

FY2022 Third Quarter Consolidated Financial Results

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

(Period ended December 31, 2022)

January 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 | : Atsushi Fujita, Director, Senior Executive Officer, CFO & CCO (03) 3214-7500 |
| Quarterly Report Filing Date (as planned) | : February 13, 2023 |
| 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 FY2022 Q3 (April 1, 2022 through December 31, 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 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 |
| FY2021 Q3 | 300,067 | 35.1 | 81,042 | 75.5 | 81,335 | 88.4 | 60,893 | 66.7 | 60,893 | 66.7 | 70,554 | 101.1 |

| | Basic earnings per share | | Diluted earnings per share | |
|------------------|--------------------------|--|----------------------------|--|
| | Yen | | Yen | |
| FY2022 Q3 | 530.99 | | 529.01 | |
| FY2021 Q3 | 311.62 | | 310.03 | |

(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 Q3 | 552,379 | 330,552 | 330,552 | 59.8 |
| 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) | | | | 70.00 | 135.00 |

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

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 share):

- 1) Number of issued and outstanding share at the end of each fiscal period (including treasury share):
FY2022 Q3 191,542,265 shares; FY2021 199,542,265 shares.
- 2) Number of treasury share at the end of each fiscal period:
FY2022 Q3 7,572,664 shares; FY2021 9,634,859 shares.
- 3) Average number of outstanding share for each period (cumulative term):
FY2022 Q3 187,962,265 shares; FY2021 Q3 195,408,739 shares.

(Note) Advantest's share (FY2022 Q3 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.

Contents

| | |
|---|-------|
| 1. Overview of Business Results | P. 2 |
| (1) Overview of Business Results | P. 2 |
| (2) Overview of Financial Condition | P. 4 |
| (3) Overview of Cash Flows | P. 4 |
| (4) Outlook | P. 5 |
| 2. Condensed Quarterly Consolidated Financial Statements | P. 6 |
| (1) Condensed Quarterly Consolidated Statement of Financial Position | P. 6 |
| (2) Condensed Quarterly Consolidated Statement of Profit or Loss and Condensed Quarterly Condensed Statement of Comprehensive Income | P. 8 |
| (3) Condensed Quarterly Consolidated Statement of Changes in Equity | P. 11 |
| (4) Condensed Quarterly Consolidated Statement of Cash Flows | P. 12 |
| (5) Notes to the Condensed Quarterly Consolidated Financial Statements | P. 13 |
| (Notes on Going Concern) | P. 13 |
| (Segment Information) | P. 13 |
| FY2022 Third Quarter Consolidated Financial Results Overview | P. 15 |

1. Overview of Business Results

(1) Overview of Business Results

Consolidated Financial Results of FY2022 Q3 (April 1, 2022 through December 31, 2022)

(in billion yen)

| | Nine months ended December 31, 2021 | Nine months ended December 31, 2022 | As compared to the corresponding period of the previous fiscal year increase (decrease) |
|----------------------------|--|--|---|
| Net sales | 300.1 | 412.8 | 37.6% |
| Operating income | 81.0 | 129.1 | 59.4% |
| Income before income taxes | 81.3 | 132.9 | 63.3% |
| Net income | 60.9 | 99.8 | 63.9% |

During Advantest's nine-month period ended December 31, 2022, the global economy experienced ongoing inflation due to higher resource prices driven by heightened geopolitical risks as well as supply chain disruptions caused by COVID-19 restrictions. Mainly in Western countries, policymakers also raised interest rates to curb inflation. This increased recessionary pressures on the global economy, exacerbating fears of a downturn.

Amidst this uncertain global economic situation, the semiconductor market also saw 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 have been adjusting their inventories and capital expenditure plans. On the other hand, shortages of certain automotive and industrial semiconductors continued. Despite this patchy demand picture, the decline of the semiconductor market overall has been gradually accelerating during the period.

Advantest's semiconductor test equipment sales were also affected by the decline in demand for consumer electronic devices and consequent reduction in production volumes of these chips. Rising demand for our products against the backdrop of higher semiconductor performance compensated for this factor, but at the same time, parts shortages and logistical dislocations affected a wide range of supply chains, and Advantest continued to have difficulty procuring needed parts. Advantest responded to this situation from a mid/long-term perspective by reinforcing our procurement capabilities and improving our readiness to cope with demand fluctuations. Sales were generally in line with expectations.

