

# FY2023 Second Quarter Consolidated Financial Results

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

(Period ended September 30, 2023)

**October 31, 2023**

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  
 (03) 3214-7500  
 Quarterly Report Filing Date (as planned) : November 13, 2023  
 Dividend Payable Date (as planned) : December 1, 2023  
 Quarterly Results Supplemental Materials : Yes  
 Quarterly Results Presentation Meeting : Yes

(Rounded to the nearest million yen)

## 1. Consolidated Results of FY2023 Q2 (April 1, 2023 through September 30, 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)
<b>FY2023 Q2</b>	<b>217,511</b>	<b>(20.8)</b>	<b>35,269</b>	<b>(59.9)</b>	<b>33,317</b>	<b>(65.0)</b>	<b>25,938</b>	<b>(63.5)</b>	<b>25,938</b>	<b>(63.5)</b>	<b>44,628</b>	<b>(49.0)</b>
FY2022 Q2	274,806	46.2	87,916	85.2	95,247	101.5	71,161	101.9	71,161	101.9	87,492	129.8

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
<b>FY2023 Q2</b>	<b>35.18</b>	<b>35.06</b>
FY2022 Q2	93.88	93.53

(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	%
<b>FY2023 Q2</b>	<b>630,766</b>	<b>401,813</b>	<b>401,813</b>	<b>63.7</b>
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)			—	—	—

(Notes) 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	470,000	(16.1)	80,000	(52.3)	78,500	(54.2)	60,000	(54.0)	60,000	(54.0)

(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 Q2 766,141,256 shares; FY2022 766,169,060 shares.

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

FY2023 Q2 28,012,700 shares; FY2022 29,312,904 shares.

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

FY2023 Q2 737,318,084 shares; FY2022 Q2 758,033,876 shares.

(Notes) 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 Q2 (April 1, 2023 through September 30, 2023)

(in billion yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023	As compared to the corresponding period of the previous fiscal year increase (decrease)
Net sales	274.8	217.5	(20.8%)
Operating income	87.9	35.3	(59.9%)
Income before income taxes	95.2	33.3	(65.0%)
Net income	71.2	25.9	(63.5%)

During Advantest's six-month period ended September 30, 2023, the global economy saw normalization of activities compared with the same period last year, supported by policies such as "living with COVID-19." However, the outlook for the global economy remained highly uncertain due to persistent inflationary pressures, monetary tightening policies particularly in the U.S., and the economic slowdown in China.

In this uncertain global economic situation, due to a slow down 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 some semiconductors, such as those used in automotive and industrial equipment, were firm, many semiconductor manufacturers continued to implement inventory adjustments and cut back on CapEx, resulting in an overall contraction of the semiconductor market.

In Advantest's semiconductor test equipment business, investment by customers which continued over the past three fiscal years has resulted in excess capacity in some of our customers' supply chains. In addition, weakness of the semiconductor market has resulted in a significant drop in demand for our products year-on-year.

As a result of the above, net sales were (Y) 217.5 billion (20.8% 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, operating income was (Y) 35.3 billion (59.9% decrease in comparison to the corresponding period of the previous fiscal year). Income before income taxes was (Y) 33.3 billion (65.0% 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) 25.9 billion (63.5% decrease in comparison to the corresponding period of the previous fiscal year). Average currency exchange rates in the first half of the current consolidated cumulative period were 1 USD to 139 JPY (130 JPY in the corresponding period of the previous fiscal year) and 1 EUR to 151 JPY (137 JPY in the corresponding period of the previous fiscal year). The percentage of net sales to overseas customers was 95.4% (97.2% 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)

	Six months ended September 30, 2022	Six months ended September 30, 2023	As compared to the corresponding period of the previous fiscal year increase (decrease)
Net sales	194.9	151.7	(22.1%)
Segment income (loss)	81.9	39.6	(51.7%)

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 declined due to the deteriorating memory semiconductor market conditions for smartphones and other devices, despite solid demand for high -performance DRAM. Profitability in this segment also 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) 151.7 billion (22.1% decrease in comparison to the corresponding period in the previous fiscal year), and segment income was (Y) 39.6 billion (51.7% decrease in comparison to the corresponding period in the previous fiscal year).

