

FY2022 Second Quarter Consolidated Financial Results

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

(Period ended September 30, 2022)

October 27, 2022

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 and CEO

Contact Person : Atsushi Fujita, Director, Senior Executive Officer
 Executive Vice President, Corporate Administration Group
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Quarterly Report Filing Date (as planned) : November 11, 2022

Dividend Payable Date (as planned) : December 1, 2022

Quarterly Results Supplemental Materials : Yes

Quarterly Results Presentation Meeting : Yes

(Rounded to the nearest million yen)

1. Consolidated Results of FY2022 Q2 (April 1, 2022 through September 30, 2022)

(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)
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
FY2021 Q2	187,990	30.5	47,476	53.5	47,260	61.2	35,246	43.9	35,246	43.9	38,072	67.5

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
FY2022 Q2	375.50		374.10	
FY2021 Q2	179.52		178.60	

(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	%
FY2022 Q2	567,270	342,407	342,407	60.4
FY2021	494,696	294,621	294,621	59.6

2. Dividends

	Dividend per share				
	First quarter end	Second quarter end	Third quarter end	Year end	Annual total
	Yen	Yen	Yen	Yen	Yen
FY2021	-	50.00	-	70.00	120.00
FY2022	-	65.00	-	-	-
FY2022 (forecast)	-	-	-	-	-

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

3. Earnings Forecast for FY2022 (April 1, 2022 through March 31, 2023)

(% 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)
FY2022	550,000	31.9	170,000	48.2	174,000	49.6	130,000	48.9	130,000	48.9

(Note) Revision of earnings forecast for this period: No

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 share (common shares):

- 1) Number of issued and outstanding share at the end of each fiscal period (including treasury share):
FY2022 Q2 191,542,265 shares; FY2021 199,542,265 shares.
- 2) Number of treasury share at the end of each fiscal period:
FY2022 Q2 4,763,246 shares; FY2021 9,634,859 shares.
- 3) Average number of outstanding share for each period (cumulative term):
FY2022 Q2 189,508,469 shares; FY2021 Q2 196,337,662 shares.

(Note) Advantest's share (FY2022 Q2 162,347 shares, FY2021 425,495 shares), which is being kept as performance-based stock remuneration in trust account, is included in the number of treasury share at the end of each fiscal period. Shares used for stock remuneration plans are considered in calculating average number of outstanding share for each period.

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 FY2022 Q2 (April 1, 2022 through September 30, 2022)

(in billion yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022	As compared to the corresponding period of the previous fiscal year increase (decrease)
Net sales	188.0	274.8	46.2%
Operating income	47.5	87.9	85.2%
Income before income taxes	47.3	95.2	2.0 times
Net income	35.2	71.2	2.0 times

During Advantest's six-month period ended September 30, 2022, the global economy experienced inflation due to higher resource prices driven by the situation in Ukraine, supply chain disruptions caused by lockdowns in China, and other factors. Mainly in Western countries, policymakers also raised interest rates to curb inflation. The growing strains afflicting the global economy have heightened uncertainty about the future, exacerbating fears of recession.

Amidst this uncertain global economic situation, the semiconductor market is also seeing a decline in demand for chips used in cornerstone consumer electronics products such as smartphones, personal computers and televisions, and suppliers of devices for these applications are adjusting their inventories and production equipment investment plans. However, while demand for semiconductors for consumer electronics is decelerating, the digitalization macrotrend remains firm, supporting demand for chips used in data centers and AI-related products. Also, the shortage of automotive and industrial semiconductors continued, making for a patchy demand picture overall during the period.

Advantest's customers generally sustained their capital investment at a high level, but shortages of materials and logistical dislocations affected a wide range of supply chains, and Advantest continued to have difficulties procuring needed parts. In response to the growing demand for semiconductor test equipment, Advantest worked to achieve sales targets by reinforcing capabilities for parts procurement and responding flexibly to fluctuations in demand.