As a result of the above, net sales were (Y) 412.8 billion (37.6% increase in comparison to the corresponding period of the previous fiscal year), operating income was (Y) 129.1 billion (59.4% increase in comparison to the corresponding period of the previous fiscal year), income before income taxes was (Y) 132.9 billion (63.3% increase in comparison to the corresponding period of the previous fiscal year), and net income was (Y) 99.8 billion (63.9% increase in comparison to the corresponding period of the previous fiscal year). Although procurement costs rose, our sales mix tilted towards more-profitable products, and the weaker yen also had the effect of increasing sales and profits. As a result, all the above results reached record highs for this nine-month period. Average currency exchange rates in the nine-month period ended December 31, 2022 were 1 USD to 135 JPY (111 JPY in the corresponding period of the previous fiscal year) and 1 EUR to 139 JPY (131 JPY in the corresponding period of the previous fiscal year). The percentage of net sales to overseas customers was 96.6% (96.1% 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, 2021 | Nine months ended December 31, 2022 | As compared to the corresponding period of the previous fiscal year increase (decrease) |
|-----------------------|--|--|---|
| Net sales | 207.6 | 293.5 | 41.3% |
| Segment income (loss) | 74.4 | 122.3 | 64.4% |

In this segment, sales of SoC semiconductor test equipment for advanced process devices increased significantly amidst further technological evolution and performance gains in 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, despite the slowdown in the memory semiconductor market, 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) 293.5 billion (41.3% increase in comparison to the corresponding period of the previous fiscal year), and segment income was (Y) 122.3 billion (64.4% increase in comparison to the corresponding period of the previous fiscal year).

< Mechatronics System Segment >

(in billion yen)

| | Nine months ended December 31, 2021 | Nine months ended December 31, 2022 | As compared to the corresponding period of the previous fiscal year increase (decrease) |
|-----------------------|--|--|---|
| Net sales | 31.8 | 42.3 | 32.9% |
| Segment income (loss) | 4.9 | 10.0 | 2.0 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) 42.3 billion (32.9% increase in comparison to the corresponding period of the previous fiscal year), and segment income was (Y) 10.0 billion (2.0 times increase in comparison to the corresponding period of the previous fiscal year).

<Services, Support and Others Segment>

(in billion yen)

| | Nine months ended December 31, 2021 | Nine months ended December 31, 2022 | As compared to the corresponding period of the previous fiscal year increase (decrease) |
|-----------------------|--|--|---|
| Net sales | 60.7 | 77.1 | 27.0% |
| Segment income (loss) | 12.5 | 10.1 | (18.8%) |

In this segment, maintenance services delivered strong sales as Advantest's installed base grew. However, in our system-level test business, although Advantest is making ongoing investments in reinforcing our production and R&D capabilities, declining consumer-related demand from some customers, the impact of U.S. restrictions on exports to China, and other factors caused sales growth to lag our estimates. As a result, profit in this segment fell below the results for the corresponding period of the previous fiscal year.

As a result of the above, net sales were (Y) 77.1 billion (27.0% increase in comparison to the corresponding period of the previous fiscal year), and segment income was (Y) 10.1 billion (18.8% decrease in comparison to the corresponding period of the previous fiscal year).

(2) Overview of Financial Condition

Total assets at December 31, 2022 amounted to (Y) 552.4 billion, an increase of (Y) 57.7 billion compared to the fiscal year ended March 31, 2022. This was primarily attributable to increases of (Y) 61.7 billion in inventories, (Y) 10.7 billion in goodwill and intangible assets and (Y) 8.8 billion in property, plant and equipment, offset by a decrease of (Y) 32.6 billion in cash and cash equivalents. The amount of total liabilities was (Y) 221.8 billion, an increase of (Y) 21.8 billion compared to the fiscal year ended March 31, 2022. This was primarily attributable to increases of (Y) 18.0 billion in borrowings and (Y) 4.5 billion in other financial liabilities mainly due to an increase in deposits received. Total equity was (Y) 330.6 billion. Ratio of equity attributable to owners of the parent was 59.8%, an increase of 0.2 percentage point from March 31, 2022.

(3) Overview of Cash Flows

Cash and cash equivalents held at December 31, 2022 were (Y) 84.0 billion, a decrease of (Y) 32.6 billion from March 31, 2022. Significant cash flows during the nine-month period of this fiscal year and details are described below.