< Mechatronics System Segment>

(in billion yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023	As compared to the corresponding period of the previous fiscal year increase (decrease)
Net sales	28.2	21.0	(25.5%)
Segment income (loss)	7.1	1.7	(75.7%)

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) 21.0 billion (25.5% decrease in comparison to the corresponding period in the previous fiscal year), and segment income was (Y) 1.7 billion (75.7% decrease in comparison to the corresponding period in the previous fiscal year).

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

(in billion yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023	As compared to the corresponding period of the previous fiscal year increase (decrease)
Net sales	51.8	44.8	(13.5%)
Segment income (loss)	7.7	1.9	(76.0%)

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

As a result of the above, net sales were (Y) 44.8 billion (13.5% decrease in comparison to the corresponding period in the previous fiscal year), and segment income was (Y) 1.9 billion (76.0% decrease in comparison to the corresponding period in the previous fiscal year).

## (2) Overview of Financial Condition

Total assets at September 30, 2023 amounted to (Y) 630.8 billion, an increase of (Y) 30.5 billion compared to the fiscal year ended March 31, 2023. This was primarily attributable to increases of (Y) 28.6 billion in inventories, (Y) 12.4 billion in goodwill and intangible assets and (Y) 12.3 billion in property, plant and equipment offset by a decrease of (Y) 23.6 billion in trade and other receivables. The amount of total liabilities was (Y) 229.0 billion, a decrease of (Y) 2.6 billion compared to the fiscal year ended March 31, 2023. This was primarily attributable to decreases of (Y) 15.3 billion in trade and other payables and (Y) 15.0 billion in income taxes payables offset by an increase of (Y) 21.6 billion in borrowings. Total equity was (Y) 401.8 billion. Ratio of equity attributable to owners of the parent was 63.7%, an increase of 2.3 percentage point from March 31, 2023.

## (3) Overview of Cash Flows

Cash and cash equivalents held at September 30, 2023 were (Y) 77.7 billion, a decrease of (Y) 7.8 billion from March 31, 2023. Significant cash flows during the six-month period of this fiscal year and details are described below.

Net cash provided by operating activities was (Y) 0.1 billion (net cash inflow of (Y) 46.4 billion in the corresponding period of the previous fiscal year). This amount was primarily attributable to a decrease of (Y) 27.1 billion in trade and other receivables, income taxes paid of (Y) 26.0 billion, an increase of (Y) 24.8 billion in inventories, a decrease of (Y) 18.3 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) 33.3 billion.

Net cash used in investing activities was (Y) 17.7 billion (net cash outflow of (Y) 13.0 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) 10.0 billion and acquisition of subsidiaries of (Y) 8.3 billion.

Net cash provided by financing activities was (Y) 5.2 billion (net cash outflow of (Y) 42.1 billion in the corresponding period of the previous fiscal year). This amount was primarily attributable to an increase of (Y) 20.0 billion in short-term borrowings and dividends paid of (Y) 12.9 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 the short term, however, the outlook for our business environment remains highly uncertain due to factors such as the expansion of geopolitical risks, rising prices of natural resources and other commodities, concerns about a further slowdown in the Chinese economy, and the risk of sharp exchange rate fluctuations. With regard to demand for end products, recovery appears to be slower than assumed in the earnings forecast announced in July 2023. Therefore, Advantest expects production adjustments at semiconductor manufacturers to continue for the time being. While there are potential signs of an upturn in investment in our products for high-end SoC and memory semiconductors, driven by applications such as generative AI, demand recovery for applications such as smartphones has been lagging, and Advantest expects the decline in our tester demand to be more prolonged than initially expected. Regarding the tightening of restrictions on the export of semiconductor production equipment to China by the United States and its allies, the direct impact on our FY2023 earnings is currently expected to be limited, but Advantest will continue to closely monitor the situation.

