second Mid-Term Management Plan, a three-year plan from FY2021 to FY2023. In July 2022, targets were revised upward to reflect a larger than originally expected size of the semiconductor test-related market. However, due to the aforementioned weakness of the semiconductor market from the latter half of the said plan period, demand for semiconductor testers for cornerstone consumer electronics products declined significantly in the fiscal year ended March 31, 2024, compared with the previous fiscal year. As a result, although Advantest was able to achieve all of the targets as originally set in our Second Mid-Term Management Plan, Advantest failed to achieve the revised targets except for sales.

Conditions of business segments are described below.
<Semiconductor and Component Test System Segment>

(in billion yen)

	FY2022	FY2023	As compared to the previous fiscal year increase (decrease)
Net sales	404.3	331.5	(18.0%)
Segment income (loss)	163.2	91.9	(43.7%)

In this segment, sales of SoC semiconductor test equipment for legacy semiconductors such as those for automotive and industrial equipment-related applications were solid. However, slow market conditions for smartphones and a deceleration in server investment led to a decline in sales of high-performance semiconductors related to these devices. Sales of memory semiconductor test equipment exceeded the previous fiscal year's level, driven by robust tester demand for high-performance DRAM and an increase in sales to Chinese memory customers. In terms of profit, profitability in this segment declined as a result of lower sales as well as a change in product mix and an increase in raw material cost.

As a result of the above, net sales were (Y) 331.5 billion (18.0% decrease in comparison to the previous fiscal year), and segment income was (Y) 91.9 billion (43.7% decrease in comparison to the previous fiscal year).

< Mechatronics System Segment>

(in billion yen)

	FY2022	FY2023	As compared to the previous fiscal year increase (decrease)
Net sales	59.9	52.7	(12.0%)
Segment income (loss)	15.0	9.2	(38.7%)

In this segment, sales of device interface products and test handlers decreased due to a decline in demand for semiconductor test equipment.

As a result of the above, net sales were (Y) 52.7 billion (12.0% decrease in comparison to the previous fiscal year), and segment income was (Y) 9.2 billion (38.7% decrease in comparison to the previous fiscal year).

<Services, Support and Others Segment>

(in billion yen)

	FY2022	FY2023	As compared to the previous fiscal year increase (decrease)
Net sales	96.1	102.3	6.4%
Segment income (loss)	7.6	(2.8)	—

In this segment, maintenance services sales increased as Advantest's installed base grew. However, in our system-level test (SLT) business, Advantest's ongoing investments in reinforcing SLT production capabilities in anticipation of mid/long-term business growth resulted in an increase in costs. Moreover, an impairment loss of approximately (Y) 9.0 billion was recorded for a portion of goodwill, as sales forecast related to test sockets for a large-volume customer of Essai, Inc. is weaker than originally expected, causing future cash flow projections to deteriorate. As a result, profit in this segment fell significantly year-on-year. The segment loss in the consolidated fiscal year includes approximately (Y) 3.2 billion in settlement income mainly related to a dispute with the counterparty.

As a result of the above, net sales were (Y) 102.3 billion (6.4% increase in comparison to the previous fiscal year), and segment loss was (Y) 2.8 billion ((Y) 10.5 billion deterioration in comparison to the previous fiscal year).

2) Overview of Non-Consolidated Financial Results for FY2023

During FY2023, the global economy experienced further deceleration, and the semiconductor market experienced a decline in demand for cornerstone consumer electronics products. While demand for some semiconductors, such as those related to generative AI, is increasing and semiconductor sales has turned around to an increase in the second half of the year, on a full-year basis, they were in line with the previous fiscal year. In Advantest's semiconductor equipment business, investment by customers over the last three years had been robust. However, the weakening of the semiconductor market conditions led to excess capacity among many customers' supply chains, causing demand for our products to decline significantly compared to the previous fiscal year. As a result, net sales were (Y) 394.7 billion (18.2% decrease in comparison to the previous fiscal year), operating income was (Y) 55.1 billion (58.9% decrease in comparison to the previous fiscal year) due to a change in product mix and an increase in raw material cost, ordinary income was (Y) 58.1 billion (61.4% decrease in comparison to the previous fiscal year) and net income was (Y) 49.4 billion (57.4% decrease in comparison to the previous fiscal year) as deferred tax assets, which are likely to be realized in Japan within a certain period in the future, were recognized.

