

FY2023 Third Quarter Consolidated Financial Results

(Advantest's consolidated financial statements are prepared in accordance with IFRS)

(Period ended December 31, 2023)

January 31, 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 : Yoshiaki Yoshida, Representative Director, President
 Group CEO
 Contact Person : Yasuo Mihashi, Senior Executive Officer, CFO & CSO
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 Quarterly Report Filing Date (as planned) : February 13, 2024
 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 FY2023 Q3 (April 1, 2023 through December 31, 2023)

(1) Consolidated Financial Results (Accumulated)

(% changes as compared to the corresponding period of the previous fiscal year)

	Net sales		Operating income		Income before income taxes		Net income		Net income attributable to owners of the parent		Total comprehensive income for the period	
	Million yen	% increase (decrease)	Million yen	% increase (decrease)	Million yen	% increase (decrease)	Million yen	% increase (decrease)	Million yen	% increase (decrease)	Million yen	% increase (decrease)
FY2023 Q3	350,744	(15.0)	62,099	(51.9)	59,567	(55.2)	47,143	(52.8)	47,143	(52.8)	56,518	(48.5)
FY2022 Q3	412,799	37.6	129,140	59.4	132,858	63.3	99,806	63.9	99,806	63.9	109,843	55.7

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2023 Q3	63.93	63.71
FY2022 Q3	132.75	132.25

(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
	Million yen	Million yen	Million yen	%
FY2023 Q3	635,025	402,181	402,181	63.3
FY2022	600,224	368,694	368,694	61.4

2. Dividends

	Dividend per share				
	First quarter end	Second quarter end	Third quarter end	Year end	Annual total
	Yen	Yen	Yen	Yen	Yen
FY2022	—	65.00	—	70.00	135.00
FY2023	—	65.00	—		
FY2023 (forecast)				—	—

(Note) 1. Revision of dividends forecast for this period: **No**

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

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

3. Earnings Forecast for FY2023 (April 1, 2023 through March 31, 2024)

(% changes as compared to the previous fiscal year)

	Net sales		Operating income		Income before income taxes		Net income		Net income attributable to owners of the parent	
	Million yen	% increase (decrease)	Million yen	% increase (decrease)	Million yen	% increase (decrease)	Million yen	% increase (decrease)	Million yen	% increase (decrease)
FY2023	480,000	(14.3)	85,000	(49.3)	82,500	(51.8)	64,500	(50.5)	64,500	(50.5)

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

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

4. Others

(1) Material changes in subsidiaries during this period (changes in scope of consolidation resulting from changes in subsidiaries): **None**

(2) Changes in accounting policies and accounting estimates

1) Changes in accounting policies required by IFRS: **None**

2) Changes arising from factors other than 1): **None**

3) Changes in accounting estimates: **None**

(3) Number of issued and outstanding shares (common shares):

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

FY2023 Q3 766,141,256 shares; FY2022 766,169,060 shares.

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

FY2023 Q3 27,965,584 shares; FY2022 29,312,904 shares.

3) Average number of outstanding shares for each period (cumulative term):

FY2023 Q3 737,459,866 shares; FY2022 Q3 751,849,060 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.

Status of Quarterly Review Procedures

This quarterly financial results report is not subject to quarterly review procedures by independent auditors.

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

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

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1. Overview of Business Results

(1) Overview of Business Results

Consolidated Financial Results of FY2023 Q3 (April 1, 2023 through December 31, 2023)

(in billion yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023	As compared to the corresponding period of the previous fiscal year increase (decrease)
Net sales	412.8	350.7	(15.0%)
Operating income	129.1	62.1	(51.9%)
Income before income taxes	132.9	59.6	(55.2%)
Net income	99.8	47.1	(52.8%)

During Advantest's nine-month period ended December 31, 2023, despite the ongoing post-COVID normalization, the global economy as a whole experienced further deceleration due to factors such as monetary tightening mainly in Europe and the U.S. and slowing growth in the Chinese economy.

In this uncertain global economic situation, due to deceleration in investments in data centers in addition to a decline in demand for semiconductors used in cornerstone consumer electronics products such as smartphones, personal computers and televisions, the semiconductor market saw a decline in demand for related semiconductors. Although demand is increasing for some semiconductors, such as those related to generative AI, many semiconductor manufacturers implemented inventory adjustment and cut back on CapEx, resulting in a contraction of the semiconductor market in comparison to the previous year.