Based on this outlook, the progress made for the six-month period ended September 30, 2023, and foreign exchange rate conditions, Advantest has lowered full-year consolidated sales forecast for FY2023 to (Y) 470.0 billion, down (Y) 10.0 billion from the (Y) 480.0 billion forecast announced in July 2023. Due to a decrease in the sales composition ratio of high margin products and an increase in procurement costs for parts and materials, profit forecast is also lowered from (Y) 105.0 billion to (Y) 80.0 billion for operating income, from (Y) 103.5 billion to (Y) 78.5 billion for income before income taxes, from (Y) 78.0 billion to (Y) 60.0 billion for net income, respectively. This forecast is based on exchange rate assumptions of 1 USD to 145 JPY and 1 EUR to 155 JPY for the second half of the current consolidated fiscal year.

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 respond quickly with measures that may include further cost controls, as necessary.



## 2. Condensed Quarterly Consolidated Financial Statements

## (1) Condensed Quarterly Consolidated Statement of Financial Position

	Millions of Yen	
	As of March 31, 2023	As of September 30, 2023
<b>Assets</b>		
Current assets		
Cash and cash equivalents	85,537	77,725
Trade and other receivables	102,152	78,592
Inventories	169,082	197,639
Other current assets	17,924	29,363
Total current assets	374,695	383,319
Non-current assets		
Property, plant and equipment, net	64,046	76,390
Right-of-use assets	17,312	16,819
Goodwill and intangible assets, net	95,767	108,124
Other financial assets	21,488	19,293
Deferred tax assets	26,522	25,701
Other non-current assets	394	1,120
Total non-current assets	225,529	247,447
Total assets	600,224	630,766

Millions of Yen

	As of March 31, 2023	As of September 30, 2023
<b>Liabilities and Equity</b>		
<b>Liabilities</b>		
Current liabilities		
Trade and other payables	89,262	73,966
Short-term borrowings	13,357	34,958
Income taxes payable	30,635	15,649
Provisions	9,093	8,937
Lease liabilities	4,587	4,858
Other financial liabilities	4,903	2,356
Other current liabilities	22,852	31,836
Total current liabilities	174,689	172,560
Non-current liabilities		
Long-term borrowings	20,000	20,003
Lease liabilities	12,900	12,157
Retirement benefit liabilities	16,812	17,053
Deferred tax liabilities	5,773	5,648
Other non-current liabilities	1,356	1,532
Total non-current liabilities	56,841	56,393
Total liabilities	231,530	228,953
<b>Equity</b>		
Share capital	32,363	32,363
Share premium	44,622	44,306
Treasury shares	(59,099)	(56,926)
Retained earnings	319,171	331,743
Other components of equity	31,637	50,327
Total equity attributable to owners of the parent	368,694	401,813
Total equity	368,694	401,813
Total liabilities and equity	600,224	630,766

## (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

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	274,806	217,511
Cost of sales	(116,046)	(108,502)
Gross profit	158,760	109,009
Selling, general and administrative expenses	(71,022)	(77,164)
Other income	366	3,616
Other expenses	(188)	(192)
Operating income	87,916	35,269
Financial income	7,917	546
Financial expenses	(586)	(2,498)
Income before income taxes	95,247	33,317
Income taxes	(24,086)	(7,379)
Net income	71,161	25,938
Net income attributable to:		
Owners of the parent	71,161	25,938
Earnings per share:	Yen	Yen
Basic	93.88	35.18
Diluted	93.53	35.06

Millions of Yen

	Three months ended September 30, 2022	Three months ended September 30, 2023
Net sales	138,863	116,260
Cost of sales	(59,022)	(58,202)
Gross profit	79,841	58,058
Selling, general and administrative expenses	(36,998)	(40,261)
Other income	307	3,289
Other expenses	(17)	(86)
Operating income	43,133	21,000
Financial income	3,925	252
Financial expenses	(227)	(896)
Income before income taxes	46,831	20,356
Income taxes	(12,166)	(3,620)
Net income	34,665	16,736
Net income attributable to:		
Owners of the parent	34,665	16,736
Earnings per share:	Yen	Yen
Basic	45.83	22.69
Diluted	45.69	22.62