(2) Overview of Financial Condition for FY2023

Total assets at the end of FY2023 were (Y) 671.2 billion, an increase of (Y) 71.0 billion compared to the previous fiscal year, primarily due to increases of (Y) 35.3 billion in inventories, (Y) 21.2 billion in cash and cash equivalents and (Y) 14.8 billion in property, plant and equipment. The total liabilities were (Y) 240.1 billion, an increase of (Y) 8.5 billion compared to the previous fiscal year, primarily due to an increase of (Y) 41.8 billion in borrowings, offset by decreases of (Y) 20.4 billion in income taxes payable and (Y) 12.4 billion in trade and other payables. Total equity was (Y) 431.2 billion. Ratio of equity attributable to owners of the parent was 64.2%, an increase of 2.8 percentage points from March 31, 2023.

(3) Overview of Cash Flows for FY2023

Cash and cash equivalents held at the end of FY2023 were (Y) 106.7 billion, an increase of (Y) 21.2 billion from the previous fiscal year.

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

Net cash provided by operating activities was (Y) 32.7 billion (net cash inflow of (Y) 70.2 billion in the previous fiscal year). This amount was primarily attributable to income taxes paid of (Y) 46.0 billion, an increase of (Y) 30.9 billion in inventories, a decrease of (Y) 17.4 billion in trade and other receivables, a decrease of (Y) 16.9 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) 78.2 billion.

Net cash used in investing activities was (Y) 27.9 billion (net cash outflow of (Y) 26.7 billion in the previous fiscal year). This amount was primarily attributable to purchase of property, plant and equipment of (Y) 19.6 billion and acquisition of subsidiaries of (Y) 8.3 billion.

Net cash provided by financing activities was (Y) 10.8 billion (net cash outflow of (Y) 77.4 billion in the previous fiscal year). This amount was primarily attributable to an increase of (Y) 54.7 billion in long-term borrowings, dividends paid of (Y) 24.9 billion and repayments of long-term borrowings of (Y) 14.7 billion.

(4) Outlook

Looking at Advantest's market environment going forward, in CY2024, the semiconductor market is expected to pick up in the second half of the calendar year, as the supply-demand balance for semiconductors is expected to improve and investments related to generative AI are expected to become more active. In tandem with an increase in demand of semiconductors for generative AI, the tester market that is related to such devices is likely to experience an increase in demand. Specifically, strength in tester demand for high-performance DRAM is expected to continue throughout the year, and tester demand for SoC semiconductors is expected to gradually pick up in the second half of the calendar year and beyond. On the other hand, in the automotive and industrial equipment related market, investment in semiconductor testers appear to be taking a pause. In addition, the recovery of the smartphone market continues to be uncertain. Therefore, recovery of semiconductor tester demand of related devices is likely to take some time. As a result, Advantest expects a turnaround in the semiconductor tester market in CY2024 compared to the previous year. Meanwhile, a bird's-eye view of the global economy shows that concerns about recession in the U.S. and elsewhere have not been dispelled. In addition, the situation remains highly uncertain due to factors such as the expansion of geopolitical risks and the risk of sharp exchange rate fluctuations.