In Advantest's semiconductor test equipment business, investment by customers over the last three years was robust led by the acceleration of digital transformation in society. However, 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 corresponding period of the previous fiscal year.

As a result of the above, net sales were (Y) 350.7 billion (15.0% decrease in comparison to the corresponding period of the previous fiscal year). In terms of profit, due to a decline in sales and a lower sales mix of higher margin products as well as an increase in raw material cost, operating income was (Y) 62.1 billion (51.9% decrease in comparison to the corresponding period of the previous fiscal year). Income before income taxes was (Y) 59.6 billion (55.2% decrease in comparison to the corresponding period of the previous fiscal year) due to an increase in financial expenses caused by foreign exchange losses. Net income was (Y) 47.1 billion (52.8% decrease in comparison to the corresponding period of the previous fiscal year). Average currency exchange rates in the nine-month period ended December 31, 2023 were 1 USD to 142 JPY (135 JPY in the corresponding period of the previous fiscal year) and 1 EUR to 154 JPY (139 JPY in the corresponding period of the previous fiscal year). The percentage of net sales to overseas customers was 96.1% (96.6% in the corresponding period of the previous fiscal year).

Conditions of business segments are described below.

<Semiconductor and Component Test System Segment>

(in billion yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023	As compared to the corresponding period of the previous fiscal year increase (decrease)
Net sales	293.5	240.0	(18.2%)
Segment income (loss)	122.3	65.3	(46.7%)

In this segment, sales of SoC semiconductor test equipment for automotive and industrial equipment-related semiconductors were solid. However, stagnant smartphone market conditions and a slowdown in server investment led to a drop in sales of products for high-performance semiconductors related to these devices. Sales of memory semiconductor test equipment were comparable to the corresponding period of the previous fiscal year, as robust tester demand for high-performance DRAM offset the impact of the deteriorating memory semiconductor market conditions. Profitability in this segment declined as a result of lower sales as well as a deteriorating product mix and higher parts procurement costs.

As a result of the above, net sales were (Y) 240.0 billion (18.2% decrease in comparison to the corresponding period of the previous fiscal year), and segment income was (Y) 65.3 billion (46.7% decrease in comparison to the corresponding period of the previous fiscal year).

< Mechatronics System Segment >

(in billion yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023	As compared to the corresponding period of the previous fiscal year increase (decrease)
Net sales	42.3	35.9	(15.2%)
Segment income (loss)	10.0	4.9	(51.4%)

In this segment, sales of device interface products and test handlers decreased due to a decline in demand for semiconductor test equipment. Sales of SEM metrology products also decreased, as product deliveries to customers progressed in the previous fiscal year.

As a result of the above, net sales were (Y) 35.9 billion (15.2% decrease in comparison to the corresponding period of the previous fiscal year), and segment income was (Y) 4.9 billion (51.4% decrease in comparison to the corresponding period of the previous fiscal year).

<Services, Support and Others Segment>

(in billion yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023	As compared to the corresponding period of the previous fiscal year increase (decrease)
Net sales	77.1	74.8	(2.9%)
Segment income (loss)	10.1	4.3	(57.6%)

In this segment, maintenance services sales increased as Advantest's installed base grew. However, in our system-level test (SLT) business, which has high sales exposure to a limited number of customers, sales were weak due to declining demand in semiconductors for consumer applications. Moreover, Advantest's ongoing investments in reinforcing SLT production capabilities in anticipation of mid/long-term business growth caused profit in this segment to significantly decline year-on-year. The segment income for the nine-month period includes approximately (Y) 3.2 billion in settlement income. This is mainly due to the settlement of a dispute with the counterparty.

As a result of the above, net sales were (Y) 74.8 billion (2.9% decrease in comparison to the corresponding period of the previous fiscal year), and segment income was (Y) 4.3 billion (57.6% decrease in comparison to the corresponding period of the previous fiscal year).