As a result of the above, net sales were (Y) 274.8 billion (46.2% increase in comparison to the corresponding period of the previous fiscal year), operating income was (Y) 87.9 billion (85.2% increase in comparison to the corresponding period of the previous fiscal year), income before income taxes was (Y) 95.2 billion (2.0 times increase in comparison to the corresponding period of the previous fiscal year), and net income was (Y) 71.2 billion (2.0 times increase in comparison to the corresponding period of the previous fiscal year). All these figures reached record highs for the first half due to factors such as strong demand from customers, an increase in the sales ratio of highly profitable products and yen depreciation, which increased yen-denominated sales and profit. Average currency exchange rates in the first half of the current consolidated cumulative period were 1 USD to 130 JPY (110 JPY in the corresponding period of the previous fiscal year) and 1 EUR to 137 JPY (131 JPY in the corresponding period of the previous fiscal year). The percentage of net sales to overseas customers was 97.2% (96.4% 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, 2021	Six months ended September 30, 2022	As compared to the corresponding period of the previous fiscal year increase (decrease)
Net sales	127.4	194.9	53.0%
Segment income (loss)	43.6	81.9	87.8%

In this segment, sales of SOC semiconductor test equipment for advanced process devices increased significantly amidst the further miniaturization and performance gains of HPC (High Performance Computing) devices and application processors. Sales of test equipment for mature process products such as automotive and industrial devices, which are in great demand, were also strong. Regarding memory semiconductor test equipment, although the memory semiconductor market softened to a certain degree, customers continued to invest mainly in high-performance memory semiconductor test equipment, supporting continued strong sales of our products.

As a result of the above, net sales were (Y) 194.9 billion (53.0% increase in comparison to the corresponding period in the previous fiscal year), and segment income was (Y) 81.9 billion (87.8% increase in comparison to the corresponding period in the previous fiscal year).

< Mechatronics System Segment >

(in billion yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022	As compared to the corresponding period of the previous fiscal year increase (decrease)
Net sales	20.9	28.2	34.4%
Segment income (loss)	3.0	7.1	2.4 times

In this segment, sales of device interface products and test handlers increased due to strong customer motivation to invest in semiconductor test equipment. In terms of profit, increased sales were the principal factor contributing to higher segment profitability.

As a result of the above, net sales were (Y) 28.2 billion (34.4% increase in comparison to the corresponding period in the previous fiscal year), and segment income was (Y) 7.1 billion (2.4 times increase in comparison to the corresponding period in the previous fiscal year).

<Services, Support and Others Segment>

(in billion yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022	As compared to the corresponding period of the previous fiscal year increase (decrease)
Net sales	39.7	51.8	30.4%
Segment income (loss)	7.7	7.7	0.5%

In this segment, sales of system-level test products grew significantly amidst strong data center investment and smartphone performance gains. In addition, as our installed base grew, sales of maintenance services continued at a high level. However, a less profitable sales mix held segment profits at the same level as in the corresponding period of the previous fiscal year.

As a result of the above, net sales were (Y) 51.8 billion (30.4% increase in comparison to the corresponding period in the previous fiscal year), and segment income was (Y) 7.7 billion (0.5% increase in comparison to the corresponding period in the previous fiscal year).

(2) Overview of Financial Condition

Total assets at September 30, 2022 amounted to (Y) 567.3 billion, an increase of (Y) 72.6 billion compared to the fiscal year ended March 31, 2022. This was primarily attributable to increases of (Y) 38.2 billion in inventories, (Y) 19.1 billion in goodwill and intangible assets, and (Y) 7.1 billion in property, plant and equipment. The amount of total liabilities was (Y) 224.9 billion, an increase of (Y) 24.8 billion compared to the fiscal year ended March 31, 2022. This was primarily attributable to increases of (Y) 11.0 billion in trade and other payables, (Y) 5.7 billion in short-term and long-term borrowings, and (Y) 2.6 billion in deferred tax liabilities. Total equity was (Y) 342.4 billion. Ratio of equity attributable to owners of the parent was 60.4%, an increase of 0.8 percentage point from March 31, 2022.

(3) Overview of Cash Flows

Cash and cash equivalents held at September 30, 2022 were (Y) 114.9 billion, a decrease of (Y) 1.7 billion from March 31, 2022. 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) 46.4 billion (net cash inflow of (Y) 40.4 billion in the corresponding period of the previous fiscal year). This amount was primarily attributable to an increase of (Y) 34.5 billion in inventories, income tax paid of (Y) 25.4 billion and adjustments of non-cash items such as depreciation and amortization in addition to the income before income taxes of (Y) 95.2 billion.