Given our outlook for each of our business segment against the backdrop of an uncertain business environment, our full-year consolidated earnings forecast for FY2024 calls for net sales of (Y) 525.0 billion, operating income of (Y) 90.0 billion, income before income taxes of (Y) 89.0 billion, and net income of (Y) 67.0 billion. This forecast is based on exchange rate assumptions of 1 USD to 140 JPY and 1 EUR to 155 JPY. Regarding the tightening of restrictions on the export of semiconductor production equipment to China by the U.S. and its allies, the direct impact on our current fiscal year's earnings is expected to be limited, but Advantest will continue to closely monitor the situation.

In the mid/long-term, as semiconductors serve as social infrastructure which touches every corner of society, the requirement for higher production volume, higher performance, higher quality and reliability is expected to rise even further. In addition, energy efficiency improvement in semiconductor technology is becoming increasingly important against the backdrop of climate change countermeasures as a societal requirement. While semiconductor manufacturers are working daily to solve these societal issues through their technology development, the technical challenges in design and manufacturing are increasing every year, especially for leading-edge semiconductors, as we are entering an era of complexity.

Under such circumstances, Advantest will steadfastly carry out its purpose and mission of "Enabling leading-edge technologies." By supporting our customers solve their challenges with our leading edge test solutions, Advantest will contribute to the realization of a better society while supporting semiconductor innovation. Advantest will continue to make sincere efforts to fulfill our responsibilities to all our stakeholders.

2. Basic Approach to the Selection of Accounting Standards

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

3. Consolidated Financial Statements and Main Notes

(1) Consolidated Statement of Financial Position

	Millions of Yen	
	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and cash equivalents	85,537	106,702
Trade and other receivables	102,152	88,855
Inventories	169,082	204,389
Other current assets	17,924	20,315
Total current assets	374,695	420,261
Non-current assets		
Property, plant and equipment, net	64,046	78,884
Right-of-use assets	17,312	19,106
Goodwill and intangible assets, net	95,767	98,514
Other financial assets	21,488	20,139
Deferred tax assets	26,522	33,423
Other non-current assets	394	902
Total non-current assets	225,529	250,968
Total assets	600,224	671,229

Millions of Yen

	As of March 31, 2023	As of March 31, 2024
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	89,262	76,863
Short-term borrowings	13,357	—
Income taxes payables	30,635	10,262
Provisions	9,093	8,668
Lease liabilities	4,587	5,147
Other financial liabilities	4,903	1,868
Other current liabilities	22,852	23,469
Total current liabilities	174,689	126,277
Non-current liabilities		
Long-term borrowings	20,000	75,143
Lease liabilities	12,900	14,153
Retirement benefit liabilities	16,812	19,134
Deferred tax liabilities	5,773	3,934
Other non-current liabilities	1,356	1,410
Total non-current liabilities	56,841	113,774
Total liabilities	231,530	240,051
Equity		
Share capital	32,363	32,363
Share premium	44,622	45,441
Treasury shares	(59,099)	(56,353)
Retained earnings	319,171	355,299
Other components of equity	31,637	54,428
Total equity attributable to owners of the parent	368,694	431,178
Total equity	368,694	431,178
Total liabilities and equity	600,224	671,229

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

Consolidated Statement of Profit or Loss

Millions of Yen

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	560,191	486,507
Cost of sales	(241,130)	(240,477)
Gross profit	319,061	246,030
Selling, general and administrative expenses	(152,042)	(158,963)
Other income	1,003	3,926
Other expenses	(335)	(9,365)
Operating income	167,687	81,628
Financial income	4,458	1,244
Financial expenses	(875)	(4,702)
Income before income taxes	171,270	78,170
Income taxes	(40,870)	(15,880)
Net income	130,400	62,290
Net income attributable to:		
Owners of the parent	130,400	62,290
Earnings per share:	Yen	Yen
Basic	174.35	84.45
Diluted	173.68	84.16