## Condensed Quarterly Consolidated Statement of Comprehensive Income

	Millions of Yen	
	Six months ended September 30, 2022	Six months ended September 30, 2023
Net income	71,161	25,938
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	(1,411)	(3,683)
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	17,742	22,373
Total other comprehensive income (loss)	16,331	18,690
Total comprehensive income for the period	<u>87,492</u>	<u>44,628</u>
Comprehensive income attributable to:		
Owners of the parent	87,492	44,628

	Millions of Yen	
	Three months ended September 30, 2022	Three months ended September 30, 2023
Net income	34,665	16,736
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	1,314	(4,665)
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	5,445	5,729
Total other comprehensive income (loss)	6,759	1,064
Total comprehensive income for the period	<u>41,424</u>	<u>17,800</u>
Comprehensive income attributable to:		
Owners of the parent	41,424	17,800

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

Six months ended September 30, 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				71,161		71,161	71,161
Other comprehensive income (loss), net of tax					16,331	16,331	16,331
Total comprehensive income for the period	—	—	—	71,161	16,331	87,492	87,492
Purchase of treasury shares		(2)	(27,273)			(27,275)	(27,275)
Disposal of treasury shares		(1,542)	1,599	(8)		49	49
Cancellation of treasury shares			68,279	(68,279)		—	—
Dividends				(13,294)		(13,294)	(13,294)
Share-based payments		814				814	814
Total transactions with the owners	—	(730)	42,605	(81,581)	—	(39,706)	(39,706)
Balance as of September 30, 2022	32,363	44,265	(38,942)	269,408	35,313	342,407	342,407

Six months ended September 30, 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				25,938		25,938	25,938
Other comprehensive income (loss), net of tax					18,690	18,690	18,690
Total comprehensive income for the period	—	—	—	25,938	18,690	44,628	44,628
Purchase of treasury shares			(12)			(12)	(12)
Disposal of treasury shares		(1,128)	2,149	(435)		586	586
Cancellation of treasury shares			36	(36)		—	—
Dividends				(12,895)		(12,895)	(12,895)
Share-based payments		812				812	812
Total transactions with the owners	—	(316)	2,173	(13,366)	—	(11,509)	(11,509)
Balance as of September 30, 2023	32,363	44,306	(56,926)	331,743	50,327	401,813	401,813

## (4) Condensed Quarterly Consolidated Statement of Cash Flows

	Millions of Yen	
	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities:		
Income before income taxes	95,247	33,317
Adjustments to reconcile income before income taxes to net cash provided by (used in) operating activities:		
Depreciation and amortization	9,903	12,492
Changes in assets and liabilities:		
Trade and other receivables	2,382	27,098
Inventories	(34,460)	(24,835)
Trade and other payables	8,046	(18,254)
Warranty provisions	1,138	(199)
Advance receipts	567	7,729
Retirement benefit liabilities	(907)	(381)
Other	(10,036)	(10,672)
Subtotal	71,880	26,295
Interest and dividends received	88	500
Interest paid	(117)	(720)
Income taxes paid	(25,413)	(25,978)
Net cash provided by (used in) operating activities	46,438	97
Cash flows from investing activities:		
Proceeds from sale of equity instruments	—	1,150
Purchases of property, plant and equipment	(9,416)	(9,957)
Purchases of intangible assets	(363)	(382)
Acquisition of subsidiaries	(3,502)	(8,260)
Other	307	(276)
Net cash provided by (used in) investing activities	(12,974)	(17,725)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	—	20,000
Proceeds from disposal of treasury shares	15	542
Purchases of treasury shares	(27,276)	(12)
Dividends paid	(13,281)	(12,893)
Payments for lease liabilities	(1,530)	(2,387)
Other	(4)	(1)
Net cash provided by (used in) financing activities	(42,076)	5,249
Net effect of exchange rate changes on cash and cash equivalents	6,956	4,567
Net change in cash and cash equivalents	(1,656)	(7,812)
Cash and cash equivalents at the beginning of period	116,582	85,537
Cash and cash equivalents at the end of period	114,926	77,725

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

(Notes on Going Concern) : None

(Segment Information)