(2) Overview of Financial Condition

Total assets at December 31, 2023 amounted to (Y) 635.0 billion, an increase of (Y) 34.8 billion compared to the fiscal year ended March 31, 2023. This was primarily attributable to increases of (Y) 38.9 billion in inventories, (Y) 10.8 billion in property, plant and equipment and (Y) 10.7 billion in other current assets mainly due to an increase of prepaid taxes, offset by decreases of (Y) 17.1 billion in trade and other receivables and (Y) 9.8 billion in cash and cash equivalents. The amount of total liabilities was (Y) 232.8 billion, an increase of (Y) 1.3 billion compared to the fiscal year ended March 31, 2023. This was primarily attributable to an increase of (Y) 40.8 billion in borrowings offset by decreases of (Y) 22.7 billion in income taxes payable and (Y) 18.5 billion in trade and other payables. Total equity was (Y) 402.2 billion. Ratio of equity attributable to owners of the parent was 63.3%, an increase of 1.9 percentage point from March 31, 2023.

(3) Overview of Cash Flows

Cash and cash equivalents held at December 31, 2023 were (Y) 75.7 billion, a decrease of (Y) 9.8 billion from March 31, 2023. Significant cash flows during the nine-month period of this fiscal year and details are described below.

Net cash used in operating activities was (Y) 2.8 billion (net cash inflow of (Y) 46.5 billion in the corresponding period of the previous fiscal year). This amount was primarily attributable to income taxes paid of (Y) 45.1 billion, an increase of (Y) 36.2 billion in inventories and adjustments of non-cash items such as depreciation and amortization in addition to the income before income taxes of (Y) 59.6 billion.

Net cash used in investing activities was (Y) 21.9 billion (net cash outflow of (Y) 20.0 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) 14.1 billion and acquisition of subsidiaries of (Y) 8.3 billion.

Net cash provided by financing activities was (Y) 12.4 billion (net cash outflow of (Y) 62.2 billion in the corresponding period of the previous fiscal year). This amount was primarily attributable to an increase of (Y) 40.0 billion in borrowings and dividends paid of (Y) 24.6 billion.

(4) Outlook

Looking at Advantest's market environment going forward, Advantest anticipates that in the mid/long-term, semiconductors will need to have even better functionality and reliability as they rise to the challenge of providing infrastructural support for the worldwide digital transformation and green transformation. Our expectations of mid/long-term growth remain unchanged. Indeed, the emergence of new AI-based applications has accelerated the digital transformation, while growing demand for Net Zero initiatives has increased the importance of semiconductor technology for better energy efficiency. Customers are also aggressively continuing to develop next-generation devices, including advances in miniaturization. Advantest expects demand for semiconductor test equipment, which ensures that semiconductors support our "safe, secure, and comfortable" environment and society, to grow in step with the growth of the semiconductor market.

In CY2024, production adjustment by semiconductor manufacturers is likely to get resolved gradually, while investment related to generative AI is expected to become active. As a result, the semiconductor market is expected to pick up in the second half of CY2024. Therefore, Advantest's business environment is also expected to improve gradually. 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 in the short term due to factors such as the expansion of geopolitical risks and the risk of sharp exchange rate fluctuations.

Based on this outlook and the progress made for the nine-month period ended December 31, 2023, Advantest revises its full-year consolidated forecast for the current fiscal year from the forecast as of October 2023 as follows. Sales forecast is revised up to (Y) 480.0 billion from (Y) 470.0 billion, operating income to (Y) 85.0 billion from (Y) 80.0 billion, income before income taxes from (Y) 78.5 billion to (Y) 82.5 billion, net income from (Y) 60.0 billion to (Y) 64.5 billion, respectively. This forecast is based on exchange rate assumptions of 1 USD to 145 JPY and 1 EUR to 155 JPY for the fourth quarter of the current consolidated fiscal year. 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.

As mentioned above, our business environment remains uncertain, not least due to uncertainty in the global economy. Advantest will pay close attention to changes in the external environment and focus on efforts including the advancement of supply chain management.