Consolidated Statement of Comprehensive Income

Millions of Yen

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net income	130,400	62,290
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plan	3,327	(640)
Net change in fair value measurements of equity instruments at fair value through other comprehensive income	5,062	(3,238)
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	8,093	26,029
Total other comprehensive income (loss)	16,482	22,151
Total comprehensive income for the year	146,882	84,441
Comprehensive income attributable to:		
Owners of the parent	146,882	84,441

(3) Consolidated Statement of Changes in Equity

	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, 2022	32,363	44,995	(81,547)	279,828	18,982	294,621	294,621
Net income				130,400		130,400	130,400
Other comprehensive income (loss), net of tax					16,482	16,482	16,482
Total comprehensive income for the year	—	—	—	130,400	16,482	146,882	146,882
Purchase of treasury shares		(23)	(50,006)			(50,029)	(50,029)
Disposal of treasury shares		(1,835)	4,175	(1,171)		1,169	1,169
Cancellation of treasury shares			68,279	(68,279)		—	—
Dividends				(25,434)		(25,434)	(25,434)
Share-based payments		1,426				1,426	1,426
Other		59				59	59
Transfer from other components of equity to retained earnings				3,827	(3,827)	—	—
Total transactions with the owners	—	(373)	22,448	(91,057)	(3,827)	(72,809)	(72,809)
Balance as of March 31, 2023	32,363	44,622	(59,099)	319,171	31,637	368,694	368,694
Net income				62,290		62,290	62,290
Other comprehensive income (loss), net of tax					22,151	22,151	22,151
Total comprehensive income for the year	—	—	—	62,290	22,151	84,441	84,441
Purchase of treasury shares			(17)			(17)	(17)
Disposal of treasury shares		(1,218)	2,727	(596)		913	913
Cancellation of treasury shares			36	(36)		—	—
Dividends				(24,890)		(24,890)	(24,890)
Share-based payments		1,639				1,639	1,639
Other		398				398	398
Transfer from other components of equity to retained earnings				(640)	640	—	—
Total transactions with the owners	—	819	2,746	(26,162)	640	(21,957)	(21,957)
Balance as of March 31, 2024	32,363	45,441	(56,353)	355,299	54,428	431,178	431,178

(4) Consolidated Statement of Cash Flows

Millions of Yen

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities:		
Income before income taxes	171,270	78,170
Adjustments to reconcile income before income taxes to net cash provided by (used in) operating activities:		
Depreciation and amortization	21,396	26,104
Impairment losses	—	8,998
Share-based payment expense	1,520	1,769
Changes in assets and liabilities:		
Trade and other receivables	(15,582)	17,400
Inventories	(71,638)	(30,923)
Trade and other payables	16,484	(16,857)
Warranty provisions	2,536	(478)
Advance receipts	(2,328)	(3,168)
Retirement benefit liabilities	(2,832)	(1,011)
Other	(10,302)	(249)
Subtotal	110,524	79,755
Interest and dividends received	459	1,202
Interest paid	(593)	(2,305)
Income taxes paid	(40,166)	(45,984)
Net cash provided by (used in) operating activities	70,224	32,668
Cash flows from investing activities:		
Proceeds from sale of equity instruments	—	1,150
Proceeds from sale of property, plant and equipment	356	49
Purchases of property, plant and equipment	(22,535)	(19,592)
Purchases of intangible assets	(1,053)	(951)
Acquisition of subsidiaries	(3,505)	(8,260)
Other	31	(336)
Net cash provided by (used in) investing activities	(26,706)	(27,940)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	(19,968)	—
Proceeds from long-term borrowings	20,000	54,665
Repayments of long-term borrowings	—	(14,667)
Proceeds from disposal of treasury shares	1,134	867
Purchases of treasury shares	(50,042)	(17)
Dividends paid	(25,418)	(24,881)
Payments for lease liabilities	(3,140)	(5,207)
Other	—	—
Net cash provided by (used in) financing activities	(77,434)	10,760
Net effect of exchange rate changes on cash and cash equivalents	2,871	5,677
Net change in cash and cash equivalents	(31,045)	21,165
Cash and cash equivalents at the beginning of year	116,582	85,537
Cash and cash equivalents at the end of year	85,537	106,702