Six months ended September 30, 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	194,849	28,153	51,804	—	274,806
Inter-segment sales	20	—	—	(20)	—
Total	194,869	28,153	51,804	(20)	274,806
Segment income (loss) (operating income (loss) before share-based compensation expense)	81,882	7,062	7,737	(8,030)	88,651
Adjustment: Share-based compensation expense	—	—	—	—	(735)
Operating income	—	—	—	—	87,916
Financial income	—	—	—	—	7,917
Financial expenses	—	—	—	—	(586)
Income before income taxes	—	—	—	—	95,247

Six months ended September 30, 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	151,717	20,976	44,818	—	217,511
Inter-segment sales	—	—	—	—	—
Total	151,717	20,976	44,818	—	217,511
Segment income (loss) (operating income (loss) before share-based compensation expense)	39,568	1,719	1,854	(6,930)	36,211
Adjustment: Share-based compensation expense	—	—	—	—	(942)
Operating income	—	—	—	—	35,269
Financial income	—	—	—	—	546
Financial expenses	—	—	—	—	(2,498)
Income before income taxes	—	—	—	—	33,317



Three months ended September 30, 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	98,787	12,727	27,349	—	138,863
Inter-segment sales	—	—	—	—	—
Total	98,787	12,727	27,349	—	138,863
Segment income (loss) (operating income (loss) before share-based compensation expense)	41,148	2,511	3,878	(4,022)	43,515
Adjustment: Share-based compensation expense	—	—	—	—	(382)
Operating income	—	—	—	—	43,133
Financial income	—	—	—	—	3,925
Financial expenses	—	—	—	—	(227)
Income before income taxes	—	—	—	—	46,831

Three months ended September 30, 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	81,170	12,432	22,658	—	116,260
Inter-segment sales	—	—	—	—	—
Total	81,170	12,432	22,658	—	116,260
Segment income (loss) (operating income (loss) before share-based compensation expense)	21,236	1,716	2,488	(4,046)	21,394
Adjustment: Share-based compensation expense	—	—	—	—	(394)
Operating income	—	—	—	—	21,000
Financial income	—	—	—	—	252
Financial expenses	—	—	—	—	(896)
Income before income taxes	—	—	—	—	20,356

(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 six and three months ended September 30, 2023, respectively, includes (Y) 3,179 million income. This is mainly due to the settlement of a dispute with the counterparty.

**(Subsequent Events)**

The Company has resolved at the Board of Directors' Meeting held on May 19, 2023 to implement a share split and partially amend the Company's Articles of Incorporation due to the share split.

**(1) Share split**

## 1) Purpose of the share split

The purpose is to expand the investor base by reducing the Company's share price per investment unit, creating a more investment-friendly environment.

## 2) Method of the share split

Each share of common share owned by shareholders listed or recorded in the closing register of shareholders on the record date of September 30, 2023 was split into four shares per share.

## 3) Number of shares to be increased by the share split

a. Total number of issued shares before share split	191,535,314 shares
b. Number of shares to be increased by the share split	574,605,942 shares
c. Total number of issued shares following the share split	766,141,256 shares
d. Total number of authorized shares following the share split	1,760,000,000 shares

## 4) Schedule of the share split

Public notice of record date:	Friday, September 15, 2023
Record date:	Saturday, September 30, 2023
Effective date:	Sunday, October 1, 2023

## 5) Impact on per share information

Per share information assuming that the share split was performed at the beginning of the fiscal year ended March 31, 2023 is as follows:

	Six months ended September 30, 2022	Six months ended September 30, 2023
Equity attributable to owners of the parent(Yen)	458.53	544.67
Basic earnings per share (Yen)	93.88	35.18
Diluted earnings per share (Yen)	93.53	35.06

**(2) Partial amendment to the Articles of Incorporation in connection with the share split**

## 1) Purposes of the amendment

In connection with the share split, an associated article of the Articles of Incorporation was amended effective October 1, 2023, in accordance with Article 184, Paragraph 2 of the Companies Act.

## 2) Details of the amendment

Details of the amendment are as follows:

Before amendment	After amendment
(Total number of issuable shares) Article 5. The total number of the Company's issuable shares shall be four hundred and forty million (440,000,000) shares.	(Total number of issuable shares) Article 5. The total number of the Company's issuable shares shall be one billion seven hundred and sixty million (1,760,000,000) shares.