2. Condensed Quarterly Consolidated Financial Statements

(1) Condensed Quarterly Consolidated Statement of Financial Position

	Millions of Yen	
	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	85,537	75,717
Trade and other receivables	102,152	85,039
Inventories	169,082	207,954
Other current assets	17,924	28,614
Total current assets	374,695	397,324
Non-current assets		
Property, plant and equipment, net	64,046	74,837
Right-of-use assets	17,312	15,613
Goodwill and intangible assets, net	95,767	101,813
Other financial assets	21,488	18,261
Deferred tax assets	26,522	26,145
Other non-current assets	394	1,032
Total non-current assets	225,529	237,701
Total assets	600,224	635,025

Millions of Yen

	As of March 31, 2023	As of December 31, 2023
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	89,262	70,797
Short-term borrowings	13,357	54,184
Income taxes payable	30,635	7,920
Provisions	9,093	9,330
Lease liabilities	4,587	4,680
Other financial liabilities	4,903	4,305
Other current liabilities	22,852	27,204
Total current liabilities	<u>174,689</u>	<u>178,420</u>
Non-current liabilities		
Long-term borrowings	20,000	20,002
Lease liabilities	12,900	11,123
Retirement benefit liabilities	16,812	16,782
Deferred tax liabilities	5,773	5,115
Other non-current liabilities	1,356	1,402
Total non-current liabilities	<u>56,841</u>	<u>54,424</u>
Total liabilities	<u>231,530</u>	<u>232,844</u>
Equity		
Share capital	32,363	32,363
Share premium	44,622	44,673
Treasury shares	(59,099)	(56,832)
Retained earnings	319,171	340,965
Other components of equity	31,637	41,012
Total equity attributable to owners of the parent	<u>368,694</u>	<u>402,181</u>
Total equity	<u>368,694</u>	<u>402,181</u>
Total liabilities and equity	<u><u>600,224</u></u>	<u><u>635,025</u></u>

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

Condensed Quarterly Consolidated Statement of Profit or Loss

Millions of Yen

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net sales	412,799	350,744
Cost of sales	(172,436)	(174,348)
Gross profit	240,363	176,396
Selling, general and administrative expenses	(111,550)	(117,775)
Other income	589	3,730
Other expenses	(262)	(252)
Operating income	129,140	62,099
Financial income	4,376	866
Financial expenses	(658)	(3,398)
Income before income taxes	132,858	59,567
Income taxes	(33,052)	(12,424)
Net income	99,806	47,143
Net income attributable to:		
Owners of the parent	99,806	47,143
Earnings per share:	Yen	Yen
Basic	132.75	63.93
Diluted	132.25	63.71

Millions of Yen

	Three months ended December 31, 2022	Three months ended December 31, 2023
Net sales	137,993	133,233
Cost of sales	(56,390)	(65,846)
Gross profit	81,603	67,387
Selling, general and administrative expenses	(40,528)	(40,611)
Other income	223	114
Other expenses	(74)	(60)
Operating income	41,224	26,830
Financial income	142	322
Financial expenses	(3,755)	(902)
Income before income taxes	37,611	26,250
Income taxes	(8,966)	(5,045)
Net income	28,645	21,205
Net income attributable to:		
Owners of the parent	28,645	21,205
Earnings per share:	Yen	Yen
Basic	38.73	28.74
Diluted	38.60	28.66

Condensed Quarterly Consolidated Statement of Comprehensive Income

	Millions of Yen	
	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net income	99,806	47,143
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	1,067	(3,752)
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	8,970	13,127
Total other comprehensive income (loss)	10,037	9,375
Total comprehensive income for the period	<u>109,843</u>	<u>56,518</u>
Comprehensive income attributable to:		
Owners of the parent	109,843	56,518

	Millions of Yen	
	Three months ended December 31, 2022	Three months ended December 31, 2023
Net income	28,645	21,205
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	2,478	(69)
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	(8,772)	(9,246)
Total other comprehensive income (loss)	(6,294)	(9,315)
Total comprehensive income for the period	<u>22,351</u>	<u>11,890</u>
Comprehensive income attributable to:		
Owners of the parent	22,351	11,890

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

Nine months ended December 31, 2022

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 as of April 1, 2022	32,363	44,995	(81,547)	279,828	18,982	294,621	294,621
Net income				99,806		99,806	99,806
Other comprehensive income (loss), net of tax					10,037	10,037	10,037
Total comprehensive income for the period	—	—	—	99,806	10,037	109,843	109,843
Purchase of treasury shares		(23)	(50,003)			(50,026)	(50,026)
Disposal of treasury shares		(1,619)	2,183	(229)		335	335
Cancellation of treasury shares			68,279	(68,279)		—	—
Dividends				(25,434)		(25,434)	(25,434)
Share-based payments		1,213				1,213	1,213
Total transactions with the owners	—	(429)	20,459	(93,942)	—	(73,912)	(73,912)
Balance as of December 31, 2022	32,363	44,566	(61,088)	285,692	29,019	330,552	330,552