(5) Notes to the Consolidated Financial Statements

(Notes on Going Concern) : None

(Segment Information)

1. Operating Segment Information

Fiscal year ended March 31, 2023

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	404,213	59,874	96,104	—	560,191
Inter-segment sales	39	—	—	(39)	—
Total	404,252	59,874	96,104	(39)	560,191
Segment income (loss) (operating income (loss) before share- based compensation expense)	163,186	14,964	7,629	(16,572)	169,207
Adjustment:					
Share-based compensation expense	—	—	—	—	(1,520)
Operating income	—	—	—	—	167,687
Financial income	—	—	—	—	4,458
Financial expenses	—	—	—	—	(875)
Income before income taxes	—	—	—	—	171,270

Fiscal year ended March 31, 2024

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	331,542	52,695	102,270	—	486,507
Inter-segment sales	—	—	—	—	—
Total	331,542	52,695	102,270	—	486,507
Segment income (loss) (operating income (loss) before share- based compensation expense)	91,916	9,171	(2,828)	(14,862)	83,397
Adjustment:					
Share-based compensation expense	—	—	—	—	(1,769)
Operating income	—	—	—	—	81,628
Financial income	—	—	—	—	1,244
Financial expenses	—	—	—	—	(4,702)
Income before income taxes	—	—	—	—	78,170

(Notes)

- 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 services, support and others, the segment loss for the fiscal year ended March 31, 2024, includes (Y) 8,998 million loss and (Y) 3,179 million income. The former is an impairment loss on a portion of goodwill acquired through a business combination of Essai, Inc. in system level test business and the latter is mainly due to the settlement of a dispute with the counterparty.

2. Consolidated Net Sales by Geographical Areas

Millions of Yen

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Japan	20,522	19,723
Americas	42,882	37,621
Europe	17,328	17,643
Asia	479,459	411,520
Total	560,191	486,507

(Notes)

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

(Per Share Information)

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

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net income attributable to owners of the parent (Millions of Yen)	130,400	62,290
Net income not attributable to owners of the parent (Millions of Yen)	—	—
Net income to calculate basic earnings per share (Millions of Yen)	130,400	62,290
Net income adjustment (Millions of Yen)	—	—
Net income to calculate diluted earnings per share (Millions of Yen)	130,400	62,290
Weighted average number of common shares-basic	747,912,124	737,560,501
Dilutive effect of stock options	1,355,428	679,616
Dilutive effect of performance-based stock remuneration	1,150,456	716,468
Dilutive effect of restricted stock compensation	411,520	1,164,412
Weighted average number of common shares-diluted	750,829,528	740,120,997
Basic earnings per share (Yen)	174.35	84.45
Diluted earnings per share (Yen)	173.68	84.16
Financial Instruments not included in the calculation of diluted earnings per share because they have anti-dilutive effect	—	—

(Note) Advantest enacted a 4-for-1 share split of its common share with an effective date of October 1, 2023.

“Basic earnings per share” and “Diluted earnings per share” are calculated based on the assumption that the share split was implemented at the beginning of the previous fiscal year.

(Significant Subsequent Events) : None

Change in Directors and Executive Officers
(To be effective on June 28, 2024)

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

Director	Douglas Lefever
Director	Koichi Tsukui
Director	Yoshiaki Yoshida
Director	Toshimitsu Urabe
Director	Nicholas Benes
Director	Naoto Nishida

Mr. Lefever and Mr. Tsukui are to be elected as Representative Director and Mr. Yoshiaki Yoshida is to be elected as Chairperson of the Board at the extraordinary meeting of the board of directors meeting to be held on June 28, 2024 after the 82nd ordinary general meeting of shareholders of Advantest Corporation.