## 3) Schedule of the amendment

Date of resolution of Board of Directors' Meeting:	Friday, May 19, 2023
Effective date:	Sunday, October 1, 2023

**(3) Other information**

## 1) Changes in the amount of stated capital

There is no change in the amount of stated capital as a result of the share split.

## 2) Dividends

As the share split takes effect on October 1, 2023, the interim dividend for the fiscal year ending March 31, 2024 with a record date of September 30, 2023 will be paid based on the total number of issued shares before the share split.

## 3) Adjustment of exercise price for stock acquisition rights

Following the above share split, the per-share exercise price for the stock acquisition rights issued by the Company was adjusted as follows, effective October 1, 2023.

	Yen	
Stock acquisition rights	Exercise price before adjustment	Exercise price after adjustment
Resolution at the Board of Directors' Meeting held on June 26, 2019	3,090	773
Resolution at the Board of Directors' Meeting held on June 25, 2020	6,990	1,748

October 31, 2023  
Advantest Corporation**FY2023 Second Quarter Consolidated Financial Results Overview****1. Profit or Loss**

(in billion yen)

	FY2022	FY2023					FY2023 Forecast	
		1Q	2Q	vs. FY2023 1Q increase (decrease)	1H	vs. FY2022 1H increase (decrease)	Annual total	vs. FY2022 increase (decrease)
Net sales	<b>560.2</b>	<b>101.3</b>	<b>116.2</b>	<b>14.8%</b>	<b>217.5</b>	<b>(20.8%)</b>	480.0 <b>470.0</b>	- <b>(16.1%)</b>
Cost of sales	(241.1)	(50.3)	(58.2)	15.7%	(108.5)	(6.5%)	-	-
Selling, general and administrative expenses	(152.1)	(36.9)	(40.2)	9.1%	(77.1)	8.6%	-	-
Other income - expenses	0.7	0.2	3.2	14.5 times	3.4	19.2 times	-	-
Operating income	<b>167.7</b>	<b>14.3</b>	<b>21.0</b>	<b>47.2%</b>	<b>35.3</b>	<b>(59.9%)</b>	105.0 <b>80.0</b>	- <b>(52.3%)</b>
Sales ratio	29.9%	14.1%	18.1%		16.2%		17.0%	
Financial income - expenses	3.6	(1.3)	(0.7)	(50.8%)	(2.0)	-	-	-
Income before income taxes	171.3	13.0	20.3	57.1%	33.3	(65.0%)	103.5 78.5	- <b>(54.2%)</b>
Sales ratio	30.6%	12.8%	17.5%		15.3%		16.7%	
Income taxes	(40.9)	(3.8)	(3.6)	(3.7%)	(7.4)	(69.4%)	-	-
Net income	<b>130.4</b>	<b>9.2</b>	<b>16.7</b>	<b>81.9%</b>	<b>25.9</b>	<b>(63.5%)</b>	78.0 <b>60.0</b>	- <b>(54.0%)</b>
Sales ratio	23.3%	9.1%	14.4%		11.9%		12.8%	

(Note) Upper data is the forecast amount released on July 26, 2023.

**2. Financial Condition**

(in billion yen)

	FY2022	FY2023		
	4Q End	1Q End	2Q End	vs. FY2023 1Q increase (decrease)
Total assets	<b>600.2</b>	<b>607.7</b>	<b>630.8</b>	<b>3.8%</b>
Equity attributable to owners of the parent	<b>368.7</b>	<b>383.6</b>	<b>401.8</b>	<b>4.7%</b>

Ratio of equity attributable to owners of the parent	<b>61.4%</b>	<b>63.1%</b>	<b>63.7%</b>	-
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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	<b>65.00</b>	<b>70.00</b>	<b>135.00</b>	65.00 <b>65.00</b>	<b>TBD</b>	<b>TBD</b>

(Notes) 1. Upper data is the forecast amount released on July 26, 2023.

Refer to "Interim Dividends for the Fiscal Year Ending March 31, 2024" released today for interim dividends.

2. 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.

3. 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.