Net cash used in investing activities was (Y) 13.0 billion (net cash outflow of (Y) 8.7 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) 9.4 billion and acquisition of subsidiaries of (Y) 3.5 billion.

Net cash used in financing activities was (Y) 42.1 billion (net cash outflow of (Y) 34.5 billion in the corresponding period of the previous fiscal year). This amount was primarily attributable to purchase of treasury shares of (Y) 27.3 billion, and dividends paid of (Y) 13.3 billion.

(4) Outlook

Looking at Advantest's market environment going forward, Advantest anticipates adverse effects from the new U.S. restrictions on chip exports to China, concerns about growing geopolitical risks, and globally increasing recessionary pressures, such as higher inflation and rising interest rates. Our outlook is becoming more uncertain. In this market environment, observers see a further weakening of final demand for consumer products such as smartphones and PCs. On the other hand, demand for semiconductors is growing and semiconductor performance is improving in response to the increase in data processing and communications volumes, which semiconductors are needed to handle, as well as the acceleration of EV adoption, and this should put a floor under any decrease in semiconductor production volumes triggered by recession. In the long term, energy efficiency needs will also bolster the importance of semiconductor technology amidst wider adoption of the flagship applications of the digital revolution, such as the "Metaverse," and support for carbon-neutral measures that are intended to counteract global warming. Taking these factors into consideration, despite the present decline in demand for test equipment for devices used in consumer electronics, Advantest expects that demand accompanying technological advances in high-performance semiconductors will make up for it.

As mentioned above, in view of growing uncertainty about the future, our full-year consolidated earnings forecast for FY2022 is net sales of (Y)550.0 billion, operating income of (Y)170.0 billion, income before income taxes of (Y)174.0 billion, and net income of (Y)130.0 billion, unchanged from our forecast published in July 2022. This forecast is based on exchange rate assumptions of 1 USD to 130 JPY and 1 EUR to 140 JPY for the second half of the current consolidated fiscal year, also unchanged from our previous forecast.

In the six-month period ended September 30, 2022, Advantest did not recognize more than a minor direct impact on business results from COVID-19 and the situation in Ukraine. However, as mentioned above, our business environment is becoming increasingly uncertain due to growing concerns about geopolitical risks and recession. Advantest will continue to work to stabilize our parts and materials procurement situation, and stay alert for changes in our external environment so that Advantest can respond to them flexibly.

2. Condensed Quarterly Consolidated Financial Statements

(1) Condensed Quarterly Consolidated Statement of Financial Position

Millions of Yen

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and cash equivalents	116,582	114,926
Trade and other receivables	82,155	85,863
Inventories	95,013	133,217
Other current assets	11,007	15,783
Subtotal	304,757	349,789
Assets held for sale	188	—
Total current assets	304,945	349,789
Non-current assets		
Property, plant and equipment, net	51,392	58,458
Right-of-use assets	12,645	12,735
Goodwill and intangible assets, net	85,307	104,385
Other financial assets	14,565	14,998
Deferred tax assets	25,494	26,333
Other non-current assets	348	572
Total non-current assets	189,751	217,481
Total assets	494,696	567,270

Millions of Yen

	As of March 31, 2022	As of September 30, 2022
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	70,352	81,368
Short-term borrowings	18,359	21,829
Income taxes payables	26,814	27,370
Provisions	6,536	7,715
Lease liabilities	2,918	3,149
Other financial liabilities	3,276	5,314
Other current liabilities	22,627	24,444
Total current liabilities	150,882	171,189
Non-current liabilities		
Long-term borrowings	12,239	14,481
Lease liabilities	9,947	9,798
Retirement benefit liabilities	22,341	21,920
Deferred tax liabilities	3,445	6,043
Other non-current liabilities	1,221	1,432
Total non-current liabilities	49,193	53,674
Total liabilities	200,075	224,863
Equity		
Share capital	32,363	32,363
Share premium	44,995	44,265
Treasury shares	(81,547)	(38,942)
Retained earnings	279,828	269,408
Other components of equity	18,982	35,313
Total equity attributable to owners of the parent	294,621	342,407
Total equity	294,621	342,407
Total liabilities and equity	494,696	567,270