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

Director who is an Audit and Supervisory Committee member Sayaka Sumida

3. Nominee for Director who is a substitute Audit and Supervisory Committee member

Director who is a substitute Audit and Supervisory Committee member Naoto Nishida

4. Executive Officers

Senior Executive Officer, Group CEO	Douglas Lefever	
Senior Executive Officer and President, Group COO	Koichi Tsukui	
Senior Executive Officer	Keith Hardwick	
Senior Executive Officer	Yasuo Mihashi	
Senior Executive Officer	Juergen Serrer	
Senior Executive Officer	Makoto Nakahara	
Senior Executive Officer	Sanjeev Mohan	
Senior Executive Officer	Richard Junger	
Senior Executive Officer	Yong Xu	
Senior Executive Officer	Toshiaki Adachi	(to be promoted)
Executive Officer	Suan Seng Sim (Ricky Sim)	
Executive Officer	Masayuki Suzuki	
Executive Officer	Naruo Tanaka	
Executive Officer	Wan-Kun Wu (Alex Wu)	
Executive Officer	Chien-Hua Chang (Titan Chang)	
Executive Officer	Akio Osawa	
Executive Officer	Yasushi Yoshimoto	
Executive Officer	Jaehyuk Cha	
Executive Officer	Daisuke Watanabe	
Executive Officer	Ralf Stoffels	
Executive Officer	Katsuhiko Tsunetsugu	
Executive Officer	Andre Vachenauer	
Executive Officer	Kazuyuki Yamashita	(to be newly elected)
Executive Officer	Steven Hsieh	(to be newly elected)
Executive Officer	Jintie Li	(to be newly elected)
Executive Officer	Masaki Arai	(to be newly elected)

5. Expiration of term of office of Executive Officers

Senior Executive Officer	Soichi Tsukakoshi
Executive Officer	Michael Stichlmair

New Executive Officers [Biography]

Kazuyuki Yamashita (Date of Birth: May 7, 1968)

Mar. 1991	Graduated from Department of Mechanical Engineering, National Institute of Technology (KOSEN), Nagano College
Apr. 1991	Joined Advantest Corporation
Jun. 2015	Department Manager, FA Product Development Department, FA Group
Jun. 2017	Department Manager, DH Development Department, DH Group
Aug. 2018	Division Manager, DH Development Division, DH Group
Apr. 2020	Leader, NTC project, DH Group
Jun. 2021	Leader, NTC project, Memory Test System Group
Jun. 2022	Executive Vice President, DH Group (present position)

Steven Hsieh (Date of Birth: November 13, 1973)

Jun. 1994	Electronics Engineering - National Kaohsiung Institute of Technology, Taiwan
Jun. 1996	Microchip Electronics Taiwan, Inc. Testing Engineer
May 1998	Joined Advantest Taiwan, Inc.
Jun. 2001	Bachelors of Electronics Engineering - National Kaohsiung University of Applied Sciences, Taiwan
Jun. 2004	Advantest Taiwan, Inc. Sales Department Manager
Jun. 2008	Master of Business Administration - Royal Roads University, Canada
Jun. 2010	Advantest Taiwan, Inc. SOC Sales & SE Department Manager
Feb. 2011	Joined Advantest America, Inc.
Apr. 2014	Advantest America, Inc. Director Global Sales Manager
Jun. 2018	Advantest America, Inc. VP Global Supply Chain Management
Jun. 2022	Advantest America, Inc. Senior VP Global Supply Chain Management (present position)

Jintie Li (Date of Birth: June 24, 1968)

Jul. 1985	Bachelor of applied chemistry, Tianjin University
May. 1995	Master of chemical and biological engineering, University of Yamanashi
Apr. 1998	Joined Advantest Corporation
Apr. 2004	Transfer to Advantest China, SAE
Apr. 2005	Advantest China, Department Manager, SAE
Jun. 2015	Advantest China, Division Manager, Sr. Director, SAE & DI
Jan. 2017	Advantest China, VP of Technical Solution, SAE & DI
Nov. 2021	Advantest China, VP of ATE Sales (present position)