Net cash provided by operating activities was (Y) 46.5 billion (net cash inflow of (Y) 56.3 billion in the corresponding period of the previous fiscal year). This amount was primarily attributable to an increase of (Y) 59.3 billion in inventories, income taxes paid of (Y) 39.7 billion and adjustments of non-cash items such as depreciation and amortization in addition to the income before income taxes of (Y) 132.9 billion.

Net cash used in investing activities was (Y) 20.0 billion (net cash outflow of (Y) 41.2 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) 16.3 billion and acquisition of subsidiaries of (Y) 3.5 billion.

Net cash used in financing activities was (Y) 62.2 billion (net cash outflow of (Y) 43.7 billion in the corresponding period of the previous fiscal year). This amount was primarily attributable to purchase of treasury shares of (Y) 50.0 billion.

(4) Outlook

Looking at Advantest's market environment going forward, Advantest sees a higher short-term risk of global economic slowdown due to inflation and rising interest rates, as well as growing concerns about geopolitical risk factors such as the tightening of U.S. restrictions on exports to China, and pronounced exchange rate fluctuations. Our business environment outlook is becoming increasingly uncertain. Advantest will closely watch inventory and production adjustments in the semiconductor market, as well as customers' revisions of investment plans.

However, as semiconductors transition to the status of infrastructure that supports the world's digitalization and Net Zero initiatives, ever higher device functionality and reliability is required. Advantest continues to believe strongly in our thesis that the semiconductor market will grow over the medium to long term. The flagship applications of the digital revolution, such as the Metaverse, are expanding, and amidst growing public demand for carbon-neutrality, semiconductor technology is taking on a more important role in delivering energy efficiency. While some customers are reassessing their investment plans, they are continuing to selectively develop next-generation devices and make strategic investments with an eye to the future. Demand for semiconductor test equipment, which ensures that semiconductors support safety, security, comfort, and sustainability, is expected to grow in tandem with the semiconductor market itself.

Though the semiconductor market is in an adjustment phase, in view of our large order backlog, Advantest has not changed our full-year consolidated earnings forecast for FY2022. As published in October 2022, Advantest expects 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. This forecast is based on exchange rate assumptions of 1 USD to 130 JPY and 1 EUR to 140 JPY for the fourth quarter of the current consolidated fiscal year, also unchanged from our previous forecast.

In the nine-month period ended December 31, 2022, Advantest did not recognize more than a minor direct impact on business results from COVID-19 and the situation in Ukraine. As mentioned above, our business environment is becoming increasingly uncertain. Advantest will continue to work to stabilize our parts and materials procurement situation, and stay alert for changes in our external environment in order to respond to them quickly and 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 December 31, 2022 |
|-------------------------------------|-------------------------|----------------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 116,582 | 83,976 |
| Trade and other receivables | 82,155 | 81,832 |
| Inventories | 95,013 | 156,731 |
| Other current assets | 11,007 | 19,261 |
| Subtotal | 304,757 | 341,800 |
| Assets held for sale | 188 | — |
| Total current assets | 304,945 | 341,800 |
| Non-current assets | | |
| Property, plant and equipment, net | 51,392 | 60,194 |
| Right-of-use assets | 12,645 | 11,398 |
| Goodwill and intangible assets, net | 85,307 | 96,022 |
| Other financial assets | 14,565 | 16,567 |
| Deferred tax assets | 25,494 | 25,956 |
| Other non-current assets | 348 | 442 |
| Total non-current assets | 189,751 | 210,579 |
| Total assets | 494,696 | 552,379 |

Millions of Yen

| | As of March 31, 2022 | As of December 31, 2022 |
|---|-------------------------|----------------------------|
| Liabilities and Equity | | |
| Liabilities | | |
| Current liabilities | | |
| Trade and other payables | 70,352 | 72,171 |
| Short-term borrowings | 18,359 | 35,193 |
| Income taxes payable | 26,814 | 22,556 |
| Provisions | 6,536 | 8,525 |
| Lease liabilities | 2,918 | 2,911 |
| Other financial liabilities | 3,276 | 7,799 |
| Other current liabilities | 22,627 | 22,410 |
| Total current liabilities | 150,882 | 171,565 |
| Non-current liabilities | | |
| Long-term borrowings | 12,239 | 13,394 |
| Lease liabilities | 9,947 | 8,685 |
| Retirement benefit liabilities | 22,341 | 21,568 |
| Deferred tax liabilities | 3,445 | 5,218 |
| Other non-current liabilities | 1,221 | 1,397 |
| Total non-current liabilities | 49,193 | 50,262 |
| Total liabilities | 200,075 | 221,827 |
| Equity | | |
| Share capital | 32,363 | 32,363 |
| Share premium | 44,995 | 44,566 |
| Treasury shares | (81,547) | (61,088) |
| Retained earnings | 279,828 | 285,692 |
| Other components of equity | 18,982 | 29,019 |
| Total equity attributable to owners of the parent | 294,621 | 330,552 |
| Total equity | 294,621 | 330,552 |
| Total liabilities and equity | 494,696 | 552,379 |