Nine months ended December 31, 2023

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 as of April 1, 2023	32,363	44,622	(59,099)	319,171	31,637	368,694	368,694
Net income				47,143		47,143	47,143
Other comprehensive income (loss), net of tax					9,375	9,375	9,375
Total comprehensive income for the period	—	—	—	47,143	9,375	56,518	56,518
Purchase of treasury shares			(16)			(16)	(16)
Disposal of treasury shares		(1,153)	2,247	(423)		671	671
Cancellation of treasury shares			36	(36)		—	—
Dividends				(24,890)		(24,890)	(24,890)
Share-based payments		1,204				1,204	1,204
Total transactions with the owners	—	51	2,267	(25,349)	—	(23,031)	(23,031)
Balance as of December 31, 2023	32,363	44,673	(56,832)	340,965	41,012	402,181	402,181

(4) Condensed Quarterly Consolidated Statement of Cash Flows

	Millions of Yen	
	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Cash flows from operating activities:		
Income before income taxes	132,858	59,567
Adjustments to reconcile income before income taxes to net cash provided by (used in) operating activities:		
Depreciation and amortization	15,262	19,132
Changes in assets and liabilities:		
Trade and other receivables	4,396	19,157
Inventories	(59,339)	(36,178)
Trade and other payables	(212)	(20,933)
Warranty provisions	1,962	223
Deposits received	3,858	166
Advance receipts	(1,089)	2,285
Retirement benefit liabilities	(1,225)	(632)
Other	(10,352)	(228)
Subtotal	86,119	42,559
Interest and dividends received	213	826
Interest paid	(165)	(1,101)
Income taxes paid	(39,685)	(45,076)
Net cash provided by (used in) operating activities	46,482	(2,792)
Cash flows from investing activities:		
Proceeds from sale of equity instruments	—	1,150
Purchases of property, plant and equipment	(16,312)	(14,079)
Purchases of intangible assets	(581)	(564)
Acquisition of subsidiaries	(3,505)	(8,260)
Other	417	(184)
Net cash provided by (used in) investing activities	(19,981)	(21,937)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	15,000	40,000
Proceeds from disposal of treasury shares	301	627
Purchases of treasury shares	(50,040)	(16)
Dividends paid	(25,118)	(24,625)
Payments for lease liabilities	(2,336)	(3,602)
Other	(9)	(2)
Net cash provided by (used in) financing activities	(62,202)	12,382
Net effect of exchange rate changes on cash and cash equivalents	3,095	2,527
Net change in cash and cash equivalents	(32,606)	(9,820)
Cash and cash equivalents at the beginning of period	116,582	85,537
Cash and cash equivalents at the end of period	83,976	75,717

(5) Notes to the Condensed Quarterly Consolidated Financial Statements

(Notes on Going Concern) : None

(Segment Information)

Nine months ended December 31, 2022

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	293,415	42,322	77,062	—	412,799
Inter-segment sales	39	—	—	(39)	—
Total	293,454	42,322	77,062	(39)	412,799
Segment income (loss) (operating income (loss) before share-based compensation expense)	122,325	10,041	10,139	(12,171)	130,334
Adjustment: Share-based compensation expense	—	—	—	—	(1,194)
Operating income	—	—	—	—	129,140
Financial income	—	—	—	—	4,376
Financial expenses	—	—	—	—	(658)
Income before income taxes	—	—	—	—	132,858

Nine months ended December 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	240,037	35,881	74,826	—	350,744
Inter-segment sales	—	—	—	—	—
Total	240,037	35,881	74,826	—	350,744
Segment income (loss) (operating income (loss) before share-based compensation expense)	65,250	4,878	4,296	(10,991)	63,433
Adjustment: Share-based compensation expense	—	—	—	—	(1,334)
Operating income	—	—	—	—	62,099
Financial income	—	—	—	—	866
Financial expenses	—	—	—	—	(3,398)
Income before income taxes	—	—	—	—	59,567

Three months ended December 31, 2022

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	98,566	14,169	25,258	—	137,993
Inter-segment sales	19	—	—	(19)	—
Total	98,585	14,169	25,258	(19)	137,993
Segment income (loss) (operating income (loss) before share-based compensation expense)	40,443	2,979	2,402	(4,141)	41,683
Adjustment: Share-based compensation expense	—	—	—	—	(459)
Operating income	—	—	—	—	41,224
Financial income	—	—	—	—	142
Financial expenses	—	—	—	—	(3,755)
Income before income taxes	—	—	—	—	37,611