Masaki Arai (Date of Birth: June 26, 1967)

Mar. 1991	Bachelor of Social Sciences, Department of Humanities, Ibaraki University
Apr. 1991	Joined Advantest Corporation
Jun. 2010	Department Manager, Production Management Department, Production Management Division, Production Group
Dec. 2019	Vice President, Production Group (present position)
Jul. 2020	Division Manager, Supply Chain Division, Production Group (present position)

April 26, 2024

Advantest Corporation

FY2023 Consolidated Financial Results Overview
1. Profit or Loss

(in billion yen)

	FY2022	FY2023					vs. FY2022 increase (decrease)		FY2024 Forecast	
		1Q	2Q	3Q	4Q		Annual total	vs. FY2023 increase (decrease)		
Net sales	560.2	101.3	116.2	133.2	135.8	480.0 486.5	(73.7)	(13.2%)	525.0	7.9%
Cost of sales	(241.1)	(50.3)	(58.2)	(65.8)	(66.2)	(240.5)	0.7	(0.3%)	—	—
Selling, general and administrative expenses	(152.1)	(36.9)	(40.2)	(40.7)	(41.2)	(159.0)	(6.9)	4.6%	—	—
Other income - expenses	0.7	0.2	3.2	0.1	(8.9)	(5.4)	(6.1)	—	—	—
Operating income	167.7	14.3	21.0	26.8	19.5	85.0 81.6	(86.1)	(51.3%)	90.0	10.3%
Sales ratio	29.9%	14.1%	18.1%	20.1%	14.4%	16.8%			17.1%	
Financial income - expenses	3.6	(1.3)	(0.7)	(0.5)	(0.9)	(3.4)	(7.0)	—	—	—
Income before income taxes	171.3	13.0	20.3	26.3	18.6	82.5 78.2	(93.1)	(54.4%)	89.0	13.9%
Sales ratio	30.6%	12.8%	17.5%	19.7%	13.7%	16.1%			17.0%	
Income taxes	(40.9)	(3.8)	(3.6)	(5.1)	(3.4)	(15.9)	25.0	(61.1%)	—	—
Net income	130.4	9.2	16.7	21.2	15.2	64.5 62.3	(68.1)	(52.2%)	67.0	7.6%
Sales ratio	23.3%	9.1%	14.4%	15.9%	11.2%	12.8%			12.8%	

(Note) Upper data is the forecast amount released on January 31, 2024.

2. Financial Condition

(in billion yen)

	FY2022	FY2023				vs. FY2022 increase (decrease)
	4Q End	1Q End	2Q End	3Q End	4Q End	
Total assets	600.2	607.7	630.8	635.0	671.2	11.8%
Equity attributable to owners of the parent	368.7	383.6	401.8	402.2	431.2	16.9%

Ratio of equity attributable to owners of the parent	61.4%	63.1%	63.7%	63.3%	64.2%	—
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3. Dividends

(in yen)

	FY2022	FY2023			FY2024 Forecast		
	Annual total	Interim	Year end	Annual total	Interim	Year end	Annual total
Dividend per share	135.00	65.00	18.00	—	TBD	TBD	TBD

(Note) 1. FY2023 Year end dividend will be resolved by the Board of Directors on May 21st.

2. Advantest enacted a 4-for-1 share split of its common share with an effective date of October 1, 2023.

FY2022 and FY2023 interim dividend per share present the amount prior to the share split.

FY2023 annual total is not presented considering the share split.

FY2023 annual total dividend per share before and after share split is (Y) 137.00 and (Y) 34.25, respectively.

3. The dividend forecast for FY2024 hasn't been decided yet. We will disclose promptly after considering the results based on the business performance.