(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, 2021 | Nine months ended December 31, 2022 |
|---|--|--|
| Net sales | 300,067 | 412,799 |
| Cost of sales | (130,463) | (172,436) |
| Gross profit | 169,604 | 240,363 |
| Selling, general and administrative expenses | (88,471) | (111,550) |
| Other income | 516 | 589 |
| Other expenses | (607) | (262) |
| Operating income | 81,042 | 129,140 |
| Financial income | 422 | 4,376 |
| Financial expenses | (129) | (658) |
| Income before income taxes | 81,335 | 132,858 |
| Income taxes | (20,442) | (33,052) |
| Net income | 60,893 | 99,806 |
| Net income attributable to: | | |
| Owners of the parent | 60,893 | 99,806 |
| Earnings per share: | Yen | Yen |
| Basic | 311.62 | 530.99 |
| Diluted | 310.03 | 529.01 |

Millions of Yen

| | Three months ended December 31, 2021 | Three months ended December 31, 2022 |
|---|---|---|
| Net sales | 112,077 | 137,993 |
| Cost of sales | (47,226) | (56,390) |
| Gross profit | 64,851 | 81,603 |
| Selling, general and administrative expenses | (31,400) | (40,528) |
| Other income | 172 | 223 |
| Other expenses | (57) | (74) |
| Operating income | 33,566 | 41,224 |
| Financial income | 565 | 142 |
| Financial expenses | (56) | (3,755) |
| Income before income taxes | 34,075 | 37,611 |
| Income taxes | (8,428) | (8,966) |
| Net income | 25,647 | 28,645 |
| Net income attributable to: | | |
| Owners of the parent | 25,647 | 28,645 |
| Earnings per share: | Yen | Yen |
| Basic | 132.50 | 154.93 |
| Diluted | 131.91 | 154.39 |

Condensed Quarterly Consolidated Statement of Comprehensive Income

| | Millions of Yen | |
|---|--|--|
| | Nine months ended December 31, 2021 | Nine months ended December 31, 2022 |
| Net income | 60,893 | 99,806 |
| 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 | 5,347 | 1,067 |
| Items that may be subsequently reclassified to profit or loss | | |
| Exchange differences on translation of foreign operations | 4,314 | 8,970 |
| Total other comprehensive income (loss) | <u>9,661</u> | <u>10,037</u> |
| Total comprehensive income for the period | <u><u>70,554</u></u> | <u><u>109,843</u></u> |
| Comprehensive income attributable to: | | |
| Owners of the parent | 70,554 | 109,843 |

| | Millions of Yen | |
|---|---|---|
| | Three months ended December 31, 2021 | Three months ended December 31, 2022 |
| Net income | 25,647 | 28,645 |
| 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 | 3,362 | 2,478 |
| Items that may be subsequently reclassified to profit or loss | | |
| Exchange differences on translation of foreign operations | 3,473 | (8,772) |
| Total other comprehensive income (loss) | <u>6,835</u> | <u>(6,294)</u> |
| Total comprehensive income for the period | <u><u>32,482</u></u> | <u><u>22,351</u></u> |
| Comprehensive income attributable to: | | |
| Owners of the parent | 32,482 | 22,351 |