(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, 2021	Six months ended September 30, 2022
Net sales	187,990	274,806
Cost of sales	(83,237)	(116,046)
Gross profit	104,753	158,760
Selling, general and administrative expenses	(57,071)	(71,022)
Other income	344	366
Other expenses	(550)	(188)
Operating income	47,476	87,916
Financial income	33	7,917
Financial expenses	(249)	(586)
Income before income taxes	47,260	95,247
Income taxes	(12,014)	(24,086)
Net income	35,246	71,161
Net income attributable to:		
Owners of the parent	35,246	71,161
Earnings per share:	Yen	Yen
Basic	179.52	375.50
Diluted	178.60	374.10

Millions of Yen

	Three months ended September 30, 2021	Three months ended September 30, 2022
Net sales	90,874	138,863
Cost of sales	(40,866)	(59,022)
Gross profit	50,008	79,841
Selling, general and administrative expenses	(28,801)	(36,998)
Other income	181	307
Other expenses	(37)	(17)
Operating income	21,351	43,133
Financial income	202	3,925
Financial expenses	(34)	(227)
Income before income taxes	21,519	46,831
Income taxes	(5,617)	(12,166)
Net income	15,902	34,665
Net income attributable to:		
Owners of the parent	15,902	34,665
Earnings per share:	Yen	Yen
Basic	81.08	183.34
Diluted	80.72	182.77

Condensed Quarterly Consolidated Statement of Comprehensive Income

	Millions of Yen	
	Six months ended September 30, 2021	Six months ended September 30, 2022
Net income	35,246	71,161
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	1,985	(1,411)
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	841	17,742
Total other comprehensive income (loss)	<u>2,826</u>	<u>16,331</u>
Total comprehensive income for the period	<u><u>38,072</u></u>	<u><u>87,492</u></u>
Comprehensive income attributable to:		
Owners of the parent	38,072	87,492

	Millions of Yen	
	Three months ended September 30, 2021	Three months ended September 30, 2022
Net income	15,902	34,665
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	1,713	1,314
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	582	5,445
Total other comprehensive income (loss)	<u>2,295</u>	<u>6,759</u>
Total comprehensive income for the period	<u><u>18,197</u></u>	<u><u>41,424</u></u>
Comprehensive income attributable to:		
Owners of the parent	18,197	41,424

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

Six months ended September 30, 2021

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, 2021	32,363	44,573	(15,001)	214,858	3,576	280,369	280,369
Net income				35,246		35,246	35,246
Other comprehensive income (loss), net of tax					2,826	2,826	2,826
Total comprehensive income for the period	-	-	-	35,246	2,826	38,072	38,072
Purchase of treasury shares		(1)	(17,760)			(17,761)	(17,761)
Disposal of treasury shares		(978)	1,963	(468)		517	517
Cancellation of treasury shares			66	(66)		-	-
Dividends				(15,715)		(15,715)	(15,715)
Share-based payments		642				642	642
Other				5		5	5
Total transactions with the owners	-	(337)	(15,731)	(16,244)	-	(32,312)	(32,312)
Balance as of September 30, 2021	32,363	44,236	(30,732)	233,860	6,402	286,129	286,129

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

(4) Condensed Quarterly Consolidated Statement of Cash Flows

	Millions of Yen	
	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities:		
Income before income taxes	47,260	95,247
Adjustments to reconcile income before income taxes to net cash provided by (used in) operating activities:		
Depreciation and amortization	6,951	9,903
Changes in assets and liabilities:		
Trade and other receivables	1,668	2,382
Inventories	(11,382)	(34,460)
Trade and other payables	(2,564)	8,046
Warranty provisions	520	1,138
Advance receipts	5,456	567
Retirement benefit liabilities	(984)	(907)
Other	1,989	(10,036)
Subtotal	48,914	71,880
Interest and dividends received	35	88
Interest paid	(72)	(117)
Income taxes paid	(8,432)	(25,413)
Net cash provided by (used in) operating activities	40,445	46,438
Cash flows from investing activities:		
Proceeds from sale of debt instruments	124	—
Purchases of equity instruments	(881)	—
Purchases of property, plant and equipment	(7,461)	(9,416)
Purchases of intangible assets	(343)	(363)
Acquisition of subsidiaries	—	(3,502)
Other	(143)	307
Net cash provided by (used in) investing activities	(8,704)	(12,974)
Cash flows from financing activities:		
Proceeds from disposal of treasury shares	506	15
Purchases of treasury shares	(18,006)	(27,276)
Dividends paid	(15,701)	(13,281)
Payments for lease liabilities	(1,263)	(1,530)
Other	—	(4)
Net cash provided by (used in) financing activities	(34,464)	(42,076)
Net effect of exchange rate changes on cash and cash equivalents	275	6,956
Net change in cash and cash equivalents	(2,448)	(1,656)
Cash and cash equivalents at the beginning of period	149,164	116,582
Cash and cash equivalents at the end of period	146,716	114,926