Three months ended December 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	88,320	14,905	30,008	—	133,233
Inter-segment sales	—	—	—	—	—
Total	88,320	14,905	30,008	—	133,233
Segment income (loss) (operating income (loss) before share-based compensation expense)	25,682	3,159	2,442	(4,061)	27,222
Adjustment: Share-based compensation expense	—	—	—	—	(392)
Operating income	—	—	—	—	26,830
Financial income	—	—	—	—	322
Financial expenses	—	—	—	—	(902)
Income before income taxes	—	—	—	—	26,250

(Notes)

1. Advantest uses the operating income (loss) before share-based compensation expense for management's analysis of business segment results.
2. Share-based compensation expense represents expenses for stock options, performance-based stock remuneration expense and restricted stock compensation expense.
3. Segment income (loss) is presented on the basis of operating income (loss) before share-based compensation expense.
4. Inter-segment sales are based on market prices.
5. Adjustments to segment income (loss) in Corporate principally represent corporate general and administrative expenses and research and development expenses related to fundamental research activities that are not allocated to operating segments.
6. For services, support and others, the segment income for the nine months ended December 31, 2023, includes (Y) 3,179 million income. This is mainly due to the settlement of a dispute with the counterparty.

January 31, 2024
 Advantest Corporation

FY2023 Third Quarter Consolidated Financial Results Overview

1. Profit or Loss

(in billion yen)

	FY2022	FY2023						FY2023 Forecast	
		1Q	2Q	3Q	vs. FY2023 2Q increase (decrease)	FY2023 9 months total	vs. FY2022 9 months total increase (decrease)	Annual total	vs. FY2022 increase (decrease)
Net sales	560.2	101.3	116.2	133.2	14.6%	350.7	(15.0%)	470.0 480.0	— (14.3%)
Cost of sales	(241.1)	(50.3)	(58.2)	(65.8)	13.1%	(174.3)	1.1%	—	—
Selling, general and administrative expenses	(152.1)	(36.9)	(40.2)	(40.7)	0.9%	(117.8)	5.6%	—	—
Other income - expenses	0.7	0.2	3.2	0.1	(98.3%)	3.5	10.6 times	—	—
Operating income	167.7	14.3	21.0	26.8	27.8%	62.1	(51.9%)	80.0 85.0	— (49.3%)
Sales ratio	29.9%	14.1%	18.1%	20.1%		17.7%		17.7%	
Financial income - expenses	3.6	(1.3)	(0.7)	(0.5)	(9.9%)	(2.5)	—	—	—
Income before income taxes	171.3	13.0	20.3	26.3	29.0%	59.6	(55.2%)	78.5 82.5	— (51.8%)
Sales ratio	30.6%	12.8%	17.5%	19.7%		17.0%		17.2%	
Income taxes	(40.9)	(3.8)	(3.6)	(5.1)	39.4%	(12.5)	(62.4%)	—	—
Net income	130.4	9.2	16.7	21.2	26.7%	47.1	(52.8%)	60.0 64.5	— (50.5%)
Sales ratio	23.3%	9.1%	14.4%	15.9%		13.4%		13.4%	

(Note) Upper data is the forecast amount released on October 31, 2023.

2. Financial Condition

(in billion yen)

	FY2022	FY2023				vs. FY2023 2Q increase (decrease)
	4Q End	1Q End	2Q End	3Q End		
Total assets	600.2	607.7	630.8	635.0	0.7%	
Equity attributable to owners of the parent	368.7	383.6	401.8	402.2	0.1%	

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

(in yen)

	FY2022			FY2023		
	Interim	Year end	Annual total	Interim	Year end (Forecast)	Annual total (Forecast)
Dividend per share	65.00	70.00	135.00	65.00	TBD	TBD

(Notes) 1. The dividends forecast for FY2023 year end hasn't been decided yet. We will disclose promptly after considering the results based on the business performance.

2. Advantest enacted a 4-for-1 share split of its common share with an effective date of October 1, 2023. FY2022 dividend and FY2023 interim dividend present the amount prior to the share split.