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

Nine months ended December 31, 2021

Millions of Yen

| | Equity attributable to owners of the parent | | | | | | Total Equity |
|---|---|---------------|-----------------|-------------------|----------------------------|----------|--------------|
| | Share capital | Share premium | Treasury shares | Retained earnings | Other components of equity | Total | |
| Balance as of April 1, 2021 | 32,363 | 44,573 | (15,001) | 214,858 | 3,576 | 280,369 | 280,369 |
| Net income | | | | 60,893 | | 60,893 | 60,893 |
| Other comprehensive income (loss), net of tax | | | | | 9,661 | 9,661 | 9,661 |
| Total comprehensive income for the period | — | — | — | 60,893 | 9,661 | 70,554 | 70,554 |
| Purchase of treasury shares | | (43) | (45,711) | | | (45,754) | (45,754) |
| Disposal of treasury shares | | (1,018) | 2,621 | (865) | | 738 | 738 |
| Cancellation of treasury shares | | | 66 | (66) | | — | — |
| Dividends | | | | (25,470) | | (25,470) | (25,470) |
| Share-based payments | | 1,018 | | | | 1,018 | 1,018 |
| Other | | | | 5 | | 5 | 5 |
| Transfer from other components of equity to retained earnings | | | | 69 | (69) | — | — |
| Total transactions with the owners | — | (43) | (43,024) | (26,327) | (69) | (69,463) | (69,463) |
| Balance as of December 31, 2021 | 32,363 | 44,530 | (58,025) | 249,424 | 13,168 | 281,460 | 281,460 |

Nine months ended December 31, 2022

Millions of Yen

| | Equity attributable to owners of the parent | | | | | | Total Equity |
|---|---|---------------|-----------------|-------------------|----------------------------|----------|--------------|
| | Share capital | Share premium | Treasury shares | Retained earnings | Other components of equity | Total | |
| Balance as of April 1, 2022 | 32,363 | 44,995 | (81,547) | 279,828 | 18,982 | 294,621 | 294,621 |
| Net income | | | | 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 |

(4) Condensed Quarterly Consolidated Statement of Cash Flows

| | Millions of Yen | |
|--|--|--|
| | Nine months ended December 31, 2021 | Nine months ended December 31, 2022 |
| Cash flows from operating activities: | | |
| Income before income taxes | 81,335 | 132,858 |
| Adjustments to reconcile income before income taxes to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 10,879 | 15,262 |
| Changes in assets and liabilities: | | |
| Trade and other receivables | (2,093) | 4,396 |
| Inventories | (20,060) | (59,339) |
| Trade and other payables | (2,260) | (212) |
| Warranty provisions | 2,087 | 1,962 |
| Deposits received | 1,851 | 3,858 |
| Advance receipts | 6,413 | (1,089) |
| Retirement benefit liabilities | (8,388) | (1,225) |
| Other | 874 | (10,352) |
| Subtotal | 70,638 | 86,119 |
| Interest and dividends received | 53 | 213 |
| Interest paid | (102) | (165) |
| Income taxes paid | (14,293) | (39,685) |
| Net cash provided by (used in) operating activities | 56,296 | 46,482 |
| Cash flows from investing activities: | | |
| Proceeds from sale of equity instruments | 920 | — |
| Purchases of equity instruments | (881) | — |
| Proceeds from sale of debt instruments | 404 | — |
| Purchases of property, plant and equipment | (11,801) | (16,312) |
| Purchases of intangible assets | (767) | (581) |
| Acquisition of subsidiaries | (28,991) | (3,505) |
| Other | (132) | 417 |
| Net cash provided by (used in) investing activities | (41,248) | (19,981) |
| Cash flows from financing activities: | | |
| Increase (decrease) in short-term borrowings | 28,468 | 15,000 |
| Proceeds from disposal of treasury shares | 726 | 301 |
| Purchases of treasury shares | (45,779) | (50,040) |
| Dividends paid | (25,260) | (25,118) |
| Payments for lease liabilities | (1,897) | (2,336) |
| Other | — | (9) |
| Net cash provided by (used in) financing activities | (43,742) | (62,202) |
| Net effect of exchange rate changes on cash and cash equivalents | 1,243 | 3,095 |
| Net change in cash and cash equivalents | (27,451) | (32,606) |
| Cash and cash equivalents at the beginning of period | 149,164 | 116,582 |
| Cash and cash equivalents at the end of period | 121,713 | 83,976 |

(5) Notes to the Condensed Consolidated Financial Statements

(Notes on Going Concern) : None

(Segment Information)