(5) Notes to the Condensed Consolidated Financial Statements

(Notes on Going Concern) : None

(Segment Information)

Six months ended September 30, 2021

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	127,312	20,944	39,734	—	187,990
Inter-segment sales	48	—	—	(48)	—
Total	127,360	20,944	39,734	(48)	187,990
Segment income (loss) (operating income (loss) before share-based compensation expense)	43,596	2,997	7,698	(6,062)	48,229
Adjustment:					
Share-based compensation expense	—	—	—	—	(753)
Operating income	—	—	—	—	47,476
Financial income	—	—	—	—	33
Financial expenses	—	—	—	—	(249)
Income before income taxes	—	—	—	—	47,260

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

Three months ended September 30, 2021

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	60,014	9,481	21,379	—	90,874
Inter-segment sales	28	—	—	(28)	—
Total	60,042	9,481	21,379	(28)	90,874
Segment income (loss) (operating income (loss) before share-based compensation expense)	19,202	999	4,453	(2,877)	21,777
Adjustment: Share-based compensation expense	—	—	—	—	(426)
Operating income	—	—	—	—	21,351
Financial income	—	—	—	—	202
Financial expenses	—	—	—	—	(34)
Income before income taxes	—	—	—	—	21,519

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

(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.

FY2022 Second Quarter Consolidated Financial Results Overview

1. Profit or Loss

(in billion yen)

	FY2021	FY2022					FY2022 Forecast	
		1Q	2Q	vs. FY2021 1Q increase (decrease)	1H	vs. FY2021 1H increase (decrease)	Annual total	vs. FY2021 increase (decrease)
Net sales	416.9	135.9	138.9	2.1%	274.8	46.2%	550.0 550.0	31.9%
Cost of sales	(181.0)	(57.0)	(59.0)	3.5%	(116.0)	39.4%	-	-
Selling, general and administrative expenses	(121.2)	(34.0)	(37.1)	8.7%	(71.1)	24.4%	-	-
Other income - expenses	0	(0.1)	0.3	-	0.2	-	-	-
Operating income	114.7	44.8	43.1	(3.7%)	87.9	85.2%	170.0 170.0	48.2%
Sales ratio	27.5%	32.9%	31.1%		32.0%		30.9%	
Financial income - expenses	1.6	3.6	3.7	1.8%	7.3	-	-	-
Income before income taxes	116.3	48.4	46.8	(3.3%)	95.2	2.0times	174.0 174.0	49.6%
Sales ratio	27.9%	35.6%	33.7%		34.7%		31.6%	
Income taxes	(29.0)	(11.9)	(12.1)	2.1%	(24.0)	2.0times	-	-
Net income	87.3	36.5	34.7	(5.0%)	71.2	2.0times	130.0 130.0	48.9%
Sales ratio	20.9%	26.8%	25.0%		25.9%		23.6%	

Upper data is the forecast amount released on Jul 28, 2022.

2. Financial Condition

(in billion yen)

	FY2021	FY2022		
	4Q End	1Q End	2Q End	vs. FY2021 1Q increase (decrease)
Total assets	494.7	531.1	567.3	6.8%
Equity attributable to owners of the parent	294.6	327.9	342.4	4.4%

Ratio of equity attributable to owners of the parent	59.6%	61.7%	60.4%	-
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3. Dividends

(in yen)

(Record Date)	FY2021			FY2022		
	Interim	Year end	Annual total	Interim	Year end (Forecast)	Annual total (Forecast)
Dividend per share	50.00	70.00	120.00	65.00 65.00	TBD	TBD

1. Upper data is the forecast amount released on Jul 28, 2022.

Refer to "Interim Dividends for the Fiscal Year Ending March 31, 2023" released today for interim dividends.

2. The dividends forecast for FY2022 year end hasn't been decided. We will disclose promptly after considering the results based on the business performance.