Nine months ended December 31, 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 | 207,564 | 31,840 | 60,663 | — | 300,067 |
| Inter-segment sales | 66 | — | — | (66) | — |
| Total | 207,630 | 31,840 | 60,663 | (66) | 300,067 |
| Segment income (loss) (operating income (loss) before share-based compensation expense) | 74,402 | 4,930 | 12,493 | (9,576) | 82,249 |
| Adjustment: | | | | | |
| Share-based compensation expense | — | — | — | — | (1,207) |
| Operating income | — | — | — | — | 81,042 |
| Financial income | — | — | — | — | 422 |
| Financial expenses | — | — | — | — | (129) |
| Income before income taxes | — | — | — | — | 81,335 |

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 |

Three months ended December 31, 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 | 80,252 | 10,896 | 20,929 | — | 112,077 |
| Inter-segment sales | 18 | — | — | (18) | — |
| Total | 80,270 | 10,896 | 20,929 | (18) | 112,077 |
| Segment income (loss) (operating income (loss) before share-based compensation expense) | 30,806 | 1,933 | 4,795 | (3,514) | 34,020 |
| Adjustment: Share-based compensation expense | — | — | — | — | (454) |
| Operating income | — | — | — | — | 33,566 |
| Financial income | — | — | — | — | 565 |
| Financial expenses | — | — | — | — | (56) |
| Income before income taxes | — | — | — | — | 34,075 |

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 |

(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 Third Quarter Consolidated Financial Results Overview

1. Profit or Loss

(in billion yen)

| | FY2021 | FY2022 | | | | | | FY2022 Forecast | |
|---|--------------|--------------|--------------|--------------|--|-----------------------------|---|-----------------------|--------------------------------------|
| | | 1Q | 2Q | 3Q | vs. FY2022 2Q increase (decrease) | FY2022 9 months total | vs. FY2021 9 months total increase (decrease) | Annual total | vs. FY2021 increase (decrease) |
| Net sales | 416.9 | 135.9 | 138.9 | 138.0 | (0.6%) | 412.8 | 37.6% | 550.0 550.0 | 31.9% |
| Cost of sales | (181.0) | (57.0) | (59.0) | (56.4) | (4.5%) | (172.4) | 32.2% | — | — |
| Selling, general and administrative expenses | (121.2) | (34.0) | (37.1) | (40.5) | 9.5% | (111.6) | 26.1% | — | — |
| Other income - expenses | 0 | (0.1) | 0.3 | 0.1 | (48.6%) | 0.3 | — | — | — |
| Operating income | 114.7 | 44.8 | 43.1 | 41.2 | (4.4%) | 129.1 | 59.4% | 170.0 170.0 | 48.2% |
| Sales ratio | 27.5% | 32.9% | 31.1% | 29.9% | | 31.3% | | 30.9% | |
| Financial income - expenses | 1.6 | 3.6 | 3.7 | (3.5) | — | 3.8 | 12.7times | — | — |
| Income before income taxes | 116.3 | 48.4 | 46.8 | 37.7 | (19.7%) | 132.9 | 63.3% | 174.0 174.0 | 49.6% |
| Sales ratio | 27.9% | 35.6% | 33.7% | 27.3% | | 32.2% | | 31.6% | |
| Income taxes | (29.0) | (11.9) | (12.1) | (9.1) | (26.3%) | (33.1) | 61.7% | — | — |
| Net income | 87.3 | 36.5 | 34.7 | 28.6 | (17.4%) | 99.8 | 63.9% | 130.0 130.0 | 48.9% |
| Sales ratio | 20.9% | 26.8% | 25.0% | 20.8% | | 24.2% | | 23.6% | |

(Note) Upper data is the forecast amount released on Oct 27, 2022.

2. Financial Condition

(in billion yen)

| | FY2021 | FY2022 | | | | vs. FY2022 2Q increase (decrease) |
|--|--------------|--------------|--------------|--------------|---------------|--|
| | 4Q End | 1Q End | 2Q End | 3Q End | | |
| Total assets | 494.7 | 531.1 | 567.3 | 552.4 | (2.6%) | |
| Equity attributable to owners of the parent | 294.6 | 327.9 | 342.4 | 330.6 | (3.5%) | |

| | | | | | |
|---|--------------|--------------|--------------|--------------|---|
| Ratio of equity attributable to owners of the parent | 59.6% | 61.7% | 60.4% | 59.8% | — |
|---|--------------|--------------|--------------|--------------|---|

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 | 70.00 | 135.00 |

(Note) Refer to "Revisions of Year-End Dividends Forecast" released today for FY2022 year-end dividends.